(12)

FOREIGN AID AND ITS ROLE IN MAINTAINING THE EXPLOITATION OF THE AGRICULTURAL SECTOR:

EVIDENCE FROM A CASE STUDY IN AFRICA.

Claudio Schuftan
Dept: of Nutrition
Tulane School of Public Health
New Orleans, L.A. 70112 U.S.A.

INTRODUCTION

With or without full knowledge and purposely or not, Western donors and financial institutions have been disbursing foreign aid in the last decades that is only serving as a weak palliative to, or is actually covering up, the systematic exploitation of the primary sector by the other sectors of the economy in quite a number of Third World countries, especially those that are primarily agricultural exporters.

In the best of cases, donors give their aid in a vain, well intentioned, but nevertheless futile attempt to mitigate or remedy this on-going internal economic exploitation process of the rural sector° out of the conviction that genuine overall development can only start with a deliberate emphasis on rural development; in the worst of cases donors channel that aid through the ruling national elites, being fully aware of how these elites are instrumental in perpetuating this state of affairs, therefore, becoming accomplices in the process. (1)

It is the peasants, in last instance, who continue to foot the bills of development, despite the foreign aid that pours into many countries to pay for it, supposedly through "developing" those same peasants. The internal exploitation process "taketh" and mostly foreign aid - and not the local governments - "giveth" back a fraction. In so doing, foreign aid is instrumental in decreasing constructive social, economic and political tensions and internal contradictions that would tend, sooner or later, to redress or resolve the growing imbalances and injustices of the prevailing exploitative system.

Interestingly enough, and in pure economic terms, by continuing this practice, lending institutions are jeopardizing the financial solvency of their very same clients - no matter how favorable the terms of the loan given are - since the prevailing exploitative situation is heavily burdening the ultimate growth of the primary sector which is supposed to produce the hard currency to service the acquired debts. At the same time, foreign aid is indirectly

..../...

° Further defined in page 3.

financing the growth of the other sectors of the economy - even if it may not have intended to - by allowing local governments to channel their development funds to those other, often urban and more prestige-carrying, projects, i.e. import substitutions industries, resting assured that foreign aid will take care for them of a sizeable fraction of rural development costs. The latter, invariably ends up in more affluence for a few urbanites at the expense of those who really produce the wealth.

All this, inevitably results in perpetuating this exploitative situation which lies at the very core of underdevelopment. To top things off, foreign aid often attempts its support of the agricultural sector by imposing Western models of development, i.e. cash-crop support or large irrigation schemes, which carry the seed not only for the further exploitation of the supposedly aided, but also for the continuing enrichment of the ruling bourgeoisie.

The hard-to-take truth is that if traditional Western foreign aid does not cease or is drastically reoriented, it will never achieve its stated aims and objectives, a fact that is already seen, but for which all kinds of "other" excuses are found. If donors do not begin to look at macro-economic parameters, their "good will" will be used fasticiously to perpetuate status-quo - chances being strong that many of them do not mind or are perfectly happy of being used in such a way as long as their public image looks good to the rest of the world and especially to the other members of the club of donors.

Finally, what will here be documented, exposing the exploitation of the agricultural sector in a Third World country, seems also to be true in general in the relationships between metropolis and periphery at the overall national and international levels.

In order to prove these points, two sets of evidence will be presented, in the concrete context of a Central African country. First, evidence of the exploitation of the primary sector of the economy will be given and second, the sources, uses and sectoral and sub-sectoral distribution of foreign aid will be explored both in the form of individual exhibits that, taken together, give the reader a complete overview of the facts that support this hypothesis. The context - the United Republic of Cameroon.

1. EVIDENCE OF THE EXPLOITATION - A PREAMBLE AND FIVE EXHIBITS:

PREAMBLE:

Favorable terms of trade for the agricultural sector should be the basis of development for a country like Cameroon. Ideally, to achieve this, a significant proportion of the surpluses generated by the sector should be reinvested in some aspect of rural development, or in ventures servicing the primary sector. This is not what one finds when critically analysing this country's official statistics.

When a country is primarily an agricultural exporting country it is not unreasonable that the primary sector's surpluses become the major revenue source for the financing of development overall. (2, p. 25). But when in the process of financing the growth of the secondary and terciary sectors of the economy a government stigmatizes the growth and growth potential of its primary sector which is the "goose that lays the golden eggs", then one can safely assume that one is facing a process of exploitation, of wealth expropriation of that sector. The consequences of such a process - that is, urban migration, sharp decreases in agricultural production and productivity - can be irreversible.°

In Cameroon, the administration evidently tolerates a situation in which the primary sector furnishes the rest of the national economy with a sizeable part of its surpluses, mostly export revenues, at the expense of limiting the growth of the real present source of wealth. Cocoa and coffee are the main export crops in Cameroon. Both being perennial plants, producers become somehow captives of the government, who fixes the prices, once they have planted either product, originally motivated by attractive prices and prospects of high economic returns. But the situation has changed and both products are hardly profitable when compared with twenty years ago, if inflation is discounted, despite the fluctuations in prices observed in the international markets.°°

° The peasants' ability to exert pressure upon government for the implementation of needed changes being limited, the only means of expressing rural discontent is through migration to urban centers.

°° As a consequence, food crops have increasingly become a potential source of relative higher profits in recent years, since food prices have not only followed overall inflationary trends, but have surpassed the average consumer price index. (3, pp. 30 and 31). The problem remains, though, of bringing such products to urban markets in time, at a reasonable cost and with minimum spoilage.

EXHIBITS:

Exhibit 1. 1 :

In Cameroon the agricultural sub-sector alone employs 73% of the active population and produces 70% of the external revenues. (4, p. 1):° The contribution - in value - of the agricultural sector to the overall exports is between 67 and 75% in the last few years. (4, p. 53). 30 to 40% of the budgetary resources of the government come from the primary sector. (4, p. 1). More than 50% of the country's budgetary resources come from customs rights levied on exports and imports. (6, p. 4).

In terms of Cameroon's 1979/1980 national budget, 6.4% of it was allocated to agriculture (for investments plus administrative expenses). (4, p. 58).

The contribution of the primary sector to the country's Gross Domestic Product was 30% in 1979/80. (5, p. 3). In order to analyse the returns that agriculture gets in exchange for this contribution one has to look at several sources. The Ministry of Economics and Planning updates its estimations of the total cost of financing its 5-year Development Plans yearly and presents those estimations in current dollar values each year. The data presented below are based on three main sources and are expressed in percentages to avoid comparing current rather than constant dollar estimations. The 3 sources are (a) Table on estimated financing costs of the IVth Five-Year Development Plan (1976-81) at the end of its third year (7, annexe statistique, p. 105); (b) Table on estimated financing costs of the Plan at the end of its fourth year (6, p. 48); and (c) Table on total investments actually made in the Plan at the end of its fourth year (6; p. 53).

The analysis of the data shows the following:

° By major sectors of the economy the distribution of employment is the following: primary sector: 79.4%; secondary sector: 6.7%; and terciary sector: 13.9%. (5, p. 14).

Table 1: Investments foreseen and then finally made in agriculture and in the primary sector (IVth. Plan):

	IVth Plan: Investments foreseen: (as % of all development investments made by the sources below) — End of 3rd Year Estimate			End of 4th Year Estimate			IVth Plan: Investments finally made: (as % of all development investments made by source) — End of 4th Year		
INVESTMENT RECIPIENTS	GOVT. BUDGET	OVERALL PUBLIC FUNDS°	ALL SOURCES°°	GOVT. BUDGET	OVERALL PUBLIC FUNDS	ALL SOURCES	GOVT. BUDGET	OVERALL PUBLIC FUNDS	ALL SOURCES
AGRICULTURE	6.6%	12.5%	12%	6.4%	9.4%	7.5%	4.3%	7.3%	6%
PRIMARY SECTOR:°°°	13.8%	19.8%	18%	12.5%	16.8%	12.7%	8.6%	13.8%	10%°°°°

° Includes government budget plus extrabudgetary funds, municipalities, a few specialized Funds and Boards (mainly the National Produce Marketing Board) and parastatal enterprises.
°° Includes internally generated public funds, foreign aid funds (grants and loans) and private funds.
°°° Includes agriculture, livestock, forestry, fisheries and integrated rural development.
°°°° The equivalent percentages for the secondary and terciary sectors were 52 and 26% respectively.

The above ~~mean~~ data that agriculture and the primary sector get only a small fraction of the cash surpluses they produce in return as direct government and other public investments and that that fraction decreases in the government's own projections of its development budget allocations towards the end of the Plan (from 6,6 to 6,4 and from 13,8 to 12,5% respectively for both sectors and for the 3rd and 4th year projections). The fraction is also cut in the projections for the total investments foreseen for both sectors (from 12 to 7,5 and from 18 to 12,7% respectively). Finally, the investments that were really made in the first 4 years of the Plan show a further reduction in the percentages of development funds finally allocated to agriculture and the primary sector (from 6,4 to 4,3 and from 12,5 to 8,6% for the government's budget; from 9,4 to 7,3 and from 16,8 to 13,8% for the overall public funds; and from 7,5 to 6 and from 12,7 to 10% for the total investments).°

The gap between projected and real investments is thus shown in terms of the percentages of overall development funds available for the rural economy that were finally invested by the public sector and by it plus all other sources. The next step is to show what percentage of the investments foreseen for the 5 years of the IVth Plan (updated to 1980 current dollars) were actually already spent at the end of its 4th year. If investments had been evenly distributed throughout the 5 years of the Plan, 80% of the funds should have been actually invested at the end of its 4th year. It is in the light of this latter consideration that the data in the next table have to be interpreted. Data in it present all funding sources and the financial contributions made by them to the major sectors of the economy, as well as, to the total of the IVth Plan for comparison purposes.

° A recent FAO study showed that agriculture's share of current government expenditure between 1967 and 1973 was less than one fourth of its contribution to the GNP in all but 6 out of 52 developing countries surveyed ... "The agricultural sector has all too often been used as a milk cow to provide resources to develop cities and industry." (8, p. 26).

Table 2: Percentage of total investments foreseen for the 5 years of the IVth Plan already invested at the end of the 4th year: (Based on 1980 current dollars estimates).

	GOVT. BUDGET	OVERALL PUBLIC FUNDS°	FOREIGN AID°°	PRIVATE FUNDS	TOTAL FUNDS°°°
Agriculture	39%	48%	49%	82%°°°°	50%
1ary Sector:	40%	50%	50%	69%	51%
2ary Sector:+	59%	66%	69%	71%	69%
3ary Sector:++	54%	59%	57%	74%	58%
Total IVth Plan: (All Sectors)	58%	62%	61%	71%	63%

° Government budget included
°° Grants and loans
°°° Funds from all sources
°°°° Theoretically beyond projection

\+ Includes industry, mines and energy;
++ Includes commerce, transport, tourism, ports, railroad, roads, aeronautics, meteorology, post and telecommunications and all other activities.

The table shows that agriculture, and the primary sector in general, lag behind the other sectors and the total in the investments actually received in the first four years of the plan. It also shows that government lags behind all other sources. The high level of investments attained by the private sector in agriculture at the end of the 4th year as compared with what was projected may be misleading in two ways. First, private investment actually represents only a small fraction of the overall investments in agriculture (6%) and most probably went to the modern sector within agriculture. Second, private investment in agriculture represents an even smaller proportion of the overall investments that sector made in the country's economy (15%), the latter being a good indicator of the decreasing profitability of agriculture in Cameroon.° (6, p. 53).
1.5%

° This statement is true for productive investments in agriculture only, since the marketing of agricultural products (export cash-crops and domestic consumption food crops) has been and continues to be very lucrative.

Exhibit 1.2. :

The balance of the financial relationships between the state and the agricultural sector in Cameroon in 1978/79 shows that the government kept 81% of what it took from the agricultural sector (and reinvested 19%); the National Produce Marketing Board kept 52% of what it took (and reinvested 48%), so that in summary the state, through direct or indirect means, kept 69% of what it took from the agricultural sector (and reinvested 31%).

Table 3: Balance of financial relationships between the state and the agricultural sector (1978/79): (4, pp; 58 and 62).°

Contribution of the ag. sector to the National Treasury:		$368 million
-Assets directly contributed to the state in the form of taxes, customs rights and other direct and indirect dues:	$213 million	
- Net returns collected by the National Produce Marketing Board:	$155 million	
Participation of the state in financing the agricultural sector:		(31%) $115.5million
- Operations Budget:	$ 21 million	
- Investment Budget:	$ 19.5million	
- National Produce Marketing Board's Investment Budget :	$ 75 million	
Net contribution of the agricultural sector:		(69%) $252.5million

° Most figures in the original documents cited are in the local Cameroonian currency (Francs CFA). All the figures in this paper have been rounded and coverted into US Dollars, using the 1980 exchange rate of approximately 1 Dollar = 200 Francs CFA.

Moreover, the agricultural export sector (modern and traditional) received, in the same year, 60% of the above public investments and produced only 30% of the Gross Agricultural Product. (4, p. 53).° The modern sector alone (public and private), in turn, got 60% of the preceeding 60% and produced only 9% of the Gross Agricultural Product. (4, p. 93). This left the traditional (non-modern) agricultural export sector with only 40% of the public investment and producing 21% of the Gross Agricultural Product. On the other hand, the food producing sector - which produces 90% of all nationally consumed cereals, 100% of all consumed tubers and legumes and 90% of all consumed fruits and vegetables and is responsible for 70% of the Gross Agricultural Product - received only 40% of the overall government investments allotted to the sector. (9, p. 38).

In summary then, 69% of the revenues from agriculture were used to finance the other sectors of the economy. Ergo, the other sectors of the economy have increased their Gross Domestic Product at the expense and to the detriment of the Gross Agricultural Product. (4, p. 51).°°

Exhibit 1.3. :

In the last 20 years, the agricultural sector in Cameroon has grown less (five times) than the other sectors of the economy (seven times). (4, p. 7). Or, said in another way, the real growth of the Gross Agricultural Product is slower (6%/year) than the growth of the overall Gross Domestic Product for the country which is 8%/year.°°°

The percentage of the overall Gross Domestic Product represented by the Gross Domestic Product of the primary sector has evolved from 38% in 1962/63, to 30% in 1970/71, to 34% in 1975/76, to 32% in 1978/79, to 30% in 1979/80 and is expected to fall to 27% in 1985/86. (5, p. 3 and 10, p. 8).

° Some of these investments are long term and may not yield results measureable in the Gross Agricultural Product until several years later.

°° Urban migration towards Douala and Yaounde - the two major cities in Cameroon - has increased at a rate of about 8% a year, probably in part as a response to this situation. (9, p. 3).

°°° According to another source (11, p. 3), the growth rates of the agricultural sector were evaluated at even lower levels, namely, 4.1% for 1966/71, 3.1% for 1971/76 and 5.2% for 1976/78. The latter broke down as 3.5, 4.6 and 7.0% respectively for food crops and as 6.1, 0.1 and 2.9% respectively for export crops.

Exhibit 1.4. :

In 1976, the export revenues in Cameroon increased 34% over what they were in 1975 with an increase of only 1.6% in the total tonnage of agricultural products exported. In 1977/78, the export revenues increased 19% over the previous year although the total tonnage of exports, especially arabica coffee, actually decreased. (7, p. 206). The balance of payments for the country was negative for those two years, $65 million in 1976/77 and $125 million in 1977/78. (7, annexe statistique, p. 51).°

In constant dollars (inflation discounted), the price received by the producers of arabica coffee in 1979 was 63% of what it was in 1960 (91% for robusta coffee); cocoa regained in 1977 100% of its 1960 price (in 1980 it was 105%). (4, p. 149).

In 1979, 1 kilogram of coffee bought at $1.40 to the producer by the National Produce Marketing Board was sold at $4.45 in Europe, therefore, only 32% of the sales price reached the producer. (4, p. 158). Furthermore, in 1977 1 kilogram of cocoa bought at 75 cents to the producer was sold at $6 in the international market. (After that the price to the producer was increased by 93% towards 1980, a time at which the FOB price dropped significantly). (13, p. 95).

The ratio producer price/world price has evolved as follows in the last 20 years:

Arabica	:	76% of FOB price in 1960; 43% in 1979.
Robusta	:	69% of FOB price in 1964; 40% in 1979.°°
Cocoa	:	65% of FOB price in 1961; 43% in 1979. (4, p. 159)

Prices of agricultural inputs for farmers have grown faster in Cameroon than the prices of the agricultural export products they produce. (4, p. 51). In constant dollars, the real value of agricultural products, when the sector's inputs costs are considered, lost 40 - 45% between 1963 and 1975. If one assigns an index value of 100 to the prices of agricultural export products and fertilizers in 1970, in 1976 the index for the same products was 166 and that of fertilizers was 456.°°° (4, p. 150).

° The balance of payments is particularly negative with France, the US, Japan, the People's Republic of China and the UK, in that order. (The EEC receives 78% of Cameroon's exports and is the source of 67% of its imports; France receives 31% of Cameroon's exports and is the source of 43% of its imports). (12).
°° In 1978/79 the same ratio for other countries in the world, exporters of robusta coffee was: Ivory Coast=38%, Madagascar=33%, Indonesia=64%, Philippines=65%. (14, pp. 39 and 43).
°°° Fertilizers are partly subsidized by the government, though. 45% of all the fertilizers consumed in the country go to coffee production. (13, p. 95).

Exhibit 1.5. :

Between 1960 and 1975 the coffee producer's real purchasing power fell by between 3 and 10% every year at a time when the average national purchasing power (GDP/Capita) increased by 37% /year (in constant dollars too, roughly doubling in 20 years to $233 in 1980). (4, p. 149 and 5, p. 13).

The ratio Gross Domestic Product per-capita for the agricultural sector/Gross Domestic Product per-capita for the national average has evolved as follows:

41% in 1965; 45% in 1970 and 48% in 1979. (4, p. 143).

The percapita agricultural income is at present between one fourth and one half that of the national average and, therefore, much below the per-capita income of the other sectors. (4, p.141).

2. - SOURCES, USES AND SECTORAL DISTRIBUTION OF FOREIGN AID -
A PREAMBLE AND FOUR EXHIBITS :

PREAMBLE:

For a number of reasons, quite a few Western countries and bilateral or multilateral agencies have been very inclined to finance all sorts of development projects in Cameroon. These reasons range from its consistent pro-Western stands in international affairs to its quite long-lasting overall civilian political stability; from its undoubtedly great development potentials, to its credibility in front of lenders due to past performance; from its recent striking of oil to its varied and overall benign climatic conditions, and to its staunch pro-capitalistic outlook in viewing its own future internal development.

So much is the latter true, that the country faces quite a few problems in managing to absorb all the foreign aid efficiently and clearly lags behind in that task. (15, pp. 48 and 49). The bottlenecks that explain this are related, among others, to trained manpower shortages, serious limitations in the communication's infrastructure (especially roads) and a slow-paced bureaucracy that seems to have particular problems in completing the necessary pre-project technical dossiers.

In the last few years, the transnational private sector has also agressively started to move in into the Cameroonian economy, most probably, at least in part, for the same set of reasons given above, plus, quite surely, driven by the good prospects of middle and long term profits and by the government's open encouragement and benign treatment of foreign investment. Transnational banks have been the first to settle down in this move as an important first step to finance other corporation's start-up operations.

EXHIBITS:

Exhibit 2.1. :

The total investments in the IVth five-year Development Plan at the end of its 4th year were of $3.325 billion. The total amount invested in the primary sector was $342 million; from this latter sum, $197 million were invested in agricultural projects and $145 million in other rural projects (livestock, forestry, integrated rural development) and in fisheries projects. (All figures are in 1980 current dollars).

The importance of foreign aid in the financing of the Plan can be seen from the following table which is based on the investments really made at the end of the Plan's fourth year (6, p. 53).

Table 4: Investments made in the Plan at the end of its fourth year,* by source of origin:

SOURCE	% of total investment in the Plan overall contributed by each source	% of total investment in the Primary Sector overall contributed by each source	% of total investment in Agriculture alone contributed by each source	% of all investments made in the Plan by each source going to: Primary Sector	Agriculture
Internally generated public funds:-overall	32%	43%	40%	13.8%	7.3%
- government budget:	(16%)	(13.5%)	(12%)	8.6%	4.3%
- other public funds:°	(16%)	(29.5%)	(28%)	19%	10.3%
External funds: overall	42%	50%	54%	12%	7.5%
- Grants:°°	(2%)	(5%)	(2%)	20%	4.3%
- Loans:	(40%)	(45%)	(52%)	12%	7.7%
Private funds:	26% (56% of it foreign)	7% (43% of it foreign)	6% (29% of it foreign)	2.7%	1.5%
TOTAL	100% ($3.325 billion)	100% ($342 million)	100% ($197 million	10%	6%

Notes on table 4:

° Extrabudgetary sources, regional and local governments (mainly municipalities) a number of specialized boards, (i.e. the National Produce Marketing Board that has the cash crops export monopsy, the Forestry and Fisheries Board, the Livestock Board and the Societe Nationale d'Investissements) and other parastatal enterprises.

°° Sources include, among others, the Fond Européen de Developpement (an EEC outlet), the French Aid and Cooperation Fund, the United Nations, USAID, and Canadian Aid. The UNDP projected spending $21 million (0.4% of the total IVth Plan financing) during the 5 years with 17% of that amount to be spent in the rural economy. (15, p. 87). USAID projected spending $8 million in 1980 alone with 63% of that amount going to agriculture, rural development and nutrition projects. (15, p. 93).

As can be seen, at the end of its fourth year, foreign sources (loans and grants) finally financed 42% of the Plan overall, 50% of its rural development and 54% of its agricultural development. (More if one considers the percentage of private funds that came from foreign sources).

It is interesting to note the relatively more important role of external funds overall in the financing of the primary sector and especially agriculture as compared to their role in financing the Plan (50 and 54% as compared to 42%).

On the other hand, still the majority of external funds ($1.4 billion) go to the secondary ($694 million) and terciary ($502 million) sectors of the economy, with the primary sector getting only 12% of the total amount ($170 million).

Exhibit 2.2. :

The total amount of long-term, low-interest foreign loans invested in the IVth Plan at the end of its fourth year was $1.3 billion; The total amount invested in the primary sector was $153 million; from this latter sum, $102 million were invested in agricultural projects and $51 million in other primary sector projects. (6, p. 53).

The total amount of foreign grants invested in the same period was $82 million. The amount going to the primary sector was $16 million; from this latter sum, $3.6 million were invested in agricultural projects. (6, p. 53).

The breakdown of the above loans and grants is the following:

Table 5: Investments from loans and grants made in the Plan at the end of its fourth year, by source of origin:

SOURCE	Participation of each donor as % of total foreign loans or grants financing the Plan overall	Participation of each donor as % of total foreign loans or grants financing the Primary Sector	Participation of each donor as % of total foreign loans or grants financing Agriculture alone	% of all investments made in the Plan by each donor going to: lary sector	Agriculture
LOANS:					
- World Bank	10%	30%	25%	34%	19%
- Intl, Devpt Agency (IDA)	2%	16%	24%	98%	95%
- BEI°	3%	9%	14%	41%	41%
- French Bilateral aid	23%	26%	25%	22%	15%
- Other multilateral and bilateral aid°°	62%	19%	12%	3.5%	1.5%
Total foreign loans	100% ($1.3bill)	100% ($153mill)	100% ($102m)	12%	8%
GRANTS:					
- FAC°°°	35%	27%	98%	15%	12%
- FED°	41%	39%	0	19%	0
- Other°°°°	24%	34%	2%	29%	0.5%
Total foreign grants	100% ($82mill)	100% ($16mill)	100% ($3.6m)	20%	4%

° Banque Européene d'Investissement; Fond Européen de Developpement, both EEC aid outlets.

°° Arab Development Bank; German, British, American, Canadian and Arab countries' aid, among others.

°°° French Aid and Cooperation Fund.

°°°° UNDP, USAID, Canadian aid, among others.

In terms of loans, the World Bank and the IDA accounted for almost half of the loans going to the primary and to the agricultural sectors, although both institutions contributed only 12% to the Plan's overall loans. 95% of all IDA loans went to Agriculture as opposed to only 19% of World Bank loans.

41% of all EEC loans went to agriculture, i.e. the totality of their loans invested in the primary sector. French aid provided one fourth of the agricultural loans but only 15% of their loans overall went to the agricultural sector. The majority of other foreign aid sources, representing almost two thirds of the foreign loans were invested in sectors other than the primary sector.

World Bank, EEC, as well as, French bilateral loans were all invested percentually more in the primary sector and in agriculture than were foreign loans overall (12% and 18% respectively).

In terms of grants, although the sums involved were substantially smaller, one can see that French grants, representing 35% of all grants, were almost the only grant source invested in agricultural projects (98%), although only 12% of French grants overall went to this sector. Conversely, EEC grants (41% of all grants) did not go to agricultural projects per-se at all, but financed some integrated rural development projects (19% of its grants' contribution).

Both French and EEC grants were below the average for all foreign grants in its contribution to the primary sector overall (15% and 19% respectively as opposed to 20%).

As of the end of the fourth year of the IVth Plan there were still $536 million in outstanding and unutilized foreign loan funds available for investment that were being carried over to the last year of the current Plan and also further to the Vth Plan scheduled to begin in July 1981. From these funds, 36% are earmarked for the primary sector, probably reflecting what was already pointed out in Exhibit 1.1., namely, that the primary sector has clearly lagged behind the other sectors of the economy in the investments it has actually received from what was originally planned. (6, p. 55).

Exhibit 2.3. :

If one looks into some of the foreign assistance data in the last 20 years, a few interesting tendencies can be found.

From 1960 to 1975 the overall aid given by the EEC to Cameroon amounted to $204 million (grants and loans); 13% of that amount went to the rural economy. In the first 4 years of the IVth Plan the equivalent figures were $69 million and 30% (15, p. 79 and 6, p. 53). It is noteworthy at this point that over 50% of the worldwide agricultural assistance that the EEC gives goes to cash-crop projects as opposed to food-crop projects. (16).

The total external assistance to Cameroon from 1960 to 1975 amounted to $1.25 billion, 44% coming from France. (17). From 1975 to 1980, external assistance increased to 1.4 billion and only 23% came from France. (6, p. 53).

Exhibit 2.4. :

The public debt in Cameroon as of 1980/81 was of $1.5 billion, up from $585 million in 1976/77 (27% increase per year on average). The cost of servicing that debt was of $77 million in 1978/79. The ratio debt service/export revenues was 5% in 1976/77 and is around 7% in 1980/81 (29% increase per year in average) (6, pp. 5 and 6). It is importantly agricultural exports that determine this ratio.

3. - PUTTING IT ALL TOGETHER - A FINAL BALANCE:

If the data on the balance of financial relationships between the state and the agricultural sector (Exhibit 1.2) are combined with the data on foreign investment (Table 5 in Exhibit 2.2.) one finds the real core of what this paper set out to demonstrate, namely, the fact that foreign aid ultimately helps in perpetuating the economic exploitation of the primary sector;

As was presented in Exhibit 1.2., the participation of the state in financing the agricultural sector was of $115.5 million in 1978/79. If one takes this figure as an average contribution for each of the five years in the IVth Plan and adds to it one fourth of the overall foreign aid invested in the rural economy during the first four years of the Plan (assuming that foreign aid was evenly disbursed and invested during the Plan) one can get an idea - of at least the order of magnitude - of the net economic exploitation of the primary sector (now adjusted after considering the net additional contribuiton of foreign aid to that sector of the economy). Stated otherwise, this analysis highlights the "balancing effect" that foreign aid exerts upon the financial relationships between the state and the agricultural sector.

Grants to the primary sector amounted to about $4 million per year during the last Plan and loans invested in the rural economy amounted to about $38 million per year. Therefore, loans plus grants amounted to $42 million/year, thus meaning that the total investment the primary sector got every year (in this average - year - example taken here) was of $157.5 million (=$115.5 million invested by the government and parastatals plus the $42 million of foreign aid). Therefore, if the table of Exhibit 1.2. is redone adding the foreign aid data into it, it shows the following:

Table 6. Balance of financial relationships between the state and the agricultural sector 1978/79 (foreign aid included):

Contribution of the agricultural sector to the national treasury	:	$368 million
Participation of the state and foreign aid in financing the agricultural sector	:	$157.5million(42.8%)
Net contribution of the agricultural sector (1978/79)	:	$210.5million(57.2%)

What the table shows is that, without foreign aid the rural economy would have only had 31% of what it contributed to the state in re-investments; with foreign aid it got around 43%, ergo, making the exploitation process less apparent and less evident to the farmers. Therefore, one can assume that potential conflict was avoided, prevented or postponed in part through the above-mentioned "balancing" effect of foreign aid. The latter, especially since the farmers seldom know where the investment moneys come from in terms of their origin, most moneys (including foreign aid) being administered and disbursed through government outlets anyway.

With foreign aid, then, the primary sector still contributed ±57% of its net revenue to the treasury in 1978/79.

For a primarily agricultural exporting country like Cameroon that has depended on foreign earnings from agriculture for many years, the question is at what percentages of contribution by the agricultural sector to the development of the other sectors one stops (or begins) considering the process described as exploitative. The answer seems to be related to what was said in the preamble to the evidences of exploitation, namely, that exploitation is evident and beyond any doubt when the agricultural sector's growth and growth potential is stifled in the process and when, as a result, the standard of living of the peasants objectively deteriorates.

Exhibit 1.1. convincingly proves that agriculture and the primary sector only get a small proportion of the overall development investments, lagging behind the terciary and secondary sectors of the economy. Agriculture and the primary sector also get proportionately less of what amounts were originally planned for investment in them. The final result, as shown in exhibits 1.3, 1.4 and 1.5, is not only a neglect of agriculture and a foreseeable fall in its productive output parameters - about which one should not be surprised or sorry a posteriori - but also a serious deterioration of the standard of living of the peasants, to the limit of not even providing them with the by now internationally accepted basic human needs. Urban migration should come as no surprise under these circumstances.

Much can and has been actually said in Cameroon about these problems, be it in official speeches at the highest levels or even in official documents. Just to quote one source, the following is said in a recent Ministry of Agriculture document:

> "The cost to the nation of a price policy favorable to the peasants' incomes and of a policy of intensive grass-roots rural development that would contribute more efficiently to real agricultural growth is indeed very high; such policies would indeed reduce the capacity of financing urban development, but they will definitively avoid being confronted later with an intersectoral growth imbalance so acute that it would slow down the global growth of the economy ..... If peasants continue to have significantly lower incomes than workers of other sectors of the economy, they will be either too old to leave their native villages where they will expect to live the rest of their lives or they will be waiting to seize the first opportunity to get a job in another sector. In the latter case, agricultural growth will continue to falter and foods available to urban dwellers will increasingly be produced industrially at very high costs. Society will become more contrasted and in tension. Unfortunately, the tendency one observes at present leads quite surely to the latter scenario ..... What is needed is a definition of an optimum equilibrium in the utilization of development investments - that allows the agricultural sector to continue to contribute its share to the growth of the other sectors of the economy, but at levels that will not stigmatize the agricultural productive apparatus upon which the global growth of the national economy rests." (4).

Nevertheless, despite all that has been said or written, the naked figures presented in this paper bear undeniable evidence of a process that cannot be considered accidental, but deliberate and that can genuinely be labelled as exploitative, atleast during the period under consideration in its analysis which extends well into the present.

Another element leading to an perpetuating the exploitation is the lack of real possibilities of the peasants to participate and much less to influence the decision making process which decides the fate and uses of the wealth they generate.

The question that arises naturally next is what explains this state of affairs. From all evidence, it seems to be a mixture of lack of political commitment of the government (or governing elites) to grant preferential attention to the growth of the primary sector - perhaps emulating past Western development priorities and trends that have lead to maldevelopment - together with some sort of lower and/or slower absorbtive capacity of the rural economy when compared with industrial, mining or energy enterprises or the activities of the terciary sector. To evaluate the relative importance of these two elements hampering the growth of agriculture in Cameroon in the past is difficult, but both surely are amongst the most important determinants.

The latter criterion (commitment/absorbtive capacity) also helps to judge the attitudes and to evaluate the performance of foreign, multilateral and bilateral aid donors. The analysis of facts seems to show an apparently greater commitment to rural development by foreign donors than by the local government. Interestingly, as said earlier in the introduction, many donors know this latter fact and seem to feel comfortable filling the gap or the "holes" left by the internal exploitation process of the rural economy systematically carried out by the state.

POSTSCRIPT:

By the time this manuscript was completed (July 1981), the final draft of Cameroon's Vth Five-Year Development Plan (1981- 86) was being readied for promulgation as a law. An analysis of the newly proposed sectoral allotment of the overall investment budget fixed for said Plan reveals several elements that provide grounds for some optimism.

In a quite dramatic reshuffling of investment priorities, the primary sector is earmarked to receive 23.7% of all development funds (up from 12.8% proposed in the IVth Plan); the secondary sector is to receive 16.4% of all investments (down from 47.2% proposed in the IVth Plan) and the terciary sector is to get 28.8% of the total envelope (unchanged from what it was to get in the IVth Plan). On the other hand, education increases its share in the overall pie from 2.6% to 8.8% and health/social affairs passes from a 1% to a 4% participation in the use of development funds.

In constant 1980/81 dollars the above roughly means a fourfold increase in development funds for the primary sector, a 25% decrease in funding for the development of the secondary sector, a doubling for the terciary sector, a seven-fold increase for the development of educational projects and an eightfold increase in the health/social affairs development budget. (Internal Memo. N° 469 in its ammended version: "Financement du Ve Plan par Secteur", Hypothèse N° 3, Planning Direction, Ministry of Economic Affairs and Planning, Yaoundé, June 1981).

What is proposed for the Vth Plan at least implies a new committment. What remains to be proven is whether the sectors benefitting from the above substantial increases will be able to absorb the new investments in principle allotted to them. And, last but not least, it has to be borne in mind that all this shift in emphasis favoring the primary sector is by no means per-se an assurance of an end to the sector's and the peasants' exploitation. Only the future will tell. Development strategies that do not work towards improving the peasants' standard of living will not work for anyone in Cameroon.

REFERENCES

1). Moore-Lappé, F., Collins, J. and Kinley, D. "Aid as obstacle: 20 questions about our foreign aid and the hungry", Inst. for Food and Devpt. Policy, San Fransisco, 1980.

2). "Perspectives de Developpement pour l'An 2000 (esquices): sous secteur Agriculture", Ministry of Agriculture, Yaoundé, Jan. 1980.

3). "Preétude de la commercialisation des produits vivriers au Cameroun", Cegos-Makrotest, World Bank, April 1980.

4). "Bilan Diagnostic du Secteur Agricole de 1960 à 1980", Ministry of Agriculture, Yaoundé, March 1980.

5). "Note sur la Croissance de l'Economie Camerounaise", Ministry of Economic Affairs and Planning, Yaoundé, April 1981.

6). "Financement et Croissance", version I, Commission Nationale de Planification N° 12, Ministry of Economic Affairs and Planning/Ministry of Finance, Yaoundé, April 1981. °

7). "Rapport d'execution des trois premières années du IVe Plan", Planning Direction, Ministry of Economic Affairs and Planning, Yaoundé, March 1980.

8). Harrison, P. "The inequities that curb potential". Ceres, May-June, 1981.

9). "Plan Alimentaire à long terme", Ministry of Economic Affairs and Planning/SEDA, Yaoundé, Feb. 1981.

10). "United Republic of Cameroon economic memorandum report N° 2877-CM", World Bank, April 1980.

11). "Perspectives de croissance: Ve Plan", Ministry of Economic Affairs and Planning, Yaoundé, April 1981.

12). "Country development strategy statement FY82, USAID, Washington, IDCA 1980.

13). Mounier, F., "Economie Camerounaise: Produire pour vendre et pour manger", Jeune Afrique, N° 1062, May 13, 1981.

14). "Etude de la production et de la consommation mondiale du café robusta", Vol I, SEDES, Paris, July 1980.

15). Birara, A. "Bilateral/multilateral assistance and recurrent cost absorbtive capacity in Cameroon 1980/81-1984/85", mimeo, USAID/Yaoundé Aug. 1979.

16). Calestous, J. "The state of world food", mimeo, Environmental Liaison Center, Nairobi, 1980.

17). Personal communication, Technical Advisor, Ministry of Finance, Yaoundé, 1981.

° Most of the information found in this reference, and widely quoted throughout the text of this paper, can also be found in: "Rapport d'execution des quatre premieres années du IVe Plan", Planning Direction, Ministry of Economic Affairs and Planning, Yaoundé, April 1981.