farmers, the Government built up sizable reserves which enable it to make some progress in expanding and diversifying the economy. The production of sugar, tea, tobacco, and livestock was increased, and experiments were undertaken to test the potential of growing cocoa. A number of large-scale projects were begun to create the basis for future industry. Chief among those was the Owen Falls Dam with its large hydroelectric station. Copper mining and smelting, a textile mill, and cement factories were also started.

The fall in world prices for cotton and coffee in the middle 1950's ended the boom. Although the level of private money income was kept up, it was done at the expense of the protectorate's reserves. Capital expenditures by Government were cut back, and difficulty was encountered in maintaining a satisfactory level of social services to a rapidly expanding population.

It can be expected that Uganda will devote increased attention in coming years to the task of exploiting sources of outside assistance in order to finance a satisfactory rate of economic growth. A step in this direction was the award of a loan by the World Bank for electricity development. A World Bank economic survey recently reported that "the orderly evolution of the traditional subsistence way of life into a modern monetary economy is already well underway" in Uganda. To facilitate this evolution, the Bank recommended "concentrating strongly on diversifying agriculture and increasing productivity, and continuing investment in educational facilities." A 5-year development plan, based largely on the recommendations made by the Bank, was started in 1962.

The East African Common Services Organization (EACSO), originally established in 1948 by the United Kingdom as the East African High Commission, performs a number of functions of importance to the economy of East Africa. Its headquarters are Nairobi, Kenya. Through subsidiary organizations, EACSO administers the railroads and ports, postal, telegraph, and telephone systems, collection of income tax and customs, and the East African Airways. In addition, it provides valuable assistance to Tanzania, Kenya, and Uganda in medical and other research fields. Moreover, as a result of British policy during the colonial period, a de facto customs union has been formed for the three countries. The operation of this customs union has been aided by the common collection of customs duties through the East African Customs and Excise Department, an EACSO organization.

For both political and economic reasons, the three East African countries have, in recent months, shown an increasing interest in pursuing different paths, and the future of EACSO and the customs union appears less secure.

CURRENT PROBLEMS

East African Federation

As the three East African countries attained independence, optimism prevailed concerning federation. With the passage of time, however, various problems have made it apparent that political federation is highly unlikely and that even continued economic cooperation through EACSO, the customs union, and the common currency may be in jeopardy. The matter is under continuing review and consideration by the heads of state who in September 1965 agreed to the establishment of a tripartite commission to explore future forms of cooperation and hopefully to set these down in treaty form during the next year. The outcome remains unclear, but it does appear that all three countries desire, to a greater or lesser extent depending on local conditions, to continue some forms of economic cooperation.

Refugees

In the past 3 years the influx of a large number of refugees from Rwanda, the Sudan, and the Congo (Léopoldville) has placed severe strains on the Ugandan economy. The Government is attempting to settle these people in camps, but achieving a final solution to the problem is extremely complicated. The United Nations is giving assistance where possible.

FOREIGN POLICY

Like many newly independent African nations, Uganda has adopted a nonalined position in its relations with the rest of the world. It is anxious to develop as quickly as possible and feels that some form of Socialist government in combination with Western economic concepts might provide the ultimate solution. Uganda has attempted to reconcile the two divergent philosophies. The country