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Uganda enjoyed a strong and stable and very fast growing economy in the years preceding independence. The economy was mainly driven by the Asian community since they had all the skills and resources. Former British colonies in sub-Saharan Africa have many citizens of south Asian descent. They were brought there by the British Empire from British India to do clerical work in Imperial Service, or unskilled/semiskilled manual labor such as construction or farm work. Large numbers had been in Uganda for several generations and had no other nationality. Many Indians in East Africa and Uganda were in the sartorial and banking businesses, where they were employed by the British. Since the representation of Indians in Uganda as tailors or bankers was common, most Indians perceived themselves as coming from a more advanced culture than Ugandans, a view not appreciated by Ugandans.

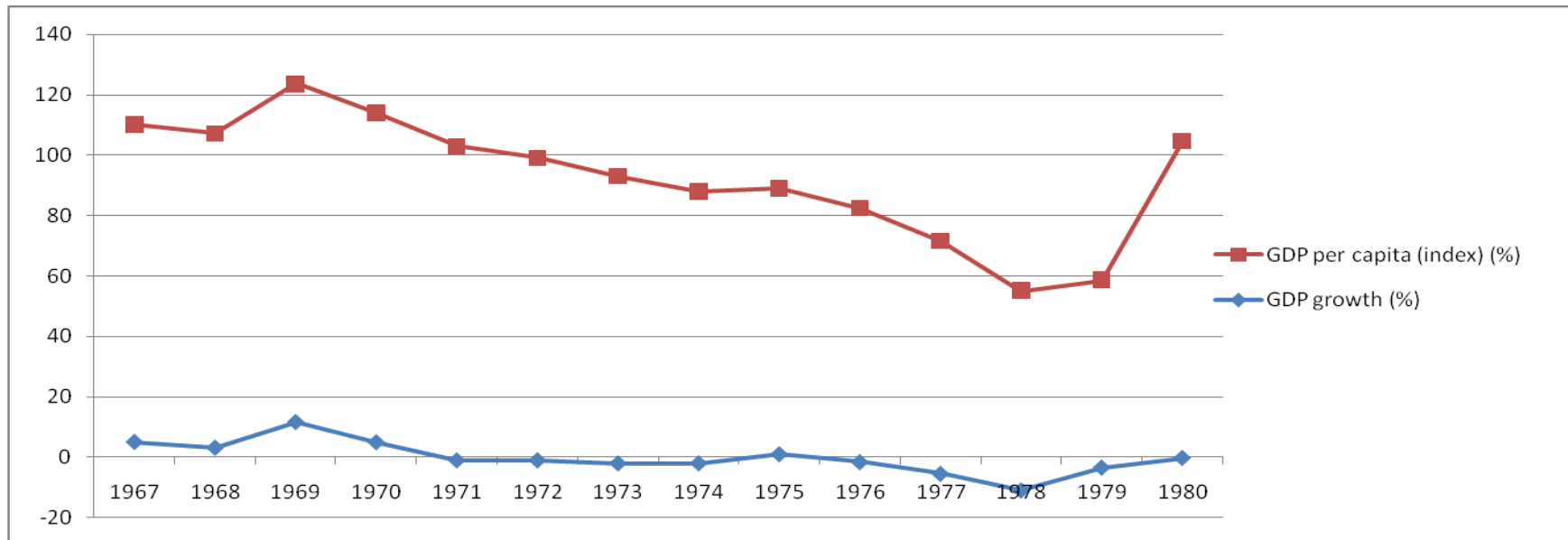
In 1972, the then president of Uganda, Idi Amin ordered the expulsion of his country's' Indian minority, giving them a 90 days to leave Uganda. The ethnic cleaning of Indians in Uganda was conducted in an indophobic climate in which Ugandan government claimed that the Indians were hoarding wealth and goods to the detriment of indigenous Africans and "sabotaging" the Ugandan economy. Indophobia in Uganda thus pre-dated Amin, and also existed under Milton Obote. The 1968 committee on "Africanization in commerce and Industry" in Uganda made far-reaching Indophobic proposals. A system of work permits and trade licenses was introduced in 1969 to restrict the role of Indians in economic and professional.

On taking power in early 1971, Amin reduced state participation in the economy, and the earlier apprehension on the part of the multinationals and the large, mostly Asian-owned, companies was temporarily assuaged. However, although Obote was blamed (Uganda, 1972) for 'over-concentration on politics, at the expense of taking care of our economic life', the military regime was about to embark on policies that would seriously affect the Uganda economy and the wellbeing of the people for decades.

From the point of view of the economy, a major negative event was the expulsion of the Ugandan-Asian business families in 1972. Though anti-Asian sentiment was rife in the 1960s, the expulsion was unprecedented. Jamal (1976) has argued that though a long history of economic inequalities between the African majority and the Asians has caused resentment, the expulsion did little to improve income distribution or the welfare of the 'common man' in Uganda. The Ugandan economy was devastated by Amin's expulsion of the Asian community. The agricultural exports declined exponentially since the Ugandan community at the time did not have the skills and capacity to look for markets and transport the goods abroad. This discouraged the farmers and raised the poverty levels given that the vast majority of the population relied on agriculture. The real value of salaries and wages fell by 90% in less than a decade. During this period flagrant and widespread corruption emerged. The regime became disliked especially in areas which suffered most.

In retrospect, the expulsion put an end to Uganda's post-independence prosperity.

A Graph showing variation of GDP per capita (index) and GDP growth over time (1967-1980)



Investments dried up, exports declined, and per capita incomes fell continuously from 1973 (See Table 1). Thus, there were three main effects of the Asian expulsion:

1. Skilled managers were replaced by largely unskilled people, often drawn from the military and with little education;
2. The appropriation of their properties earned the country a long-lived reputation for lawlessness and property confiscation;
3. The manner in which former Asian businesses were acquired created insecurity of tenure, leading to asset stripping.

Apart from causing the virtual demise of the productive part of the formal sector, another substantial Amin legacy was the expansion of the public sector. Thus while there were only 10 parastatals in 1972, by the mid-1970s there was a total of 23, responsible for up to 250 different business enterprises (Katumba, 1988). However, the managers of the new parastatals lacked both managerial competence and entrepreneurial skill, while the private individuals who had acquired the smaller businesses had soon stripped them of most assets. Moreover, the new parastatals were largely used for state patronage. Thus while they were earlier sources of tax revenue, in the form of corporate taxes, rents, licenses and rates (Uganda, 1977, p.45), they now depended on the government for survival.

Thus, economic imbalances emerged early under Amin's regime. Apart from the outcomes of the Asian expulsion, there were also the parallel effects of the oil crisis and the increasing international isolation, which led to loss of aid and commercial credits. However, instead of attempting to correct these shocks via stabilization policies, the government chose to tighten controls, especially on consumer goods. Sugar was, for example, a sensitive commodity, and since the expulsion of the Asians had reduced production by over 75 per cent, to barely 20,000 tonnes in 1976, the pressure on sugar prices had risen. Licenses for dealing in sugar were introduced with stiff penalties for smugglers and other defaulters.

Table 1: *Indicators of Economic Performance 1967-1980*

Year	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
GDP growth (%)	5.1	3.2	11.7	0.7	-1	-1	-2	-2	1	-1.6	-5.5	-11	-3.4	-0.2
GDP per capita (index) (%)	105	104	112	109	104	100	95	90	88	84	77	66	62	105
Gross domestic investment/GDP (%)	13	13	14	13	11	8	11	8	6	6	8	6	6	15
Gross domestic savings/GDP (%)	14	14	15	16	13	11	10	5	7	7	3	8	0	11
Export/GDP (%)	25	24	21	22	18	16	14	8	11	8	4	3	7	19
Terms of trade (1960=100)	90	94	94	102	94	88	76	78	108	186	119	117	113	103
Total external debt (million US\$)	-	-	-	151.7	177.6	177.4	204.4	211.5	246.5	338.1	449.9	590.2	702.5	172.4
Wage employment (index)	105.1	115.4	120.8	127.8	135.0	143.2	150.8	150.5	149.6	150.4	-	-	-	132.8
Inflation (GDP deflator)	153.7	140.2	139.1	136.9	8	24	57	20	46	89	36	216	150	4
Money supply (M1) (growth %)	5	15	3	2	36	38	43	8	37	30	21	52	31	2
Domestic credit (growth %)	8	21	10	14	35	37	34	18	27	25	24	23	64	26
Credit to government (growth %)	-	35	77	77	55	49	35	24	33	15	30	28	59	64
Interest, bank deposit rate	-	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Population (million)	8.7	9.1	9.4	9.8	10.3	10.6	10.9	11.2	11.5	11.9	12.3	12.7	13.1	10.1

Source: Uganda (various years), Background to the Budget; Uganda (various years), Budget Speech; World Bank: World Development Data.; World Bank (1982).

For other transactions, import restrictions and exchange controls were introduced as well as a number of new license requirements. Still, these new regulations had differential impacts on businesses. Influential groups in the military and their allies openly flouted them. Smuggling and black markets became common responses to the substantial rents engendered by the controls. Close to twenty years after Amin was expelled from Kampala by a combined force of Tanzanian troops and Ugandan rebel groups in 1979 overthrew his regime remains an enigma. It had Africanized the economy, but had at the same time caused capital flight and the impoverishment of the majority. In the end, Amin's populist agenda failed him. He could not generate the economic resources required to maintain support from the military or to keep the population pacified. The inflation resulting from inadequate policies reduced the value of government salaries, while the level of imports fell in real terms. Thus the resources to support the elite were seriously eroded. From this it can be seen that for development, the majority of the population must see the benefits of growth and the challenges that come with it like globalization. However, it is not only the average person who must be included, but also the ruling elite must allow competing with the groups to benefit, as well as allow new competitors to come in.

And in 1986 when a new reign took over power, the Asians were returned their currently existing properties like buildings. The Asians have trickled back and are now fairly competing with the locals in business. And today once outcasts, Asians again drive Uganda's economy.

Apart from a few who took over the Asians shops and businesses, the majority of the Ugandans were not happy with Amin's expulsion of the Asian community. This shows the strongly bond of love and interdependency of the different races and it's a good example of a shared society. This was a good lesson for the Ugandan community on the importance of coexistence of the different races and mutual respect for each other.