CHAPTER I

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The Libyan economy must be viewed from a dual perspective. There is dominant highly capital intensive oil sector and a traditional labour intensive non-oil sector. Oil now accounts for 95 per cent of its export earnings, generating about 50 per cent of the Gross Domestic Product but provide employment for less than 10 per cent of the total labour force.

Despite the negative aspect of oil based economic development, the oil sector is very important for Libya. The income from oil in recent years is estimated at $3000 million which has boosted the level of Gross National Product to $16,310 million making Libya the richest country in Africa.¹ According to the World Bank statistics for 1976, Libya is the fourteenth richest country in the world. It is the increasing income from oil that has made Libya so rich. Otherwise in the early years of its independence, some economists were doubtful about its viability. The Libyan economy was dependent on foreign aid to finance its development programmes.

Like most of the oil exporting counties one of the main objectives of Libyan economy is to use its oil resources for the long run development of the country. The increase in oil prices from the end of 1978 to early 1980 have once again brought the oil exporting countries to the fore in the analysis of the world economic development and the balance of payments.

¹ Middle East Year Book IC Magazine Ltd. Facts And Figures 1979, p. 151
adjustments. Libya is one of the countries which have current account surplus during the 1970's.²

Expansion in oil market and revenues, the greater political stability, nearness to Western European markets, provide Libya an opportunity to achieve its most desired goal of diversifying the economy. It is proposed here to analyse this economy which in recent years has embarked on a course of development. An analysis of the two contrasting periods will be made which this country has experienced.

1) The period after independence till 1969 i.e from 1951 to 1969.

2) The period after 1969 when the great revolution took place. A few young army officers over threw the monarchy under the leadership of colonel Qathafi.

Libya had become rich country long before the revolution of first September 1969. Oil had been discovered all of ten years earlier in May 1959. But right up to the revolution the ordinary people of Libya felt little of the benefits of their country's wealth.

With the beginning of the revolution the country entered another stage of its economic and political life. This stage brought it more sharply into world focus. Besides major political reforms, efforts to change the economic and social structure of the country were begun and these have been continued.

In this study we propose to examine some structural aspects of Libyan economy such as agriculture, industry, planning and basic pattern of economic organisation. Before going into details we shall have an account

of its geographic position and climatic conditions which exercises a great influence on the country's economic and political life.

Definition Of The Area

The present day Libya is in the centre of north Africa. Although the name Libya is ancient but it has not occupied the same area. Modern Libya is an Arab country. It became an independent nation on 24th December, 1951 and was called as the Kingdom of Libya. But after revolution of first September it became a republic.

Libya is located in the center of north Africa has a mediterranean coastline of 1200 miles. It extends through a vast territory from the central mediterranean coast of north Africa to the highlands of north Africa. It occupies an area of about 680,000 square miles (1,790,400 square km). To the north it is bounded by the mediterranean sea, in the east by United Arab Republic and a small corner of Sudan. On the south by Chad and Niger Republic and on the west by Tunisia and Algeria. It is the fourth largest country on the African continent and is about half times the size of American state of Texas or seven times the size of United Kingdom. Before revolution there were three component areas of Libya: Tripolitania in the west with an area of 285,000 sq km, Cyrenaica in the east with an area of 905,000 sq km, and Fezzan in the south with an area of 570,000 sq km. After the revolution these areas were renamed as the western province, Eastern province, and Southern province respectively. In 1977 in addition to other changes the country has become a socialist state and was named as the Socialist People's Libyan Arab Jamahiriya.

Climate

The climate of different parts of Libya varies accordingly to land
structure and geographical location. The coastal area have good and moderate weather nearly the year around and receive a big quantity of rain especially in winter.

The desert has a continental climate. It is hot in day and cold in night. There is little difference in the climate in general. For most part, the climate of Libya is characterised by two distinct seasons: the warm and hot dry season from May to October, and the cold and rainy season from November to April. Another best known feature of the Libyan climate is a hot dry wind known as the Ghibli. It may blow at any time of the year. It raised the temperature in the north from 30 degree to 40 degree in a few hours, hide the sun and damage the growing crop, spray layers of dusts everywhere.