

CENTRAL AFRICA BESET BY DOUBTS

Federation of Rhodesia and Nyasaland Suffers From Political Uncertainties

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SALISBURY, Southern Rhodesia — Political uncertainties have unsettled the economy of the Central African Federation of Rhodesia and Nyasaland in the last year. A continuation of this situation is foreseen at least for the first half of 1961.

Nevertheless, the basic industries of the area—mining and tobacco production—have had a prosperous year. This has helped to counteract to a large extent the effects of growing African unemployment and a loss of confidence stemming from political events.

This loss of confidence has resulted in cuts in investment from overseas, the flight of some capital from the area and curtailment of credit.

As the year ended there were complaints in many areas of a slump. Retail sales were down generally but the annual Christmas spending spree was helping to ease the gloom for shopkeepers. The general recession in East, Central and South Africa was effecting manufacturing industries in Southern Rhodesia, which rely on these areas for their markets. Some plants were producing at only 50 per cent of capacity.

Building Boom Ends

A building-construction boom that has transformed the appearance of such cities as Salisbury and Bulawayo in Southern Rhodesia and Lusaka in Northern Rhodesia since 1955 has come to an end. In Salisbury overbuilding of office space has left an estimated total of 2,000 units unoccupied.

However, foreign trade con-

tinued at record levels during the year, largely because of increases in exports of copper and tobacco. Domestic copper production headed for a record high. When final figures for last year are compiled later this year it is expected that total mining production for the federation, of which copper is by far the largest element, will exceed \$400,000,000 for the year.

Tobacco production was also excellent. Tobacco sales of more than \$87,000,000 established a record. Unfortunately drought conditions in some areas cut into agricultural production.

But some observers believed that at the end of 1960 the Federation of Rhodesia and Nyasaland was poised on the edge of a sharp abyss that could lead to further drops in manufacturing, greater unemployment, falling sales, reduction of imports and an over-all slackening of business activity. The problem facing the economy was generally conceded to be the elimination of political uncertainty.

Political Problems

The uncertainty was an outgrowth of African political aspirations, fear that events in the former Belgian Congo might be repeated in the federation, and pessimism induced by rioting that disrupted both Salisbury and Bulawayo during the year.

The feeling in the business community was that the countries of the federation—Southern Rhodesia, Northern Rhodesia and Nyasaland—must be set on constitutional courses that would guarantee stable governments, respect for property and other rights of individuals and economic security.

In the face of doubts capital began to flow out of the federation from mid-1960 onward. The amount lost approached \$28,000, and it led to a tightening of credit by banks, building and loan societies and other financial institutions.

However, it appeared that when final calculations were made later this year 1960 would turn out to be an exceptional trading year for the federation. Preliminary estimates indicated

that exports for the year would exceed the record of \$530,000,000 set in 1959. At the same time imports for the year probably will total more than \$420,000,000, giving the federation a favorable balance of trade of better than \$100,000,000.

Unemployment Persists

One of the most nagging economic problems in the federation during 1960 has been unemployment. It is likely to continue as a problem for some time. It is generally considered to be a major factor in the unrest that has troubled the two Southern Rhodesian centers of Salisbury and Bulawayo, which have 15,000 unemployed. The bulk of those are Africans and the unemployment total for the federation is estimated to be 80,000.

The slowdown in economic growth has contributed to the situation because steady growth is necessary to absorb the rapidly growing African population. It is estimated that 10,000 new jobs are needed every year to take care of the expanding African labor force. In 1960 only 4,200 new jobs for Africans were found in the federation.

On the brighter side 1960 saw the start of large-scale power production at the giant Kariba hydroelectric plant on the Zambesi River. The power station is still under construction although the dam is completed. Ultimately the Kariba project is expected to provide the power needs for expansion of industry, particularly in Northern and Southern Rhodesia, for many years.

The long-range economic forecast for Central Africa is good, provided the political problems of the area can be solved.