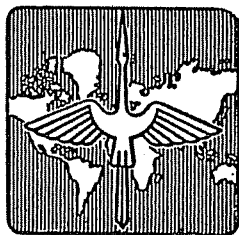
ISS OCCASIONAL PAPERS

The Role of State Enterprises in African Development
with special reference to the Uganda Development Corporation

Semei Nyanzi



INSTITUTE OF SOCIAL STUDIES
The Hague — The Netherlands

The Role of State Enterprises in African Development
with special reference to the Uganda Development Corporation

Semei Nyanzi

at present:
UN Consultant in Guyana

No. 94, February 1982

INTRODUCTION

Should State Enterprises have any role in a developing economy? What is their economic rationale as opposed to justification on ideological grounds?

Given the characteristics of an LDC economy - dual economies with multilevel technology; 'empty boxes' in the input-output matrix; degree of dependence on DCs; dependence on narrow economic base; segmented markets; segmented social and incomes structure; lack of comprehensive and neutral flows of information - it is clear that the development goals of growing welfare for all with optional resource use and allocation cannot be effected by private enterprise alone through the workings of the free market price mechanism analysed in economic theory.

Unbalanced spread effects are more likely to increase internal inequalities and dependence on a narrow base and on DCs if sole reliance on private enterprise is adopted as a development strategy. This is exemplified by the 'growth without development' models of the colonial era. Moreover, from Marshall, it was realised long ago that the theoretical model of the free market price mechanism carries a degree of negative 'externalities' - a factor which has led to current corrective state and inter-state actions on the environment.

The role of State Enterprises can be seen in the context of rational state measures and instruments necessary and designed to promote a broadly based development which permeates through internal rigidities of an LDC.

All LDCs have opted for varying degrees of state action and participation in the development effort. In particular, a variety of National Development Corporations (NDCs) have been established in addition to public

bodies for developing social and economic overheads. Some of the NDCs have been short-lived; others succeeded in reaching stages at which reorganisation into specialised sectoral Corporations has been attained (as in Egypt, Tanzania and Zambia, etc) according to respective government ideological stategies.

In the case of Uganda Development Corporation Ltd (UDC), established in 1952, new functions of running enterprises seized by the Amin regime in 1972 were imposed on top of an irrational reorganisation. Consequently, the UDC lost its effectiveness and momentum after a few years.

DIFFERENTIATION

Diversity among LDCs (state philosophies, size, resource structure, background, etc) has seen the emergence of a wide variety of state enterprises designed to promote development as instruments of policy or as agents of governments. The following distinctions among different types of state enterprises will help to put into perspective certain generalisations from the UDC example we shall use.

Sector Coverage And Mixed Ownership

A National Development Corporation Bank may be designed for general coverage; a specific sector (usually Agriculture or Industry); or for a special subsector or item (e.g. sugar, tea, housing, hotel, etc). Any of these may be required to promote the private sector only, or only the public sector, or may operate in both.

Some of the Corporations/Banks are wholly owned by respective governments; or by government plus other local parastatals (Central Banks, nationalised Insurance Companies); others have minority private participation including international financial institutions and foreign governments.

NDCs and Development Banks

NDCs can be regarded as 'non-pure' Development Banks in the sense that they use own management as the main means of planning, implementation and follow-up investment in running established enterprises. The 'pure' DB usually restricts management participation to Board level and is usually smaller in staff structure than an NDC. In considering roles, the distinction between a DB and an NDC is not basic. When an NDC is set up as the main,

or one of the main instruments for spearheading development in one or more sections, it can be viewed as a DB with the additional feature of management participation (Our use of NDCs will include Development Banks).

<u>'Market' and 'Non-Market' NDCs</u>

'Market' NDCs are those State Enterprises set up to promote development through commercial-type projects which are expected to show book profitability not significantly divergent from current levels of profitability in the domestic private sector. Some 'market' NDCs have specified minimum return on capital stipulated by the Government, but the majority have some flexibility including the UDC case.

'Non-market' ones cover either

(a) both commercial-type and socially profitable projects (e.g. Eastern Nigeria Development Corporation: Industry and rural roadworks; Northern Region Development Corporation: Industry, Training, Settlement Schemes); or

(b) specific economic or social overheads: Capital Development Authority in Tanzania and Nigeria; Water Boards; Boards for Settlement Schemes, etc.

The distinction between social and financial profitability is highly significant in considering the role of State Enterprises.

NDCs and Public Sector Enterprises

State NDC operations lead to a stream of permanent or of temporary public sector enterprises as they complete the implementation of each project.

Where there are provisions for selling-off established enterprises to the private sector (e.g. earlier Ghana Industrial Development Corporation), or the minority participation in joint ventures (e.g. Development Finance Companies of Kenya, Tanzania, Uganda), or for operating in the private sector only - the NDCs would not multiply permanent public sector enterprises to the same extent.

In all cases, the roles of established subsidiary state enterprises should be distinguished from those of their parent enterprises. The former have secondary but significant roles in development tied to the functioning of the latter.

The third stream of public sector enterprises arise from nationalisations or reservation of subsectors to government with or without NDC operations. In some countries the policy of government control of specified sectors took effect before NDCs were introduced as means of economic development.

In 1948, for example, India and Burma defined sectors reserved for Government monopolies (arms, atomic energy, railways); new undertakings reserved for the state (coal, iron and steel, aircraft manufacture, telephone equipment, mineral oils); and existing enterprises in sectors other than the above in which Government control was to be achieved over a period of years.

The Burmese specifications were even more comprehensive, prompting the UN to publish its 'Foreign Investment Laws and Regulations of countries in Asia and the Far East' and similar ones for Latin America.

Subsequent similar policies in other LDCs were followed from the 1950s onwards: e.g. India and Sri Lanka expanded specification of state sectors from 1966; Egypt, Guinea and Algeria embarked on comprehensive public sector strategies; and by the mid-1970s, Mozambique and Angola had embarked on Marxist strategies with little room for mixed enterprises.

As mentioned above, the stream of state enterprises which arises as a result of partial or comprehensive state control strategies may or may not involve the functioning of respective NDCs. Where they do, as in the Zambian case illustrated below, then the distinction of roles in development is the same as the primary-secondary type indicated above. Otherwise the government itself retains the primary role even if individual state enterprises may have autonomous or semi-autonomous status as in the models of Centrally-Planned Economies.

The Zambian example is illustrative of the features being distinguished here.

The Industrial Development Corporation of Zambia Ltd was renamed INECO Ltd in April 1970 when it became a fully-owned subsidiary of ZIMCO which had been established by the state to hold government's mining and industrial portfolios.

INDECO's sister subsidiary company, MINDECO had been formed to hold 51% of shares in two mining companies and was also a subsidiary of ZIMCO.

Government created a machinery with which to effect its policy of expanding the public sector in the form of ZIMCO. For individual acquisitions in the mining sector, ZIMCO had a special subsidiary company, MINDECO.

To streamline governmental industrial and mining activities, INDECO, not an acquisition body but a development one for the industrial sector, was made a subsidiary of ZIMCO and continues as an NDC in the role of the former Industrial Development Corporation of Zambia.

Due to wide sector coverage and a large volume of business, the National Transport Corporation Ltd was formed to take over transport enterprises from INDECO. Further, The Rural Development Corporation became the NDC for the Agricultural and Livestock sectors.

Permanency or otherwise depends entirely on government policy. The opposite case to the above is to be seen in the industrialisation period of Japan. During 1870-1900 the Japanese government established many enterprises and sold them to Japanese capitalists once they became operational. In the end, hardly any state enterprises were left other than a few public utilities.

MAIN POLICY AND DESIGN ISSUES IN RELATION TO THE DEVELOPMENT ROLE

The Basis of UDC

The main factors leading to the establishment of UDC in 1952 were the following.

(a) The coffee and cotton export price boom of the early 1950s which boosted government surpluses allocable to development expenditure.

(b) The Owen Falls Hydro-electric power station, then under completion, was going to have surplus capacity after nearly half the power of the first phase was supplied to Kenya. Government was motivated to play an active role in accelerating industrialistion.

(c) The momentum of post-war awakening to development needs had already induced the government to produce the first 10-year Development Plan 1946-1957. A more coherent development approach led to action-orientation.

From the Ordinance (now referred to as the Act) and preceeding Legislative Council debates, it was clear that UDC was to be a major instrument of government in promoting economic development on a national basis. The Electricity Board was already set up to administer the power station and to plan future supply; and the Coffee and Lint Marketing Boards continued independently.

In pursuing its objectives, UDC was

(a) to have no restriction on coverage of sectors, nor compulsory powers for acquisition of established enterprises;

(b) to operate on commercial lines and be subject to ordinary company laws except in the special cases of government directions and formal authorisation of each new investment;

(c) to have an open-ended provision for future private or other governmental participation in its own shareholding; and also in any of the enterprises it would initiate or promote;

(d) to have no restriction on the size of investment in any enterprise or research undertakings it decided to promote.

Clarity of Status Respecting Financial and Social Profitability

Some 'market' NDCs are designed to undertake only projects which show financial returns on investments. In such a case, it is necessary to build into its design a flexibility that will allow for initiatives on long term projects. Otherwise it would have but little role to play in promoting development.

Secondly, the government concerned needs to retain a capacity for initiatives in the 'non-market' sectors via other NDCs and extension work, especially in the Rural Sector. Without these other measures, a 'market' NDC which is expected to make profits, is likely to play a negative role by promoting high-income urban biases; to restrict mass access by charging maximal prices; to pay lowest wages, etc.

For other NDCs, the UDC example represents a suitable mode for the mix of book profitability and social profitability. The mode is concise and can be commonly perceived by decision makers, the UDC Board, and the public.

Variants of similar provisions are to be found in the current Hungarian formula for her state enterprises and in some of those in Yugoslavia. The lack of this clarification in a large number of State Enterprises in

developing countries has tended to undermine their respective roles, e.g. undue emphasis on one (book) at the expense of other (social) aspects, or vice versa; and the introduction of differential conceptions on the NDC's role among decision-makers, the public, and the NDC planners. This is especially damaging where no separate bodies or policy measures exist for developing commercial and semi- or non-commercial types of projects.

Section 6 of the UDC Act states:

> The Governor-in-Council may give the Corporation directions as to the exercise and performance of its functions in relation to matters appearing to concern public interest:
> Provided that the Board certifies that it is of the opinion that the carrying out of any such directions may prejudice the Corporation's financial position, the Board shall not carry out such direction until Legislative Council has approved the direction and has guaranteed that any loss made by the Corporation as a result of such direction shall be borne by the revenues of the Protectorate ...

In addition, Section 5 provides that government shall meet the financial costs of UDC research facilities which benefit the country as a whole rather than only the financial profitability of UDC.

The now reorganised Eastern Nigeria Development Corporation provides a classic example of the kinds of problems created when an NDC is designed to cover both commercial and social projects but without defined modes.

This corporation was established in 1955 to take over the then-existing organisations of the Production Development Board and the Loans Board, with no policy changes from what the two bodies were pursuing previously, thus landing the corporation with responsibility for industrial development and for 'non-market' schemes in agriculture and roadworks. Moreover, the corporation continued to operate under the direction of the Ministry of Agriculture (Commerce and Industry added in 1963) whereas the Minister of Commerce and Industry stated in

December 1956 that: 'The Eastern Region Development Corporation is Government's chief Industrial Agent ....' (From a speech at the opening ceremony of the Corporation's new offices).

Heavy pressure on the corporation led it to defend itself in the quarterly Eastern Region Development under the heading, 'Bear With Us':

Quite a lot has been said on the floor of the Eastern House of Assembly, and in the Press, in sharp criticism of the E.R. Development Corporation. Our reaction to these criticisms is one of humble request that those of you who feel strongly about our shortcomings should bear wish us.... It will take a bit longer for the various development schemes to come to full production on a profitable basis.... It will be appreciated also that a substantial part of the corporation's working capital is invested for developing and improving the road structure of the Region.... which will bring no direct return to the corporation.... (emphasis ours).

Strictly speaking, the corporation itself had no major shortcomings. Its projects profile at the time indicated that its development role was positively effective for the Region. The fault was to give the corporation a 'market' label which was not its real mixed status.

Throughout its history, this corporation has been subjected to severe criticism owing to different conceptions of its role. Smooth operation was severely affected. During March-April 1963, for instance, it was forced to invite Assembly Members, Chiefs, Councillors, and landowners of each District to tour ERDC projects in their respective Districts on the basis that what could not be seen from their books could be seen on the ground.

Clarity of Guidelines

There is always a dilemma in choosing between comprehensive or short general specifications. A brief guideline in general terms may fail to gear an NDC to take initiatives in priority areas of development; pet projects and prestige projects are more likely to be introduced. Over-definitions would tend to prejudice future patterns of investment and to eliminate the flexibility necessary for an NDC to operate on an optimal course. In both cases, an NDC would tend to lean heavily towards the already developing points of the economy which require least promotion in terms of its role. The following examples will illustrate the kinds of problems encountered.

(a) The Banco National de Desenvolvimento Económico of Brazil was directed by its charter to rank priorities in the following order: Railways, Ports, Shipping, Electric Power, and Basic Industries. This ranking was not a direct extract from the National Plan, and in itself made the detailed specification undesirable. The Bank's own cash flow considerations caused it to shift to growing points of the economy by giving 'Basic Industries' a wide meaning - nullifying the original ranking. Moreover, as the effect of a unit of investment must vary considerably among the ranked subsectors, a look at actual investments which appear to follow the prescribed priorities, may in fact mean little to those ranked highest.

(b) The Agricultural, Industrial, and Real Estate Credit Bank of Lebanon was set up to direct its investment as follows: 2/5 Agriculture; 2/5 Industry; 1/5 Real Estate.

To begin with, such a definition is inoperable over time as all investments are in discrete phases and cannot keep a strictly prescribed proportion among concurrent projects. Secondly, as in the case of all other NDCs today, the borrowing powers of the Bank and use of credit facilities would make it difficult to define at any time its investible resources and relate it to proportions previously specified.

In the case of UDC, the objectives and modes were defined in broad but unambiguous terms. It was then subjected to ordinary Company Laws of the country. The majority of LDCs have followed this course for their 'market' NDCs.

In all cases, a balance between clarity and flexibility should be struck. At the operational stage, to ensure consistency between NDC guidelines, operation and the National Plan, it is desirable that the NDC itself should be involved in the national planning process at the highest level. In Uganda, the Chairmen of UDC and of the Electricity Board were also members of the Planning Commission along with a number of Cabinet Ministers.

ECONOMIC SECTOR COVERAGE

The important rationale for designing an NDC of general scope is to establish an effective machinery which can pursue and take advantage of the 'Balanced Growth' approach. In the case of Uganda, the conditions and immediate potentials warranted this basis. It is doubtful if the longer term diversification projects - estate tea development with out-grower schemes, commercial beef ranching with out-ranchers, etc. - could have been established on the same national scale. This was achieved by UDC quite early on through ploughing-back profits from

the more profitable industrial companies, and through being able to raise substantial long-term finance due to broadened assets position.

In many respects, the national integration of the economy is more likely to be developed by a general scope NDC. Levels of necessary coordination, planning and implementation are reduced to a minimum as opposed to when there are a number of separate specialist NDCs.

However, one cannot generalise with certainty on the relative points of sector coverage. Much depends on resource limitations in relation to the volume of business that the NDC has to handle. This is why many NDCs which started with general coverage reached stages at which sectoral separation became necessary. Alternatively, separation in other cases has resulted in the creation of Umbrella Holding Corporations, as in the Zambian case above.

Some LDCs have reasoned that agricultural development requires a specialist NDC from the start. The idea is that agricultural projects mostly require long-term capital as compared with manufacturing; and that planning, marketing, and processing are better integrated in a specialized Agency. NDCs for subsectors or single items have been designed on this basis or as results of reorganisation. In principle, the advantages of 'balanced growth' is still achievable through central planning and coordination at operational levels. In practice, however, such coordination is likely to suffer through bureaucratic 'empire building', differential standing and influence of Ministers, etc.

It can be generalized that the smaller OIDCs would probably run the risk of duplication of overheads by establishing several specialised NDCs. Such countries might be well-advised to design only one general scope NDC to integrate respective government development par-

ticipation outside government departments.

Several other advantages of general scope NDCs worth mentioning are:

(a) The NDC would be in a position to develop and refine a uniform system of project identification, study and evaluation, which would ensure better priority ranking and investment criteria as proposed, among others, by OECD, the World Bank, and Little & Mirrlees. This would strongly complement and raise the quality of central planning.

(b) The NDC is better placed to take 'adjustment' projects - e.g. to minimise regional inequalities; to increase the production of an item to boost foreign exchange earnings capacity if a crisis develops; or to relieve a depressed region - without significantly affecting its overall financial position.

(c) It can decentralise its corporate management structure. This is more amenable to the evolution of a condensed and technically-adequate Head Office, capable of assessing and directing new investments with relatively greater precision, than a restricted NDC. Specialist semi-autonomous subsidiaries and Divisions would meet the arguments for specialisation.

(d) The NDC can minimise areas of conflict between subsectors of small-scale enterprises to be established and those to be displaced in the foreseeable future (especially if it has no restriction on size of projects promoted). It can more satisfactorily ensure complementarity from its general coverage position - e.g. an Industrial NDC operating separately from a special NDC for small-scale enterprises could conceivably wipe off some enterprises promoted by the latter from time to time.

(e) It is better able to counterbalance negative aspects of TNC operations in countries where they are allowed to participate.

Subjection to ordinary company laws may not be appropriate for most 'non-market' NDCs, but it has certain in-built safeguards for efficiency:

(a) Decision making methods, management procedures, technical and professional capacity, are more suitably attained from the standard practices of other efficient companies. At the Board level favourable qualities of Directors are implied or specified. In the case of UDC, the appointment of Directors in every case was to be by '... reason of their ability and experience in business administration....' When one adds to this the personal liability of Directors contained in Company Laws, the effect on efficiency is significant.

(b) Supervisory and administrative capacity is created in direct relation to volume of business - thus avoiding bureaucratic multiplication common in government departments and semi-autonomous Boards not structured along commercial lines.

CAPITAL STRUCTURE

Under-capitalisation in terms of envisaged phase roles and commitments has been a root cause of many NDC problems and of placing others into degrees of negative roles. In Uganda, gross under-capitalisation of the Uganda Electricity Board forced it to pre-empt rural electrification indefinitely. Financial costs and re-payment schedules forced it to maintain relatively high tariff charges with a negative effect on industrial development. A strange situation has occurred of lower

tariffs being charged for power supplied to Kenya than those that applied in Uganda from this same hydro source.

Substantial provision of, and actual subscription to, initial UDC equity capital, provided a sound basis for planning immediate and future investments according to a rational phasing of projects. This was made possible by windfalls in export earnings as indicated above - special and uncharacteristic circumstances for current OIDCs.

In some cases, governments have provided most, if not all the initial capital of its NDC in the form of loans on concessionary or near-commercial terms. This saddles the NDC, from the first day of its operations, with interest and repayment burdens. Negative features then come into play, such as

- Room for flexibility in considering financial and social returns according to rational priorities is curtailed.
- The NDC would tend to maximise the prices of its products and services; seek undue protection and subsidies, etc. All this would be against its development role as its course would become more and more urban-biased and high-income biased.
- Ability to initiate individual projects based on appropriate capital structuring for smooth completion and operation becomes limited by its own weak capital structure.

Under-capitalisation and loan capital problems are also suffered by many State Enterprises in DCs. For those that are established in order to promote development in LDCs, such as the German Development Company and the UK Commonwealth Development Corporation, the effect on the positivity of their roles is noteworthy. For example, as at 31.12.1976, the capital of the Commonwealth Development Corporation consisted of:

Capital Liability to Government = £19,645,045
Deferred Liability to Government = £16,190,840
Secured and Other Loans = £ 1,190,009

These carried current liabilities of £17,485,345. Advances by government to that date are repayable at various dates up to the year 2008 at rates of interest ranging from three to 13.7 per cent.

Apart from forcing CDC to concentrate on projects with the highest financial returns, irrespective of a country's development priorities, a study of abortive projects that it has promoted suggests that they failed mainly because of unsound capital structuring.

In most cases there are provisions for the respective government either to capitalise some of its loans to an NDC into equity, or to write these off at some future date. The above considerations would still apply. The NDC's ability to undertake concurrent projects, or to effect a wide horizontal integration in the case of a specialist NDC, would be limited to annual considerations. The NDC cannot be precise about its capital position in the range of three-to-four years, which is a reasonable planning period for projects requiring commitment or rejection. Timings of capital availability and the proper phasing of new projects would be out of line for most of the time.

NDCs AND SMALL-SCALE ENTERPRISES

Reservations to deliberate incorporation of small-scale enterprises in government participation and national planning may be caused by the following.

(a) Economies of large-scale modern enterprises intended to dominate activity in the long run, would produce cheaper and better quality goods and services. Should a stage be reached for a large-scale enterprise to be warranted for a product hitherto partially produced with public assistance on a small scale (e.g. leather tanning, fishing, shoe making, pottery, etc), the resulting displacement of many small-scale operators (if their vested interests can be politically overcome or suppressed) would mean wasted resources.

(b) The efficient administration of small-scale enterprises nationwide would entail prohibitive costs. The failure risk is high, making it an unsuitable area for the use of public funds.

(c) Only a small proportion of people would be promoted, introducing new elements into the internal pattern of inequalities.

Against these, one notes the residual and persistent sectors of small-scale enterprises in DCs including CPE countries (smallholder farms). In a development context, the impact of small-scale enterprises on employment, incomes, increased mass access, use of scarce resources (capital, foreign exchange, local raw materials), use of appropriate and accessible technology, and increased integration of production and distribution chains, are all positive and capable of being planned to occupy a vital position in a broadly-based development plan.

Within the perspective plan of a country, current and future groups of enterprises and activities of small scale will be found which would be complementary and/or supplementary to the planned core of industrialisation and modernisation in all sectors.

Specialised NDCs for the promotion of small-scale enterprises have been established in many LDCs. Nevertheless, all NDCs - specialising in particular sectors or of unrestricted coverage - have significant roles in the small-scale and informal sectors. The key areas are:

(a) Maximisation and spread of sources; use of local contractors for inputs and outputs; and disposal of waste products and materials usable in the informal sector and in small-scale enterprises.

(b) Emphasis on horizontal integration as opposed to vertical integration of large-scale enterprises, e.g.

(i) A vertically-integrated cotton textile mill in an LDC that produces cotton, is likely to have a lesser development impact than a project of similar capacity in which cleaning, ginning, and spinning are decentralised to numerous cooperatives and small-scale operators. Most other industrial projects can be similarly decentralised.

(ii) In agriculture, livestock and fishery projects, the integration of small-scale producers through outgrower-type schemes is advantageous, or decentralisation based on specialisation.

Unfortunately, project planning or the formulation of programmes by a large number of NDCs do not pay adequate attention to these principles, with the result that either:

(a) they have found themselves in roles damaging to development; or

(b) they have attracted reactions that are damaging to their continued smooth functioning.

This can be illustrated with the following examples.

(a) In Uganda, UDC set up a large-scale shirt factory which displaced numerous small-scale shirt manufacturers. This was done with Japanese partners. The factory was based on duty-free imports of textile materials despite the fact that UDC owned a local textile mill and that former operators had used local textiles and only a small proportion of imported materials which carried a high duty. UDC was influenced by the availability of a soft loan for the project provided by the Japanese government and profits expected in the short term. However, the damage of causing net unemployment and of operations behind undue protection is obvious.

Again, when UDC established a meat processing plant (on another foreign government credit for a turnkey project), it could not get off the ground for more than ten years, a principal reason being the vested interests of numerous butchers who had political influence. Integrating features covering local cattle marketing-ranching-processing-local and export marketing, were not adequately incorporated into UDC's planning for the meat industry. Only its ranch schemes incorporated out-ranchers.

(b) The displacement of small-scale enterprises by large-scale projects caused serious controversy in 1956-57 in the then Eastern Region of Nigeria. The capital-intensive Pioneer Palm Oil Mills Scheme established by the capital-intensive ERDC displaced thousands of hand-press small-scale producers.

Moreover, the Corporation's funds for the scheme came from the same group of small producers in the form of surpluses of the Palm Produce Marketing Board, which formed part of the capital of the Corporation.

(c) In the late 1970s, Japanese TNCs have signed joint venture agreements with most Asian countries for off-shore fishing in territorial waters. Respective interests are operated by specialised NDCs for the fisheries sector in most cases.

The resulting trawler fishing, processing by factory ships, and fish and fish meal exports to Japan, not only reduced or wiped out the livelihood of hundreds of thousands of traditional fishermen and rendered them unemployed or under-employed, but also accelerated overfishing in national waters. For a populous region such as this with relatively high unemployment rates, this pattern of developing the fishing industry is a damaging one. In only a few cases, such as the Kerela Shrimp Scheme, have local fishermen been integrated satisfactorily into expansion and modernisation of the industry.

It may be argued that increased foreign exchange earnings from large-scale joint-venture fishing could be used for other development purposes which would eventually benefit displaced fishermen and improve the availability of fish products. In practice, however, the rigidities and lack of 'spread effect', together with the worsening debt situation of Asian OIDCs, are more likely to keep the traditional fishermen in their displaced position for the foreseeable future.

In the small-scale enterprises sector, the nature of the positive role of a specialised NDC is the same as that for all other NDCs. Unlike the late 19th century Japanese model, no current developing country has estab-

lished a specialised NDC for the sole promotion of the private sector without having other NDCs for specified or unspecified public sector development. In all cases, the guiding principle for a better development impact is spread and integration. The NDC needs to assess and identify its management and capital limitations on a regular basis to allow for effective phased operations without detracting from the development needs of geographical and social spread.

OPERATIONAL ISSUES FROM THE UDC EXAMPLE

The Setting

By 1952, the Ugandan economy was heavily dependent on cotton and coffee grown by family units in most rural districts - forming 99 per cent of total exports outside East Africa. Seventy per cent of GDP was from Agriculture and only six per cent from Manufacturing, restricted to sugar manufacture (two estate-based units), cotton ginning, coffee curing, food products, and cigarettes.

Subsistence activities formed between 25 and 30 per cent of GDP; out of a total population of 5.4m, less than one per cent were in urban areas and less than 0.15m adults were in paid employment. Under the 1946-1957 Development Plan, while assuming that the hydro-electric scheme would stimulate industrialisation, the agricultural sector was to play a dominant role on a broadened basis for which alternatives of collectives, cooperatives and small-scale methods were considered. Education, health and infrastructural development received the first major emphasis.

In 1951, government revenue totalled £15.8m, of which 31 per cent was from Customs and Excise duties. Cotton (£5.8m) and coffee (2.1m) taxes formed 51 per cent.

The East African Royal Commission of 1953 strongly criticised this method of raising funds for development. Its Report states on p. 11:

We think it would be objectionable to impose forced savings on a group of indigenous producers in order to provide capital for what is generally known as private enterprise .... At the time when the government of Uganda was directing capital in a number of diverse industrial projects, it was failing to make adequate provision for roads and communications which would have encouraged the expansion of cotton and coffee production ....

Two factors justified the approach, however, i.e. the strategy of reducing reliance on two crops, and the special situation of Uganda at that time with its limitations on private enterprise participation. In the latter case, the lower average incomes of the African population combines with exclusion from land ownership of the commerce-monopolising Asian group and of foreign investors, imposed strong limitations on major private initiatives outside the primary sector.

During the 1950-52 boom, private enterprise failed to initiate new projects with which to utilise the new capacity of the hydro-electric power scheme. Initial consumption trends were as shown in Table 1.

Year	Industrial Consumption (000,000 KWH)	Total Domestic Consumption	Installed Capacity
1950	4.6	5.0	9
1951	10.1	8.7	17
1952	12.7	13.6	17
1954-55	Capacity on Commissioning		60
1957	" " "		90
1959	" " "		120

Extracts from the Corporation's Annual Reports and Accounts

Table 2. Key Growth Statistics in 1970

Category	Position at end 1970(3)	Comparative Indices	
		1966=100	1961=100
Book Fixed Assets (1)	588,061,081/-	138	210
Book Fixed Assets (2)	481,203,421/-	134	275
Gross Turnover (1)	614,519,852/-	137	364
Trading Profit (2)	59,364,534/-	115	295
Wages & Salaries (1)	109,941,826/-	140	312
No. of Employees (1)	23,981	115	212

Table 3. Distribution of the Group's Net Assets by Sector

Sector (1)	Net Assets end 1970(3)		Comparative Indices	
			1966=100	1961=100
	UShs.000's	%		
Banking, etc.	32,588	10.9	211	n.a.
Property	15,963	5.3	102	98
Hotels & Tourism	31,899	10.7	147	238
Agriculture	71,968	23.8	103	261
Food Products etc.	45,504	14.4	206	960
Industrial	16,634	5.6	152	378
Textiles	69,479	23.1	118	150
Fertilisers	8,136	2.8	95	407
Building Materials	37,889	12.6	220	109
Mining	7,455	2.5	109	42
Less Borrowings (4)	(35,529)	(11.7)	-	-
Total	301,986	100	148	179

Notes: (1) Refers to the whole Group

(2) U.D.C. and its subsidiaries only

(3) Pre-1967 results have been converted from sterling to Ugandan currency at rate of 20 U.Shs. = £1.

(4) Borrowings relate to short term loans, mostly in the financial sector

(5) Capital expenditure for Kilembe Mines is written off as incurred per standard practice.

While the short-term problem of surplus capacity utilisation was envisaged, the long-term objective of a broader base for development became the primary function of UDC.

Investment and Management Structure: An Overview

The growth and sector distribution of UDC investment are summarised in Tables 2 and 3, while details of investment and management structure are portrayed in Charts 1 to 5 in the Appendix.

To isolate the main operational factors entropic to its development role, it is convenient to analyse UDC in three periods: 1952 to 1961 representing the initial momentum; 1962-1970, i.e. the post-independence period until the military takeover under Amin in January 1971, and 1971-1980.

1952-1961

The first decade of UDC's operations was also the last decade of colonial rule in Uganda. The political climate in colonial Africa generally was dominated by nationalist movements for political independence with armed conflicts in the settler colonies of Kenya and Algeria. Constitutional reforms were undertaken in Uganda from 1954 with the aim of eventual self-rule.

The general economic effects of the political setting included the following.

(a) The emerging politicans raised the expectations of the masses for a higher standard of living.

(b) New uncertainty arose in the minds of non-African private investors about the immediate future.

(c) Greater government attention was given to secondary and post-secondary education and training of Ugandans for all levels of the administration.

(d) Political reforms induced increased government attention to agricultural improvements (marketing cooperatives; elimination of the middlemen; new cash crops, e.g. tobacco, tea); and economic overheads (expansion of telecommunications, trunk roads and railways). A Committee was set up in 1954 to formulate a five-year Development Plan and in 1955 a Minister was appointed specifically for Land Tenure affairs - reflecting the priority given to peasant production in the Development Plan.

The direction of UDC Investments in industry, mining, tourism, property, agriculture, and banking had several motivating factors.

(a) Rationalisation by bringing previous government investments in commercial enterprises under UDC: cement works originally built to supply hydro-electric dam construction; and Lake Victoria Hotel.

(b) Investing in other existing enterprises:

  (i) Considered vital or basic - copper mine, iron and steel, grain milling, and mineral exploration;

  (ii) considered vital and requiring increased protection - textiles;

  (iii) in which existing owners based in Kenya sought UDC participation for capital injection to maintain operations - meat packing, and fish processing.

(c) New long-term projects which private entrepreneurs were unlikely to undertake, but which had significant impact on broadening development - tea, and hotels.

(d) Import substitution - enamelwares and textiles.

(e) Investment in commercial overheads to induce future investment and location of industries - property.

(f) A move to promote small-scale enterprises - Lombard Banking for guarantees and hire-purchase facilities.

A system of decentralised organisation was evolved with the Head Office in four functional divisions before expanding to the structure shown in chart 1. Initiated projects were implemented by the incorporation of subsidiary companies which, in the case of Agricultural Enterprises Ltd, operated through yet further subsidiary companies. Participation with private investors was in the form of joint venture companies or simply the purchase of shares in existing companies. This latter group will be called Associated Companies in order to distinguish them from wholly-owned subsidiaries and those in which UDC had majority holdings.

Relation with Subsidiary and Associated Companies

Though devolved into own Boards and management, UDC had the following links with Subsidiary and Associated Companies:

(a) The Chairman represented the Corporation on all Boards of Associated Companies. In cases in which UDC had more than one seat, other UDC Directors filled them.

(b) The Chairman also became Chairman of the Board of each Subsidiary Company, other Directors of such a Company being appointed by the UDC and sometimes including UDC Directors themselves.

(c) UDC provided Company Secretaries through its Secretarial Division, for all subsidiary and Associated Companies except Kilembe Mines Ltd.

(d) An Investment Management Division (later restructured into offices of Executive Directors, chart 1) formed the link between the General Manager of a Subsidiary Company and UDC, below Board level, for both monitoring and assistance when needed.

The structure was to ensure policy and operational coordination at all levels and to provide an authoritative focal point at Head Offices.

Phase 1: Entropic Qualities

(a) Arising From Government

(i) Changing political conditions induced government to embark on Board appointments of indigenous Directors outside the provisions of the Act. This was to produce a politically-suitable image.

(ii) Formal relations with government involved a government Consultative Committee introducing 'interference' in the formulation and direction of UDC investments to a greater degree than the shareholders role governed by Company Laws to which UDC was originally subjected. The first World Bank Mission to Uganda in 1961 pointed out the undesirability of the Consultative Committee machinery. UDC autonomy as a 'market' NDC with suitable provisions for socially profitable projects was undermined to a certain extent by an intermediate body at the top of the Board.

Over time, these types of political influences tended to become the most dominant negative factors, as will be outlined under the following UDC phases. They tended to turn an NDC away from its original basic objectives. Ministers in LDCs frequently made statements

to the effect that their NDCs were to be independent and above politics. At the same time, practically all Board appointments (especially in Africa) have moved away from neutral criteria to one that is purely political. It is common to see wholesale Board and top management changes whenever governments change.

(b) Arising From Within UDC

(i) Misallocation. These political influences, combined with UDC's own weakness in project identification and lack of ability to rank new undertakings according to developmental criteria, resulted in misallocations. It is doubtful whether UDC's early investments in Uganda Meat Packers Ltd and Uganda Fish Marketing Corporation Ltd were essential or had any development value.

These were established enterprises owned by a single firm based in Kenya. From its own group position it was in a position to plough back more profits and/or use the ordinary banking system to maintain its Ugandan operations. UDC investments in these companies did not create any new capacity but only improved their liquidity position; nor were they undertaken with planned linkages for the future development of the meat and fish industries.

Projected dividends which may have enabled UDC to recover its captial did not materialise. In the meat case, UDC attempted to rationalise its position by regarding the original investment as part of the development of an integrated meat industry, and ended up in early 1964 by buying out (again wrongly) private investors at a loss when cattle prices and competition by small butchers made the operation unprofitable. By this time, UDC included the need to maintain employment in its argument for increasing its investment in an enterprise which should have been closed, and out of which the original private owners had realised full returns on their investment.

Similarly, UDC bought out the fish company at a time when increasing costs (especially of payments to small-scale fishermen supplying the company's processing operation) had made it accumulate heavy losses.

In both cases, UDC should have started with a programme which promoted and integrated existing small-scale Ugandan operators in a phased expansion and modernisation of the fish and meat industries. The original owners of the two companies based their operations on paying low prices for cattle and fish supply from traditional producers.

(ii) Managing Agency Costs. The broadening of the educational system to cover technical, professional and vocational training was not ready at the time of UDC's establishment, with the result that for the period under review, skilled managerial staff were not locally available for diverse UDC activities. This contributed to UDC's extensive use of Managing Agents for the majority of its major enterprises except hotels and tea enterprises.

Sir Arthur Lewis has advocated in The Industrialisation of the Gold Coast that this system is desirable at least in the initial stages, in order to establish and maintain efficiency. In his view, the alternative of incompetent and inexperienced local personnel was more likely to result in mistakes that would be more costly than Managing Agency fees of specialist firms. This would be so provided:

- the fees reflect actual managerial costs.
- the Agreement provides for training and upgrading of local employees.
- the Agreement is temporary, with incentives for higher efficiency, early localisation, and penalties for loss-making which cannot be accounted for by unavoidable

external factors.

The early UDC Managing Agency Agreements did not contain these provisions. Firstly, the long-term nature of the Agreements did not guarantee efficiency as Managing Agents were assured of fees regardless of whether the enterprises they managed made losses or profits. Secondly, UDC's capacity for internal cash generation for reinvestment in new projects, and for a more rapid diffusion of technical and managerial skills must have been retarded as a result. Lastly, the Agreements reduced UDC's ability to harness the positive aspects of TNC operations in Uganda while avoiding negative aspects: e.g. Kilembe Mines could make major adjustments affecting exploration activities according to the Group needs of the Managing parent based overseas rather than UDC or Ugandan needs.

(iii) Management Functions vs Initiation of New Projects. Given minimum legal requirements for Board meetings each year, the system of relations with Subsidiary Companies required a substantial part of the Chairman's time at the expense of time for formulating UDC Board policies to provide efficient direction of new investments. Moreover, a systematic own or independent review of overall operations was not undertaken during the period apart from yearly surveys for Group budgets and accounts.

Hence, as the number of subsidiaries increased, the tendency to promote new developments would decelerate.

(iv) Propagation of Internal Inequalities. UDC investment in housing meant a further raising of the living standards of the high income groups in urban areas. The investment would have had a greater developmental impact if it had been part of an urban low-cost housing scheme

given the existing shortage for low income groups.

The argument that investment in high grade housing and office blocks would promote the siting of new enterprises in Uganda may at first appear reasonable. But given the internal imbalances, and the fact that the promotional role here was not calculated for any identified new projects, these imbalances were perpetuated rather than corrected by the UDC.

Investments in Lombard (Ltd) can also be viewed in this light since the company catered for the hire purchase of luxury goods by a very limited high-income group. This operation eventually failed, but the feature of promoting inequality had been planted.

(v) <u>Capital-Intensive and Vertical Integration Biases</u>. We have seen earlier that the textile mill continued to expand as a vertically-integrated plan which reduced employment impact, income spread, and regional development. Similarly, for all other processing and industrial enterprises, UDC omitted to study the alternatives of devolving the processes onto cooperatives and small-scale enterprises, except in the tea and livestock sectors.

1962-1970

The economic trends from the previous period became governed by the First and Second Five-Year Development Plans 1961-66 and 1966-70. Apart from the Plans themselves, a machinery for Central Planning was established with the Chairmen of UDC and of Uganda Electricity Board as Members of the Planning Commission.

Other important factors included:

- constitutional changes in 1966 after which government adopted more socialistic policies culminating in 1970

with the acquisition of majority interests in Banks, Insurance Companies and major private enterprises in all sectors;

- the 1948 East African High Commission was replaced by the East African Common Services Organisation on Tanzanian independence in 1961. In 1967 it was transformed by Treaty into The East African Community.

The agricultural sector continued to dominate the economy: exports of cotton and coffee amounted to 70 per cent, with tea taking a gradually larger share. GDP increased by an average 3.9 per cent per annum during the period.

The 1969 census and projected estimates showed that of the total population of 9.5m, 0.8m lived in urban areas, the density of which ranged from 30 persons per sq.km. in the North to 71 in the South West.

The same period saw rapid growth of UDC investments, propelled by the following.

(i) The political and economic desires of post-independence government, e.g.
  - Uganda Spinning Mill, 1967: integrated cotton yarn manufacture; final project form directed by government; total cost almost equalled UDC share capital.
  - Up-country town hotels, 1969: government directed.
  - Meat Canning Factory by direction.
  - Vegetable growing by direction to take over existing enterprise.

(ii) Greater tendency of local and overseas investors to seek UDC participation, e.g.:
  - iron and steel
  - hoe manufacture
  - jute bags manufacture
  - shirt factory

(iii) UDC's own initiatives: tannery; salt project; National Park lodges; and several new agricultural schemes.

(iv) UDC expansions: second cement factory; textile printing; fertilisers; tea; ranching.

(v) UDC consolidation: banking.

A brief mention of UDC involvement in the finance sector will illustrate some of the consolidating mechanisms which it adopted. Ugandan Bank Ltd was registered as Bank for purposes of inter-company lending and borrowings, and was managed by UDC's Finance and Accounts Division. It was designed to use temporary surplus funds from some Group Companies for short-term lending to others, and to keep the net advantages of deposits/overdraft within the Group.

Uganda Crane Industries Ltd was devised to attract the institutional inflow of new capital, mainly from overseas private and governmental finance institutions. It was a Holding Company with a mix of shares of three profitable and dividend-paying Subsidiary Companies, and of two Companies (Agricultural Enterprises Ltd, and Uganda Hotels Ltd) at stages of development. In the latter two cases, private investors would not have subscribed capital directly due to the fact that profitability was likely only in the long term, at levels dependent on external factors.

UDC initially held all the shares of Crane Industries with the intention of selling off as much as possible. As an incentive, a guaranteed dividend of eight per cent was stipulated, together with an option for any buyer to resell part or all of his shares back to UDC at any time by giving six months' notice.

UDC was thus in a position to attract lump sum capital for medium and long-term investment at the cost of foregoing some of the dividends from its three Sub-

sidiary Companies. Basically, the advantage was lump sum untied capital as opposed to yearly dividends for financing any new project more satisfactorily.

Development Finance Company of Uganda was formed by UDC, in equal partnership with the British and German Government Development Corporations; with the intention of promoting medium-scale private enterprises.

Concurrent investment in large-scale projects without further government subscription to UDC capital led to cash flow problems in the last part of the period. By 1970, new loans were no longer being made to small-scale industries. Similarly, increased technical and professional management requirements in diverse fields caused stress in the management structure in the face of post-independence pressure for Ugandanisation. UDC commissioned independent Management Consultants to review the Corporation in 1967 and again in 1969, resulting in modifications designed to coordinate Group training, to improve investment management, and to use better systems of recruitment, performance evaluation, and succession.

ENTROPIC QUALITIES

A. Political

Immediate post-independence conceptions of political independence and the executive powers of government, motivated government to make significant amendments to the UDC Act. It is to be expected that in any circumstances, some amendments and rationalisation of Colonial Laws will follow upon Independence to take account of a country's new sovereignty. In the case of the UDC Act, the amendments went further than rationalisation - even though the current Five-Year Development Plan and government

statements did not refer to any change in basic objectives or in the role of UDC.

The most important change was the removal of autonomy as early as 1963. Section 6 of the Act was amended to read:

The Minister may give to the Corporation such directions as to the exercise and performance by the Corporation of its functions under this Act as appear to the Minister to be requisite in the public interest, and the Corporation shall give effect to any such directions.

It might be thought that under ministerial collective responsibilityand answerability to the Legislature, this type of provision is in practice not radically different to the original UDC one. For example, in nationalised industry operations in the UK, Ministers rarely use the powers of direction which they hold. However, in an LDC situation the calibre, development perceptions, and responsibility status of the Minister concerned are highly significant in the functioning of an NDC.

In the UDC case, there was no obligation under the then prevailing cabinet system to refer anything concerning UDC to Cabinet or to Parliament, except the statutory Annual Reports and Accounts. This meant that the Minister, for example, could hire and fire UDC Group staff at any level if he could attach some 'public interest' label to such actions. He could write letters of direction on any operational aspect of UDC or on new projects, whether or not these had been studied by UDC or his own Ministry.

A good example of such action was when the Minister directed UDC to award the large Tender for the second cement works to a particular firm on the pretext of speedy execution in the'public interest'. At that time, eleven international Tender quotations were being evaluated and compared before final consideration by the UDC Board. Obviously, the East African Agent of the firm concerned

had attempted to bypass tender procedures and managed to influence the Minister. In this case, the UDC Board interpreted its own powers in the Act and rejected the Ministerial directive which, incidentally, was not formal enough in that he did not quote the Section of the Act under which he was writing his directive. Previous letters of direction on the same subject were written by the Minister's Permanent Secretary on the Minister's orders, and all were ignored by UDC.

The same supplier's Agents independently prepared numerous Turnkey projects and submitted proposals for execution directly to the Minister, after reading through the National Development Plan. In turn, the Minister directed UDC to implement these projects as proposed, but his directions were again ignored.

In this particular incident, rational action by UDC prevailed over irrational ministerial directives; the Minister was dismissed for this and other reasons. However, the amendments to the Act set the stage for significant shifts in the role of UDC as a 'market' NDC according to original conceptions. The main effects were:

- tension and conflict instead of coordination between the administering Ministry and UDC;
- the Board lost much of its initiative and zeal through not knowing whether or not the Minister responsible at the time would be thinking along the same lines;
- predominance of salesmanship tactics by machinery suppliers, which tended to determine the direction of new projects regardless of priorities or viability;
- genuine investors no longer felt the samme confidence in the finality of Board authority;
- pressure for political or prestige projects without financial redress to UDC could have led the latter to

play a negative role in development. This also applied to the ambiguousness of the mix of 'market' and 'social' profitability, introduced by the amendment.

The second political factor was the change in government development strategy a year before the end of the Second Five-Year Development Plan in May 1970. The change was defined well enough in terms of adopting public sector dominance as a long-term strategy. Government began taking over existing major private enterprises, including banks. Many industrial enterprises were turned over to UDC to manage on behalf of government, while others either had direct Ministry of Finance representation or were subjected to other Parastatals to manage. Hence, the management of nationalised industries was added to UDC's development role - straining efficiency and distracting from new initiatives to a greater degree than otherwise would have been the case.

Thirdly, politics was conceived by many as a source of income. In order to maintain support, members of the ruling group were tempted to use their positions to place adherents in jobs through channels which operated completely outside UDC-established systems of recruitment, training and promotion. Not only was efficiency lowered this way, but the necessary cooperation, management discipline, team work, and company loyalties also suffered increasing setbacks throughout the UDC Group. At the Board level, more and more political appointees were introduced for similar reasons and with the same effects.

On the whole, these ingredients of negative political influence have been experienced and continue to plague the majority of NDCs elsewhere, tending to limit the scope of an NDC's effectiveness in development.

B. Arising From UDC

(a) Management capacity and financial constraints

Although the UDC maintained its management structure, its manpower content became overstretched by the escalation of management functions.

The formidable financial strains were not caused only by government directives; UDC worsened the position by:

(i) The self-financing method followed by its Subsidiary Company in respect of the £2.5m cement factory. Group Cash Flow could have been better if this profitable project had utilised outside loans.

(ii) Unchecked growth of unproductive overheads, e.g. a new Head Office Marketing Services Division which duplicated the sales departments of specialist subsidiaries. Again, considerations of prestige rather than of needs were behind the expensive office furnishings, types and number of office cars, standard of staff housing. Increasing expenses for such items bear no relation to development promotion. In the majority of NDCs elsewhere it is common to find that soon after establishment, one of the main concerns is to put up prestigious office blocks and residences.

(iii) The system of funding new projects obscured more accurate three-four year Cash Flow estimates. Action on predicted shortfalls tended to come too late. When a Subsidiary Company is formed to implement a new project, its Cash Flow and profitability are projected. UDC advanced interest-free loans (until 1969, after which charges were made) up to the operational stage, when advances were capitalised into equity and partly into formal loans, as the capital structure required. When

several new companies operate concurrently in this way, their capital structure may appear adverse, while at the same time the UDC's own books show credits (loans or advances), which later are suddenly converted into equity which would take more years to yield dividends. The element converted into loans also took many years to repay in that the terms were not strictly geared to the respective company's cash flow projections: this was due to the paternal protection of UDC. Accurate and thorough financial planning was not undertaken by UDC.

Increasing cash shortfalls led UDC frequently to take unwise decisions. Short-term funds (especially deposits with Ugadev Bank) were used to finance long-term projects for maintaining implementation work, leading to worse financial problems for subsequent periods.

(iv) Despite the diversity of the projects, the UDC attempted to impose a degree of uniformity and standardisation among subsidiaries. This was incompatible with the subsidiary autonomy necessary to maximise development of the various specialities. Moreover, uniform bonus systems and performance evaluation merely resulted in higher wage bills, in most cases unrelated to production.

(v) Trends which discouraged labour-intensive technologies were unchecked: e.g. automation of printing and finishing in the expansion of the textile mill; automation of tea processing by CTC capital-intensive method; mechanisation of a wide area of handling in Group enterprises.

(vi) Trends of the previous period of vertical centralisation of projects continued except for the tea

and livestock enterprises. The only other project to have wide lateral linkages was East African Distilleries which relied entirely on numerous cooperatives and small-scale producers for its main raw materials.

C. Conclusion

The combined play of the types of political and internal factors mentioned above are entropic to an NDC operation, however well designed it may be. The element of growing corruption in government machineries has left very few LDCs unscathed, and imposes negative results on many NDCs.

1971-1979

Background

Amin seized power through a military coup in January 1971. The army was immediately purged by reprisal killings and dismissals to make place for Amin's minority ethnic soldiers and ill-trained non-Ugandan conscripts who provided his power base for rule by force and terror. The killings and terror tactics extended to all sections of the civilian population for the next seven years, with an estimated death toll of up to 200,000 and many more who fled the country as refugees.

The Asian community who had dominated the trade sector were expelled en masse at the end of 1972, followed by the nationalisation of all British interests in 1973. Strained relations led to the collapse of the East African Community at the end of 1976.

For Uganda, this period represents a unique case of a reversal of economic and social progress which led it to become a feeble state, with the following characteristics.

(a) Dependence on subsistence production. Before 1971, GDP comprised on average 70 per cent monetary and 30 per cent subsistence sectors. After 1972, monetary sector production declined to 67.8 per cent in 1973 and to 66.5 per cent in 1974, with similar declines for subsequent years.

The majority of the population, the peasant farmers, concentrated on subsistence production as a preferred means of living under adverse circumstances. Due to a relative availability of land, the economy stopped short of total collapse owing to this subsistence production, even though inputs such as hoes and ox ploughs could only be obtained intermittently.

(b) Black marketeering and smuggling dominated the trade sector. Black market prices (the real measure of supply and demand conditions) took over from 'official' prices effectively from 1974 onwards when massive price controls were decreed. Corruption pervaded all sectors of activities on a scale hitherto unknown.

(c) Foreign exchange limitations halted the flow of raw materials for existing enterprises, most of which were drained of trained manpower. Military expenditure rose to over 54 per cent of total government expenditure in 1953 (figures from Public Salaries Commission Report 1973-74), moving to over 60 per cent in subsequent years. The added 1973 oil crisis meant that foreign exchange allocations for the productive sectors became negligible.

(d) A breakdown occurred in government administration and Local Authorities. Military tribunals with undefined powers took over the judiciary. Government audits were abandoned, and rule was by dictatorship decrees.

Impact on UDC

Early in 1972, the Third Five-Year Development Plan was published, the preparation of which had been started before the coup as a carryover of the Second Plan. The Plan provided, inter alia, for re-allocation of responsibilities among existing state Corporations and for the setting-up of new ones. In particular, UDC as a wide sector NDC was to be limited to industrial and mining development.

The intended changes were found appropriate by UDC, provided that its capital structure and new design were rationally modified. When the Asian group was expelled, however, government not only allocated many of their properties and enterprises to the then existing parastatals, but also created new ones to manage some of the enterprises. By the end of 1975, there were 23 parastatal corporations, ten of which had been created by Decrees of 1972 with only cryptic definitions of their objectives and roles, and of how they were expected to function in the long run. Most had only nominal capital and yet were expected by the military regime to function 'with immediate effect'.

Asian and British businesses and properties were allocated as follows:

- residential and shop premises to the newly created Abandoned Property Custodian Board;
- retail, wholesale, garage, and small enterprise premises and stocks to the public, mainly army elites and Nubians (ethnic adherents of Amin);
- other enterprises to the old and new Corporations and to some government ministries (especially warehouses and offices). The Corporations were allocated 250 enterprises with UDC leading the list. By 1975 this list was roughly as follows:

UDC: 73 industrial and agricultural enterprises.
Initially the number fluctuated between 120 and 150 as new ones were added (British firms in 1973), while other smaller- or medium-scale units were retaken for allocation to private Nubian individuals.

Uganda Tea Authority:
26 Asian and British tea estates, some of which were with UDC's Agricultural Enterprises Ltd.

Produce Marketing Board:
80 enterprises - small-scale units in crop processing sector other than lint and coffee.

Wood Industry Corporation:
19 - newly created to run the timber enterprises of deported Asians.

Lint Marketing Board:
17 - mostly cottonseed oil mills and soap works.

Steel Industry Corporation:
10 - created to take over UDC's Steel Corporation of E.A Ltd and allied industries of deported Asians.

Uganda Advisory Board of Trade:
8 - Newly created to license imports and exports. Enterprises allocated were supermarkets and manufacturing enterprises supplying the shops.

A major reorganisation of parastatals in 1974 and 1975 created several Corporations which took over 30 subsidiaries of UDC but without rationalisation of UDC's financial position. The Companies allocated to UDC were only for managerial purposes on behalf of government. Their accounts did not appear in UDC's Consolidated Group Accounts. The new Corporations were:

(a) Uganda Cement Corporation, which took over the profit-making Uganda Cement Industry Ltd from UDC.

(b) Uganda Steel Corporation, as above.
(c) Uganda Tourist Corporation, took over Uganda Hotels Ltd.
(d) National Textile Board, took over the profitable Nyanza Textiles, garment enterprises, and the spinning mill.
(e) Uganda Tea Authority, originally created to handle all tea exports, was made by decree to own UDC's Agricultural enterprises.
(f) Produce Marketing Board, took over the profitable grain milling UDC subsidiary.

UDC's Livestock Industry Ltd was taken over by the Ministry of Animal Industry which had not yet formulated a Corporation decree for this function.

When UDC worked out the financial implications of these takeovers (which did not specify the taking-over of liabilities by the new Corporations) and presented it to the Minister of Industry, the regime took the strange step of appointing the Chairman of UDC as Director of Projects in the President's Office with a seat in the then redundant Cabinet, while continuing in his original post. The coverage of Projects was to include not only UDC but all governmental project implementation - a function that formerly resorted under a department of the Director of Planning and Economic Development.

In 1975, the Directors of Projects and of Planning were detained, to be released in 1976, following the current system of rule by mass terror, killings, imprisonment and detentions.

Conclusion

During the period 1971-79, UDC was unable to play any development role, and could not maintain the level achieved through its previous promotional activities. By the end of the period, established enterprises, including those taken over, were largely idle, their average production rate being only 30 per cent of 1970 levels, while about half of them had ceased production altogether. This situation was characteristic of the whole economy.

No new projects were undertaken by UDC and the new parastatal bodies. Those under implementation were discontinued with the exception of the Salt project which continued at a slow rate due to committed external aid at the beginning of the period.

It is clear that the Amin government had no development policy. What appeared as a shift to a public sector strategy had no direction nor perspective goals. Seized or nationalised enterprises were allocated to individuals. The government's military expenditure was massive, but it initiated no new development projects in the social and economic sectors. Only the following prestige projects were undertaken by the government:

- Colour T.V, for the 1975 OAU Summit
- External broadcasting, for the 1975 OAU Summit
- Electrification of Oraba (Amin's purported village)
- Earth Communications Satellite in West Nile (Amin's District)
- Purchases of reconditioned aircraft for Uganda Air (intended for military use).

As is now obvious, the reorganisation of state enterprises was irrational and lacked any policy content. Marketing Boards were forced to mix their primary functions with the management of nationalised enterprises which were allocatable to individuals at any time. New

Boards for textiles, cement, and steel merely introduced expensive overheads without increasing management capacity, let alone capacity for expansions. UDC became more of a government's Managing Agent and its role as an NDC practically ceased.

CONCLUDING REMARKS

State Action and NDCs

From both the national and global framework, it is clear that the development processes of LDCs necessarily involve a high degree of rational state actions. Whenever appropriate, this includes the establishment of an NDC or speicalised NDCs, or the reorganisation of existing ones, for the achievement of development objectives in the intermediate and long-terms. Alternatively, a state may adopt a public sector strategy.

As instruments of development, NDCs are not peculiar to LDCs. Many industrialised non-centrally planned economies or their groupings such as the EEC, have found it necessary to establish similar governmental bodies in order to alleviate the plight of relatively depressed areas or sectors. In all LDC subregions, Regional Development Banks have become essential machineries in strengthening all forms of cooperation schemes.

At the national level, the UDC example has revealed that, given rational state action in establishing an NDC, inherent negative factors may still come into play over time which tend increasingly to deflate any positive development role. These forces may arise from the overall characteristics of an LDC, from state action, or from within the NDC itself.

Some contradictions require explication here:

(a) a case is made for rational intervention by the state considering all of its (decision-taker's) aims.

(b) presentation of the role of an NDC as an Agent of (a) within state guidelines.

(c) irrational actions by the state decision-takers generally, and as they affect its NDC.

(d) NDC as an autonomous force to counteract (c).

Discounting random negative forces arising from natural causes, or international events over which both the state and its NDC have no control, two contradictions arise:

Firstly, (c) contradicts (a)

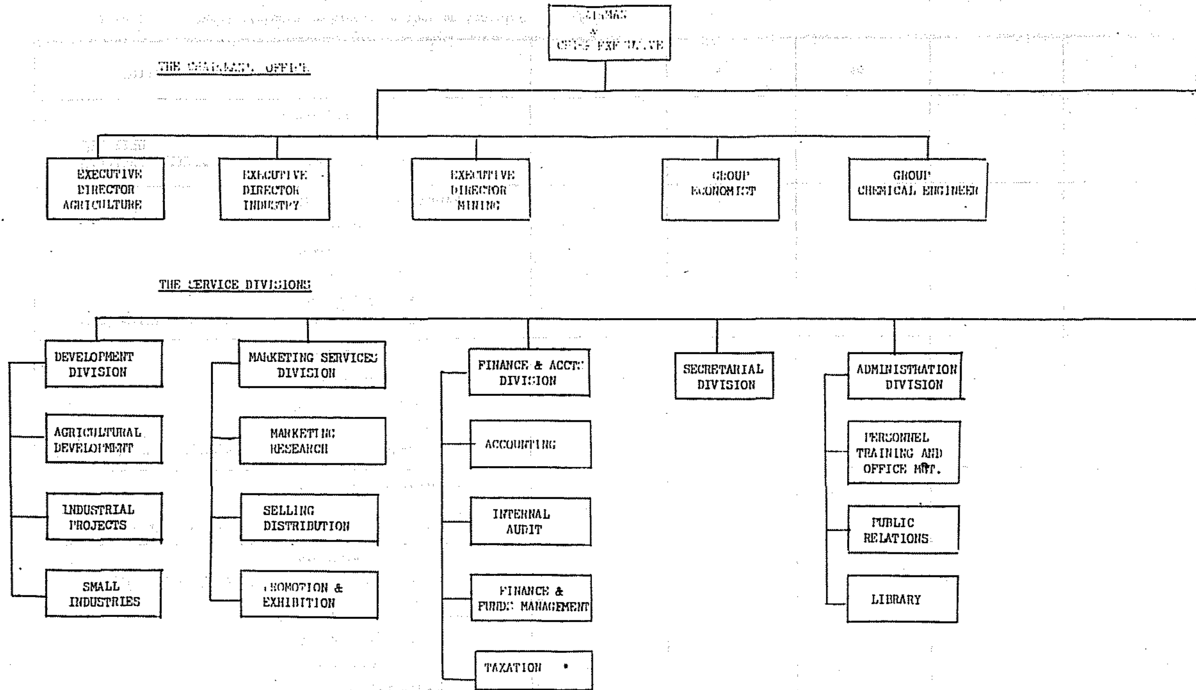
Secondly, (d) contradicts (a), (b) and (c) because the NDC itself generates certain retarding qualities, dominated by financial and managerial drawbacks discussed above.

The inhibiting forces against development in an LDC do not preclude rational state formulation and establishment of one or more NDCs with definitive objectives and guidelines. Because of the existence of options and past experience, it is possible for an NDC to minimise forces within itself which otherwise would retard its operations directed to the promotion of development. It can consolidate its position, adhere to its basic objectives, and counteract some of the subsequent irrational actions by the state, its Principal (e.g. UDC's successful clash with a Minister).

Positive features which can be built into the design of an NDC concern clarity of its status; governing guidelines which allow flexibility; appropriate capital structuring and Board composition; and orientation to maximal employment and incomes impact. Formal annual accountability should be expanded to include mandatory

five or six yearly Reviews of all aspects of the NDC directed to: if necessary, re-focussing investment pattern to subsectors which would enhance its development role; ensuring that its organisational structure and content are compatible with current and projected commitments; ensuring appropriate capital structure and financial control. All this is best done by an independent and competent body for Board and legislative considerations.

CHART 1. Head Office Organisational Structure



		APRIL 1967 (FIRST REVIEW)	RECOMMENDED STAFFING (H.G.E./'67)	JUNE 1969 (SECOND REVIEW)	JUNE 1972 (THIRD REVIEW)	CURRENT REQUESTS FOR STAFF
Chairman's Office (formerly Investment Management Division)	- Executive Directors	1	1	2	3	-
	- Operations Adviser	-	(2) 1	1	-	-
	- Adviser (Training)	-	1	1	-	-
	- Executives	(1) 5	5	(3) 10	(4) 7	1
	- Group Economist	-	-	-	1	1
	- Group Chemical Engineer	-	-	-	1	-
Administration Division	- Head of Division	-	1	-	1	-
	- Executives	(5) 2	2	2	2	1
Secretarial Division	- Corporation Secretary	1	1	1	1	-
	- Assistant Secretaries	2	3	3	5	-
Finance and Accounts Division	- Chief Accountant	1	1	1	1	-
	- Financial Adviser	-	-	1	1	-
	- Adviser (Training)	-	-	-	(7) 1	-
	- Section Heads	-	-	-	3	-
	- Executives	(6) 5	5	5	10	6
Development Division	- Head of Division	-	1	1	1	-
	- Advisers (Training)	1	3	2	-	-
	- Section Heads	3	3	3	3	-
	- Executives	7	8	9	4	2
	- Librarian	(8) 1	1	1	-	-
	- Group Chemical Engineer	1	1	1	-	-
Marketing Services Division	- Head of Division	-	-	-	1	-
	- Section Heads	-	-	-	2	-
	- Executives	-	-	-	7	1
TOTALS		31	39	44	55	12

Notes:
(1) Total included one Executive then on training overseas.
(2) The Operations Adviser reported direct to the Chairman. He was seconded to Uganda Air Ltd. in 1970. (Still on U.D.C. payroll)
(3) Total included four Executives undergoing training overseas
(4) One Executive is currently receiving training before transfer to Uganda Hotels Limited
(5) The two Executives were engaged on PR activities, and reported to the Chairman prior to the formation of the Administration Division in January, 1970
(6) The total included two accounts assistants later promoted to executive grade.
(7) Adviser first attached to Investment Management Division, until transfer to Finance and Accounts after the second organisation review in 1969.
(8) Librarian later promoted to executive grade.

CHART 3. Companies in the UDC Group, by Sector and Type (1967-1969-1972)

Sector	at April 1967					at April 1969					at May 1972				
	Subsidiary Company	Sub. of Subsidiary	Associate Company	Sub. of Associate	Total	Subsidiary	Sub. of Subsidiary	Associate	Sub. of Associate	Total	Subsidiary	Sub. of Subsidiary	Associate	Sub. of Associate	Total
Banking	2	2	1	-	5	2	2	1	-	5	2	1	1	-	4
Property	3	1	-	-	4	3	1	-	-	4	2	1	-	-	3
Hotels	3	1	-	-	4	3	1	-	-	4	2	1	-	-	3
Agriculture	3	12	-	-	15	4	8	-	-	12	3	8	-	-	11
Food Products	3	-	2	3	8	2	-	2	3	7	3	-	1	3	7
Industrial	5	1	7	-	13	5	1	9	-	15	9	1	9	-	19
Building Materials	1	1	-	-	2	1	1	-	-	2	1	-	-	-	1
Mining	1	-	1	1	3	1	-	1	1	3	1	-	2	3	6
Totals	21	18	11	4	54	21	14	13	4	52	23	12	13	6	54

CHART 4. UDC's Investment in Subsidiary and Associated Companies (May 1972)

U.D.C. SUBSIDIARY/ASSOCIATED COMPANIES			Date of Incorporation	SHARE STRUCTURE				STRUCTURE OF BOARD				Secretarial (CS) &/or Accounting (Acc) Function by UDC	Management
SECTOR	SUBSIDIARIES	ASSOCIATES		Issued Share Capital	UDC/Subsidiary Ordinary Shareholding	CRANE IND. Ordinary Shareholding	UDC/(Subsidiary) Control	Total Board Membership	U.D.C. Directors on Board	UDC Chairman as Chairman of Board	UDC Executive Director on Board		
				£s million			%	Nos.	Nos.	(x)	Intl.		
BANKS, FINANCE & COMMERCE	UGADEV BANK LIMITED (1)		11/62	0.50	0.20	–	100	4	1	x	JWM	CS/ACC	UDC
	– Ugadev Holdings Limited		11/62	neg	(neg)	–	(100)	4	1	x	JWM	CS/ACC	UDC
	UGANDA CRANE INDUSTRIES LIMITED		11/60	2.00	1.59	–	80	4	2	x	JWM	CS/ACC	UDC
		DEVELOPMENT FINANCE COMPANY OF UGANDA LIMITED	5/64	neg	neg	–	33	6	2	x	–	–	Own
PROPERTY	UGANDA CONSOLIDATED PROPERTIES LTD.		3/53	0.75	0.40	0.24	75	3	1	x	JWM	CS	UDC
	– Kulubya Property Company Limited		5/60	0.05	(0.05)	–	(93)	4	2	x	JWM	CS	UDC
	UGADEV PROPERTIES LIMITED		10/63	neg	neg	–	100	3	1	x	JWM	CS	UDC
HOTELS AND TOURISM	UGANDA HOTELS LIMITED		9/50	0.60	0.50	0.10	95	5	2	x	JWM	CS	Own
	– National Park Lodges (U) Ltd. (2)		9/57	0.06	(0.03)	–	(51)	7	2	x	JWM	CS	UGANDA HOTELS
	UGANDA WILDLIFE DEVELOPMENT LTD.		1/62	0.05	0.05	–	100	5	2	x	JWM	CS	Own
AGRICULTURE	AGRICULTURAL ENTERPRISES LIMITED		4/55	2.30	1.87	0.40	93	7	3	x	JWM	CS	Own
	– The Ankole Tea Company Limited		8/56	0.30	(0.29)	–	(96)	5	1	x	JWM	CS	AEL
	– Bugambe Plantation Company Limited		5/60	0.26	(0.25)	–	(96)	4	1	x	JWM	CS	AEL
	– Kigezi Plantation Company Ltd.		2/61	0.10	(0.10)	–	(98)	2	1	x	JWM	CS	AEL
	– Kiko Tea Company Limited		5/59	0.30	(0.29)	–	(98)	4	1	x	JWM	CS	AEL
	– Mwenge Tea Company Limited		3/59	0.32	(0.30)	–	(95)	3	1	x	JWM	CS	AEL
	– The Muzizi Tea Plantation Co. Ltd.		4/62	0.10	(0.10)	–	(100)	3	1	x	JWM	CS	AEL
	– Salama Estates Limited		12/61	0.44	(0.44)	–	(100)	3	1	x	JWM	CS	AEL
	– Solutea Limited		6/60	0.12	(0.10)	–	(80)	4	2	x	JWM	CS	AEL
	UGANDA LIVESTOCK INDUSTRIES LIMITED		5/66	0.10	0.10	–	100	4	3	x	JWM	CS	Own
	UGANDA CRANE ESTATES LIMITED		10/65	0.25	0.25	–	100	4	3	x	JWM	CS/ACC	Own

U.D.C. SUBSIDIARY/ASSOCIATED COMPANIES			Date of Incorporation	SHARE STRUCTURE				STRUCTURE OF BOARD				Secretarial (CS) &/or Accounting (ACC) Function by UDC	Management
SECTOR	SUBSIDIARIES	ASSOCIATES		Issued Share Capital	UDC/(Subsid) Ord. Shareholding	CRANE Ord. Shareholding	U.D.C./(Subsid) Control	Total Board Membership	U.D.C. Directors on Board	UDC Chairman as Chairman of Board	UDC Executive Director on Board		
				£s million			%	Nos.	Nos.	(x)	Intl.		
FOOD PRODUCTS AND BEVERAGES	EAST AFRICAN DISTILLERIES LIMITED		8/63	0.10	0.06	–	60	4	1	x	–	CS	Own
	UGANDA MEAT PACKERS LIMITED (1)		3/56	0.50	0.31	–	100	6	2	x	SBR	CS	Own
	THE UGANDA FISH MARKETING CORPORATION (1969) LIMITED		5/69	0.81	0.79	–	98	4	2	x	SBR	CS	Own
		THE UGANDA GRAIN MILLING COMPANY LIMITED	11/55	0.75	0.36	–	48	4	1	–	SBR	CS	MERCAT
		– Uganda Maize Industries Limited	7/63	0.10	(0.10)	–	(100)	4	1	–	SBR	CS	TUG
		– Uganda Millers Limited	7/63	0.10	(0.10)	–	(100)	4	1	–	SBR	CS	TUG
		– Uganda Feeds Limited	10/65	0.03	(0.03)	–	(100)	4	1	–	SBR	CS	TUG
INDUSTRIAL	NYANZA TEXTILE INDUSTRIES LIMITED		1/49	2.00	1.00	0.72	75	6	2	x	SBR	CS	E.C.L.
	– Lebel (East Africa) Limited		3/52	0.01	(0.01)	–	(51)	5	1	x	SBR	CS	Own
	UNITED GARMENT INDUSTRY LIMITED		10/64	0.02	0.12	–	62	7	2	x	–	CS	Own
	THE UGANDA METAL PRODUCTS & ENAM. COMPANY LIMITED		1/56	0.22	0.22	–	100	4	1	x	SBR	CS	Own
		DOMESTIC APPLIANCES COMPANY LTD.	2/67	0.50	(0.25)	–	(50)	6	1	x	SBR	CS	TUMPECO
	TORORO INDUSTRIAL CHEMICALS AND FERTILISERS LIMITED		12/55	0.36	0.32	–	88	7	2	x	CT	CS	TWIGA
	UGANDA AVIATION SERVICES LIMITED		1/65	0.01	0.01	–	60	5	2	x	–	CS	UDC
	UGANDA AIR LIMITED		5/69	0.05	0.05	–	100	5	3	x	SBR	CS	UDC
	UGANDA SPINNING MILL LIMITED		6/68	n/a	n/a	–	n/a	5	2	x	SBR	CS/ACC	Not yet established
	TESO HIDES AND SKINS INDUSTRIES LIMITED		5/71	n/a	n/a	–	n/a	4	2	x	SBR	CS/ACC	Not yet established
	LANGO DEVELOPMENT COMPANY LIMITED		11/62	0.05	0.05	–	99	6	2	x	SBR	CS	UDC
		STEEL CORPORATION OF E.A. LTD. (3)	10/60	0.53	0.04	–	22	8	1	–	SBR	CS	Own
		ASSOCIATED PAPER INDUSTRIES LTD.	5/63	0.10	0.03	–	25	8	2	x	SBR	CS	Own
		ASSOCIATED MATCH COMPANY LIMITED	7/63	0.09	0.02	–	16	7	1	x	SBR	CS	Own
		THE CHILLINGTON TOOL CO.(EA) LTD.	2/64	0.12	0.02	–	15	5	1	–	–	–	Own
		AFRICAN CERAMICS COMPANY LIMITED	2/67	0.15	0.07	–	47	6	2	x	SBR	CS	Own
		AGROCHEMICALS LIMITED	5/71	0.03	0.01	–	24	n/a	n/a	x	SBR	CS	Not yet established
		PAPCO INDUSTRIES LIMITED	7/67	0.02	0.05	–	26	5	1	–	SBR	CS	Own
		UGANDA BAGS AND HESSIAN MILLS LTD.	6/67	0.05	0.17	–	26	10	2	x	SBR	CS	BIRLA A.G.

CHART 4 cont.

U.D.C. SUBSIDIARY/ASSOCIATED COMPANIES			Date of Incorporation	SHARE STRUCTURE				STRUCTURE OF BOARD				Secretarial (CS) &/or Accounting (ACC) Function by UDC	Management
SECTOR	SUBSIDIARIES	ASSOCIATES		Issued Share Capital	UDC/(Subsid) Ord. Share-Holding	CRANE Ord. Shareholding	UDC/(Subsid) Control	Total Board Membership	U.D.C. Directors on Board	UDC Chairman as Chairman of Board	UDC Executive Director on Board		
				£s million			%	Nos.	Nos.	(x)	Intl.		
BUILDING MATERIALS	UGANDA CEMENT INDUSTRY LIMITED (4)		12/52	1.56	0.08	0.53	75	7	2	x	CT	CS	Own
MINING AND EXPLORATION	SUKULU MINES LIMITED (5)		6/56	0.54	0.17	-	77	5	2	x	CT	CS/ACC	TICAF
		KILEMBE MINES LIMITED	7/50	5.70	0.37	0.20	9	7	1	-	-	-	K.C.C.LTD.
		- Kilmex Limited	3/62	0.07	(0.03)	-	(45)	2	1	-	-	-	KILEMBE
		WOLFRAM INVESTMENTS LTD.	11/52	0.04	0.01	-	30	7	1	x	CT	CS	Own
		- Bjordal Mines Limited	3/48	2.12	(2.12)	-	(100)	7	1	x	CT	CS	Own
		- Itama Mines Limited	3/48	0.01	(0.01)	-	(100)	7	1	x	CT	CS	BJORDAL

Notes: (1) Issued Share Capital not fully paid up.

(2) Issued Share Capital includes 'B' Ordinary Shares (£27.6 thousand)

(3) Issued Share Capital includes 7% Preference Shares (£328.7 thousand)

(4) Issued Share Capital includes 5% Preference Shares (£20.0 thousand)

(5) Issued Share Capital includes 5% Preference Shares (£163.8 thousand) & 'B' Ordinary Shares (£131.2 thousand)

Uganda Hotels Ltd. also act as managing agents for the Nile Hotel and the Kampala International Hotel

Solutea Limited previously shown in Food Products sector and Lango Development Company Limited similarly in Agricultural Sector.

CHART 5. CHANGES IN UDC's INVESTMENT PORTFOLIO 1967-1972

The following companies became part of the Group from April 1967 onwards:

Year	Company
1967	Papco Industries Limited
1967	Uganda Bags and Hessian Mills Limited
1968	Uganda Crane Estates Limited
1968	Uganda Spinning Mill Limited
1969	The Uganda Fish Marketing Corporation (1969) Limited
1969	Uganda Air Limited
1970	Woolfram Investments Limited
1970	Bjordal Mines Limited
1970	Itama Mines Limited
1970	Uganda Aviation Services Limited
1970	Lebel (East Africa) Limited
1971	Agrochemicals Limited
1971	Teso Hides and Skins Limited

(Total of 13 companies in 5 years)

The following companies were deleted from the Group's portfolio from April, 1967, onwards:

Year	Company
1967	Uganda Milk Processing Company Limited (Transferred to Government)
1968	Acholi Ranching Company Limited (absorbed by ULI)
1968	Teso Ranching Company Limited (absorbed by ULI)
1968	Lango Ranching Company Limited (absorbed by ULI)
1968	Bunyoro Ranching Company Limited (absorbed by ULI)
1969	Carbonite Limited (Wound Up)
1969	T.U.F.M.A.C. Limited (Wound Up. assets transferred to new company)
1970	Ugadev Banking Limited (Dissolved)
1970	Universal Asbestos Manufacturing Company (E.A.) Limited (Absorbed in U.C.I)
1970	Toro Development Company Limited (Transferred to Government)
1971	Kampala International Hotel (Taken over by the Government)
1971	Ugadev Properties Incorporated (Dissolved)
1971	Uganda Fishnet Manufacturers Limited (Shareholding Sold)

(Total of 13 companies in 5 years)

Recent titles in the Occasional Papers series include:

J.B.W. Kuitenbrouwer: 'Rural Transformation in China'
C.A.O. van Nieuwenhuijze: 'Social Development - Supplement or Corrective to Economic Development?'
A.J.M. van de Laar: 'The World Bank and The Poor'
Jacob Songsore: 'Structural Crisis, Dependent Capitalist Development and Regional Inequality in Ghana'
J.B.W. Kuitenbrouwer: 'Some Reflections on the Uses of Science and Technology in Indonesia'
Rachel Kurian: 'Income Distribution, Poverty and Employment'
J.B.W. Kuitenbrouwer: 'A Farewell to Welfare'
R. Apthorpe & D. Gasper: 'Public Policy Evaluation, Meta-Evaluation and Essentialism: The Case of Rural Cooperatives'
C.A.O. van Nieuwenhuijze: 'On Social Development: The Social Welfare Approach'
Maria Mies: 'Towards a Methodology of Women's Studies'
Jan van Heemst: 'Some Issues in connection with the Improvement of the Social Accounting Systems of Developing Countries'
Peter Peek: 'Urban Poverty, Migration and Land Reform in Ecuador'
Don Townsend: 'Economic Integration, Opportunity Structure and Migration in Papua New Guinea'
J.G.M. Hilhorst: 'On Unresolved Issues in Regional Development Thinking'
Gerrit Huizer: 'Peasant Participation in Latin America and its Obstacles: an overview of conflict-resolution strategies'
J.G.M. Hilhorst: 'Regional Planning in Peru 1968-77: Top-Down or Bottom-up?'
G. van Benthem van den Bergh: 'On the Dynamics of Development of Contemporary States: an approach to comparative politics'
M. Mies: 'The Social Origins of the Sexual Division of Labour'
J.B.W. Kuitenbrouwer: 'The Dialectics of Class and State Formation and of Development Policy in Papua New Guinea'
Cees Hamelink: 'New Structures of International Communication'
S.M. Batra: 'Cows and Cow-slaughter in India'
J.G.M. Hilhorst: 'Territory vs Function: A New Paradigm?'
M. Greenstreet: 'Females in the Agricultural Labour Force and Non-Formal Education for Rural Development in Ghana'
P. Waterman: 'Workers, Peasants, Artisans and Mothers'
J.B.W. Kuitenbrouwer: 'The New Capitalist World Order : Implications for Development in North and South-East Asia'
P. Collins: 'The Institutionalisation of Basic Needs for Rural Development: Lessons from an African Experience'