ECONOMICS AND ECONOMIC RESEARCH IN UGANDA DURING THE AMIN PERIOD

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It soon will be four years since a military coup in Uganda toppled the Obote regime and brought to power General Idi Amin Dada. Not since Ghana's Kwame Nkruma has there been such an imposing and controversial figure on the Africa scene. As most Ugandans understand, however, he is acclaimed more enthusiastically by those who live outside the country than by those who live within. Thus the American black leader of CORE, Roy Innis, in a 1973 address at Makerere University, brought tears to the eyes of President Amin when he hailed him as one of the three greatest black leaders of the century. Informed observers, on the other hand, estimate that a minimum of 25,000 and perhaps as many as 100,000 Ugandan Africans have been killed since Amin came to power. Many others have fled the country.

The events surrounding the coup and the Asian exodus have been chronicled elsewhere (cf. Mittleman, 1971; Ravenhill, 1974; Tandon; 1973); and many of the other significant events, pronouncements and decrees of President Amin have been published in the international press (cf. Observer, passim; Legum, 1973, 1974). The purpose of this paper is to evaluate some of the effects upon the national economy of the "precipitous" actions taken by Amin since his advent to power on January 25, 1971. There can be no doubt that his actions have had far-reaching and irreversible effects. Amin himself views them in the context of an "economic war" and claims that the expulsion of the Asians, the dismissal of the British, and his other policies have achieved that ultimate and elusive goal of economic independence for all Ugandans. Others, including some of his former closest associates, maintain that Amin in less than four years has all but destroyed Uganda's economy and that even if the present climate of fear, repression, and uncertainty were to change tomorrow, it would take years to restore the institutional infrastructures of the national economy.

If the term "economic independence" has any meaning, it signifies that a country not only controls its national resources and institutions, but also utilizes and develops them for the benefit of its people. Implicit in this concept are three essential factors: (1) productivity of land and labor are increasing to provide the food and other goods required by the

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population; (2) exposure and vulnerability to the destructive forces of the environment are being modified through education and the development of economic and social institutions; and (3) conditions of servitude to and dependency on other men and other societies are being transformed and replaced by relationships of equality and interdependency. Such an understanding of economic independence allows us to evaluate Amin's policies from a wider perspective than from the way they have affected Uganda's relationships to external economic forces and to noncitizen groups.

From this general perspective I will consider some of the changes which have taken place within Uganda with the emphasis on their impact upon three different aspects of the economy: (1) population dynamics; (2) the structure and performance of the economy; and (3) employment and incomes. These three features obviously are closely interrelated, but this division provides a useful framework to discuss the Amin period up to the present time and to address the wider question of who and what groups in Uganda have benefitted and who have borne the costs of these changes. Because it seems important to consider this period within the continuity of Uganda's historical development, some emphasis is placed on the structural features of the economy prior to the military coup.

As the title indicates, the emphasis of this paper is upon the economics of the Amin period, but many features of Ugandan contemporary history are included of necessity. The economic research aspects seem of lesser interest, but a few observations are included regarding the difficulties and uncertainties involved in the conduct of field surveys during an extended period of national uncertainty. With the assistance of ten school leavers from the district, I was engaged in a regional economic study in Kigezi District in Southwest Uganda for several months in 1971 and 1972. Although some delays and interruptions occurred, these studies eventually were completed in January 1973. I was in the process of familiarizing myself with the several ministries and personnel in Entebbe when the coup occurred in January 1971, and over the next two and a half years, I divided my time almost equally between Kigezi District and Makerere University in Kampala.

The year 1969 provides a useful point of departure. Detailed information on population and on industrial production are available (Population Census, 1969; Survey of Industrial Production, 1969). The economy had been growing steadily. In addition, 1969 introduced a discontinuity into the economy which is indicated already in 1970 national income data. In October 1969, Obote had expressed his government's commitment to a program of state ownership and of a move to the left in the Common Man's Charter. As he began to implement this move in a series of policy statements, the private sector reacted with an uncertainty that is evident already in the employment figures and national income accounts of 1970.

An assessment of the Amin period is conplicated, of course, by the relatively short period of time that has elapsed since Amin began his "economic war" and by the general inadequacy or unavailability of many statistical indicators. Obviously, few governments encourage the release of information that does not contribute to a favorable impression, and the reliability of certain types of national income data is dubious even in the best of times. From the limited statistical data available, however, it is possible to capture some of the general changes that are occurring in the national economy and to make somewhat cautious inferences about the implications which these changes have for the future.

1. Population and Racial Characteristics of the Population

From a limited point of view, the most striking visible change that has occurred in Uganda since 1970 is the departure of the Asian population and a decline in the number of Europeans. From a demographic point of view, however, the relatively small size of the non-African population was such that it had little effect upon the national population characteristics. In 1969 the total population of Uganda was 9,548,847; less than one percent of this number was non-African.

The largest and consequently the most visible of the racial minority groups was the Asian. The 1969 Census enumerated 74,308 Asians. They tended to concentrate in the urban areas and principal trading centers. Approximately 42 percent resided in Kampala, where they constituted almost 10 percent of the population; and nearly 20 percent lived in Jinja and Mbale. In some of the outlying districts, such as Karamoja and Madi, there were few Asians--in Karamoja, the ratio was 1 Asian to 2,500 Africans; in Madi, 1 to 1,216.

TABLE 1. POPULATION BY REGION AND RACE, 1969

Region	African	Asian	Arab	European	Other	Total
Buganda	2,617,607	41,394	661	5,860	1,810	2,667,332
Eastern	2,787,964	24,272	1,546	1,345	1,939	2,817,066
Western	2,424,032	5,337	601	1,515	1,065	2,432,550
Northern	1,626,863	3,305	430	813	488	1,631,899
TOTAL	9,456,466	74,308	3,238	9,533	5,302	9,548,847
Kampala	293,328	31,505	352	4,293	1,222	330,700
Jinja	43,281	8,523	59	417	229	52,509
Mbale	18,374	4,664	163	158	185	23,544

Source: Uganda, Statistics Division, Ministry of Planning and Economic Development, Statistical Abstract, 1971, p. 11.

For the majority of the African population, the exodus of the Asians was noticed primarily because of the events that surrounded and followed upon their departure. Relatively few ever viewed the "little Bombay" setting of a Sunday afternoon in Kampala.

The role of the Asians in the national economy, however, was far greater than their numbers would suggest. As traders they played an important role in the spread of the money economy in Uganda. They retained control over many areas of economic enterprise, particularly in the commercial and small scale manufacturing sectors, and effectively barred African entry into these sectors until the 1950s and later. Others, particularly the Goans, filled important roles in the civil service both before and after independence.

Although the number of non-Africans in employment was not large, most were employed in professional or skilled occupations and they received incomes well above the incomes of all but a relatively small number of Africans. Most non-African employees were located in the urban areas and principal trading areas.

TABLE 2. REPORTED EMPLOYMENT AND ANNUAL AVERAGE WAGES, 1969

Race	Number	Percent of Work Force	Annual Wage (In Shillings)	Ratio of Average to Total Average
African	280,526	95.1	3,127	0.79
Asian	10,986	3.7	16,055	4.06
European	3,457	1.2	32,555	8.24
TOTAL	294,969	100.0	3,953	1.00

Source: Uganda, Statistics Division, Ministry of Planning and Economic Development, Statistical Abstract, 1970, pp. 101, 108-109.

The African population in 1969 was estimated to be increasing at an annual rate of about 3.2 percent and this rate of growth was expected to rise to about 3.5 percent by 1976. At the present time the population numbers approximately 11.2 million people. Uganda has a young population, with about 46 percent under the age of fifteen, and the population remains predominantly rural. At the time of the Census, approximately 7 percent of the total resided in towns or urban centers of more than 2,000 people. The exodus of the Asians may have caused the urban population to decline for a brief period, but most of the vacated residential units were occupied almost immediately and the urban areas continue to expand.

2. The National Economy: Structural Features and Performance

In Uganda the great majority of the population live in the rural areas and are relatively self-sufficient in food production. At the same time, nearly every household is engaged in the money economy to some extent, either through the cultivation and sale of an export or food crop or through wage employment. Because of the size and importance of the monetized and nonmonetized rural sectors, it is misleading in an evaluation of this nature to focus too narrowly on the industrial sectors of the money economy alone. The strength and resiliency of the national economy in large part is attributable to the stability of the rural households and to their contribution to the national economy.

In Uganda the contribution of the primary sectors--agriculture, forestry, fishing and hunting, and mining--has remained nearly constant as a proportion of total gross domestic product (G.D.P.) over the decade, 1961-1971, fluctuating between 50 and 54 percent. If the monetary economy is considered alone, the primary sectors make up about 35 percent of the monetary G.D.P. An important corollary is that the stability and growth of the national economy depends principally upon the agricultural cycle and world commodity markets.

In 1969 the G.D.P. at constant 1966 prices totalled Shs. 7,104 million, with the imputed value of the subsistence economy equal to approximately 30 percent of total G.D.P. The most important sector of the monetary economy is agriculture, which contributed 24.6 percent of total G.D.P. in 1969. The commerce sector contributed 12.1 percent to total G.D.P., and the manufacturing and crop processing sectors contributed 8.5 percent.

TABLE 3. GROSS DOMESTIC PRODUCT BY SECTOR

(1966 Prices; Shs. million)

	1966	1969	Percent of G.D.P. 1969	1970 Estimate
Agriculture	1,480	1,746	24.6	1,768
Cotton, Coffee & Sugar Processing	96	113	1.6	113
Forestry, Fishing & Hunting	52	75	1.1	76
Mining & Quarrying	104	117	1.6	123
Manufacture of Food	49	65	0.9	66

(continued . . .)

TABLE 3. (continued)

Misc. Manufacturing	359	426	6.0	452
Electricity	68	87	1.2	87
Construction	69	101	1.4	108
Commerce	811	861	12.1	885
Transport & Communications	225	291	4.1	304
General Government	371	383	5.4	413
Misc. Services	351	443	6.2	451
Rents	213	238	3.4	231
TOTAL Monetary Economy	4,248	4,946	69.6	5,077
Subsistence Economy	1,871	2,158	30.4	2,149
TOTAL G.D.P.	6,119	7,104	100.0	7,226

Source: Uganda, Statistics Division, Ministry of Planning and Economic Development, Statistical Abstract, 1971, p. 93.

Commercial agriculture in Uganda is based upon four principal economic crops--coffee, cotton, tea, and sugar. Of these, coffee and cotton are by far the most important, and their production is almost entirely in the hands of small farmers. Robusta and Arabica coffee exports for the period 1967-1969, averaged 42.7 percent of total exports; raw cotton, 16.6 percent; and tea, 4.7 percent. Copper also has been an important export commodity, and averaged 7.8 percent of exports for this period (Five Year Plan, 1972, p. 46).

The importance of these commodities to Uganda's economy is evident from their value relative to total G.D.P. Over the period, 1967-69, the average value of total exports was Shs. 1,705.6 million, which represented 25.2 percent of total G.D.P. and 36.6 percent of monetary G.D.P. (current prices). (Ibid., pp. 46, 52). As a proportion of G.D.P., external trade had begun to decline after the middle 1960s. This reflected a policy which emphasized industrial growth and diversification of the economy and encouraged domestic manufacturing through import substitution activities. Principally because of its coffee and cotton exports, Uganda long has had an overall trade surplus. This surplus reached a maximum in 1970, when net exports rose and imports declined to Shs. 865 million from a previous high of Shs. 910 million in 1969.

The crop processing and the manufacturing sectors also are related closely to the agricultural sector. Crop processing activities fluctuate, depending upon both the size of the harvest and the world demand for the specific commodity. On the other hand, most firms engaged in the manufacture of foods and miscellaneous products produce for the domestic market, and domestic demand for their products is correlated closely with changes in disposable income. Thus high prices and good harvests of cotton and coffee in 1969 and 1970 translated into increased incomes for households cultivating these crops. This in turn created an increased demand for consumer goods such as soap, matches, and beer; and for more durable items such as iron sheets for houses. The commercial agricultural sector in Uganda, based as it is upon thousands of small-scale household farming units, thus is a determining factor in the level of economic activity in the crop processing sector, in the manufacturing sector which produces for the domestic market, and in the commerce sector that is related to these.

The Survey of Industrial Production in 1969 reported on 640 "large scale" industrial firms, with ten or more employees. In addition to the electricity generation and distribution plant, there were nine quarrying amd mining firms, 229 crop processing, and 401 manufacturing enterprises. Of the processing plants, 148 were coffee factories, 52 were cotton ginneries, and 29 were tea factories (Uganda, Survey of Industrial Production, 1969, pp. 7-8). Most of these processing plants were relatively small, and located in the crop growing areas.

Most of the large-scale manufacturing firms, on the other hand, are located in the Kampala-Entebbe-Jinja area. In 1969 the 17 largest industrial enterprises accounted for 36.3 percent of total employment in the manufacuuring sector (17,374 employees), 32.2 percent of the gross output (Shs. 749,497,000), and 62.8 percent of the value added (Shs. 355,386). Included among these enterprises were 3 sugar refineries, 6 distillery, brewery and tobacco firms, 5 textile plants, and 1 steel, 1 cement, and 1 electrical firm. On the other hand, the 233 smallest "large-scale" firms together employed only 21.7 percent of the industrial labor force, and contributed to total industrial production 24.5 percent of the gross output and 15 percent of the value added.

The management and the ownership of the large-scale manufacturing firms were concentrated in the hands of non-Africans. The Asian entrepreneurial families of Madhvani and Mehta had developed the two largest industrial groups in the country from an initial base of sugar estates and sugar refineries, into vast enterprises which included steel and metal products, textiles, beer, oil products, agricultural equipment, and tea, cotton, and coffee estates and processing plants. In 1972, the Madhvani group enterprises were estimated to have 20,000 employees, a combined annual turnover of £30 million, and working capital of £20 million (Uganda Argus, November 4, 1972). British interests had established most of the remaining large-scale firms, many of which were either subsidiaries or branches of parent companies with head offices in Nairobi or in England.

Linked with these manufacturing and business firms were the major financial institutions. In 1968 the three leading banks, Barclays Bank, Standard, and National and Grindlays--all British owned and controlled--owned 71 of the 89 branch banks in Uganda, and together they held over 80 percent of the total banking assets in East Africa. To ensure that financial services were made available to rural communities and to indigenous businessmen, the Government had established the Uganda Commercial Bank in 1965.

The majority of smaller "large-scale" crop processing, manufacturing, and commercial enterprises were owned by Asians. In the middle 1950s aprroximately 90 percent of the cotton ginneries and 77 percent of the manufacturing firms were owned and managed by Asians. In 1954, 598 factories employing six or more individuals were registered in their ownership (Morris, 1968, pp. 139-140).

Once independence was attained in 1962, the Government undertook a program to encourage Africans to enter into commerce and business. In general, however, lack of capital and business experience proved an effective deterrent and the number of African owned "large-scale" enterprises in the private sector did not increase significantly. Other means were taken to promote African trade and commerce. The cooperative movement expanded into the processing and marketing of the principal export crops. By 1970 cooperatives and marketing boards had taken over most of the processing and marketing of coffee and cotton, although private traders who were able to pay ready cash often continued to purchase substantial quantities of cotton from individual growers. The Trade Licensing Act introduced in January of 1970 made it illegal for noncitizens to trade in over 30 restricted categories of merchandise and in certain areas of the major trading centers. This policy was designed to encourage the development of local traders and indigenous commercial enterprises.

The government owned Uganda Development Corporation (UDC) was established in 1952 with the express purpose of promoting the nation's agricultural and industrial development. By the middle 1960s it dominated the industrial scene, and through subsidiaries and associated companies it had formed active partnerships with privately owned enterprises. One of its subsidiaries, the African Business Promotion Limited (ABP), was set up to promote African participation in commerce. It distributed many UDC products and imported consumer goods for direct sale to African traders. These functions were taken over in 1967 by the National Trading Corporation, which in turn was given sole authority to distribute imported and locally manufactured goods, such as salt, rice, shirts, wine, cement, and hoes. (Unfortunately the NTC was not entirely successful, and in 1972 it became the subject of a Commission of Inquiry.) In 1969 the UDC was involved in 56 major enterprises with an annual turnover of approximately Shs. 470 million.

At the beginning of 1968 there were 3,600 registered commercial firms and industrial enterprises in Uganda. Approximately 10 percent were publicly owned, 13 percent were foreign owned, and the remainder were privately owned. With 640 firms classified as large scale, i.e. they employed more than ten persons, there were nearly 3,000 "small" firms. It is not known precisely how many of these were owned by African businessmen. Parson states that in 1963 African traders accounted for one-third of the retail trade, as opposed to about one-fifth in 1953. Their role in wholesale trade was much lower.

In 1966, African traders accounted for only 4.6 percent of all wholesale trade. Asians dominated with 73.6 percent and Europeans controlled 21.5 percent (Parson, 1973, pp. 65, 62).

Obote's Nakivubo pronouncement in May 1970 detailed his nationalization policies. The government intended to acquire 60 percent ownership of all banks, insurance firms, oil companies, and most large industrial firms. In all, about 100 firms were to be affected. In addition, all import and export business, except oil, would be carried out by a public corporation. The Immigration Act at the same time specified that all noncitizens must obtain work permits by May 1, 1970 (cf. S. Ryan, 1973, for a detailed analysis of Obote's "move to the left").

One effect of these policies was to accentuate the general feeling of uncertainty among members of the Asian community. Mahy of them proceeded with plans to leave the country. It has been estimated that by the end of 1970 an estimated 2,000 Asians were departing each month. Private investment in the economy declined and the "flight of capital" picked up. The net outflow of private capital in 1970 was approximately Shs. 177 million.

This was the general state of the economy in January 1971. Although the nature of the military coup was such that economic events may not have been important determinants, economic grievances were listed among the several reasons given by army spokesmen as justification for their action. Certainly it is true that the military government was welcomed with enthusiasm by the Asian community and by the British. A general disaffection with Obote's government was widespread through many segments of the African population as well, particularly the Baganda and the Catholics. Amin sought to exploit these sentiments and appealed directly to each of these groups as a means of legitimizing his government. Almost immediately he stated that his government would introduce new economic policies which would restore stability and confidence to the economy.

In a major speech delivered in Kabale on May 1, 1971, Amin announced his new economic program. Obote's nationalization policy was rescinded except for seven leading companies which already had completed negotiations. The government's share of ownership in these companies would be reduced from 60 to 49 percent, and four more companies only were to be included on the same basis. In sum, four banks, four insurance companies and three locally owned industrial enterprises were included, and the remainder of the 100 companies were to be left in private hands. In an appeal to noncitizen Asians, Amin invited them to participate with the African population in nation building.

At the time Amin delivered this speech, I was in the process of completing preparations for extensive field studies in this area, which is characterized by intensive population pressure, low incomes and high rates of labor migration. In his address, President Amin informed the people of the district that his government would assist them to resettle in the semi-arid northeastern district of Karamoja. Since part of the surveys had to do with migration and land use, we were identified immediately with the government's resettlement program. It was necessary thereafter to explain to the people living in the densely populated areas that the economic study was not a part of this program of resettlement.

By late May I had recruited and trained ten assistants, and we had completed pilot surveys in an area near Kabale. I then returned to Kampala to revise and to print questionnaires and to make plans for several months of work in the district, only to be informed that a general research ban had been imposed in all border areas for reasons of internal security. On appeal, I was authorized to continue, and we resumed the surveys in mid June, 1974.

The military government inherited an economy in trouble. The growth rate of G. D. P. in 1969 was 10.8 percent; it had fallen to an estimated 3.3 percent in 1970 (revised estimates indicate the growth was less than 2 percent). Although this decline was caused principally by a drop in coffee exports, other indicators were no brighter. Investment in tne economy was down and government revenues had fallen. At the same time government spending had been high, particularly prestige projects which committed expenditures on contract finance for succeeding years. In 1971 it was anticipated that government expenditures would exceed revenues by Shs. 700 million, and the sharp decline in foreign and local investment continued. The budget released in June of 1971 reflected this concern, and a policy move to the "right" was outlined to restore confidence and stability, which in turn would lead to an increase in national income (cf. Wakhweya, 1971).

There were too many uncertainties in the country, however, for this confidence to be restored immediately. Moreover, as an Army man, Amin was concerned with "security" and with satisfying the demands of the soldiers. During 1971 his government spent about 20 percent of recurrent and about 45 percent of development expenditures on the military, costs that ran about 120 and 300 percent above the corresponding expenditures of Obote's government (Enahoro, 1974, p. 37). Amin justified these expenditures as essential to counter guerrilla activity and invasion threats from Tanzania and Rwanda, and sought a scapegoat for the problems that seemed endemic to the economy.

Anti-Asians pronouncements by government officials and the press became more and more frequent after the Minister of Education publicly castigated the Asian community in May 1971. The enthusiasm with which the Asians had greeted the military government began to wane in the face of repeated charges, and it turned to fear and uncertainty when a special census of all Asians, citizen and noncitizen alike, was ordered in October. This was followed in December by a special "Asian Conference" summoned by President Amin in which all the unspecified charges of economic subversion and sabotage were repeated.

Amin had special cause for concern about the performance of the economy at the end of the first year of his regime. During 1971 G.D.P. had declined even further and the national accounts indicated a real growth rate of 2.1 percent. Although this low growth was in part the result of poor harvests and low prices of the principal export crops, it also reflected excessive expenditures on military equipment and the army. Agricultural porductivity declined by 8 percent; and exports, by about 4 percent. At the same time imports had increased by nearly 50 percent. At the end of the year foreign reserves were sufficient to cover only two months value of imports.

On January 26, 1972, the Third Five Year Development Plan was released as the embodiment of the economic policies of the military government. It projected an annual growth in G.D.P. of 5.6 percent over the plan period, 1972-1976. The monetary economy was to expand from 69 percent to 72 percent of total output with the manufacturing sector growing most rapidly at an annual rate of 7.6 percent. Employment in the formal sector was to expand at an annual rate of 7.7 percent. The agricultural sector, which dominated the economy, was projected to expand at an annual rate of 4.8 percent (cf. Five Year Plan, pp. 41-43).

The main objectives of the plan centered on the following: (1) the expansion of per capita production and the transformation of the economy to achieve this; (2) the rapid Ugandanization of the economy; (3) a more equitable distribution of incomes among income groups and among different regions of the country; and (4) an increase in employment opportunities.

However well conceived, the plan could not take into account the unpredictable character of President Amin. In July of 1971 he had visited heads of state in Israel and England, but his requests for military and economic assistance from Israel apparently went unsatisfied. In February of 1972, following his pilgrimage to Mecca, Amin visited Libya and issued a joint statement with Gaddafi in support of the Palestine Liberation Organization. The Israelis reacted strongly, and in March they were ordered to leave Uganda.

In retrospect, Amin's action might have been seen as the harbinger of events to come. The Israelis were marginal to the economy, and Gaddafi was making overtures of friendship to his brothers in Uganda. Moreover, Libya and Saudi Arabia promised aid in the form of military equipment and financial credits. Amin wanted the former and Uganda needed the latter. Although the Bank of Uganda had reported a net increase in foreign reserves for the first half of 1972, in August the foreign reserves stood at Shs. 165.4 million, sufficient to cover about six and one-half weeks of imports (Legum, 1973, p. B 290).

The 1972/73 Budget released in June of 1972 stressed the need for belt-tightening and austerity. It called for a general increase in taxes on consumer goods and sought to raise additional revenue through a commercial transaction tax, an entertainment tax, and the abolition of import deposits. Income taxes were to be increased by eliminating children allowances and lowering the married persons' allowances. In terms of expenditures, the budget projected slightly lower military and defense expenditures, but they remained the second highest of recurrent expenditures, accounting for 11 percent of the recurrent budget and 26 of the development budget expenditures. The estimated budget deficit was expected to be about Shs. 40 million, a gap that was to be handled by the transfer of funds from the recurrent budget surplus and by further cuts in government spending (Wakhweya, 1972).

Again the unknown factor in this equation proved to be President Amin. On August 4, 1972, he announced in an address to a group of soldiers that he had had a dream the previous night in which he saw clearly that the Asians were a problem and should be expelled from Uganda. The expulsion decree was announced officially on the following day. Noncitizen Asians were to be given 90 days to quit the country. On August 17 he announced further that all refugees from neighboring countries, estimated at about 180,000 persons, would be sent home; and on August 19, that all citizen Asians also would have to leave. Three days later, on August 22, he rescinded this latter statement, and announced that citizen Asians would be permitted to remain.

The international reaction is known; the domestic reaction, and the depths of consternation and personal tragedy within the Asian community scarcely can be imagined. On the part of the local African population, the reaction was mixed. Many approved in a general way of Amin's policy, but anguished over the suffering and personal upheaval which engulfed the Asian community. The more thoughtful feared for what the future might bring. These fears were reinforced with the disappearance of Chief Justice Kiwanuka and the widely circulated rumors of his murder by the military because of his known criticism of Amin's action, and with Amin's violent reaction to the Roman Catholic Archbishop's pleas for moderation and humaneness and the placing of the Archbishop under house arrest. The ill-fated invasion attempt by Obote supporters from Tanzania in mid-September provided Amin with the environment he wanted to purge his army of elements whose loyalty was suspect and to eliminate other individuals who had incurred his disfavor.

In late July, 1972, I had returned to Kigezi District for the second round of a double run Labor Migration Survey. Because Uganda Army units were deployed along the Rwanda border, it seemed wise to rearrange the schedule of enumeration areas in hopes that later it would be possible to complete surveys in the border areas. At the time of the September invasion, with four assistants I was working in villages in the northern counties some 50 miles from the Rwanda border and 20 miles from Zaire. We initially discounted the invasion news; but upon completion of surveys in one county two days later, it seemed prudent to postpone the remainder for the duration. Although the Assistant District Commission assured me in Kabale the following day that we could proceed with the work as no troubles were anticipated, I was informed later that army units swept through the area that very day in search of a "white mercenary" who was seen in the villages. The roads to Kampala were cut and it was not until two weeks later that I risked a two day trip through to Kampala with some African friends. In early October it was doubtful whether it would be possible to complete the surveys, so I again returned to Kampala and Makerere University.

The expulsion exercise was carried out on schedule and is now a matter of history. For some months, Amin--in his own words, "the bull of Africa"--held center stage in the international press. In Uganda all other official business was suspended as the efforts of all the government ministries were directed to the processing of immigration forms and the completion of the exodus.

The nation quite literally was exhausted by mid-November. And now the period of reconstruction began. The first item was the allocation of businesses and properties. By the end of October, 728 businesses had been advertized for sale in the local press. The owner estimated value of these properties was Shs. 236 million. Buyers, however, were few, and many businesses were abandoned. An official decree, the Declaration of Assets of Noncitizen Asians, formally authorized the government to take over abandoned businesses or properties and named a Ministerial Board to supervise this action.

Four subcommittees were formed to check and to distribute the businesses, and the redistribution of an estimated 3,000 to 4,000 formerly Asian businesses was achieved in a period of about three months. The process was halted officially on February 24, 1973 (cf. Uganda Argus, November 22-30, 1972; Legum, 1974, pp. B 303-304).

On November 21 the government announced that it had taken over the Madhvani and Mehta industrial groups "until such time as there are people to buy them." The ECTA Bus Company also was taken over by the government; and a number of "abandoned" industries were given to the UDC.

Amin had announced on October 30 that European owned farms in western Uganda would be subject to compulsory purchase by Ugandans after November 15. In late December 35 British owned businesses and tea estates were nationalized, and although compensation was promised, the issue is yet to be resolved. Eighty-eight other British firms were not permitted to renew their trading licenses, and in May of 1973 those 76 which had licenses (including the banks) were threatened with nationalization (Uganda Argus, December 18, 20, 1972; Legum, 1974, p. B 315).

The economic war began to take on other dimensions as well. In late November, Amin ordered a count af all expatriate religious personnel in which all entry and work permits were examined. In some instances where renewal applications were pending or irregularities were found, individuals were declared illegal immigrants or spies for foreign governments and expelled. As a result, educational and medical services, already severely understaffed, were curtailed even further.

Although the country was relatively quiet in early December, an official campaign against expatriate personnel in general seemed to be getting underway. Consequently I decided that if the surveys were to be completed, they must be done sooner rather than later, and I returned to Kigezi on December 10. Clearance was obtained from District officials, and through them from the military officers. We were able to complete the surveys in north Kigezi during the period before Christmas and in Bufumbira County in the extreme southwest during the first two weeks of January.

Conditions in Kabale, the disrrict headquarters and principal trading center, had changed little. Retail trade had been in the hands of citizens, mostly Africans, and several Asian firms had been sold to African associates already in September. Occasional scarcities were found in some commodities such as salt, sugar, and paraffin, but traders were being supplied. In general this also was true in the more remote villages.

Although there was a general feeling of anxiousness because of the presence of security forces in various parts of the district, the fact that the research team was known and remembered minimized the fears that the people otherwise might have felt. Because of the situation, however, we preferred to live in a highly visible location, such as the subcounty or county headquarters, rather than in the villages, and I kept the officials informed of our movements and activities.

On January 1, 1973, President Amin announced a new "mass mobilization" plan aimed at "creating national consciousness and increasing discipline" throughout the country. Details of his plan became clearer over the next few months. They included the restructuring of the regional and district administrations and the positioning of military units in every district. In late February the "mass mobilization" was formally introduced with the soldiers positioned throughout the country to supervise the election of chiefs at every level of government (cf. Legum, 1974, pp. 290-292).

I had been requested by District officials to assist with a training program for county and subcounty chiefs in Kabale in the latter part of February. It was during this training course that the announcement was received about the election of chiefs--the chiefs who had been doing a "good job" need not fear about their reelection; others would be replaced. Many of these men I knew personally and some were friends. All were anxious about the implications of this new mobilization plan.

On January 25, 1973, the second anniversary of the military coup, a new currency was issued which bore the image of President Amin. In his speech to the nation, Amin proclaimed that Uganda had won the economic war and attained economic independence in 1972. "It is the period when Uganda broke free from colonial, imperialistic and Zionist bondage. My government has brought economic revolution and economic justice in this country" (Voice of Uganda, January 25, 1973).

Without a doubt Amin had brought economic revolution to his country; it is less evident that he has brought economic justice. Let us try to assess the impact of his actions upon national income and upon different sectors of the economy.

The national income statistics cannot begin to indicate the uncertainties and upheavals that have been a part of Ugandan life in recent years, but what statistics have been prepared and released do indicate some of the general trends that have occurred. For the fiscal year 1972/73, government revenue was down 34 percent, from an estimated Shs. 1,525 million to Shs. 1,006 million. During the same period, total expenditures increased by 7 percent, which resulted in a deficit of Shs. 423 million (cf. Geria, Budget Speech, June 1973, p. 11).

Revenue decreased in every category. Customs revenue was down by 30 percent; sales tax, by 40 percent; excise, by 50 percent; income tax, by 30 percent. Development expenditures were down by 20 percent from Shs. 640 million to Shs. 510 million, but there was still a deficit of Shs. 297 million on the development budget (Ibid.).

Gross Domestic Product in 1972 had increased by 1.2 percent; but this was nearly a one percent decline from the 1971 growth rate and was well below the Development Plan target of 5 percent per year. The G.D.P. per capita estimate was placed at Shs. 700 at constant 1966 prices (Ibid., p. 4). The sectoral performance reflected stagnation in the two principal agricultural commodities, cotton and coffee, comparable to the poor harvests of the 1971 crop season. In spite of this coffee alone accounted for approximately half of the total value of exports. Sugar production was down by 14 percent (East African Stat. Review, December 1973, p. 103) and Uganda was forced to place import orders to meet domestic demand for sugar. Crop processing was down because of the drop in sugar production. Copper production has declined by approximately 10 percent, from 15,700 metric tons to 14,100 metric tons (Geria, p.4). The manufacturing sector declined in the production of most categories of commodities, although beverage and textile output remained nearly constant. The demand for the latter two commodities reflected the fact of a large volume of money in circulation.

The departure of the technical personnel resulted in the malfunctioning and nonmaintenance of certain key industrial machines, such as in the cement plants and in the electrical generation plants. In addition there was a near moratorium on most construction, except for a few projects being completed by the Yugoslavs. The transportation industry continued, although there was a cutback in service on some routes and evidence of a deterioration in rolling stock maintenance.

The trade figures for 1972 showed that exports increased by 10.7 percent from Shs. 1,672 million to Shs. 1,851 million; imports declined more than 40 percent, from Shs. 1,362 million to Shs. 813 million. The departure of the Asians and the ban on the import of a wide range of commodities in February of 1973 were responsible for this trade surplus of Shs. 1,038 million. East African Community trade was down, with Uganda's imports equal to Shs. 345.5 million and exports equal to Shs. 157.5 million, for a community trade deficit of Shs. 188 million (Ibid., p. 5).

For 1972, Uganda did show a favorable trade balance of Shs. 481.5 million. The surplus on the current account was Shs. 93.5 million; but the capital account indicated a deficit of Shs. 90.9 million, as compared to a surplus on capital account of Shs. 249.6 million the previous year. This decline in the capital account was due to the almost total cutoff of foreign aid funds and the increased private outflow. The net foreign assets, however, had increased by Shs. 35.5 million, in spite of a major decline in the period from September to December 1972.

In the budget for the following fiscal year, 1973/74, it was estimated that there would be a balance between recurrent revenue and recurrent expenditure of Shs. 1,241 million; and that development expenditures at Shs. 488 million would exceed development revenue by Shs. 241 million. It was hoped that foreign aid funds might be forthcoming to make up this deficit (Ibid., p. 11).

The Budget Speech in June of 1973 stressed self-reliance and placed emphasis on increasing output, particularly in the agricultural sector. To this end the Yugoslavian government was providing aid in the form of several hundred tractors. A loan of Shs. 20 million was obtained from the East African Development Bank to expand the cement factories, and the West German government was offering to develop the production of salt at Lake Katwe. Commodity prices were to be controlled to ensure fair prices, and new tax measures were introduced to provide the additional local revenue. Thus the sales tax on beer and cigarettes was increased and a commercial transactions levy was extended to cover the sale of goods by retail traders, wholesalers and manufacturers. In addition, a special business levy was introduced which called for the payment of a once for all levy on all businesses allocated or acquired, which formerly belonged to the departed noncitizens. The rate of this levy was equivalent to one year's rent on the business premises; in the case of agricultural estates or farms, the rate was to be determined by the Minister.

An indication of some of these changes which were taking place may be brought out in a more striking manner by a consideration of a few selected net import figures from 1971 to midyear 1973, the last period for which data are available. In the following table, the first two columns refer to calendar years 1971 and 1972. The last two columns refer to the first half of the calendar year, i.e., January through June of 1972 and 1973.

TABLE 4. VALUE OF NET IMPORTS, JANUARY 1, 1971 - JUNE 30, 1973

(Shs. '000)

SITC Code	Commodity	1971 (Jan. 1-Dec. 31)	1972 (Jan. 1-Dec. 31)	1972 (Jan. 1-June 30)	1973 (Jan. 1-June 30)
0	Food & Live Animals	55,606	43,373	18,238	12,012
	Milk & cream	4,416	3,074	1,873	263
	Sugar & honey	14,431	15,216	775	4,532
1	Beverages & Tobacco	6,380	4,833	2,406	3,022

(continued . . .)

TABLE 4. (continued)

2	Crude Materials, Inedible (except fuels)	28,137	26,061	16,155	14,221
3	Mineral Fuels, Lubricants & Related Materials	8,462	5,385	2,603	1,681
4	Animal & Vegetable Oils & Fats	24,046	15,867	9,862	1,663
5	Chemicals	129,531	85,010	46,974	34,858
	Chemical elements	18,393	13,610	8,748	5,187
	Medicinal & pharmaceutical products	36,638	25,003	11,920	11,383
	Oils, perfumes, soaps	7,227	2,210	1,351	654
6	Manufactured Goods	411,690	208,403	130,397	86,271
	Rubber manufactures	45,510	14,532	7,037	5,168
	Paper, paperboard, etc.	41,893	24,267	14,814	10,470
	Nonmetallic mineral	22,580	14,691	10,508	2,524
7	Machinery & Transport Equipment	545,690	354,724	264,263	85,542
	Nonelectric	203,499	198,564	155,525	46,038
	Electric Appliances	92,410	72,098	44,786	20,363
8	Misc. Manufactured Articles	150,107	66,315	40,061	27,699
	Clothing	31,646	11,100	7,997	6,778
	Profess. & Scientific Instruments	31,383	14,131	9,898	4,603
9	Commoditees & Transactions Not Classified According to Kind	2,401	2,707	998	2,144
	TOTAL	1,362,049	812,679	531,957	269,113

Source: East African Stat. Dept., <u>E. A. Stat. Rev.</u>, Dec. 1973, pp.24-33.

The total volume of net imports declined by 40.3 percent from 1971 to 1972, but the drop in the first six months of 1973 as compared to the same period in 1972 was even greater at 49.4 percent. The composition of the imports also are of interest. Thus imports of machinery and transport equipment in the first six months of 1973 were 32.4 percent of the imports in the same period in 1972. Imports of animal and vegetable oils and fats were 16.9 percent, and manufactured goods were 66 percent for the same period. Beverages and tobacco imports and sugar and honey imports were the only two items which indicated an increase.

These import figures conceal the extent of shortages at the local levels in the urban areas, towns, and local rural communities. Already in the early months of 1973 there were shortages of such items as school supplies, i.e., pencils and notebooks. Periodic shortages of milk, sugar, and salt were experienced in Kampala, and generally the shortages were more pronounced in the outlying districts. By midyear, shortages in key commodities--salt, sugar, paraffin, soap, matches--were a regular feature of Ugandan life.

I returned to Kigezi for a final visit of about ten days in early June of 1973. Army personnel no longer were present to the degree they had been, and although some security forces were, the people seemed more relaxed than earlier. At the same time, new faces were present in many administration offices, and officials whom I knew were reluctant to converse freely even on topics related specifically to their own work.

By this time many commodities were in short supply or simply unavailable. In most shops inventories had been sold out and they were not being replenished. People would queue for hours to purchase limited amounts of salt and sugar. Although prices had been fixed on most commodities, inflation was being felt and prices of food commodities in the local markets also were rising.

Hoes and pangas, which are basic tools used by every household, doubled and tripled in price and no longer were in supply. By the end of June the situation was serious enough throughout the country that the President's office issued directives that hoes were to be distributed to the District Commissioners and then allocated to county and subcounties according to need.

On the positive side of the ledger, some young friends who worked in the District Administration enthusiastically took me to visit shops which they had been allocated, and they talked of their hopes for the future. One of my former assistants had been appointed as a subparish chief. He was a capable young man and was enthusiastic about the potential which the mobilization program held to upgrade living conditions for the people. Cash crop farming is limited in the area, but tea production on outgrower holdings and the Uganda Tea Growers Corporation estate was above production of the previous year. Vegetable production by members of the Kigezi Vegetable Society also was higher than the previous year, and this in spite of a shortage of certain types of vegetable seeds which had been imported by Asian suppliers. A shift in the type of vegetables produced for the Kampala market had occurred with the departure of the Asians, but increased demand for other vegetables by institutions such as schools and military bases had served to compensate for this.

The most recent budget speech of June 1974, indicates that in the past year the Ugandan economy has experienced a negative growth in G.D.P. of 1.2 percent. The monetary economy declined by 3.6 percent; and the per capita gross domestic product, by 5 percent. The subsistence or nonmonetary economy was estimated to have expanded by 4.4 percent, but the basis of this estimate is not indicated (Kiingi, 1974, pp. 2-3).

There are more specific indicators of the direction of the economy in the figures on sectoral growth. The agricultural sector of the monetized economy expanded by 6.2 percent, due principally to the increased output of coffee and cotton. Coffee production increased from 175,000 metric tons in 1972 to 213,000 metric tons in 1973, and cotton production rose from 411,000 bales to 425,000 bales. There was a slight growth in the electricity sector and in the government sector, but all other sectors of the monetary economy showed a sharp decline.

The most striking decline was in the mining and quarrying sector, which fell by nearly 26 percent as copper production dropped from 14,000 metric tons in 1972 to 10,000 metric tons in 1973. The manufacturing sector, which included crop processing, and food product and miscellaneous manufacturing, declined by over five percent. This was the result of lower production of sugar, tea, grain milling, cement, textiles, matches, paints, and a range of other commodities. The commerce sector declined by over 13 percent, and transport and communication by 19 percent. (Ibid., p. 2).

The strength of Uganda's economy rests upon its smallholder agricultural sector. The importance of coffee and cotton exports to the trade balance and to foreign exchange earnings has been emphasized before. These crops may carry Uganda through its present difficulties. Although the acreage under coffee cultivation has remained nearly constant in recent years, the total volume of coffee production increased by nearly 22 percent from 1972 to 1973; and this record crop, assisted by favorable increases in world coffee prices, resulted in a 26 percent increase in the export value, rising from Shs. 1,128 million in 1972 to Shs. 1,424 million in 1973. Although total output of cotton rose by 3 percent, the export value dropped by 9 percent from Shs. 368.5 million in 1972 to Shs. 336.0 million in 1973 (Ibid., p. 3).

Recorded tea production declined by 6 percent from 23,300 metric tons in 1972 to 21,900 metric tons in 1973, and the volume of exports fell by 1,600 metric tons or 7.7 percent. In 1973, 19,100 metric tons were exported and sold for Shs. 110.0 million; in 1972, 20,700 metric tons were sold for Shs. 126.0 million. The departure of a number of expatriate tea plantation owners resulted in the abandonment and deterioration of some tea estates; but the tea industry was structured around the Uganda Tea Growers Corporatio estates and tea factories, with outgrower schemes integrated into this program, and it is likely that production will remain constant. President Amin in March promulgated a new decree to regulate the export and overseas sales of tea grown and processed in Uganda. The Uganda Tea Authority is given exclusive rights of exports and sales and has the responsibility of promoting the tea industry in Uganda, supervising tea factories and granting licenses to growers to plant tea (Voice of Uganda, 29 March 1974).

The sugar industry in Uganda remains in difficulties and the three estates on which much of the domestic industry was based are in need of reorgainzation. In the first two quarters of 1973, sugar production had declined by 46 percent from 1972 production and was equal to 78 percent of total consumption (E.A. Stat. Rev., Dec. 1973, p. 103). Tobacco production also declined in 1973, with output of flue cured tobacco falling by 31 percent from 3,200 metric tons in 1972 to 2,200 metric tons in 1973; and fire cured output declining by 10.5 percent from 1,900 metric tons in 1972 to 1,700 metric tons in 1973. Total value of tobacco export revenue declined by 27 percent from Shs. 18.9 million in 1972 to Shs. 13.8 million in 1973. Much of the tobacco is produced in the low-lying areas in the Northwest, and this drop in production may be due to the drought conditions which have been widespread throughout so much of Africa.

The contribution of coffee and cotton to the export trade has increased with the decline in other sectors of the economy. In 1973 these two commodities represented 84 percent of domestic exports, a slight increase from the 83 percent in 1972. Total exports were valued at Shs. 2,266 million in 1973, up from Shs. 2,019 million in 1972 and Shs. 1,857 million in 1971. Exports to countries outside the East African community increased by 13 percent over the previous year, rising from Shs. 1,861 million in 1972 to Shs. 2,110 million in 1973 (Kiingi, 1973, p. 6).

On the other side of the trade equation, imports in 1973 continued to decline, although the major contraction had occurred in 1972 with the imposition of drastic import controls. Between 1971 and 1972, the value of imports fell from Shs. 1,783 million to Shs. 1,158 million, a decline of 35 percent. In the past year they dropped another 1.6 percent for a total value of Shs. 1,139 million. The total trade balance thus increased by 24 percent to a total of Shs. 1,067 million, although the trade balance with Kenya and Tanzania declined further, from a deficit of Shs. 188 million in 1972 to Shs. 360 million in 1973. The surplus on the external trade account was Shs. 1,427 million, an increase of 36 percent over 1972 (Ibid., pp. 6-7).

In spite of this favorable trade balance, however, Uganda's balance of payments situation in 1973 continued to deteriorate, and provisional estimates indicated an overall deficit of Shs. 42 million. The deficit was attributed to the demand by foreign suppliers of prepayments on imports and to the reduction in official capital inflows. The merchandise account showed a surplus of Shs. 679 million, due to the large coffee crop. The capital account showed a net deficit of Shs. 517 million in 1973 as compared to a comparable deficit of Shs. 91 million in 1972, with the deficit on private capital account increasing by Shs. 213.7 million to Shs. 453.4 million. The prepayment requirement may be working in favor of "black Asians" who are involved in a capital outflow for their own purposes.

The extent to which the smallholder agricultural sector is financing the adventures of Amin and his associates can be glimpsed by a consideration of other statistics. In November 1973 Amin declared that by 1975 Uganda would be "one of the best countries in Africa in all military standards (Legum, 1974, p. B 297). The size of the Army in midyear 1974 was estimated to number approximately 20,000 men, with some 3,000 foreign black mercenaries, mainly from the Sudan and Zaire. The Army at the time of the coup was approximately 9,000 men (C. Legum, Observer, March 31, 1974). The army, of course, needs equipment to operate and it needs activity to keep it busy. In 1974 military expenditures included 12-MIG jets from Russia, 12 Mirage jets from France and additional military equipment. The army arsenal included 60 light armored tanks, 108 armored personnel carriers, 50 pieces of antiaircraft ordnance, 200 antitank mines and 850 bombs and rockets. In addition there was a newly established Navy base on Lake Victoria (Africa, June 1974, p. 39). While Colonel Gaddafi and Libya were sponsoring a part of this military equipment, there are reports that relations between Libya and Uganda have taken a bad turn. Radio Uganda has reported that President Amin ordered his ministers not to accept further assistance from Libya--Uganda welcomed assistance so long as no strings were attached to it (Enahoro, August 1974, p. 15).

On the domestic front, the amount of domestic credit extended by the banking system from early 1973 to the first quarter of 1974 has increased by nearly 50 percent. Most of this credit expansion has been to finance government expenditures; and the results predictably have been to drive up price levels within Uganda and to place a strain on foreign reserves. Total money supply during 1973 increased by 37.4 percent, and this amount has increased since then (Kiingi, 1974, pp. 7-8).

These policies have been instrumental in causing the extremely high rates of inflation. Cost of living indices for high, middle, and low income workers in Kampala indicate that the rates of increase between 1972 and 1973 have been 11.3 percent, 12.2 percent and 24.3 percent for each group respectively. In part these increases reflect the inflation that is rampant throughout the world, but the price rises in Uganda have been highest among the lowest income groups who ordinarily would be least affected by increased costs of manufactured goods. Thus it seems that supplies of basic foodstuffs are not expanding sufficiently to meet the increased demand. During the first quarter of 1974, the cost of living indices indicate price increases in the order of 32.3 percent, 47.1 percent, and 65.1 percent for the high, middle, and low income groups respectively as compared to the first quarter of 1973 (Ibid., pp. 5-6). The effect of this is a decline in real income to all wage earners, but the greatest decline has occurred amongst the lowest paid.

The 1974/75 Budget emphasized the consolidation and reactivation of the economy, and the budget speech indicated that the government would give top priority to the commodity producing sectors during the coming year. There is a certain inevitability about this emphasis. For the fiscal year, 1973/74, recurrent expenditures totalled Shs. 1,678 million and recurrent revenues totalled Shs. 1,260 million for a deficit on the revenue budget of Shs. 418 million. The development budget expenditures totalled Shs. 596 million, while development revenues were Shs. 280 million. Total expenditures were Shs. 2,274 million while total revenues were only Shs. 1,540 million, for a total deficit of Shs. 734 million. This was Shs. 536 million over the intital estimated deficit and represented nearly 48 percent of total revenues. Thus revenues had fallen approximately Shs. 150 million below budget estimates, but even more important in the total deficit was the excess of expenditures of Shs. 386 million over budgeted expenditures. A shortfall in income tax revenues accounted for Shs. 76.3 million of the revenue deficit.

The Budget for the current fiscal year, 1974/75, anticipated a deficit of only Shs. 155 million, based upon recurrent revenue estimates of Shs. 1,656 million and development revenue of Shs. 214 million, and recurrent expenditure estimates of Shs. 1,564 million and development expenditure of Shs. 461 million. Thus total budgeted expenditures were Shs. 2,025 million and revenues were Shs. 1,870 million. The deficit on the development budget in part was determined by contractual commitments which the Government had incurred and by the need to complete ongoing projects. It was estimated that nearly 20 percent (Shs. 324 million) of the recurrent revenue would be raised by new taxation measures, with the principal new source of tax revenue an increase or expansion of sales tax on a wide variety of commodities. Other taxes included a development tax of 5 percent on all chargeable incomes in excess of Shs. 200 per month. Because of the urgent need to exploit all potential sources of revenue, the decision by the government to abolish the business levy tax imposed in 1973 and to refund all such taxes paid, seems to indicate either lower profits than expected or vocal interest groups among the new owners of the allocated businesses (cf. Voice of Uganda, July 31, 1974).

This extended discussion of the gross domestic product and national income accounts indicates some of the developments which are taking place in the leading sectors of the economy. A few recent items also might be noted because of what they signify about present conditions and future developments within Uganda. In April Amin signed a decree which created eight state trading companies to handle the import, export, and equitable distribution of essential goods. The State Trading Corporation was abolished and replaced by the Uganda Advisory Board of Trade, which was charged with providing overall direction and supervision of the eight companies. These companies were to deal in pharmaceuticals, motor vehicles and spare parts, foods and beverages, carriage of goods, building materials, general merchandise, agricultural and industrial machinery, and inter-African trade. The reason given for this action was that private importers were responsible for essential goods and the consequent soaring prices. Some dealers were said to have been engaged in smuggling essential goods out of the country and bringing in items without proper authorization (Radio Uganda, April 22, 1974; cited in Africa Research Bulletin: EFT, April 15-May 14, 1974, p.3106).

An attempted miliatry coup in the latter part of March and rumors of impending invasion from Tanzania in June and July seems to have provided Amin with whatever cover he needed to justify additional expenditures for military equipment and to purge the military and the countryside. The record has been heard before.

In August he announced that oil and maize mills were to be nationalized, but more recently, overtures have been initiated by Uganda to reach an understanding with Britain about compensation due to British plantation owners, and to other companies that were taken over. The principal reason for this initiative by Uganda is that until the issue is resolved, all credit and British, World Bank and other international aid and technical assistance remains blocked and Uganda must pay for all supplies in cash. Estimates on compensation due run in the neighborhood of £40 to £50 million for British interests and £100 million or more for Asian interests (Tanzanian Standard, 4 August 1974).

3. Employment and Income

An evaluation of employment and incomes during the Amin period must take into consideration not only the total number of individuals employed in the various sectors of the economy but also the way in which their real incomes have been affected. It is necessary at the outset to make the usual distinction between "formal" and "nonformal" or other employment. "Formal" employment includes only those persons who are enumerated in the annual employment survey, which is sent to all known firms engaging one or more employees and to all government and public agencies. Often a consideration of employment data is restricted to "formal" employment, but that is to overlook many other employees (including nonfarm self-employed) who are engaged productively in full or part-time work in both urban and rural areas. In this section we will discuss both categories of employees (cf. Brownlee, 1973, for a similar but slightly more speculative approach).

The Third Five Year Development Plan projected that wage and salary employment in the formal sector would increase at an annual rate of 7.7 percent over the period 1972-1976 (Ibid., p. 85). Over the first four years of the Second Plan, formal employment had increased by 27 percent, rising from 246,029 in 1966 to 312,352 in 1970. There had been an increase of 5.9 percent in the number of new jobs created from 1969 to 1970, but the rate of increase had begun to slow down. Available figures indicate a 4 percent increase in 1971 and a 2.1 percent increase in 1972.

Statistics on employment figures generally are not available after 1971, but the East African Statistical Department has published provisional employment figures for 1972. Unfortunately the industrial sectors are combined and therefore are not directly comparable to the national income sectors above. 1973 changes are indicated simply as increase (I) or decline (D).

TABLE 4. TOTAL EMPLOYMENT BY INDUSTRY, UGANDA
(Thousands)

Industry	1970 Priv.	1970 Pub.	1971 Priv.	1971 Pub.	1972 (prov.) Priv.	1972 (prov.) Pub.	1973 Priv.	1973 Pub.
Agriculture & Forestry	44.7	10.0	51.0	10.7	51.0	13.5	D	I
Mining & Quarrying	7.9	-	8.1	-	5.7	-	D	-
Manufacturing & Repairs	51.3	0.3	55.1	0.5	45.8	0.4	D	-
Building & Construction	14.9	32.8	16.0	34.1	12.4	29.5	D	-

(continued . . .)

TABLE 4. (continued)

Commerce(public in other serv.)	15.0	-	15.1	-	19.2	0.1	D	-
Transport & Communications	4.8	8.1	3.2	8.8	4.4	8.1	D	D
All Other Services	44.3	78.0	40.0	80.2	42.1	97.4	D	I
TOTAL	182.9	129.2	188.5	134.3	180.6	149.0	(-10%)	(+23%)
GRAND TOTAL	312.1		322.8		329.6		347.5	

Source: East African Statistical Review, December 1973, p. 99.

The increase in employment in 1971 was characterized by growth in both public and private sectors. In 1972, however, although there was an increase in overall employment, the rate of growth was down and jobs in the private sector had declined by 4.2 percent. Manufacturing and construction sectors showed the greatest decline. In the public sector, there was an overall growth rate of 11 percent and an increase in government and service jobs of nearly 21 percent.

Aggregate employment figures for 1973 have been indicated in the 1974/75 Budget Speech. Total formal employment as of June 30, 1973 was reported to be 347,550. This is an increase of 5.5 percent above the 1972 level. Employment in the private sector had declined by 10 percent but this was offset by an increase of 23.1 percent in the public service sector. The decline in private sector employment was reported to be most marked in the construction industry and in educational and medical services (Kiingi, 1974, p. 5).

A comparison of these figures with the general information on sectoral output suggests that employment in most of the other private sectors also has declined. Thus the 26 percent decline in Mining and Quarrying production must have been accompanied by a decline in employment. Significant declines in Transport and Communication, Commerce, and Manufacturing likely were accompanied by a fall in employment in those sectors. On the other hand, part of the expansion in public service employment undoubtedly is accounted for by the transfer of some private enterprises to the public sector as a result of the nationalization of some firms and the assignment of others to the UDC for operation and management.

The racial composition of the labor force has changed, of course. The number of non-African employees as a proportion of the total formal labor force was not large, and in 1970 represented 4.3 percent of all employees. Of more significance, however, is the fact that approximately 23 percent of the total wage bill went to pay the earnings of this group. The number of employees and the average annual incomes by racial groups and sex in the public and private sectors is indicated as follows:

TABLE 5. REPORTED EMPLOYMENT AND ANNUAL AVERAGE WAGES, BY RACE AND SEX, 1970

		Number		Average Wages (Shs.)	
		Private	Public	Private	Public
African	M	159,749	117,908	3,056	3,826
	F	12,596	8,086	3,882	4,598
Asian	M	7,546	964	18,699	21,868
	F	1,120	540	12,808	14,719
European	M	1,466	872	50,280	31,374
	F	673	303	18,722	23,049
TOTAL		183,537	128,815	4,246	4,283

Source: Uganda, Annual Enumeration of Employees, 1970, p. 5.

Obote had stepped up the process of localization of the labor force in 1969. The procedure was to be systematic and orderly, with a policy of not renewing work permits and of hiring citizens in preference to non-citizens. Amin accomplished this localization of the labor force in the course of three brief months. The effect of this can be seen from an evaluation of skilled manpower categories.

The 1967 High Level Manpower Survey provided information on the extent of localization among "high level manpower", defined as persons filling positions which required at least three years of education or training beyond primary school. The survey found that 64 percent of skilled manpower employed in the private sector, 81 percent in the employment sector, and 90 percent in the public sector were Ugandans (no distinction was made among citizens by race). Within each of these general sectors were seven levels of skills. In the public sector, Ugandans in 1967 already occupied the top levels of Administration and Management and only in the professional category, which required a University degree or the equivalent, was there a sizeable number of non-Ugandans. In the education sector, the process of localization had gone less rapidly because of the decision to expand the educational base--expatriate teachers were needed to achieve this objective. The private sector was the least Ugandanized, with Europeans dominating higher levels of management and decision making and with noncitizen Asians present in substantial numbers at every level (Uganda, Manpower Survey, 1967, pp. 7-10).

With the expulsion of the Asians and the nationalization of most foreign owned business enterprises, presumably Ugandan Africans have moved into the higher paying positions. Not only has this meant that Africans in the labor force have increased by about 4 percent, but also that they have tended to move into these jobs at the existing pay scale. This number must be adjusted, however, by the number of jobs "washed out" by the nonrenewal of trading licenses in the case of British firms and by small Asian enterprises that have not become functional economic units. In the case of nationalized firms, which were larger enterprises, the number of employees more than likely was not affected. Vacancies in the public sector were fewer, and apparently many new positions in government have been created. Since the structure of salaries is tied closely to the level of education, this has meant that, apart from Army personnel, individuals with university and professional education have been immediate beneficiaries of the expulsion. In 1965 the average annual earnings corresponded to education as follows: (a) University degree, £1,373; (b) Higher School Certificate, £852; (c) Cambridge School Certificate, £556; and (d) Primary School Certificate, £204. The wages received by the unskilled government employee, of whom no formal education was required, until recently was about £95 in Kampala, and less elsewhere (cf. Knight, 1967, pp. 253-255).

The real value of salary earnings, however, is increased considerably by the tax benefits, personal exemptions, and fringe benefits which are offered to civil service employees. Higher level employees of private firms often enjoyed equal or even higher benefits. For example, prior to the 1971/72 Budget, personal income tax exemptions permitted a married man to claim a basic exemption of Shs. 12,000. In addition he could claim a child allowance of Shs. 1,920 for each of four children and an additional Shs. 960 for each of two more children. Thus a married couple with six children could earn an annual income of Shs. 21,600 and not pay so much as a single shilling in income tax (cf. H. Elliott, UEJ, 1971, pp. 19-21). Other fringe benefits also were included, e.g., free medical and dental service, pension rights, extended leaves, and subsisdized housing. The value of these benefits has been estimated at 35 percent for individuals with a basic annual salary of £104 to £266, and at 45 percent of a basic salary in excess of £945. To these benefits must be added a housing subsidy, which allows civil servants to pay as little as 10 percent of the actual "economic rent" of their housing. These fringe benefits are some of the carry-overs of a colonial civil service tradition that continues to favor the development of an elitist and special income group.

What of earnings and income distribution for the greater number of African workers who do not qualify for the above "high level" categories? A classification among income groups available for 1969 indicates that the lowest ten percent earned an annual income of less than Shs. 960 ($US 134), while the highest ten percent received on average more than Shs. 6,000 ($US 840) or 6.27 times more, apart from fringe benefits. On a quartile ranking, the lowest quartile of employees received less than Shs. 1,500 per annum; the second quartile, between Shs. 1,501 and Shs. 2,100; the third quartile, between Shs. 2,101 and Shs. 3,600; and the top quartile, more than Shs. 3,600. Moreover, the distribution was highly skewed, with a mean annual income of Shs. 3,127, which far exceeded the median income of Shs. 2,100 (Cf. Annual Enumeration of Employees, 1970, App. VI).

The question of employment and incomes outside the formal sector is more difficult to evaluate. Prior to the departure of the Asians, it was estimated that a minimum of 50,000 persons were employed by non-African households as domestic servants, i.e., on average, there were two or three persons employed by each household in full or part time activities such as preparation of food and cooking, caring for children, house cleaning and laundry, and caretaker and night watchmen activities. The incomes of these individuals on average likely were below the minimum wage, but such employment often included fringe benefits in the form of food and sometimes lodging. Many, however, must have received incomes which placed them above the lowest levels of employees in the formal sectors. The majority if not all of these individuals lost this source of income with the departure of the Asians. On the other hand, there undoubtedly have been many individuals who have found employment of the same general nature in the homes of family members who have "moved up" into the positions and houses which were vacated by departing Asians and expatriates. Cash incomes generally would be less for the class of new domestic and household employees.

Another category of informal employment is that of the part-time, casual and seasonal workers, who are employed on small farms and commercial agricultural estates. It is estimated that a minimum of 75,000 workers obtained an important source of cash income from this employment. The demand for such labor is affected not only by world market conditions for export crops but also by weather, disease, and other factors which determine the acreage, yields, and value of the crops. Employment on small African holdings has not been affected greatly, and may have increased somewhat with the large coffee crop in 1973. It is possible, however, that hired farm employees have been replaced in some instances by household members who lost their jobs in the urban areas. To the extent that this is true, migrant labor households have suffered. On the agricultural estates, employment would seem to be down, as some estates belonged to Asians and to British farmers. Thus, the sharp decline in sugar production in 1973 must have been accompanied by a decline in the number of workers on these estates. And at least some of the tea estates formerly owned by British farmers in the western region have not been returned to production. Crop processing activities have been affected as a result, and employment would be affected accordingly in that sector.

Wages for agricultural employees who work for small scale holders generally reflect the local supply and demand situation, and in a ormal year these wages seem to approach a household subsistence income level. The principal areas of labor supply in Uganda are those districts which have the lowest per capita income. In years when favorable prices and rising demand for coffee and cotton and other export crops are combined with favorable crop yields, there generally will be an increased demand for farm labor and wages will rise. Declining living standards in districts of labor supply, however, will contribute to higher rates of outmigration and more abundant supplies of low cost labor. The combined effects of inflation and job displacements are revelant to this discussion, but the direction is uncertain.

The number of individuals who find employment and a source of income in the informal sector in urban areas defies exact specification, but undoubtedly a sizeable proportion of every urban population derives some and often considerable income from activities in the informal sector. The close interaction between the formal and informal sectors is well established. In the Uganda context, Halpenny has documented the blurring of distinctions between them with examples of individuals who supplement low incomes in the formal sector by activities in the informal sector, and vice versa (Halpenny, 1972).

The impact of Amin's policies upon the informal sector may be inferred from the general interactions between the two sectors. Limited supplies, rising prices, and general inflation encourage the expansion of the informal sector with its lower overhead costs and its general orientation to the performance of "recycling" activities. On the one hand, import restrictions on manufactured products and spare parts and the decline in domestic manufacturing encourage growth of the informal sector to provide alternative goods. To this extent the two sectors are partially offsetting. On the other hand, the general level of economic activity in the formal sectors creates incomes which generate demand for informal sector services and goods. Given the relative stability in the numbers employed in the formal sector, the scarcity of basic supplies and manufactured goods, and the sharp rise in the cost of living among all income groups, it is reasonable to suggest that the number of people occupied in the informal sector is expanding.

The expansion of this sector, however, is not seen as a blessing by everyone. African businessmen, who were allocated firms in the formal sector, have appealed to the government to close down or restrict the activities of unlicensed hawkers and vendors and others who take business away from those who are fighting the economic war. In general, government policies to discourage or restrict performance in the informal sector would be misguided, for this is a dynamic area where natural entrepreneurial talent can develop. In addition this sector provides goods essential to low income wage earners and at the same time creates employment and income opportunities.

There is little direct information on the average earnings of individuals in the informal sector, whether they are employees or self-employed. The poorest, and perhaps the majority, make little more than the minimum for survival. Others are engaged in a complex of activities that may net several times the earnings of low income wage earners.

Summary and Conclusions

In this paper I have attempted to set forth the principal changes which have taken place in Uganda during the Amin regime and to evaluate them from the perspective of "economic independence". The basic structural features of the economy--population, national income accounts, and employment and earnings--have been discussed in their historical continuity, with 1969 and 1970 taken as the point of departure. In a period of political upheaval and rapid social change, economists and economic indicators generally are purveyors of bad tidings. In the Uganda context it is difficult to be otherwise.

As nearly everyone knows, General Amin to date has demonstrated an uncanny ability of having the final word, and conjectures about the future of his regime are tendered with caution. In terms of his stated objectives of winning economic independence and achieving justice for his people, however, the evidence suggests that the battle is far from won.

The principal beneficiaries of the economic war have been the Army and certain groups or individuals within the Army. The military is the principal consumer of public revenues. General Amin and his Council are the final voices in establishing economic and other national priorities. The military presence is everywhere. Normal business activities as well as routine operational decisions within government ministries are carried out in an atmosphere of fear and uncertainty.

The difficulties of reconstructing the national economy have been enhanced by incompetency and corruption in many circles. The spoils of the confiscated Asian property went to military personnel, and particularly Muslim Nubians, who also control key positions within the military (Legum, 1974, pp. 295, 303-305). Few possess the business acumen and management skills required to run a large business. Amin frequently has stated his desire to see Uganda become a nation of black capitalists and millionaires, but more recently his statements rail against that new class of capitalists who are "even worse cheats than the Asians." In his recent budget speech, the Minister of Finance remarked on the flight of capital which continues. Is this a search for a new scape-goat, or are the new "capitalists" hedging their bets?

Most of the larger commercial and industrial enterprises were nationalized and given over to the UDC or to one of its subsidiaries for management and supervision. This policy was by default rather than an indication of an overall strategy of state capitalism or national socialism. It is doubtful whether UDC possesses the personnel and financial resources to build these enterprises into successful economic units. In some instances military personnel have been appointed to leading management positions for which they have little aptitude. Import, export, and internal distribution of essential goods are becoming more and more concentrated in the hands of government corporations.

Severe restrictions on imports and a decline in local manufacturing have placed small businessmen in serious difficulty. In a period where personal incomes have increased rapidly for a new military elite, demand is strong but many businesses have few goods to sell. On the other hand, a demand for "recycled goods" and "recycling activities" may promote a natural expansion of business activities in the informal sector.

In the area of employment, overall numbers have risen slightly, with a sectoral adjustment reflecting the shifts in the national economy. Decline in the private sector has gone with expansion in the public sector. What has happened to productivity and performance is another question. Attempts to recruit trained personnel to meet professional and skilled manpower needs have met with partial success, and some Egyptians, Ghanaians, and most recently, Pakistanis, have responded.

The small coffee and cotton cultivators remain the mainstay of the economy, and much of Uganda's hopes lies in the performance of this sector. A fall in the price of coffee will put additional strains upon the country. In general households which grow cash crops have maintained their cash income levels, although they too have suffered from rising prices for supplies and shortages of essential items. In rural areas where cash crops are not grown, households are affected more seriously by rising prices of essential commodities. In addition, where wages are an important source of income for a rural household, a reduction in the number of job opportunities in some sectors and a slower expansion of jobs in the formal sector translates into lower levels of living. If the shortages of basic consumer items and tools for cultivation continue, malnutrition and food shortages will follow.

Government policies of credit creation and expansion of the money supply to finance military and other expenditures have contributed to already existing inflationary pressures. The rapid rise in the cost of living indices for medium and low income urban workers reflects a loss of real income among the poor on fixed incomes. In other areas, government policy has been to reduce expenditures for education, health, and other social services. Rural households in particular are hurt by the closing of medical facilities and schools or by higher school fees. Rural households also are affected adversely by rising costs of transportation and cut back in transportation services.

What then does one conclude about Uganda's progress toward that elusive goal of "economic independence"? Evaluated against the three elements implied in this concept, Uganda seems to have lost ground in each respect. Per capita productivity has fallen and there has been a decline in the level of living for most income groups. Basic services such as medical facilities, education, and transportation have deteriorated or have become less available rather than more available. Moreover, the ministries providing the institutional supporting services have been weakened, perhaps with long term consequences. Uganda's relations with the international economic order have changed, but in many respects the changes have been minimal. Few basic structural changes within the economy have taken place. There is no ideology of national development, and consequently no institutionalization of means to achieve it. The country continues to be ruled by fiat, and crisis management is the order of the day.

What then does the future hold for Uganda? Amin has survived many such predictions, but it is interesting to speculate on subsequent events. Some observers suggest that the most likely change would be a shift in power within the military, perhaps followed by the return of civilians to positions of influence in the government. If this should happen, reconstruction might proceed rapidly. International funds would be available to assist a new government. Most productive enterprises outside of the agricultural sector are owned or managed by government through parastatal bodies, and these could provide the basis for nation building along lines other than class and elitism, both of which have a long history in Uganda. The small size of the capitalist sector suggests that the hopes of economic independence in the broad sense of that term lie in some form of socialistic restructuring of the economy. Amin inadvertently may have prepared Uganda for such a move.

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