GUINEA : A CASE STUDY IN POST-COLONIAL ECONOMIC RELATIONS

December 1967.

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The works of Clausewitz, it was once suggested, contain more lessons for the modern business corporation than do the Principles of Samuelson; and the remark would be equally apt for the government of an underdeveloped country. Such a government, like an oligopolistic business corporation, or indeed a military commander, is not concerned merely with what the French have called 'conjoncture', actions which are circumscribed by a framework that has to be taken as given. They are also concerned with the way conjonctural actions change the framework of structural data by which future actions will be circumscribed.

This distinction between structure and conjoncture is clear in games. The form of a game, its rules, the deal of a pack of cards - these form the structure. The playing of the hand is the conjoncture. Usually there are some elements of the structure which change repeatedly - the deal is an example. Other elements, the basic rules perhaps, change only very slowly over long periods of time adapting in small ways to the demand of the players. This interaction of the conjoncture with the structure has been brilliantly elaborated in the field of linguistics by the school of generative grammar stemming from M.I.T.

In economics, however, such an approach has been almost entirely lacking in any theoretical sense, and it is precisely this apprach which might be of considerable use in the discussion of economic development. It focusses on a set of possible actions at any one time, and the relationship between any point on that decision set and the nature of a set of possible actions at a further time. It is the relationship between these sets when evaluated in terms of specified ends which allows us to talk of degrees of independence.

A second point arises out of this 'generative' process. We have been looking at this process from the point of view of one economic unit with its own aims and its own structure. But many elements in a unit's structure are formed out of the processes of other economic units with different ends and different logics.

Take Guinea for example. Guinea is not a self-contained self-determining unit related to the outside world in the form of once and for all transactions, as much of utilitarian international trade theory would suggest. Rather it is an economic space - a stage - a system the elements in which are controlled by various economic units and linked in with the sub-systems or logics of these economic units. There is the Guinean government, the French government, French private firms or workers, international consortia, foreign aid givers, the IMF. What happens in Guinea cannot be understood as a self-contained economic system. It only becomes comprehensible when we see the interplay of these various logics working itself out in this territorial area.

Furthermore, this interplay is not necessarily harmonious. The logic of the French government, or the French Treasury, or French private firms may dictate courses of action quite at variance with the logic of the Guinean government, and vice versa. As economists we are not in a position to make a welfare judgement in terms of the group of economic units as a whole about the outcome of such clashes. Rather we can elaborate the consequences for any of the economic units of a particular outcome in terms of the ends they are pursuing and the likely outcomes of future clashes.

The banking system in the colonial period gives us an example. The overall logic of the franc area dictated stringent conditions on lending by commercial banks and credit issuing by the L'Institututs d'Emission. Credit worthiness was judged on the creteria of the metropolis. Both loans and credits were almost entirely short term. Consequently credit went principally to finance trade and the large expatriate firms operating in the country. Surplus funds not used by these sectors were invested or used as credit in the metropolis. The effect, therefore, was not only to concretise a particular type of colonial economic structure, but to actually transfer funds saved in Guinea to France.

Clearly this was against the economic logic of a party like the PDG and the majority of the Guinean nationals. However, the nature of the system was such that the logic of the Franc zone prevailed when there was this clash over local savings.

The point of posing the problem in this way is that it helps us to clarify the way in which relationships have changed in the post-colonial period. When clashes of interest arise between the various units represented in Guinea, what is the outcome? Have the clashes diminished, that is to say, do certain economic units play less of a part in the Guinean economic space?

The two crude models which provide the common place for contemporary discussions on the nature of economic relationships in the post-colonial world have clear answers. The utilitarian view sees external economic units withdrawing from the Guinean space. Consequently there can be no clashes of interest. The simplist neo-colonial view sees various economic units from the developed world present in Guinea with intensity equal to that of the colonial era, and prevailing in a parallel way to that period.

In this paper I want to outline a more detailed picture of the relations as they now exist, what new units have entered Guinea, and the changing roles of the old units. I have chosen to exemplify the approach outlined above by a case study of Guinea, since in this country the clashes have been realised to a greater extent than anywhere else in black Afriac rather than the outcomes being assumed and paths of action tailored accordingly. The Guinean government have in short challenged economic units in its country when their interests have clashed, and have tried to develop an economic system in Guinea not independent in the utilitarian sense, but one in which the Guinean government controlled key elements in the economy and could accordingly impose the logic of their development plan.

I will discuss the relations of the Guinean government with three economic units in turn: the French government and French private concerns; the international mineral consortia; and the aid donors.

<u>Guinea, France and Independence.</u>

French interest in Guinea dates from the 1840's, but the formal extension of control and absorption of the country as we know it into the French patrimony did not come until the last twenty years of the century. Previously Guinea had played an important role as a centre in the slave trade when the

West African coast was dominated by the British and Portugese, and although slavery was still reported well into the twentieth century, Guinea's main function was to be in merchandise trade.

Her economy in the colonial period was similar to most of the West African maritime states. It was centred on primary production (first rubber, then bananas and some palm oil), trade was highly concentrated in the hands of three large French trading houses from 1914 onwards, and a budgetary 'autonomy' was inforced which, when coupled with limited taxation, implied both poor social and economic infrastructure, as well as the effective absense of any processing or manufacturing facilities.

What was to mark Guinea out from the rest of the French colonial empire in Africa was her experience since 1945, and notably the fact that in the referendum in September 1958 when offered the choice between membership of a new French Communaute and independence, Guinea was the only country to vote in favour of independence, (94% of the population voted 'non' to the Communaute.)

The reasons for Guinea's vote were manifold. Partly the very peripheral nature of the economy meant that the Trade Union movement developed only after the second war. Nevertheless it was trade unionists who led the PDG in Guinea rather than French - trained intellectuals. Furthermore as a national rather than a regional or tribal body, the PDG were able to unite the opposition to the chieftency, and abolish it effectively in 1956-7.

Be that as it may, Guinea took its independence aware of the French hostility to such a move. What in fact followed the vote of September 28th and the declaration of independence on October 2nd, was a three-fold process: the withdrawal of private French interests; the response by the Guinean government to these ramifications in the form of the creation of a new Guinean monetary system outside the franc zone, and the voluntary cessation of her major monetary and trading links with France.

The first step of this process, the insistence by France that economic independence should accompany political independence, was largely dictated by the French fear that the Guinean example would be followed by other French African states. Accordingly, France suspended her grant of £6 m. per annum to the operating budget, she ceased to pay pensions to the war veterens in Guinea who had fought on the allied side in the 2nd world war, and all credit d'equipment were also stopped. This sudden fault in the flow of financial contributions was compounded by the severe restriction of credit by the private banking network working in Guinea, and the restrictions placed on Guinea by the West African public issuing bank which was responsible for currency issue and limited short term credits in French West Africa.

Furthermore, the administrators and technicians on whom the Guinean economy and policy depended and who were almost entirely French, almost immediately began to leave after the independence vote. On 23rd October a leading Parisian official arrived to organise the exodus. Control of the payment of indemnities, paid holidays, and return voyages by the Metropolitan Treasury was used as a means to persuade those functionaries who did not already desire to leave Guinea to do so. Doctors, teachers, and administrators went away, carrying with them all that could be removed (telephones were torn out by the roots for example) and burning many of the records and archives which remained.

Lastly, the French threatened to remove from Guinea her one reliable source of foreign exchange, the islands of Loss, which contrary to their name were the seat of major bauxite deposits worked since 1953 by the company Bauxite du Midi.

In spite of this Guinea pressed hard for an agreement with France, not only to try and remedy this technical and administrative situation, but more centrally to get some agreement over Guinea's position in the Franc Zone.

We heard yesterday from Peter Oppenheimer of the main features and mechanisms of the Franc Zone. The securing of the colonial currencies by means of automatic credit from the French Treasury; the holding of foreign reserves in French francs and automatic converability of these reserves into foreign currency; the principle of free transferability of funds within the Franc Zone; the control of monetary and credit policy in the colonial territories by organs of the Zone which until 1958 were formally dominated by France in West Africa, and after that date were still essentially geared to maintain strict financial discipline; finally, the continuing importance of the overseas branches of French banks in the colonial territories as centres for deposits and the granting of short term (plus a few medium term) credits.

This system left Guinea remarkably vulnerable in her post-independence situation. Her reserves were held in francs in either private or public institutions under French control. In order to purchase outside the Franc Zone she relied on convertability and the ability to operate on the

Parisian money market. The rigid credit policies of the commercial institutions, and the West African Instituts d'Emission (which had become the Central Bank of French West Africa in 1958) meant that the Guinea government relied on French public grants for the functioning of her budget, let alone any investments for long term development.

The compensatory flows from France we have seen were cut off. The blocking of reserves, the ending of convertability and of the automatic drawing rights were feared to lead to total economic disruption. Accordingly, in spite of its disadvantages, continuing membership of the Franc Zone became Guinea's principle demand by the end of December 1958. On the 7th January an agreement was reached. It promised a Guinean Treasury, the creation of a Guinean money which would be defined in terms of the French franc, and of an Issuing authority which would act according to the common policies of the Issuing authorities throughout the franc zone. Guinea accepted to follow the common credit policies of the franc zone, to submit her import and export programmes to common examination, to maintain recipricol preferences with the Franc Zone as far as trade was concerned and to inform France about the opening of any commercial negotiations of interest to her. Free transfer and the absence of exchange controls were acknowledged by Guinea.

Throughout 1959 Guinea attempted to press for the implementation of this agreement, without success. By the autumn of 1959 the Guinean government had decided to leave the franc zone, though it did not in fact do so until March 1st 1960, largely because of difficulties in negotiating a suitable loan from the Soviet Union to serve as a backing during the break. Three factors were largely responsible. Firstly, throughout the period after independence there had been a massive repatriation of funds by French citizens in Guinea and by French private concerns. This was not encouraged by the French government but rather constituted an automatic economic reaction to the withdrawal of French administrators and aid, and the ensuing uncertainty of the situation. If trade follows the flag, it also departs with it. Secondly, the control of the Guinean reserves gave France a crucial control over Guinean policy. Thirdly, the preferential trading system of the Franc Zone did not accord with the policies (a) of lowering import prices by inviting competition from non-Franc Zone sources as far as manufactured imports were concerned, (b) expanding the outlets for Guinean produce and (c)planning trade in the context of a National Plan. It should be noted indeed, that the international bauxite and iron concerns had shown considerable frustration at the rigidities of the Franc Zone as far as the exchange and tarriff situations were concerned, not only because of the exports of these products, but because of the extensive use of inputs imported from outside the Franc Zone.

Fourthly and finally, in terms of the policy changing the credit structure in the country, expanding to the agricultural and developmental sectors, and widening its use beyond the limited short-term and secure medium terms, Guinea found membership of the Franc Zone incompatible. The situation had been made even more serious after the nationalising of the mechanisms of external trade, and the inauguration of the institution CGCE. The CGCE controlled both import and export trade. Its formation had been considered necessary as part of Guinea's attempt to widen commercial contacts, notably by repaying aid in kind. However, the commercial banking system starved the CGCE of credit. Again this was not the result of uneconomic hositlity, but the application of economic principles in a situation of marked uncertainty.

On March 1st 1960 Guinea announced the formation of the Guinean franc and a Guinean central bank. The franc was to be of the same value as the CFA franc, but was defined in terms of gold and not the French franc. There was no free converability, nor transferability, Rather the tightest exchange control was instituted. Foreign companies had to submit detailed applications for foreign exchange, before such exchange was granted. It was announced that new credit policies would be elaborated as part of the 3 year plan, 1960 -63.

The consequences of the financial organisation were immediate and severe. Given the state of the Guinean economy (production in almost every sector had dropped, the money supply had shrunk to half its pre-independence level, bottlenecks had built up, and so on) and given the fact that the Guinean franc had no backing whatsoever, its value in the international money market was to all intents and purposes zero. Almost immediately a black market in foreign currency arose, and smuggling increased exponentially. In 1965 one report estimates that smuggling constituted 60% of all Guinean trade.

The flight of capital certainly stopped, but exchange controls drove out the planters who had survived the first two years of independence. In the following years banana and palm oil production fell rapidly.

In Paris the French had carried out what had always been a threat, the freezing of Guinean reserves. In August, the private commercial banks in

Guinea, with one exception, refused to comply with a Guinean government demand that 50% of their reserves should be placed with the new Guinean central bank, and they were consequently nationalised.

What we have seen in fact was a response of the French private interests to a situation of uncertainty leading to the creation by the Guinean government of a situation of even greater uncertainty, and a semi-collapse of the monetary system. The monetary network had not been under Guinean control although a key element in the working of the economic system. The attempt to control these key elements led to a massive withdrawal from Guinea in monetary and real terms.

Since that time Guinea has steadfastly refused to re-enter the Zone. In 1963 she announced the creation of a new money. The aim it was suggested was to revalue the Guinean money in order, under IMF auspices, to be in a position to re-enter a monetary zone. Old Guinean francs were to be exchanged within a set period for the new money. Lack of administration and the pervasion of distrust led to the attempted reform causing considerable unrest in the countryside among people who felt their savings were being devalued. Since 1963, although the Guinean economy is considerably more stable, no fresh attempt has been made to re-enter a Zone, either franc or dollar.

Guinea and the International Consortia.

One result of, and compensation for, the heavy rain which deluges Guinea for the majority of the year, is that the country's bauxite deposits are among the world's largest. She also possesses in her south-east corner among the largest iron ore deposits in the world amounting to some 1½ billion tons.

The existence of mineral deposits in Guinea has been known for some considerable time (there is a reference to bauxite in Guinea as early as 1821) but they have been only exploited commercially since 1952.

The bauxite deposits are in three areas: the islands of Loss, the region round Boké, and that round Fria to the South. The prospecting and exploitation rights of the first two were in the hands of Bauxite du Midi, a French subsidiary of Aluminium Ltd of Canada. They began by exploiting the Loss deposits because of the ease of access to transport which shipped the bauxite to Canada for processing. By 1956 output from these Dassa deposits had reached ½ million short tons p.a.

The investment required for Kassa was $12 m., but in 1956 they put forward plans for an investment of $100 m. in the opening up of Boké. With the help of the French government they were to establish both mining facilities and an alumina processing plant, building a 75 mile railway to the coast, expanding the port facilities, and building a new town for their employees. The state of the aluminium market, which had developed most rapidly of all the non-ferrous metals since the war, and the favourable terms offered by the French colonial government to BDM, justified the project in the eyes of the parent company.

However, after independence, BDM delayed. They continued with the building of the infrastructural part of the project with a view to the exploitation of the bauxite but pronounced themselves unwilling to continue with the alumina plant. Quite apart from the increased risks of working under a government who were clearly concerned about economic independence and could be expected to tighten the terms which had been offered by the French colonial government, 1958 and 1959 saw the appearance of surplus capacity in the US and Canada. Such a surplus was reported in both the alumina and aluminium works of Aluminium Ltd in Canada, and this not only made them unwilling to develop further spare capacity, but with the rise in unit costs decreased the capital available for investment. Finally Limited argued that they were engaged on technological research on the Gross process which they suspected would make the alumina process obsolete since it would enable bauxite to be transformed immediately into aluminium.

From the point of view of Limited there were good economic reasons for not going ahead with the processing scheme, but this ran directly contrary to the attempts by the Guinean government to build a vertically integrated aluminium industry in the country. Guinea had some hold over Limited by virtue of the fact that the company had invested over £8 million between 1958 and 1961, and it was this sunk investment which persuaded Limited to try and involve other leading aluminium companies in the Boké project, and to apply to the World Bank for aid for the infrastructure which constituted two thirds of the costs. Neither was productive. In August 1961 BDM announced they were ceasing work on Boké. On February 24th 1962 the Guinean government published the decree terminating the concessions of BDM at Boké, and at Loss.

The Guinean government had refused to accept the dominance of the logic of Limited in this conflict of interests. What followed, however, revealed the problems that underdeveloped countries face in the extractive fields. For they found themselves unable to exploit the deposits to any sufficient extent without the help of private capital.

There were three reasons for this. The first was a question of technological skills. There were virtually no trained Guineans capable of operating the bauxite processes. Eastern Europe provided some help, but they could not provide anything like the numbers necessary. With the help of 20 Hungarians the Kassa deposits were restarted but even by 1964 production was less than a third of what it was under Limited.

Secondly, there was a question of capital. The estimated cost of Boké had risen to $150-200 m. Again Eastern Europe were unable to match the Western private firms, and this figure could not even be approached by Guinea on her own. All investments in her third plan totalled 155 m.

Lastly, there was a problem of outlets. Even with the decimated production at Kassa Guinea found some difficulties in selling the 50,000 tons of bauxite. Boké was expected to produce over 1 million tons p.a. The whole drive of the Western aluminium companies had been to gain their own supply sources principally for the sake of security. There was thus a limited market in the East, and almost no market in the West.

These three factors operate in most of the extractive industries and give an often decisive bargaining power to the large private firms. They explain why Guinea immediately after expropriating BDM appealed to other private firms to take up the concession. But the ensuing negotiations with most of the leading firms in America and Europe reveal that an underdeveloped country has some room to move. For she finally granted the concessions to a relatively small American firm, Harvey's Inc., who in order to secure itself supply sources to avoid oligopolistic pressure by the largest producers and

and supply controllers, made an agreement with the Guinean government which was decisevely more in the latter's favour than the arrangement which existed with Limited.

There were to be three stages, the first was to produce 1 million tons of bauxite, the second to construct an alumina plant, the third to build an aluminium smelter. On top of this an aluminium manufacturing plant was to be erected which at first would work on imported aluminium, and make aluminium utensils, building materials and so on. By using the competition which existed in a highly concentrated industry Guinea got herself the promise of an integrated aluminium industry.

As yet the promise is far from fulfilled. The manufacturing plant has been working since 1965. Agreements by Harveys have now been signed at the beginning of this year with the giants Alcan and Alcoa, and the leading European producers, for capital and demand participation in the first stage. Guinea, who under the agreements were to finance the infrastructural projects (as well as receiving 65% profits) have been trying to get aid to this end. In March 1966 the World Bank made their first commitment of $1.7 m. to finance field surveys. The Boké deposits have been revealed as so vast that Guinea is evidently contenting herself with getting the first stage off the ground. Although she is once more linked to the largest firms, this link runs through Harveys, whose bargaining power is considerably smaller.

The issues at the other major deposit, Fria, have been somewhat different since the operating consortia has from the beginning been weaker in bargaining strength. The system was initiated, like Boké, in the middle 50's by the French companies Pechiney and Ugine chiefly because of the rising cost of energy in Europe. Pechiney established a consortia for similar reasons to Harveys at Boké, because it was by itself too small to provide both the capital and sufficient outlets for the ½ million tons of alumina envisaged for the first stage. Included in the scheme was a major dam at Souapiti and an aluminium smelter using the cheap energy provided by the dam. The dam and smelter were to be mainly financed by the French and the World Bank. Again the concessions to Fria were considerable - few if any taxes being envisaged for the first 25 years of operations.

As the result of independence, the French withdrew their promised aid from the dam and the World Bank consequently withdrew their promised advances for the smelter. The Fria consortia however, which had involved the leading European producers and the American firm Olin Mathieson - all of whom were in search of cheap and secure sources of supply - pressed ahead, and by 1960 their $100m. alumina scheme was producing. By 1963 production was up to the target, 480,000 tons per annum of alumina.

The Guinean government had from independence been assiduous in its courtship of Fria. Delegations were received with ceremony. Sekou Touré paid a special call on Olin Mathieson on his world tour in 1959. Nevertheless it appears that the Guinean leaders were very aware of the possible dangers of the Fria complex within their economy. That is to say, the features of an extractive complex which creates the dualism we have discussed at length throughout this conference, and which were not present to a decisive degree in Guinea because of the late development of her extractive industries, were in a position to distort the economy away from the planned development envisaged in the first 3 year plan.

The first of these features was the very size of the complex in the economy.

The capital, investment had totalled \$160 m. as against a national income variously estimated at between \$175 and 240 m. Furthermore alumina from Fria accounts for about ½ of all Guinea's export receipts. Secondly, the affects of this complex as a stimulant to the rest of the economy is remarkably small. We might expect considerable portions of the investment to overflow into the Guinean economy, either as wages to labour, payment to inputs of raw materials, the creation of consumer goods demand, payment of taxes, and so on. In fact the complex was more integrated into the world economy than into Guinea. Of the capital investment in the construction period Amin has estimated that only 12% fed into the Guinean economy. Materials were almost all imported. The large proportion of wages were paid to Europeans who spent only one fifth of their income in the country. Taxes amounted to only some 5% of the total.

During the operating period, the overflow into the Guinean economy reached some 25%. The inputs for alumina processing, caustic soda in particular, were not available in Guinea and had to be imported. European salaries continue to exceed in total value terms those paid to the Guineans (some 700 of whom are given employment) and there is a steady flow out of the country in payment of debt capital.

It could be argued that some overspill (and the annual contribution amounts to some \$6.8 m) is better than nothing, and that an operating Fria is better than a stand-still Boké. There is some force in the argument, but 3 points must be made. Firstly, the existence of a complex does to some extent distort the economy - although little labour is used, salaries offered to skilled Guineans (and at independence it is estimated there were fewer than 50 Guineans with graduate training, and fewer than 500 with high school training) take away some of the extremely scarce skilled indigenous Guineans from public administration. Again, when supply is relatively inelastic, the ability of a complex to bid high prices means that scarce resources tend to serve the complex rather than the more central needs in the plan.

Secondly, any growth process is usually led by dynamic sectors. They accumulate capital, provide new demands, offer new supplies creating the possibility for what economists call forward linkages. They create training skills, and so on. If such leading sectors are dominated by a logic external to the country and perhaps at variance with it these key over-spill effects are muffled.

Thirdly, and lastly, if a complex is powerful in the sense we outlined at the beginning, and can put over its logic in the event of a clash (and the key role in the economy, the provision of scarce skill, capital and markets all ensure that it has considerable power) it can impose short-term disruptive effects on an economy whose origin lies elsewhere. The cutting down of production in the event of a surplus in its smelters, the switching of production during a political crisis, and so on.

The Guinea government responded to this potentiality with a policy which would have been virtually impossible inside the Franc Zone. The exchange controls which were imposed after the creation of the Guinean franc were extended to Fria. All demands for foreign currencies with which to pay for imports, the interest on debt capital, and the expatriate workers, had to be obtained with the consent of the Guinean government. Foreign currency earned as revenue on the exported alumina had to be funded in the public Guinean accounts. The working relation which emerged was that Fria was allowed a certain proportion of her exchange earnings to pay for imports. The remainder was kept in Guinea francs for spending in Guinea, on taxes, Guinean salaries, and for saving. It was in short, a method of trying to secure for Guinea a greater proportion of Fria's earnings for the country.

The policy had a number of interesting results. Firstly the price of exported alumina has remained low. This price is a transfer price for the alumina is not sold to other firms but transferred to different parts of the consortia. In Jamaica where tax concessions make it worthwhile for the major aluminium producer to earn the profits at the extraction end of the process rather than the processing end in Florida, the transfer price is high. From Guinea it is low. The ability to alter prices in this way is one of the key elements of flexibility in international firms.

Secondly, Fria remained short of foreign exchange. One answer was to import more capital from the parents companies. Another was to persuade AID to grant aid to Guinea to buy oil which Fria could then buy from the Guinean government in Guinean francs. The AID loan for this purpose in 1964 totalled 7 million dollars.

Lastly, a considerable surplus of Guinean francs has built up in the Fria account in Guinea, and the consortia is currently considering exactly how it could be most profitably invested in the country.

One of the most interesting points of this experience has been that relations between the government and the consortia have remained remarkably amicable. Guinea recognises that Fria has been acting according to economic logic, and Fria appear to recognise that however unpalatable the Guinean government's exchange control policies, from the government's point of view this is one way of trying to use Fria as an agency for national development.

As far as the iron ore is concerned Companie Miniere de Conakry ceased producing in 1966 as the result of the exchange control regulations. Since only 38 foreign technicians were working the deposits, Guinea may feel able to take this deposit over in a way which she was unable to do in Kassa and Boke.

Aid.

In her applications for aid, Guinea has likewise tried to use international competition between national and international agencies. Her main concerns were:

a. emergency replacement of the technical administrative and financial vacuum left by the French.
b. to encourage import substitution, in order to prevent Balance of Payments crises.
c. complementary aid to the major schemes.
d. aid to build up infrastructural projects.

While Guinea's need for aid was clear and at times critical, she has always attempted to prevent the giving of aid being used as an instrument of power against her. In this she has been helped by the rivalries of the Cold War - both China and the Soviet block have given considerable help in infrastructural projects and in trading agreements - while the US in response to the Soviet challenge have become the major aid giver. Similar rivalries in Europe have led to considerable German aid, while the influence of the aluminium companies on their respective governments have resulted in sizeable amounts of complementary aid.

In response to these rivalries, Guinea has followed a policy of swinging evidently from one side to the other. At first she was closely allied to the USSR. But in 1961 she expelled the Russian ambassador on grounds of alleged complicity in a plot to overthrow the government. It was at this time that relations became warmer with the US, and in 1963 there was a decisive move towards re-privatisation in the economy and re-establishing relations with France. In 1964 private traders once more came under fire, and relations with the Soviet Union and China improved. In 1965 relations with the French and the British were broken off, the first because of plot complicity, the second because of UDI. The Peace Corps were also expelled. Currently there appears to be a move back towards reconciliation with the French, though internal policy, and the strategy of development has remained remarkably uninfluenced by these swings of fortune. The changes that have operated appear to have been dicated by internal necessity rather than external pressure.

Conclusion

What is clear from the Guinean experience is that an awareness of the components parts of bargaining power, and the necessity to gain control of the key elements in the economy is of central importance to development. Guinean policy appears to have been guided by two things: first to limit its own dependence on any external power or element in the economy controlled by an external power: second to weaken the power of the external forces themselves.

In voting for independence, and then following a path of centrally planned development, they came into conflict with other economic units operating in the what I have called the Guinean economic space. In some cases the attempt to use their political power has resulted in grave disruption of the economy: the leaving of the franc zone and the nationalising of all internal trade were two conspicuous examples. But in their relations with aid giving countries, and with the internation firms, they have been remarkably successful in their strategy, in using what economic power they have in order to try and increase that power to follow their development strategy unimpeded in the future.

By confronting other economic units with interests in the country, Guinea has revealed the nature to which the varying strategies of economic units superimpose themselves on each other in the post-colonial world. The picture which they reveal is very far from the utilitarian model. At the same time it does suggest that a country in an essentially weak position can gradually strengthen its hand, by being aware of the structure as well as the conjoncture. The awareness and willingness to pursue a policy of like intention to Guinea may be a necessary condition if African countries are to succeed in development.