

"THE THEORY OF ECONOMIC UNDERDEVELOPMENT
AND ITS APPLICABILITY TO THE RHODESIAN ECONOMY"

DUNCAN G. CLARKE
RHODES UNIVERSITY
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PROLOGUE

According to the canons of conventional economic philosophy the process of economic interpretation should be value neutral and strictly fall within the bounds of normative science. This approach is concerned not with goal setting but only with the technical possibilities of alternative means as successful tactics in a given overall strategy. It is the author's thesis that such premises patently ignore the fundamental truths of development problems, and that there exists a genuine need to bridge the gap that demarcates theory from practicality and truth from illusion. To seek "development" implies a challenge to the "status quo" of menial existence and perpetual servitude to the inhospitable forces of ones own environment. This attitude is in itself a value judgement, and in underdeveloped societies it is more than a mere academic quibble. Accordingly, this paper not only implicitly assumes "development" to be a desirable goal but also that it is necessary, and the objective of this study of an underdeveloped community shall be to examine the theoretical relevance, or otherwise, of general and partial theories of underdevelopment against the quantitative and qualitative evidence of the course of events that have in the past, and are likely in the future, to influence the development of the "Rhodesian economy".¹

D.G. CLARKE

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¹ "Rhodesian economy" is bracketed because it is one of the arguments developed later that no such entity exists in a singular form, but the "economy" is an aggregation of two largely independent structures.

PART ONE

"This section will examine in historical sequence the formative elements that have co-operated to influence the direction and progress of the economic system. Because of the absence of such a statement in totality in any text a comprehensive formulation has been made on which the theoretical analysis will be based."

SUMMARY

- (1) THE LATECOMER
- (2) CONSOLIDATION 1900-1923
- (3) QUIET YET DIFFICULT YEARS, 1923-1945
- (4) THE ECONOMIC IMPACT OF PEACE, 1946-1954
- (5) A DECADE OF DIPLOMACY, 1953-1963
- (6) AN ECONOMY IN REBELLION, 1964-1969

(a) CHAPTER ONE"THE LATECOMER"

"If we could first judge where we are, and
whither we are tending, we would better judge
what to do, and how to do it."

ABRAHAM LINCOLN

1. THE PHYSICAL AND BIOTIC ENVIRONMENT

Stretching from 15 to 22 degrees South latitude and from 26 to 34 degrees East longitude Rhodesia lies wholly within the Tropics. With 80 per cent of the terrain elevated above 2000 feet the climate is more sub-tropical than tropical. Some 150,033 square miles of granitic igneous geological matrices bear a variety of mineral resources. The outstanding feature is a central plateau some 400 miles long and 50 miles wide bounded on either side by the Middleveld (2000 - 4000 feet) and Lowveld (under 2000 feet) in the north and south and by a mountain range in the east. The climate is warm and mild, without being oppressive, and one third of the land receives well distributed and reliable rainfall while the remainder suffers from unreliability and maldistribution. The varied and rich fauna of the area pose challenging problems for cultivators and veterinarians while the isolated position of the country detracts from other forms of economic activity.

What forces then encouraged man to tread this part of the planet earth? "The prehistoric phases of human activity in the area called Rhodesia run back many hundreds of millenia. The history encompasses little more than a hundred years."² Why should this sudden transformation have taken place today and not tomorrow? In fact why should it have occurred at all?

¹ "Report of the Advisory Committee on the Development of the Economic Resources of Southern Rhodesia with particular reference to the Role of African Agriculture", C.S.R. 15 - 1962, Salisbury ... "The Phillips Report".

² "Crisis over Rhodesia - A Skeptical View", Charles Burton Marshall, Studies in International Affairs, No.3, John Hopkins Press, Baltimore, Maryland, 1967.

2. THE HISTORICAL BACKGROUND - THE EARLY YEARS

By the year 1000 A.D. most of the more easily cultivated areas had been settled and a primitive form of agrarian activity existed, with bone and stone implements being used, and dependency on the bounty of nature being the determinate force governing survival. These early farmers tilled the soil and mined gold which they traded with the peoples of the East Coast of Africa. Around 1000 A.D. small patrilineal groups of more advanced peoples, speaking Shona, arrived and established Chiefdoms, the principal one of which was known to the Portuguese as the "Monomatapa" ("The Man who Plunders")³ who ruled a group known as the Makaranga. The Makarangas were great builders and they lived a prosperous life. Peace was disturbed in the 1820's when the Angoni, a deviant group of the militant Zulus, entered Rhodesia, killing the Monomatapa, enslaving many of the people and confiscating their cattle before marching north in 1835 to the shores of Lake Malawi. "It is believed that as a result of this invasion the population of the Monomatapa dominions was reduced by 70%."⁴ Before economic and social recovery the survivors of the Makaranga were ravaged by the Matabele who entered Rhodesia from the south-west in 1838.

The first European power to show an interest in Central Africa was the Portuguese who were interested in commerce and spreading Christianity, but not colonization. Their locus of activity was Sofalo (1505) and they later penetrated up the Zambezi River to establish ports at Sena and Tete, in order to move closer to the sources of gold and ivory from the "Land of Ophir". The first European in Mashonaland was a Portuguese political criminal Antonio Fernandez who reached the Que Que region in 1514 and was to be the only traveller until 1560 when the first missionaries, Father Goncalo da Silveira S.J. and Father Andre Fernandes S.J., arrived

³ W.D. Gale, "Heritage of Rhodes", Oxford University Press, 1950, p.1.
See also R. Summers, "The Historical Background", in *La Revue Française*, Paris, November, 1965, for the history of early Rhodesian society.

⁴ *Ibid.*, R. Summers.

to convert the Monomatapa. A few small expeditions in the 1570's, under the inspiration of King Sebastian, which were costly in lives and resources, shattered hopes of abundant mineral wealth and dulled Portuguese interest in the area. For the next 250 years the Monomatapa were left in peace.

Meanwhile the Matabele under Mzilikazi (1822-68) and Lobengula (1870-1893) ravaged the peaceful and timid Shona and depopulated most of the Rhodesian Midlands. Unable to migrate north towards the Angoni and confined by the Matabele in the west the Shona developed into a fragmented and impotent group of pastoralists and fell easy prey to the Shangaans from Mozambique and other tribes who wished to exploit their decadence. During these troubled times Rhodesia was visited by hunters, traders and missionaries amongst whom were David Livingstone, Thomas Baines, Henry Hartley, Carl Mauch, Robert Moffat and Fredrick Courtney Selous. In the main they represented individual attempts to convert the indigenous population to Christianity or to carry on petty commercial transactions rather than organized efforts at colonization. At this period the indigenous population numbered some 300,000 - 400,000 while only 60 per cent of the land was inhabited⁵ and with recognition of Portuguese failure in economic exploitation of the area, Rhodesia did not appear to be an attractive economic acquisition. Transport impediments, distance from the sea, unfriendly tribes, disease and inhospitable climatic conditions hindered European penetration, yet within the short space of 31 years between the establishment of the first permanent European settlement on December 26th 1859 at Inyati by Dr. Robert Moffat and the arrival of the Pioneer Column at Fort Salisbury on September 12th 1890 Rhodesia had become once more an area of economic potential and perhaps more importantly a pawn in the European power struggle that historians have metaphorically dubbed "The Scramble for Africa".

⁵ Ibid.

3. ECONOMIC OF IMPERIAL CAUSATION?

The "Scramble for Africa",⁶ between 1870 and 1914, found its practical expression in Imperialism which in essence refers to attempts to establish or retain, formal or informal sovereignty, or economic dominance, over subordinate political societies. The question naturally arises as to whether economic or imperial motivation inspired the colonization of Rhodesia, or whether a tertiary factor, such as missionary zeal, was behind the intensive diplomatic interest shown by the European powers in this remote and previously insignificant tract of Africa. To claim that Rhodesia was an economic asset at the time of acquisition is perhaps ambitious. But after the discovery of gold in Bechuanaland in 1868 and in 1870 in Rhodesia, and within the widespread quest for natural resources prevalent in that era of rapid industrial and technical progress in Western Europe, the country had undoubted potential. Despite the fact that tales of African misery, poverty and destitution undoubtedly stirred the British conscience, it is hard to credit humanitarianism as the dominant motive behind what Karl Marx would have called a necessary stage in the process of capitalist development. Evidence such as the intense idealism of Cecil John Rhodes in wishing for a United British Africa, the importance of political prestige in Europe and need to maintain the balance of power, the desire to stop the expansion of the Transvaal Republic, the threat posed by a Portuguese colony linking Angola and Mozambique, fear of a German empire joining South West Africa and Tanganyika, the patriotism of the British people and their assumed civilizing mission lend strong weight to the thesis that the colonization of Rhodesia by a semi-military force was far more a political than an economic act.

⁶ Emile Banning views the historical process as evolutionary and eulogizes European activity in Africa as orderly, civilized and peaceful whilst J. Scott Keltie and Sir Charles Lucas disagree. See "The Scramble for Africa", Ed. Raymond F. Betts, Boston, 1966.

4. OCCUPATION AND POLITICS

Most historians would agree that Rhodes' patriotism, personal interest and vision made occupation a reality. On 11th February, 1888 Sir John Moffat, acting as an emissary of Rhodes, secured a Treaty with the Matabele whereby Lobengula placed himself under Crown protection and the British government acknowledged the Matabele Chief as "the undisputed ruler of Mashonaland and Matabeleland." This was soon followed up on October 30th of the same year with the granting of the Rudd Concession that effectively signed away mineral rights in the domain of Lobengula to Rhodes. The British South Africa Company⁷ was then incorporated and the British Government issued a mandate to Rhodes to proceed with the development of the country. The Company was vested with wide powers and its objects were to colonize the area, encourage migration, extend the rail and telegraph links, encourage trade and develop mineral resources.

In the face of Matabele hostility Rhodes sent in a small column of 180 men and 300 police under the leadership of Frank Johnson. The column differed from the Boer treks which were largely protests against social conditions and its military precision ensured occupation without loss of life or the firing of a single shot against the enemy. After arrival the settlers disbanded and set out in search of gold. Very few succeeded against the rigours of climate and disease and it was soon apparent that the "El Dorado" or hypothetical extension of the Witwatersrand reefs was a myth. By Proclamation of the 13th April 1891 Rhodesia was declared to fall within "the British Spheres of influence" in terms of the 1884 Berlin Conference. Although the country offered the early settlers a wide variety of conditions the distribution of the European population was initially dictated by the spread of mining claims and once this activity failed to fulfil its original promise the main area of concentration was along the Highveld and

⁷ The B.S.A. Co. was incorporated by Charter on 29th October 1889 with a capital of £1 million.

away from the tsetse belts and malaria infested Lowveld.

Occupation by the British did not take place in the absence of Portuguese hostility and clashes in the Manicaland area resolved in acceptance by both parties of the dividing line indicated by the Inyangani Mountain range. Resentment from the Boers was largely confined to minor skirmishes across the Limpopo river and by and large British occupation came to be recognized as a "fait accompli" by the European powers, at least. At first the Matabele avoided clashes but in 1893 when the settlers refused to sanction the Matabele's "right" to raid the Shona villages, some of whom were by now employees of Europeans, war broke out and ended with the death of Lobengula and the extension of economic interests into the rich gold bearing areas of formerly forbidden territory. Peace was short-lived and on March 23rd 1896 discontented Matabele Indunas rebelled against their European overlords. In October 1896 Rhodes personally, negotiated peace at the famous Matopos Indaba. During this time a different sort of uprising was taking place in Mashonaland when in June 1896 the Shona, normally a docile people, indulged in violence against European interests. Because there was no cohesion amongst fragmented Shona leaders suppression of this disturbance was more difficult than in Matabeleland and the turbulence raged until October 1897.

With historical hindsight it is not difficult to see why with the rigours of pioneering, the first severe winter, the spate of civil disorders ranging the breadth of the country from 1893-97 that little discernible economic progress was manifest. Only after 1898, once the Shona and Matabele accepted that the new immigrants were to be a permanent feature of the landscape did the veil of uncertainty lift and progress and development follow.

5. THE ECONOMIC IMPACT OF EUROPEAN HEGEMONY

The advent of European colonization had the effect of abolishing slave trafficking, preventing inter-tribal conflicts, improving health and nutritional standards and generally establishing the requisite political infrastructure and social order so necessary for economic development and which had been the missing component in the country since the coming of the Makaranga. Initially land was relatively abundant and even at the turn of the century the country harboured only some 500,000 Africans and 11,032 Europeans - a ratio of 44 to 1⁸ - some 44,000 cattle, and a few small mine workings scattered over 634,000 acres or only 0.8% of the total land area.⁹ The characteristics of environment, soil, climate, topography and water supply had a formative influence on the life of both the settler and the indigenous populations. The ecological balance of nature and spatial dispersment of the population permitted the practice of "shifting cultivation", but it was not long before European technology and medical practices removed the Malthusian checks to population growth, despite the eradication of tsetse fly and the extension of water facilities that widened land "frontiers" to African peasants. The African's prior inability to modify the environment and fully utilize available natural resources resulted in a widespread population. Technological deficiency dictated their affinity for the lighter, more manageable soils and consequently European expansion over the heavier soils did not seriously conflict with the location of tribesmen. As long as the settlers and the Indigenous Economy, which was sustained by the use of new lands as the old became exhausted, did not co-incide economic confrontation was not a problem. Rather the anti-settlers uprisings from 1893-7 found their roots in political discontent and not primarily as an economic clash.

⁸ "Census of Population 1951" - Southern Rhodesia Government, 1954, Appendix F.

⁹ L. Gann, "A History of Southern Rhodesia; early days to 1934", London, 1965.

Another formative influence that developed the attitudes of the African people was the efforts of early missionaries who were imbued with the philanthropic desire to bestow the benefits of Victorian values upon the primitive backward tribes. There is, however, some evidence to explain the apparent failure of Christianity to spread far and wide. Many missionaries were inexperienced and ignorant of the social norms of the societies they attempted to transform. The basic function of the tribal unit was one of subsistence or survival and social behaviour was orientated towards this somewhat unambitious but necessary goal with little tolerance being afforded to political dissent, social ambition or any manifestation of private enterprise. Deviants were treated as a social threat and received strict censure from an authoritarian hierarchy. Consequently, the values espoused by Missionaries were often diametrically opposed to the customary "status quo" and did not offer a viable alternative because Protestant frugality and individual effort were alien and untried. Intricate systems of religious worship, cultural rites and beliefs governed economic phenomena such as birth, death, marriage, inheritance, productivity, effort and reward and these social institutions could not be transformed overnight. Perhaps the only tangible economic significance of the Missionaries was their contributions to public health and the inculcation of functional skills to small numbers of indigenous workers.

More important than the philosophical principles of Christianity to the inception of the modern structure of Rhodesian economics were the seeds of future growth germinated by the development of the transport system, which stood as a base for European economic advancement, and the growth of an African labour force which has enabled the transportation of the tribesmen to the towns. It is not normal for growth to precede development of a transport infrastructure. Rhodesia proved no exception and the railway must be

singled out as the most powerful initiator of the growth process. The extension of the railroad throughout the country in the early years lowered transport costs, opened new areas, allowed the exploitation of new products, laid the routes for a profitable export sector and led to the development of modern industries and exploitation of previously dormant resources. The discovery of coal by Albert Giese at Wankie in 1894 prompted the speedy erection of the railroad which reached Bulawayo from Kimberley in 1897, Salisbury from Beira in 1899, linked Salisbury to Bulawayo in 1902 and reached the Victoria Falls in 1904. The enormous cost in life and money to complete this network seems to outweigh the immediate economic benefits at the time and much of the credit must be given to the two most persuasive and influential entrepreneurs in Rhodesian history Alfred Beit and Cecil John Rhodes. The Cape Government was "parochially minded, supine and unimaginative. The British Government at Westminster was far off, timid, fearful of extending its responsibilities in any direction, and shy of any project that might involve it in expense."¹⁰ Had it not been for such far sighted vision there is little hope that an Imperial power would have shown as much progress in such a short period of time.

The emergence of African wage earners can be traced back to the factor endowment constituents of production. Land was virtually in unlimited supply whilst labour and capital were relatively scarce. With the marginal cost of labour lower than that of capital, and with a lack of technical acumen, wage employment was offered to a reluctant African community who preferred to lead an unhampered subsistence existence. In order to meet the deficiency in labour supply a Hut Tax of 10 shillings per annum was imposed on African males in 1901 forcing Africans to seek gainful employment. In 1904 a Poll Tax of £1 on each African male and 10 sh. for each wife over one was substituted. These taxes were the instruments

¹⁰ D.O. Malcolm, "The British South Africa Company, 1889-1939", p.16.

directly responsible for bringing about African and European economic interdependence and brought widespread changes in the distribution of the indigenous population and their relationship with their colonizers.

6. THE ROOTS OF A FRAGMENTED SOCIETY

The initial European immigrants were mostly males and their restrictive activity involved little disruption of African life. Family settlement and expansion of the more advanced society created new tensions with social, cultural, political and economic incompatibilities becoming visibly marked. Apart from devious racial differences African tribal life was essentially community-centric with a division of labour by sex calling for men to regulate the community's relationship with animals and to provide development works whilst the women performed routine and menial tasks. Cattle, as a store of wealth and a means of payment for the purchase of wives, possessed a high degree of liquidity and "served the social function of conspicuous display and the size of herds, not their economic quality by Western standards, became the badge of rank and mark of prestige."¹¹ The family formed the basic productive unit and self-sufficiency in minimum consumption targets remained a primary goal. Tribal loyalty transcended class loyalty and the concept of the extended family was firmly entrenched in the social mores and morality of African life. All these factors together with the profound psychological effects of the indigenous economy inclined man and woman towards a fatalistic philosophy and acceptance of an uncertain and uncontrollable future that made the African people and their cultural heritage a highly unproductive economic system. Against this the European's ability to effectively exploit natural resources, to accumulate capital and organize labour, and to govern with consistent economic effectiveness soon developed a set of economic, social and political

¹¹ W.J. Barber, "The Economy of British Central Africa", Oxford University Press, London, 1962, p.47.

relations in which Europeans were superordinate and Africans subordinate.

Even at this early stage the germs of another dispute were being harboured. Although Rhodesia began its recorded history as an experiment in modern imperialism to advance Christianity and Civilization into the confusion of Africa, the men who confronted, fought and beat Lobengula and other local chiefs were primarily interested in land, cattle and gold rather than the Queen, God and Civilization. As a result, national interests tended to be in opposition with international interests, although at first both bore the yoke of pioneering with equal burden. Once the immigrants' first struggle was won, they began their second against the Chartered Company whose monopolistic powers and broad administrative controls were coming increasingly under question.

In sum, the dominant forces behind the birth of this "plural"¹² society were, on the one hand, the inability of the indigenous people to bridge that threshold above which foresight and forethought was possible and below which helplessness prevails together with the incompatibility of their social order with economic development, and on the other hand, the translation of the great social and cultural change of Western Europe's Age of Revolution into imperial lust for African domain, the impetus of Christian zeal, the humanitarian concern for the backward peoples of Africa and the over-estimation of the mineral wealth of Rhodesia together with the persistence of this Utopian belief from the days of Portuguese explorers until the beginnings of the twentieth century. The actual instruments of development were somewhat less idealistic and acknowledgement must be accorded to the enthusiasm of Rhodes and

¹² "Plural" here refers to an argument developed in a later chapter about the tripartite nature of the economic system though in its naked form "dualism" is probably the all pervading feature of the different forms of political organization, labour, values and family life found in the country.

Beit, the entrepreneurship of the Chartered Company, the curtailment of the predatory pastimes of Matabele "Impis", the establishment of general law and order, the potential of natural resources, the coming of the railroad network and the forced emergence of an African labouring class.

(b) CHAPTER TWOCONSOLIDATION 1900 - 1923

"Mother Africa is a grand old lady ; we may guide her,
persuade her - and even seduce her - but we cannot drive her."

FIELD MARSHALL SMUTS1. COMPANY "GOVERNMENT"

Leander Starr Jameson's Administration was initially unconventional and unbureaucratic, yet after the Native uprisings the need for a sound civil service was felt and the task was assigned to Sir William Milton. It was not long before the Company, now more authoritarian than before, became unpopular with the settlers by demanding repayment of the costs of occupation in the form of 50 per cent share holdings in all mining ventures. Thus arose the cry for self-government and the clashes between small scale farmers, miners and tradesmen against the powerful Company monopoly came to the fore. The Original Charter was for 25 years being due for review in 1914 when war broke out and the matter was deferred until 1920. During this period of Company government, or quasi-sovereignty, the costs of administration were borne by the Company, whose rôle and measure of accomplishment were limited and not uniformly spread over all areas within its span of activity. The reluctance of the British Treasury to finance the country meant that the country's budget only balanced, for the first time, in 1907.

2. STRUCTURAL CHANGE

The era was marked by rapid increases in both population groups. The persistence of the overestimation of Rhodesia's mineral wealth resulted in the settler population increasing from 11,032 in 1901 to 23,606 in 1911 - a 105 per. cent. increase in ten years.¹³ In the following ten year period the rate of influx

¹³ Appendix A.

slowed down to 47% - notably being influenced by the retarding effect of the 1914-18 war for which 65% of men under 44 years of age enlisted on active service.¹⁴ The impact of law, order and better public health facilities enabled the African population, whose numbers in absolute terms had been relatively constant before 1901, to increase 72.4 per cent. between 1901 and 1921. These factors combined to bring down very sharply the ratio of Africans to Europeans from 44:1 in 1901 to 25:1 in 1921.¹⁵ Concealed beneath these broad aggregate changes was something of fundamental economic significance, viz: the emergence of the main facet that was to dominate economic life from then on - the dual economy. In 1904 only 4.6% of the total African population were in gainful employment - the corresponding European figure was 65.8% - while in 1921 this balance had altered to 16.3% and 44.0% respectively and so increasing the ratio of Africans to Europeans in gainful employment from 3:1 to 9:1.¹⁶

Dualism was soon to filtrate and find expression in every aspect of social, political and economic life. The social structure, based on the belief of "settler superiority", called forth two social systems. Although Africans could move between the two systems this interaction was limited to the economic sphere and here 83.7% of the African population by 1921 was unaffected.¹⁷ Recognition of the traditional sector as an economy with its own integrity was slow with most Company policy decisions focusing emphasis on the primary European goal of economic growth of the modern sector. Despite the secondary position accorded to the traditional sector, a "modus vivendi" had to be established between

¹⁴ W.D. Gale, op.cit. p.67 onwards.

¹⁵ Appendix F.

¹⁶ C.A. Rogers and C. Frantz, "Racial Themes in Southern Rhodesia", Yale University Press, 1962, p.12, Table 1.

¹⁷ W.J. Barber, op.cit., p.25. Also Appendix G.

the two systems and it became increasingly apparent that the African presence was at once a liability and an asset for the growth of the settler economy.

3. GROWTH STIMULANTS

To expand the settler economy Rhodesia had to offer immigrants a higher remuneration than the opportunity cost of labour in foreign labour markets. Offers of land and development assistance were used to ensure the maintenance of this preference margin. Until 1910 Africans were allowed to remain on the lands of their own choice but when the Company became increasingly interested in land for agrarian use, after the search for gold failed to meet expectations, apportionments were made to settlers with the Africans being allocated the predominantly hotter, drier, less accessible areas. Although land was important to the European it was vital to the African and the pattern of allocation and distribution of population amongst the region tended to further protract the dualistic phenomena already observable in social and economic life. An immediate impact of the modern sector was to encourage Africans, whose total wages in 1900 are estimated at £180,000,¹⁸ to spend money on cattle and ploughs. The plough, unknown before 1890, was a major technological innovation in the subsistence economy and was estimated to be owned by 5,000 Africans by 1914.¹⁹ It vastly increased the land area that could be farmed, whereas formerly the acreage farmed was a fraction of the size of the total population. But increased stocks of cattle and widespread utilization of ploughs did not alter the traditional sector's output because cattle were more often than not acquired and kept for non-economic reasons while ploughed lands were most often less efficiently worked. "We have the admission of Natives that higher

¹⁸ Letter to the Colonial Office from the Chief Native Commissioner, 26th May 1900, Cmd., July, 1902, p.36.

¹⁹ Annual Report of the Chief Native Commissioner of Southern Rhodesia, 1914, p.7.

yields were obtained from hand-hoed lands. The misguided use of the plough does not improve Native farming, but only increases the acreage of poorly tilled lands."²⁰ Hence despite a change in methods of production no structural change in productive output took place within the traditional economy and the goals of survival and subsistence maintained their primacy. The real structural change was, rather, the alteration of the composition of the traditional economy's labour force brought about by the sexual division of labour experienced in the tribal system which permitted African males to migrate to employment in the wage economy for short durations.²¹ Competitiveness between the two economic systems, and tax burdens levied on Africans who previously carried out even limited barter transactions, resulted in Africans seeking wage or money incomes by the only two avenues open to them - sale of labour or sale of agricultural surplus, if any.

Meanwhile the development of a rail and road transport network forged ahead. In 1902 Sinoia was connected by rail to Salisbury and in 1903 Gwelo to Selukwe. Further railroad development took place rapidly until 1914 and was to suffice for Rhodesia's needs for many years to come. Although roads were initially very poor motor transport received greater impetus after 1914 and by 1923 many areas became relatively accessible. In the 1920's air-transport provided the first permanent link with the outside world and together with road transport was to receive primary emphasis from 1920 onwards.

The Mining Policy of allocating large tracts of land and claims dispersed European settlers over a wide area and with the high costs of development and small nature of most workings, the agricultural

²⁰ E.D. Alvord, "Agricultural Life of Rhodesian Natives", Southern Rhodesian Native Affairs Dept., Annual 1929, p.9.

²¹ Prolonged absence would cause a decline in the total product of the indigenous economy, forcing either starvation or a return of male labourers - See Chapter Seven.

sector began to become more significant and by 1921 some 39% (63,000) of economically active persons in Rhodesia were engaged in this sector,²² much of the credit of this being due to the establishment of a Department of Agriculture in 1903, and the recovery of the economy after 1905 from the effects of the Boer War.

The close of this period of Rhodesian history was climaxed by the political clamour for Responsible Government. Rhodesia could either join South Africa or obtain self-government and after heated debate, in which the international interests favoured amalgamation while most settlers preferred national role, the issue was put to a general referendum on October 27th 1922. The electorate returned a poll 8,774 in favour of Responsible Government and 5,989 against. On September 12th 1923 S.Rhodesia was formally annexed as a self-governing territory of the Crown. In return for its expenses the Chartered Company received the mineral rights of Southern Rhodesia, the land it had reserved for its commercial undertakings, ownership of the railways (with qualifications in respect of rates and profits) and £3.75 million as compensation for the costs of administration for the 33 years of its control over the country. The term "company government" implies a mixture of economics and politics that aptly describes the Company's role in the development of Rhodesia. Up till 1923, in terms of economic profitability, the Company was largely an unsuccessful enterprise while as a political force it achieved its major goals. Once having passed off the burden of government these roles reversed and in 1924 the Company declared its first dividend of 6d per share with a return of 5 shillings per share of capital) and was to become a significant economic force in its own right.

The significance of the 1923 decision to break away from monopolistic control came at a time when the inhibiting effects of the

²² Appendix G.

1914-18 were just being overcome and is of both political and economic significance in Rhodesia's economic history. The Company had completed its political task but was patently unsuited as a springboard for future growth, partly as a result of its limited resources and inability to accept responsibility for economic growth of the two economic systems entrusted to it, and more pertinently, because of its conflicting objectives of being a national and vested interest in the same corporate body, unable to take immediate advantage of the economic and technological opportunities of a developing area without first off loading its uneconomic political responsibilities. Company "abdication", it thus appears, suited all parties and with a structural change in Government there came a structural change in the economic determinants of the country's pattern of growth with less prominence being exhibited by mining, rail transport, missionary endeavour and monopoly enterprise.

(c) CHAPTER THREEQUIET YET DIFFICULT YEARS, 1923-1945

"Man is at his most economic when hungry, cold and naked. When you feed, clothe and house him, however miserably, he ceases to be wholly economic, and becomes a creature with aspirations and scruples, with a conscience, with "views", with passions and prejudices that are all immaterial and irrational : that is metaphysical."

GEORGE BERNARD SHAW

1. EXTERNAL INFLUENCES

After annexation in 1923 the "frontier image" began to disappear and a fully differentiated modern sector began to emerge. The new administration did not turn out to be incompetent or semi-bankrupt, as proponents for amalgamation with the Union of South Africa had postulated, and mining and railway investments were left unhampered in the initial years of the period. The Chartered Company could not afford extensive public works and consequently communications after 1923 developed at a rapid rate. Roads were improved by making use of macadamized strips, bridges were built with the aid of Beit's finance, electricity was made available to farms, civil aviation became a regular feature of the transport network and development in general co-incided, quite fortuitously, with the discovery and innovation of a wide range of technical and mechanical aids to economic and social life. Two major economic events marred this trend of cumulative growth. In 1926-7 world prices in Rhodesia's two main crops, tobacco and cotton, slumped and many marginal producers were forced out of production. As recovery was nearly complete world forces, radiating from the 1931 Depression throughout the Western world, produced severe unemployment and a fall in Net Domestic Product from £13.1 million to £8.8 million between 1930 and 1931 - a fall of 35 per cent. in one year. It was only in 1935 that the economy sustained its 1928 level again.²³ During this period the economy was based on primary production, with no

²³ Figures from S.H. Frankel's estimates - Appendix E.

elaborate secondary structure. Even after 1935 the threats of Nazi Germany, with its colony of South West Africa nearby, remained a barrier to the re-establishment of full confidence in overseas British dependencies in Southern Africa. The outbreak of war in 1939 caused a further structural imbalancing of the economy. Of the European population of 69,000 in 1939 some 19,000 were men of military age. Of these 10,000 served on active full-time service and in June 1940 conscription was introduced, not to force men to enlist, but to keep them out if their work was economically essential. The pre-1939 economic policy of cautious advance was incompatible with urgent war needs and Rhodesia's Net Domestic Product increased from £27.4 million in 1939 to £39.3 million in 1945 - a creditable performance, but unfortunately not all output was geared to economic ends.²⁴ The war burden of participation in the Empire Air Training Scheme and loss of manpower from directly productive activities paid dividends in later years although costly at the time.

Fluctuations in immigration during the period are a reflection of economic conditions. During 1926-31 gross European immigration exceeded 20,000, largely attributable to the tobacco boom of 1927-9 while from 1931-6 gross immigration fell to 9,000 as a result of the Great Depression. Relative prosperity from 1936-41 saw a 30% increase on this figure and between 1941-6 it was back to below the Great Depression level at 3,250. African immigrants also flocked to the new nodal points of economic activity, encouraged by the reluctance of the indigenous Africans to seek wage employment. Between 1931 and 1946 the net immigration of non-indigenous Africans is estimated at 89,000.²⁵ Although most immigrants came to work and then return home the fact that 89,000 represents the net inflow in this period reveals the diffidence of the indigenous economy towards integration or absorption by the modern super-

²⁴ Figures from C.S.O. estimates - Appendix. E.

²⁵ Census of Population 1951, *op.cit.*, p.5.

structure. Although immigration was of considerable positive influence on economic output the large increases in the total of the African population can be attributed to the spread of medical services and lowering of the death rate, especially amongst infants, and tended to act as a drag upon the progress of the tribal economy. Between 1921 and 1946 the African population had increased from 862,000 to 1,704,000 and the European community from 33,620 to 82,386.²⁶ Whereas the ratio of Africans to Europeans declined from 44:1 in 1901 to 25:1 in 1921 the next 25 years only reduced the ratio to 21:1, at a time of large European immigration. This illustrates the significant economic, physical and social problems that the system was now presenting itself.

2. THE EFFECTS OF SPATIAL PRESSURE

The widening of the "demographic gap" led to competition for land and markets between the inhabitants of the two economic systems. In the 1930's the Government acted to protect the two economies. The Land Apportionment Act (1930) encouraged dualism in all its forms and put a definite limit on "African Land", thereby precluding perpetual use of the wasteful practice of "shifting" cultivation, but at the same time making mandatory a "continuous" cultivation system that was alien to African tradition and above the African's technical capacities to comply with on a sound economic basis without serious deterioration in soil conservation and waste of now relatively scarce natural resources. The tribal economy's potential competitiveness vis-a-vis European farmers was hindered by poor land use and low productivity, the gearing of public expenditure towards the modern sectors (such as state enterprises like the Electricity Supply Commission, Cotton Mills and the Iron and Steels Mills etc.) and a discriminatory pricing policy upon the only saleable surplus of African agriculture, maize, as administered through the Maize Control Act (1931). The Natural Resources Act (1941), which sought to remedy overburdening with stock and bad

²⁶ Appendix A.

tillage practices, was recognition of the impoverished state of the predominantly agrarian Indigenous Economy. G. Arrighi's²⁷ claim that the "effort price" of survival was raised between 1901 and 1950 and that there was a "built-in" trend of decreasing productivity in the traditional sector is perhaps, in the light of available evidence, a little harsh. What is more certain is that the "effort price" did not decline over the period and the evidence of W.J. Barber²⁸ that the volume of employment increased between 1930-45 despite the fact that real wages had declined lends weight to this "stagnation thesis". What rather is actually "built-in" by spatial characteristics is an impediment to increasing peasant productivity, not a positive decline in African farm productivity.

Expansion of the number of Africans in the wage economy can be shown by the increase from 140,304 in 1921 to 376,868 in 1946²⁹ causing the ratio of Africans to Europeans gainfully active to rise from 9:1 to 11:1 at a time when population growth was very high amongst Africans.³⁰ The effect of this increase in the size of the African sector of the wage economy meant that the percentage of the total African population in active employment rose from 16.3% in 1921 to 22.1% in 1946.³¹ The above trends do not, however, portray the real situation as far as the Indigenous Economy is concerned. Whereas there were 140,304 Africans in wage employment in 1921 only 47,000 or 34% of these were indigenous African males.³² By 1946, although improved, this figure was only 160,000 out of an African employment population of 376,868

²⁷ G. Arrighi, "The Political Economy of Rhodesia", Morton, The Hague, Chapter V, p.43.

²⁸ W.J. Barber, *op.cit.*, p.203.

²⁹ Appendix C.

³⁰ Appendix G.

³¹ Appendix G.

³² Appendix J.

viz: 42 per.cent. were indigenous Africans. It is therefore clear that the modern sector relied substantially on African immigrant labour particularly from the adjacent areas of Nyasaland, Northern Rhodesia and Portuguese East Africa. This abundant source of labour supply tended to depress wage levels of African employees within the country itself.

Though no figures are available for the output of the subsistence sector from 1923-46 the evidence submitted by W.J. Barber³³ that real wages declined for Africans in the wage economy between 1930 and 1945 indicates that there was no radical or even marginal improvement on the standards of living of the tribal African. The money economy did, however, progress and N.D.P. increased from £10.6 million in 1924 to £45.6 million in 1946.³⁴ Aggregates again do not present a reliable picture, as they ignore income distribution, and N.D.P. per capita estimates imply that this growth was not equally distributed within the wage economy because per capita income increased from £11.5 per annum to £22.1 per annum from 1924-46.³⁵ A notable feature of per capita income levels was the very sharp fall to £7.1 per annum in 1931 accompanied a fall of 1.9% in the percentage of Africans economically employed in the Money Economy.³⁶

3. CHANGES IN THE STRUCTURAL BASE OF THE MONEY ECONOMY

Prior to 1923 Mining and Transport were the leading sectors in the growth of the Money Economy. Although the original rationale for settlement, mining output suffered in the 1930's except for gold which received an impetus after Britain's departure from the Gold Standard in 1931. During the war the need for raw materials increased demand for asbestos and chrome while the number of

³³ W.J. Barber, op.cit.

³⁴ Appendix E.

³⁵ Appendix D.

³⁶ Appendix F.

workers in gold mining has declined from 1941 along with the total output of the industry in relation to total mining output.³⁷

At a peak in 1936 the Mining Sector employed 15.0% of the active population and by 1946 this amount had declined to 8.0%.³⁸

In agriculture 1900-1946 was largely an era of acreage expansion and the switch from maize to tobacco as the principal cash crop shifted attention from internal to external markets. This trend was fostered in the 1920's by Southern Rhodesia's connection with the Sterling Area, thus encouraging British importers to favour Rhodesian tobacco over American output. The gross value of European agricultural output increased from £1.98 million in 1925 to £9.77 million in 1945 despite the setback of the 1927 decline in tobacco and cotton prices and the damaging effects on primary producers resulting from the Great Depression.³⁹ But as an employer of labour the importance of agriculture declined after 1931 when it supported 18.7% of the active population to 14.6% in 1946.⁴⁰

African agriculture, hampered by transport distances, discriminatory legislation and lack of capital and technology, failed to make any impact on the Money Economy. The relatively crowded conditions in the reserves were not conducive to the production of agricultural surpluses while the level of competitiveness of the European farmers mitigated against successful cash crop farming that relied on the economics of scale, farm management and supporting programmes. The most emphatic change in the sectoral contribution to economic growth came from Manufacturing, Construction, Water and Electricity services. The first Census of Industrial Production in 1938 recorded 299 establishments with a gross output of over £5.10 million.

³⁷ Annual Reports of the Chief Mining Engineer, Southern Rhodesia.

³⁸ Census of Population 1951, op.cit., p.19.

³⁹ Annual Reports of Agricultural and Pastoral Production, Southern Rhodesia.

⁴⁰ Census of Population 1951, op.cit.

By 1945 this had doubled to £10.57 million⁴¹ and the share of this sector's employment of the national labour force rose from 16.3% in 1931 to 23.3% in 1946.⁴² What was remarkable about this growth was that local manufacturers faced a small local market, an internal transport system not tailored to their needs and difficulties in obtaining capital. The latter problem was to an extent ameliorated by the strong elements of foreign ownership of mining enterprises. Another important implication of industrial development was the need for a stable, efficient labour force and on this count the Money Economy was in an antinomial relationship with the Indigenous Economy. Thus, in 1946 216,868 or 58% of the African labour force were of foreign origin.⁴³ Although expenditure on public overheads had been high African urban housing suffered badly, and resulted in African labour being unable to make a permanent commitment to wage employment, dividing their energies and loyalties between two divergent worlds and lessening their contribution to long term economic growth.

The fiscal programme of Government affects both economies but the "benefits to European producers in the Money Economy have not been matched by corresponding governmental aid to the Indigenous Economy."⁴⁴ European agriculture, with the aid of Parliamentary lobbying, benefited greatly from budgeted departmental expenditure votes, from capital development assistance and from the effects of government financed statutory boards and commissions. Despite heavy outlays in transport, communications and other infrastructural services, with the Public Sector share of capital formation at a high level, the narrow geographic base of the Money Economy remained.

"Potentially, the Public Sector might have made deep inroads into

⁴¹ D.S. Pearson, "Industrial Development in Rhodesia", Rhodesian Journal of Economics, Vol. 2, No. 1, March 1968. P.6, Table 1 - 1938 Prices.

⁴² Census of Population 1951, op.cit.

⁴³ Appendices C, H and J.

⁴⁴ W.J. Barber, op.cit., p.152.

the barriers which have perpetrated dualism. Despite the large volume of resources at its disposal, it has not in fact done so,"⁴⁵ and mining and export agriculture remained the main employers of African labour (68% in 1945)⁴⁶ and the springboard or causal factors of future expansion, the demand for other sectors being derivative and dependent on primary export incomes⁴⁷ which increased from £11.5 million in 1939 to £20.9 million in 1945.⁴⁸

On review, it could be claimed that Southern Rhodesia had much to gain as a "latecomer" but suffered in the period from the growth retarding impact of fluctuations in prices on world primary markets and from the external influence of the 1931 depression. The rise of a manufacturing sector accentuated the degree of competition between the two economic systems and despite spatial pressure in African areas immigrant labour had to be employed to a large extent. The impact of industrialization disrupted the solitude of tribal life for many and was of a greater force in loosening the restrictive tribal attitudes on enterprise than were the civilizing effects of Missionaries in the three decades since the occupation of the country. While economic development in the Money Economy took place virtually no perceivable comparative progress manifest itself in the indigenous sector. Unnoticed were the extensive efforts of Tom McDougall in the Lowveld in the late 1920's in trying to grow sugar cane under irrigation. The economic efforts of this first organized attempt to transform a subsistence area into a viable economic unit are still to be fully felt in Rhodesia today.

⁴⁵ Ibid., p.156.

⁴⁶ Ibid., p.200.

⁴⁷ Ibid., p.103, shows a ratio of about 40% between exports and net geographical income between 1939 and 1953.

⁴⁸ A.G. Irvine, "The Balance of Payments of Rhodesia and Nyasaland 1945-54", Oxford University Press, 1959, p.318, Table 1

(d) CHAPTER FOURTHE ECONOMIC IMPACT OF PEACE, 1946-1954

"The temptation is naturally to want no change. It is very comfortable to live at the top of the heap, to live in clean suburbs, not filthy towns, to live to 70, not 42, to see all our children grow up, not die before 5, to have no experience of hunger, to be literate and skilled, to know nothing of human contempt. All this lulls the conscience, dulls the mind and narrows the heart. Why should we change, we who have had it so good?"

BARBARA WOOD (LADY JACKSON)

1. EXOGENOUS STIMULI

The effect of the "exogenous" impact of war was now to pass away and be replaced by an era of unprecedented growth in which new "external stimulants" were to become important. From 1946-53 the N.D.P. of the Money Economy grew from £45.6 million to £134.1 million⁴⁹ and by 1951 the N.D.P. per capita had grown from £22.1 per annum to £49.8 per annum.⁵⁰ This relatively short period experienced the greatest state of flux the economy has known.

The desperate shortage of skilled manpower was met by large scale immigration of Europeans. Between 1946 and 1953 the European population increased 65% while the African population increased only 17%.⁵¹ In 1948 over 17,000 European immigrants entered Southern Rhodesia, an intake of some 18% of the European population, when immigration intakes in other countries rarely exceeded 3-4% of the total settler population at any one time. This blessing was in fact also an embarrassment and absorption capacity was soon reached straining scarce resources and causing severe bottlenecks in certain sectors. The economic prosperity also filtered through to the Indigenous Economy and the numbers of employed Africans rose from

49 Appendix E.

50 Appendix D.

51 Appendix B.

376,868 in 1946 to 530,203 in 1951.⁵² However, not all the increased income remained in the country because between 1946 and 1951 gross immigration of non-indigenous Africans was 375,000 while gross emigration totalled 327,000 giving a net inflow of 48,000 Africans.⁵³ During the period 1946-51 the percentage of Europeans living in urban areas increased from 64.5% to 69.7% while 34.7% of the Africans in Employment could be found in the six main towns.⁵⁴ This high rate of urbanization coupled with an increased immigrant population and a high level of economic activity made extensive demands on the limited supply of social overhead capital. Lack of rail capacity was felt for the first time since the railway network was laid, housing shortages were acute and together these bottlenecks acted as impediments to further growth. Another shortage was African labour despite the seemingly unlimited labour supply and in 1950 W.D. Gale commented that "since the war the shortage of native labour has become acute ; so acute that the country's development is being impeded."⁵⁵ A stimulant associated with the inflow of immigrants is the substantial funds that flowed into the country after 1948, from London with the inflow of British settlers and from South Africa as a reaction against increasing South African economic nationalism. Foreign investment funds in 1947 amounted to £13.7 million and rose to £50.7 in 1951, greatly stimulating growth in the Money Economy.⁵⁶

2. THE SEEDS OF AN INDUSTRIAL ECONOMY

The significant structural changes of peace after the war are best exemplified in the changing importance of different sectors by way of origin of G.D.P.

⁵² Appendix C.

⁵³ "Census of Population 1951", op.cit., p.5.

⁵⁴ Ibid., p.7.

⁵⁵ W.D. Gale, op.cit., p.113.

⁵⁶ G. Arrighi, op.cit., Chapter IV.

SECTORAL CONTRIBUTION TO GDP⁵⁷

Year	Agriculture		Mining		Manufacturing	
	£m	% GDP	£m	% GDP	£m	%GDP
1948 ⁵⁷	13.2	19.0	6.9	10.0	9.0	13.0
1954	23.6	12.7	14.5	9.0	24.6	14.0

Agriculture declined in relative importance and was surpassed for the first time by manufacturing and has not yet gained its former supremacy. The mining sector began to decline in relative terms, even though the value of its total output was increasing. Within the mining sector gold had become less important and by 1953 it had been surpassed by asbestos. Of the active population in 1946 some 22.6% and 23.3% were employed in Agriculture-Mining and Manufacturing respectively while by 1951 the primary sector share had declined to 16.3% and the share of Manufacturing was 30.3%.⁵⁸ Much of the decline can be traced to the mining industry where in 1945 there were 71,700 African employees and in 1954 only 62,400 despite a doubling of output. Also in agriculture the percentage of African employees in the industry declined from 44% in 1945 to 37% in 1954.⁵⁹ It is, therefore, manifest from the above data that the structural basis of the economy undertook a major re-alignment in this relatively short post-war period.

3. LABOUR MIGRATION AND GROWTH

The flood of immigrants in the immediate post-war era had an explosive effect on the labour market. While the numbers of Europeans⁶⁰ in employment rose from 32,600 in 1946 to 54,000 in 1950

⁵⁷ Compiled from "National Income and Social Accounts 1946-51" of Southern Rhodesia op.cit. and Economic Survey of Rhodesia 1965. The figures for Manufacturing are 1946 in this instance.

⁵⁸ Census of Population 1951" op.cit., p.19. Here Manufacturing also includes Construction, Water and Electricity services.

⁵⁹ W.J. Barber, op.cit., p.200.

⁶⁰ Europeans here includes Coloureds and Asians.

the number employed as a percentage of the labour force rose from 37% to 47% only to return to the stable level of 38% in 1954.⁶¹ Compared to the African population there was 1 European active to every 9 Africans actively employed in 1951 whereas this ratio in 1946 had been 1:11.⁶² This unhealthy trend, as far as the Indigenous Economy is concerned and for the country if the two economies are to ever be successfully fused, continued even after 1953 and has not yet recovered its war time level because of the slow rate of absorption of the indigenous population into the Money Economy.

The 1946-53 period was undoubtedly one of the most prosperous as far as the indigenous labour force are concerned. Total employment of Africans grew from 376,000 in 1946 to 555,000 in 1954.⁶³ This growth of employment opportunities resulted in the 48.2% of African indigenous males who were employed in 1946 increasing their numbers to 60.3% by 1951 and falling off to 54.9% in 1956.⁶⁴ The severity of the labour shortage of this period can be gauged from the increase in non-indigenous Africans employed in 1946 from 202,400 to 270,000 in 1954 and also by the rapid rise in money wages as shown by the average income of Africans in Southern Rhodesia from £17-18 per annum in 1945 to £42-43 per annum in 1954.⁶⁵ Clearly the development of the Money Economy could not have occurred without two forms of labour migration, firstly from neighbouring territories, and secondly, because of the increasing demands for local labour resources in those areas, an abnormal inflow of labour from the tribal economy at an extremely high cost in wages and rations so as to attract an adequate supply. If all labour had

⁶¹ "National Income and Social Accounts 1946-51" op.cit.

⁶² Appendix F.

⁶³ Appendix H.

⁶⁴ R.W.M. Johnson, "Agriculture and Economic Growth" Proceedings of the Rhodesian Economic Society, No. 5, Sept., 1961, p.16.

⁶⁵ W.J. Barber, op.cit., p.221, Table 9.

to have come from local sources the increased price of this factor would have been considerably higher.⁶⁶

4. EXTERNAL DEPENDENCE.

The interdependence of the Money Economy and the outside world became intensified in post-war Rhodesia as the flood of immigrants, increases in agricultural, mining and manufacturing output, substantial capital inflows and increasing productivity of labour could not all be accommodated within the limited confines of the domestic market. The tobacco boom and increasing demand for capital and consumer goods led to trade deficits after 1946 until the end of the period. With a trade account surplus of £0.8 million in 1946 the economy ran deficits of considerable magnitude, for example, in 1949 of £20.1 million and in 1953 of £13.4 million. The rapid increase in exports from £20.9 million in 1946 to £63.7 million in 1953 indicates the increasing reliance placed on international trade by the economy's production units.⁶⁷

5. INTEGRATIVE OR SECULAR DEVELOPMENT?

While most of the fruits of economic growth between 1946 and 1953 were derived in the Money Economy as a result of a high inflow of skilled manpower from abroad, heavy capital inflows, trade deficits, the tobacco boom, the quantitative inflow of African labour and a high level of confidence no permanent breakdown of the separateness of the two economic systems was experienced. However, the beginnings of dualism was evident in progressive policies adopted towards African agriculture, the implementation of an educational development system for Africans and a much needed attempt to realize that "development" was something more than simple "growth" and for success needed social and political re-orientation. Thus was born

⁶⁶ Note that the wage levels referred to above are "money wages" not real wages. The implications of this are discussed later.

⁶⁷ A.G. Irvine, "The Balance of Payments of Rhodesia and Nysaland, 1945-54", Oxford University Press, 1959, p.318.

the dream of racial, political and economic partnership in Central Africa and in 1953 Northern Rhodesia, Southern Rhodesia and Nyasaland resolved to amalgamate their resources for common objectives of racial co-operation and economic progress. Integration and mutual support now replaced secular endeavour and consequently the Southern Rhodesian economic system began to operate in its new structural framework of socio-economic and political relationships.

(e) CHAPTER FIVE"A DECADE OF DIPLOMACY, 1953-1963"

✓ "The aim of the democratic economy must be to reduce poverty, inequality and irregularity, and its methods of doing so must be to foster efficiency, equity and adaptability."

GEOFFREY CROWTHER

1. DEVELOPMENT, DECLINE AND DISTRIBUTION

For Southern Rhodesia economic integration at least in the initial years, was a profitable association. G.D.P. at factor cost increased from £154.5 million in 1954 to £249.2 million in 1959 and at a slower rate, to £293.4 million in 1964.⁶⁸ It can be seen from these figures that in the first five years G.D.P. grew some 65% while in the last five years of Federation it only increased 21%. Per capita figures reveal the same growth pattern as the 1954 figure reads £56.2 per annum and in 1959 this had risen sharply to £74.9 per annum. Yet by 1963 little further progress had been made and income per capita was standing at £78.3 per annum.⁶⁹ If we consider Gross National income in real terms for the same years it can be observed that in 1954 the per capita income was £56.8 per annum, in 1959 it was £65.8 per annum and in 1964 it fell to £61.0 per annum.⁷⁰ Thus standards of living in real terms declined after 1959. However, without a qualification about the distribution of increased output, these figures portray very little. Because the vast majority of the country's inhabitants are located in the Indigenous Economy an examination of Rural Household income per head depicts the fact that most of this rapid progress was experienced in the Money Economy.

68 Appendix E.

69 Appendix D.

70 "National Accounts and Balance of Payments of Rhodesia 1954-1964" Rhodesia, p.2, Table 3.

Rural Household Income Per Head⁷¹

<u>Year</u>	<u>£</u>
1954	13
1957	16
1959	15
1961	14
1964	13

Southern Rhodesia's growth during Federation was, therefore, confined to a limited portion of the population.

2. THE WIDENING OF THE DEMOGRAPHIC GAP

The extension of medical services throughout the country especially between 1934 and 1954 had a major effect on demographic conditions amongst the African population. The following table illustrates the point:

AFRICAN BIRTH AND DEATH RATES⁷²

Charateristic	1948	1953
Births per 1000 people	44.8	41.8
Deaths per 1000 people	19.0	12.6
Infant Deaths per 1000 Births	123	120

In the short space of five years the "demographic gap" widened from 2.58% per annum to 2.92% per annum and together with the already high percentage of the African population, some 45.7%, being under 15 years of age,⁷³ the fertility potential was rapidly improved and can be isolated as one of the primary causes of the economic state of the present day Rhodesian economy.⁷⁴

⁷¹ Data from "Review of the Economy of Southern Rhodesia 1961" C.S.R.27, p.26 Table 24. The 1963-64 figures are estimates based on the Economic Surveys for Rhodesia 1965.

⁷² "Preliminary Report on the Second Demographic Survey of the Indigenous African Population of Southern Rhodesia", C.S.O., Salisbury, May, 1954, p.6.

⁷³ Ibid., p.5.

⁷⁴ This is analysed in Chapter Seven.

Given this dynamic foundation to work upon the African population easily responded to further extensions of social and public services and increased in numbers from 2,820,000 in 1954 to 3,870,000 in 1964,⁷⁵ while the non-African population only increased by 60,000. An important demographic turning point is the year 1959 when the ratio of Africans to Europeans reached its lowest ever level of 12:1, after declining for the previous 69 years. Since 1959 a complete reversal of this ratio has occurred and by 1964 the figure 16:1 and 1969, using the latest Census data, was 23:1. This factor has important implications for the growth of the Indigenous Economy as it means that increasing numbers of "backward"⁷⁶ people are occupying a fixed amount of land. This reversal in ethnic distribution can be traced to increasing African population coupled with a declining rate of increase of European immigrants. Between 1954 and 1959 the European population increased 30% yet in the last five years of Federation the rate of increase was $-\frac{1}{2}\%$. Since 1964 up until 1968 the European population grew 9% but this was nowhere near the rates of increase experienced from 1945 to 1959.⁷⁷ The pattern of African immigration also reflects the economic conditions of the economy in this period. Between 1954 and 1959 gross immigration was 645,000 yet the net figure was a loss of 7,400. From 1950-65 the gross inflow was drastically reduced to 293,000 with the net loss of 45,690 showing the lack of employment opportunities available in the stagnating Southern Rhodesian economy. Perhaps more striking are the 1965-68 figures where gross immigration was reduced to 42,000 and the net loss of African manpower was 28,010.⁷⁸ Political and economic considerations influenced this rapid decline in the mobility of labour resources

⁷⁵ Monthly Digest of Statistics, June, 1969, C.S.O., Salisbury.

⁷⁶ "Backward" here refers to Hla Myint's interpretation of "Economic backwardness". See footnote 170.

⁷⁷ Monthly Digest of Statistics, op.cit.

⁷⁸ "National Income and Social Accounts" 1946-51 op.cit. and Annual Survey of the Rhodesian Economy 1965.

in Central Africa amongst which are the development of neighbouring territories, increased immigration difficulties and the political ramifications of Rhodesian secession from British rule in 1965.

3. THE PUSH FOR INDUSTRIALIZATION

Employment trends of the Federal decade reveal that growth was rapid in the first five years, increasing from 555,000 for Africans and 64,400 for Europeans, Coloureds and Asians in 1954 to 628,000 and 87,000 respectively in 1959, while from 1959-64 the rate of increase slowed down considerably in European employment and actually decreased in the case of African employment to below the 1957 level. Part of the decline in African employment can be attributed to a decline in employment opportunities in the mining sector which reduced African employment by 19,900 between 1954-63⁷⁹ and the rest to the general malaise engendered by a lack of confidence in the political future of Central Africa from 1960 onwards. Because of the heavy net outflow of migrant labourers from Southern Rhodesia after 1954 indigenous Africans became more widely employed. It is estimated that in 1954 some 270,000 non-indigenous Africans were gainfully employed in Southern Rhodesia and by 1964 this had fallen to 226,000.⁸⁰

When Federation was conceived it was expected that Southern Rhodesia would eventually become the manufacturing base of the whole economy and hence strenuous efforts were made to launch industrial development in the south. From an output of £24.5 million or 14% of G.D.P. in 1954 production reached £41.8 million or 15% of G.D.P. in 1959 and by 1964 the sector's output of £59.1 million, or 18% of G.D.P., made it Southern Rhodesia's leading

⁷⁹ Monthly Digest of Statistics, op.cit.

⁸⁰ Based on estimates of non-indigenous labour figures given by W.J. Barber and on computations accounting for the effect of migratory flows out of Rhodesia in the period under review.

sector in this respect.⁸¹ However as far as an employer of labour was concerned the manufacturing sector employed 11% of the African labour force in 1954 but only 10% in 1963.⁸² Mining, in the meanwhile, had declined even further in its contribution to G.D.P. from 9.0% in 1954 to 5.9% in 1964, despite an increase in output from £14.5 million to £19.0 million with a rapidly reduced African labour force. The output of African farming remained constant, but not so in the case of European output which, with favourable export conditions for tobacco, increased output from £23.6 million to £47.6 million between 1954 and 1964, thus maintaining its rank as the second most important contributor to G.D.P. The real significance of agriculture at this time was as an employer of African labour, increasing the number of African employees between 1954-63 from 218,000 to 257,300, or from 37% of total African employment to 43%, at a time when employment opportunities for Africans in the wage economy were declining sharply in the face of increasing population growth and economic stagnation.⁸³

4. EXPORT-LED AND EXTERNALLY FINANCED GROWTH

Of the three territories forming the former Federation of Rhodesia and Nyasaland, Southern Rhodesia undoubtedly gained most by way of foreign capital and subsidized imports. The magnitude of these benefits can be gauged from the table below:-

Southern Rhodesia - Selected Indices
£ million

Year	Gross Fixed Capital Formation ⁸⁴	Ratio of Capital Formation to GDP per cent ⁸⁴	Current Account balance ⁸⁵
1946	10.9	23.0	-
1954	46.8	30.3	- 19.7
1958	84.4	36.0	- 46.4
1960	67.1	25.0	- 10.7
1962	48.9	17.3	- 4.5
1964	47.1	15.8	- 3.0

⁸¹ Economic Survey of Rhodesia, 1965.

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Appendix E. National Accounts and Balance of Payments of Rhodesia 1954-1964 C.S.O. July, 1965, p.1.

⁸⁵ Economic Survey of Rhodesia 1965. See also, Ibid.

The high rate of capital formation aided by the inflow of funds from Northern Rhodesia and abroad enabled the country to maintain a current account deficit until the closing days of Federation. "From 1954-60 nearly £500 million was invested in this country (Rhodesia) of which 45% was on behalf of Government ... approximately half of the £500 million was invested in building and works, while plant machinery and equipment received 47½% of investment funds and land improvement only 1½%."⁸⁶ Thus investment in social overhead capital, most of it directed towards the Money Economy, was far in excess of needs. By 1958 the signs of stagnation appeared with the ratio of capital formation to G.D.P. falling very sharply from 36.0% to 15.8% in 1964. Just how impermeable this heavy investment was is illustrated by the income derived from rural households in 1954 which was £13.4 million and in 1964 had only reached £22.0 million despite rapid population growth and the emigration of many non-indigenous African workers.⁸⁷

5. DISINTEGRATION AND A RETURN TO ECONOMIC AUTARKY

Although Government policy in the 1950's was aimed at securing an increasing class of middle income African wage earners, both as a requirement of industrialization and an insurance against social disorder, even the voluminous aid of Federal integration with rapidly expanding educational services for Africans between 1954 and 1962, increasing expenditure on African agriculture from 1950-58, reform in industrial legislation in 1956 to include Africans in the definition of "employees" in labour legislation, or political reform by enfranchisement of Africans and reform of the electoral system, were not able to do much to bridge the gap between the "Western" economic system and the expanding⁸⁸ economy of traditional Central Africa. Inequality and poverty were not measurably

⁸⁶ The Phoenix Group - "Planning for Progress", May, 1962, Salisbury, p.25. Brackets are mine.

⁸⁷ Appendix E.

⁸⁸ Expanding here refers to expansion, not in terms of growth of income, but growth of population.

reduced and hopes and potential of a viable economic empire in the southern Continent were rudely shattered, not by loss of economic confidence, but rather by political instability, social tension and lack of trust and understanding - the vision was lost, and the "winds of change" blew briskly into the two northern territories whilst Southern Rhodesia, fearful of the consequences of the goal that had been so daringly set, elected a new Government (The Rhodesian Front) in 1962, who were to radically alter many of the allocative patterns of expenditure geared towards the social needs of the African sector, and faced an uncertain future on all fronts. The problem that had been with the country since colonization was not simply the rate of economic growth, but rather its general direction. Despite the Moncton Commission's findings that the (undefined) economic objectives of Federation had been realized,⁸⁹ it was difficult to concede that the economic mission had ended - it, surely, had scarcely begun. Prior to break-up on December 31st 1963 the Phillips Report⁹⁰ had claimed that "the political, sociological and economic potentialities in Southern Rhodesia for co-operation are unique in Trans-Saharan Africa", and that the "opportunities for partnership must not be lost."⁹¹ Yet, this timely inspiration was lost amidst the diplomatic flurrying of the moment and the pure milk of economic theory, and perhaps political idealism, was curdled, as so often is the case, with the practical and political realities of hasty decision and retreat into autarky, nationalism and independence.

⁸⁹ A Federal Government Publication, "Federal Government, Economic Policy : Principles, 1962", cited the basic problems as low income per head, the existence of the subsistence sector, shortages of capital and skill, unemployment and reductions in the use of land. The aim of policy, it concluded, was "to raise, at the highest possible rate, the real national product per head." p.5, FED.218. This appeared after the Moncton Commission 1960.

⁹⁰ "A Non-Technical Summary of the Report of the Advisory Committee on the Development of the Economic Resources of Southern Rhodesia", 1962, Salisbury.

⁹¹ Ibid., p.24.

(f) CHAPTER SIX"AN ECONOMY IN REBELLION, 1964-1969"

"No country can reasonably be expected to cut its own throat."

Dr. HASTINGS BANDA

1. ECONOMIC STRESS AND POLITICAL DISCORD

Economic policy during Federation had begun to reshape the morphology of the economy but time had permitted its course to touch but the periphery of the problems of the dual system - the fabric remained and within two years of disintegration a major political decision was executed that "brought in its train a number of quite unavoidable economic conclusions."⁹² Referring to these two crucial political decisions, the Hon. A.E. Abrahamson claimed that "the major casualty in economic terms will be the temporary halting of the development of our economy and above all the development of our human resources."⁹³ Although 1964 was a year of uncertainty the economy performed creditably. However, with the declaration of Independence in 1965 and with the imposition of voluntary and later mandatory sanctions by the United Nations, rapid structural change and re-orientation of the economy was necessary for survival. Whereas in the early years of Rhodesian economic history economic interests predominated over ideology, the reverse was now the case and within 4 years the pattern of development altered radically.

Rhodesia, traditionally an open economy, now had to square itself with firstly, the loss of "extended" markets gained through Federation and secondly, the loss of "natural" markets as a result of world hostility towards the 1965 decision. The immediate impact

⁹²P.B. Harris, "Rhodesia : Sanctions, Economics and Politics", Rhodesian Journal of Economics, Volume 2, No. 3, September 1968, p.10.

⁹³The Hon. A.E. Abrahamson, Address to the Annual Dinner of the Rhodesian Economic Society, 1968, published in Rhodesian Journal of Economics, Vol.2, No.4, December, 1968.

of sanctions was a 2.6% decline in G.D.P. at factor cost from £352.1 million to £342.7 million, the first such fall since the 1931 depression. The 1965 income per capita of £83.9 per annum was reduced to £78.5 per annum the following year and even by 1968 had not fully recovered its level, reaching at that time £83.6 per annum.⁹⁴ Fixed capital formation also fell in the year after independence was assumed from £47.4 million to £38.4 million and as a percentage of G.D.P. from 13.4% to 11.2%, the lowest amount since 1950 and the lowest percentage since 1946. It was only until 1968, with the inflow of capital from abroad, did the economy reach even the lowest level experienced in the Federal era. The importance of trade in the Rhodesian economy is patent, with exports in 1965 being 47.0% of gross output. Yet the effects of sanctions and difficult trading conditions switched the 1965 visible trade surplus of £44.9 million into a meagre £0.87 million in 1967 and in 1968 to a deficit of £11.92 million, although this was to some extent ameliorated by an increase in capital flowing into the country in that year. As a percentage of G.D.P. exports declined to 25% in 1967 and still further to 23% in 1968. At the same time rigid application of import control reduced imports in order to regulate Rhodesia's trading conditions and maintain balance of payment equilibrium. The past growth factor of "openness" of the economy was severely restricted and the possibility of maintaining the traditional "export-led" growth "modus operandi" now became impossible until normal economic conditions returned.

2. A BOTTLENECK IN THE STRUCTURAL FRAMEWORK

The most striking feature of the 1964-69 period is the rapid growth in population, especially the African population, in spite of considerable emigration of non-indigenous African males. In

⁹⁴ Appendix D. It should be noted that the real figures for income per head in 1968 are actually lower than this amount because the latest census estimates of the African population are 338,000 higher than the 1968 December estimate.

1964 the African population was 3,870,000 and within five years had reached 4,818,000.⁹⁵ The social, economic and political consequences of this upsurge are even more serious when cognizance is accorded to the observation of Professor J.L. Sadie that it is "not unlikely that the growth rate of the African population will rise still further as greater use is made of the extensive medical and hospital facilities available."⁹⁶ Added to this the fact that "51% of the African population is under the age of 17"⁹⁷ implying progressive youthfulness in the structure of the African population at least in the foreseeable future, then the burden of producing adequate output to meet private and social needs is going to weigh even more heavily upon the existing working population. Indeed the policy adopted on population growth may be one of the most decisive factors in the economic future of Rhodesia. High population growth coupled with the fact that only 17.9%⁹⁸ of the total Rhodesian population are in urban areas and the rest are widely and fairly evenly distributed over the country must mean, firstly, that a higher proportion of investment resources must go into social services such as schools, hospitals, etc., which are not directly productive in the short-run, and secondly, that the consequences of the low density of population distribution will be to increase the per capita cost of providing the necessary social, economic and political infrastructures that are a necessity for long-run development of the Indigenous and Money Economies.

Although population problems formed the apex of the conditions bringing about employment difficulties in the country and these can

⁹⁵ Monthly Digest of Statistics C.S.O. op.cit., June 1969.

⁹⁶ J.L. Sadie, "Planning for the Economic Development of Rhodesia", C.S.R. 35 - 1967, p.2 ... The Sadie Report.

⁹⁷ Statement in "Rhodesia - some facts" - a document of the Ministry of Information, Rhodesia, 1968.

⁹⁸ Monthly Digest of Statistics, op.cit.

be traced back to before 1965 specific blame for the economic impasse cannot be solely attributed to the assumption of independence, except in as far as this hastened the deterioration of a trend that was already present. Rather, the roots of the malaise are founded in the stagnation of the Federal economy in 1959 followed by two far reaching political decisions in 1963 and 1965. The European, Coloured and Asian employment position tended to remain relatively constant since 1959 with the number of people employed in relation to total population easing off from 38% in 1959 to 37% in 1968.⁹⁹ It is in the area of African employment that the full effect of economic stagnation and stress is most evident. The following table shows how the rate of absorption of "the traditional sector by the Money Economy declined:

AFRICAN EMPLOYMENT AND POPULATION¹⁰⁰

<u>Year</u>	<u>No. in Employment</u>	<u>Total Population</u>	<u>"Interaction Co-efficient"</u>
1956	602,000	3,000,000	20.0%
1960	640,000	3,400,000	18.8%
1964	618,000	3,870,000	15.9%
1968 ¹⁰¹	621,000	4,480,000	13.8%

Fewer and fewer Africans, when related to total magnitudes, are therefore participating in the Wage Economy. "During the past 10 years immediately before 1965, which included a period of exceptionally rapid growth, the employment opportunities for Africans in the Money Economy were increasing at an average rate of less than one per cent per annum. This compares with the annual increase in employment of 7 per cent which is at present necessary if the growing male adult African population is to be employed."¹⁰²

⁹⁹ Ibid., calculated from indices published.

¹⁰⁰ Ibid., calculated from indices published.

¹⁰¹ The latest census estimate the African population at 4,818,000. Using this figure the percentage in the money economy based on 1968 employment figures would be about 12.2%. "Interaction Co-efficient" is % Africans in Money Economy.

¹⁰² Budget Statement, Thursday 18th July 1968, Minister of Finance, Rhodesia, p.10.

Since 1965 it is doubtful that employment opportunities for Africans even increased at the rate of one per cent annually. In fact in 1966 the numbers of Africans employed fell by 10,000 and in 1967 by a further 9,000 and only in 1968 did the trend reverse and still by 1968 the 1965, or even the 1957, level had not been achieved.¹⁰³ In the meanwhile population increased, unabated and unaffected by deviations from economic and political normality.

While these conditions have clearly created a backlog of unemployed human resources this stock is replenished annually by a flow of African male labour which was at a rate of 31,000 per annum for 1962-67 but will be 38,500 per annum for 1967-72¹⁰⁴. "It is estimated that the growth in the Gross Domestic Product at constant prices should be at least 9 per cent per annum to absorb all the labour in paid employment."¹⁰⁵ Yet "during the last 10 years the average annual growth rate in real terms has been of the order of only 2½ per cent."¹⁰⁶ It seems clear then that with present difficulties and within the economic structure as it remains in its dual form the growth needed in real terms to provide employment opportunities for an expanding population growing at 3.5 per cent¹⁰⁷ per annum will not be forthcoming. The pessimistic conclusion that the 9% per annum need in G.D.P. (constant prices) "is unattainable over a long period"¹⁰⁸ therefore calls for a re-appraisal of the structure of the Rhodesian economy if "development blocks" are to be overcome.¹⁰⁹

103 Monthly Digest of Statistics, op.cit.

104 The Sadie Report, op.cit., p.7.

105 "Economic Survey of Rhodesia 1968", April 1969, C.S.R. 10-1969, p.7.

106 Budget Statement, op.cit., p.11.

107 Ibid.

108 "Economic Survey of Rhodesia 1968". Ibid. Note the rate of real growth in G.D.P. in 1968 was 3.2%.

109 An attempt to highlight the areas needing reform is discussed in a later chapter.

3. FORCED INDUSTRIALIZATION

Sanctions forced a resort to reliance on the "closed economy", having the effect of accelerating the sectoral changes that had been occurring since the end of the Second World War. The increase in output in the manufacturing sector, encouraged by the preferred position enjoyed by local producers and a need to produce local products, caused this sector to increase its share of G.D.P. from 18% in 1964 to 20% in 1968. This improvement enabled manufacturing to become the dominant sector as the combined share of mining and agriculture in G.D.P. declined from 20.3% in 1964 to 14.1% in 1968,¹¹⁰ mainly caused by an absolute and relative decline in agricultural output from 1965 onwards as a result of lost tobacco markets and a sharp fall in world sugar prices upon which much of the country's agricultural development in the newly opened up South-Eastern Lowveld was planned.

4. BACKWARDNESS, THE OLD ORDER AND ITS AGRARIAN HERITAGE¹¹¹

Much of the discussion thus far has centred primarily around the Money Economy with scant reference made to the problems of the Indigenous Economy, in which system some 80% of the inhabitants of Rhodesia survive and subsist.

The tribal economy is in essence communal and agrarian, based on traditional practices, directed by aged protocol, custom and values and because of its subsistence nature it inevitably breeds a subsistence mentality amongst the people who constitute it. Dependency and lack of individual enterprise discourage personal decision and places reliance on group judgement. Yet here where development is most urgently needed it is found to be most lacking. "What stands out like a gangrenous wound is that we are little

¹¹⁰ Economic Surveys of Rhodesia 1965 and 1969, op.cit.

¹¹¹ This section is intended merely to give a picture of the present "status quo" in the tribal economy.

further forward in the development of a tribal economy in the tribal areas than we were a half century ago."¹¹²

Although 80% of the population rely on African agriculture for a livelihood, in terms of G.D.P., it was sixth in sectoral importance in 1968 in the economy as a whole. Although African agriculture produces 40% of the output of the agricultural sector this is only 6.4% of G.D.P. Cash sales indicate the degree and rate at which the economy is being "monetized" and these have remained stable over the last 15 years at an annual average of £3.9 million. This figure further conceals the fact that of this some £2.0 million comes from the sale of cattle while research indicates that "only about 2% of all cultivators are responsible for about a quarter of all the grain sales to the Grain Marketing Board."¹¹³ These facts emphasize the low productivity of the tribal economy and at the same time its ability to maintain its subsistence level during a period (1954-69) in which the total African population grew by over two million. Also on the basis of the declining interaction between the Money and the Indigenous Economy¹¹⁴ it can be said that "the rate of improvement in African agriculture is at least 3½ per cent per annum."¹¹⁵ The Rural Household Income per head in 1968 further bears out this judgement, standing at £15 per annum in 1968 compared to £13 in 1954.¹¹⁶

The importance of African agriculture, besides enabling the survival of the majority of Rhodesians, is also observable in that in 1959-60

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- 112 The Hon. J.J. Wrathall, Minister of Finance, Address to the Annual Dinner of the Institute of Directors, October 11, 1968, Bulawayo, The Rhodesian Journal of Economics, Volume 2, No.4, December, 1968, p.59.
- 113 R.G. Howman, "Economic Growth and Community Development", Rhodesian Journal of Economics Vol. 1, No.3, September, 1968, p.32.
- 114 See footnote 100 and figures it refers to.
- 115 A.F. Hunt, "The Economic Position of the Tribal Trust Land in Relation to Agriculture", Proceedings of the Rhodesian Economic Society, No. 11, December 1966, p.55.
- 116 "Review of the Economy of Southern Rhodesia 1961", C.S.R. 27, p.26 and estimates from Economic Survey of Rhodesia for 1968, op.cit.

a sample survey of African agriculture showed there were roughly 50,000 paid workers in this sector.¹¹⁷ Despite this the extremely low productivity of African agriculture results in a mal-application of potentially profitable resources. Whereas the European agricultural sector has a labour force one-sixth of the size of that of the tribal economy and roughly the same amount of land and size of herd its level of output is 50% greater. This can be explained by ignorance, peasant farming practices being rife, lack of capital, lack of managerial experience and a deficiency in labour power because "it appears that at any one time 54.7 per cent of the males aged 15 - 50 are absent from the tribal areas. Between the ages of 24 - 34 the proportion is as high as 75.6 per cent. The corresponding proportions for women are 36.7 and 52.8 per cent."¹¹⁸ This situation throws an undue burden on the labour force of women, children and old men in the indigenous economy who have not the technical competence, the economic resources or the will to overcome the environmental conditions that so readily determine their menial existence.

The potential of the tribal economy far exceeds the returns derived after 79 years of "progress and blending with a superior technology and economically more proficient culture and way of life." Whereas the annual disposal co-efficient of the African herd is 13% per annum (6% sales, 4.2% consumption and 2.5% loss by mortality) the European co-efficient is 25%, mostly sales.¹¹⁹ Whilst cultivation consists of mere earth scratching, whilst the majority of the women remain ignorant and uneducated, whilst cattle are kept for their own sake and not as productive instruments, whilst the tribal economy is insulated from the forces of progress, whilst the efforts

117 A.F. Hunt, Ibid.

118 J. Clyde Mitchell, "The Sociological Background to Economic Development", Proceedings of Rhodesian Economic Society No.9, December 1964, p.31.

119 The Sadie Report ...

of an individual must by custom and heritage be shared amongst his fellows - in short, whilst tribalism and the old order, values and culture persist economic development can but be a dream of the emancipated few who are able to break away from the shackles and fetters of tradition, and the dormant potential of tribal economy must inevitably remain unrealized and untapped. Thus, the conclusive economic interpretation of the indigenous way of life is that it lacks sufficient purpose and impetus to have any meaningful economic impact above pure survival. At the same time it seems clear that the various attacks on the problems of poverty in the tribal areas have failed partly because they were sporadic, intermittent and tended to be directed at the effects and not the causes of backwardness and partly because there was "just not enough to go round", while the resources that were available were too thinly and widely spread to be of any relevance; and then too because the economic theories that have been applied as the main-spring behind the economic development of the country as a whole have been formulated and applied with an exclusiveness largely directed at the expansion of the Money Economy from within, with too little allowance being made for the most important factor of all, the mind of the rural African, and very little policy being directed at expanding the Money Economy from outside, by exogenously developing the tribal economy and so breaking down the inhibiting forces of dualism.

PART TWO

"Part Two is an attempt to show broadly the trends of certain fundamental economic indices, not clearly depicted in the previous historical statements, and so complete the economic spectrum on which future growth and development will depend."

SUMMARY

- (7) STRUCTURAL FEATURES AND DEVELOPMENT
- (8) THE YIELD ON NON-HUMAN WEALTH
- (9) HUMAN CAPITAL AND DEVELOPMENT
- (10) DECISION AND DEVELOPMENT



(a) CHAPTER SEVEN"STRUCTURAL FEATURES AND DEVELOPMENT"

"Sight must never be lost of the fact that the ultimate purpose of economic growth is to make the world a better place to live in. The generation of wealth is thus not enough by itself..."

SABI-LIMPOPO AUTHORITY DEVELOPMENT PLAN1. POPULATION - ASSET OR LIABILITY?

The rapid increase in Rhodesia's population should be seen within the context of the explosive increases in population throughout the world, most notably in the underdeveloped countries. The compound growth rate of the world population is put at 1.7% and for the African continent somewhat higher at 2.1% per annum.¹²⁰ Today the African birth rate in Rhodesia stands at 48 per 1000 population, as is usual in underdeveloped societies, and the death rate at 14 per 1000 population, the result of medical science, leaving a natural increase of 3.4% per annum,¹²¹ double the average world rate and 61.8% above the average for Africa as a whole. In contrast the rate of increase of the second major constituent of the population, the Europeans, has declined from 2.0% in 1954 to 1.1% in 1968¹²² while the Asians and Coloureds form too small a sector of the population for their natural growth rates to have any measurable significance.

This abnormally high natural increase amongst the African population can be seen to have resulted from the continual disturbance of traditional society with its own regulating machinery that found no place in the new order established by the dominant Imperial power. The following table highlights the increasing dimension of the problem:

¹²⁰ "United Nations Economic Bulletin for Africa", January, 1965.

¹²¹ Monthly Digest of Statistics, June 1969, p.2. These rates are as per the 1962 African Census. The latest census data would suggest the demographic gap has been further widened to 3.5% or even 3.6%.

¹²² Ibid.

RATE OF INCREASE OF AFRICAN POPULATION
1901-1969¹²³

Number of Increases of 500,000 over initial population of 500,000.	Year attained	No. of years taken
1	1928	27
2	1943	15
3	1951	8
The next available that has been given is for 1954 with African population equal to 2,820,000. It therefore appears that figures prior to this were underestimates. Data in this table from here on are based on 1954 statistics and increases thereafter.		
4	1960	6
5	1964	4
6	1967	3
7	1969	2

From 1901, when the ratio of Africans to Europeans was 44:1, population increases have not been able to keep abreast with the inflow of European immigrants in the era 1901-1958 and in 1959 the ratio had reached its lowest level of 12:1, thereafter to rise rapidly to reach 23:1 in 1969. It seems unlikely that further European immigration can reverse this trend and economic policy should give recognition to this fact.

2. INTER-TEMPORAL GROWTH PATTERNS OF THE MONEY ECONOMY

While the number of consumers of the natural income increased steadily and at an increasing rate from 1901-1969 the increase in N.D.P. from £10.6 million or £11.5 per capita in 1924 to a G.D.P. of £389.9 or £83.6 per capita¹²⁴ in 1968 was achieved with

¹²³ "Census of Population 1951", op.cit., p.4, and Monthly Digest of Statistics, op.cit., p.1. Population in 1901 was calculated at 500,000 Africans and 11,032 Europeans. Between 1951 and 1954 population statistics the increase is recorded as 820,000, hence the statistics in the lower part of the table are based on 1954 data. The trend, however, is unmistakeable in both sets of data.

¹²⁴ Appendices D and E.

fluctuating fortunes. The growth of the Money Economy, viz: exclusive of Rural African Households, is shown below for the period for which data are available:

Average Annual Growth Rate of the
Money Economy from 1924-68¹²⁵
(current prices)

<u>Period</u>	<u>Rate of Increase</u>	<u>Period</u>	<u>Rate of Increase</u>
1924-28	8.0%	1946-53	27.4%
1929-35	0.6%	1954-59	10.9%
1936-39	9.5%	1960-64	2.8%
1940-45	7.1%	1965-68	2.8%

The table above clearly shows the periods of rapid economic growth, most notably the post-war era up to 1959, and those of relative sluggishness, such as 1960-68. The importance of these different tempos is that it has been in these last 8 years that the population problem has been most acute.

Linked to these periods of rapid growth have been large inflows of foreign capital and high levels of fixed capital formation. The period 1945-59 is characterized by a high level of investment as shown by the following table:

Ratio of Fixed Capital Formation to GDP per cent¹²⁶

<u>Year</u>	<u>Percentage</u>	<u>Year</u>	<u>Percentage</u>
1948	44.6	1958	36.0
1950	38.0	1960	25.0
1952	48.3	1962	17.3
1954	30.3	1964	15.8
1956	36.9	1966	11.2
		1968	16.4

¹²⁵ Ibid. These estimates must be treated with care as they merely indicate aggregate developments at current prices for only the Money Economy, hence ignoring distribution aspects. It is reasonable to expect, however, that the Indigenous Economy sustained itself at a constant level. See footnote 115, Chapter Six, on "Backwardness, the Old Order and its Agrarian Heritage." Calculations of rates of increase are taken from Appendix E, and Economic Survey Rhodesia 1968.

¹²⁶ Appendix E. The 1948, 1950, 1952 figures are calculated on C.S.O. estimates of N.D.P. and are hence slightly inflated as they do not account for Rural Household Incomes.

The significance of these levels of investment become clear when use is made of Incremental Capital Output Ratios, estimated to be 3.9 : 1 in Rhodesia by Michael Faber,¹²⁷ to determine the level of investment required to sustain a real growth rate of 9 per annum.¹²⁸ Working on the present rate of population growth of 3.4% per annum then the required level of investment needed in the economy to absorb the labour force and account for population increases, would be about 48.4% of annual G.D.P.¹²⁹ If a less ambitious target was set, viz: just to keep up with population growth and maintain a real increase in G.D.P. of 3.6% per annum the level of investment needed would be approximately 27.3 per cent annually.¹³⁰ Looking at past performances it can be shown that only between 1948-52 did the level approximate near 48% while the moderate ratio of 27% has not been achieved since 1959.

3. THE ABSENTEE TOLERANCE LEVEL OF THE INDIGENOUS ECONOMY

The employment problem is fundamental to the economic malaise of Rhodesia. The dilemma seems superficially insoluble.. The indigenous African population cannot all subsist in the traditional society if development is to take place. Yet the Money Economy, which requires African labour for its prosperity, cannot continue to drain the cream of the labour resources for its own use without damaging the Indigenous Economy. Further population increases mean an increasing annual labour supply and the Money Economy does not appear to have the capacity, given its present structure, to absorb the many workers who remain only marginally productive in the Indigenous Economy. In 1904 some 65.8% of the European and

¹²⁷ M. Faber, "Economic Structuralism and its relevance to Southern Rhodesia's future", Rhodes Livingstone Papers, No. 36, Manchester University Press, 1965, p.37.

¹²⁸ This percentage is cited in the Economic Survey of Rhodesia, 1968, p.7.

¹²⁹ Calculation : ICOR. (Population Growth + Required Growth rate) = Level of Investment : $3.9 \times (3.4\% + 9\%) = 3.9 \times 12.4\% = 48.36\%$.

¹³⁰ Calculation : $3.9 \times (3.4\% + 3.6\%) = 3.9 \times 7 = 27.3\%$.

4.6% of the African population were gainfully employed in the wage economy. By 1956 the corresponding figures were 44.6% and 26.5% respectively. Since 1951, however, the Interaction Co-efficient¹³¹ has steadily declined to 13.8% in 1968, a level first achieved between 1911-21.¹³² Similarly to ratio of gainfully active Africans to Europeans being 3:1 in 1904 rose to 11:1 in 1946 and has declined to 6:1 in 1968.¹³³ One feature of the African labour force, however, is that it is fairly homogenous, more so than in advanced societies, and accordingly changes in state of the economy tend first to be reflected in the African employment position. It is also this easy substitutability that has made the transfer from tribal life to a Money Economy neither easy nor frictionless.

A complicating factor, as far as the indigenous labourer is concerned, has been the rapid inflow and outflow of immigrant labour from the adjacent territories as Rhodesia's economic progress surged ahead of the more backward and less resource endowed neighbours. In 1929 about 56%¹³⁴ of the African labour force were non-indigenous and in 1968 this stands at approximately 32%.¹³⁵ While W.J. Barber claims that the Indigenous Economy can tolerate a maximum drain of its man-power of about 50% the 1921 drain of 22.6% soon rose to this level and in 1951 was 60.3% but soon reverted closer to the 50% tolerance level and in 1968 can be estimated to be at about 42%.¹³⁷

¹³¹ See footnote 101.

¹³² Appendix G.

¹³³ Ibid.

¹³⁴ W.J. Barber, *op.cit.*, p.209.

¹³⁵ Using the statement in the "Economic Survey of Rhodesia 1968", p.7, that about 200,000 non-indigenous Africans are employed in the wage economy.

¹³⁶ W.J. Barber *op.cit.*, p.7 and p.180. Also William Watson, "Tribal Cohesion in Money Economy: A Study of the Mambwe People of Northern Rhodesia", Manchester University Press, 1958, p.34.

¹³⁷ Employment = 621,000, 1968. Aliens = 200,000, footnote 135. African male labour force 1969 = 931,000. The Sadie Report, 1967, p.6. Average annual increase as per 1962-67 at 51,000. 1968 African male labour force = 962,000.

4. SECTORAL LEADERSHIP AND CAPITAL DEEPENING

The sectoral "leadership" of the Money Economy has changed hands a number of times in 79 years of development. Initially Mining led and inspired the influx of settlers and investment funds into the country. Agriculture soon challenged the position of Mining and by 1945 commanded the major attention of public policy. Up to 1923 the emphasis of the Chartered Company was on the Primary sector and the requirements of two World Wars had the effect of firstly, starting local Manufacturing industries and secondly, promoting growth as a Secondary Industry base. The protective policy of the Federal Government further promoted industrialization and after 1965 it had superceded both Agriculture and Mining as the leading sector. In the Indigenous Economy there has been no real "leading sector" per se. Agriculture has dominated and the only competitor has been the Money Economy in respect of African labour, which is regarded as one of the factors of production in the Money Economy, but as the factor of production in the indigenous system. Thus the indigenous agricultural sector is not similar to the agricultural system of the modern economy, even though the emergent class of Master Farmers are a welcome movement in the right direction. The number one priority must be to successfully commercialize African Agriculture, reduce underemployment and unemployment, improve linkage effects and reduce the I.C.O.R. so as to expand the consumer market by raising "the marginal utility of income, and specifically money income."¹³⁸ The operative word of course, as Professor Sadie points out, is "successful." "Success does not mean that 100 per cent of African plowholders ... become modern, progressive farmers. Any proposition above 50 per cent can be considered a good result."¹³⁹ But while the output of the "Agricultural sector" of the Indigenous Economy has not increased on a per capita basis,¹⁴⁰ the "Labour

¹³⁸ The Sadie Report, op.cit., p.20.

¹³⁹ Ibid., p.22.

¹⁴⁰ Chapter Six, "Backwardness, the Old Order and Agrarian Heritage."

sector", designated by the migrant workers in the Money Economy, have experienced increases in productivity and real income, largely as a result of "capital deepening" of systems of production. This labour saving process is partly in response to the increased cost of African labour and also because of the costs of training labour which because of its transitory nature is liable to return to the Indigenous Economy after only a short period of activity in the Money Economy.

In the Mining sector which in 1929 employed 29% of all African employees,¹⁴¹ output per worker has risen rapidly as the following table shows:

Mining and Quarrying¹⁴²

Year	Africans Employed	Output (£m)	Output per African Employee (£)
1948	63,400	6.9	111
1954	62,400	14.5	234
1959	52,500	17.2	304
1965	41,500	23.1	550
1968	44,100	22.2	505

It can be seen that the only retarding effect on increased output has been U.D.I. in 1965.

In Agriculture the possibilities of mechanization are more limited than in Mining but the growing use of tractors gives an indication of how quickly capital intensive systems became widespread.

Tractors in Rhodesia¹⁴³

<u>Year</u>	<u>No. of Tractors</u>	<u>Acreage Per Tractor</u>
1947	1,155	566
1957	9,745	85

¹⁴¹ W.J. Barber, op.cit., p.200.

¹⁴² Calculated from "National Income and Social Accounts 1946-51", op.cit., and "Economic Surveys of Rhodesia" 1965 and 1968, op.cit.

¹⁴³ Annual Reports on Agricultural and Pastoral Production, Southern Rhodesia, given in W.J. Barber, op.cit., p.254.

Also in European agriculture, despite the increase in African employment from 69,700 in 1929 to 239,900 in 1968¹⁴⁴ the number of Africans employed per cultivated acre declined from 6.0 in 1930 to 4.0 in 1957.¹⁴⁵ Output per African worker has risen in the last twenty years as shown below:

European Agriculture¹⁴⁶

Year	No. of Africans Employed	Output (£m)	Output per African (£)
1948	156,000	13.2	82
1959	231,000	33.9	147
1965	272,500	46.4	172
1968	239,900	34.7	149

Again U.D.I. has been the only influence to interrupt the trend of increasing output per African employee, largely as a result of the loss of substantial tobacco markets causing unemployment and lower prices in a labour intensive industry.

Capital intensity has also become a prominent feature of the new sectoral leader - Manufacturing. Here the scope for increased productivity is wide and the increasing extent to which labour saving devices were being applied with success can be shown from the high levels of output per African employee since Manufacturing became noticeably significant in 1948.

¹⁴⁴ W.J. Barber, op.cit., p.200 and Monthly Digest of Statistics, op.cit.

¹⁴⁵ W.J. Barber, op.cit., p.255.

¹⁴⁶ Calculated from "National Income and Social Accounts 1946-51" op.cit., and "Economic Surveys of Rhodesia" 1965 and 1969, op.cit.

Manufacturing¹⁴⁷

Year	No. of African Employees	Output (£m)	Output per African (£)
1950	52,000	14.0	269
1954	62,500	24.6	396
1959	74,200	41.8	550
1965	68,900	66.6	965
1968	78,400	79.0	936

U.D.I. has stimulated Manufacturing as Import Substitution policies were fostered, but this did not prevent a decline in output per African worker.

The output per African employee in the Money Economy has, therefore, increased rapidly in the three sectors discussed above, which employ between them some 50% of the African labour force. Yet very little of this prosperity has permeated to the Indigenous Economy because of inequalitarian income distribution in the wages economy¹⁴⁸ and lack of investment opportunities in the Indigenous Economy as it stands in its present medieval form.

5. INFRASTRUCTURE - SOCIAL AND ECONOMIC

Spatial influences have caused the growth of nodal points or centres of economic activity, separated by large areas of economic wasteland. Consequently, infrastructural development has been an important consideration in the sequence of growth exhibited in Rhodesia. The Government inherited, almost by default, from the Chartered Company the responsibility for the economic, social and political infrastructure. The Company left an efficient administration but also an excessive expectation for public services and today the economic infrastructure is well catered for but progress in the other two lag behind because of the difficulties of overcoming

¹⁴⁷ Calculated from "National Income and Social Accounts 1946-1951", op.cit., and "Economic Surveys of Rhodesia", 1965 and 1969, op.cit.

¹⁴⁸ This matter is discussed in Chapter Eight.

traditional mores and modes of institution and political thought, lack of funds and a rising population increasing the fiscal burden of a diminishing percentage of African wage labourers and small European, Coloured and Asian community.

6. SUMMA

Given the relationships between income, employment and population, as described above, it is necessary to examine the pattern of income distribution between the two constituent systems within the "Rhodesian economy", as thus far only the "real" factors influencing interaction, and not the monetary implications, have been dealt with. Further, in relation to the development infrastructure it is necessary to analyse the adequacy of the state of social investment in education and the consequences for economic advancement.

(b) CHAPTER EIGHTTHE YIELD ON NON-HUMAN WEALTH

"The central problem of development on the world scene is not the gap between rich and poor nations; but the gap between the rich and poor parts of the developing nations themselves."

WALT. W. ROSTOW

1. REAL AND MONEY WAGES

Data on wage remuneration in Rhodesia is scant for periods before the Second World War. The most reliable estimates of African wages come from the Mining sector, whose workers tended to be the aristocrats of the labour force. In the early 1930's the level of money wages fell by approximately one-third, rising from 1939-45 but not even at the end of this period restoring the 1930 level.¹⁴⁹ Estimates of agricultural wages are put at 14 shillings per month and in 1934 were reported as low as 8 shillings monthly in some areas.¹⁵⁰ In 1948 the Government statistician estimated that:

"The worth to the African in April 1948 of the 1939

Pound was as follows:

- (a) If the African received and does not pay for his rations and accommodation 8 sh.
- (b) If the African buys his own rations and provides his own accommodation 9 sh. 5d."¹⁵¹

Real wages, therefore, tend to have been diminished in this period and can be attributed to lack of African resistance to falling wages, weak bargaining power, the ready availability of immigrant labour from neighbouring territories. These factors, notably the latter, explain the contradictory position of falling real wage rates and rising employment. The following table illustrates the rise in wages in post-war years:

¹⁴⁹ W.J. Barber, op.cit., p.203.

¹⁵⁰ Annual Report of the Chief Native Commissioner, Southern Rhodesia 1934, p.5.

¹⁵¹ Report of the National Native Labour Board, 1948, p.23.

Average Income (excluding rations) of
African Employees (£ p.a.)¹⁵²

1939	19 - 20
1948	18 - 19
1954	42 - 43
1958	50 - 51

As 1948 levels of real wages were not better than 1939 levels it would be necessary to show that money wages in 1954 had risen by twice the 1939 figure plus an amount to counteract rising prices from 1948-54, if an increase in real wages was to be recorded.

This in fact did occur and from 1954-58 real wages rose, especially in secondary industry and mining, with less effect in agriculture.

Since 1957 average earnings of Africans have increased from £82 per annum to £144 per annum in 1968.¹⁵³ During the period 1957-68 the decline in the value of money can be estimated in the value of the consumers pound as shown by a rise in the Consumer Price Index for Europeans from 1957-62 from 84.2 to 96.3 and in the African Consumer Price Index from 1963-68 of 94.4 to 109.5.¹⁵⁴ This 29% increase in prices with an increase of 77% in money wages would suggest a rapid rise in real wages for African workers in the Money Economy. But because the Interaction Co-efficient¹⁵⁵ declined from 1956-68 and the level of employment in absolute numbers did not show appreciable gains it can be deduced that the increases in real wages that did occur were not widespread through all available labour for the Money Economy.

¹⁵² W.J. Barber, op.cit., p.221. The figures cited are rough averages and do not depict inter-sectoral disparities, which are in some cases marked. In 1949 and 1954 Government intervened to fix wages at £21 and £30 respectively.

¹⁵³ Based on "Economic Survey of Rhodesia", for 1965 and 1968, op.cit. Base year for these figures differ to those referred to in footnote 152.

¹⁵⁴ No African Consumer Price Index is available before 1963 but price rises are similar from 1963-68 for both groups and hence the assumption is made for periods prior to this as well.

¹⁵⁵ See footnote 101.

The importance of African wage earnings to both urban and rural Africans can be gauged from an analysis of the sources of African money incomes, as shown below:

African Money Income by Source¹⁵⁶

£m

<u>Year</u>	<u>Wage Employment</u>	<u>Unincorporated enterprise</u> ¹⁵⁷
1946	9.7	1.7
1954	35.8	4.4
1965	80.6	7.6
1968	89.6	7.1

When African and European wage bills are compared the increasing schism between the two becomes apparent.

Wages by Racial Group¹⁵⁸

<u>Year</u>	<u>African</u>	<u>European</u>	<u>Income Gap</u>	<u>Differential</u>	<u>African/ European %</u>
1946	9.7	15.3	5.6		65%
1951	21.7	38.5	16.8		51%
1957	50.6	84.1	33.5		59%
1963	71.1	107.5	36.5		64%
1968	89.6	133.9	44.3		65%

Despite a higher rate of increase of African wages the absolute gap is widening. When account is taken of the number of employees in each group the disparity is further manifest :

Average Wages per Employee (£)¹⁵⁹

<u>Year</u>	<u>Africans</u>	<u>Europeans</u>	<u>Income Gap</u>
1946	29	437	408
1954	65	884	819
1960	94	1134	1040
1968	144	1414	1270

¹⁵⁶ W.J. Barber, op.cit., p.170. Also "Economic Survey for Rhodesia" 1968.

¹⁵⁷ Not including subsistence consumption which is a function of population size.

¹⁵⁸ "National Income and Social Accounts", 1946-51, op.cit., and "Economic Survey of Rhodesia", 1965 and 1969.

¹⁵⁹ Ibid.

An important aspect to note in this regard is that the extreme inequality of income allowed by the dual economy has enabled a high level of savings amongst the high income groups, although much of this undoubtedly has not gone into directly productive economic enterprise but rather into more conspicuous consumption. Further, if the future growth of the Manufacturing sector is to be realized it must for long-term viability depend on the potential of African consumption levels, rather than on the slow growing selective consumer purchasing power of Europeans whose preference patterns favour imported luxuries as against possible necessities that could be mass produced in Rhodesia.

2. THE CONFLICT OF OBJECTIVES

The Money Economy can be seen to be in a state of conflict with itself and with the Indigenous Economy. The advance of the Money Economy must depend on additional supplies of low cost labour, if the present inequalitarian income distribution is to be sustained. Yet to obtain labour it must pay higher real wages, because political conditions do not facilitate free international mobility of labour in Central Africa. The Money Economy cannot afford to allow any breakdown in the social and economic stability of the Indigenous Economy or else political disorder would likely follow. The only feasible course seems to accept higher wage rates and increase African productivity in both economies. Higher productivity in the Money Economy requires permanent stabilization of African urban labour and a commitment to industrial life, as well as greater training and educative facilities for Africans in both economies to overcome ignorance and assist economic forces to overcome those cultural values and mores that are incompatible with development. These adjustments do, however, challenge the social and political status of the European community, who are the effective controllers of the economic and political destiny of the whole nation. Such institutional adjustments do not occur quickly or painlessly and if recent political trends are indicative of future policy on these

matters it does not seem that the state of conflict in the economic system, caused by the inequalitarian distribution of wealth and income, will be easily overcome without considerable change in the social, institutional and political relationships between the two communities.

(c) CHAPTER NINEHUMAN CAPITAL AND DEVELOPMENT

"Economic development depends vitally on the creation of a labour force both equipped with the necessary technical skills for modern industrial production and imbued with a philosophy conducive to the acceptance and promotion of economic and technical change."

HARRY G. JOHNSON

Before 1928 African education was in the main a missionary venture. From 1928-39 the educative function of Government found expression in what was little more than a literary campaign. Change came in 1946 when it was recognized that the development of human resources was as, or if not more, important than the development of non-human resources. The following table portrays the resources expended on African education since the war:

African Education 1947-69¹⁶⁰

<u>Year</u>	<u>Expenditure (£)</u>	<u>Increase on Previous Year (%)</u>	<u>Percentage of Budget</u>
1947/8	401,634	-	3.1
1952/3	822,274	-	3.0
1957/8	2,270,425	-	11.8
1962/3	5,122,367	-	19.4
1963/4	5,675,733	-	11.7
1964/5	6,066,086	6.9	8.6
1965/6	6,579,653	8.5	8.9
1966/7	7,001,000	5.9	9.5
1967/8	7,336,000	4.8	9.8
1968/9	8,173,810	11.4	9.7

In 1962 the Judges Commission¹⁶¹ assessed that a 12% increase in expenditure was the minimum necessary just to keep pace with increases in population and rising costs. Any shortfall, it stated, meant retrogression. From the table presented it is clear that

¹⁶⁰ F. Rich, "The Economics of African Education", Rhodesian Journal of Economics, Vol. 1, No. 1, August, 1967, and Ministry of Finance Budget 1969.

¹⁶¹ Report of the Southern Rhodesian Education Commission, C.S.R., 37 - 1963.

there has been a shortfall since 1963/64. Pre 1962 figures give cause for confidence but since then expenditure has been well below the critical level. Part of the cause was the 1965 decision of Government to limit expenditure on African education to 2% of G.D.P. The danger of such a measure is that firstly, it does not meet the needs of the economy and secondly, it is too mechanistic, erring on the side of conservatism. In 1967 the system was redesigned, "on the basis that the expenditure available each year will be about £7,000,000 in 1967 rising by 4% per annum to something in the region of £11,000,000 in 1978."¹⁶² Professor Bone¹⁶³ however calculates that at least £20 million will be needed by 1978, and this is not accounting for increasing costs. Thus in real terms planned expenditure is patently inadequate for the provision of a social infrastructure that will have any effect in reducing the disparity of income and standards of living between the two economies. Even in money terms the planned expenditure is actually planned to decline on a per capita basis as the following table shows:

<u>Projected African School Enrollment</u> ¹⁶⁴			
<u>Year</u>	<u>Numbers</u>	<u>Projected Expenditure</u>	<u>Expenditure per school child</u>
1968	696,666	£8.25 million	£11.7
1978	1,062,762	£11.00 million	£10.3

The estimates above concerning enrolment are also taken on data available before the latest census reports indicated that the African population was considerably higher than previously estimated. It is because education in Rhodesia is too often viewed as a social service and not as an economic investment in human capital that mediocre resources are allocated to this important source of economic growth.¹⁶⁵ Sadie's conclusion that, "since investment in

¹⁶² Ibid., p.19.

¹⁶³ R.C. Bone, "Educational Development in Rhodesia", Rhodesian Journal of Economics, Vol. 2, No. 4, December 1968.

¹⁶⁴ Ibid., p.24. Aggregations from tables given.

¹⁶⁵ T.W. Schultz, "Investment in Human Capital", A.E.R. Vol. 51 (1961) p.1-17.

human capital, which directs resources to the job seeking end of the economic process, competes with investment in physical capital, which is a job creating activity, the latter should, in existing circumstances, be accorded priority,¹⁶⁶ can only lead to the prolongation of economic backwardness in a country whose greatest resource is the supply of human factors of production and whose survival depends heavily on human effort in the Indigenous Economy. It can only lead to further aggravation of the "vicious circle of poverty" in the long run. Ignorance, inertia, traditionalism, technological ineptitude and the incompatibility of cultural norms can only be translated into economic development through educative means - and on a scale large enough to have measurable impact.¹⁶⁷ It is, however, one thing to decry the present state of affairs and another to propose a solution. In this respect, it must be regretted that this paper is confined mainly to the former more negative approach, while all that can be offered as a solution is the postulate that the role of education as an investment expenditure and not as a consumption good needs stronger emphasis, and that if Rhodesia is to meet future manpower needs a greater outlay than that which is planned should be envisaged for African education. Community Development, as an endogenous process, will not fill the void created by an increasing population and a low constant, if not falling, level of expenditure on education.

¹⁶⁶ The Sadie Report, op.cit., p.34.

¹⁶⁷ See Chapter Twelve re. Theoretical Appraisal, especially "Big Push" thesis.

(d) CHAPTER TENDECISION AND DEVELOPMENT¹⁶⁸

"The reality of economic planning in the hustle and bustle of a fast developing African country bears little or no relation to the theoretical work on elegant models constructed in statistical laboratories of more developed countries."

TANGANYIKA DEVELOPMENT PLAN1. CRITERION FOR DEVELOPMENT

"Development", per se, cannot be construed in the framework of the Rhodesian economic system by a singular homogenous criterion for both economies. "Development for whom" becomes relevant and the criterion whereby development is adjudged to take place, or not, must depend on the fulfilment of two conditions, viz:

- (a) Expansion of the Money Economy in real terms and,
- (b) Expansion of real per capita income in the Indigenous Economy.

One condition is insufficient in itself as development must be widely experienced or else remain "partial" in character. It can be seen that the first condition has been fulfilled but what of the second? Scant and unreliable data is available to confirm or reject any hypothesis. The second condition could be reformulated to assess the rate of entry of members of the Indigenous Economy into the Money Economy - the Interaction Co-efficient - and on this score it can be shown that "development" as defined in terms of both economic systems is a lot less conspicuous. Long term development is more than mere growth and must be conceived as the process of transition from traditional society to a modern economic state of mind and material security, with a new cultural milieu compatible with endogenous growth.

¹⁶⁸ Chapter Ten is an attempt to illustrate the importance of decision, of the lack of it, in economic development in Rhodesia.

2. AN ASSESSMENT OF RHODESIAN DECISIONS ON ECONOMIC GROWTH

A brief review of important formative decisions in the country's economic progress reveals the extent to which these two criteria of development have been taken into account. The initial decision of the Imperial powers to exploit African territories can in itself be seen to be based on consideration of both criteria, although the implementation of this decision, notably by the Chartered Company, was in accordance with the first condition of development. The imposition of a Hut Tax and a Poll Tax do not have the effect of increasing real per capita income in the Indigenous Economy. The 1923 decision in favour of Responsible Government was also taken in terms of the Money Economy and its prospects and brought in its train Maize Control regulations, the Land Apportionment Act and a denial of collective bargaining rights for African workers, all aimed at promotion of the Money Economy with, perhaps unconscious, but certainly effective diminution of progress for urban and rural Africans. The effect of two World Wars, although imposed from outside, did not foster growth in the Indigenous Economy and the inflow of immigrants after 1945 from Britain and South Africa as a consequence failed similarly to satisfy the two cri

The development of social and political institutions from 1890-1953 have bolstered the dualism of economic life and added little to realized development outside the framework of the Money Economy. Federation stands out alone as the one major drive towards meeting the problem with new attitudes towards education, agriculture and the problems of African social life. Unfortunately, this new vista did not last long enough to make appreciable headway and little more than eight of its ten years can be characterized to fit the two earlier named conditions necessary for development. The decision to disbandon the "great experiment" invoked a new kind of economic nationalism vis-à-vis the two economic systems. The assumption of independence cannot be said to have been taken with consideration of real per capita income levels of the majority of

Rhodesians and economic indices to date indicate that "more pain than pleasure"¹⁶⁹ has been experienced in the Indigenous Economy as a result. Further U.D.I. is the only major decision to immediately affect the Money Economy adversely, which indicates the prevalence of political objectives as the criterion on which the decision was based.

In sum, besides "normal" structural problems the two economies of Rhodesia have had to face the ramifications of political decision-making as major influences in the course of development. Where intelligent economic rationale has been applied in political processes success has been close to the economic optimum. On balance politics has dominated economics, not vice-versa, and because political goals have not received popular support economic advancement, in terms of fulfilling the two conditions set before "general development" can be said to have occurred, has remained "partial" and of subordinate priority. The only hope of successful development is to make the non-contributory members of the economy contributory ones, and to this end social and political policies should be geared so that economic goals and achievements are the result of formative not reactive decision-making.

¹⁶⁹ "Pleasure and Pain" are here used in similar fashion to the antithesis of "utility and disutility" or "satisfaction and dissatisfaction".

PART THREE

"An assessment, in the light of past and possible future trends in the economic growth and development of Rhodesia, of the theoretical relevance, or otherwise, of some general and partial theories of economic development."

SUMMARY

- (11) GENERAL THEORIES AND LESSONS OF EXPERIENCE.
- (12) SELECTED PARTIAL THEORIES AND PRESCRIPTIVE RELEVANCE.

(a) CHAPTER ELEVENGENERAL THEORIES AND LESSONS OF EXPERIENCE

"In an enquiry which attempts to distinguish the determinants of economic growth, or the lack of it, one should always keep in mind the existence of vicious circles, the difficulty of awarding priority to the hen or the egg, the fact of circular causation, that nothing succeeds like success and nothing fails like failure, and that economic underdevelopment is a function of itself."

PROFESSOR J.L. SADIE

1. UNDERDEVELOPMENT AND RHODESIA

To define the problems facing Rhodesia in terms of "underdevelopment" is to ignore Hla Myint's¹⁷⁰ valuable distinction between "underdeveloped areas" and "backward peoples." In as far as "backward" denotes lack of success in the economic struggle, and "underdeveloped" implies a latent potential for growth, Rhodesia can be said to contain two "underdeveloped" economies distinguished primarily by the level of backwardness of the people who inhabit them. In the one the "civilizing process" is far advanced and change in all spheres of life is a common and accepted phenomenon. In the other tribal norms predominate, social awareness is low and the economics of determination and fatalism are greater barriers to the removal of backwardness than the economics revealed by conventional national income accounting. Inquiry into the problems of poverty framed only in economic abstracts will not yield fruitful solutions. It is therefore contended that in the case of Rhodesia's Indigenous Economy "backwardness" is the fundamental problem with "underdevelopment" the natural consequence, while in the Money Economy economic barriers to development present the principal impediments to growth.

¹⁷⁰ H. Myint, "An Interpretation of Economic Backwardness", Oxford Economic Papers, Vol. 6, 1954.

2. THE CLASSICISTS AND STAGNATION¹⁷¹

The classical production function was assumed linear and homogeneous and its rigid and mechanical workings envisaged the economic struggle as a competition between population growth and technological performance, with the latter leading until in the end stagnation became the normal condition of economic life. The fact that the incidence of economic growth in Central Africa, and Africa generally, at least amongst the indigenous populations, is rare shows that "growth" is the exception rather than the rule and that the virtual "stagnant state"¹⁷² of the Indigenous Economy over the period 1890-1969, in which static equilibrium has prevailed, would prima facie suggest that the classical solution was finding expression in the underdeveloped sector of Rhodesia's national economy. "Stagnation" has only been interrupted by the clash with a superior production function and even this contact has been limited. The features of the classical system of low levels of capital formation, high birth rates, subsistence levels of income, limited specialization in production, excessive pre-occupation with agriculture, inferior technology, and the importance of labour as a factor of production all exhibit marked similarities with the Indigenous Economy. In contrast there are also patent differences that render the applicability of Classical Doctrine inappropriate. Rhodesia consists not of one economy, but two. It has not one production function, but two, hence complicating the rapid transformation of the inferior system. Population growth is winning the race in one economy but not within the other. Hence redistribution provides a possible partial solution to stagnation. Complicating social and political factors are also found in both models. Technological constraints are of lesser impediment to the Indigenous

¹⁷¹ B. Higgins, "Economic Development", 1959, Chapter 3, p.85.

¹⁷² See Chapter Six.

Economy than they were in Classical times. The advantages of being a "latecomer" compensate for the lack of time at the disposal of the Indigenous Economy, relative to its Classical Counterpart. Finally, the Classical model neglects the most important characteristic in the development process in Rhodesia, the psychological attitude of mind of the African peasant. Such a variable cannot be quantified or expressed in any simple mathematical relationship, as its behavioural direction is indeterminate and unpredictable. The problem of underdevelopment cannot be explained as a transitory phase without shifts in the production function and technological advance. The existence of the Money Economy as an exogenous resource from which attempts can be launched to replace the foundations of traditional society with a more viable economic organization must in the long run, provided prudent economic sanity prevails, alter the pessimistic conclusions of the Classical stationary state being the end process of "development" in Rhodesia and replace it with a progressive and more optimistic outlook.

3. SCHUMPETER, THE CAPITALIST PROCESS AND THE EMERGENCE OF NEW MEN¹⁷³

Joseph Schumpeter's celebrated "Unstable growth" thesis, as he characterized capitalist development, brought a new interpretation to the narrow Classical approach by accounting for "social climate" and making the emergence of New Men (Entrepreneurs) the dynamic force within the economic system. Starting at equilibrium development occurs in discontinuous disturbances of the stationary state by means of innovation, being performed by a single entrepreneur who is followed by "clusters" of New Men and "swarms of innovations". In considering Rhodesian growth it can be seen that the "innovations" were largely part of Imperial expansion which Marx would have called a necessary phase in capitalist development,

¹⁷³ J.A. Schumpeter, "Theory of Economic Development", 1911 and "Business Cycles", 1939.

with the "New Men" not being the descendants of the indigenous community, but rather the products of an alien and economically superior culture. Consequently capitalist development has occurred, but divorced from the original stationary economy which remained, except for its periphery, untouched by the impact of "New Men" and new technological possibilities. The "swarming of innovations" can be interpreted only within the Money Economy as Rhodesia took advantage of the immense technological strides being taken by the world in the early phases of her growth. The rapid switch from ox-wagon to railroad, from bush telegraph to modern communications systems, from fire to electric power, from jungle path to macadamized roads all took place within a single generation, reinforcing each other and rendering the old production functions uncompetitive and irrelevant. However, this rapid transformation was limited in scope, being directed in the main by capitalists for capitalists, and accordingly its effect was not as revolutionary in the Indigenous Economy as it was for the Money Economy - even its evolutionary impact is not felt in Tribal Trust Land areas where cattle, fire, bush track and word of mouth impose severe constraints on factor utilization, mobility and potential use of resources.

Schumpeter's capitalist system, like the Classicists, also reverts to its equilibrium status, after its initial "gestation period" of monopoly profits, large scale investment and swarms of innovation. Whilst the Chartered Company were certainly monopolists in their 33 years of control and also brought substantial capital investments in their wake with many New Men in the form of immigrants, it is difficult to complete Schumpeter's picture about their monopoly profits.¹⁷⁴ Although growth of the Money Economy has been discontinuous it cannot easily be attributed to cyclical influences, as its direction and tempo has been more often than not the outcome of political decision, rather than the synthesis of market

¹⁷⁴ See Chapter Two.

action and reaction. Central to Schumpeter's movement from equilibrium is the influence of "New Men", and from this concept the developers of Rhodesia have much to give credence. The Indigenous Economy, it has been observed, has not yet developed whilst the Money Economy has advanced in most spheres. One system has an abundance of "New Men", the other is pitifully short of this essential resource.¹⁷⁵ One obstacle to developing such men in Rhodesia is the African's traditional behaviour pattern and community-centric philosophy, that treats individuality innovation, creativity, market-mindedness, ego-centricity and such entrepreneurial behaviour as of a socially deviant nature. The only means to inculcate new modes of behaviour compatible with rapid economic growth is through education processes in the widest sense and in this field of human capital development Rhodesia's achievement, though creditable, will not prove significant until backwardness is swamped by a new level of awareness and realization springing from within the community by "New Men" with the initiative, enterprise and competence of those peasant participants in the Stanning Scheme¹⁷⁶ who within a relatively short space of time emerged as "New Men in a community of tradition and poverty.

4. GROWTH THEORIES AND RHODESIA

The differences between the "economics of growth" and the "economics of development"¹⁷⁷ are clearly demonstrated by contrasting the workings of Harrod-Domar¹⁷⁸ growth models with the evolution of

¹⁷⁵ See A.O. Hirschman "The Strategy of Economic Development", Yale University Press, 1958, for an exposition of the importance of the decision-making function in underdeveloped societies.

¹⁷⁶ T.R. Stanning, "Some Human Problems encountered in African Development", Rhodesian Journal of Economics, Vol. 1, No. 1, August 1967.

¹⁷⁷ "Growth" refers to increases in output, whilst "development" implies changes in the actual production function itself.

¹⁷⁸ R.F. Harrod, "Towards a Dynamic Economics", London, 1948, and E.D. Domar, "Essays in the Theory of Economic Growth", New York, 1957.

the Rhodesian economy. In as far as "growth" is interpreted as rising national and per capita income levels then, as pointed out in Chapter Ten such "growth" can only be found in the Money Economy and this condition only fulfils a necessary but not sufficient condition for "development" of the country as a whole. Sectoral and regional gaps remain unbridged and structural change is only detectable within the Money Economy. It does therefore seem as though Rhodesia has "grown" but has not "developed".

Harrodian growth theory, an extension of the Keynesian analysis, was not initially framed with reference to underdeveloped economics or their problems. Its prime concern is with the maintenance of steady growth by keeping the natural rate of growth (GN) in balance with the warranted rate of Growth (GW). Although the workings of the model do not tell much in the way of functional relationships, the simplicity of the model illustrate the crucial variables that should be given attention for development. The importance of maintaining control of population growth is especially pertinent to Rhodesia, if cumulative disequilibrium is to be avoided. Population growth adds to underemployment and not to income. Thus population cannot be included as a factor likely to increase growth but rather as an impediment, especially in the Tribal Trust Land areas. The frequency with which decisions in Rhodesia have been based on the needs of the Money Economy and largely concerned with "growth" rather than "development" are portrayed by the declining "Interaction Co-efficient" and by the widening of income differentials, regional disparities and the technological gap between the two economies. The application of Harrod-Domar growth models will only become useful once the economy is fully integrated and in a condition where all available resources are fully employed, and where the problems of growth are homogenous and can be solved on a developed structure. Finally, the all importance of achieving equilibrium in the Harrodian model is apposite to the real nature of underdevelopment problems in

which the stimulation of disequilibrium is essential to disturb those forces that tend to keep poor people in a state of impoverishment.

5. MARXISM, THE SOCIALIST SOLUTION AND CAPITALISM

The Marxist interpretation of development as a history of class struggle with the final outcome being the break-up of the capitalist system with its replacement by socialized ownership of the means of production has not been representative for Rhodesia. Class differentiation into bourgeoisie and proletariat might at first sight seem to fit neatly into racial demarcations. This is a simplification as there exists a third "buffer group" of semi-industrialized Africans who, though decreasing in relative size in relation to population, are effectively preventing absolute polarization of social groups. The emergence of this African élite must remain the sole salvation of economic development and political order with the present dualistic framework. Since the deterioration of the Federal economy in 1959, polarization has been more acute with economic differentiation being aggravated by the abandonment of the prospects for partnership in 1963, and the autarkic movement to social economic and political separation as evidenced in the new philosophy of the 1969 Constitutional Proposals.¹⁷⁹ The crucial difference between Marx's proletariat and the "Rhodesian proletariat" is that the former were industrial workers whilst the majority of the latter are peasant agriculturalists. Far from the "capitalist sector" concentrating capital in the hands of fewer and fewer people just the opposite has occurred. From a highly monopolistic Chartered Company, which provided most of the capital resources needed for development up to 1923, the number of European immigrants has increased sharply and the size of the private sector in relation to the Government

¹⁷⁹ Proposals for a New Constitution for Rhodesia C.S.R. 32 - 1969, Salisbury, Rhodesia. These were accepted by the predominantly white electorate in July 1969.

sector is larger today than it was in the past. Marx's industrial reserve army perhaps does have some significance, as the capitalist community is unable to grow at a sufficient rate to absorb the annual inflow of labour into the market causing the growth of a reserve labour force being harboured by the seemingly endless ability of the Indigenous Economy to absorb the surplus labour by increasing underemployment in the Tribal areas. Professor Sadie warns that "at one or other stage, if it has not occurred already, the lack of paid jobs will not be compensated by increasing underemployment but by actual unemployment, which can have the makings of a politically explosive situation."¹⁸⁰ As discussed earlier the two economies can be seen to be in conflict and without running the risk of being predictive it is safe to say that the very existence of the Money Economy and its future growth along capitalist lines must rest on continued viability of the Indigenous Economy to absorb and support the increasing number of unemployed workers whose numbers are swelled by the high level of population growth.

The debate between Capitalism or Socialism as a vehicle for development is often cited as the core of the development pains currently being experienced in many African countries. Although Capitalism characterized the economic development of those nations who colonized and extended their "spheres of influence" into Central Africa, it does not follow that a Capitalist process will inevitably lead to economic development in the shortest space of time in Rhodesia today. On reflection Capitalists can claim credit for the present success of the Money Economy - but at the same time must accept responsibility for the still stagnant depression of the Indigenous Economy. To say that Socialism would have done better is to play folly with history that economic science prevents us from doing. Perhaps some of the failures of Capitalism in

¹⁸⁰ The Sadie Report, op.cit., p.7.

Rhodesia can be put down to restrictions being placed on the economic freedom of bourgeoisie and proletariat alike. Nevertheless, technical progress and entrepreneurship have had a profound effect and whether the system of economic management is called Socialist, Capitalist or something else, the ultimate foundation of prosperity must embrace these two elements in some form or another. Indeed, the best course for the country might be to abandon such tried systems just because they are traditional relics and have succeeded elsewhere in the past. Better results will be obtained through greater economic realism of just what the fundamental development problems consist of and how limited resources can be utilized to overcome such difficulties. In the course of time, and sooner rather than later, there is a need to evolve an economic system that is truly integrated, functional, dynamic and devoid of any social, political or economic features likely to prevent the realization of maximum development potential for all its inhabitants.

6. ROSTOW AND TWO STAGES OF TRANSITION

Rostow's stages of growth¹⁸¹ are an attempt to amplify the facile explanation of the evolution of developed societies by resort to innovative reactions of entrepreneurs. The application of the five Rostowian sequences to Rhodesian growth poses problems and presents illogiciencies rendering the theory virtually redundant. More can be gained by observing the two economies in isolation and placing them within the Rostowian spectrum, and thereafter merging the two to present only relevant aspects of the theory. The Indigenous Economy can largely be seen in terms of Rostow's "Traditional Society." Rostow defines this stage as a society whose structure is developed with limited production functions, based on pre-Newtonian science and technology, and on pre-

¹⁸¹ W.W. Rostow, "The Stages of Economic Growth - A non-Communist manifesto", Cambridge, 1961.

Newtonian attitudes to the physical world."¹⁸² A survey of African tribal society and productive practices fit this mould. The social structure is hierarchial, productivity is low and dependent on physical labour, while technology remains primitive and unscientifically applied. There is an abundance of primary activity and entrepreneurship is frowned upon while the extended family concept retains a high status amongst social organization. To the Money Economy Rostowian analysis would assign the stage of "Take-Off" with a number of qualifications. It is too far advanced to be classified as in the pre-conditions era, and at the same time not sophisticated or developed enough to be in maturity. Certainly the old blocks to growth, such as lack of a transport infrastructure and shortage of labour supply have been overcome with varying degrees of success and the savings ratio qualifies for the 10% of national income required by Rostow. The "Take-Off" has not in fact been as decisive as Rostow's theory requires and the time period in which it is to take place has not yet finished. The author suggests that "Take-Off" really began after the Second World War with the stimulus being the inflow of immigrants and capital from South Africa and overseas. These events were sharply reinforced by the confidence inspired by Federation and this period marked the beginnings of industrialization in the economy. Rostow's leading sector thesis also has relevance. In 1946, agriculture was the most important sector but since then manufacturing has gained prominence. Despite the fact that "Take-Off" is still the operative process, largely as a result of the adverse effects of political decisions since 1963, the initial signs of maturity can be detected as sectors are becoming more interdependent, and growth is becoming looked upon as a normal condition. Nevertheless the burden of the Indigenous Economy remains and valuable resources must be drained out of the Money Economy to sustain its continued viability. Sustained progress

¹⁸² Ibid., p.4.

seems impossible at present with higher population growth in the Indigenous Economy putting added responsibility on economic and social programmes financed from resources primarily derived in the Money Economy. "Maturity" further demands the slowing down in the rate of structural change and at present there is no presumption that structural relationships in Rhodesia have reached their optimum.

The two disaggregated pictures presented above, although in isolation display more truth about the development problems of Rhodesia, are to an extent unsatisfactory in not presenting an aggregative viewpoint. But correspondingly an aggregative picture will ignore the dualistic nature of the economy and distort the conclusions based upon it. In a singular analysis the most representative stage would be that of "pre-conditions". Within industry and agriculture post-Newtonian science and technology are found, entrepreneurs interested in modernization form an élite with the will and ability to create an urban based society, and "reactive nationalism" against foreign intrusions can be seen in both African and European political activities, perhaps more strongly so in the former whereas for the latter it is largely the result of the 1965 dispute with the former Imperial rulers of Rhodesia. Rostow's theory rests firmly on the fulfilment of the "pre-conditions for Take-Off" giving rise to "take off into sustained growth." This has not happened in Rhodesia and a causal factor cannot be the lack of development potential but rather the inadequacy and backwardness of human capital resources. This challenge or bottleneck is clearly illustrated in other theories and it is shown by the Rostowian analysis that more than just an élite is needed. The transformation must be far wider spread and a revolutionary attack must be present if "development blocks" are to be removed and general structural change to take place. Thus, once again, the importance of education and development of human resources as investment and not merely consumption expenditure

is highlighted.

An outstanding shortcoming of Rostow's analysis, in the Rhodesian context, has been that it is framed in terms of a closed economy and trade is given no explicit place in its formulation. In the Money Economy this omission is serious as it affects standards of living and levels of affluence,¹⁸³ but in the Indigenous Economy the omission is vital as the "export of labour" to the nodal points of development affects the very survival of the economy at the present rate of population growth.

7. SUMMA

General growth theories and theories of historical experience can contribute to greater understanding of development problems in Rhodesia. But their generalized nature, very often conceived within systems of a different time and place, fails to account for the existence of two economic systems in the Rhodesian economy and tends to obstruct and conceal more than is revealed.

¹⁸³ Note the effects of trade restrictions after U.D.I., which though not "economically successful" had a severe impact on agriculturalists and other traders geared to export markets.

(b) CHAPTER TWELVESELECTED PARTIAL THEORIES ANDPRESCRIPTIVE RELEVANCE

"If you are thinking a year ahead, sow seed,
 If you are thinking 10 years ahead, plant a tree,
 If you are thinking 100 years ahead, educate the people,
 By sowing seed you will harvest once,
 By planting a tree you will harvest tenfold,
 By educating the people you will harvest one hundred fold.

KUAN-TZU (4th-3rd CENT.B.C.)

1. ENVIRONMENTAL DETERMINISM

Taking a world perspective it can be observed that development has been geographically concentrated. Most underdeveloped countries fall in hot or cold zones while temperate areas show the most economic progress. Has Rhodesia's tropical location influenced the lateness of development and the present stage of growth? The physical environment,¹⁸⁴ in the light of development since 1890 cannot be said to lack growth potential, yet no development of significant size occurred during the relatively long period in which Rhodesia was occupied by the Makaranga and Matabele. Soils in Rhodesia can be broadly classified into two categories - easily workable, sandy soils and more difficult clays. Most historical evidence suggests the indigenous peoples favoured the former as it suited their production techniques and consumption requirements. The use of the poorer soils inevitably led to low productivity, lack of conservation and shifting cultivation. It is also of interest that it was the Mashonas who were successful agriculturalists and whose relatively prosperous circumstances were interrupted by the predatory Matabele. Even today, within Rhodesia, geographic location has a significant influence on the level of economic achievement. Remote Tribal Trust Land areas invariably coincide with the "lagging regions" while peasant

184 Physical environment is defined as soils, climate, geography and resource base.

farmers in contact with advanced technology and agrarian practices are able to perform creditably.¹⁸⁵ Climate has also affected the level of development of the country especially on a regional level. Initially one of the greatest impediments to the opening up of Central Africa was the climatic unsuitability of the area for the average Western European settler. When progress did come in inevitably followed the Highveld and some fertile areas in productive regions were neglected, for example, the Sabi-Limpopo area is only starting to be exploited in an economic manner. Regional distribution of population with concentrations in plateau areas and economic wildernesses in the Lowveld areas illustrate the power of climatic forces. The resource base has also been of considerable importance. The lure of gold fortunes initially stirred interest amongst many settlers, to come to Rhodesia and as the "resource frontier"⁽¹⁸⁶⁾ was extended with the discovery of coal and asbestos, improved soil fertility, and water development so economic growth took place. Despite the influences of soil type, climate and the resource base acting both as barriers and stimulants to economic development, it is clear that "economic potential" was present in 1890 but that no development had occurred and hence the level of development cannot be simply explained by geographic determinism but rather by factors of a more sociological and cultural bent. Was it, therefore, cultural determination that has produced Rhodesia's late start and brought about the morphological structure of dualism which seems so strongly correlated on cultural grounds?

2. SOCIAL DUALISM A MYTH

Cultural, psychological and anthropological factors have often

185 Note the economic success of African Farming Development Corporation in T.R. Stannings, "Some Human Problems Encountered by African Farming Development", Rhodesian Journal of Economics, Vol. 1, No. 1, August 1967.

186 "Resource Frontier", in the sense of known and defined but unutilized economic potential.

been cited in economic literature as determinate causes of backwardness¹⁸⁷ to explain the economic and social stratification that characterizes many underdeveloped countries. In Rhodesia the co-occurrence of economic inequality and divergent socio-cultural systems might seem on "a priori" grounds to present verifiable evidence as to the empirical soundness of social dualistic theories such as Boeke's.¹⁸⁸ The imported capitalist system (Money Economy) certainly clashed in values and philosophy with the traditional society (Indigenous Economy). Boeke's advice for such countries is pessimistic and he cautions that "we should do well not to try to transport the delicate hothouse plants of western theory to tropical soil where an early death awaits them."¹⁸⁹ Boeke's advice is that the traditional society be left to its own devices because labour is immobile, wants limited and entrepreneurship is lacking. When applied to Rhodesia Boeke's theory can be seen to be deficient in both diagnosis and prescription. The existence of an Interaction Co-efficient of 20.0% in 1956¹⁹⁰ is in itself an indication of how traditional society can be absorbed into the modern economy. Further the inhibiting forces have not been cultural, but rather economic such as the limited capacity of the Money Economy in absorbing the westernized African. The decline in the Interaction Co-efficient is also not in any way attributable to cultural traits but stems from high population growth and a slowing down in the growth of the Money Economy. Labour is also mobile, contrary to Boeke's thesis, and the primary cause of its "temporary" and not "permanent" mobility is not so much a culturally determined phenomenon but a result of legislative restrictions against permanent urbanization in the industrial

187 J.H. Boeke, "Economics and Economic Policy of Dual Societies", New York, 1953.

188 Ibid.

189 Ibid., p.143.

190 See footnote 100.

centres. Another distinction weighing heavily in Boeke's argument is the "limited wants" thesis of traditional economics.

Although this may be verifiable to some degree, in untouched communities, the same cannot be said to hold true where the indigenous community has experienced the fruits of technological proficiency and economic expertise. In practice Duessenberry's "demonstration effect"¹⁹¹ is representative and levels of aspiration as well as consumption patterns change radically. An example of the "demonstration effect" is vividly portrayed in the now intense desire of African parents to procure education for their children (and one may add, as an "investment good", not a "consumption good" as is the case for many European parents). Proof of African entrepreneurship is also offered by the Master Farmers scheme and the economic viability of the "Stanning Scheme."¹⁹² In these cases cultural impediments, though present in some degree have not proven to be the "causal" determinants of poverty. Lack of capital, skill, education and technology must take precedence over cultural deficiencies in the Indigenous Economy. Experience shows that the African is competent and willing to operate economic enterprises on a profitable basis provided sufficient environmental obstacles are removed, such as, undue dependence on community decision taking, ignorance and lack of capital resources.

On this latter point (entrepreneurship) Boeke's argument is corroborated by David C. McClelland's theory¹⁹³ that the level of achievement of a society, n-achievement, is a factor that strongly influences growth and incentive. McClelland postulates that

¹⁹¹ For further discussion on this aspect in relation to underdeveloped societies see R. Norkse, "Problems of Capital Formation in Underdeveloped Economies."

¹⁹² See footnote 185.

¹⁹³ David C. McClelland, "The Achieving Society", Princeton, New Jersey, 1962. Discussed in B. Higgins, "Economic Development", Revised Edition, London, 1968, p.241-249.

n-achievement is functionally related to family environment and that the crucial ages during which the level is established are between 5 - 10 years. An important aspect of this theory for policy purposes is that if n-achievement is significant, and McClelland's empiricism on this point is severely criticized by Higgins, then the education of women, who are in closest contact with children in their formative years, is of paramount importance as motivational characteristics that are lacking in the parent can hardly be expected to be transmitted to the child.¹⁹⁴

Everett E. Hagen¹⁹⁵ adds another aspect to the theory of cultural determinism, viz., that development, because of its reliance of slow changing sociological factors, can only be expected after several generations. It would seem that for most Rhodesian Africans that this graduated adaptation is true. Comparison of the African population of the country in 1901 of 500,000 with the numbers in employment in the wage economy in 1969 (621,000) shows that growth has been slow. But in the face of rising population the need for accelerated change is patent. If the community is left to itself it is likely to stagnate. The need for traumatic change is a prerequisite for rapid reorientation of goals and economic life. The rural African must be made independent not dependent, profit-orientated not community-centric and to do this he must be offered, or induced to accept, not just the fragments of a new economic order but the totality of a "new society". For such a process to take effect "endogenous" growth, or "pulling oneself up by one's bootstraps" will not suffice - "shock" treatment coming from rapid "monetization" must be used and "exogenous" forces fully utilized so that rapid transformation of the economically redundant system is effected as soon as possible. In this respect it would

¹⁹⁴ See J.L. Sadie, "Economic Development is a Way of Life", Appendix, p.44, The Sadie Report, op.cit.

¹⁹⁵ Everett E. Hagen, "The Theory of Social Change : How Economic Growth Begins", (Homewood, Illinois, 1962).

be ideal to industrialize within the Reserves to provide a factor destructive to those social values not conducive to profitable economic enterprise. However, in taking into account all facets of the Rhodesian economy it can be seen, as Professor J.L. Sadie has pointed out, that there is no case for the economics of decentralization in Rhodesia yet.

3. THE REAL NATURE OF DUALISM.

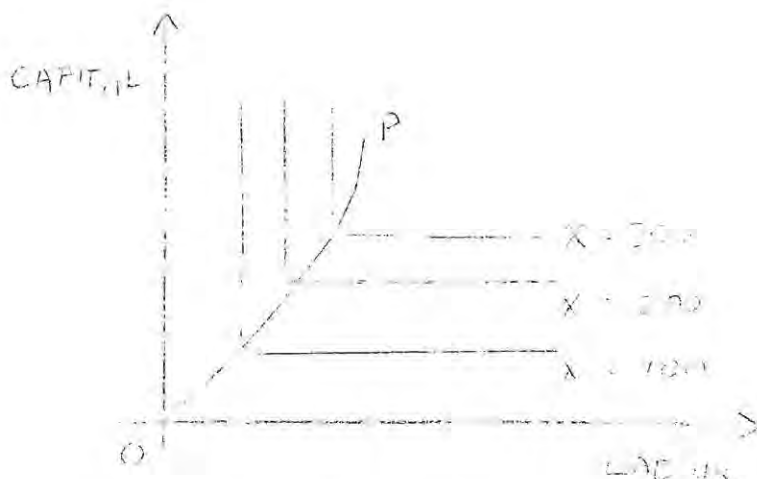
Boeke's theory of social dualism does not find quantitative or qualitative representation in the Rhodesian case. An interpretation of the technological and monetary facets of dualism goes further in unveiling the true nature of "poverty in the midst of apparent plenty". For this reason the treatment of the "Rhodesia Economy" as two separate economic and social organizations within the same geographical area presents the core of the development problem faced by Rhodesians.¹⁹⁶ The cleavages between the two systems are reflected in extremes in income distribution, technology, productivity, education and in regional location.

Eckhaus,¹⁹⁷ theoretical treatment of the factor proportions problem of underdeveloped countries with dual structures is similar in emphasis to the approach adopted by "The Structuralist School" who are primarily concerned with changes in the production function as opposed to mere increases in output (viz: moving to

¹⁹⁶ Definitions of the two systems are found in the "National Income and Social Accounts of Southern Rhodesia, 1946-51", C.S.O., Salisbury, May, 1952, p.1. "The Money Economy is the economy where income is normally generated and paid in the form of money. Income in kind is, however, included in income generated in the money economy", while "the Subsistence Economy is the economy in Native areas where the inhabitants produce and consume their own produce. Money income derived from the sale of this produce is entered as income generated in the money economy, i.e. the statistics of income, consumption and investment in the subsistence economy do not represent the total income generated in Native areas."

¹⁹⁷ R.S. Eckhaus, "The Factor Proportions problem in Underdeveloped Areas", American Economic Review, September, 1955.

a different point on the same function). Rhodesia therefore presents an excellent case study for the structuralist approach. Eckhaus postulates that the unemployment problems of underdeveloped areas are "not basically due to lack of effective demand but stem from 'market imperfection', limited opportunities for technical substitution of factors and inappropriate factor endowments".¹⁹⁸ In other words, there is likely to be a conflict between the objective of full employment and maximum output if the pattern of factor demand does not fit the factor endowment of the country. Generalizing between the two economies it can be conceded that technological dualism is present in the Rhodesian situation. From an overall viewpoint the most abundant factor endowment is labour. Yet the structure of the production function in the Money Economy, the most important in terms of G.D.P., is such that the achievement of optimal output requires utilization of less labour and more capital intensive techniques. The following diagram illustrates this theoretical point:



Empirical evidence for this behaviour can be found in the increasing output per African employee in the mining and manufacturing sectors, and to a lesser degree in European agriculture.¹⁹⁹

Hence the objective of full employment is in antinomy with the goal of maximum output. As long as this predicament continues unemployment in the Money Economy and underemployment in the

198 See data in footnotes 142, 146 and 147.

200 Appendix G.

Indigenous Economy must become more acute. The employment trends since 1946²⁰⁰ and slow growth of employment opportunities in the wage economy further substantiate this thesis.²⁰¹ It could on this basis be argued that "growth" and "development" are in some measure incompatible in the Rhodesian structure and that a choice must be made between one or the other. Since this decision is fundamentally a choice between the prolongation of dualism and a long-term re-structuring of the system it is the author's contention that the latter is preferable.

Another aspect of dualism in Rhodesia, often overlooked by observers who place too much emphasis on social dualism, is the existence of regional disparities, commonly referred to by economists as "the North-South" problem.²⁰² Its relevance becomes more significant when sharply differentiated sectors overlap with sharply differentiated regions. Thus land allocated under the Land Apportionment Act (1930) to Africans would constitute the "South" in such a regional study. These Tribal Trust Areas are in the main devoid of what Professor François Perroux would call "pôles de croissance" or "growth poles".²⁰³ The nodal points of dominance in Rhodesia coincide with the location of activity of the dominant Money Economy and because these are constituted in European allocated areas their "spread" effects seldom filter to the more remote areas of the country. The recent attempt to develop the backward and underdeveloped South Eastern Lowveld of Rhodesia is recognition of the need the spatial dispersion of economic activity in a dual economy. The Tribal Trust Land Development Corporation

200 See Appendix G.

201 See Appendix H.

202 The "North" refers to an advanced area, the "South" to a backward. It is generally analogous to urban and rural areas respectively but in the case of Rhodesia this differentiation does not wholly apply as there is a section of advanced rural economic units, viz., European agriculturalists.

203 F. Perroux, "Economic Space : Theory and Applications", Quarterly Journal of Economics, 1950.

also aim at the establishment of "growth poles" in African areas and is the first venture of policy makers to ensure that the "trickling down" effects exceed the "polarization" effects in development planning.²⁰⁴ The most incisive economic attempt at regional development in Rhodesia has undoubtedly been the establishment of the Sabi-Limpopo Authority as a Statutory Body in 1965. The Authority's General Development Plan²⁰⁵ represents the first attempt at comprehensive development planning to alleviate regional disparity in Rhodesia, and although it is not a sophisticated model its short lifetime has shown the worth of the regional approach in breaking down dualism.

Much can be said about the dual nature of the Rhodesian economy characterized by such typical features as underemployment²⁰⁶ and high population growth causing a pattern of migratory labour to flow between the Indigenous and Money Economies. A new interpretation that is perhaps more representative than the oversimplification of dualism is to fragment the structure into three tiers and treat the economic relationships as plural. In 1960 some 8 per cent of the population, mostly Europeans, received 60 per cent out of the total income generated. The other group of consequence in the Money Economy were Africans in wage employment, who with their families amount to 35% of the population and received 28 per cent of the National Income. The third member of the triumvirate is the 57% of the population permanently in the subsistence community whose share of total income is a mere 12%.²⁰⁷

²⁰⁴ For discussion of such effects see A.O. Hirschman, "The Strategy of Economic Development", Yale University Press, 1958. Briefly "trickle effects" are favourable whilst "polarization" influences are unfavourable.

²⁰⁵ Sabi-Limpopo Authority, "General Development Plan 1965-1990".

²⁰⁶ Sadie Report, op.cit., p.7.

²⁰⁷ The Phoenix Group, "Planning for Progress - An Agenda for Overall Development in Southern Rhodesia with particular reference to the rôle of African Agriculture", Salisbury, May, 1962, p.28.

This approach could be further justified if income per capita figures were used. Even within the intermediate zone, viz., Africans in wage employment, large disparities on a sectoral basis are discernible. In 1968, for example, the average earnings of the 239,900 Africans in the agricultural sector stood at £71 per annum. At the other end of the scale were the average earnings of African employees in the Transport and Communications sector which was £319 per annum, but only for 17,200 workers.²⁰⁸ But because many of the African wage employees are tied in various ways to the Indigenous Economy yet are functionally engaged in non-barter activity it is perhaps better to simplify the basic development structure to one of dualism. Such workers form the population element represented by the "Interaction Co-efficient" and in the expansion of this group lies the economic future of the country.

Because of the great difficulty in absorbing labour from the Indigenous Economy and because the division of the "Rhodesian Economy" into "capitalist" and "subsistence" sector as postulated by W.A. Lewis,²⁰⁹ is not entirely representative in Rhodesia, due to the observable three-tiered system, no evaluation of a "Labour Surplus Model"²¹⁰ has been included in this analysis. Some relevant

208 Monthly Digest of Statistics, C.S.O., Salisbury, June, 1969.

209 W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labour", The Manchester School of Economic and Social Studies, May, 1954.

210 Ibid., and also J.C.H. Fei and G. Ranis, "Development of the Labour Surplus Economy. Theory and Policy", (Homewood, Illinois) 1964. The basic Lewis postulate is that the real wage needed to induce labour out of the "subsistence" sector will be based on the Average Product (not marginal) in that sector. Lewis in 1954 stated the "capitalist" sector wage needed to be 30% above the "subsistence" sector average and in 1958 changed this figure to 50%. As discussed earlier the absentee tolerance level of the indigenous economy is approximately 50%. Hence absorption must be limited and whilst Africans in wage employment continue to be "men of two worlds" (D. Hobart-Houghton, "The South African Economy", Oxford University Press, 1967) with "migration" and not "permanent" absorption as the dominant feature of interaction emphasis must switch from solely "growth" of the Money Economy towards "development" of the Tribal Economy by exogenous forces. The transitory nature of African employees is also not in conformity with Lewis' model as Africans tend to maximize the real income of the productive unit, the family, and not just

aspects of the Lewis model, and others like Ranis and Wei, on the labour problems of a dual economy are that "disguised" or "low productivity" employment, as Higgins prefers to call it, is found in the Rhodesian economy to some extent. The stability of African Rural Household Income in the face of fluctuating employment levels in the Money Economy, whilst the annual inflow onto the labour market rises, is evidence to this effect. In general, the problem of development is deeper than merely just offering temporary wage employment - the transformation of a political, social and economically inappropriate system is required and although the African "having nothing else to sell ... has sold himself"²¹¹ such an economic transaction, in itself, will not be a sufficient condition for development and sustained growth.

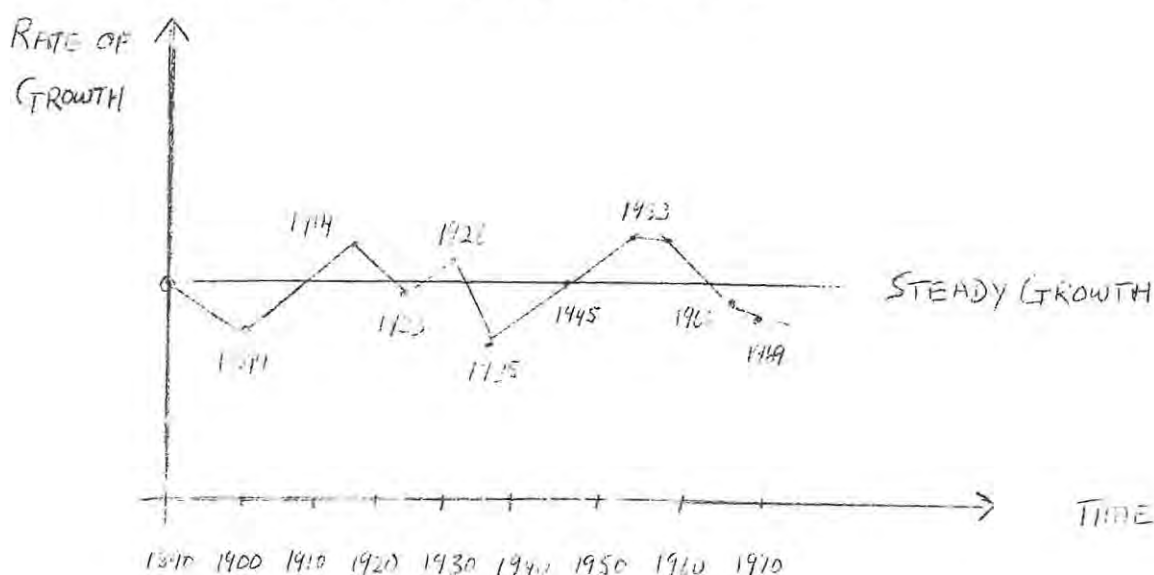
4. THE BALANCED GROWTH THESIS AND INTELLECTUAL IDEALISM

The "Balanced Growth" thesis first appeared in economic literature in 1928²¹² and has become central in development strategy, notably since 1943²¹³ with the development of its antithesis of "Unbalanced Growth" first postulated by A.O. Hirschman²¹⁴ and P. Streeten.²¹⁵ Yet its implications have received very little recognition in Rhodesian economic policy making. The "Balanced Growth" argument has been advanced on a number of levels and it is proposed to treat the following in order to assess whether balance or imbalance has been the representative feature in Rhodesia's economic history.

accept wages at Average Product plus a percentage incentive margin. Real income here has two sources, subsistence production and wages from employment in the Money Economy.

- ²¹¹ E.A.G. Robinson, "The Economic Problem", contained in *Modern Industry and the African*, Ed. J. Kerle Davis, London, 1933, p.135.
- ²¹² Allyn Young, "Increasing Returns and Economic Progress", *Economic Journal*, December, 1928.
- ²¹³ P. Rosenstein-Rodan, "Problems of Industrialization in East and South East Europe", *Economic Journal*, 1943.
- ²¹⁴ A.O. Hirschman, "Strategy of Economic Development", op.cit.
- ²¹⁵ P. Streeten, "Unbalanced Growth", *Oxford Economic Papers*, June 1959.

(A) TEMPORAL. This refers to the tempo or pace of growth of the economy, and more specifically the Money Economy. As shown earlier inter-temporal growth patterns²¹⁶ indicate a sequence of unbalanced growth as representative for Rhodesia. Up to 1890 no growth had taken place in the formation of a Money Economy, as it is known today. From 1890 to 1896 the tempo picked up with European colonization and after the settlement of civil unrest after 1896 growth was very rapid. The inflow of immigrants and capital resources substantiates this point. War in 1914 had the effect of slowing down growth and only towards 1923 did the growth sequence revert to its former speed. The period 1924-28 was marked by rapid growth whilst the era 1929-35 saw little progress. After 1936 the temporal pattern was a little more stable until 1945, but once again peace had the stimulating effect of producing rapid growth, accentuated by the optimism engendered by Federation in 1953. By 1959 the social turmoil of the Federation was manifest and the sequence once again fell to a low rate, where it has remained until 1969. The following diagram illustrates, in simplified terms, the growth sequence of the Money Economy from 1890 - 1969.²¹⁷



²¹⁶ See footnote 125 and Table referred to in Chapter Seven.

²¹⁷ The model is not to scale but merely indicates trends, and changes in them.

Rhodesia's economic growth has not therefore been steady but has reacted sharply to the social and political forces that have helped shape the historical process.

(B) SPATIAL. It can be useful to apply the concept of regional balance, as envisaged by F. Perroux,²¹⁸ to regional growth in Rhodesia. Notably the Highveld areas have received major attention and the creation of the Sabi-Limpopo Authority to co-ordinate and promote the development of the South-Eastern Lowveld is recognition of the need to create "growth poles" in underdeveloped regions. Hence imbalance has been a feature in the spatial allocation of economic activity in the country. Even within the Lowveld region itself unbalanced growth has been evident. From 1930-65 growth was via a shortage of Social Overhead Capital²¹⁹ and it was only after the initiative had been taken by private enterprise did Government react positively. Had expansion awaited for adequate Social Overhead Capital and a consequent lowering of the costs of Directly Productive Activities,²²⁰ it is doubtful if the area would have achieved its present state of development. One lesson, therefore, from such regional experience is that the need for Government to set in motion the chain of disequilibrium is acute and that concerted planning and regional development have much for which to commend themselves.

(C) SECTORAL. Thomas Malthus first introduced the concept of balance between industry and agriculture and more modern economists have identified the importance of sectoral relationships in the growth sequence.²²¹ According to the Phillips Report²²² some 20%

218 F. Perroux, op.cit.

219 A.O. Hirschman, op.cit.

220 Ibid.

221 Notably W.W. Rostow, "Stages of Economic Growth", op.cit., in reference to "leading sectors", and Colin Clark, "The Conditions of Economic Progress", London, 1935.

222 The Phillips Report, op.cit.

of the land is suitable for intensive farming, 50% for semi-intensive farming, 25% for extensive agriculture and 5% as unsuitable for agricultural utilization. Despite this it was mining that lured the settlers to Rhodesia and in the initial stages this sector was the "preferred route".²²³ This state of affairs was soon challenged by agriculture which assumed the leading position when it became clear that mining potential in Rhodesia had been exaggerated. More recently manufacturing has assumed the dominant role, especially since U.D.I. The above sequence is only relevant in terms of the Money Economy for in the Indigenous Economy agriculture has remained the most powerful sectoral force. Apart from the Indigenous Economy sectoral growth has been unbalanced and Rhodesia's hurried move towards industrialization would seem to be incompatible with factor endowments ratios, notably land and labour abundance with capital shortage. When account is taken of the "development" problems created by dualism then it cannot be claimed that transition through the "agricultural stage" is not complete. The following table illustrates the sectoral relationships found in the Money Economy:

SECTORAL RELATIONSHIPS 1967²²⁴

Sector	Forward Linkage (%)	Backward Linkage (%)	Exports %	Imports %
Agriculture	31	27	41	3
Mining	10	25	92	10
Manufacturing	32	39	32	28
Construction	35	45	0	13
Electricity, Water	38	14	25	4
Transport	47	27	40	8
Other	21	19	5(a)	3

(a) excluding re-exports.

Both Agriculture and Manufacturing can be seen to have high linkage co-efficients with Manufacturing having the highest backward linkage

²²³ D.S. Pearson, "The Sociological Background to Economic Development", op.cit.

²²⁴ The Sadie Report, op.cit., Table 2.3.8, p.18.

effect. The disadvantage of Manufacturing is however its reliance on imports and lower level of foreign exchange earnings than Agriculture, whilst the sector also employs less people than Agriculture. Professor Sadie's priority is Agriculture over Industry and in this analysis must be considered correct. Sadie further acknowledges the importance of "Unbalanced Growth" in a sectoral sense for Rhodesia's, and recommends that the Government adopt a growth sequence with an excess of Social Overhead Capital²²⁵ "without misdirecting economic resources and adding to the fiscal burden."²²⁶ Such a development policy of economic disequilibrium could well be applied to the Tribal Trust Areas and it should be accepted by Government that the rôle of initiator of "exogenous" pressures in the Indigenous Economy must fall on the State - private initiative (viz., growth via shortage of Social Overhead Capital) does not seem capable of filling the void.

(D) STRUCTURAL. Probably the most glaring imbalance lies between the two economies. In this respect alone there is need for greater imbalance. It should be stressed that it might be well to distinguish "Balanced Growth" here as an objective and "Balanced Growth" as a strategy. "Even zig-zag growth must have balance as its ultimate aim."²²⁷ Thus in the context of Rhodesian development "Balanced Growth" has not been experienced and exists as little more than an intellectual ideal. The "Balanced Growth" theory therefore fails as a theory of development and is little more than a statement of an equilibrium position seldom attained in the economic history of nations. On the question of balance the Phillips Report strongly urged "the necessity for the complementary devel-

225 I estimate the growth sequence of SOC-DPA for Rhodesia as follows ; In relation to the supply of SOC ... 1890-1914 shortage, 1915-45 excess, 1945-53 shortage, 1954-65 excess, 1965-69 excess.

226 The Sadie Report, op.cit., p.33.

227 R. Nurkse, "Equilibrium and Growth in the World Economy", Yale University Press, 1961.

opment of related sectors of the economy"²²⁸ while cautioning that unbalanced economic development might lead to "a wasteful use of scarce resources."²²⁹ Yet no analysis of Rhodesian growth shows balanced development. Temporal growth patterns, sectoral growth and regional development have all been unbalanced and are likely to remain so in the foreseeable future.

Associated to the problems of "Unbalanced Growth" are the very relevant theoretical questions of the need for a "Big Push"²³⁰ to lift the economy out of its "Low Level Equilibrium Trap".²³¹ The truth of such assumptions can be exemplified by the real need in the Lowveld for capital investment and the broader need in Rhodesia for considerable social investment in the African sector, especially in those activities that are in the long-run Directly Productive - principally education. What must at all costs be avoided is the acceptance of a "Little Push" philosophy in which exogenous forces are not fully utilized to create those chains of disequilibrium that are likely to bring about rapid change in the present "status quo" in the Rhodesian economy. Successful development in Rhodesia will largely consist of discontinuities in production, not movements along the curve, but jumps from one production function to another.

228 The Phillips Report, op.cit., p.57.

229 Ibid.

230 H. Liebenstein refers to the "Big Push" as the "Critical Minimum Effort".

231 R.R. Nelson in "A Theory of the Low Level Equilibrium Trap", American Economic Review, December, 1956.

PART FOUR

"This section is an attempt to isolate the strategic economic variables to which policy should be geared and to indicate the author's assessment of recommendations that might help overcome the fundamental development problems facing the country."

SUMMARY

(13) PROSPECT AND PRESCRIPTION

(b) CHAPTER THIRTEEN"PROSPECTS AND PRESCRIPTION"

"In the long run, we are all dead."

JOHN MAYNARD KEYNES1. STRATEGIC VARIABLES

The ultimate objective of growth and development must be to transform the dual society in Rhodesia into an efficient monolithic structure. The theoretical aspects examined suggest that the most important factors for long run development (D) can be summarized in the following statement.

$$D = f. (T, E, P, Sc, I, \bar{A})$$

where:

T = the technological proficiency of the productive system

E = the number of entrepreneurs in the Indigenous Economy

P = population growth

Sc = social climate

I = the Interaction Co-efficient

\bar{A} = all other factors promoting backwardness or development

The above six variables must not be seen in isolation to one another. They are interdependent and are also most relevant for the long run. The technological variable (T) refers primarily to the Indigenous Economy where efficiency, productivity and output are at a low level. (E), the "New Men" of Schumpeter's analysis will only arise from an educated society whose attitude to enterprise and change is favourable and who do not regard entrepreneurship as deviant behaviour. (P) is of primary significance in view of Rhodesia's high rate of population growth and (Sc), the social cohesion of different groups within the community has substantial relevance. Policy decisions must therefore, from an economic viewpoint be made with regard to the above mentioned variables. Stress on economic factors that only affect the

Money Economy will not be sufficient. Consequently the following are recommended as a basis of development policy for Rhodesia.

2. RECOMMENDATIONS

- (1) Economic decision must be aimed not only at problems within the economic framework but at the framework itself. It must be recognized that "development" is not the normal state of affairs but rather it is an abnormal condition.
- (2) Population control measures must be introduced on a far more comprehensive basis. For 1969/70 only £22,000 has been budgeted for family planning. This amounts to an average annual per capita expenditure of 1.1 pence - clearly insufficient for current needs.
- (3) The traditional sector must remain the main target of attack. Agriculture remains the only hope of development for the vast majority of people and within the growth of an agriculture based based economy lies the seeds of future industrialization.
- (4) The social climate must be such that racial harmony is at a maximum. Separateness cannot be seen as a solution because of its retarding effects on the allocation of scarce resources.
- (5) "Exogenous shocks" must be encouraged on two levels. Firstly, the "status quo" of traditional African life must be imbalanced and those cultural values detrimental to the growth of a Money Economy must be broken down and discarded. Secondly, the economy, as a whole, must regain its "openness". The leading sector should be agriculture and this is not the case primarily because of artificial constraints on the production of lucrative cash crops.
- (6) The prospect of all the "development variables" moving in the correct direction depend in the last resort on the reactions of people. Hence investment in human resources is as important, if not more so, than investment in non-human capital.

- (7) Greater currency should be allotted to the economic ramifications of political decision from the point of view of "development", not merely "growth".

It will be readily observed from the treatment of the model previously and the recommendations arising out of it that the long-run approach has been adopted. For some time Rhodesia has proved to be the graveyard for economic predictions and it is just as well to remember that "in a multi racial society there are no "solutions" to the economic problem in the sense in which we normally use the term. The economic problems are too closely bound up with those of social evolution which by their very nature are based on a slow unfolding of institutions, laws and habit patterns of thought and action for this to be possible."²³²

²³² W. Margolis, "The Economist in a Multi-Racial Society", Proceedings of the Rhodesian Economic Society, No. 3, 1960, p.55.

A P P E N D I C E S

APPENDIX A

Estimates of Population at Census Dates 1901-1951

<u>Year</u>	<u>European</u>	<u>African</u>
1901	11,032	500,000
1904	12,596	591,000
1907	14,007	670,000
1911	23,606	745,000
1921	32,620	862,000
1926	35,174	934,000
1931	49,910	1,076,000
1936	55,408	1,259,000
1941	68,954	1,404,000
1946	82,386	1,704,000
1951	135,596	2,000,000

Source: "Census of Population 1951", Southern Rhodesian Government, 1954, p.4.

APPENDIX B

Inter-Censal Rates of Increase 1901-1951

<u>Period</u>	<u>European</u>	<u>African</u>
1921-26	17%	8%
1926-31	27%	15%
1931-36	11%	17%
1936-41	24%	12%
1941-46	19%	21%
1946-51	65%	17%

Source: "Census of Population 1951", Southern Rhodesian Government, 1954, p.4.

APPENDIX CAFRICAN EMPLOYMENT 1921-1951

<u>Year</u>	<u>Total African Population</u>	<u>Estimated Indigenous Population</u>	<u>Africans Employed</u>
1921	862,000	770,000	140,304
1926	934,000	840,000	173,598
1931	1,076,000	973,000	180,158
1936	1,255,000	1,114,000	254,297
1941	1,464,000	1,235,000	303,275
1946	1,704,000	1,498,000	376,868
1951	2,000,000	1,741,000	530,203

Source: "Census of Population 1951", Southern Rhodesia Government, 1954, p.39.

APPENDIX DGROSS NATIONAL PRODUCT (PER CAPITA) £

<u>Year</u>	<u>N.D.P. (money economy only)</u>	<u>G.D.P. (factor cost)</u>
1924	11.5	-
1931	7.1	-
1938	15.5	-
1939	20.0	-
1945	22.1	-
1951	49.8	-
1954	-	56.2
1959	-	74.9
1963	-	78.3
1966	-	78.5
1968	-	83.6

Sources: 1924-38 as per Frankel estimates, National Income and Social Accounts 1946-51, 1939-51 National Accounts and Balance of Payments 1954-64 C.S.O. estimates p.1, 1954-68 "Economic Survey of Rhodesia" 1965 and 1968.

APPENDIX E

Historical Summary of Aggregates 1924-1964
Current Price Estimates (£ million).

YEAR	MONEY ECONOMY					Total GDP including Rural Households
	N. D. P.		G.D.P. Factor Cost	Fixed Capital Formation	Ratio of Capital Formation to GDP percent	
	Frankel Estimates	C.S.O. Estimates				
1924	10.6					
1926	12.0					
1928	14.0					
1930	13.1					
1931	8.8					
1934	13.3					
1936	16.7					
1938	20.7					
1939	21.5	27.4				
1941	26.5	31.2				
1943	30.9	33.0				
1945		39.3				
1946		45.6		10.5		
1948		64.6		28.8		
1950		91.3		34.7		
1952		120.4	129.7	57.5		
1953		134.1	143.6	44.0		
1954			154.5	48.8	30.3	167.9
1956			197.4	72.8	36.9	212.1
1958			234.3	84.4	36.0	250.1
1959			249.2	71.8	28.8	264.9
1960			268.0	67.1	25.0	282.4
1961			281.1	63.9	22.7	298.4
1962			283.3	48.9	17.3	302.0
1963			289.0	45.8	15.8	309.1
1964			298.4	47.1	15.8	320.4

Source: "National Accounts and Balance of Payments of Rhodesia 1954-64", C.S.O. July 1965, page 1.

APPENDIX FRATIO OF AFRICANS TO EUROPEANS

1901	44:1
1921	25:1
1936	23:1
1946	21:1
1959	12:1
1964	16:1
1969	23:1
1990 ^{Note}	29:1

Source: C.A. Rogers and C. Frantz, "Racial Themes in Southern Rhodesia", Yale University Press 1962, p.12.

Note: 1990 estimate as per Sadie Report 1987.

APPENDIX GECONOMICALLY ACTIVE POPULATION

Census	Percentage of Population		Ratio of Africans to Europeans
	European	African	
1904	65.8	4.6	3:1
1911	57.4	11.4	6:1
1921	44.0	16.3	9:1
1926	44.5	18.6	10:1
1931	44.6	16.7	8:1
1936	44.3	20.2	10:1
1941	39.6	21.6	11:1
1946	40.4	22.1	11:1
1951	44.6	26.5	9:1
1956	44.6	25.2	8:1

Source: C.A. Rogers and C. Frantz, "Racial Themes in Southern Rhodesia", Yale University Press, 1962, p.25.

APPENDIX HAFRICAN EMPLOYMENT IN MONEY ECONOMY1921-69

1921	140,304
1926	173,598
1931	180,158
1936	254,297
1941	303,279
1946	376,868
1951	530,203
1954	555,000
1956	609,953
1960	640,000
1964	616,000
1968	621,000

Sources: Census Returns, Southern Rhodesia and Monthly Digest of Statistics C.S.O. July 1968.

APPENDIX INON-INDIGENOUS AFRICAN EMPLOYMENT

<u>Year</u>	<u>Non-indigenous labour</u>
1958	270,000
1962	224,000
1964	226,000
1968	200,000

Source: Based on patterns of migration and "Economic Survey for Rhodesia", 1968.

APPENDIX JINDIGENOUS AFRICAN MALE LABOUR IN
MONEY ECONOMY

<u>Year</u>	<u>Adult Males (000)</u>	<u>Employment (000)</u>	<u>Percent</u>
1921	210	47	22.6
1926	223	78	35.0
1931	249	76	30.6
1936	268	107	40.1
1941	291	131	45.2
1946	333	160	48.2
1951	400	241	60.3
1956	486	267	54.9

Source: R.W.M. Johnson, "Agriculture and Economic Growth",
Proceedings of the Rhodesian Economic Society,
No. 5, September 1961, p.16.

APPENDIX KPERSONS ECONOMICALLY ACTIVE IN AGRICULTURE 1921-68

<u>Year</u>	<u>Total in Agriculture (000)</u>	<u>Percent</u>
1921	63	39
1926	73	40
1931	72	35
1936	88	31
1941	107	32
1946	155	37
1951	220	36
1956	242	34
1961	245	34
1965	277	38
1968	244	33

Source: R.W.M. Johnson, "Agriculture and
Economic Growth", Proceedings of the
Rhodesian Economic Society, No. 5,
September 1961, p.15.

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