

ECONOMY

In the years just before independence the Belgian Congo had become the most developed country in tropical Africa. In the period 1950-57 it achieved an annual growth rate in real terms (constant prices) averaging an astonishing 6.7 percent annually. Wage and salary income rose from \$104 million to \$270 million.

The growth rate declined with the drop in primary product prices in 1957; it could hardly have continued at the same rate in any case, since the country could not have afforded to service the volume of borrowing needed to continue this rate of expansion. Nevertheless, some 60 percent of the \$2.5 billion in investments in the Congo during the decade of the fifties originated in the private sector, overwhelmingly in the form of reinvestment. In short, the Congo, with the highest wages and the highest literacy rate in tropical Africa, producing 8 percent of the world's copper and most of the world's cobalt and industrial diamonds, and with a vigorous and competitive agriculture unprotected by preferences, was at the threshold of self-sustaining growth with some sectors and regions obviously already launched into the "takeoff" phase.

In 1959 the Congo (including Rwanda-Burundi) had a commercial surplus of \$192 million (exports \$500 million, imports \$309 million). Even now, despite the decay of native agriculture, the abandonment of many plantations, losses through smuggling, and the decline in its export prices—a factor too often forgotten—it is now exporting at the rate of about \$312 million annually (1964 estimate).

By comparison with other African countries, the exports of the Congo are well diversified, thus making the country less dependent on price fluctuations of a single commodity.

Manufacturing is also fairly well developed. Even before independence the Congo produced more than 90 percent of its locally consumed beer, soap, and cigarettes; 80 percent of its needs in cement and sacks; 60 percent of consumption of paint and shoes; and close to 50 percent of its consumption of cotton fabric and blankets. These percentages possibly have even grown since independence. The Torre report of the European Economic Community (EEC) states that the index of industrial production in 1962 was 19 percent above that of 1958, while the rise in the Léopoldville metropolitan area was 40 percent. Such growth has admittedly been induced to a large degree by the import restrictions required by the shortage of foreign exchange. It does not follow, however, that the new industries or extensions have been unjustified in terms of long-term economic prospects. There has been no forced feeding of industry of the sort experienced in many developing countries. The Congolese textile factories were established without benefit of quantitative restrictions, and there has been no selective use of licensing or tariffs to protect or encourage particular industries. The rapid growth of demand, admittedly fed by the inflation, has induced entrepreneurs to expand.

Congolese agriculture also has been relatively efficient. In contrast to the privileged position in the former British and French territories, planters in the Congo did not enjoy sheltered preferential markets or price supports and had to compete with the most efficient world producers. They benefited, however, from the remarkable work of the agricultural research institute, INEAC, in improving seed strains.

Improved techniques raised palm oil production from 500 to 3,100 kilos per hectare (1 kilogram equals 2.2 pounds). In the case of rubber, the substitution of new strains quadrupled the yield formerly given by Brazilian hevea trees, while coffee yields, which were 250 kilos per hectare in 1927, reached as high as 1,575 kilos in the better plantations in 1957. Comparable increases in productivity occurred in other crops (i.e., cocoa, fourfold increase in yield; rice, over threefold; corn, fivefold; manioc, twofold; cotton, up 53 percent; bananas, up 50 percent).

The Congo suffered a catastrophic decline in export earnings during the early years of independence, due partly to the secession of the Katanga and South Kasai, whose mineral production had represented almost half of the country's earnings, but also to the sharp decline in the export of certain agricultural crops, particularly those, such as cotton and palm kernel oil, dependent on individual native planters. Plantation agriculture was much better able to withstand the vicissitudes, but exports in general were discouraged by the declining real value of the Congolese franc as the recurrent budget deficits bred inflation, while sizable quantities of coffee, diamonds, and other products were lost through smuggling.

Yet the reintegration of South Kasai in the fall of 1962 and of Katanga in January 1963 helped restore much of the Congo's lost earning power, and the value of the country's exports for 1963 as a whole stood at about 88 percent of the level for 1958, the last normal preindependence year. The pattern of foreign