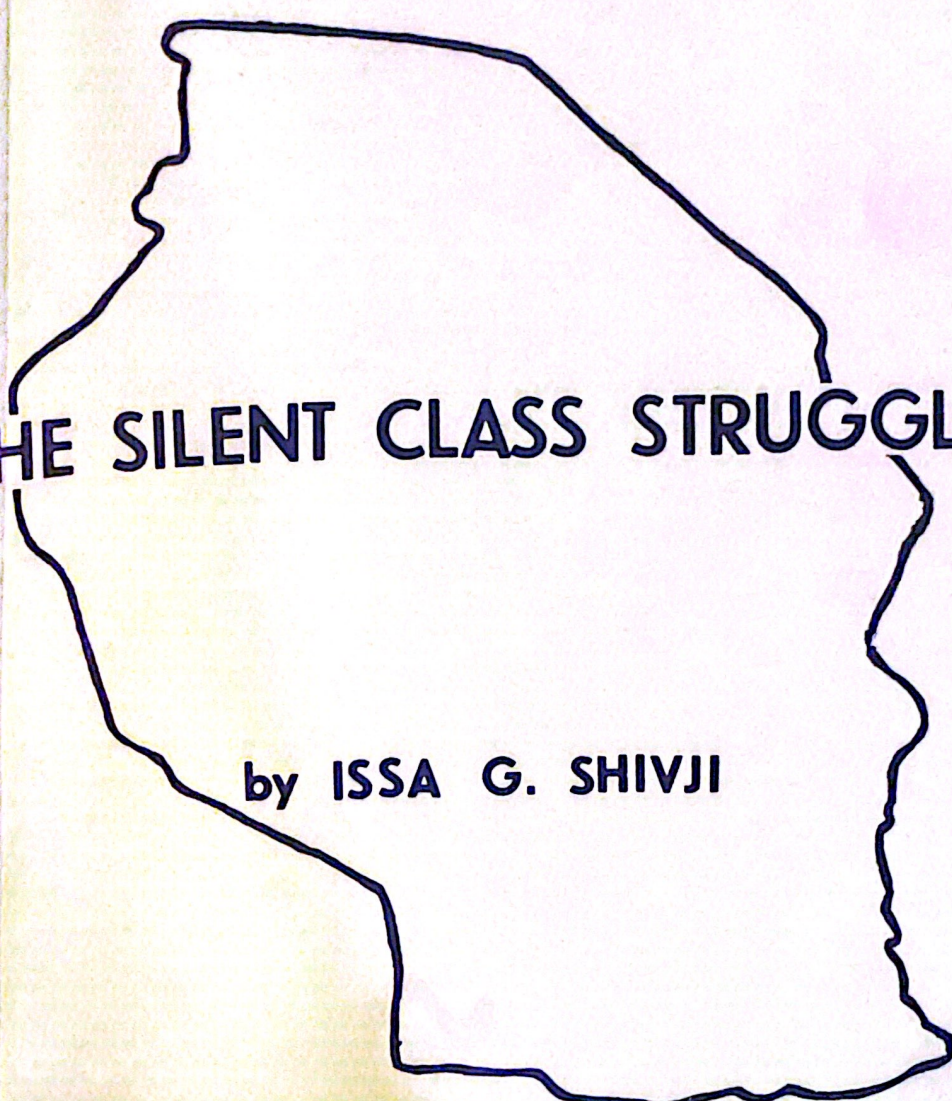


**A
"CHECHE"
PUBLICATION**

TANZANIA:



THE SILENT CLASS STRUGGLE

by ISSA G. SHIVJI

- 1970 -

"C H E C H E"
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Joint-Organ of the
University Students
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T A N Z A N I A

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A Special Publication on.....

T A N Z A N I A:

THE SILENT CLASS STRUGGLE

by

Issa G. Shivji

The author, until recently a
leading member of USARF and TYL
at the University, is now with
the Faculty of Law, University
of Dar es Salaam.

OPPRESSED OF THE WORLD, UNITE!

YOU HAVE NOTHING TO LOSE BUT YOUR CHAINS;

YOU HAVE A WORLD TO WIN.

P R E F A C E

"We have been oppressed a great deal,
we have been exploited a great deal, and
we have been disregarded a great deal...!
We now intend to bring about a revolution
which will ensure that we are never again
victims of these things."

So proclaims the Arusha Declaration. And it is to the nature of this oppression, exploitation, and humiliation of the people of Tanzania, that this special publication of "CHECHE" addresses itself. The basic premise upon which the theses advanced in it rests is that capitalism in its monopolistic stage has overflowed national boundaries and inundated all those areas which are not yet under the banner of socialism. The capitalist system of exploitation is universal in character. Within itself, it has created worlds of striking contrasts - a part in which opulence and waste preponderate and its dialectical opposite, characterised - excepting a few enclaves - by all pervasive misery and squalor. It is in the latter region that the seeds for destruction of capitalism are maturing and, it is here too that the potential for revolutionary transformation to socialism appears to be concentrated at the present moment.

It is also submitted that it would be dwelling in infantile illusions to think that this change from being exploited to embarking upon the path of socialist development can be achieved with the unqualified consent of, or co-operation with capitalist monopolies or their vicious military machine. Therefore, the fundamental pre-requisite for uplifting the living conditions of the masses through socialism is the disengagement, political and economic, from this system. And by disengagement, it is not meant total isolation but reduction of economic dependency, elimination of surplus outflow, utilization of this surplus for construction of nationally integrated economies, equitable co-operation with friendly socialist countries and mobilization of the masses for rapid development and defence.

This study seeks to investigate the forms and contents of the forces, internal as well as external, that constitute the context in which the proclaimed revolution in Tanzania - socialism and self-reliance - is to take place. Needless to say, the task is pioneering, and in presenting it to the public we do not make any claims for the last word. All our special contributor and ourselves aspire to achieve in this study is to generate vigorous debate on, and rigorous exploration of the potentialities of the forces of both progress and reaction in the Tanzanian revolution.

The ground our friend and comrade has sought to cover is immensely vast and we can only hope that he has succeeded in at least sketching its general contours which, we hope, will be filled in with details in the course of the debate which the oncoming issues of "CHECHE" will carry.

Accordingly, we invite our readers, and particularly our staunch critics, to join us in this discussion.

EDITORIAL BOARD
"CHECHE"

September, 1970.

... WE DO NOT SEEK TO ANTICIPATE THE NEW WORLD DOGMATICALLY,
BUT RATHER TO DISCOVER IT IN THE CRITICISM OF THE OLD. UP TO
NOW THE PHILOSOPHERS HAVE ALWAYS HAD THE SOLUTION OF THE RIDDLE
LYING READY IN THEIR WRITING DESKS, AND ALL THE STUPID EXOTERIC
WORLD HAD TO DO WAS TO CLOSE ITS EYES AND OPEN ITS MOUTH TO
RECEIVE THE READY-BAKED CAKE OF ABSOLUTE SCIENCE.
IT IS CERTAINLY NOT OUR TASK TO BUILD UP THE FUTURE IN ADVANCE
AND TO SETTLE ALL PROBLEMS FOR ALL TIME, BUT IT IS JUST AS
CERTAINLY OUR TASK TO CRITICIZE THE EXISTING WORLD RUTHLESSLY.
I MEAN RUTHLESSLY IN THE SENSE THAT WE MUST NOT BE AFRAID OF
OUR OWN CONCLUSIONS AND EQUALLY UNAFRAID OF COMING INTO CONFLICT
WITH THE PREVAILING POWERS.

- Karl Marx

INTRODUCTION

*To those who see in
it a theoretical character,
we would recall that
every practice produces
a theory, and that if it
is true that a revolution
can fail even though
it be based on perfectly
conceived theories, nobody has
yet made a successful
revolution without a revolutionary
theory.*

- AMILCAR CABRAL

(i)

The present situation in Tanzania appears to be both confusing and confounding. This is made doubly so because hitherto no attempt has been made to do a scientific analysis of socio-economic formation in Tanzania. The vacuum resulting from the lack of a theoretical analysis of the total situation has given rise to the dangerous phenomena of finding a substitute in platitudes, phrase-mongering or chanting of hollow slogans. Important decisions and judgments, even among progressive circles are beginning to be founded on day to day happening of incidences and events. The psychology, attitudes and utterances of personalities are increasingly replacing concrete, objective material conditions as a yardstick for assessing particular actions. Long time perspective has receded into the background. Instead, individual predilections and descriptions of superficial phenomena have come to dominate the discussions of the revolutionaries. Appearances pass as reality while proper analysis of reality is met with ignorant contempt or condemned as 'doctrinaire'. Subjectivism is on the verge of triumph!

Such a situation is extremely dangerous. It fosters illusions and clouds ideological clarity. No wonder, even among the progressives, moods alternate between cheerfulness and disappointment depending on what was the headline in the morning newspaper or how this or that dignitary reacted or behaved regarding particular issues. Such devoid of analytical dimension, may ultimately settle down either in frustration and resignation or infantile adventurism. Furthermore, without a clear class analysis, it is impossible to chart out a correct strategy and formulate appropriate tactics. More important still: it is impossible to make correct alliances. How can we talk about a 'Tanzanian Revolution' without even knowing the friends and the enemies of such a revolution? An analysis of the socio-economic formation of Tanzania is therefore urgently needed.

The present paper is a modest attempt in this direction. It suffers from many of the shortcomings of a paper done under pressure of time and not altogether favourable circumstances. It probably also suffers from lack of enough empirical research. Nevertheless I am convinced that a study of this kind must be initiated — if only to present certain lines of thought which can be further verified and elaborated or refuted and rejected. One cannot wait till enough empirical research has been done. But neither does one begin from scratch. There is a wealth of theoretical knowledge — a rich heritage of mankind — which must be critically applied to the concrete situation, which we fairly know from our social practice. This is an attempt to apply certain theoretical tools to the Tanzanian situation.

*An almost similar situation developed in pre-coup Ghana so much so that even the editors of the Monthly Review in their Foreword to 'Ghana: End of an illusion' (which was published after the coup) said: "Like many others on the left, both here and abroad, we were shocked by the February coup which overthrew the Nkrumah government in Ghana!" It is better to explode illusions in time than write posthumously about "end of illusions"!

II

In Part I, an attempt has been made to identify three broad neo-colonial situations.* Essentially, this is in the nature of setting up theoretical constructs which I have then tried to apply to the concrete Tanzanian situation. Part I therefore is rather "in abstract" and theoretical. The emphasis is largely on the nature of the production relations of these types of neo-colonial situations and the contradictions between these production relations and the development of productive forces.

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In Part II, we have tried to isolate the "essentials" in the Tanzanian situation and focus attention on these rather than make it an all-inclusive piece discussing everything in and about Tanzania. There is an apparent "lacuna" in the analysis in that there is mention of rural stratification in Tanzania. This is partly because I have not been able to conduct a 'field research' without which a discussion of rural stratification would border on speculation. But the main reason for leaving this out is the very thesis of this paper: that the fundamental contradictions in the Tanzanian society are not to be found in the rural peasantry (including the big farmers) but in the content and nature of the relationship of the Tanzania's economy with the international capital. In my opinion, it is a mistaken over-emphasis (especially on the part of those who come with fixed ideas about classes and appear to see classes everywhere so long as they can count a handful of farmers owning two landrovers or a tractor)** to focus attention on rural stratification out of all proportion to its role in the context of the Tanzania economy as a whole. It is, to say the least, misleading to begin talking about 'capitalism' in Iringa and Kilimanjaro and present them as fundamental, antagonistic contradictions.***

Before such a trend gains momentum, it is only right and proper that the emphasis should be shifted to where it belongs. This is not to say that rural stratification should not be analysed. It must be done by all means - but within the context of Tanzania's economy as a whole. The important question within this context is: "who controls Tanzania's economy?" For it is

*Probably the title "The neo-colonial mode of production" is not very appropriate, since the mode of production is essentially "capitalist." However, for want of a better title, I have used this to identify the underdeveloped or the satellite half (as opposed to the developed or the metropolis) of the international capitalist system.

** See for instance the articles on "UJAMAA v. CAPITALISM" in The Standard, July 3rd & 4th 1970.

*** In fact, even the so-called 'rural capitalists' (the term is completely vulgarised — it simply refers to big farmers), that appear to give currency to the idea of rural capitalism, would be found to be either related to or are the retired members of the economic bureaucracy — a much more important stratum in the Tanzanian economy. [Cf. the discussion Part II infra.]

that class which controls the economy - the nerve centre of a society - who in the final analysis will be a decisive factor against socialist struggle. It is implied in this paper that the farmers of Iringa and Kilimanjaro do not control Tanzania's economy as a whole. If they are important at all it is because they may be allied with the economic bureaucracy which in turn is allied with the international bourgeoisie. We may "plan victories over rural capitalism" and/or take militant political decisions: but these would ultimately mean nothing if our economy remains the appendage of imperialism.

III

Many comrades have consciously or unconsciously helped to evolve the ideas presented in this paper. I need hardly thank them, for they have done their revolutionary duty! However, the errors and blame remain solely mine.

we see that the article on "TANZANIA'S CAPITALISM" is the
 Statement, July 1970.

PART ONE

THE NEO-COLONIAL MODE OF PRODUCTION

The present structure of the under-developed countries is the product of their past and of the particular way in which they have made contact with capitalism. It is thus a matter of combined development - the combination of an ancient regime in dissolution with a capitalism which carefully refrains from developing industry; the combination of a radical technique which reduces the death rate with the suppression of any industrial technique that would make it possible to give work, dignity and hope to the people thus kept alive.

It is industrial underdevelopment that is the basic flaw in the economy of the under-developed countries. This underdevelopment itself has two roots: first, the fact that foreign capital invests nothing, or almost nothing, in the development of manufacturing industry; and, second, the fact that the indigenous ruling classes themselves prefer to invest in land, trade or usury rather than in building up modern industry.

- ERNEST MANDEL

Imperialism, colonialism and neo-colonialism

Beginning with the 1870s the capitalist countries entered the imperialist stage, the most distinct feature of which was a rapid monopolisation of the means of production and distribution in the hands of trusts and cartels. This was accompanied by an equally rapid acquisition of foreign lands.¹ By the turn of the century, as the following table shows, the division of the world was almost complete.

Percentage of territory belonging to the European colonial powers (including the U.S.)²

	<u>1876</u>	<u>1900</u>	<u>Increase or decrease</u>
Africa.. ..	10.8	90.4	+ 79.6
Polynesia	56.8	98.9	+ 42.1
Asia	51.5	56.6	+ 5.1
Australasia ..	100.0	100.0	-
America	27.5	27.2	- 0.3

Lenin pointed out that "... the development of pre-monopoly capitalism in which free competition was predominant, reached its limit in the 1860s and 1870s. We now see that it is precisely after that period that the tremendous 'boom' in colonial conquests begins, and that the struggle for the territorial division of the world becomes extraordinarily sharp. It is beyond doubt, therefore, that capitalism's transition to the stage of monopoly capitalism, to finance capital, is connected with the intensification of the struggle for the partitioning of the world"

The capitalist economic engine, fuelled by the profit motive, exploited ruthlessly the vast markets, resources, wealth and the labour force of the colonial world so acquired, the objective consequence of which was an immense development of the productive forces of the imperialist world. The next fifty years — including the First and Second Imperialist Wars, which in themselves played

1. "Within a few years [of the outlawing of the slave trade in Zanzibar in 1873] the rush for European Colonies in Africa had begun and Arab power along the coast came to an end. European interest in Africa had, since the end of the slave trade been fastidious; now, all at once, it was to become frenzied. Within a mere twenty years, [i.e. between 1873 and 1893] the principal powers of Europe would swallow almost the whole of the continent, snatching what they could in a frantic fear of each other." Segal, The Race War p.80.

2. Lenin, Imperialism, the highest stage of capitalism, p.70.

3. Ibid. p.72.

a great role in accelerating technological development and stimulating new inventions — saw an unprecedented exploitation of the natural resources of the world. "The Union Minière du Haute Katanga in the Belgian Congo, with a capital of 1,000 million francs, made a profit of 600 million francs in 1946; 1,838 million francs in 1950; 4,093 million francs in 1955; and 4,571 million francs in 1956. In 1919 the British South Africa Company of the Rhodesias had earned mineral royalties of £13,000, by 1957 these reached £8,800,000. In 1938, Northern Rhodesia exported goods worth £10 million; in 1946, £12.8 million; in 1949, £32.9 million; in 1952, £81.7 million; in 1953, £93.7 million. The value of copper produced in Northern Rhodesia from the commencement of mining operations to the start of 1960 exceeded £1,000 million."⁴ The burden of the post-war economic recovery of imperialist countries, too, fell on the shoulders of their African colonies. Through various devices, like the Advisory Boards, Britain managed to carry out "forced saving" by the colonies in the form of sterling reserves. The colonial Sterling Balances in Britain rocketed from £670 million in 1945 to £1,301 million in 1956. Truly, therefore, "it was the funds of the colonial peoples which were 'priming the pump' of post war British economic recovery."⁵ This was not all. The colonies also supplied the "mother" countries with dollars which the colonial powers needed desperately to buy capital goods from the United States to rebuild their shattered industrial plants. Thus between 1937 and 1949 Tanganyika's exports to U.S. increased by 850 per cent (or + \$ 8.3 million); Northern Rhodesia's by 3,000 per cent (or + \$ 17.4 million); Belgian Congo's and Ruanda-Urundi's by 1,500 per cent (or + \$ 20.4 million); Kenya and Uganda's by 500 per cent (or + \$ 7.0 million); Angola's by 4,300 per cent (or + \$ 8.5 million); and Mozambique's by 1,900 per cent (or + \$ 3.6 million).⁶ The imperialists themselves realised this fully well. Sir Stafford Cripps, Britain's Chancellor of the Exchequer, told a conference of colonial governors in November 1947: "The whole future of the sterling group and its ability to survive depends in my view upon a quick and extensive development [meaning exploitation] of our African resources."⁷

Such massive and intense exploitation could not but produce poverty, misery, human degradation — and colonial revolts. Subjectively the cry was for freedom and independence but objectively it was to allow free development of the productive forces of the colonised world.⁸

4. Segal, op. cit., p.76.

5. Fitch & Oppenheimer, Ghana: The end of an illusion, p.44.

6. Segal, op. cit., p.75.

7. Quoted *ibid*.

8. "It is often said that national liberation is based on the right of every people to freely control its own destiny and that the objective of this liberation is national independence. Although we do not disagree with this vague and subjective way of expressing a complex reality, we prefer to be objective, since for us the basis of national liberation, whatever the formulas adopted on the level of international law, is the inalienable right of every people to have its own history, and the objective of national liberation is to regain this right usurped by imperialism, that is to say, to free the process of development of the national productive forces." [Emphasis supplied - J.G.] Cabral, The weapon of theory in Revolution in Guinea, p.83.

The U.S. was then assuming the leadership of the capitalist world. Its search for wider markets and resources paradoxically placed it on the side of colonial freedom. It would not allow the lesser capitalist countries to continue their political hold over the colonies.⁹ In other words, it wished to pursue a sort of "open door" policy on the world scale. All these factors cumulatively brought about the national independences of a large part of the colonised world. But monopoly capitalism had not exhausted its potentialities. It continued to be on the ascendance. International monopolies assumed wider and deeper control over the economy of the formerly colonised countries thus perpetuating their colonial economic fate as producers of primary products and importers of manufactured goods.¹⁰ This is the phenomenon which is described as 'neo-colonialism'. To use Nkrumah's definition:

The essence of neo-colonialism is that the state which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside.¹¹

Neo-colonialism saw to it that the formerly colonised world remained part of the world capitalist system - its necessary underdeveloped half.¹² But in the womb of the monopoly capitali-

9. Cf. The following table.

Foreign investments of leading
capital exporting countries

	<u>1914</u>	<u>1930</u>	<u>1960</u>
	- per cent of total -		
U.K.	50.3	43.8	24.5
France	22.2	8.4	4.7
Germany	17.3	2.6	1.1
Netherlands	3.1	5.5	4.2
Sweden	.3	1.3	.9
United States	6.3	35.1	59.1
Canada	.5	3.1	5.5
	100	100	100

SOURCE: Magdoff, The Age of Imperialism Part I in Monthly Review, June 1968, p.40.

10. This condemns the economy to be a commercial one and as Dumont rightly points out: "The dominance of commercial capital over industrial capital is a primary characteristic of underdevelopment." False Start in Africa, p. 39.

11. Neo-colonialism, p. ix.

12. For an excellent analysis of the international character of capitalism see Oliver Cox, Capitalism as a system. Cox convincingly shows that underdeveloped areas are a necessary half of the capitalist system without which it cannot survive as 'capitalism'. See also Frank, The Development of Underdevelopment in the Monthly Review, September 1966, pp.17-31. Frank concludes that "underdevelopment is not due to the survival of archaic institutions and the existence of capital shortage in regions that have remained isolated from the stream of world history. On the contrary, underdevelopment was and still is generated by the very same historical process which also generated economic development: the development of capitalism itself." [Emphasis supplied - L.G.]

world, was fast growing, though amidst extremely hostile environment, the embryo of the socialist October Revolution. It further facilitated the Chinese, Korean, Cuban and Vietnamese revolutions and inspired colonial revolts. The socialist world system, though in its extreme infancy and plagued by all its problems, definitely began taking shape, with some one-third of the human race now living under it.

To be sure, the neo-colonial half of the capitalist system is not homogenous. There are varied structures and set-ups depending on the concrete conditions and historical background of each individual country. For our present purposes, it is proposed to divide them into three broad socio-economic formations: (1) neo-colony par excellence, (2) bureaucratic capitalism and (3) state capitalism.

All of them, of course, show the typical characteristics of underdevelopment.¹³ The fundamental similarity between them is that their economies are controlled, directly or indirectly, by the international monopoly corporations - i.e. the international bourgeoisie largely based in the developed capitalist countries.¹⁴ Within this broad framework, they differ, among other things, in their national production relations and class formations and the corresponding alliances or oppositions that these classes make with the international bourgeoisie. Below we consider the production relations - in abstract - of each of the three broad types of neo-colonial situations and then go on to compare them in relation to the development of productive forces.

1. Neo-colony par excellence.

The distinguishing feature of this type of neo-colony is that here the means of production are owned directly by the international corporations. There is a large private sector dominated by the international bourgeoisie while the petty bourgeois stratum of the indigenous people serves as their on-the-scene agents - as directors, managers, representatives etc. The bureaucracy is essentially of the administrative type which runs the state apparatus in the interest of the international bourgeoisie as a whole. Incapable of competing directly with the "big sharks", the petty bourgeoisie engages itself in petty trades - shop-keeping, running bars and clubs and such other activities. This serves two interconnected purposes; indigenous faces in these petty activities helps to give to the general populace a feeling of control by fellow nationals thereby blunting class-contradictions. Simultaneously, it gives the indigenous elite - both of the time of independence and the new intelligentsia - a venue for their

13. Much literature has been pouring out on underdevelopment. The indices of underdevelopment may be had from any one of these - see Segal, op. cit., Ch.7 (appropriately called "The colour of want"). Wealth and high standards of living are spread among the 1,000 million people residing in N. America, Europe, the Soviet Union and Japan while the rest of humanity, 2,250 million or 70% live in general want and misery.

14. For a detailed discussion of the international neo-colonial web dominated by monopolies, see Nkrumah, op. cit. and A.K. Essack, "200 Super Corporations which dominate the capitalist world" in Africa and the world, Jan. 1970, Vol. 6, No.54, pp. 21-24. LONRHO, UNILEVER, DE BEERS, UNION MINIERE, ANGLO-AMERICAN etc. are all big names of international corporations siphoning off Africa's wealth to metropolitan countries.

paltry economic ambitions.¹⁵

The fundamental contradiction in this type of situation is between the international bourgeoisie and the workers and peasants; the latter - as small-holders and/or landless - being in a numerical majority.

Following the investment policies of international corporations the development of productive forces in such a formation is extremely lop-sided. It is of course, exploitative and ruinous so far as the natural resources are concerned - mining, primary products etc. Arrighi makes the following "broad generalisations about the sectoral distribution of foreign investment by multi-national corporations in Tropical Africa:

1. The colonial pattern of capital investment in production has basically remained unaltered: investment in mining¹⁷ and petroleum absorbed the preponderant amount of private funds in the last decade. What has changed in this respect is that complementary investment in the infrastructure, which used to be undertaken by private interests, is now the responsibility of the public sector. Private capital is now invested in more directly productive enterprises.
2. Industrial investment other than in mining has been almost entirely concentrated either in primary products processing for the export market or in import substitution in the light branches of manufacturing such as food, beverages, textile, clothing, footwear, furniture, soap, and other consumer goods.¹⁸ More recently, the development of import substitution has begun to move gradually into branches of manufacturing industries producing intermediate goods (cement, non-metallic mineral products and more seldom fertilizers and chemical products).

15. The recent moves to "Africanise" the commercial sector in Kenya and Ghana were probably of this kind. So the petty Asian businessman in Kenya is removed to be replaced by an African. The giant international corporations - and even the big Asian capitalists like the Madhvani and Mehta Groups remain untouched.

16. For a good analysis of this, see, Arrighi, International Corporations, Labour aristocracies and Economic development in Tropical Africa. (mimeo.)

17. Over 50 per cent of the total profits of the NDC Group of companies in 1968 came from the Williamson Diamonds Ltd. - an associate of NDC. (NDC. holding: 50%).

18. This is in fact the pattern of investment by NDC, in "co-operation" with its foreign partners. For figures and further discussion, see p. -

3. Notwithstanding these developments, heavy industry in Tropical Africa either is non-existent or being export-oriented, is totally unrelated to the structure of the national and supra-national African economies in the sense that it can hardly constitute a basis for the production of capital goods required for the industrialisation of the areas in which it is located.

As for the techniques, the general policy of these corporations is to adopt capital-intensive techniques in consumer and light industries. This has an extremely important effect on the class-formation of a neo-colonial society. It creates, what has been called, the "labour aristocracy" — the relatively highly paid (but numerically very small) stratum which joins the petty bourgeoisie in maintaining the status quo. The other side of the coin is that the nature of the so-called "industrial activity" does not as rapidly add to the genuine proletarian class¹⁹ — i.e. workers directly involved in the production process. Rather it further swells the numbers of the petty bourgeoisie by such occupations as taxi-drivers, clerks, chefs, chauffeurs etc. who, engaged in the "services industry" of the unproductive type (and relatively highly paid) are farther removed from the production process.

In fact, the non-agricultural wage employment is heavily concentrated in the services sector as the following figures for some countries in Africa show:²⁰

<u>Country.</u>	<u>Year.</u>	<u>Percentage employed in services sector in the non-agricultural wage-employment.</u>
Kenya	1965	77
Uganda	1965	77
Tanzania (Tanganyika)	1965	75
Malawi	1961	61
Malagasy Rep.	1961	77
Nigeria	1962	46
Ivory Coast	1961	68
Ghana	1960	55
Sierra Leone	1963	53.

19. The number of unemployed on the other hand swells very rapidly thereby creating a fringe of lumpen — proletariat whose revolutionary zeal is by nature short-lived and not that reliable. Cf. the chronic unemployment of Kenya.

20. Arrighi, op cit.

Kenya is probably as good an example as any other of this type of a neo-colony.²¹

Theoretically, it appears that this type of neo-colonial formation is most "stabilised" and in abstraction would appear to have a relatively long lease of life. The immediate danger here is usually from the extreme right - especially the army. The left, on the other hand, is mercilessly curbed.²² But all the same, in

21. For the involvement of international corporations in Kenya's economy see "Who controls industry in Kenya?" Report produced by the Working Party which was set up under the auspices of the Department of Christian Education and Training of the National Christian Council of Kenya.

All big names in the corporate world have some or other interests in Kenya. To give only two typical examples:

(a) Booker Group, which ranks 140th in "The Times 300" of 1967, [The Times, 1 September 1967. This lists 300 leading industrial companies in Britain] began having interest in Kenya's sugar projects through its subsidiary Booker's Agricultural Holdings. Booker, like any other oligopoly, has world-wide and varied interests. "Beginning with trading interests in British Guiana, it has grown into a large group with subsidiary and associated companies in the fields of shipping, light industries, printing, rum, shops, engineering, and sugar (they print Ian Fleming's James Bond Books)." ["Who controls industry...?" p. 109].

(b) The Brooke Bond Group, ranking 103rd in "The Times 300" is the biggest producer of Kenya's tea. "Group figures for the year ending 30th June, 1967 include: World turnover: B£ 129,600,000; [more than half Kenya's G.D.P.] Group profit before taxation: B£ 7,564,000; taxation B£ 3,452,000; capita employed in the Group: B£ 47,220,000" (Ibid. p.20). In 1968 the Brooke Bond merged with Liebig's Extract of Meat Co. Ltd., to form the Brooke Bond Liebig Group. Liebig itself has links with Kenya's Meat Industry. The Kenya Meat Commission (KMC) which processes all Kenya's marketed beef, has "a special arrangement with Liebig's Extract of Meat Co. Ltd., who supervise the production and canning of their 'Fray Bentos' brand corned beef. Liebig's are a group with large interests in countries from Sudan to Rhodesia. They reported profits after tax, to August 1966, of B£1,879,000 and issued 14 per cent dividend worth £945,000. Their capital employed in 1967 was B£ 26,304,000 ranking 172nd in "The Times 300" (Ibid. p.32).

The Brooke Bond Group, through the Mabroukie Tea and Coffee Co. Ltd., also has interests in Kenya's Coffee.

The Brooke Bond Liebig Group holds 49% in the NPC subsidia The Tanganyika Packers Ltd. It also organises the sales of the Tanganyika Packers' products.

22. Witness the history of Kenya Peoples' Union (KPU) in Kenya. P. Gama Pinto, the left's theoretician [even William Attwood acknowledges him as such in his The Road and the Black] was brutally murdered while Odinga and his colleagues are languishing in detention without even a fictitious trial!

reality the situation is not at a standstill. Various factors emanating from the historical and concrete conditions of each country decide the dynamics of its motion.

It so happens, that in such a situation there is a lot of political play among the petty bourgeoisie (manifested in ever increasing political faction²³ called parties; assassinations; rigging of elections etc.)²³ to share out the paltry crumbs dropped by the international bourgeoisie. The turmoil and resulting political instability do not altogether suit the latter's economic interests. Thus they may back army coups to restore "law and order"!

The upshot of these contending factors is that a neo-colonial formation of this type may either relapse into army take-overs or may "evolve" into a different socio-economic formation - what we call here as "bureaucratic capitalism."

2. Bureaucratic Capitalism

The important feature of this type of formation is that the large sector of the economy is nationalised i.e. under state ownership. This may come about as a form of "evolution" from (1) described above - especially if the country concerned is pervaded with intense nationalism and relatively progressive leadership (Of. Ghana under Nkrumah's regime).

However, nationalisation while being a necessary first step towards socialisation of the ownership of means of production is not in itself socialisation. In other words, by nationalising, a country does not break from the imperialist economy and therefore does not cease to be a neo-colony.²⁴ The international bourgeoisie due to its age-old sentiments with respect to private property, may make vocal protests against the measures initially, but eventually they come to reconcile and in fact objectively may benefit even more. The long time-horizon, rational calculations and giant monopoly structures of the international corporations mean that it is much more convenient for the latter (and politically secure) to deal with large state enterprises (as managing and consultant agents, as minority shareholders, as suppliers of equipment etc.) rather than be directly involved in juridical ownership of the means of production²⁵ of the neo-colony. Objectively therefore even bureaucratic capitalism would not be detrimental to their interest. This they realise very clearly. Thus after the nationalisations in Zambia, The Economist²⁶ was asking its investors-readers to be less impetuous and more realistic:

"It will be a pity", The Economist said, "if the realities of President Kaunda's move last week to nationalise Zambia's copper mines are overlooked in a useless debate on the ethics of it. It will be a tragedy if potential investors in Africa are mistakenly led to believe that there is no longer a place for them there. Although doing business in independent Africa now calls for a

23. Kenya, Ghana, Nigeria, Lesotho are good examples.

24. A good example of this is Ghana. For a detailed discussion see Fitch & Oppenheimer, op. cit.

25. Except, of course, in the case of ownership of such strategic raw materials as uranium, oil etc. where they would obviously prefer direct ownership.

26. August 23, 1969, p.56. "A Stake in Zambia".

high degree of political acumen, the opportunities available to those who possess it are good. The risks are grater than in more settled parts of the world but so are the returns."

The returns from Africa are very high - that is the alpha and omega of foreign investments. For instance, the Newsweek,²⁷ another mouthpiece of the imperialists reporting on LONRHO said:

For the fiscal year ending last Sept. 30, [i.e. 1969] Lonrho chalked up a profit of more than \$12 million compared with a net of only \$434,000 in 1961, the year in which it began to expand its operations into the new black nations north of the Zambezi River. For this year it hopes to boost profits to \$24 million on sales of \$240 million. Company chairman Alan Ball recently observed that an investment of 100 pounds sterling in Lonrho in 1961 is worth 1,100 pounds today. On the London stock Exchange, Lonrho shares have soared in recent months from \$1.29 to \$6. [Emphasis supplied - L.G.].

The Economist article quoted above ends by giving its financial masters the following guidance:

The questions that anyone either possessing or contemplating a financial stake in Zambia ought now to be asking have to do with the future political and economic stability of the country, rather than with the principles of nationalisation or the mechanics of compensation. The shrewdest businessman in that part of the world have argued for some time that 49 per cent stake in a business whose success is underwritten by government participation may be more valuable than 100 per cent of a concern exposed to all the political winds that blow. Companies (like Booker Brothers) that have anticipated the direction of events and invited the government into partnership have no reason to regret Zambian investment so far.

Partnership with private or public capital is in fact a well-known policy of the international corporations even in Asia and North Africa. Discussing this new method of exploitation in Morocco, Pierre Jaleel notes:

[In Morocco], ... foreign capital is often associated with Moroccan private capital, or Moroccan public capital, or both together. The foreign capital is quite happy to be the minority partner, and even suggests that it should be, as evidence of the purity of its motives. It goes so far as to agree to a Moroccan Chairman of the Board of Directors, accepting for itself a deputy director or technical director, and why should it require more? It knows that the enterprise is viable only on the basis of foreign patents, foreign materials and supplies, and foreign technical capital. Although in the majority, the indigenous capital is the prisoner of its foreign partner. Mixed investment is, perhaps, the worst form of neo-imperialist exploitation for it ties up the indigenous capital of the host country and denationalizes it.²⁸

27. January 20, 1969, p.42 "Profits from Africa".

28. "The Pillage of the Third World" p.82.

The control of the client state's economy by the international bourgeoisie is no more direct, it is largely indirect. The international corporations go into partnerships agreements with state corporations supplying management (and therefore "control"). They profit enormously from agreements involving patent rights; hiring of trade marks and expert personnel; supplying of management and consultants; training of citizen bureaucrats etc. The continual supply of expert advisers (who make important policy decisions and have access to strategic files and economic information) sees to it that the state-run sector remains within the ideological rut favourable to them.

All this has important effects on the class formation and consciousness of the country concerned. On top of the administrative bureaucracy of the civil service — type running the state machinery, there arises the economic bureaucracy. The economic bureaucracy is involved directly in the managing and running of the production process. The administrative bureaucracy, on the other hand, is not that directly related to the production process — it is essentially part of the political superstructure. But the economic bureaucracy has roots in the economic base itself, which makes its position and interest in the status quo much stronger and deeper. In addition state ownership allows the bureaucrats to dull the consciousness of the exploited masses of the population thereby serving very well the interests of the international bourgeoisie. The left on the other hand is suppressed as extremist, "reactionary" and anarchist — a hindrance to orderly progress while the 'right' — especially the army, police and the newly-educated elite — is propitiated by extra-privileges and facilities.

In fact, the "winning over" of the newly-educated elite is a serious pre-occupation of the ruling bureaucracy.²⁹ This is, of course, to deprive the masses of a possible revolutionary leadership for the educated elite happens to be the only stratum in the underdeveloped countries well-placed to provide such leadership.

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It is important to note at this point that the bureaucracy we have been talking about so far has a social base — a class base — in the international bourgeoisie.³⁰ Hence, the nationalisation exercise and state ownership do not necessarily solve the antagonistic contradiction between the international capitalist class and the workers and peasants — a feature common to all neo-colonial situations described here. Again this is not the bureaucracy which exists "above social classes" like that of the Stalin era³¹ in the Soviet Union or of the Bonapartist

29. Sometimes it can be as crude as in the following case: It is said that on the Kenyatta Day, Kenyan students of African origin of the University College, Nairobi received Shs.200/- each as a "gift"!

30. For further discussion of this see infra pp. 34-35

31. The Stalinist bureaucracy could really be described to have no social base in so far as neither the capitalist nor the working class were controlling it. For a good analysis of this see, I. Deutcher, "On the roots of bureaucracy" in The Socialist Register, 1969, p.1.

type. Thus it is not as independent to accelerate the development of productive forces as was the Stalinist bureaucracy.

3. State Capitalism

State capitalism of the neo-colonial type is different from that described by Engels where after the monopolisation into trusts and cartels, the capitalist system further evolves into a situation where "the official representative of capitalist society - the state - will ultimately have to undertake the direction of production".³² The difference lies in the fact that state capitalism in an underdeveloped country is not an evolution of a developed capitalist society but it functions within a neo-colonial framework where the international bourgeoisie has a decisive hold over both the state and the economic system of the client state. However, this economic formation distinguishes itself from others by having a national bourgeois class, albeit weak, of its own. Though such a class is numerically very small, it is genuinely bourgeois in outlook and also in its economic function. There even exist, what may be called non-antagonistic, contradictions between it and the international bourgeoisie. It helps some capital accumulation and development of productive forces in productive sectors of the economy. It also has a considerable hold on the state apparatus, which true to its bourgeois function, makes pretensions about democracy, parliamentarism, party politics and a host of "freedoms".

Such a formation produces a small section of genuine proletariat engaged in industrial production. The polarisation of classes and wealth is extreme. Misery abounds in the large section of the population while a very small section lives in abundant wealth. Thus in India,³³ which is a classic example of this type of neo-colonial formation, 1 per cent of the population earns nearly half the national income.³⁴

India had a nascent bourgeoisie even before independence. They led the independence struggle and after independence became considerably strong. The nationalised sector of the Indian economy essentially serves the interests of the national and international bourgeoisies.

Birla, Tata etc. are all big names with world-wide fame as capitalists. Birla's interests, for instance, range from pharmaceuticals to heavy engineering, from automobiles to shipping and from cement to aluminium. The Birla empire includes some 300 companies with assets close to \$125 million or 1/5 of India's total organised business sector.³⁵ "The Birla family business has always had close ties with the ruling Congress Party, two of Mrs. Gandhi's ministers were described by a party colleague recently as being under Birla's thumb.... The company probably hedged its bets by continuing to help Congress with funds at the same time as backing likely winners on the other side, arguing that a stronger opposition would make Congress more pliable and Birla's influence more secure."³⁶

32. Socialism: Utopian and scientific, p. 62.

33. For an analysis of "State Capitalism in India" see The Monthly Review, March 1970, Vol. 21.

34. Greene, F., A Curtain of Ignorance, p.112.

35. The Economist, 2 September 1967, p. 810. (See also, Segal, The crisis of India).

36. Ibid.

Neo-Colonial production relations and the rebellion of productive forces.

Having considered the production relations of the three broad types of neo-colonial situations we must now briefly compare these in terms of productive forces, i.e. how far does each of them allow or hinder the development of productive forces.

The neo-colony par excellence to some extent³⁷ does develop the already more developed productive forces of the imperialist countries but at the same time hinders the development of the productive sector of the economy of the client state. The capitalist countries, motivated by profit, fight tooth and nail against considerable "flow" of technology and skills to their neo-colonies³⁸ which serve only as markets for manufactured goods, and supplies of mineral and other resources. For instance, Pierre Falée after studying the relevant facts and figures (which are reproduced in his book) reaches the following conclusion:

This study of the sectors of production can lead to some broad general conclusions: it has been shown that the extractive industries, which produce the major raw materials from the subsoil, are growing rapidly in the Third World, so much so that the gap between the production of the Third World and that of the imperialist countries is definitely narrowing. On the other hand the secondary industries, which produce the equipment and consumer goods so sorely needed in the Third World, are growing only at a modest rate, no faster in general than in the imperialist countries, and definitely more slowly if their production is related to population growth.

Development seems to be on the same order in the field of agriculture. There is rapid growth in basic products exported to meet the needs of people and factories in the imperialist countries; there is stagnation or regression in the production of food for local consumption.

To sum up, in a period of rapid political decolonization, the international division of labor which is the be-all and end-all of imperialism, far from being modified, has grown sharper: for some, the task of producing raw materials and basic products for export in a raw or semi-raw state and the sub-human living standards that go with it; for others, the factories, industrial expansion, and the concomitant high standard of living.³⁹

37. This qualification is necessary because even in the developed countries themselves, monopoly corporations slow down and hinder further development of technology by suppressing invention, buying up patents, which they don't use etc. For evidence of this and analysis, see S. Lilley Men, Machines and History.

38. The case in point is the refusal of the World Bank and the imperialist countries to build the TAN-ZAM railway and thereby, inter alia, allow the exploitation of iron (basis of industrial development) in the southern region.

39. Op. cit., p.27.

This results in the development of "services industry" (or at most assembly plants) perpetuating the conspicuous consumption⁴⁰ of petty bourgeois strata and the spendthrift mentality that goes with it. Thus the economy is deprived of an industrial base and a skilled, technically-minded labour force which is essential and a great asset for industrial development. Consequently, there is hardly any real proletariat and this has political implications too. A progressive leadership for example, finds it difficult to rely heavily on the working class as its base. On the other hand the paucity of proletarian consciousness among the working class makes it relatively easy for reactionary coups to take place and survive.⁴¹

Town becomes an abnormal growth on the body of the country. Millions wallow in poverty and misery in contradistinction to the apparent wealth of the petty bourgeoisie.

These are really also the features of bureaucratic capitalism. The bureaucrats lack that tenacity and accumulative zest of an owning class. It hardly goes into real industrial investment. Instead it is satisfied with the ownership of clubs and bars, petrol stations; and real estate speculation and investments, at most in razor blade and biscuit manufacture. Both the economic bureaucracy of the bureaucratic capitalism and the petty bourgeois elements of neo-colony par excellence more or less conform to Fanon's "national bourgeoisie."⁴²

The national middle class which takes over power at the end of the colonial regime is an under-developed middle class. It has practically no economic power, and in any case it is in no way commensurate with the bourgeoisie of the mother country which it hopes to replace.... The university and merchant classes which make up the most enlightened section of the new state are in fact characterized by the smallness of their number and their being concentrated in the capital, and the type of activities in which they are engaged: business, agriculture and the liberal professions. Neither financiers nor industrial magnates are to be found within this national middle class. The national bourgeoisie of under-developed countries is not engaged in production, nor in invention, nor building, nor labour; it is completely canalized into activities of the intermediary type. Its innermost vocation seems to be to keep in the running and to be part of the racket. The

40. Passenger cars for private use, beverages, tobacco and other durable consumer goods loom large in the imports of African countries. Hughes estimates that the developing countries of Africa spent as much as 5.22 per cent of their GDP. (or 23% of their total imports) on non-essential imports in 1964. And this is a most conservative estimate — it includes only "food, beverages, tobacco and passenger cars". Hughes, Social development in Africa Monthly Review, May, 1970 Vol. 22 pp.23 seq.

41. Cf. the docile reaction of the populace to the overthrow of what were considered to be progressive leaders — Nkrumah, Modibo Keita and Sukarno.

42. Fanon, in fact, appears to use this term to describe what we have here called "petty bourgeoisie" and bureaucrats.

psychology of the national bourgeoisie is that of the businessman, not that of a captain of industry; and it is only too true that the greed of the settlers and the system of embargoes set up by colonialism has hardly left them any other choice.⁴³

Both these types of neo-colony theoretically appear to have a longer lease of life and tenacity for survival. By hindering polarisation of classes, through creating such fringes as the petty bourgeoisie and the lumpen proletariat — petty shopkeepers, clerks, prostitutes, casual employees, unemployed etc. — it blunts contradictions allowing the ruling petty bourgeoisie to perpetuate false ideologies. Nationalist slogans bordering on philistine chauvinism take the place of scientific analysis and understanding of the current world situation. An attempt to apply scientific theories, evolved out of an accumulation of mankind's knowledge, is dubbed as importing "foreign ideologies". And, paradoxically, this by the petty bourgeois intellectuals whose mental laziness has not allowed them even to read about these so-called "foreign ideologies". (Not to mention that these same people shamelessly drive in "foreign", luxurious salon cars — at the expense of workers and peasants!)

The neo-colony of the "state capitalism" type on the other hand is objectively progressive compared to the above two. Though gradually, it does bring about polarisation as at the same time it, though much slowly, develops the productive sector of the economy. Its bourgeoisie has many characteristics of the earlier European bourgeoisie. The more or less clear alliance of the national bourgeoisie with the international one renders any appeals to nationalism less effective. In the midst of mass misery nationalist slogans lose meaning. Violence, riots, communal fights etc. become the order of the day. All these prepare both objective and subjective conditions for an eventual showdown between the national and international bourgeoisie on the one hand and the masses of the exploited people (led by the workers) on the other.

Objectively therefore state capitalism allows greater development of productive forces than the other two types of neo-colonial situations. It also appears to offer greater chances for a proletarian revolution, though one cannot make a sweeping generalisation because many other factors of concrete conditions of each individual country have to be considered and taken account of.

43. Fanon, The Wretched of the Earth, pp. 119 - 20.

PART TWO

THE SOCIO-ECONOMIC FORMATION IN TANZANIA

A country is socialist or capitalist not because of the ideas or intentions of its government, but because of the social structure which characterizes it, and the nature of the classes which play the decisive role in ruling it.

- CHARLES BETTLEHEIM

The Post-independence economic scene: General Remarks

We must now try to apply the theoretical constructs — or models — set up in Part One to the Tanzanian situation.

.....

It is clear that before the "Arusha Declaration", Tanzania with certain not very significant differences, fell into the first type of neo-colonial formation — i.e. neo-colony par excellence.⁴⁴ Its independence did not disengage it from the imperialist economy. The industrial investment, if any, was again in the export-enclave. The three big projects established during the period, all reflected the current investment policies pursued by international corporations. The Dar es Salaam Oil refinery was established in co-operation with ENI — one of the largest international corporations based in Italy. The establishment of a refinery in Dar es Salaam gave the corporation a foothold in East Africa "which it followed up by building an \$8 million pipeline to Zambia with plans to open a second refinery there."⁴⁵ The second project, the Kilombero Sugar Plant, was built by British-Dutch interests and managed by H.V.A. International N.V. of Holland. This was to take advantage of the rise in world sugar prices in the early 1960's as a result of the ban imposed by the United States on imports of sugar from Cuba.

The Associated Portland Cement Company together with Cementia Holding from Zurich, invested in a cement plant in the third major project. The Associated Portland is a London company with 43 subsidiaries and associated Companies with a capital of B£142,068,000. It is listed 34 in "The Times 300". White's South African Portland Cement Co. Ltd., and the Salisbury Portland Cement Co. Ltd. are its subsidiaries in Southern Africa. In 1967 its world sales totalled B£122,500,000 with Group profits over B£12,000,000.⁴⁶ Its Kenyan interests include both important cement companies — the East Africa Portland Cement Company Ltd., and the Bamburi Portland Cement Company Ltd. It is linked with the Mackenzie-Dalgety and with A. Baumann & Co. Ltd. through interlocked directorships. The Bamburi Cement Co. and Smith Mackenzie, in fact, provided loans for the establishing of the Dar es Salaam plant. "Thus, using Tanzania's own raw materials, the new cement company ensured its position in the rapidly expanding Tanzanian market — in 1967, Tanzania consumed almost 20 per cent more cement than Kenya — while avoiding the cost of the long haul from Kenya."⁴⁷

44. A large portion of investment, in the first Five Year Plan, in the productive industry was expected to come from foreign private investment. And "necessary" steps — e.g. tax concessions, foreign investment guarantees, repatriation of profits etc. — to attract foreign investors were taken. At the end of the Plan period, it was clear that the foreign investors were not attracted!

45. See Ann Seidman, Comparative Industrial Strategies in East Africa, in East Africa Journal, June 1970 Vol. VII, No. 6 p.31.

46. "Who controls industry in Kenya?" pp.51-2.

47. Seidman, "Comparative Industrial strategies. . . ." EAJ, p.32.

As for its trading partners, the Tanzanian economy remained tied to traditional markets. As late as five years after independence (i.e. in 1967) some 60% of Tanzania's export was destined for imperialist (U.K., E.E.C., North America and Japan) countries, and it received 70% of its imports from them. Again its exports consisted mainly of raw materials, the prices of which, generally have been falling. Taking 1960 = 100, the index of prices for cotton fell from 99.9 in 1962 to 92.6 in 1967; for sisal from 96.5 in 1962 to 66.7 in 1967; for tea from 113.5 in 1962 to 99.4 in 1967 and so on.⁴⁸ On the other hand, the prices of imports, especially machinery, have been rising.⁴⁹

"In sum", as one economist has put it. "The first few years of Tanzania's post-independence industrial development programme appeared to suffer from problems similar to those encountered in Kenya and Uganda. What limited investment did take place tended to be located in the existing export enclave. A significant share of it was directed to the limited luxury market for the higher income groups. Much of it continued to depend on imported materials and supplies. Of the three large foreign-owned projects [referred to above] established in the period, one provided the foreign partners an effective means of breaking into the East and Central African market; the second, seeking to take advantage of the high world price, appeared to have suffered from inadequate planning backwards and forwards linkages as well as high financing costs paid to foreign suppliers and was ultimately sold to the Government for a price including a guaranteed 7 per cent return for 16 years; while a third successfully maintained the foreign partner's position in the rapidly expanding Tanzanian and Central Africa market."⁵⁰

On the political front, however, owing to progressive leadership, the neo-colonial domination was not as conspicuous as in other countries. With regard to foreign policy decisions, for instance, Mwalimu's strong personality and principle-guided outlook resulted in the country making certain decisions with considerable independence.⁵¹

On the home front, the class formation more or less corresponded to the situation we have described under neo-colony par excellence. There was the administrative bureaucracy; the petty bourgeoisie and the sub-capitalist (or comprador) stratum, mostly Asians, involved in the commercial sector. On the other hand, the larger part of the population — the peasantry and a small up-and-coming stratum of Kulaks — was engaged in the agricultural sector, and there was a small working class. The composition of the latter itself reflects the neo-colonial structure of the economy. Thus out of

48. See Annual Economic Surveys of Tanzania.

49. This comes out glaringly in the following table:

To buy 1 ton imported steel -	1951	1961	Increase
Ghana (lbs. cocoa)	202	571	283%
Brazil (lbs. coffee)	158	380	240%
Malaya (lbs. rubber)	132	441	334%

Source: Woddis, Introduction to Neo-colonialism p.94.

50. Seidman, "Comparative industrial...." p.32.

51. For example, the straining of relations with West Germany over the establishing of the East German Consulate in Dar es Salaam. Again, Tanzania was one of the very few countries that broke off diplomatic relations with Britain over the Rhodesian issue. And generally in the U.N. and other councils of the world, Tanzania is known for its vocal anti-colonial stand.

the total wage employment of 345,741 in 1967, some 36 per cent were employed in estate agriculture (mainly sisal plantations) followed by some 25 per cent engaged in "services industry" (i.e. in "establishments engaged in providing educational, health, business and professional services as well as missions, clubs, hotels, restaurants and other allied services" including public administration). The rest were spread over various sectors as follows: 2 per cent in mining and quarrying; 12 per cent in construction; 2 per cent in public utilities; 6 per cent in commerce; 9 per cent in transport and only 9 per cent in manufacturing.⁵²

What changes then did the "Arusha Declaration" bring about? The country, of course, as the President said, did not become socialist. The important step was the nationalisation of the "commanding heights" of the economy. The National Development Corporation acquired majority ownership of some seven large foreign-owned companies. The Government also took over outright, a majority of the firms processing foods. Thus the large sector of the economy came under state ownership. Nationalisation was a step forward insofar as it is a prerequisite for building socialism. But by nationalisation, as we shall try to show, the country did not cease to be a neo-colony. Neither did it become a workers' state. Nor does state ownership alone mean socialism for as Engels pointed out long ago:

... of late, since Bismarck went in for state ownership of industrial establishments, a kind of spurious socialism has arisen, degenerating, now and again, into something of flunkeyism, that without more ado declares all state ownership, even of the Bismarckian sort, to be socialistic. Certainly, if the taking over by the state of the tobacco industry is socialistic, then Napoleon and Metternich must be numbered among the founders of socialism. If the Belgian state, for quite ordinary political and financial reasons, itself constructed its chief railway lines; if Bismarck, not under any economic compulsion, took over for the state the chief Prussian lines, simply to be the better able to have them in hand in case of war, to bring up the railway employees as voting cattle for the Government, and especially to create for himself a new source of income independent of parliamentary votes — this was, in no sense, a socialist measure, directly or indirectly, consciously or unconsciously otherwise, the Royal Maritime company, the Royal porcelain manufacture, and even the regimental tailor of the army would also be socialistic institutions, or even, as was seriously proposed by a shy dog in Frederick William III's reign, the taking over by the state of the brothels.⁵³

The "Arusha Declaration" has nevertheless made certain issues clear, though, it is perhaps too early to make definite statements. It has, for example, through the State Trading Corporation and the N.D.C., paved the way for the eventual elimination of the Asian sub-capitalists as a social stratum. A number of them will probably retire, as dependents on their educated children who are rapidly being absorbed into the economic bureaucracy. Others are joining the economic bureaucracy in their own right as managers, directors etc. A small section comprising those who have exported capital abroad will emigrate and some — especially

52. "Employment and Earnings 1967". Table 13 (9) published by the Central Statistical Bureau.

53. Socialism: Utopian and Scientific, p. 62 n.

from the lower middle-class are being increasingly elbowed out to join the lumpen-proletariat.

At the same time the post-Arusha nationalisations have set pace for the rise of economic bureaucracy. The "new stratum" of managers, sub-managers, directors and administrators of parastatals already constitute a formidable bureaucratic stratum.

Despite these features, however, Tanzania does not definitely fall under bureaucratic capitalism described above. This is because the bureaucracy does not appear to have an upper hand and definitely wield political power. This may be due to the fact that the top leadership of the Party is dedicated to socialism. Neither does Tanzania fall under the type, we termed, state capitalism because it does not have a bourgeoisie of its own.⁵⁴ Rather, Tanzania appears to be in a situation of flux — a situation of latent but definite class struggle. ON THE ONE HAND THERE IS THE ECONOMIC AND POLITICAL BUREAUCRACY [OBJECTIVELY BACKED BY THE INTERNATIONAL BOURGEOISIE, THE COUNTRY BEING STILL IN THE NEO-COLONIAL FRAMEWORK], AND ON THE OTHER ARE THE WORKERS AND PEASANTS AS REPRESENTED IN THEIR MOST VOCAL AND CONSCIOUS ELEMENTS — LARGELY SMALL GROUPS OF INTELLIGENTSIA, INCLUDING A FEW ENLIGHTENED LEADERS. The economic bureaucracy does not have a definite upperhand as would be the case under bureaucratic capitalism. But the fact that the economic bureaucracy is a powerful force can be gleaned from the attitudes of the parastatal management generally towards what may be called "socialist measures". This attitude has facilitated the perpetuating of neo-colonial interests. "Services industry" — tourism, hotel-building; running entertainment houses, breweries etc. — has loomed large in N.D.C. investment policy. By the end of 1968, for example, roughly 3rd of N.D.C.'s investments was concentrated in luxury items: breweries, cigarette production, hotels and tourism⁵⁵ while only about 1/10th per cent was invested in subsidiaries and associated companies producing consumer necessities. This accords well with the investment policies of the international corporations, which are fighting desperately to maintain their hold on the Tanzanian economy, in order to ensure that it remains within the neo-colonial web.

This may be done in various ways. Of recent, many foreign monopoly corporations have entered into partnerships with N.D.C. in various projects; they also manage and operate many projects

54. In October 1967, the President himself made the following remarks "... there are only ten people in our whole country who have an income of Shs.300,000 or more in a year...." [Nyerere, After the Arusha Declaration, p.10]. Before nationalisations, it was largely the foreign corporations and the Kenya and Uganda based capitalists (e.g. Madhvani and Mehta groups) who were controlling large sectors of the economy.

55. The N.D.C. Fourth Annual Report, p.35.

on behalf of N.D.C.; they supply management and consultants⁵⁶ and act as technical advisers. They even undertake the so-called feasibility surveys, making huge profits on all these activities.⁵⁷ Let "JENGA", the monthly magazine of N.D.C. itself take up the story.⁵⁸

The basis on which a partnership is established, taking the Arusha Declaration guidelines into account, varies according to negotiations between N.D.C. and the potential partner. This is reflected by the fact that N.D.C.'s holdings in its subsidiary and associate companies ranges from 100 per cent of the shares in five companies to nine per cent in one company (although Tafco holds another 15 per cent of the shares in this company).

In establishing complex industries involving a large capital investment, such as the fertiliser plant and the proposed sisal pulp plant, N.D.C. hires a firm to act as technical consultant — conducting extensive industrial tests, market surveys and feasibility studies. Sometimes a second consultant is hired to evaluate or do a completely new study.

The technical consultants may invest in the equity of the new company, taking a minority shareholding, and continuing to supervise technical aspects of production. This was the case at Mwanza Textiles Ltd. with French consultants, Tanzania Bag Corporation with Italian consultants, Tanzania Tanneries Ltd., with Swedish consultants, as well as other projects.

In addition, N.D.C. often enters into a management agency agreement with the foreign firm. This generally involves a management contract for an agreed number of years, a share of up to 50 per cent of the equity by the company, possibly an agreement for the foreign partner to import surplus production and possibly also an agreement whereby the partner looks for financial backers for the project.

56. The 1968 (No.3) issue of "JENGA", the N.D.C. magazine, reported: "N.D.C. has recently commissioned McKinsey & Company, Inc., an international firm of management and consultants, to study the Corporation's management information system" (p.9). Elsewhere the same issue notes that "almost half of the five hundred largest United States Industrial Companies are present or former clients of McKinsey & Company." And this company is expected to advise N.D.C. — an instrument of building socialism!

Another U.S. private company of international "fame", whose name looms large in Tanzania as adviser and consultant is 'Arthur D. Little'. This was the company which made a study of Tanzania's industrial potential in 1961 under a contract with U.S. A.I.D. (Agency for International Development). Many of its recommendations to attract foreign investment — tax holidays, government financial repatriation of profits etc. — were incorporated in the First Five Year Plan. Foreign investment, alas, was not attracted! Arthur D. Little is responsible for drawing up a master plan for the "tourist industry" — a task which, no doubt it is most competent to do!

57. Unfortunately, no figures are available. But some information suggests that management fees, under some contracts, may be as much as or even more than 20% of GROSS YEARLY TURNOVER, (not profits). And this does not include allowances etc. paid to foreign executives.

58. "JENGA" No.6 May, 1970, p.41.

Besides the fact that management agreements etc. ensure the foreign partners' profits,⁵⁹ they also protect the regional interests and markets of the monopolies. Going into partnerships with public corporations gives them political security and helps them to get concessions on import duties; to bar competitive imports and get markets for their machine goods at inflated prices. Over and above that, the interests of the management representing the foreign partner may not in most cases coincide with the national priorities. Thus "(I)n the case of the Dar es Salaam Portland Cement plant the management recommended that the required second plant be built near the first to double output to meet growing national demand. It is possible that a preferable location might have been in north-eastern Tanzania but the plant management with interests also in its Kenyan plant may have wished to reduce competition with Kenyan supplies imported by rail."⁶⁰ Furthermore, to fit in the national plan, it is, may be, necessary to sell cement at lower prices than would be acceptable to the foreign partner who would be interested in maximum returns on his 49 per cent holding. It is not surprising therefore that the parastatals⁶¹ and N.D.C. subsidiaries continue to function as individual entities without the co-ordination and integration which are so necessary for a comprehensive industrial strategy and National Planning.

59. "Management contracts undertaken... may involve costs that are every bit as heavy as the costs to the economy would be if the corporation in question were fully under direct foreign ownership... (Tanzania's) bargaining strength is so weak that the cost of the servicing of human capital may well have risen considerably. . . . Research upon the present terms of management contracts is urgently required. It is extremely difficult however, to obtain information about them. Both parties to these contracts guard their terms so carefully that this alone is grounds for suspicion". [J. Hellciner, "New forms of foreign private investment in Africa," E.R.B. 67 12; 9/12/67 -- quoted in Seidman, op. cit. p.39 n.

60. Seidman, "Comparative Industrial...." E.A.J. p.39: Another good example is that of the Tanganyika Packers. The international octopus Brooke Bond Liebig Group is 49% shareholder and sales agent. It is not surprising therefore that only 5% of the Tanganyika Packers' products is consumed locally. With proper forward and backward linkages one would have expected a factory like Tanganyika Packers not only to provide market for ranches etc. but to supply its products to the home market. Instead it appears to be vertically integrated with foreign corporation network of the Brooke Bond Liebig Group selling its products in Europe, Bahamas, Jamaica, Borneo etc. [See The Nationalist 10/8/70]. The Chairman of the Company in fact conceives "the fundamental aim of this company (is) to produce a product which will enable us earn some foreign exchange." (ibid).

61. Thus N.I.C. has its own investment policy no different from that of a private insurance company [cf. Shivji, "Insurance and Development" in the forthcoming East African Law Review] N.D.C. has its own internal loan and credit system almost in competition with the National Bank of Commerce and so on. [cf. Loxley, "The Monetary System of Tanzania since 1967: Progress, problems and proposals" mimeo.].

The neo-colonial web

We have said that Tanzania's economy still remains entangled in the neo-colonial web; we have also pointed out some of the ways in which this is done. Herebelow, we give some typical examples, chosen at random, to illustrate this.

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The N.D.C. has a 67 per cent holding in the Coastal Dairy Industries Ltd. (C.D.I.L.) Under a technical co-operation agreement, the Swedish⁶² Development Authority provided two technicians to assist in the installation of the plant. The Tanganyika Creameries Ltd. have been acting as its (i.e. C.D.I.L.'s) Managing agents and "in addition to these duties will assume responsibilities for marketing when the plant opens."⁶³

The Tanganyika Creameries Ltd. (it has been recently wound up) itself has an interesting story behind it. The N.D.C. held 33 per cent of the shares of this company. It operated as managing and marketing agents for Northern Dairies Ltd., Arusha; as marketing agents for the National Dairy Board and Wafugaji wa Mara Co-operative Union in Musoma and as Distribution and selling Agents for Kenya Co-operative Creameries Limited (K.C.C.). But the Tanganyika Creameries itself was managed by the K.C.C. under an agreement to last for five years. It was to provide top management. The K.C.C. Ltd. is a Kenya based Co-operative Society with Lord Delanare (who holds some 13 directorships in various companies) as one of the six European directors on its board. Besides the Tanganyika Creameries Ltd., K.C.C. has a number of subsidiary companies in East Africa: the Uganda Creameries Ltd., the East African Creameries Ltd., The Milk Producers Company Ltd., and the Penguin Dairies Ltd.

The Penguin Dairies Ltd. manufactures ice cream in Kenya. Recently the K.C.C. interests in the Penguin were bought out by Lyons Maid (E.A.) Ltd., thereby Penguin became a wholly owned subsidiary of the Lyons Maid. The Lyons Maid (E.A.) Ltd., is a U.K. subsidiary of J. Lyons and Co. Ltd., a British catering group, which ranked 88 in "The Times 300". In 1966 they recorded a profit (before taxation) of B£3,584,756 (capital employed, 1967, B£ 56,988,000).

The Eskimon Ice Cream Company, (a Nairobi concern), which was the other company producing ice cream in Kenya, was also bought out by the subsidiary of Lyons Group. Thus the latter became the sole supplier of ice cream in Kenya. The Lyons products have a market in Tanzania as well.

Thus far we have been showing the K.C.C.'s East African interests only. But that is not the whole story. K.C.C. is also associated with three other giant global dairy organisations — NESTLES, GLAXO and UNIGATE.

62. As for the Swedish economy itself and its domination by American monopoly, see Vestbro & Persson, "How Socialist is Sweden?" in "Cheche" Issue No. 2.

63. N.D.C. 4th Annual Report, p.48.

Nestlé's, a Swiss-based company, is the biggest dairy concern in the world with some 300 creameries in many countries. The Nestlé Company Ltd., its British subsidiary, ranks 110 in "The Times 300" of 1967 with B£ 43,588,000 capital employed. In 1967 Nestlé's was making plans to buy their raw materials from the K.C.C. for the manufacture of their own products in Kenya.⁶⁴

Glaxo Ltd. ranked 94 in "The Times 300" of 1967, with capital employed at B£ 51,630,000. The Glaxo Ltd., in association with the Allenburys manufactures baby foods and pharmaceuticals in Kenya, the raw materials for some of which come from K.C.C.

Unigate is a British dairy giant, combining United Dairies with the Cow and Gate group. It ranked No.77 in "The Times 300". In 1967, they recorded profits for the year at B£ 13,546,000 (capital employed B£64,068,000) yielding a dividend of 14 per cent. Unigate has Cow and Gate (E.A.) Ltd. and the East African Milk Products Ltd. in East Africa as its subsidiaries. They manufacture Cow and Gate brand baby foods.

In the May, 1970 issue of "Jenga", it was reported that the Tanganyika Creameries has been wound up and that the N.D.C. may soon acquire 100 per cent shares in the Coastal Dairy Industry Ltd. Thus the K.C.C. has almost gone out of the picture as Managing Agents. But interestingly enough, the same issue reports that "negotiations are being carried out with NESTLÉ of Switzerland with a view to appointing them Managing agents of the company." (p.5). The intermediary K.C.C. has been dislodged - instead the Dairy business has come more firmly, under an international dairy giant, the NESTLÉ!

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Let us next explore the international connections and links of our up-and-coming "tourist industry" which has of recent engaged national interest and attention. The recent "tourism debate" in The Standard,⁶⁵ if anything, has uncovered a lot of confusion that pervades our intelligentsia so far as socialist thought is concerned. Phrases like "imperialism", and "neo-colonialism" and "international monopoly capital" are rejected as slogans.⁶⁶ One half-baked bourgeois "scholar" had even the temerity to suggest that "sloganeering" and "confused thinking" of the "students" — i.e. the authors of original articles on "tourism" — was due to faulty grammar!⁶⁷

64. "Who controls industry in Kenya?" p.37.

65. Beginning with May 15 issue.

66. Mental laziness and vested interests combine to make the petty bourgeoisie to reject well-tested theories as "slogans!" They instinctively know what social theories can be effective in practice and what are mere "platitudinous rationalisations". The former for them are slogans; the latter they promote!

67. F. Mitchel, Evaluating the Role of Tourism in Tanzania, June 15,

Be that as it may: coming back to the international links of our "tourist industry". One name that looms large in this area is that of the Hallmark Hotels (Tanzania) Ltd. This is an associate company of the N.D.C., which holds 30 per cent of its shares. It specialises in hotel management, providing managerial and consultancy services to most of the N.D.C. hotels, including the new projects like the New Africa Hotel, Kunduchi Beach Hotel, Bahari Beach Hotel, Zanzibar Fishing Lodge, Lake Manyara Hotel, Ngorongoro Wildlife Lodge, Seronera Wildlife Lodge and Lobo Wildlife Lodge.

The remaining 70 per cent of the Hallmark's shares are held by the Hallway Hotels Overseas Ltd., a hotel management firm, linked with the Trust Houses Group of U.K. and the United Transport Overseas Ltd. The shareholders of the Hallway Hotels are the Commonwealth Development Corporation (C.D.C.), United Transport Overseas Ltd. (U.T.O.S.) and Mr. Eric Hall.

The C.D.C. is a well-known corporation. It was originally established in 1949 (then called the Colonial Development Corporation)⁶⁸ as a British statutory corporation to make investments in the colonies with a charter requiring it to make profits.⁶⁹ The C.D.C. had a portfolio of investment commitment in Eastern Africa (including off shore islands, Malawi, Zambia etc.) of B£ 29,167,000 of which K£ 16,600,000 is committed to Kenya. An analysis of the overall C.D.C. functional distribution of investments reflects in miniature the new methods employed by foreign private interests to attain old aims in Africa. 53 per cent of its investment is for basic development meaning infrastructure⁷⁰ for the exploitation of natural resources; 21 per cent for primary production (agriculture, forestry and mining) and 26 per cent for commerce, industry, development companies and hotels. The Working Party (set up under the auspices of the Department of Christian Education and Training of the National Christian Council of Kenya) could not help making the following observation — though typically in its mild, Christian language.⁷¹ "The C.D.C. has to borrow at the rates current in London, and toward the end of 1966 was paying 7 per cent on all the money it borrowed from H.M. Government. Investment at such a stiff rate of interest means that a heavier burden has to be borne at the Kenya end, and this

68. As colonies became "independent sovereign states within the Commonwealth", so the Colonial Development Corporation became the Commonwealth Development Corporation — everything else remaining constant!

69. "Who controls industry in Kenya?" p. 196-7.

70. The C.D.C. being a governmental corporation "prepares" the "infrastructure" for private Capital. True to the Marxist analysis the state under capitalism is a committee for managing the day to day affairs of the bourgeoisie!

71. "Who controls industry in Kenya?" p.197.

is inevitably reflected in, for example, higher rents and debt-servicing charges in the projects supported. This 'plusage' on the cost of capital received through C.D.C. reflects the situation of the British economy up to the end of 1966; in other words, if we in Kenya want British capital, we have to pay quite dearly for it."

One of the other shareholders in the Hallway Hotels Overseas Ltd. is the United Transport Overseas Ltd. (UTOS), a giant transport concern incorporated in England.

UTOS dominates the urban and long distance passenger business in East Africa through its following subsidiaries: Kenya Bus Services Ltd., of Nairobi; Kenya Bus Services (Mombasa) Ltd.; Dar es Salaam Motor Transport Co. Ltd.; (DMT, now nationalised] Uganda Transport Co. Ltd., Tanga and District Transport Ltd., Kampala and District Services Ltd.; and East African Road Services Ltd.

UTOS has some fifty-five subsidiaries and associated companies with some thirteen in Rhodesia and eighteen in South Africa. In 1966 it made net profits after tax of some B£ 1,759,759 (capital employed over B£ 14½ million). In 1967, it became one of the partners (the others being the Kenya Tourist Development Corporation; Wilken Aviation Services Ltd., and a New York firm, Lindblad Travel Inc.) in an air charter company, Wilkenair Ltd. to provide "best possible facilities" for tourists.

UTOS itself is one of the forty-three subsidiaries of the United Transport Company (UTC), which with its subsidiaries had assets of B£ 22,287,458 at the end of 1965, and made a profit (after tax) of over B£2,000,000. UTC owns 60 per cent of the shares in UTOS. The 40 per cent belongs to the British Electric Traction Omnibus Company Ltd. (BET) of London. With a capital amounting to B£ 57,812,000 BET ranks 87 in "The Times 300". On 8 June 1967, the Chairman of BET announced a net profit after taxation of B£ 1,368,000 and made the following remark about the overseas operations of UTOS: "Any who take dramatic reports of political stresses and strain to represent the sole valid picture of Africa are plainly a long way wide of the mark. Over a ten-year period, total revenues have expanded two-and-a-half times, and gross profits five times. Total capital employed by the companies is now little less than £11 million".

The United Touring Co. of Africa Ltd. is an "associated company" of UTOS. Among its family members are UTC (Uganda) Ltd. UTC (Tanganyika) Ltd. and Nairobi Travel Services Ltd.⁷² In its fourth annual Report the N.D.C. announced that it had entered into discussion with Riddoch Motors and United Transport Overseas Limited (UTOS) "with the intention of forming a Tanzanian touring company,⁷³ presumably, to make the "tourist industry" really "Tanzanian" and "socialist"!

72. "Who controls industry in Kenya?" p.73, pp.95-96.

73. p.80.

Once an economic activity has begun, it gathers its own momentum and snow-balls. It becomes self-propelling notwithstanding the wishes and ideals of its authors. So is the case with the Tanzanian "tourist industry". After the Kilimanjaro international air port, [to be built by Italian firms — Italconsult and Impresa Ing. Fortunato Federici — with a loan of 70 million shillings from Italy]⁷⁴ there are plans to build a Hilton Hotel costing over 30 million shillings.

The story of 'Hilton and tourism' are a good illustration of the economic causes behind the development of tourism as an industry on the world stage. It also illustrates how within the international capitalist mode of production, the international bourgeoisie is a dominant social class pulling the strings of its satellite economies in the so-called underdeveloped world.

The petty bourgeoisie of the underdeveloped countries may pat its back that it has struck a "goldmine" in the money-minting tourist trade. The truth, however, is that it is not their ingenious discovery to offer their wild animals⁷⁵ on sale [or notionally as an "export commodity" — bourgeois economics like bourgeois law abounds in notions which have long lost contact with reality!] that has developed the world tourism. World tourism has developed partly because of the problem of surplus accumulated⁷⁶ in the hands of the international capitalist class but mainly because of the rapid development of the global aviation in the last few decades. It is not 'historical accident' that the international airlines own and run chains of hotels — Hilton Internationals of the Trans-World Airlines (TWA); Intercontinentals of the Pan-American's; etc.⁷⁷ — and through the International Union of Official Travel Organisation (I.U.O.T.O.) encourage tourism. Let The Economist itself speak:

74. "Jenga" May 1970.

75. If wild animals [and our "short men"! (In the August 1970 No.7 issue of KARIBU, a monthly tourist guide published by the Tanzania Tourist Corporation, Mr. Athuman (65 years old) who is 3 ft. 3 in. tall is proudly presented as a "tourist hit" and "the island's biggest tourists attraction"! (See the photograph on p.25 of the magazine)] and natural beauty were really responsible for the development of tourism, then one would have expected a large number of tourists flocking to the underdeveloped countries. But the tourist statistics speak the opposite. There is more touristic traffic and foreign exchange earning among the developed nations than the underdeveloped. In 1967, for instance, Europe and North America received 81% of the total currency receipts while developing countries only 6% of the 138 million visitors and only 9% of the \$14.1 billion foreign exchange receipts. And this "vary slightly from year to year" (cf. "Commonwealth Co-operation in the development of Tourism", Background papers prepared by Working Party of Commonwealth experts on tourism Malta October/November 1967, p.14 and Appendix A.)

76. For an excellent analysis of the problems of "surplus absorption" in the capitalist economies, see Baran & Sweezy, Monopoly Capital.

77. "A £300,000 investment in Serengeti Safari Lodges Ltd. a company developing tourist accommodation in Northern Tanzania, is planned by BOAC Associated Companies Limited, a wholly owned subsidiary of BOAC. As a shareholder, BOAC-AC will be associated with Tanzania Hotel Investments Limited, representing the N.D.C., the Commonwealth Development Corporation and United Transport (Overseas) Ltd." The Nationalist, July 30, 1969.

TWA's object in buying the 38 Hiltons outside the U.S. is to have sufficient rooms to bed down passengers likely to be coming off its 500-seat aircraft in the 1970s. The airline that can't provide hotel accommodation runs the risk of losing traffic to the airline that can, whenever the destination is a slightly off-beat one where the first time visitor is suspicious of local hoteliers' standards. Hilton is expanding fast, with eight hotels being built and ten more "in development". This will put TWA ahead of Pan American, whose Inter-continental Hotels subsidiary has been in the business since 1949, and now runs 36 hotels round the world.⁷⁸

And the most authentic organ of the international bourgeoisie, FORTUNE⁷⁹ said:

Airlines continue to strengthen their hotel interests, infusing a new element of marketing sophistication. Inter-continental Hotels Corp., founded by Pan American World Airways, and Hilton International Co., owned by Trans-World Airlines 1967, have announced expansion plans. Eastern Air Lines is in the hotel business in the Caribbean and Hawaii. Braniff Airways, with Western International Hotels Co. as one of its partners, plans to become a major force in Latin-American hotels.

What began as an appendage of the international air transport business, has itself become profitable. Thus in the past "Inter-continental . . . built some hotels that fitted Pan American's needs. . . . Some were built because a developing country would grant Pan-Am landing rights only if it provided a prestigious hotel. Others were built because Pan Am thought a first-class hotel would help it to increase traffic on a new route. That strategy is changing. In the future, Inter-continental will build hotels only if they can be profitable in their own right."⁸⁰ In 1968, Inter-continental had a net income of \$1,600,000 from its forty-two hotels with a total of 12,264 bedrooms.

"And because of Pan American's extraordinary sensitivity to local political problems Inter-continental has typically favored partnership with local investors"⁸¹ On the other hand: "Hilton International's hotels are usually owned by local investors, who contract with Hilton for management services. The contract normally gives the owners two-thirds of the gross profits, and requires Hilton to make only minimal investment: 'We like the investors to supply even the egg cups', says President Curt Strand. That technique has been highly profitable. In 1968 the forty-one hotels, with a total of 13,930 bedrooms, produced a net income for Hilton International of \$6,200,000".⁸²

78. "Hotels in hot spots", April 29, 1967, p.495.

79. "Reveille sounds for the Hoteliers", September 1969, p.111.

80. Ibid., p.144.

81. Ibid., pp.144-5.

82. Ibid., p.144 (emphasis supplied - I.G.)

What has been said about the international links of the two cases above, in fact, holds true for many other N.D.C. subsidiaries. Unfortunately, the names of N.D.C.'s foreign partners, and especially the terms of partnership and management contracts with them, are so well-guarded, that it is difficult to trace their international links. However, largely from the information provided in Dr. Seidman's article we have tried to compile a table [see the Appendix] further illustrating the neo-colonial web within which the Tanzanian economy finds itself.

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What are the economic effects of the pattern of "joint ventures" we have described above? Firstly, the foreign "partners", being global monopolies, have a very strong bargaining position vis-a-vis Tanzania. The partnership being between unequal partners — and especially when one of the partners is a capitalist corporation — it does not need much economics to see that the weaker partner stands to lose. A neo-colonial economy essentially remains a trading economy. It remains an export-oriented economy whose industrial units are vertically integrated with parent industries in the metropolis with no or very little integration with other industries or sectors in the neo-colony itself. Thus it may make sense and is economically rational for the Brooke Bond Liebig Group, which operates on a global level, to have a plant — the Tanganyika Packers — exploit Tanzania's livestock — (raw material) and process it into meat and export for its markets in Bahamas, Europe, Jamaica, Borneo etc.⁸³ But it makes no sense and is economically irrational for the Tanzanian economy to have Tanganyika Packers, if (as it is now) only 5% of its products are consumed locally. Again the high prices fixed for the canned products of the Tanganyika Packers may be completely in accord with the Brooke Bond Liebig's international market but may not at all be justified for the Tanzanian home market. It is, in fact, possible (even desirable) for the Tanzanian socio-economic plan to require that the prices of canned meat should be fixed at a low level so as to raise the nutritional level of the country's industrial proletariat — a real asset for development.

At one time the colonial countries used to be encouraged to grow cash crops for export to the metropolis. In many colonies, this meant neglect of food products, thus resulting

83. See the footnote on p. 27 *supra*.

in malnutrition and starvation.⁸⁴ Now the policy of the international corporations appears to have changed to some extent. They are interested in processing raw materials, again for export market. The economic history of resultant malnutrition is repeating itself at a different level!

In fact, to establish packaging, assembly and processing plants⁸⁵ is a new investment strategy of the international corporations. This is fully attested by the organ of the international bourgeoisie, the FORTUNE.⁸⁶ Let us quote it at some length:

International corporations originally invested in resource-based production - mines and plantations - for export to their home markets. . . . [A]s (this) placed foreigners in . . . control of basic natural resources, it was. . . hated and in some cases nationalised.

In the era of import substitution, foreign investment began to assume an entirely different character. To protect infant local industries, governments had erected

84. Professor De Castro, in his outstanding work "The Geography of Hunger" [which together with Baran's "The Political Economy of Growth" deserve much more to "be on the bedside table of all political leaders, as well as economists, in emerging nations" than Myrdal's "Economic Theory and Underdeveloped Regions" recommended by Dumont, ("False Start in Africa", p.268 fn. 15)], analysis this situation in a masterly fashion. To quote just two examples: "The one-crop culture of cane sugar in the Brazilian northeast is a good example. The area once had one of the few really fertile tropical soils. It had a climate favorable to agriculture, and it was originally covered with a forest growth extremely rich in fruit trees. Today, the all-absorbing, self-destructive sugar industry has stripped all the available land and covered it completely with sugar cane; as a result this is one of the starvation areas of the continent. The failure to grow fruits, greens and vegetables, or to raise cattle in the region, has created an extremely difficult food problem in an area where diversified farming could produce an infinite variety of foods." (p.97).

In Africa "the first European innovation which worked to upset native food customs was the large-scale production of cash crops for exports, such as cacao, coffee, sugar and peanuts. We already know how the plantation system works...a good example is that of the British Colony of Gambia in West Africa, where the culture of food crops for local consumption has been completely abandoned in order to concentrate on the production of peanuts. As a result of this mono-culture...the nutrition situation of the colony could hardly be worse". (p.215).

85. This activity, to make it appear respectable, is termed "manufacturing". Thus in a factory producing electric bulbs, all, the base, filament and the glass are imported. The only 'part' that is 'manufactured' locally is the 'vacuum'! [cf. Green & Seidman, Unity or Poverty].

In the FORTUNE article quoted below, South Korea is given as an example of a successful "exporter of manufactured goods". This "export success", the article says, "has been achieved largely with a pot-pourri of unglamorous goods, including plywood and Veneers (16 per cent of manufactured goods in 1967) and even wigs and false beards (10 per cent)". [emphasis supplied]. Thus Union Carbide a U.S. Corporation "exports Dynel to Korea, where it is made into wigs by local producers according to designs and specifications supplied by U.S. companies which market the wigs in the U.S. and Europe". (p.93).

86. Sanford Rose, "The poor countries turn from Buy-less to sell-more" April 1970. p.90.

high tariff barriers or imposed stringent controls on a wide range of imports. Since foreign industrial companies could not export to developing countries over these barriers, they moved inside them. Foreign investment in extractive industries was supplemented by extensive outlays in; among other things, chemicals, pharmaceuticals, paper, automobiles, and farm machinery. Like the first-wave...into extractive industries - the third-wave investment will be specifically export-creating. Unlike investment involving ownership of natural resources, however, it probably will not elicit violent nationalistic reaction. The developing countries' contribution to this activity will be reserves of low-cost and teachable labor. The international corporation's input will be capital, of course, but also technical knowledge, global commercial intelligence, and marketing expertise.

With products where labor is a substantial part of total production costs and economies of scale are not especially great, the combination can be commercially successful. Such goods would include canned and frozen fruits and vegetables, textiles, clothing, leather products, furniture and other wood products, sewing machines, component and spare parts, forged hand tools, small motors, electrical parts and assemblies, and lathes and other simple machine tools. (pp. 90 - 91).

This investment pattern of the international corporations is clearly reflected in the nature of N.D.C. investment which in itself is an evidence enough that the foreign enterprises are the dominant partner dictating terms. Thus at the end of 1968, N.D.C. investment in its subsidiaries and associates was as follows:⁸⁷

<u>ISSUED CAPITAL</u>	<u>N.D.C. INVESTMENT</u>
25.2% in Raw materials for export;	(44.6%)
12.7% in Producer goods;	(10.6%)
1.7% in Necessities) for domestic	(10.0%)
38.0% in Luxuries) consumption;	(33.0%)
20.5% in Export processing;	(7.3%)
1.4% in Tourism;	(3.9%). ⁸⁸

This means that N.D.C. investments are hardly helping the country to construct an integrated economy and a strong industrial sector which is a sine qua non if the country is really to develop. The large portion of the surplus generated by the hard toil of the masses finds its way to the metropolis through these foreign partners. What remains with N.D.C. is partly eaten up by the petty bourgeois and the bureaucratic stratum and partly invested. But the economic structure being as described above, this investment is done mainly in export-oriented activities - whose basic character is 'commercial'. Thus there is dominance of commercial capital which is not 'transformed' into industrial capital.⁸⁹ This is the characteristic of underdevelopment.

87. From Seidman, "Comparative strategies. . . ." (mimeo).

88. The issued capital is less than the N.D.C. investment! (?)

89. In Europe, on the other hand, large accumulation of commercial capital through plunder, slave trade etc. was channelled into industrialisation. It is the industrial capital which forms the basis of development.

And it is this basic economic reality (the nature of productive forces) which gives rise to petty bourgeois, bureaucrat and comprador strata, rather than an industrial bourgeoisie (production relations and class structure). In the words of Fanon: "The psychology of the national bourgeoisie is that of the businessman not that of a captain of industry. . . ."

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The silent class struggle.

We have seen that commercial capital dominates in the neo-colonial economies resulting in their underdevelopment while industrial capital dominates the economies of metropolis resulting in their development. Both these are a result of the same historical process — the development of the international capitalist mode of production. Capitalist development and the neo-colonial underdevelopment are the two necessary halves which constitute the whole — the international monopoly capitalism.

Consequently, the class struggle, too, is on the international plane. Hence, when one talks about class struggle in Tanzania, one cannot but analyse the international scene. The fundamental and antagonistic contradiction, let it be emphasised, is between imperialism and the people, which form the dialectical opposites of the international capitalist system. However, the international bourgeoisie administers its interests in individual countries through varied means — which we have described above as three broad types of neo-colonial situations. Therefore whether it is the petty bourgeoisie of the neo-colony par excellence; or the national bourgeoisie of State Capitalism; or the economic bureaucracy of bureaucratic capitalism — they serve, to a greater or lesser extent, as on-the-scene agents of the international bourgeoisie.

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Of course, these strata serve the interests of the international bourgeoisie because that is the status quo which enables them to maintain their benefits and privileges. In other words, they have vested interests in the status quo. They would therefore defend it and resist vigorously⁹⁰ changes in the direction of socialism.⁹¹ This is NOT because they are simply "ignorant" or

90. It may sound a paradox but it is perfectly logical that the petty bourgeois stratum should outwardly be more vigorous in defence of the status quo than the real bourgeois class. This is because the former is not as secure as the latter. Unlike the bourgeois or proletarian classes, it does not have an objective base in the production process. Both in its social relation to the bourgeois class and in its economic relation to the production process it is, so to speak, on the periphery.

91. See below pp. 34 - 38.

"apathetic" — a vigorous defence of vested interests cannot be merely because of that. Neither can one explain away the objective reality of the particular type of social behaviour of the petty bourgeoisie by subjective, psychological attributes such as ignorance and apathy! Surely a defence of vested interests is anything but apathy! By the same token, it cannot be said that the petty bourgeoisie as a social stratum is a potential friend — provided they are subjected to persuasion — of the workers and peasants, so long as they have a socio-economic base in the international bourgeoisie. It is true that the petty bourgeois strata in many underdeveloped countries — e.g. Tanzania — have their class origins in the workers and peasants. It is also true that unlike the bourgeois and proletarian classes, whose successive generations remain in the same class, it is not strictly speaking a social and economic class. But it is precisely because of this that its social behaviour depends very much on what class it is allying itself with at any particular time. And by that very definition, the petty bourgeois stratum, in a neo-colonial situation, allies with the international bourgeoisie. (In other words, it does not have an independent social base of its own). ALLIED WITH THE INTERNATIONAL BOURGEOISIE, IT IS NOT A FRIEND.⁹² The alliance of the revolutionary forces with the petty bourgeoisie is possible, (and has historically taken place) in two broad situations:

- 1) In the struggle for national independence — which helps it to solve its non-antagonistic contradictions with the international bourgeoisie by bestowal of the semblance of political power and the bureaucratic privileges that go with it — and/or where national independence (and therefore bureaucratic privileges) is threatened by a foreign enemy.
- 2) Where the political power has been won by a socialist revolution, thereby cutting all links with the international bourgeoisie. This removes from under the feet of the petty bourgeoisie their social base, and given that political power is in the hands of a revolutionary vanguard of the workers and peasants, the petty bourgeoisie — intellectuals, professionals etc. — can be made to ally with workers and peasants for socialist reconstruction.

It is in such situations that education, persuasion, criticism, self-criticism etc. become the method of confronting the petty bourgeoisie. This method, in my opinion, cannot be transposed to the neo-colonial situation — which is essentially dominated by the class contradictions between the antagonistic classes.

92. This should not be confused with the fact that historically, it has been the few conscious and committed individuals from this very petty bourgeois stratum who have provided leadership for the revolutionary upsurge of workers and peasants. (But revolutionary leaders have come from the bourgeois class as well. They are traitors to their class). That does not make the petty bourgeois stratum in a neo-colonial situation a potential friend!

After the digression above, we are perhaps better equipped to analyse the role of the petty bourgeoisie and the up-and-coming economic bureaucracy in the Tanzanian situation.

Partly because of the bourgeois educational background and indoctrination and partly because of the knack that the bureaucrats have for identifying what would be dangerous to their privileges, they appear to be somewhat reluctant and look askance at more and closer co-operation with socialist economies. This is despite the fact that in certain cases co-operation with socialist countries is more genuine and in keeping with our aspirations to build an integrated national economy. The Friendship Textile Mill and the Ubungo Farm Implements Co. are good examples of this. "They were financed by long-term interest-free loans from the Chinese, who constructed the factories, installed the machinery and remained to train staff and organise production."⁹³ Yet such projects are fewer and far between.

Again the bureaucrats show reservations to talks about "workers' Participation" and control of the industrial sector. Their methods of organisation, set up etc. are not only typically bureaucratic but also bourgeois. There is much more paraphernalia surrounding the sumptuous headquarters of the parastatals than the factories - the productive units. The advertisement campaigns mounted by various parastatals are no different whatsoever from what one gets from private companies. They are more an effort at "sales promotion" and stimulation of "consumer demands" than an attempt to educate the public and provide for their needs.

However, despite definite signs that a powerful economic bureaucracy is in the making in Tanzania, it is clear that they do not have an upper hand as yet. The TANU leadership does manage to raise "alarm" when the bureaucracy appears to adopt non-socialist measures. Thus recently, following the President's directive, the parastatals are going to have Workers' Councils to participate in management and running of industries. The fact that the bureaucracy does not have its way completely, does not mean that it is weak either. At any particular time therefore what measures are taken would very much depend on which side has the upper hand.

Many socialist measures - for example, drastic cut in conspicuous consumption, genuine workers' participation in management etc. - cannot be easily carried out because of the resistance from the bureaucratic machinery.

93. "Jenga" May 1970, p.41.

The Friendship Textile Mill is entirely government-owned. At full capacity it employs 3000 people and produces 24 million square yards of cloth and 1000 tons of yarn annually. Compare this with the Mwanza Textiles Ltd. It is 40 per cent owned by the N.D.C., 40 per cent by the Nyanza Co-operative Union and 20 per cent by Amenital, a French Company representing the consultants and managing agents. 75 per cent of the capital cost was financed by loans from two French banks, repayable with interest. The Mwanza Textile like the Friendship produces 24 million square yards annually but it is more capital-intensive and employs only 1000 local people as against 3000 of the Friendship. (Seidman "Comparative...." p.34.)

It is, of course, true that even socialist countries face the problem of bureaucracy. But this must be distinguished from the problem of bureaucracy in Tanzania. In the case of socialist countries, their bureaucracies do not have a base in the international bourgeois class. In other words, they solved their antagonistic contradictions with respect to property relations through revolutions; hence, the question of bureaucracy is one of solving non-antagonistic contradiction. For it is not possible to get rid of bureaucracy completely during the transitional period of from capitalism to socialism. As Deutcher has put it:

In the development of post-capitalist society the tension between the worker and bureaucrat may yet prove to have some essentially creative elements. The worker and the bureaucrat are equally necessary for the transition towards socialism. As long as the working masses are still in that stage of intellectual pauperism left over from the centuries of oppression and illiteracy, the management of the processes of production must fall to the civil servant. On the other hand, in a truly post-capitalist society the basic social class are the workers and socialism is the workers' and not the bureaucrat's business⁹⁴ [emphasis supplied - I.G.].

Elsewhere he correctly points out that the tension between the bureaucrat and the worker, though in themselves contain a tremendous political antagonism,⁹⁵ "cannot be resolved by any upheaval in society". "It can be resolved only by the growth of the national wealth, in the first instance, a growth which would make it possible to supply the broadest masses of the population with the minimum needs and more than that, It can be resolved by the spread and improvement in education, because it is the material and intellectual wealth of society that leads to the softening of the age-old division - the renewed and sharpened division - between the organizers and the organized. When the organized is no longer the dumb and dull and helpless muzhik, when the cook is no longer the old scullion, then indeed the gulf between the bureaucrat and the worker can disappear. What will remain will be the division of functions not of social status."⁹⁶

The problem that a post-capitalist society faces is therefore one of humanisation of bureaucracy. But the very humanisation of

94. Op. cit., p.25. ("On the roots of bureaucracy").

95. It is true that owing to historical and reasons of concrete material conditions, bureaucracy is capable of excesses and bureaucratic deformations which may not easily be resolved. This is especially true when bureaucracy has penetrated the Party ranks. Cf. in this respect the socio-political scene in the Soviet Union to-day. Russia's "revisionism" may have its roots in Stalinist bureaucratic deformations. Cf. Deutcher, "Stalin" and "The Unfinished Revolution." Also see Mandel, "Marxist Economic Theory" Vol.2, the Chapter headed "Soviet Economy".

96. Op. cit. p.27.

bureaucracy for socialist reconstruction requires workers' control over the state machinery. Such workers' control can, physically and in practice, be only expressed through a committed revolutionary vanguard party. The supremacy of the Party manifested through the ultimate control by a committed vanguard is therefore a prerequisite for destroying the old social order and building of socialism.

A good illustration of what has been said above is provided by China. It appears that the bureaucracy there was getting an upper hand but this was arrested in time by the vigilant vanguard of the Party. The Cultural Revolution⁹⁷ was the outcome. It must be emphasised that this was possible and much easier in China because the Chinese bureaucracy, unlike Tanzania, does not have a social base in the international bourgeoisie since they completely broke off from the imperialist economy through the 1949 Revolution. If anything, the Chinese bureaucracy can have a class-base only in the workers and peasants - it is essentially an outgrowth of that class. Once such bureaucracy attempts to become independent of its social base, and if there is a vigilant vanguard backed by the working class, it can be frustrated in its efforts to cut loose from its base and dominate it. And this can be done through persuasion, education and such social "upheaval" as the "Cultural Revolution" - which strictly speaking was not a revolution in-sofar as it did not radically change the property relations. It was essentially resolving of the non-antagonistic contradictions.

Conclusion: The dynamics of motion

From the above analysis, it may be concluded that the task of resolving Tanzania's main antagonistic contradiction - that between imperialism and the masses - is inseparably tied with the easing of the secondary contradiction between the economic bureaucracy and the revolutionary leadership. Once the main contradiction is resolved, the secondary contradiction will become enormously weak for the social base of the bureaucracy would have been destroyed. Without a class-base in the international bourgeoisie, the bureaucracy can be more easily humanised and made amenable to workers' control.

It also follows from the above analysis that a revolutionary vanguard is a pre-requisite. This question, Tanzania has not yet resolved.⁹⁸ TANU, the present political party, began as a mass-party, fulfilling successfully its primary aim of overthrowing the colonial power. It was not meant for socialist reconstruction. Thus after the "Arusha Declaration" the nature of the Party has to change.⁹⁹

97. See Joan Robinson, The Cultural Revolution in China.

98. See the debate in The Nationalist (beginning May) sparked off by an anonymous article on the "Role of TANU in building true Socialism". It ended as abruptly as it began!

99. The mechanics and tactics of doing this is really a matter of detail and beyond the scope of this paper.

THE OUTCOME OF THE STRUGGLE DESCRIBED WILL VERY MUCH DECIDE WHETHER TANZANIA TRULY BECOMES A SOCIALIST STATE OR WILLY-NILLY SLIPS INTO THE NEO-COLONIAL STATE OF THE TYPE DESCRIBED AS 'BUREAUCRATIC CAPITALISM' WITH THE FEATURES MENTIONED THEREIN.

The task of building an integrated socialist economy, too, will depend on how the above struggle is resolved. This cannot be done in "co-operation" with the international monopoly corporations. IF PLANNED INTEGRATED ECONOMIES COULD BE BUILT IN PARTNERSHIP WITH THE INTERNATIONAL MONOPOLY CORPORATIONS, THEN SOCIALISM CAN BE BUILT IN PARTNERSHIP WITH IMPERIALISM.

Tanzania, to disengage from the imperialist economy and make a breakthrough through its underdevelopment, she must industrialise. Even the success of 'Ujamaa Villages' will decisively depend on whether the productivity and the standards of living of the peasant in the Ujamaa Villages are higher than those of individual peasants. Mechanisation¹⁰⁰ and the provision of essential social infrastructure — medical facilities, education, running water, houses etc. — are sine qua non if the Ujamaa policy is not to fall into discredit with the peasantry. Ujamaa Villages cannot be built on the hoe-economy for they would hold out no advantage whatsoever to its members vis-a-vis individual peasants.

Thus it can be seen that industrialisation — for production of consumer necessities and producer goods — to complement the agricultural sector is very necessary to develop a balanced self-sustained economy.

Maybe, the Great Uhuru Railway is a historical opportunity for Tanzania to make a breakthrough in the industrial sphere — especially to lay a base for an iron-steel complex.¹⁰¹ A large number of people could be employed in the construction and trained in mechanical skills not only for building the railway but eventually to provide a skilled and semi-skilled industrial labour force for iron industry. With iron and coal deposits in the southern areas an iron industry may be simultaneously developed. The working force so employed would provide a market for the peasantry's products in the surroundings. The peasantry can be thus mobilised to form Ujamaa Villages which, besides production units, can also be trained as defence units for the railway. Maybe even the Faculty of Engineering could be established in this region. In fact, the whole project, with proper planning, ideological clarity and a shrewd tactical dimension, (to exploit national and international events), can be used to mobilise and galvanise the

100. I am aware of the failure of the Villagisation Programme begun in 1962. One of the reasons given for its failure is that there was excessive capital investment. This has made the decision-makers go to the other extreme and make no provision for mechanisation in the Ujamaa Villages! It is conveniently forgotten that the ideological framework in which the Villagisation Programme was conceived was fundamentally different from that of Ujamaa Villages and probably the reason behind the failure. See Cliff & Cunningham Ideology, organization and the settlement experience in Tanganyika (mimeo).

101. Too often it has been argued that this is impossible because underdeveloped countries have narrow markets, no skilled manpower, technical know-how etc. The developed industrial countries did not begin with markets, skilled manpower and technical know-how — they were created in the very process of industrialisation.

whole nation both for socialist reconstruction and defence. It would also provide a good opportunity for carrying out necessary changes elsewhere — for example cutting down conspicuous consumption, shifting the parastatals' investment policies from consumer luxury industries to producer goods etc. — and for realignment of forces to effect further revolutionary measures.

But for a strategy like this to succeed the working class must be surely and firmly in political power. This can be ensured only if the working class is guided by a revolutionary vanguard party of dedicated cadres. Without this, the bureaucracy can easily isolate the revolutionary leadership from the masses — a fate which befell Nkrumah's Conventional Peoples' Party, C.P.P.¹⁰²

The state power must be in the hands of the workers and peasants led by the present revolutionary leadership and not the bureaucracy. A Class — in this case the workers and peasants — cannot build a society in its interests without wielding political power. Building "socialism is the workers' and not the bureaucrats' business".

¹⁰². See Fitch & Oppenheimer, Ghana: End of an illusion.

APPENDIX
THE NEO-COLONIAL WEB - CONTINUED

In this Appendix I have attempted to examine further the international ramifications of the foreign partners/managers of some of the subsidiaries and/or associate companies of the N.D.C. Owing to lack of published data, it has been difficult to bring the table up-to-date. The shareholdings etc. are therefore (in most cases) as at the end of 1968.

N.D.C. SUBSIDIARIES AND/OR ASSOCIATED COMPANIES	N.D.C. Holding	FOREIGN PARTNER/ MANAGER	INTERNATIONAL LINKS
CAPITAL GOODS SECTOR			
1. <u>Raw materials</u> <u>mainly for</u> <u>export:</u>			
Line Products Development Ltd.	74%	L. Rose & Co.	
Kwantili Esta- tes (cocoa)	32%	Dutch - Tanzanian private promoters.	Development expendi- ture partly from loan from the Dutch government.
Ralli Estates (sisal)	50%	Ralli Bros. (U.K.)	Ralli Bros. - a London firm, has 36 subsidiaries. It is itself owned by General Guarantee Corporation Ltd. which is in turn owned by Drages Ltd. - with 85 small companies under it. Drages Ltd. is controlled by Wolfson Foundation which controls Great Uni- versal Stores Group - "GUSSIES" - ranks 25th in "The Times 300". Ralli Bros. Directors - D. Finnie (28 other director- ships), R.A.J. Emery (33 other) & C.E. Hardie (54 other). Its Kenyan subsidiary (large exporter of coffee, tea, cotton and sisal) controls Motor Mar & Ex- change Group.
Dindira Tea Estates Ltd. (tea).	50%	A Ralli subsidiary	

N.D.C. SUBSIDIARIES AND/OR ASSOCIATED COMPANIES	N.D.C. Holding	FOREIGN PARTNER/ MANAGER	INTERNATIONAL LINKS
-- -- CAPITAL GOODS SECTOR --			
Williamson Diamonds Ltd. its mining subsidiaries — New Almasi Ltd. — Kahama Mine Ltd. — Buhemba Mines Ltd. (gold).	50%	Wilcroft Co. (Bermuda).	Part of the Oppenheim Diamond Empire & the De Beers Octopus — covering Anglo-American Corporation — which has direct or indirect interests in over 32 finance & investment cos., 8 diamond mining Cos., 17 Coal mining Cos., 5 Copper mining Cos., 16 gold mining Cos., 11 other mines. 11 prospecting Cos., 22 Industrial and sundry Cos., and some 7 land and estate cos. The whole complex is related with the British octopus — Imperial Chemical industries Ltd. (I.C.I) which is associated with Du Pont, another giant, global corporation.
2. <u>Producer</u> <u>goods, mainly</u> <u>used inter-</u> <u>nally</u> Mwananchi Engineering & Contracting Co. Ltd.	60%	Overseas Constru- ction Company of Holland.	Overseas Construction Company are the managing agents.
Mwananchi Tractor & Vehicle Assemblers, Ltd.	24½%	Motor Mart (Tanzania) Ltd. 51%	Motor Mart are the managing agents. Motor Mart (Tanzania) Ltd. is a subsidiary of Motor Mart and Exchange Group, whose majority shareholders are Plantations and Business Investments (Kenya) Ltd. R.A.J. Emery who "is a director of thirty-eight other companies associated with Ralli Bros. Ltd." is the Chairman of Motor Mart & Exchange Group, P.G. Cideris and P.M. Tarsh are the only two directors of the Plantations and Business Investments. They are also the directors of Ralli Bros. (Kenya) Ltd. Motor Mart & Exchange Group's subsidiaries in East Africa include: Bruce Ltd., The Motor Service Co. Ltd., Equipment Ltd., Farm Machinery (Distributors) Ltd., Motor Mart Investment Corporation Ltd., Motor Mart (Kenya) Ltd., Motor Mart and Exchange (Finance) Ltd. and Motor Holding Co. Ltd.

N.D.C. SUBSIDIARIES AND/OR ASSOCIATED COMPANIES	N.D.C. Holding	FOREIGN PARTNER/ MANAGER	INTERNATIONAL LINKS
Tanganyika Tegry Plastics Ltd.	49%	Israel Develop- ment Corporation	CAPITAL GOODS SECTOR — —
Portland Cement Co. Ltd.	50%	Cementia Hodg. Zurich, & Associated Portland Cement (U.K)	For the international links of the Associated Portland Cement see <u>Supra</u> p.17.
Metal Box Co. of Tanzania Ltd.	50%	Metal Box Co. (U.K.)	The Metal Box Co. Ltd. is "the largest package manufacturing organisation in Europe and the British Commonwealth" with eight factories in different parts of the world in- cluding South Africa and Rhodesia. Group profits for the year ending March, 1967 — B£ 14, 200,000 on sale of B£ 145,800,000. Net profit — B£ 7,200,000. It ranks 58th in "The Times 300". list.

(iii)

N.D.C. SUBSIDIARIES AND/OR ASSOCIATED COMPANIES	N.D.C. Holding	FOREIGN PARTNER/ MANAGER	INTERNATIONAL LINKS
-- -- CONSUMER GOODS SECTOR -- --			
1. <u>DOMESTIC CONSUMPTION</u> a. <u>Necessities</u> Tanzania Tanneries Ltd.	75%	Ehrnberg & Sons Lader fabrik of Sweden	Half of the output will be exported to Ehrnberg, who are also the managing agents.
Coastal Dairy Indus- tries Ltd.	100% (?)		Negotiations with <u>NESTLES</u> to manage the company. See <u>supra</u> p.24.
Tanzania Publishing House Ltd.	50%	MacMillan & Co.	Well-known British publishing house.
b. <u>Luxuries</u> B.A.T. Tanzania, Ltd.	60%	British American Tobacco Co. Ltd.	B.A.T. ranked 5th in "The Times 300". It made a net profit of £ 103,033,000 (before interest and tax) in 1967 on capital of B£ 461,106,000. Has 100 factories in 50 countries including South Africa. It has the sole monopoly of the East African Market. It is a subsidiary of another giant, the Imperial Tobacco Co. which together with Gallahers produces 90% of British Cigarettes.
Kilimanjaro Brew- eries Ltd.	60%	Madhvani Group (also managers)	The Madhvani Group is "East Africa's industrial and commercial giants". It operates enterprises producing steel glass rayon, sweets, sugar, golden syrup, edible oils, margarine, castor oil, soap, detergent, coffee, tea, beer, wheat and maize flour, textiles, matches, nuts and bolts, metal containers, chain links, fencing wire etc.
Tanzania Breweries Ltd.	51%	East African Breweries Ltd. (EABL)	EABL also owns Allsopps (EA) Ltd. (chairman, Sir Michael Blundell); three important breweries in Kenya and 1/5th holding in Uganda Breweries Ltd. Through Blundell, EABL is linked with the Coope Group of U.K., which in turn is associated with Tetly Walker and Ansell in Allied Breweries Ltd. which ranked 24th in "The Time 300". EABL is also associated with H. & G. Simonds Ltd. which are part of Courage, Barclay and

N.D.C. SUBSIDIARIES AND/OR ASSOCIATED COMPANIES	N.D.C. Holding	FOREIGN PARTNER/ MANAGER	INTERNATIONAL LINKS
- CONSUMER GOODS SECTOR - -			
			Simonds Ltd. The latter's subsidiary Saccone and Speed Ltd. (wine merchants) operates in Kenya and operated in Tanzania as well. EABL has 49% holding in Guinness (EA) Ltd.
2. <u>Processed goods mainly for export.</u> Tanganyika Packers Ltd.	51%	Brooke Bond Liebig Group	For the international ramifications of the Brooke Bond Liebig Group see <u>supra</u> p.8n.
Tanita Co. Ltd. (Cashew processing)	40%	Oltremare S.P.A. (31%) Martell, Group (29%) } Italy	
Tanganyika Instant Coffee Co. Ltd.	80%	(Bukoba Coop. Union). To be managed by Nestle (Kenya) Ltd.	For Nestle's international ramifications see <u>supra</u> p.24.
Tanganyika Extract Co. Ltd. (Pyrethrum Processing)	49%	Mitchell Cotts, Bahamas	Mitchell Cotts. held 30% interest in Kenya's Pyrethrum Processing Co. of Kenya Ltd. It is part of the Drayton Group, with subsidiaries in S. Africa, Rhodesia and East Africa.
<u>Tourism:</u> Kilimanjaro Hotels.	100%	Israeli Firm	For the International links of <u>Hall marks</u> , which is developing and managing most of Tanzania's hotels see <u>supra</u> p.25.

N.D.C. SUBSIDIARIES AND/OR ASSOCIATED COMPANIES	N.D.C. Holding*	FOREIGN PARTNER/MANAGER	INTERNATIONAL LINKS
Lake Manyara Hotels	100%	Managed by HALL MARK HOTELS	
New Africa Hotels	100%		
Lobo Wildlife Lodge			
Hotel Africana Vacation Village		Mlonot Ltd. (an Israel Firm)	
Hotel Tanzanite		Owned and operated by Afro-Swiss Hotel Ltd.	
Fort Ikoma Lodge		Owned by Arnold B. Fletcher - an American millionaire	
Ngorongoro Crater Lodge			
(Under construction or in the planning stage).		In partnership with L.P.S.	
Bahari Beach Hotel			
Kunduchi Beach Hotel			
Infia Fishing Lodge	100%		
Hilton Hotel		Trans-world Airlines	

*Tanzania Tourist Corporation (T.T.C.) has replaced N.D.C. in hotel business.

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