UGANDA'S 1946 COLONIAL DEVELOPMENT PLAN: AN APPRAISAL

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Introduction

According to Engels, apparently benevolent acts by the imperial powers are never genuine but are initiated to deceive the exploited and to enchance the rate of exploitation.[1] Britain's economic policies towards colonies especially in the 1940s and thereafter seem to provide substantial evidence to support Engel's claim. These policies clearly aimed at improving the British economic standards rather than that of the colonial people.[2] During the six years of the second World War, Britian's hegemony as one of the leading industrial nations considerably declined. It changed from being one of the major creditor countries in the world to being the world's principal debtor.[3] This caused a drain on Britain's gold and dollar reserves which in turn was affecting its ability to import essential goods for both consumption and use in factories for productive purposes. The seriousness of the dollar deficit was made clear by Lord Trefgarne, Chairman of the Colonial Development Corporation, in his address to a group of Liverpool businessmen when he pointed out that the United Kingdom was running an annual deficit of 500 million.[4] The remedy to this problem, according to him, was for Britain to rely on the more acceptable raw material exports from the colonies. Thus, it was against this background that Britain sponsored the Colonial Development and Welfare Scheme in an attempt to increase the production of raw materials for export to America and other hard currency countries. Although, this Scheme was highly acclaimed by most of the British public as being humanitarian nature and aiming at improving the welfare of the colonial people, its quite clear that the scheme's main purpose was to help in the quick rehabilitation of the British war torn economy.

This paper is an attempt to appraise Uganda's 1946 colonial Development Plan in the light of Engel's assertion that the apparently benevolent acts by the imperial powers are initiated to enhance the rate of exploitation. Under this development plan:

(i) Uganda's economy experienced growth but at the same time, inequalities between racial groups and among African peasants worsened;
(ii) by promoting the participation of one sector of the colonial society, the plan

exacerbated racial tension in Uganda; and

(iii) by introducing import substitution industries as a means of reducing Uganda's imports from countries other than Britain, the plan made Uganda's economy more vulnerable to the vagaries of the world economic system.

The 1946 Ten-Year Development Plan

When the Ten-Year Development Plan was drawn up in 1946 the main features of Uganda's economy were:

(i) agricultural productivity was low due to the inefficient traditional methods of cultivation and the poor health of the peasants;
(ii) skilled and semi-skilled manpower was in short supply due to the lack of training facilities, and an educational system which was out of context with the country's immediate requirements. This made the country dependent on expatriate staff;
(iii) non-skilled labour was in short supply due to low wages and bad working conditions. As a result the government was obliged to recruit labourers from the neighbouring countries and the periphery districts where there was no other opportunities for earning money; and
(iv) marked regional inequalities existed because of the colonial government's policies which designated some areas to be producing districts and others to be labour reservoirs.

The plan, instead of aiming at solving these problems as a means of achieving increased productivity, emphasized growth through the deployment of foreign resources, and especially foreign manpower. Development was to be concentrated on primary production and tertiary industries were to be discouraged. It permitted the establishment of processing industries which, because of Uganda's distance from the metropole, were likely to lead to a significant saving of overseas earnings. The plan, however, did not budget for this but simply left it to private enterprise. Indeed, it was clearly intended that through its establishment of secondary industries private enterprise would make its greatest contribution to the development of Uganda.[5] But as in Uganda, Africans did not possess enough capital to engage in such projects, these industries were bound to be established mainly by the Asian and British capitalists. Cooperative societies were considered especially suitable for agricultural marketing, fisheries and housing,[6] and it was through these societies that Africans were supposed to anticipate. But the first African cooperative was in the cotton industry where the first ginnery was acquired in 1950.[7]

Although health and education levels were low, they were not made areas of priority. This was despite the fact that in 1940 when the Colonial Development and Welfare Bill was being introduced, MacDonald had stated that health and education would receive particular attention.[8] However, this attitude, as Niculescu[9] pointed out changed as a result of the war and in 1945 totally different priorities were set. It was made clear, then, by Colonel Stanley, Secretary of State for Colonies in the Churchill government that increased productivity was going to be a pre-requisite for an improved social and economic infrastructure rather than the other way round.[10] In fact, according to the Governor[11] expenditure on health and education was a luxury which could only be afforded after production had been increased. Even though only five percent of school-age children were attending school, Worthington, the author of the Development Plan, believed that expenditure on education and health had been out of balance with other areas and this, his plan sought to correct.[12] His main argument was that the average African did not show much desire for improvement[13] and consequently, he allotted only £24,000 to African primary and secondary education compared to £10,000 for that of Europeans,[14] despite the fact that Africans then numbered about 99 percent of the total population. As a result the shortage of skilled and semi-skilled manpower continued for many years and the Agricultural Productivity Committee, in 1954, was critical of the whole planning approach. It considered.

> that investment in people through education and technical training in their various forms should in general have priority over investment in material resources; capital equipment and fertile land are wasted if they are not used with skill and efficiency.[15]

It further pointed out that expatriate staff upon which the government was relying, should not have been a substitute for training local personnel. Training, it argued enlarges the peoples' intellectual horizon, raises their general standards of skills and, most important, increases the range and intensity of their wants.[16] Thus, by neglecting education, Uganda was not only losing the chance of improving her future productivity but also losing out on the expansion of her internal market which would have resulted from the increased wants of an educated community.

Instead of improving wages and conditions of work for non-skilled labour so as to build up a permanent labour force, the plan emphasised the improvement of facilities along labour routes so that cheap immigrant labour could continue to flow in from neighbouring countries. Towards this, £50,000 and an average of a further £4,500 yearly was allocated. Of the total expenditure on labour of

£160,000 over 10 years, none was allotted to improving working conditions but £95,000 was allocated to the organization of labour routes, £35,000 for emoluments and £15,000 for housing for new European staff who would be required for the implementation of the plan.[17] A cheap transport system was considered necessary to bring the increased production to market, but no emphasis was placed on the international road system. Instead, the priority went to the rail connections which carried Uganda's exports to external markets.[18]

The plan was estimated to cost £16 million. Of this, 41 per cent was to come from the Protectorate Revenue, 8 per cent from the surplus balances the government had built up from the sale of cotton and coffee, and 22 per cent fromt the Cotton and Hard Coffee Control Fund or their profit.[19] Thus, only 29 per cent was to come from the mother country in form of loan and grants under the Colonial Development and Welfare Scheme.

Revision of the Plan

In 1948, before the 1946 plan could be fully implemented, it was revised by Sir Douglas Harris because, due to prices increases, it has underestimated expenditure. The development plan and the government public finance had been treated together and the excess expenditure had not been on 'development' projects but on the day to day running of the government. The new version however was a financial plan which spelled out government expenditure over the next eight years. It was to be annually reviewed in accordance with the availability of funds,[20] but it differed from the 1946 plan in that it contained a more detailed breakdown of departmental expenditure. It also provided a structure through which expenditure was supposed to be equitably distributed between all branches of administration. Expenditure under the revised plan doubled from the initial estimate of £16 million to 34.25 million, though the proportion of government resources remained the same as before.[21] However, like the former plan, it made no provision for the African sector or for the rural development. Harris catergorically stated that its objective was

> Not primarily to provide greater confort for the African but to produce conditions which will result in his becoming a more regular, more contended and therewith a more productive worker.[22]

Accordingly, the training of artisans, of which there was a great flack was allocated only two per cent of the total expenditure while the development of urban areas, where the immigrant community lived was to received 6.2 per cent. Out of a total expenditure of £705,900 on education, £357,000 was to be spent on

African and £200,600 on European and Asian education,[23] even though combined Europeans and Asians comprised less than one per cent of the total population. Under the revised plan, salaries to expatriate staff were estimated at about £11.6 million (34.0 per cent of the total planned expenditure) and in addition their cost of living allowances totalled another £3.9 million (11.6 per cent). Thus total emoluments to expatriate staff were to take more than 45 per cent of the total planned expenditure.[24]

In his Introduction to the 1946 Plan, the Governor had remarked that one of the reasons why Africans could not provide the required manpower was their low nutritional levels and their high rate of disease and the Plan pointed out that there was a need to break the vicious circle of lack of education-malnutrition-disease-inefficient work, and low productivity which existed among Africans.[25] However, the modest expenditure of £140,000 which had been allocatted in 1946 to a nutritional and disease survey and compaign was reduced to a mere £38,100 and this was to be spent only on leprosy,[26] the tuberculosis and nutritional survey were to be stopped. Total planned expenditure was doubled, but expenditure on African health was reduced while in contrast, £92,000 was to be spent on xtensions to the European and Asian hospitals, and a further £133,300 for transport for new European staff.[27]

In 1948, there were 99 Africans training as Assistant Health Inspectors, Dispensers, Laboratory Assistants and Hygienic Orderlies, but under the new plan this was to be reduced to 52 by 1956. The only profession in which an increase was planned was nursing with the number of nurses being trained to increase from 117 to 180 between 1948 and 1956.[28] It was, at the same time, made clear that students who took up such courses would not be guaranteed government employment even though the country lacked all sorts of skilled manpower.

Clearly, one could argue that the 1946 Plan whether in its original or its revised form, was not aimed at benefiting the Africans. Sir John Hall, the Governor of Uganda, in 1946 claimed that, given that the Ugandan economy was based on agriculture, the central objective of the plan was to indicate how the country could best be developed and its natural wealth exploited to full advantage.[29] And Worthington wrote that 'it was assumed that 50 years hence 15 per cent of the population will be engaged in industrial production, commerce, fisheries and forestry'.[30] Over that period, therefore Uganda's land and labour resources were to be exploited only through agriculture. Thus, as the officials put more emphasis on externally demanded products, Uganda's economic growth was to remain a function of her position in the world capitalist market as a primary producer. However, as far as Africans were concerned, no changes were envisaged for the near future and any changes which were to be effected were to be gradual.

The Growth of the Economy

The Ugandan Gross Domestic Product (GDP) grew markedly between 1945 and 1960 (see table 1) but, despite this, there was no significant change in the country's economic structure. Indeed the 1951 Economic Survey of Uganda, published by the Colonial Office stated that

> the majority of the population work on the land as peasant cultivators. Both food and cash crops are grown. Sale of cotton is the *main source of money* though recently other crops such as coffee have been increasing in importance. Only small surpluses of food crops are marketed.[31]

By 1960 the situation had not changed and the World Bank Commission to Uganda noted:

> Uganda remains an agricultural country two-thirds of gross domestic product is derived from farming and over 90 percent of all exports are produced from the land. Agriculture is still in large part subsistence farming . . . with a growing, but as yet smaller, proportion of total output produced for the market. . . The bulk of cash crops are produced for export while a small. . . proportion (of) food (is) sold in the towns.[32]

The reported population at the 1959 census was 6,536,616, and the World Bank estimated that population increased by over two million between 1945 and 1960. Throughout the period, the non-African population remained at about one per cent of the total population. All the senior and most of the middle grade positions in industry, commerce and government were occupied by non Africans as a direct result of the government relying on expatriate personnel while neglecting African education. Thus, for example, by 1954 there was only one African occupying an a scale 'A' post in the civil service, and it was not until 1958 that the first African Agricultural Officer was appointed.[33] By 1960, in spite of the Africanization policy adopted in 1952 in response to the forceful demand by Africans, only about 1,000 Africans were employed on civil service scales 'A', 'B' and 'C' and of these only 78 were in 'A' scale positions.[34] Most of the private enterprise sector at that time was in the hands of foreigners because Africans did not have enough capital or expertees to enter it, and as a result over 90 percent of the African working population remained on peasant farms where, as well as their subsistence food crops, they grew cotton and coffee for export.

The significance of coffee and cotton cannot be over emphasized for as is clear from Table I, they formed the basis of the Ugandan economy over this period.

Table 1.

Year	Monetary GDP in million	Exports outside East Africa (excluding re-exports) in £ million	Exports as % GDP	Cotton/Coffee Vaoues in £ million	Cotton/Coffee as % of Exports
1946	8.9	41.6	7.4	83.1	
1948	30.3	13.5	44.6	10.7	79.3
1950	54.3	28.7	52.9	25.0	87.1
1952	88.3	47.2	53.5	42.3	89.6
1953	76.3	33.4	43.8	28.3	84.7
1954	93.0	40.6	43.7	34.4	84.7
1955	102.3	41.9	41.0	36.5	87.1
1958	106.3	45.4	42.7	38.9	85.7
1960	110.5	41.6	37.6	31.9	76.6

Source: IBRD, *The Economic Development of Uganda*, p. 444. Lury, *op. cit.*, Extracts from tables I and II pp. 214 – 5.

Exports outside East Africa accounted for more than 40 per cent of monetary GDP annually apart from 1960 when they fell to 37.6 per cent. Cotton and coffee contributed over 75 per cent of export earnings throughout the period. Nearly all the coffee was grown in Buganda which together with the Eastern Province produced most of the cotton and thus regional income was highly unequal. In 1959, for example, over 50 per cent of African monetary income went to Buganda and over 25 per cent to Eastern Province leaving the other provinces to share less than 25 per cent. At the same time over 90 per cent of non Africans lived in Buganda and the Eastern region, as a result most modern institutions and social amenities were concentrated there thus helping to exacerbate regional inequalities.[35]

Although the period under consideration was one of rapid overall growth, it was also a period of stagnation with respect to African welfare. How this occurred is discussed in the next section.

Agricultural sector between 1945 and 1960

More than 75 percent of Uganda's exports crops were produced on peasant farms. Mostly this was through the use of family labour but there were some exceptions, especially in Buganda where some landlords were able to employ migrant workers and also to use the labour of their tenants. The hand hoe was the main agricultural implement and increased output was achieved through briging more land under cultivation rather than through using fertilizers or improved farming techniques. It was estimated that the area under cotton and coffee in Buganda increased over this period by 40 per cent and that its population increased by the same proportion. In Northern province, the area under cotton increased by 10 per cent while population increased by 25 per cent.[36] The only noticeable change in the pattern of farming occurred in Buganda where, due to differences in returns from the two crops, farmers switched from cotton to coffee. it was estimated that an acre of coffee required 80 man-days' labour per year while that of cotton required 140, and the average net return per acre (after deducting all inputs except family labour) of coffee was more than twice than that of cotton.[37] In addition the tax levied on cotton was much higher than that on coffee.

The increased output of the export crops is unlikely to have occurred had the government not actively sought to increase the production of primary exports. Africans were compelled to grow export crops and at the same time the government concentrated its efforts on research and land reclamation through tse-tse control. Nevertheless, even with the high yielding varieties developed at the Empire Cotton Growing Association research section at Namulonge, average yield per acre did not increase significantly. Improvements in the quality of seed were only sufficient to offset the decline caused by the transfer of cotton growing to less fertile areas outside Buganda because the growers in Buganda had switched to coffee. The financial services available to peasant growers were believed to be limiting their capacity to increase production and this led to proposal for the mechanization of cotton growing instead of improving the growers financial services. At first, mechanization considerably reduced costs and the Development Plan allocated £1,015,000 for the mechanization of cash crop production, but of that only £123,000 was actually used. It was claimed that 'conditions in which tractor operating costs became prohibitive are not uncommonly found in Uganda. . . attempts to incorporate tractors into existing small scale peasant farming system will be normally doomed to failure'.[38] However, the problem was not the peasant farming system but the farmers' lack of money to hire tractors which resulted in the tractors bought for hire being little used. As late as 1957, because farmers could not afford to hire their services, 'the average number of hours worked during the year per tractor was, only 500 hours which indicates that approximately half of the potential of the units was utilized.[39] It was thought that the expansion of cash crop production could also be effected by giving 'efficient' farmers assistance and advice. Those farmers, it was hoped, would provide a demonstration for other farmers; but, as most of them were in Buganda, this policy exacerbated the existing regional inequality as well as the inequality within Buganda.

All agricultural extensions were concentrated on the improvements of the export crops, no research was conducted into food cropping or into investigating farming systems as a whole. This was contrary to MacDonald's view, expressed in the House of Commons, that modifications were required in colonial agriculture so as to establish a sound subsistence agriculture. He argued that it was wrong for native producers to be engaged in producing export crops and not producing enough for their own consumption and expressed the hope that 'the local governments in drawing up their plans would place a good deal of emphasis on the desirability. . . of spending. . . more effort on subsistence agriculture'.[40] In Uganda, however, a rigid distinction was drawn between cash and food crops and onto this was superimposed the policy that each district had to be self-sufficient in food crops. This held back the eventual development of specialization between regions because no movement of locally produced food products between regions was permitted. It also prevented the development of an internal transport system and the entrepreneurial skills which would have been associated with the expanded exchange system. Self-sufficiency would have been a better policy on a national level as it would have led to a better marketing and transport system within Uganda than that which was based on export crops. It would have also led to increased peasants' purchasing power through their producing and marketing of their food surplus. As a result in 1956, the African farm income per head was as in shown in Table 2.

Table 2.

Region	Farm income per head in shillings
Buganda	218
Eastern	
Bugisu	203
Busoga	165
Teso	163
Northern	
Lango	129
Acholi	80
West Nile and Madi	79
Western	
Bunyoro	99
Toro	61
Ankole	49
Kigezi	17

Source: Walter Elkan, *Migrant and Proletarians,* Oxford University Press, 1960, p. 36.

Clearly farm income per capita was higher in producing than in non-producing regions and this was partly due to government policies.

Marketing of Export Crops

Between 1940 and 1960, the marketing of cash crops in Uganda was controlled by the government through statutory marketing boards. Growers received a fixed price from processors and in turn the marketing boards purchased the processed produce on a cost-plus basis. During the war, and for some years after, the cash crops were sold under a bulk purchase agreement under which the proportion of the final price received by growers steadily fell.[41]

The agreements may have been justified during the war because they ensured that Uganda's produce was purchased, but their need is less obvious during the post-war period when prices were rising.

Table 3:

	Bulk sales to U.K.		Bulk sales to India		Sales on free market	
	Bales in '000	cents/lb	Bales in '000	cents/lb	Bales in '000	cents/lb
1947	22	150	180	146	25	167
1948	56	192	64	216	48	265

Source: Uganda Herald, 3rd August 1948 cited by Lury, *op. citd.*, p. 237.

By 1947 and 1948, as is clear from Table 3, the bulk buying prices were significantly less than free market prices. At times, colonial administrators accepted lower prices than those available. For example, in 1949, the entire 1948/49 cotton crop, except 100,000 bales which were auctioned, was sold at the suggestion of the British government to the United Kingdom Raw Cotton Commission and to the Indian government at a fixed price of 250 cents per pound. This was 'part of the Protectorate's (forced) contribution to the Economic recovery of the sterling area'.[42] It should be noted that the price of raw cotton in the United Kingdom in the same year was 257.50 cents per pound in January and 265.83 cents per pound in September.[43] As well as receiving lower prices than they would have without government intervention, the marketing boards were required to withhold large amounts of the export proceeds from the growers who nevertheless paid heavy taxes on the little that they actually received. Table 4 shows the proportion of the total export proceeds received by growers.

Table 4: The Cotton and Coffee Sector

Year	Payment to growers		Marketing costs etc.	Export Tax	Marketing board surplus		
	Amount £m.	% of total	Amount £m.	Amount £m.	Amount £m.	% of total	.Total proceeds £m.
1948	3.7	41.1	2.0	1.5	1.8	20.0	9.0
1949	8.3	43.7	2.8	3.0	4.9	25.8	19.0
1950	9.0	38.6	2.8	4.1	7.4	31.7	23.0
1951	13.4	33.5	3.5	7.8	15.3	38.2	40.0
1952	15.7	39.7	4.4	7.7	11.7	29.6	39.5
1953	15.5	62.3	4.0	4.2	1.6	6.3	25.3
1954	18.8	61.0	4.7	5.3	2.0	6.5	30.8
1955	26.5	79.6	4.9	5.5	-3.6	-10.8	33.3
1956	20.1	63.8	5.7	5.4	0.3	1.0	31.5
1957	23.6	64.5	6.3	6.1	0.6	1.6	36.6

Source: Derived from D. Walker, and C. Ehrlich, 'Stabilisation and Development Policy in Uganda', *Kyklos* Vol. 12, 1959, p. 343.

Between 1948 and 1952, growers received an averaged of only 39 per cent of the total proceeds, whereas the marketing boards' share ranged from 20 per cent in 1948 to 38.2 per cent in 1951 and averaged 29 per cent. Naturally, the grower resented most of their surplus being appropriated by the state and as a result the situation was changed after 1953. A Coffee Ordinance was enacted in 1953 and it permitted growers to participate in the processing of coffee.[44] The result was that growers' receipts rose proportionately while the marketing board's share of the surplus declined. In 1952, the Governor explained that the marketing board surplus was withheld from growers because the post-war prices were unnecessarily high:

> The policy of the Government has been to treat the greatly enhanced post-war prices of these products (cotton and coffee) as in the nature of a windfall, a large proportion of which should be creamed off the price before payment is made to the cultivator.[45]

The Governor went on to argue that if it were not for the policy, there would have been a considerable inflation in the country; and the higher incomes would have been wasted on higher prices because the supply of consumer goods was especially limited within Uganda. He further argued that high growers' incomes would have caused a famine by reducing the output of food crops as growers would have taken to the growing of cash crops.[46] Lastly, he was of the view that an accumulated fund was desirable during high export prices to provide a cushion for the growers' standards of living during the period of low export prices and high import prices.

As far as the possibility of famine was concerned, the two cash crops grew only in restricted areas of the country and therefore would not have led to a generalized famine. In fact, if growers had received all their income, it is most likely that they would have specialized in cash crop production and bought their food from other areas of the country. This would have helped in the expansion of the exchange economy and also have led to improvements in farming techniques. As for inflation, if it was indeed the problem, the stabilization policy should not only have applied to African growers but also to the European and the Asian planters. The suggestion of a stabilization fund was worth considering, but such a fund is always a source of problems because its beneficiaries may not necessarily be those from whom the fund was raised as it turned out to be in the case of Uganda. One way to overcome this, is to use the fund in such a way that it improves the society's overall wellbeing or the productivity of the economy in general. However, as the funds were never used to finance any expenditure on the Africans or on projects immediately connected with the growers' direct needs, but instead were used on general government projects, they simply constituted another form of taxation. Thus, the stabilization fund policy first reduced the purchasing power of farmers and secondly, because it led to farmers receiving low incomes, it prevented farmers specializing. Thirdly, it reduced the farmers' ability to improve their farming methods and therefore also affected the total production of the export crops. Under a system of price incentives, Bauer has pointed out, the farmers may have increased their output more than they did under the administered prices.

Evidence to support such a view may be deduced from the 1953 experience. Ugandan farmers expected high maize prices because Kenya's production of maize, its staple diet, had been affected by the *Mau Mau* uprising. They therefore doubled their maize production and produced less cotton but this was interpreted by the colonial government as indicating that if growers were offered higher prices for cotton and coffee they would grow less food crops and thus violate the policy of district self-sufficiency.[48] As already indicated, this argument was not sound, and even then it could only hold true if coffee and cotton could be grown anywhere in the country. The argument can only be judged against the fact that no alternative marketable crop had been encouraged and most of the economy was outside the exchange system. It is, however, not difficult to see that had the economy not been deprived of its internal dynamism a marketing system for food crops would have developed.

The accumulation of large marketing board funds meant that large balances which could be invested in British securities were retained in the government's hands. As Sir John Hall indicated, 'Uganda would not have had so favourable balance of trade in recent years if the Protectorate Government had allowed cultivators to receive the full export price realised on their cash crops'.[49] This meant that the sterling-dollar balance could be protected more than would have been the case when the growers had a greater income with which to demand imports. Thus the stability achieved through the stabilization fund was not that of growers' incomes but of dollar balances. It should also be pointed out that in the long-run, Uganda incurred lossess in the value of the securities in which its funds were invested. Lury estimated that the net depreciation of the funds amounted to about £4 million and, in addition, their real purchasing power fell.[50] This was the opposite of what had been expected for in 1952 Sir John Hall had forecast that 'in a few years' time the general reserves that the Uganda Government (has) built up. . . will be worth, in terms of goods and services, much more than they are today.[51] It should, in addition, be noted that while the growers' prices were fixed below the open-market prices, they purchased their consumer goods, especially imports, on the open market. In general, import prices rose by more than 10 per cent between 1959 and 1960 while the price of machinery and other manufactured goods went up by as much as 50 per cent.[52] Thus Uganda lost out on the exchange side (export import) and on reserve valuation.

Through regulations prohibiting new entrants the cash crop marketing system in Uganda provided a monopoly to the ginners and to the marketing agents. This enabled the participants to accumulate excess profits and this situation was further compounded by the government pricing policy which provided for a profit margin of six cents per pound of lint cotton. Since ginning activity was almost entirely in the hands of non-Africans, this aggravated racial tension. In fact, in 1949 a disturbance was sparked off in Buganda by the Africans' discontent with their exclusion from entering such activities.[53] In 1953, the agricultural department found that ginneries were changing hands at what was described as 'high prices', and a commission appointed to investigate ginning discovered that in 1959/60, over 50 per cent of the ginners were earning between 11 and 16 cents per pound of lint cotton.

The retention of very large Marketing Board surpluses made it possible for the government to spend more than her revenue would normally allow. As most of the civil servants were from Britain, the surplus funds were employed to provide their personal emoluments and this of course increased the fund transferred from Uganda to Britain.

Table 5 (a) and (b) show Uganda's balance of trade with areas outside East Africa and with East African countries respectively for the period between 1950 and 1960. As can be seen from Table 5 (a), during the whole period, Uganda had a trade surplus with countries outside East Africa. Table 5 (b) shows that this was also true with its East African partner states during the first half of the decade.

Table 5: Uganda's Balance of Trade, 1950 – 1960 (in million pounds)

PART (A)	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
With areas outside East Africa											
Exports (plus re-exports)	28.9	47.4	47.4	33.6	41.1	42.3	41.5	46.8	46.4	43.2	42.9
Imports	15.4	22.1	24.3	25.7	25.2	34.0	28.1	28.9	27.0	25.5	26.0
Unadjusted Balance	13.5	25.3	23.4	7.9	15.9	8.3	13.4	17.9	19.4	17.7	16.9
Freight Adjustment	-4.6	-3.0	-4.2	-3.3	-4.6	-4.8	-4.5	-5.0	-4.9	-5.0	(-5.0)
Adjusted Balance	8.9	22.3	19.2	4.6	11.3	3.5	8.9	12.9	14.5	12.7	(11.9)
PART (B)											
With East Africa											
Exports	4.3	4.3	5.7	7.0	7.5	7.9	4.4	5.3	6.2	5.2	6.7
Imports	1.4	1.9	2.3	3.2	3.2	4.0	5.2	6.5	7.3	6.5	6.6
Unadjusted Balance	2.9	2.4	3.4	3.8	4.3	3.9	-0.8	1.2	-1.1	-1.3	0.1
Tax Adjustment	-1.6	-1.6	-1.7	-1.8	-1.9	-2.5	-0.4	-0.5	-0.5	—	—
Adjusted Balance	1.3	0.8	1.7	2.0	2.4	1.4	-1.2	-1.7	-1.6	-1.3	0.1
Total Balance of Trade	10.2	23.1	20.9	6.6	13.7	4.9	7.7	11.2	12.9	11.4	(12.0)

Source: IBRD, Economic Development of Uganda, *op. cit.*, p. 408.

Table 6. Uganda's Balance of Payments, 1950 – 1959 (in million pounds)

	1950	1951	1952	1953	1954	1955	1956	1957	1978	1959
Total Balance of Trade	10.2	23.1	20.9	6.6	13.7	4.9	7.7	11.2	12.9	11.4
Invisible Receipts	2.1	3.0	3.9	4.5	4.9	5.0	5.6	5.5	6.0	5.2
Invisible Payments	-3.5	-4.4	-5.1	-5.6	-7.7	-8.0	-8.9	-8.8	-9.4	-9.7
CURRENT BALANCE OF PAYMENTS (Surplus)	8.82	1 . 7								
CURRENT BALANCE OF PAYMENTS (Surplus)	8.8	21.7	19.7	5.5	10.9	1.9	4.4	7.9	9.5	6.9
Capital Account (net):										
Gifts, Grants, Official Loans	3.4-1 . 2									
Gifts, Grants, Official Loans	3.4	-1.2	6.1	0.4	-0.7	3.7	0.1	—	0.1	0.1
Others Official Balances	-10.1	-13.7	-7.9	-7.3	3.3	5.5	1.9	3.3	6.8	4.5
Monetary System	-4.7	-3 7	-6.5	-0.5	-2.2	2.5	—	0.1	0.8	0.2
TOTAL KNOWN CAPITAL TRANSACTIONS	-11.4	-18.6	-8.3	-7.4	0.4	11.7	2.0	3.4	7.7	4.8
BALANCE ITEM	2.6	-3.1	-11.4	1.9	-11.3	-13.6	-6.4	-11.3	-17.2	-11.7

Source: **IBRD, *op. cit.*, p. 410**

Table 6 shows that when net receipts on invisible transcations are added, a surplus remained on current account but the situation is reversed when the capital account is considered. In eight out of ten years there was a sizeable capital outflow from Uganda. Between 1955 and 1959 it averaged more than 12 million per year and reached a peak of 17.2 million in 1958. Thus, a country which itself lacked capital was exporting large monetary sums mainly in the form of 'invisible payments' largely due to the non-African business community preferring to send their earnings out of Uganda rather than reinvesting it there. This was because firstly, Uganda's exchange economy was not expanding at a rate fast enough to make large capital ventures feasible. Secondly, in the later period there was much political agitation by Africans demanding the right to direct their own destiny and some foreigners feared that their assets might be exprioprìated if the country become self-governing. In fact, as anti-colonial sentiments mounted among Africans, Muhkerjee noted that

> the Indians are awaiting the hour to evacuate this country, and in the meantime, enriching themselves as best as they can. . . without regard for anybody else.[54]

As a result of this, in 1972, one of the British Banks had 240 million belonging to East African Asians.[55]

The Government's Development Policy

As has been noted, colonial policy originally was not to develop industries and this restricted the uses to which the government could apply the marketing board surpluses but they were used to increase the number of administrative staff. This in turn led to an increase in the amount taken out of the country by staff. However, by 1952, Governor Hall realized that industrialization would be essential:

> (a) the present population of 5,000,000 will ultimately need to cultivate, in order to enjoy a decent standard of living, pratically the whole area of Uganda at present regarded as cultivable, how will all of the next generation, numbering 10,000,000, be able to support themselves?. . . The answer, and there would seem to be only one answer, lies in industriazation.[56]

The Governor clearly saw further than did the original policy makers, but he did not envisage improved farming methods which could increase yield per acre so that the same amount of land could support a much higher population. Hall's view of peasant agriculture was shared by all the colonial administrators, and also by those who took over government at independence. None was concerned at improving the peasant sector. In accord with Hall's policy, a number of industrial projects were commenced though they were completed only after he had left the country. Worthington had stated that the 1946 plan was mainly concerned with expanding public services but he had warned that they would be of no use unless there was an increase in private enterprise activities. Thus the major projects undertaken were aimed at paving the way for private investment by improving social overheads:

> a number of factors which have limited private enterprise up to date will be removed. Special opportunity may develop in the marketing and distribution as well as in the processing of primary products. Moreover, enterprise will be directly encouraged because large parts of the proposed expenditure are devoted to public works many of which are suitable for placing out to contract.[37]

The private entrepreneurs who were expected to seize the new opportunities were all foreign since no substantial capital was available to the Africans. Thus, the industrialization policy further entrenched the foreign based capitalists. That this was so is evident from the distribution of monetary incomes in 1963 as shows in Table 7 which clearly shows that, in 1963, Africans trailed far behind the immigrant community in incomes.

Table 7. Monetary income by race 1963

Race	Total monetary income (in million pounds)	Per capital income in pounds
Europeans	9.7	990
Asians	24.0	288
Africans	85.4	12

Derived from R.R. Ramchandani, *Uganda Asians*, 1976, p. 24.

As far as Africans were concerned, little could be achieved by providing an infrastructure without at the same time improving their ability to participate in, or purchase the products of, the proposed industries. In order to attract foreign investors, the government used part of the accumulated Marketing Board surplus to establish the Uganda Development Corporation (UDC) to promote industrial activity and to provide security for foreign investors. However, owing to

Uganda's distance from world markets and because her internal market was so limited, private capital was not quick to respond to the government's plan and its targets were not achieved.

The biggest project undertaken under the 1946 plan was the building of a hydro-electric station at the Owen Falls near Jinja. The cement used came from Tororo not far from Jinja and it was hoped that the power generated would be the forerunner of industrial development. Indeed, a copper smelter a textile factory and other light industries based on the import substitution strategy were established at Jinja. None of these projects were very successful because of the limited internal market. The textile mill operated far below capacity and had accumulated a loss of nearly £400,000 by the end of 1958 when heavy tariffs were imposed on imported cloth so that their price competitiveness were reduced in East Africa. The problem with the import substitution industries was that they produced only for the wealthy minority, the majority of Ugandans were living in poverty and hence could not afford the products. In addition, some of the people who consumed imports did so for prestigious purposes and as a result would not switch to the locally produced goods. If the newly established industries were to break even, it was obvious that they would have to produce either below capacity for the limited local market and heavily protected, or else an external market would have to be found.

During the period, the railway line was extended to Kasese near Kilembe so that its copper and cobalt could be profitably extracted by a Canadian firm. The mine soon ran into problems because by the time it came into production, the price of cobalt had fallen so low that it was no longer profitable. Thus the high hopes which had been placed on the Owen Falls power supply were thwarted as the plant was operating at about half the installed capacity.[58]

Thus, the Ugandan Electricity Board ran at a loss until the World Bank Mission advised against continuing to attempt to make electricity play a leading role in industrial development but to try to make it financially viable. In order to receive a World Bank Loan of 3 million, the Board was required 'to set prices for all public utility services. . . at a level high enough to ensure, at a minimum, that each pays its ways'.[59]

Too high an expectation had been placed on the presence of a concentrated population in Jinja and the rest of the Lake Victoria region. This was the 'wealthy' area of Uganda but even so the people's purchasing power was low. In addition, the internal distribution facilities were poor because the transport system had been geared to serving the export needs of the economy and yet transport costs were especially important — far more than electricity charges which often formed only a small part of the production costs. As a result, in Uganda, Kampala attracted more industries than Jinja, while Nairobi and Mombasa were quite often preferred for East Africa as a whole. This was because, Nairobi was strategically placed in relation to import-export routes and its internal market was large due to the Kenya settler community.

Government policy on social services and especially health and education in 1946 was clear. For the Africans, Governor Hall refused to undertake improvements at the cost of increased export production and he argued that social service expenditure could not be increased until greater finances were available. In 1952, Hall was succeeded by Cohen who came under mounting pressure from the African sector of the community and changed the policy on African education so that by 1957 expenditure on it had reached 21 per cent of recurrent expenditure instead of the planned 13.8 per cent.

In 1952 committees were set up to report on African education and medical and health services and though the recommendations of the health committee were ignored, some of those of the education committee implemented. As a result, by 1959, 40 per cent of children of school age were attending primary schools and between 1955 and 1960 the number of children attending secondary schools more than doubled.

Due to the increased export earnings and the accumulated marketing board surplus, most of the projects undertaken during this period were either wholly or partly financed by internal sources. The national debt which had stood at £2,850,000 in 1945 had been reduced to £850,000 by 1960. In fact, metropolitan loans to Uganda amounted to only £4.5 million by June 1960. This was equivalent to an average loan of £0.3 million per year and thus little use was made of the £140 million which the Colonial Development and Welfare Act of 1950 had put at the disposal of the colonies. The government's desire for self-sufficiency and to accumulate large reserves might therefore be considered to have provided the major limitation to the country's development during this period.

Conclusion

Britain's dollar-sterling balance crisis compelled it to initiate development planning in its colonies as means to increase productivity in the raw material export sectors. In this process manufacturing industries were established where necessary to save the flow of dollars to hard currency areas. Fortunately for Britain, the favourable post-World War prices led to increased export earnings, and as these were kept in reserve in Britain, its dollar inflow increased, but as for the Ugandan economy, there was growth without development.

The 1946 plan led to increased levels of surplus generation in Uganda, as is reflected in the growth of GDP. There were also an increased deployment of this surplus within the country's geographical boundary. However, this did not alter the basic colonial structure, because the increased portion went into building an economic infrastructure necessary for import substitution industries, thereby benefiting foreign capitalists. The participation by Africans in the surplus appropriation remained mainly in the primary producing sector, where incomes were fixed at low levels. The import substitution industries which were established did little towards solving Uganda's basic problem of increased participation by the majority (Africans) or of fair distribution of the surplus generated so that the people who generate it get a large proportion. However, because they were dependent on imported raw materials, machinery and personnel, the import substitution industries instead increased the economy's vulnerability to the vagaries of the world economic system. Due to a limited internal market and the high transport costs which made their exports uncompetitive, these industries were unable to develop an internal dynamism that might have permitted them eventually to disentangle themselves, and hence the economy as a whole, from external dependence. Thus, despite favourable world economic conditions the Ugandan economy was not radically transformed and little real development had occurred. By 1960, the country was still largely dependent on the earnings of coffee and cotton, the exchange sector had not expanded and commodity specialization had not occurred. Uganda's economic structure was still susceptible to the vagaries of the weather and the international market for its two crops. The failure to expand the monetary sector to embrace a large section of the Uganda economy and to effect structural changes to accompany the post-second world war economic growth can be attributed to the colonial government's policies which sought to protect and enchance the rate of surplus appropriation for the recovery of the British economy.

Notes

1. See D. Kartun, *African, African!* London, Lawrence and Wishart Ltd., 1954, p. 6.
2. See Jagan, C. *The Forbidden Freedom,* Lawrence and Wishart Ltd., 1954, p. 81, and a speech by Hon. Ernest Bevin in the House of Commons, *Debates,* 21 February 1946, Vol. 419 Col. 1365, and the speech by the Labour Ministry for Food John Strachy in the House of Commons, *Debates,* 20 January 1948, Vol. 446 Col. 141.
3. See Memorandum from the Colonial Office to Governor of Uganda, The Colonial Empire and Economic Crisis, August by 1948, cited in M. Mamdani, *Politics and Class Formation in Uganda,* New York, Monthly Review Press, 1976, p. 250.
4. See Japan, *op. cit.*
5. See Uganda Protectorate (UP), *A Development Plan for Uganda 1946,* by E.B. Worthington, Government Printer, Entebbe, Uganda, 1947, p. 24.

6. See *ibid.*, p. 43.
7. See Ramchandani, R.R. *Uganda Asians*, Bombay, United Asia Publications, 1976, p. 139.
8. House of Commons, *Debates*, 21 May 1940, Vol. 361, Col. 47.
9. See Niculescu, B. *Colonial Planning*, George Allan and Unwin Ltd., 1958, p. 140.
10. House of Commons, *Debates*, 7 February 1945, Vol. 407, Cols. 2098 – 99.
11. See Uganda Protectorate, 1946 Development Plan, *op. cit.*, p. xii.
12. *ibid.*, p. 45.
13. *ibid.*
14. *ibid.*, p. 52.
15. Cited in Niculescu, *op. cit.*, p. 159.
16. *ibid.*
17. 1946 Development Plan, *op. cit.*, p. 58 Table 13.
18. *ibid.*, pp. 63 – 67.
19. *ibid.*, p. 10.
20. See UP, *A Development Plan for Uganda 1948 Revision*, by Sir Douglas Harris, Government Printer, Entebbe, 1948, p. vi., and Mukherjee, *The Problem of Uganda*, Akademie-Verlag, Berlin, 1956, p. 220.
21. 1948 *Development Plan*, *op. cit.*, p. vi.
22. *ibid.*, p. ix.
23. *ibid.*, p. 43, Table 11 A.
24. *ibid.*, Computations from p. 144.
25. 1946 Development Plan, *op. cit.*, p. 45.
26. See *ibid.*, p. 49., Table 10, and also 1948 Revised Plan, *op. cit.*, p. 67.
27. See 1948 Revised Plan, *ibid.*, p. 71 and Table 11 B on p. 75.
28. *ibid.*, p. 69.
29. 1946 Plan, *op. cit.*, p. v.
30. *ibid.*, p. 8.
31. Cited in R. Mukerjee, *op. cit.*, p. 171, emphasis added.
32. IBRD, *The Economic Development of Uganda*. The Johns Hopkins Press, Baltimore, 1962, p. 15.
33. See Ramchandani, *op. cit.*, p. 222 and the Department of Agriculture, *1958 Annual Report*, p. 43.
34. See Ramchandani, *ibid.*, p. 222.
35. See Lury, 'The Uganda Economy 1945 – 1960' in D.A. Low and A. Smith (eds.) *History of East Africa*, Vol. 111, 1976, p. 216, and T. Kbwegyere, *The Politics of State Formation*, Nairobi East African Literature Bureau, 1974, p. 176.
36. Lury, D. *ibid.*, pp. 218 – 9.
37. See IBRD, *op. cit.*, p. 153.
38. Symposium on Mechanical Cultivation, cited by Lury, *op. cit.*, p. 221.
39. UP, *Annual Report of the Department of Agriculture 1958*. Government Printer, Entebbe, p. 22.
40. House of Commons, *Debates*, 21 May 1940, Vol. 361, Col. 119.
41. See Table 3.
42. See Uganda Herald, 8 November 1948, cited in Lury, *op. cit.*, p. 231.
43. See Commonwealth Economic Committee, *Industrial Fibres*, London, 1951, p. 27.
44. See Rowe, J.W.F. *The World's Coffee*, London, Her Majesty's Stationary Office, 1963, p. 155. and A.E. Haarer, *Modern Coffee Production*, London, Leonard Hill Books Ltd., 1958, p. 340.
45. Sir John Hall, 'Some Aspects of Economic Development in Uganda', *African Affairs*, 51, 202 (1952), p. 128.
46. See Walker D. and Ehrlich, C. 'Stabilisation and Development Policy in Uganda: An Appraisal', *Kyklos*, Vol. 12, 1959, p. 344 – 5.

47. Bauer, P.T. *Western African Trade*, Cambridge, Cambridge University Press, 1954, p. 310.
48. Hall, *op. cit.*, p. 133.
49. *Ibid.*, p. 128.
50. See Lury, *op. cit.*, p. 230.
51. Hall *op. cit.*, p. 129.
52. See Lury, *op. cit.*, p. 230.
53. See Mukherjee, *op. cit.*, pp. 279 – 81.
54. *ibid.*, p. 262.
55. See 'Who are the Dispossessed of Ugtnda', *Economic and Political Weekly* 9 December 9, 1972, p. 2412.
56. Hall, *op. cit.*, pp. 126 – 6.
57. 1946 Development Plan, *op. cit.*, p. 5.
58. IBRD, *op. cit.*, pp. 339 – 40.
59. *ibid.*, p. 40.