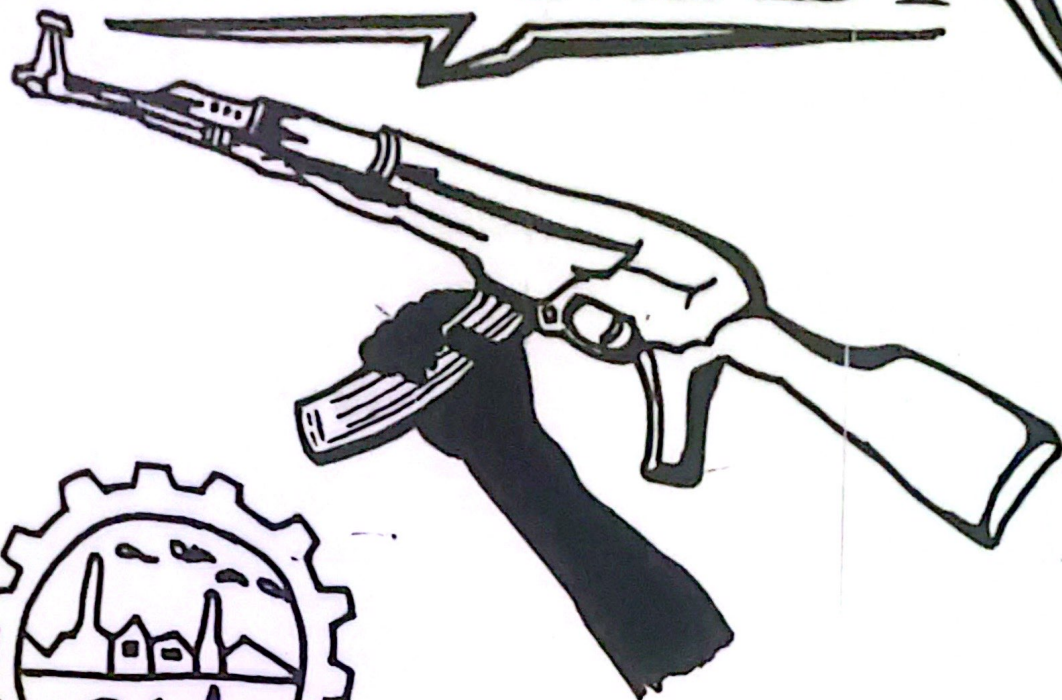


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# MAJI MAJI



NO. 1

JANUARY 1971

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ON CLASS-STRUGGLE;  
NATIONALIZATIONS AND MANAGEMENT  
IN ZAMBIA; BOOK LIST;  
WORLD BANK EXPOSED;  
FIGHTING TALK; CORRESPONDENCE; etc.

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THE UNIVERSITY OF DAR ES SALAAM



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OPPRESSED OF THE WORLD, UNITE!  
YOU HAVE NOTHING TO LOSE BUT YOUR CHAINS!  
YOU HAVE A WORLD TO WIN!

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E D I T O R I A L

It is with pleasure that we launch this first issue of "MAJIMAJI". To us it signifies an opportunity to continue to fulfil our duty to spread and develop socialist ideas. Revolutionary socialism is the only sanguine and viable alternative for the oppressed masses of this world. And it is truly an honour to participate, however minutely, in its materialization.

But nonetheless we mourn. The untimely demise of USARF and the joint organ "CHECHE" fills us with grief. It is generally acknowledged that the Revolutionary Front made a decisively radical impact on this University Hill. Its extinction has elated the reactionaries and is irreparable for the progressives. Only those afflicted with intellectual puerility can view this move as a rationalization and strengthening of leftist forces. "CHECHE" (The Spark) was clobbered because of its Leninist connotations. After all, what is in a name? Surely, anyone with a sense of history and commitment to humanity would consider it a privilege to be heirs to Leninist traditions - an extravagant claim "CHECHE" could only pretentiously promulgate. So "CHECHE" is no more, and "MAJIMAJI" has arisen!

The Majimaji war of 1905 was the first multi-tribal united front to attempt to overthrow the German colonizer from what we now call Tanzania. We have taken the name "MAJIMAJI" because the Majimaji struggle signifies the beginning of organized resistance of the Tanzanian people against imperialist domination. The resistance was defeated because the people's level of technology was so low compared to that of the enemy. The ideology that united the people against oppression was based largely on superstition. But this struggle against imperialist oppression continues to this day. It cannot end until the forces of capitalism throttling the economic development of our land are totally vanquished. But today the superstitions must be replaced by a scientific outlook. Yet the spirit of Majimaji lives on.

We have further chosen the cover design as it is because of our firm conviction that only by the gun shall our people establish and defend socialism and only by simultaneous industrial-and-agricultural development shall it be consolidated. Maximum usage of science and technology is essential if our people are to conquer poverty, ignorance and disease.

Comment on the University

This University is a cosmopolitan community, both literally and ideologically. It is also a principal front of ideological confrontation. It is here that bourgeois ideology is expounded in its crudest, and at the same time in the most sophisticated forms. And it is here too that its sacrosanct pillars are challenged and put to test by progressive elements. The debate continues both in the lecture room and outside. The resolution of intellectual disputes cannot be brought about by decrees. And in the final analysis, the resolution of ideological disputes is



inextricably bound up with the resolution of class struggle in the society, whose interest the contending ideologies represent. But it must be recognized that only that ideology which proves itself morally and intellectually superior is assured of victory. Only that ideology that proves itself above the rest in its inherent logic, by its empirical validity, by its theoretical adequacy and by its policy-wise effectiveness - only that shall win acceptability in the minds of men in the long run.

Given the present atmosphere of unfettered clash of ideas it would be utopian to expect ideological homogeneity on this campus. But bearing in mind the nation's declared policy of implementing socialism, one would expect one of the following two trends to be evident. Either a continuation of the current clash of ideas or a systematic clamp down on institutions upholding and disseminating bourgeois philosophy and values in all their ramifications. But what do the events of the last term indicate?

USARF and "CHECHE" have been banned, ostensibly to give T.Y.L. a monopoly of political activities. That was the reason advanced by the University administration. But the considerable reluctance to implement the decision as far as rightist organizations are concerned makes us feel that it was just a temporary expediency invoked to clobber progressive forces. In this complex world it is impossible to draw the line of demarcation between political and non-political activities. And the insipid talk of T.Y.L. having a monopoly of politics on the Hill is a myth believed by none. Are the Y.C.S. or the USCF organizing talks on "kindness" and "non-violence" engaging in non-political events? Is DUSO with its ministry of African Affairs apolitical? When the T.Y.L. invited the Guinean ambassador, the administration opportunistically hijacked the event and gave the platform to the DUSO leadership to speak on behalf of Tanzanian students. Is this giving T.Y.L. the monopoly of politics? Why are WJS and DUSAUN allowed to continue without any question? Is the Economic Association organizing panel discussions on the role of foreign advisors in developing countries and arranging trips to Zanzibar non-political? Is the intellectually penurious but otherwise flamboyant "ECHO" an apolitical magazine? It is known that "ECHO" is financed from dubious Canadian resources. Or is the petrifying propaganda being screened from Hollywood non-political? One could continue the list ad infinitum.

We ask, if what are required are "not intellectual apes of the right or of the left", then why strangle the so-called "leftist apes" and allow the former to proliferate profusely? We have never demanded a monopoly of politics. That is a mendacious thesis advanced by the administration. This double talk only serves to cast doubt upon the administration's commitment to national goals. Political hypocrisy is synonymous with political reaction. Genuine dedication to socialism cannot go hand in hand with pernicious double talk.

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"Those who make revolutions by half-measures are only digging a grave for themselves".

Saint-Just



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SOME IMPLICATIONS OF THE QUESTION OF  
DISENGAGEMENT FROM IMPERIALISM

(Comments on Shivji's "The Silent Class Struggle")

by  
Walter Rodney.

In Part One, Shivji discusses "the Neo-Colonial Mode of Production", about which no comments shall be offered here, except to say that the basic premise can scarcely be disputed. He is saying that poverty and underdevelopment are caused by the drainage of wealth in the direction of the developed capitalist nations, and that political independence in any given colony does not halt the process of exploitation - which is essentially economic. That position is not new, and Tanzania has in effect given it full support in the "Arusha Declaration", which outlined certain steps to be taken to block the outflow of wealth through foreign capitalist exploitation. The Department of Development Studies of the University of Dar es Salaam has graphically illustrated the role of the Arusha Declaration in the economic sphere in the accompanying diagram (see page 4). Shivji's invaluable contribution is his frank assessment of the extent to which the re-structuring of the economy has really been taking place as envisaged by TANU and as represented in that diagram.

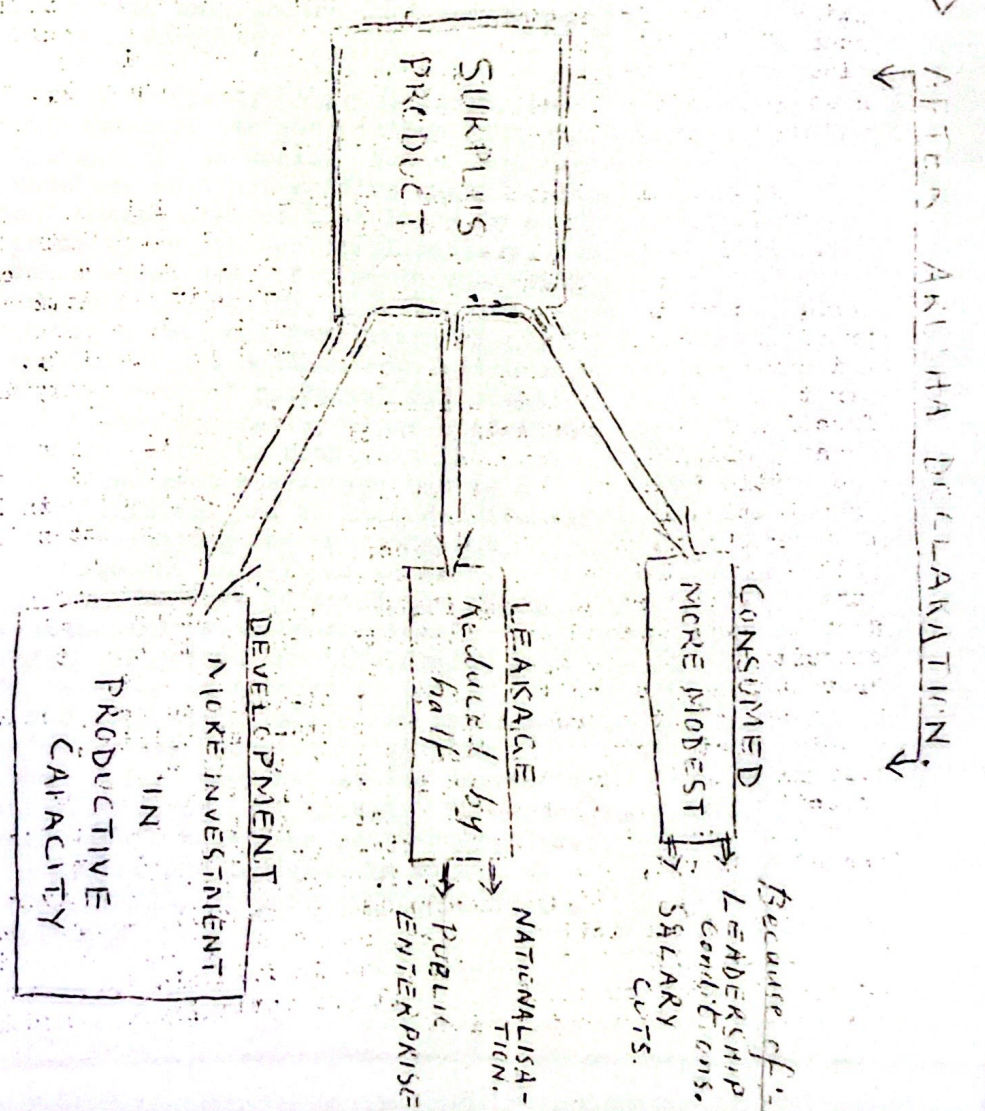
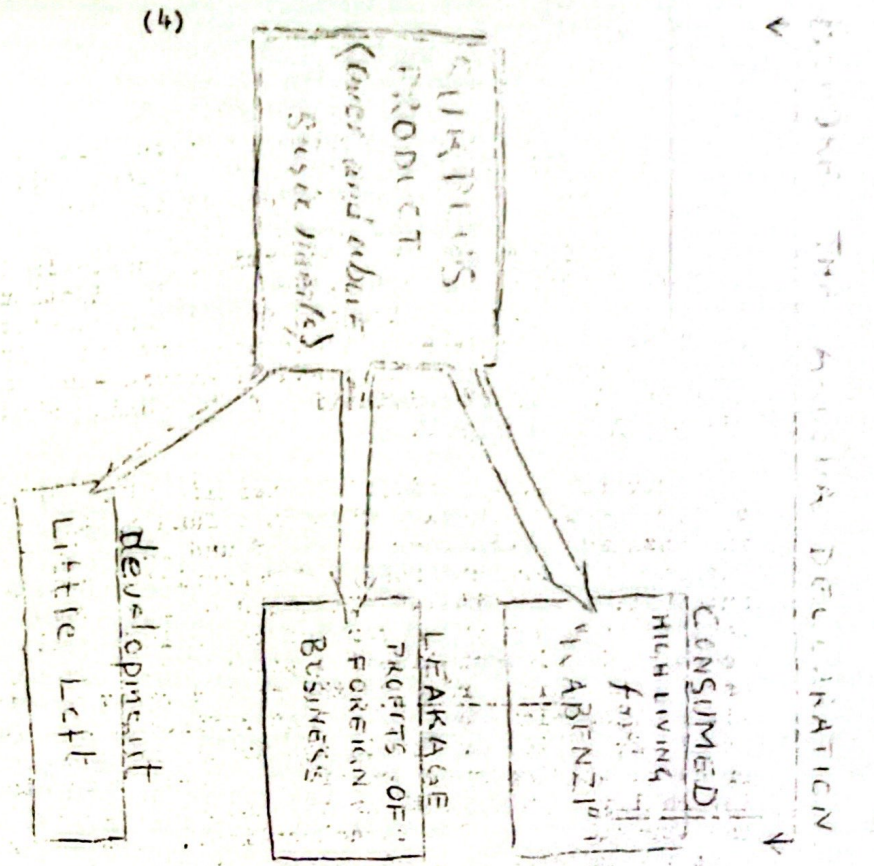
The key notion is that of disengagement. The Editors of "CHECHE" state in their Preface that "by disengagement, it is not meant total isolation, but reduction of economic dependency, elimination of surplus outflow, utilization of this surplus for construction of nationally integrated economies, equitable co-operation with friendly socialist countries and mobilisation of the masses for rapid development and defence." Nationalization is one method of initiating this disengagement. But, it has been shown by studies elsewhere that the benefits of nationalization are not as self-evident and automatic as they are sometimes thought to be. Shivji provides convincing and disturbing evidence of the way in which the policy of nationalization of foreign enterprises in Tanzania has been deprived of much of its sting.

To attempt to cut the tentacles of imperialism finds a contradiction in joint ventures with subsidiaries that can ultimately be traced to the giant multi-national corporations like Anglo-American Corporation, Metal Box Company, Imperial Tobacco Company, Nestles, etc. The attempt to cut down on net outflow finds a contradiction in the expensive management contracts. The attempt to change the pattern of investment finds a contradiction in the rise of what Shivji calls the economic and political bureaucracy, who continue to direct surplus unduly in the direction of non-essential consumer goods and services. One could argue as to the degree to which these tendencies have manifested themselves. One could also partially explain some shortcomings as unavoidable necessities owing to a relatively weak bargaining position. But no amount of wishful thinking or pious statements can cover over the major problems which Shivji has exposed. They have to be recognised as problems before solutions can be devised.

One must also commend Shivji for not inventing classes where they do not exist. - a tendency of mechanistic Marxists. His class struggle is on the international plane. That means that the European, North American and Japanese capitalists stand on one side and the workers and peasants of Africa are on the other. The weapons in this battle are ideological and they are 'structural' in the sense that the workers, peasants and progressive petty bourgeoisie have to



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devise a variety of new structures which will replace the old - the national corporations to replace private firms, worker self-management to replace elitist managerial separation from the working class, Ujamaa Villages to replace individualist and potentially capitalist farming, self-reliant schools to replace colonial institutions designed to alienate students from their peasant parents. In contrast to South-East Asia and Portuguese Africa, we do not hear the staccato sound of machine-gun fire, and therein lies the justification for speaking about the Silent Class Struggle.

Nevertheless, Shivji's generalisations are sometimes rather loose. He holds that "the fundamental contradictions in Tanzanian society are to be found in the content and nature of the relationship of Tanzania's economy with international capital." It would be more accurate to say that the content and nature of the relationship of Tanzania's economy with international capital both in the past and at present has given rise to the most decisive contradictions within Tanzanian society. That refinement is not a mere ideological nicety. It is absolutely necessary so that one proceeds to discern which are the decisive contradictions internally, and how their resolution would in turn break the stranglehold of external capital. Because it is clear that the slow rate of disengagement of the Tanzanian economy from the imperialist world-economy is partly due to internal blockages of a politico-ideological nature - apart from whatever manipulations the imperialists are up to.

The Tanzanian reader should ask, "What are the reflections of the international class struggle on the local scene?" Shivji comes close to home when he begins to discuss the "petty-bourgeoisie"; though unfortunately, this crucial question is dealt with only in the last few pages and the analysis is far from adequate.

Many people find the term "petty-bourgeoisie" to be pejorative and abusive because of its association with the bourgeoisie - the exploiters of the world. But a case can be made for its continued use as a non-abusive analytical term, describing a local social stratum that lives in a privileged manner in colonial or post-colonial society. Amílcar Cabral has spent a great deal of time in analysing strata and sub-strata in Guinean society, with the functional aim of advancing a national Revolution by any means possible. The success of the Guinean revolution on the battle front and at the level of political and social organisation is a potent reason for paying close attention to Cabral's views on this subject. He considers the petty-bourgeoisie not as a decadent stereotype but as a stratum with various possibilities, and he includes himself. Cabral was concerned with evaluating the "nationalist capacity" of the petty-bourgeoisie as well as their "revolutionary capacity" for the post-independence phase. He speaks about a "revolutionary petty-bourgeoisie", meaning that section which has joined the Liberation Struggle and is already carrying it forward in the direction of Socialist reconstruction in the liberated zones. In other words, the African petty-bourgeoisie stratum includes Shivji, the other T.Y.L. comrades at the University and most of the national leadership in Tanzania - irrespective of political convictions. Sections of the petty-bourgeoisie have broken with their mentors, and individuals within the group have at various times wholly or partially opposed the external and local capitalists.

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imperialist system of production with its epicentres in New York, London and Zurich.<sup>5</sup> However, the educated African was allowed insights into these matters - mainly so that he could function in the intermediary zones between the peasant producer and the capitalist. The role of the progressive African intellectual is to go beyond the bounds which capitalism imposed and to penetrate the very essence of the system. Shivji presents a chart vividly showing the international ramifications of the local companies entering into partnership with the N.D.C. This is not secret information, but it requires initiative to seek it out; and the international bourgeoisie is not pleased when we view this type of information and discern its implications. Elements within the local bureaucracy are not pleased either. It is up to them to decide whether they want to retort with rationalizations or whether they want to join in an honest search for the way out of our predicament of underdevelopment and dependence.

From the viewpoint of a progressive, the ideological struggle takes the form not only of resolutely contending against erroneous ideas at large in the society, but also that of constantly and critically examining one's own position. That is why this review of Shivji's paper is a necessity, so that collectively a progressive tendency can establish itself, complete with its own critical apparatus for self-correction. Capitalism is dying. Before 1917 capitalist power encircled the whole globe. Today it has been pushed out of huge areas of the world and it is receding. When a mode of production is dying, its ideological superstructure is also destined for extinction, so that the characteristic modes of bourgeois thought are on the wane. But their disappearance cannot take place without intense intellectual battle. That is very much part of the Silent Class Struggle in Tanzania.

No revolutionary doubts that the eventual outcome of the Silent Class Struggle in Tanzania and Africa will be victory for the workers and peasants; and it follows that the battle of ideas will be won by progressive tendencies allied to workers and peasants. It is the timing of the victory which is at issue, and one of the most crucial factors affecting that is the extent to which sections of the petty-bourgeoisie attach themselves to and actually transform themselves into workers. Petty-bourgeois intellectuals must have the humility and integrity to admit that in a certain sense they are no less self-appointed spokesmen of the masses than the others who are selling Africa down the drain. The Revolution requires that the millions who have been gagged throughout history should speak and choose. It is the responsibility of the revolutionaries to find ways and means of indicating to peasants and workers the relevance of socialist ideology and perceptions to the latter's day to day lives. Only then can the working classes choose between the different

\*"Events have shown that the only social sector capable of being aware of the reality of imperialist domination and of directing the state apparatus inherited from this domination is the petty-bourgeoisie". Cabral, Revolution in Guinea, p. 88

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Shivji puts forward two situations where the petty-bourgeoisie allies itself with what he calls "revolutionary forces". The first is in the struggle for national independence and the second is "where the political power has been won by a socialist revolution, thereby cutting all links with the international bourgeoisie". The first situation was found in the national independence movement of Tanzania: a significant section of the petty-bourgeoisie together with the workers and peasants from whom they sprang constituted a revolutionary force represented by TANU. The second situation, however, definitely does not apply to Tanzania. We cannot expect a Socialist Revolution to cut the links between the petty-bourgeoisie and international capitalism all in one go. The Socialist Revolution here must to some extent be preceded by the cutting of the links; while viewed from another angle the very cutting of the links over a long period of time constitutes a facet of the Revolution.

Shivji is undoubtedly aware of the fact that for the Socialist Revolution a much smaller proportion of the petty-bourgeoisie are initially prepared to join the workers and peasants than was the case with the national revolution for political independence. One must take this rift inside the petty-bourgeoisie as the point of departure for political action. It is not a question of revolutionary forces against the petty-bourgeoisie but of a struggle within that social stratum which is called the petty-bourgeoisie and which includes the economic and political bureaucracy, whose actions are most relevant to the question of disengagement from the imperialist economy.

It is very crucial to try and understand why the bureaucracy is so slow in disengaging, why it continues to rely on advisers from the very capitalist firms (not just countries), and why it has not given absolute priority to consumer necessities and capital projects. There are undoubtedly a few elements who are ideologically hostile to Socialism and who are still the direct spokesmen of external interests. There are many more who are indifferent and intellectually lazy, and since they are not committed firmly to change, they too are unwitting allies of anti-Tanzanian forces. The silent class struggle involves exposing the difference between revolutionary and non-revolutionary ideas. It involves scrutinizing the overall implications of the policies pursued by the economic bureaucracy at every stage. Because those ideas and policies are associated with individuals, it means drawing the line between those who are prepared to come over to the side of the labouring masses and those who are interested in preserving personal privileges incompatible with socialism. In that respect, Shivji's paper is itself a contribution to the Silent Class Struggle.

In the final analysis, it is the peasants who have to disengage from imperialism, so that the value of their labour would be used for providing themselves with goods and services. However, the ideological confrontation is neither directly between the peasants and the imperialists nor within the peasantry itself. The battle of ideas is within the petty-bourgeoisie stratum. Because colonialism cut the peasantry off from access to the positive aspects of bourgeois knowledge such as science, and it never allowed the peasant to gain a comprehensive view of the



lines that emanate from the petty-bourgeoisie taken as a whole. There is also the heavy responsibility of learning from those directly engaged in production, both in terms of factual data and patterns of discipline. Undoubtedly, Shivji would agree with all this (given the premises upon which his paper rests) but his emphasis on the refractory nature of the petty-bourgeoisie obscures the fact that contradictions are helping to detach more and more individuals of petty-bourgeois background from the imperialist camp, and as they blend into the working classes, the situation is created not only for disengagement from imperialism but also for the ultimate objective of constructing a socialist society.

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#### CLASSES AND IDEOLOGY

"The ideas of the ruling class are in every epoch the ruling ideas; i.e. the class which is ruling the material forces of society is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking the ideas of those who lack the means of mental production are subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make one class the ruling one, therefore the ideas of its dominance. The individuals composing the ruling class possess among other things consciousness and therefore think. In so far, therefore, as they rule as a class and determine the extent and compass of an epoch, it is self-evident that they do this in their whole range, hence among other things rule also as thinkers, as producers of ideas, and regulate the production and distribution of the ideas of their age; thus their ideas are the ruling ideas of the epoch. For instance, in an age and in a country where royal power, aristocracy and bourgeoisie are contending for mastery and where, therefore mastery is shared, the doctrine of the separation of powers proves to be the dominant idea and is expressed as an "eternal law". The division of labour, which we saw above as one of the chief forces of history uptill now, manifests itself also in the ruling class as division of mental and material labour, so that inside this class one part appears as the thinkers of the class (its active conceptive ideologists who make the perfection of the illusion about itself their chief source of livelihood), while the other attitude to these ideas and illusions is more passive and receptive, because in reality they are the active members of this class and have less time to make up illusions and ideas about themselves. Within this class this cleavage can even develop into a certain opposition and hostility between the two parts, which, however, in the case of a practical collision in which the class itself is endangered automatically comes to nothing in which case also vanishes the semblance that the ruling ideas were not the ideas of the ruling class and had a power distinct from the power of this class.



# WHO IS THE IMMEDIATE ENEMY?<sup>(1)</sup>

by

John Saul

In his brief introduction to Nyerere on Socialism the President suggests the need for "further discussion about socialism in Tanzania". It is encouraging that a small, but energetic, group of students, resident at the University and linked with the TANU Youth League branch on the Hill, have been taking him at his word and developing a lively dialogue concerning this subject.<sup>(2)</sup> Their essay on the tourist industry, published in The Standard, sparked off a useful controversy which helped clarify the strengths and weaknesses of that policy. Moreover, their magazine "CHECHE" had begun, prior to its demise, to provide a forum for continued discussion at the same high level of commitment and analysis and this is a task which will be continued, it is to be hoped, by the present journal.

"CHECHE's" most substantial publication, a long essay by Issa G. Shivji, a recent Tanzanian graduate, and entitled "Tanzania: The Silent Class Struggle", provided an excellent example of this trend and a further sign that the University is beginning to produce at least a few of the "socialist intellectuals" so necessary to continued progress along socialist lines. It is in fact an essay which deserves the most careful scrutiny by all who are concerned with the future of Tanzania's socialism.

Shivji's paper can be discussed at a number of levels. He begins his analysis with a brief theoretical introduction devoted to presenting analytical categories for the study of contemporary Tanzania. This is a provocative exercise and one might quarrel with some of the distinctions which he makes; the distinctive attributes of Shivji's "administrative capitalism" and "state capitalism" are not entirely clear to this writer, for example. The general point which underlies this introductory section is less controversial, however: that the continued imperialist control ("neo-colonialism") which constrains the development of "third world" countries can take a variety of forms. It is within such a context that we must look carefully at his major substantive point, for he argues that Tanzania, despite her exemplary efforts to date, has not succeeded fully in liberating herself from all such forms of control and constraint.

Perhaps his most important contribution in this respect is his critical look at the nationalizations and at other efforts to realize state control of the economy. He emphasizes that government participation in industry and other enterprises, and even formal government control, is not to be automatically equated with socialist development; this is a particularly valuable point of clarification for Tanzanian policy-makers and citizens to make. For, in the first place, it is evident that international companies are not automatically hostile to such government control; under certain circumstances they

(1) This is a somewhat extended and revised version of a review article which originally appeared in "The Standard", October 23, 1970.

(2) See also my article "Radicalism and the Hill", East Africa Journal, December 1970.

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may even encourage it. Shivji details a variety of reasons why this might be so: guaranteed markets for goods and equipment, minimization of risk, attractive returns on management contracts and so on.

He then documents a number of links Tanzania retains or continues to establish with the giants of international capitalism under the umbrella of her presumed control of their activities. Shivji notes the record of imperialism in continuing to extract surpluses from other "third world" countries who have attempted to erect other sets of controls. He notes also the undoubted economic power and bargaining skills that such world-wide giants possess. He is concerned that Tanzania may prove unable to establish a strong bargaining position or a really effective and beneficial partnership with such dubious allies in the interest of her future socialist development. It is unfortunate, of course, that Shivji does not have at his disposal more of the details of management contracts and other linkages with the intermediaries of the world capitalist system. Yet he does raise sufficient doubts in one's mind to suggest that this must be an area not merely of technocratic concern but of continuing public debate.

Perhaps the words of an American economist who writes on the Zambian nationalizations (but who also mentions in his article the increasingly prominent role of the American management consulting firm, McKinsey and Co., in the Tanzanian state sector) are relevant here in order to reinforce the point. He argues that "rather than seeing Zambia 'nationalizations' simply as a strengthening of state power over business, we might be better advised under these circumstances to consider whether it might not also have opposite effects. Now it would seem that the corporations are extending their management structures into the government sphere itself. The Zambian case demonstrates the necessity of turning intellectual concepts like nationalization inside out and seeing them with fresh eyes."<sup>(3)</sup> Shivji is suggesting that Tanzanian socialists be similarly cautious!

Such misgivings are further fortified by his related arguments concerning what is being done even with such control as exists in Tanzania. He argues that, in the context of such a policy of partnership with imperialism, capitalist planning principles are likely to prevail as well. Short-term profitability criteria for investment and the easy response to immediate market demand (e.g. for beer, cigarettes, tourism, etc.) will crowd out the more important questions of a self-reliant industrial strategy: structural transformation, backward and forward linkages, production of capital goods, choice of techniques. It is apparent, in short, that a number of questions have been raised by this aspect of Shivji's work which are of crucial importance, though for a really adequate assessment of their implications we had better turn to the economists. Accordingly, I shall be more concerned with a second aspect of Shivji's essay, though it is an aspect of at least equivalent importance.

For Shivji finds an additional reason for the apparent lack of full-fledged socialist planning which he has observed: insufficiently daring and progressive economic policies express the conservative interests of dominant elements inside Tanzania itself! I will argue that Shivji is less successful in pinpointing the problem here than he is when discussing

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(3) See below, p.



continuing difficulty of controlling imperialist economic dominance, but he is certainly getting at a real issue - that of Tanzania's class structure.

He suggests that there exists in Tanzania, as in much of the rest of Africa, an indigenous "petty-bourgeois" class, a class which he more or less identifies with the occupants of positions in the bureaucracy. This class has developed "vested interests in the status quo" of the neo-colonial relationship; while the latter chokes off general development and structural transformation it does afford this relatively small group significant "benefits and privileges". Shivji further defines this group by arguing that their real "socio-economic base" lies "in the international bourgeoisie". In other words, they are merely a pale reflection of their dominant international capitalist partners. Challenge imperialism and this group will wither away. Or, as he puts it, "the fundamental and antagonistic contradiction ... is between imperialism and the people... 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 would be more easily humanized and made more amenable to workers' control".(4)

One might have wished for more evidence to establish the existence of such a class in Tanzania than Shivji provides. Not that this would necessarily be difficult to do. But it would require a more systematic analysis of the distribution of income and patterns of consumption in Tanzania. Discussion of other policy areas than the industrial/commercial would also be helpful; there is some evidence that policy in housing health and other areas has sometimes been tilted subtly in favour of the already privileged. The whole character of the education system, its structure and its content, might be an additional focus within a more systematic analysis of class formation and class interest. And with more empirical evidence it would be easier to assess the direction of the movement of Tanzanian society and know whether post-Arusha initiatives have begun significantly to alter the picture. Further consideration of the involvement of such a class in the private sector would be of similar interest. Shivji does imply that there are generational links and familial links between large farmers and senior civil servants, for example (p. ii), but passes over this in rather too facile a manner as being of no real importance. Within this same general area of inquiry one would also like to know whether the leadership code of the Arusha Declaration has been fully effective in cementing off the leaders of the state machinery from the temptations of private economic gain.

But even if the class interests of the Tanzanian "petty-bourgeoisie" were more clearly defined in this way, one might still wonder whether Shivji has expressed his argument about Tanzania's class structure in the most

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(4) This way of conceptualizing the problem seems to have been characteristic of the work of the "CHECHE" socialists. Thus Farim Hirji in a related article entitled "Salient Implications of the Silent Class Struggle" ("CHECHE" No. 3, October 1970), suggests that "the neo-colonial bureaucracy is in fact seen to be having a social base in the international bourgeoisie whose interests it objectively serves" (emphasis in original). We shall return to a discussion of this formulation below.



effective way.<sup>(5)</sup> For by placing the base of this class outside Tanzania (in "the international bourgeoisie") he is tempted to underestimate its deep roots in Tanzania itself. This limitation may arise, in turn, from the author's failure to attach sufficient importance to the role of the neo-colonial state in the production process. Régis Debray has written of the Latin American "petty-bourgeoisie" that "it does not possess an infrastructure of economic power before it wins political power. Hence it transforms the state not only into an instrument of political domination, but also into a source of economic power. The state, culmination of social relations of exploitation in capitalist Europe, becomes in a certain sense the instrument of their installation in these countries".<sup>(6)</sup> It could be argued that a similar trend has been apparent in Africa, and this gives locally privileged elements a solidity that must not be defined away.

Andre Gunder Frank has concluded from his studies of such trends in Latin America that, tactically, the immediate enemy is in fact the locally dominant classes, though strategically imperialism is undoubtedly the major enemy of progress and the long-run target.<sup>(7)</sup> Until the question of which class shall control the state is settled it would be a mistake to pay exclusive attention to rallying "the people" against imperialism, he says. In the absence of a decisive confrontation with local contradictions, anti-imperialism may merely remain rhetorical and vague, and nationalist slogans can be manipulated by the most unscrupulous of opportunists. At the very least, therefore, one can say that the struggle must be quite self-consciously carried out on both fronts.

Viewed from such a perspective certain weaknesses of Shivji's essay become more apparent. For he does not explain in any very clear manner how a state capable of sustaining the confrontation with imperialism is to be finally guaranteed in Tanzania. He does argue that TANU provides the key, but does not really clarify why it should be assumed to have freed itself from "petty bourgeois" control any more than has the bureaucracy. Certainly it is, in his view, not yet a full-fledged "revolutionary vanguard", but the task of converting it into one is seen to be no great problem: "the mechanics and tactics of doing this is equally a matter of detail".

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(5) Some of the features of Shivji's argument which appear to me to represent analytical weaknesses can be traced to the inadequacy, mentioned earlier, of his model building and conceptualization in the introductory section of his paper. I hope to discuss certain of these broader theoretical issues in a subsequent contribution.

(6) Debray, "Problems of Revolutionary Strategy in Latin America", in New Left Review, No. 45.

(7) See Andre Gunder Frank, Latin America: Underdevelopment or Revolution (N.Y. 1970) especially Chapter 25.



No doubt there are some "mechanical" adjustments which could be made to improve the party's capacity to control technocratic bias<sup>(8)</sup> and to mobilise the people, but the problem is not merely of "the party" against "the bureaucracy". The President has always emphasized that the party is not immune from the danger of opportunistic leadership; on this subject the reader may be referred to his introduction to Freedom and Socialism, especially the vitally important section on "The Problem of Building Socialism in an ex-Colonial Country", as well as to any number of his speeches. To cite one example of the latter, however, we may remember the President, in 1967, calling

...on the people of Tanzania to have great confidence in themselves and safeguard the nation's hard won freedom. He has warned the people against pinning all their hopes on the leadership as the leaders were apt to sell the people's freedom to meet their lusts.

Mwalimu warned that the people should not allow their freedom to be pawned as most of the leaders were purchasable. He warned further that in running the affairs of the nation the people should not look on their leaders as saints and prophets.

The President stated that the attainment of freedom in many cases resulted merely in the change of colours, white faces to black faces without ending exploitation and injustices, and above all without the betterment of the life of the masses.

He said that while struggling for freedom the objective was clear but it was another thing to remove your own people from the position of exploiters.<sup>(9)</sup>

Party control per se is therefore no panacea; the "silent class struggle" must also take place within the party itself.

No doubt this is what the TANU Youth League had in mind in October when it advocated "purges" in TANU. The Nationalist carried the following report: "Members of leaders of TANU who have capitalist connections or ideas should be expelled from the Party in order to make TANU a vanguard party of the workers and peasants only, it was resolved this week by a seminar of the TANU Youth League in Dar es Salaam... It was also resolved that all loopholes in the Arusha leadership code which can be used by leaders to hide away their capitalist connections should be done away with, and the Party was called upon to enforce the code more stringently."<sup>(10)</sup> The President's response to this, while tacitly acknowledging the problem, was more cautious: "Mwalimu said at present he could not conceive any person who had the qualification to purge the non-socialists from the Party and added that it was necessary to recruit many socialists into the Party before 'we thought of excommunicating the non-socialists'."<sup>(11)</sup>

This is a difficult tightrope to walk, for there is the attendant danger that premature confrontation would serve

(8) Shivji does not make sufficiently clear whether these "mechanical" adjustments would involve a measure of further ideological clarification, itself no small task; yet a concretization of Tanzanian ideology in application to various policy spheres (e.g. industrial strategy) does seem a prerequisite to breaking down false dichotomies between "ideological" and "technical" concerns and to forging increasingly effective socialist policies.

(9) The Nationalist, September 5, 1967

(10) The Nationalist, October 22, 1970

(11) The Nationalist, November 5, 1970



only to consolidate resistance to the President's exemplary initiatives. Yet the rhetoric of the "national democratic front" approach (which is in some ways too close for comfort to Shivji's theory of the "contradiction...between imperialism and the people") is certainly no improvement on the T.Y.L. formulation.<sup>(12)</sup> Criticism and self-criticism, the identification of those sections of the petty-bourgeoisie of party and bureaucracy who have been most hesitant in joining the move, in Cabral's words, "to commit suicide as a class" - historical experience elsewhere suggests that this process will have to continue in some form. In Tanzania, for good reasons, the class struggle may have to be a quiet one, but it must not be quiescent!

Here we begin to discern a second weakness in Shivji's formulation; too exclusively preoccupied with imperialism and hesitant in his analysis of existing political institutions, he does not follow through on the logic of the class struggle whose existence he has invoked. Where is the class base for the continuing effort to ensure a successful socialist initiative to come from? His brief emphasis upon the combination of "a revolutionary vanguard" and "workers and peasants" in this connection is too vague to be of strategic significance; the process through which these elements will come to express themselves as a force for progress is not made terribly clear. We learn only that "building socialism is the workers' and not the bureaucrats' business".

These tendencies may also explain Shivji's relative lack of emphasis upon the rural struggle in Tanzania, which he consigns to the margins of the country's present socialist efforts. Here he may underestimate the extent to which capitalist relationships have emerged in the rural areas and the possibility that the socio-economic forces which result are potentially complementary to and supportive of petty-bourgeois elements in the state bureaucracy; such relationships may therefore, as a matter of urgency, require confrontation in their own right. But there is a second important potential benefit in the ujamaa development programme which demands even stronger emphasis in the context of the present argument.

For, on the one hand, efforts like those in Dodoma begin to clarify and exemplify in practice the need for political cadres of a new type, and eventually will help to develop them. On the other hand, an established ujamaa community will presumably help to raise the level of peasant consciousness and sense of efficacy among its members. A real, rather than a theoretical, check upon the petty-bourgeoisie of party and bureaucracy, at local and national levels, by the mass of the population in the interests of socialist development may be the eventual result; in this way one might hope to facilitate the effort, in the President's words (cited above), "to recruit more socialists into the party". Perhaps in the current efforts to establish workers' participation, similar seeds are being planted. Moreover, it is involvement in just such practice which is likely to provide the ethos requisite to serious (and applied) ideological debate and development. In other words, here again the potential contribution of domestic "struggle" must remain a prominent consideration if the problem of creating both vanguard and popular base for Tanzanian socialism is to remain a matter of concrete concern,

(12) A number of these alternative formulations emerged from a stimulating exchange of articles and letters concerning the nature of Tanzanian politics in general and of TANU in particular in *The Nationalist* in October-November 1970.



rather than wispy generalization.

Of course these are all large questions - much beyond the scope of so brief a contribution. That one is compelled to mention them is, however, some measure of the importance of Shivji's essay and its power to stir discussion. Moreover, as a harbinger of further work and further dialogue by and among Tanzanian socialists its appearance is doubly welcome.

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QUOTABLE QUOTES

The logic of economic growth is such that a slow and gradual improvement of living standards in little-developed countries is an extremely difficult if not altogether impossible project. Whatever small increases in national output might be attained with the help of such Western investment and charity as may be forthcoming are swamped by the rapid growth of population, by the corruption of local governments, by squandering of resources by the underdeveloped countries' ruling classes, and by profit withdrawals on the part of foreign investors.

Paul Baran

The Political Economy of Growth

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Independence is not a word which can be used as an exorcism, but an indispensable condition for the existence of men and women who are truly liberated, in other words who are truly masters of all material means which make possible the radical transformation of society. Total liberation is that which concerns all sectors of the personality. Decolonization is the veritable creation of new men.

Frantz Fanon

The Wretched of the Earth

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Though specialization is  
essential for learning,  
it is fatal for understanding.

- C.V. Wedgewood

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# NATIONALIZATIONS & MANAGEMENT IN ZAMBIA

by

Paul Semonin

Not long ago one of Britain's daily newspapers, "THE GUARDIAN", published an article headlined "U.S. Consultants Lead State Management Revolution". It seems that the Bank of England had hired an American management consulting firm, McKinsey & Co., to overhaul five of Britain's nationalized industries. The invasion of managerial elites into state enterprises is even more striking when it occurs in an African country. Tanzania's National Development Corporation asked the same American management consultants to advise them on the reorganisation of their "head office" following that country's "nationalization" of seven companies in 1967. The trend toward adopting American management techniques to run nationalized industries has also spread to nearby Zambia where that country's Industrial Development Corporation (Indeco) recently negotiated 51% government participation in that country's two huge mining companies, Roan Selection Trust and Anglo American.

Although Indeco has not yet had the McKinsey treatment, its Chairman and Managing Director, Andrew Sardanis, appears to be one jump ahead of the latest developments in state management. He readily compares his organization's function to that of an American management consulting firm. "When something goes wrong in one of our subsidiaries", he says, "Indeco moves in to set things straight".

Zambia followed the lead of her neighbours by announcing major economic reforms affecting the private sector. Zambia, Congo and Tanzania now form a belt of countries across central Africa where so-called "nationalizations" have occurred. President Kenneth Kaunda sent shockwaves through the international business community for the second time in less than sixteen months in August 1969 when he asked the country's two copper companies to sell 51% of their shares to the Zambian government. Nonetheless, three months after the "takeover bid", mining executives had settled amicably on the terms of compensation: book value of the assets paid in eight year bonds at 6% interest, plus ten year management contracts which give the companies 1 1/2% of gross sales and 2% of profits after Zambia's new 51% mineral tax, but before income levies.

The relatively mild reactions of company officials to the takeovers were partly due to the numerous events which prefigured the Zambian move. In April 1968, President Kaunda had announced the wide-ranging Mulungushi reforms which included a request that 24 firms allow the government to acquire 51% of their shares. The major reform affecting the mining companies who had been left off the list of takeovers at Mulungushi was a new regulation limiting repatriation of profits to no more than 30% of a company's equity capital or 50% of its declared profits.

There are many parallels between the two phases of Zambia's takeovers which make examining the Mulungushi reforms a prerequisite to understanding recent developments.

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The basic formula for government participation in the copper companies was roughly the same as that of Mulungushi: 51% shareholding, no change in management and compensation paid from future dividends. The agency executing the government's new policy in both cases was the Industrial Development Corporation whose handling of the takeovers can be studied somewhat objectively since the earlier Mulungushi takeovers have been fully implemented. Though Kaunda subsequently formed a new parent organization called the Mining and Industrial Development Corporation with separate subsidiaries, the Mining Development Corporation (Mindeco) and the Industrial Development Corporation (Indeco), for each sector, the essential patterns of control still follow the Indeco model. The continuity of policy and interconnections between the two groups is evident since Indeco's Chairman Andrew Sardanis was also appointed Chairman of Mindeco and Managing Director of the parent organization, the Mining and Industrial Development Corporation.

Political analysts have tended to link the timing of the various takeovers exclusively to Zambia's tense internal politics. There has been hardly any serious discussion of precisely what this increasingly prevalent type of "semi-nationalization" actually means in terms of the business structures being erected in post-colonial Africa. Zambia's case suggests that rather than being a disguised form of "nationalization", government participation may actually be viewed as an alternative to it. Observers should certainly take a closer look at what is really happening beneath the familiar rhetoric of "nationalization".

Business has been quietly booming since Zambia's independence five years ago. Rhodesia's declaration of independence in 1965 snapped the umbilical cord which had tied the Zambian economy to white-dominated Southern Africa. Rather than sending the Zambian economy into a tailspin, the overall effect has been to transform the country's development perspective and to spur Zambia toward a diversification of its economy. The country's economic policy now revolves around reducing the dependence upon the sources of supply, marketing and financial control in Southern Africa.

Economists refer abstractly to the trouble underlying Zambian inflation as a "supply constraint". The landlocked country has been hard pressed since the Rhodesian crisis to obtain enough imported goods and equipment to spend up the government's increased spending power. The Zambian copper industry produces twice as much copper revenue as the Congo for a country with only one quarter the population. At the bottom of the present economic boom lies the accelerated government expenditure on development projects which these funds have made possible.

Rhodesian independence along with the soaring copper prices created a business climate in Zambia characterized by both high profits and insecurity. Private business outside the mining sector remained largely in the hands of expatriates who had settled under colonial rule. The typical firm has strong financial ties with Rhodesia and South Africa. Lacking confidence in the future of Zambia's economy or unwilling to break with the past, some of these smaller local firms borrowed heavily from Zambian banks "to hedge against possible losses. In the event of bankruptcy", a local businessman observed, "one loses his liabilities along with his assets".

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Bank records obtained through the Mulungushi takeover showed some companies doing thousands of dollars of business on token capital of a few hundred dollars, in some cases not even paid up. "You will not believe it when I tell you that net profits of some firms taken over amounted to between 25% and 30% of turnover", President Kaunda told a British audience. "Dividends were often 100% and 150% of capital".

Fifteen months before Mulungushi, President Kaunda had warned the expatriate business community explicitly that unless they altered their business habits they would force the government to intervene with price controls or takeovers. When the severe inflationary tendencies persisted, the Zambians suspected expatriate businessmen of engaging in unwarranted mark-ups and large-scale exchange control evasion. After Mulungushi, Zambian officials discovered that rebate agreements with suppliers in Britain, South Africa or India had enabled local businessmen to bank large sums abroad illegally. "They were doubly cruel to us", noted Simon Kapwepwe, the Zambian Vice-President, "they took money out of the country and they created inflation".

The takeovers at Mulungushi were seldctive and fitted within the framework of a broad program of economic reforms which buttressed the choice of firms. The broad aims of these reforms were to discipline that portion of the private sector where softening inflationary price policies and exchange control evasion were softening the government's development budget; secondly, they sought to tie the encouragement of Zambian enterprise in the process of rural development. The takeovers were synchronized with licensing reforms which formally restricted certain areas of small business to Zambians. "The purpose of Mulungushi", said Andrew Sardanis of Indeco, "was to create business conscience in the country and an economic identity".

Indeco was the key agency in the synchronization of these reforms and the administration of government participation in the 24 new subsidiaries. Like many other such organizations in former British colonies, it was originally a financial institution whose chief function was to provide a loan financing to private business. In 1960 it was made into a limited liability company, The Northern Rhodesian Development Corporation, with the powers of any corporation under the Companies Ordinance. After Zambian independence in 1964 the name was changed to the Industrial Development Corporation, or Indeco, but instead of remaining a passive shareholder its main task quickly became the practical implementation of the government's policy of industrial development. With the "takeovers" announced at Mulungushi, it became willy-nilly the vehicle of state control in those areas where the government saw fit to establish state enterprise or joint venture. The rapid adaptation of this semi-autonomous corporate structure to state control has created the basis for the peculiar phenomenon of a state enterprise complex managed like a modern business.

Even the word "takeover" may be a misnomer for Indeco's administrative role with regard to the companies acquired at Mulungushi. Formally, the controlling shares of the 24 companies have passed to the new "owner", Indeco; but with the exception of a few changes of labels the head office has left the "day to day autonomy" of the new subsidiaries



up to the old management. Indeco's staff keeps what one employee called a "watching brief" on each company's activities. Formal management contracts were signed in some cases with the new minority shareholders of the larger companies. But the 1968 annual report of O.K. Bazaars, South African trading company with a large supermarket in downtown Lusaka, shows that its settlement with Indeco hinged on the continuity of management: "It was a term of the arrangement that the company continues to act as managers".

How the reforms were being implemented was illustrated further by events in another strategic sector: retail trade. Five of the companies taken over were retail and wholesale firms, including several sizable chain stores. Retail trading by expatriates was banned outside of the centers of big towns. Campbell, Booker & Carter, or C.B.C. as they are known in Zambia, operated five department stores and 107 rural shops which were among the takeovers. This British-owned trading firm was not among those for whom Mulungushi was a punishment. The company had practised a vigorous policy of Africanization of its management. After Mulungushi C.B.C. merged with the Zambia National Wholesale Corporation of Zambia, Ltd. (ZCNC); but their merger agreement had been negotiated with the government prior to the takeovers. It was part of the synchronizing of relations between certain expatriate firms and the government's program of reforms.

The British partners agreed to supply the management services for the new expanded ZCNC. They have already launched a new approach to rural trade with the opening in the Northern province of a store designed along the lines of an urban department store. The new management has also increased activity in the perimeter areas of large towns, in the African townships. Standard Trading, another retail firm taken over, has been absorbed by ZCNC to help establish smaller shops where Zambian traders may not be available to take over when expatriate licenses expire.

The parent firm of C.B.C., Booker McConnell Limited, has a long colonial record having originated in the sugar plantations of the Caribbean in the early 19th century. However, Jack Campbell, the retiring chief executive of Booker McConnell, has the kind of social conscience which has become the popular cry of the American corporate community recently. "Profits", he says, "should not be the sole motivation of businessmen". He has been largely responsible for the policy of accommodation to national interests which led to his company's successful agreement with the Zambians. The company's policy of allying itself with the government has actually solidified its grip on the Zambian market in the process of sharing ownership. That the operation was not entirely altruistic is demonstrated by the fact that the company's annual turnover had doubled by the end of 1968.

Other company executives whose companies were involved in the takeover apparently feel that the 49% plus their management fees provides greater security for their investment. A.H. Ball, Chairman of Lonrho Ltd., told his company's annual meeting, "We welcome government participation in these businesses for, in our view, the very fact that government will be a substantial shareholder should assist in their future stability and expansion".

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Negotiation of the Mulungushi takeover terms by Indeco probably broke all records for "prompt" settlement on compensation. Nearly all the firms had agreed on figures less than three months after the takeovers. "The only problem", said Sardanis, "was that their accountants and lawyers could not catch up with us". Payment for the shares taken by Indeco was generally made by a 25% cash down payment with the remainder payable in three years. Valuation of shares was made on the basis of book value of assets indicated by the companies' audited accounts. The total payout was estimated at something over \$14 million which equals about three years worth of the profits Indeco expects to make from her new subsidiaries.

President Kaunda made a distinction at Mulungushi between what he called "resident expatriate enterprise" and "foreign-controlled firms". The latter referred to the large-scale foreign companies, including most notably the copper companies. The former consists mainly of smaller businesses owned or managed by residents of Zambia for many years. These persons form an economic community which may be compared to that of "white settlers". Many are South Africans or Rhodesians who, in President Kaunda's words, "do not make enough efforts to move away from unacceptable sources of supply and outdated management practices". The economic reforms at Mulungushi including the takeovers were aimed primarily at these "resident expatriate enterprises".

Why did the "settler" take the brunt of Kaunda's first wave of takeovers? Originally the settler community grew up around a small group of commercial farmers numbering about 750 who were encouraged by the mining companies to immigrate to Northern Rhodesia to supply the mines with foodstuffs. Robert E. Baldwin, in his book on the Northern Rhodesian economy under British rule,\* points out clearly how land policy, price controls and subsidies were instituted with the consent of the mining companies for the purpose of protecting European farmers from African competition and to depress the price of foodstuffs for the mines. Eventually small industries construction and services were also taken up under the protective wing of the mining companies and colonial government. They tended to accentuate the prevailing discriminatory policies toward the upgrading of African labour or the launching of African enterprises.

President Kaunda apparently decided that breaking down barriers to African entry into the industrial and commercial market place required splitting the settlers away from their erstwhile allies the mining companies. This strategy put the latter in an awkward position since they could no longer take their relations with the settlers for granted. Beyond their desire to protect their sources of raw materials and capital invested in Zambia; the mining companies must take into account the fact that their future livelihood also depends on an expanding market for mass-produced consumer goods like transistor radios, automobiles and kitchenware, which utilize copper. To them the Africans are the market of the future. The minority of white settlers have, at

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\*Economic Development and Export Growth:  
A study of the Northern Rhodesian  
Economy from 1920 - 1960.



least partially, because politically expendable to the large foreign controlled firms. The new role of Campbell, Booker & Carter shows that the advent of the mass market makes the end of the old colonial privileges inevitable.

At the heart of the Zambian economy are two corporate giants, Roan Selection Trust and the Anglo-American Corporation, whose taxes have annually contributed over half of all government revenue. RST is 85% American-owned with American Metal Climax having a 44% share. Anglo-American, despite its name, is a British and South African firm connected with the vast financial empire of Harry Oppenheimer. The combined sales of these two companies would rank them among the top 150 of America's largest companies. Without the income from their mineral products Zambia's exports would amount roughly to the same as those of Sierra Leone.

The new 50% - 30% repatriation formula announced at Mulungushi forced accountants and tax lawyers at the mining companies to grapple with the complexity of their own corporate structure in applying this seemingly simple rule of thumb. The interlocking shareholdings of their companies made it extremely difficult to ascertain exactly how the rule applied. "The Mulungushi reforms", exclaimed one executive, "makes nonsense out of a holding company". Subjecting the profits from Zamanglo, the Anglo-American group's key holding company, to the 50% limit would theoretically have led to a second halving of the profits from its three subsidiary operating companies. The company eventually had to ask for a special dispensation in Zamanglo's case to allow remission of profits in excess of 50%.

The 30% limit hit Zamanglo pretty hard, too, because the holding company's ratio of profits to capital was very large since it had no significant installations. Anglo-American showed considerable ingenuity in its book-keeping to minimize the damage of the 50% - 30% formula. It declared a bonus share from reserves which doubled Zamanglo's equity capital, taking care of the 30% limit. Simultaneously, the company changed its accounting procedure so as to increase the apparent profits from which dividends (and remissions) were declared.

The man responsible for administering these Exchange control regulations was the Governor of the Bank of Zambia, Dr. Justin Zulu, a 34 year old economist who took his Ph.D. at the University of Colorado. Looking over the book-keeping strategy of the mining companies he summarized their position succinctly: "Before Mulungushi they minimized profits in order to pay less taxes. Now they maximize profits to get them out of the country."

Dr. Zulu's comments after Mulungushi also suggest that the government was adopting a strategy of measured response toward the various maneuvers by the mining companies. "We could pass an act preventing the declaration of bonus shares", he pointed out. "Other countries have such laws. The government has not decided to take the most stringent measures, but we know we can".

Six months later the Zambians attempted to extend their influence over the actual marketing of mineral products when they set up a metal marketing company 51% owned by the government. The new company was designed

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to give the Zambians a direct hand in negotiation of sales, contracts and pricing. Little was ever heard about its actual operation and now it has apparently been superseded by the recent takeover. The latter was due at least partly to the companies' aversion of the Mulungushi formula and the failure of the metal marketing company to provide the government with significant leverage on company policy.

The subsequent mining reforms which accompanied the Government bid for 51% participation throw some light on why Kaunda chose to go beyond the repatriation formula. Three months time limits have now been put on all prospecting licenses and 25 year leases have been substituted for the mining rights previously held in perpetuity by the companies. The Zambians also replaced the old royalty and export tax agreement with a new mineral tax of 51% on profits from copper sales.

The primary goal of Kaunda's action does not seem to have increased revenue from the existing mining operation. The companies have welcomed the new tax system which is based on profitability rather than copper prices since it basically offers them a better tax break. The key issue is rather the expansion of mining activities and the development of untapped resources. In this respect the restrictions on concessionary rights may be of more immediate significance than the acquisition of 51% shareholding.\*

Kaunda has long voiced his dissatisfaction with the copper companies' rate of expansion. FORTUNE magazine has claimed that 70% of the free world copper production is controlled by 10 large companies. These oligopolistic conditions within the world copper market have made it difficult for the producing countries to enlarge their market share or expand production faster than the rate desired by the companies. Zambians have only to look across the border at preparations being made by Japan's Nippon Mining to see how the Congo has capitalized on its revocation of Union Miniere's old concessionary rights. The Japanese plan to produce some 60,000 tons of copper within a few years, which represents nearly as 20% increase over current Congolese production.

There is also strong evidence that Zambia's latest initiative was influenced by the Chilean case where a 51% shareholding was coupled with tax concessions when that government took over an American subsidiary of Kennecott. BUSINESS WEEK\*\* claims that Kennecott's precedent-setting deal with the Chileans actually increased the company's share of earnings from 19% to 27% despite the selling of 51% shareholding. This may help to explain why the concept of participation is slowly gaining acceptance as an alternative to old-fashioned "nationalization" among the companies.

President Kaunda had assured company executives that arrangements for compensation would be consistent with the Mulungushi terms, "bearing in mind", Kaunda added, "the advantage the shareholders will derive from association with the State". These latter were immediately evident

\*On April 6th, 1970 the Zambian government awarded mineral prospecting licenses to six foreign mining companies following the yielding of 65,000 square miles of copper mining tracts by Roan Selection Trust and Anglo-American.

\*\*"Where Copper is not Quite King", BUSINESS WEEK, 7/12/1968



when the President banned all strikes and froze the wages of mineworkers simultaneously with the takeovers. Kaunda conceded to a WALL STREET JOURNAL reporter that the "replacement value" of the copper companies would be about \$1.36 billion, but under the current settlement terms he intends to pay compensation at a book value - roughly \$112.5 million for RST and \$179.5 million for Anglo-American. The 6% interest on the eight year bonds, which will be tax free, will raise up the total payment by about one-third in each case. Taxes on mining operations will remain around the present level of roughly 73%.

With the additional income from their fee for management services plus the 49% shareholding, the companies will probably be able to increase the amount of dividends repatriated since their profits will now be exempted from the 50% - 30% formula. Ian MacGregor, President of American Metal Climax, recently told an audience of security analysts that the near-term earnings of his company would not suffer "much of a dent" from the Zambian takeover. Spokesmen for Shell-BP, whose marketing organization controls about one half of Zambia's market for petroleum products, claim that the initiative for the government's newly announced 51% participation in their operations came from the company and was "a good business deal".

The most sensitive issue for the companies beyond compensation is the question of management control. Sir Ronald Prain of RST indicated before the settlement that the government's 51% participation would not only require a management and sales contract between the holding companies and the mining companies, but also a reorganisation of RST's corporate structure. Like the earlier 50% - 30% repatriation formula, the 51% shareholding has highlighted the interlocking financial structures characteristic of the mineral industry throughout Southern Africa. Both companies have effected changes in their corporate structures so that the Zambian takeovers only affect the operation companies, not the entire complex of holding companies. The implications of the new arrangements follow the prescription outlined by William H. Beatty, Vice-President of the Chase Manhattan Bank in his remarks to the Conference of Industrialists and Financiers sponsored by the Economic Commission for Africa in January 1967: "Most successful projects have been achieved without hard and fast requirements for certain rigid percentages of stock ownership. The important element is that there be a meeting of minds at the beginning as to who does what - who manages and controls. Under these circumstances, a minority shareholder can in fact functionally not only manage but control the enterprise."

Zambian officials remained unperturbed last year by the discrete pressure from international banking circles urging them to announce that the Mulungushi reforms were only "temporary". They apparently prefer to maintain their flexibility by bargaining on an open market where bids can be entertained from all quarters. Former Minister of Foreign Affairs, Elija Mudenda, captured the spirit of their strategy when he surveyed the Zambian investment climate: "We have the French on coal, the Chinese on the railway, the Yugoslavs on power, the Italians on the oil line, and the Japanese on textiles", he observed. "But the Americans are not participating".

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When a parliamentary critic attacked the Mulungushi reforms in 1968 on the grounds that they would frighten off foreign investors, Simon Kapwepwe told him: "Money is not flowing. I can quote some countries which have made very liberal conditions to attract investments in their country, but they have nothing. Everyone in Paris, London or Washington is threatened, they may be going into slumps of 1931-32 and no one is prepared to part with their dollars, pounds or francs."

Large American companies with fresh investments in South Africa appear to be waiting for the Rhodesian tantrum to die down so that Zambia's "normal" relations with Southern African can resume. But this "wait and see" policy also reflects the fact that corporate executives do not regard the settlers and Zambian businessmen as viable partners with real investment potential. The corporations seem to be groping for new international opportunities to come between themselves and the national or mass markets in countries like Zambia. That is what management consultants like McKinsey and Co., are trying to develop. The irony is that state enterprise organizations like Indeco may become in their eyes the only suitable vehicles for large scale industrial projects with foreign private participation.

President Kaunda's speech at Mulungushi along with the mining reforms present and its counterpart Mindeco with an economic program geared to promoting Zambian enterprise and rural development rather than servicing the corporations. Chairman Sardanis seems to be attempting to enlarge Zambian initiative by casting his organization as the administrative brain in an expanding network of subsidiaries loosely controlled by the state. "One of the major and more immediate tasks ahead", says Sardanis in Indeco's 1969 annual report, "is to develop the Corporation into a uniform integrated group and establish its corporate image." This language reveals how far the management philosophy has eroded the conventional concept of nationalization. There is hardly any trace of the socialist thinking normally associated with state control. The practical effects of the Zambian takeovers may simply be the creation of a modern capitalist organization which will tend increasingly to emulate its economic environment rather than change it.

The ambiguity surrounding the future of state enterprise in Zambia stems from the relation of these administrative agencies to the Zambian government. Public corporations in Africa were originally designed to insulate foreign capital from the political arena. For this reason both Indeco and Mindeco have a large degree of independence from government. "They have created a state within a state", observed one government economist of Indeco shortly after Mulungushi.

Rather than seeing Zambian "nationalization" simply as strengthening of state power over international business, we might be better advised under these circumstances to consider whether it might not also have the opposite effects. Now it would seem that the corporations are extending their management structures into the government sphere itself. The Zambian case demonstrates the necessity of turning conventional concepts like nationalization inside out and seeing them with fresh eyes.



BOOK REVIEW  
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by

A.K. Essack

(Nkrumah: "Class Struggle in Africa", Panaf Publications 1970)

If there is one golden thread that runs throughout the history of civilised society since the dissolution of primitive communalism, it is the class struggle. The introduction of private property at a certain stage in the historical development of man split the once homogeneous society into two irreconcilable warring camps. Slave pitted himself against slave-owner, serf against feudal lord, and now in the decisive stage of the struggle proletariat has pitted himself against the bourgeoisie. In the prevailing political climate of the recognition of class struggle by the ideologues of the bourgeoisie over a hundred years ago, it was left to the genius of Marx and Engels to take this to its logical conclusion and showed that the modern class struggle must lead to the overthrow of the bourgeoisie and the establishment of the socialist state.

In the twentieth century, the recognition of the class struggle is vehemently fought against, and the fact that it must ultimately lead to the overthrow of the bourgeoisie by the working class is one of the favourite preoccupations of the ideologues of the bourgeoisie. "Revolution is not inevitable" - they proclaim in chorus. But historical truth is stubborn, and not only has Marxist prediction proved true but also the class struggle has broken out in the most unexpected of places. The Chinese people have unleashed the "Cultural Revolution" to weed out "those persons in authority taking the capitalist road" within the Chinese revolution.

In Africa too, the denial of class struggle has rapidly become a fashion. Kwame Nkrumah, however, states that the core of the problem in Africa is the class struggle which has been going in intensity since the African countries were granted "independence". "For too long", he says, "political and social commentators have talked and written as though Africa lies outside the stream of world historical development - a separate entity to which social, economic and political patterns of the world do not apply". Thus Nkrumah has unfurled the flag of the struggle whose flames will abate only after the toiling masses of Africa drive out imperialism and crush the indigenous bourgeoisie and establish proletarian dictatorships.

In his elucidation of why this false notion that classes do not exist in Africa the author explains that "class divisions in modern Africa became blurred to some extent during the pre-independence period, when it seemed that there was unity and all classes joined forces to eject a colonial power. This led someone to proclaim that there were no class divisions in Africa." Key to the understanding of the struggle in Africa is the role and character of the African petty bourgeoisie which Nkrumah describes as a "small, selfish money-minded reactionary minority amongst the vast masses of oppressed and exploited people". When imperialism was faced with the rising tide of revolt among the nationally oppressed people it decided to withdraw its support from its agents and transferred it to the rising urban petty bourgeoisie who under neo-colonialism are in a better position to maintain and promote the interests of international capitalism.

But the contradiction inherent in the African situation was that the state with all its bourgeois trappings which

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Thus the a fight against the African bourgeoisie continued imperialist exploitation. way to do so is concept of revolutionary struggles. To surrender yield an inch threatened. The reactionary action



was handed over was without a bourgeois class of the nature of the European class. The African petty bourgeoisie lacks "the financial and political strength, for few members of the African bourgeoisie amassed sufficient capital to become significant in the business sector... The African bourgeoisie remains largely a comprador class, sharing in some of the profits which imperialism drains out of Africa". The basic function of this class is the preservation of private property which in practice means imperialist property, and its ideology is reflected in its facile and empty slogans: democracy, liberty, non-alignment, home-grown ideology, etc.

However, of particular importance here is his exposition of tribalism. He makes a distinction between tribes and tribalism. "There were tribes in Africa before imperialist penetration, but no tribalism in the modern sense. Tribalism arose from colonialism which exploited feudal and tribal survivals to combat the growth of national liberation movements ... after independence the various factions of propertied classes, tribalism enters into the struggle for power among the indigenous bourgeoisie."

Nkrumah devotes a chapter each to the constituents of the bourgeois class, the intelligentsia and the army. Of the former he says that imperialism fostered its growth to "form local cadres called upon to become assistants in all fields and to ensure the development of a carefully selected elite." It is the intellectuals that provided the leadership for the national movements. But their aim was not to bring about a socio-economic transformation, it was to merely replace the colonial power. However, Nkrumah recognises the fact that the far-sighted section of the intellectuals can play a valuable role in the coming African revolution. These he says are "revolutionary intellectuals who provide leadership and impetus for the worker-peasant struggle for all-out socialism. Very often they are minority products of colonial educational establishments who reacted strongly against brain-washing processes and who become genuine socialists". The task he poses for them is "to enunciate and promulgate socialist objectives and to expose and refute the deluge of capitalist propaganda and bogus concepts and theories poured out by the imperialists, neo-colonialists and indigenous reactionary mass communication media".

Of the soldiers, he says that "the majority of Africa's armed forces came into existence as part of the colonial, coercive apparatus. Few of their members joined the national liberation struggles. For most part they were employed to perform police operations against it... they tend to distrust change and to worship organisations and institutions of capitalist society". He also shows the interconnection and joint-interests between the armies and the bureaucracies.

Thus the struggle against imperialism in Africa involves a fight against the bourgeois state within Africa for "it is the African bourgeoisie which provides a bridge for the continued imperialist and neo-colonialist domination and exploitation. That bridge must be destroyed". And the only way to do so is by way of armed struggle. Defending the concept of revolutionary violence, Nkrumah says that "revolutionary violence is a fundamental law in revolutionary struggles. The privileged will not yield unless compelled to surrender power. They will grant reforms but will not yield an inch when basic pillars of entrenched power are threatened. ~~They~~ can only be overthrown by violent revolutionary action".



For years the African petty bourgeoisie has masqueraded as the true representative of the African people. Criticism of it was equated with the criticism of the African people and their development. In this way it blurred and stunted the political consciousness of the people. Now there is no possibility for it to hide anymore behind the smokescreen of patriotism and national unity, for the class consciousness of the people is growing rapidly. Genuine socialists and ideologues of workers' interests have been few and far in between. In the battle against imperialism and its agents the toiling masses need an arsenal of ideas to know who their true allies and true enemies are, which ideas serve their interests and which are against them, etc. They would also want to know just where the weak links of imperialism lie and which methods of struggle are most suited in their immediate situations. In a word, if the African masses have for centuries been fighting hard without access to scientific strategies and tactics, now they have to be imbued with the universal truths of Marxism and learn how to apply them to their respective conditions.

If Nkrumah failed in Ghana, this should be the more reason for African revolutionaries to be more optimistic for he provides them with ample experience to learn from. But they have to learn from his real mistakes, and not from the vendetta and vilification campaigns that have been launched by the imperialists against him since his downfall.

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#### PROBLEMS OF UNDERDEVELOPMENT

by

Nicolas Guillen (Monthly Review, June '70)

Monsieur Dupont callsy ~~unsubstantiated~~  
because you cannot say who was  
Victor Hugo's favorite grandson.

Herr Muller has started to scream  
because you do not know (exactly)  
the day that Bismarck died.

Mr. Smith,  
an Englishman or Yankee, I cannot tell,  
explodes when you write Shell.  
(It seems that you eliminate an L  
and, what is more, pronounce it chel.)

Well, so what?  
When your turn comes,  
tell them to say Huancavelinca,\*  
and where the Aconcagua's\*\* found,  
and who was Sucre,\*\*  
and in what sport on the planet  
Marti died.  
(Please: Have them always speak to you in Spanish.)

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\*A town in the Peruvian Andes.

\*\*The highest peak in South America, located in the Andes in Western Argentina: Height: 23,080 ft.

\*\*\*Antonio Jose de Sucre (1793-1830), Venezuelan general, one of the liberators of South America, first President of Bolivia (1826-1828).

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THE WORLD BANK  
 THE WESTERN WORLD'S BANK

(Taken from "World Bank Report",  
 Distributed by the International  
 Information Centre, Copenhagen.  
 Other parts of this very inter-  
 esting report will be reproduced  
 in coming issues of "MAJIMAJI")

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To understand fully what functions the World Bank performs, it is necessary to see it in relation to changes in the world during the last fifty years. It is particularly important to set the bank in relation to the division of the world into a developed sector and an underdeveloped sector, a division which has become increasingly pronounced during this time. Furthermore, the bank has to be related to the changing balance of world power from the First World War up to the development of the present relations between the socialist and the capitalist states.

The division of the world into a rich, industrialized sector and a poor, underdeveloped sector, is a result of the industrial revolution and the development of capitalism in Western Europe. Historically speaking, this division is recent. In the 17th century, the enormous difference in productivity and economic development which is so characteristic of the world today, did not exist. The standard of living Denmark, Egypt, Indonesia and India was not so different as it is today. Why then were Western Europe, and later the United States, able to surpass the rest of the world in economic development? The conventional explanation, that Europe was the crucible of the industrial revolution and the development of capitalism, does not prove to be historically true. Similar patterns of development have been observed in many parts of the world - for example, in Indonesia and India. A number of other explanations have been offered. Certainly, the geographical position of Europe gave its states better opportunities for commercial development. Europe was also poorer in natural resources than the rest of the world. Finally, despite this lack of natural resources, military technology was, for different reasons, more advanced in Western Europe. To enable Western Europe to develop industrially, it was necessary to trade with other parts of the world for raw materials.

Since Western Europe was militarily superior, this "trade" soon became straightforward plunder as these traders occupied the rest of the world. Together, these three factors made it possible for Europe to prevent industrial development elsewhere and, by virtue of its military superiority, to convert the rest of the world into a pool of raw materials for its own industrial development.

A well-known example of this phenomenon is the way in which England, to protect her textile industry from Indian competition, smashed the nascent Indian textile industry and converted India into a producer of raw materials.



Despite the fact that colonization took different forms and that the mode of colonial exploitation was varied, the net result was economic underdevelopment. Capitalism was initially an international system, dependent on overseas natural resources, manpower and markets. "Development", which to the one world meant growth and industrialization, meant stagnation and misery to the other world.

The development of capitalism in Europe occurred at different rates in the different states of Europe. In the beginning, England took the lead, and other European states followed. The locus of industrial development was conditioned by the concentration of economic power in big units, mobilizing great amounts of capital around an industrial complex. To protect themselves against British industry, the other European states erected tariff barriers and military structures. It was characteristic of the division of the world into an industrialized and a raw-material-producing sector, that each state had its own overseas markets and its own sources of raw materials. Consequently, no corner of the world remained untouched. The world was made over and subjected to the needs of the new dominant industries and adapted to the competition between the industrialized nations.

Hence the first job of each imperial power was to ensure its control over as many sources of raw materials as possible, no matter where.

The necessary condition for successful industrial development was assured overseas markets. An effective method of developing and protecting foreign markets was investment. The most obvious historical example of this was the export of capital for investment in railways which in turn stimulated the demand for track, rolling stock and other iron and steel products. But this method of penetrating foreign markets has another significance. It is the method of access to raw materials.

The race for access to investment in and control over overseas markets focusses political activity around economic problems. Such political weapons as ultimatums, declarations of war, colonial occupation, and tariff barriers are all important elements in a policy whose goal is control over territory in order to obtain privileged trading positions, privileged exploiting positions, an open door for commercial interests, etc.

#### Elements of Modern Imperialism:

Imperialism today has three new aspects. Rivalry between the imperialist powers in their attempts to divide up the world is no longer important. Now the main emphasis is on preventing the imperialistic world system as such from declining.

The Russian Revolution marks the beginning of this phase. Before the First World War, the main emphasis of imperialistic policy was to spread over the whole world. After the Russian Revolution, a new element in the rivalry between the imperialist powers was introduced, namely the need to conquer that part of the world which had escaped from the imperialist system, and to prevent other parts from likewise escaping. At the end of the Second World War, the expansion of the socialist camp and the conflicts in the colonial areas emphasized the need to keep as much as possible inside

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the imperialist system and, if possible, regain some of the lost territory. The imperialist powers did not readily surrender their colonies. However, the main goal of imperialism had been achieved prior to the political independence of these areas: the colonies had been tied to the capitalist world market. Their resources, their economic and political systems, had been adapted to the needs of the imperialist centres. The task was now to maintain these positions.

The second new aspect in the relationship between the imperialist powers is that the USA emerged from the Second World War as the undisputed leader of the capitalist bloc. This meant that the classical element of rivalry between the imperialist powers diminished in favour of a bloc where the individual powers retained individual interests, but the central fact was the leadership of the USA.

The third new element was that the new technology which had developed as a result of the Second World War was much more internationally oriented. The basis of this development was much larger markets than previously. Only the USA was capable of developing this new technology independently. But even it was forced to form companies which extended their interests across national borders. The European countries were likewise compelled to take part in a concentration which transcended the particular interests of each country.

These two elements: better coordination at the expense of international rivalry and the technological need of cooperation across national boundaries, had important consequences for the international imperialist system. First it was necessary to establish several international organs which could assure some kind of coordination between the imperialist powers. After the Second World War several such organisations appeared, such as the UN, the IMF, the World Bank, etc.

Secondly, this development influenced imperialist policy towards the underdeveloped countries. These had to be kept inside the capitalist bloc so that exploitation could continue. But the revolutions and changes which had taken place in China, North Korea, etc., made it necessary to give some kind of political independence to these countries. Another important element in this policy was that it no longer proved rational for each imperialist power to have sole control over its colonies. For economic, technological and political reasons, a structure was needed which could facilitate coordination and prevent rivalry. The solution was so-called "decolonisation". Colonial administration was replaced by a national government, usually selected in advance by the colonial power, normally composed of a small elite educated in the universities of the mother country. This elite owed its economic and political privileges to the former colonial power, and was quite dependent on it. Nevertheless, the new governments obtained a certain amount of independence. But in point of fact, independence from a single imperialist power and not independence from the imperialist system as a whole. This "independence" from the individual imperialist powers was an important element designed to assure that while the old imperial privileges were not reintroduced, exploitation could continue in a way which assured a certain amount of harmony between the imperialist powers.

The World Bank became a decisive instrument in this new political strategy, as did the IMF (International Monetary Fund), established in 1945.



blockade against Eastern Europe and the Soviet Union (COMECON).

The World Bank now concentrated on the activities which it has been engaging in since then, i.e., lending to underdeveloped countries with a view to maintaining the system of private capitalism in these countries.

The main interest of the World Bank has been to develop the local infrastructure (e.g. highways, railways, electricity, etc.) of the underdeveloped countries. On the surface this looks like a technical contribution which no one could object to. Everybody knows that economic development is connected with good means of communication and a well-developed power supply. But it is clear that development cannot be reduced to a purely technological phenomenon, but must be seen in connection with the dominant economic interests in the area. That mode of thought by which infrastructure is always good is based on a philosophy which considers the cause of economic underdevelopment to be the ~~stagnation~~ of the country in question, for one reason or another; and hence all it needs is to have a more or less powerful shove to start up again.

But the real situation is quite different. Imperialism and colonialism have created quite different conditions in the developed and the underdeveloped parts of the world. Investment in infrastructure which is not connected with fundamental changes in the system as such has quite different effects in the two sectors of the world.

To understand this point it is necessary to explain how an underdeveloped economy differs from a developed one. In the first place, the different sectors in the underdeveloped economy have quite different rates of productivity. While the biggest differences in productivity per worker in a developed economy seldom are more than a ratio of 1 to 2, one can find differences in productivity on a ratio of 1 to 10 in an underdeveloped economy. Furthermore, in the developed economy the market mechanism and the mobility of capital and labour markets ensures that the improvement of productivity is spread fairly rapidly, so that most sectors have about the same productivity. But in the underdeveloped economy, a predominant part of the population is working in sectors with very low productivity and only a small part of the population is employed in high-productivity sectors.

We find underdeveloped economies, for example, highly developed chemical industries side by side with the most primitive farming. This phenomenon is related to another aspect of an underdeveloped economy, namely the lack of connection between the different sectors. It is characteristic of a developed economy that one industrial sector supplies a great deal of its products to other industries or sectors within the same economy. A great deal of the economic relations of the individual companies are connected with other companies within the same country or economic area. But there are only few and very minor relations between the individual sectors and industries in an underdeveloped economy. Almost all of these sectors have their most important economic relations with industries and sectors in the highly developed countries. They are to be considered as a kind of extension of the industries of the developed countries into underdeveloped areas. Part of these sectors consists of a small number of international companies. Their most important objective is to produce raw materials which without further processing are sent to the developed countries. Sometimes light industries are found, but these are based directly on consumption and often depend on

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imports of semi-manufactured goods. They have therefore no accelerator effect on the economic development of the society as a whole.

Not only mining and industry are based on connections with the developed part of the world. Farming also is usually characterized by its economic connections as a supplier of raw materials to the developed countries without further processing in the country of origin.

In this incoherent structure lies the cause of great differences in productivity. Frequently sudden increases in productivity and a fast development within some sectors of an underdeveloped economy are found. This always occurs as a result of influences from the developed countries. But as the individual sectors have no mutual economic connections, this economic growth does not spread beyond the sector where it started. When the productivity in this sector is adapted to the needs of the developed economies, the economic development stops. Economic development in the underdeveloped part of the world is then characterized by several such "leaps" in economic growth which later stop. The above-mentioned enormous differences in productivity are so to say a concomitant feature of this development.

As already shown, it is foreign imperialist dominance which causes not only an export of capital in the shape of profits, etc., which could have been invested in the underdeveloped economy, but the whole economic structure has been organized in a way which impedes overall economic development.

As the World Bank is an instrument of the powers which have created this structure, and since its loans and projects are always closely coordinated with the private investments which created the structure, all its contributions are intended to preserve this set-up.

Now the question can be raised, why the governments of the underdeveloped countries accept projects which only contribute to prolonging their underdevelopment. While as a rule one can rely on a government in a developed country to some extent representing the interests of the local capitalists, this is not the case in an underdeveloped country. For here such local capitalism is almost non-existent. The whole economic and political structure is based on foreign dominance and underdevelopment. As the economic and political power of these governments is based on the imperialist dominance which underdevelops their country, there is no contradiction between the aims of these governments and those of the World Bank.

In recent years the World Bank has also started to participate in projects such as agricultural development and population control. However, the same arguments can be used against these projects as those mentioned in connection with the infrastructure. The fundamental cause of underdevelopment is imperialist dominance and the social systems which are the result of this dominance in the underdeveloped countries. As the World Bank takes its starting point in these circumstances, its effect is a further aggravation of underdevelopment. Attempts to modernize and improve agriculture in the underdeveloped countries often result in worsening existing inequalities of land tenure. Even if one succeeds in increasing agricultural productivity, this results in even greater inequality. An example is the development in Thailand. The social structure in this country has been traditionally characterized by a great number of independent small farmers. Attempts to modernize agriculture have resulted in the reduction of the Thai farmers,

for the first time who have to leave their big landowner

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for the first time in the history of the country, to a proletariat who have to leave their land, while at the same time a new class of big landowners is arising.

One of the most recent decisions of the World Bank is that a condition for a loan is that the country in question introduces birth control. It is an open question whether the size of population has anything to do with underdevelopment. The countries which are described as overpopulated do not have a density of population greater than many European countries. There is not a big difference between the population density of India and that of Denmark. Furthermore, many underdeveloped countries are facing the problems of a sparse population. This is the case in Africa. The example of China shows that it is possible to solve the population problem in quite a different way when the foreign exploitation has been stopped. The attitude of the World Bank is certainly connected with the fact that a high rate of population growth underlines social injustices and brings nearer the day when the people revolt and end imperialist exploitation. Here, just as mentioned above, the ruling elite has the same interests as the World Bank and Imperialism. Increasing inequality in rural areas provides the elite with big estates, while population growth is a time bomb under their position of power.

#### WHAT DOES THE WORLD BANK SAY ABOUT ITSELF?

When one analyses what an imperialist organization is and how it works, it is very natural to be sceptical about what it says about itself. But this is not the case with the World Bank which openly admits that the goal of its activities is to spread private enterprise over the world.

In the introductory passages of the pamphlet issued by the World Bank it says that the World Bank's aim is to "back projects which aim at increasing the production of useful goods and services and raising the standard of living".

That sounds fine. But for whom will they do this? Only for those countries which have a capitalist economy. The name "World Bank" should be replaced by "Capitalist World Bank", since only one socialist country, Yugoslavia, is a member. Also what do they mean by "useful goods and services"? The World Bank's pamphlet says elsewhere that, "If the bank is to continue as an institution working on a sound commercial basis, with its funds raised on the private market, it must only lend when there are good prospects for repayment".

This is but a foretaste. Later it says, "With regard to the financing of industry, World Bank loans and IDA credit are mainly given to the private sector. It is the experience of the World Bank that private right of property is the best way of securing continued effective management and a sound investment policy". Thus we have the answer: "Useful goods and services" are those which are profitable, and not necessarily those which are most useful for the country in question.

Finally an example of how the bank formulates its opinions and goals. In the paragraph about the IFC (International Finance Corporation) is written that "the IFC does not seek profit for itself (per se), but as the most accessible yardstick to prove that its investments accomplish the Corporation's goal, that is to say to strive for the establishment, improvement and expansion of productive, private enterprise in developing countries".



But it makes no difference. That from which the IFC does not profit, can be of great benefit for the international corporations of the western powers, since the IFC ensures them a free and open sales and investment market in the underdeveloped countries, where it is the most powerful who wins in competition.

We can see that is the declared aim of the World Bank to back profitable enterprise in the underdeveloped countries. In the above mentioned pamphlet they do not say a word about development, not one single argument for the assumption that private enterprise is the best way of promoting development. Apparently they are not interested in this at all. How does this policy work in practice? What implications does it hold for a country that the World Bank will only give loans to profitable projects?

Backing a railroad project in Columbia, the World Bank enterprise should be profitable. In practice this was done by demanding increased fares. But it is most unusual that such a necessary function such as mass transportation should be profitable. In a country like Columbia this demand is extra hard since the majority of the population lives in chronic poverty. Even the Columbian business life is handicapped, whilst the foreign companies obtain easier access to resources of the country. A railroad opens access to hitherto unexploited raw material sources and, besides simplifying freight, brings down its expenses.

So much can one say about the declared ideology of the World Bank, What about its less revealed ideology? The World Bank was founded shortly after World War II and had as its goal the rebuilding of the European economy and the promotion of the development of private enterprise in underdeveloped countries.

The first function was filled by the Marshall Plan which later revealed to be a deliberate attempt to hinder the growth of socialism in Europe. Is it possible to see a similar aim behind the World Bank's activities in the underdeveloped countries? The assumption is supported by a statement by Robert Gardner, one time vice president of the World Bank, which says that a function of the IFC is to suppress "collective economic systems". But it is obvious that an organization, founded in order to spread private enterprise, has a direct interest in fighting socialism. And all this without mentioning what benefits the economic and social development of a country and its population. Elsewhere the World Bank claims that it does not at all interfere in politics, but at the same time says that it "cannot ignore evident internal political conflicts, instability or insecurity which could influence the economic prospects of borrowers". Of course this can be interpreted in many ways, but it is a fact that it was not until 1968 (after the Colonels' coup) that Greece was found to be ready for support by the World Bank.

However, the political goal is not only expressed in the ideology of the World Bank, but also in its structure. Firstly, a handful of imperialistic powers has 52% of the votes in the organization. Secondly, the Bank has established an organization (International Center for Settlement of Investment Disputes) the purpose of which is to sanction disobedient countries. Concerning this, the Bank itself says that it must urge international investment, and when a conflict arises about credit and ownership, the Bank must withhold financial support from governments involved in such conflicts. That is, the Bank

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#### The Question of Truth

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must fall, not rise! Then how come the prices rose?

This, I think, goes to show that during the month of Ramadan - when people are supposed to be willfully starving - the consumption increases, the demand exceeds supply, hence the rise in prices. Now if the consumption during the month of Ramadan is higher than the months when people are not willfully starving, then there must be something wrong somewhere!

#### The Question of Trust.

The worst thing that can happen to a man is to doubt himself, and the next worst thing is to doubt a trusted and loyal friend. This state of affairs shows lack of confidence. Our duty should be to try and find out what is the source of this kind of behaviour.

I am inclined to believe that such behaviour is a manifestation of inherited colonialist mentality. There are those amongst us who prefer one source of information to another and they invariably describe the one they prefer as "objective" and the other they contemptuously dismiss as "propaganda". To these lost homo sapiens the B.B.C. is objective and the rest is propaganda.

However, those who have high regards for the B.B.C. and other agencies, both local and international, must have been confounded to hear the B.B.C. sow doubts about the invasion of the Republic of Guinea by NATO backed Portuguese mercenaries. What is even more shocking about B.B.C. objectivity is that after a week of heroic fighting by the people of Guinea it still claimed that the "situation in Guinea is not clear". If deliberate ambiguity is what they call objectivity, then the B.B.C. is the most objective source masquerading today.

To argue about what is objective and what is propaganda, academically, is to attempt to split hairs. Everything is propaganda. What we have to deduce is what is true and what is false. In the class society in which we live in, what is true and what is false depends on what class one represents. To those fighting imperialism and colonialism, imperialist and colonialist aggression is a reality and to those who support imperialism and colonialism such naked aggression cannot possibly be true unless verified by B.B.C. This state of affairs, however, we may argue it, does not tulle out that there is aggression.

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FIGHTING TALK

by

A O EThe Economics of Ramadan;

Ramadan comes but once a year and last for a whole month. During this month Moslems fast from sunrise to sunset. By fasting it is meant between sunrise and sunset the person fasting should totally abstain from eating and drinking. The purpose of fasting, amongst other reasons, is to get to know from practical experience how starving people through-out the world feel. And mind you, there are hundreds of millions of people on our planet starving! To experience the hardships of others willfully, particularly if they are so numerous, is a really noble act.

However, to know how others feel whilst starving is one thing, and to actively participate in eliminating starvation is quite another thing. I believe that to annually engage in willfull starvation without willfully working for the elimination of starvation in the world defeats the whole purpose of Ramadan.

Those who engage in willfull abstention from eating and drinking during the period when the sun is still up, do not however experience the same sof. of starvation to which millions of people the world-over are subjected to. The willfull abstainer does not search for food to satisfy his hunger, he looks at the clock. At the appointed hour a feast awaits him; but the unfortunate victim of starvation not only does not know when he is likely to get his next meal (if any) but he also does not know where. Hence willfull starvation while knowing that at the appointed time a feast awaits one is, in my opinion, quite different from compulsory starvation without any knowledge as to where and when one will get a meal to save one from the jaws of death.

Nevertheless, it is quite good for people to abstain from eating and drinking for whatever reason. But one reason should not be tolerated, and that is hypocrisy.

I was surprised when the Dar es Salaam Area Commissioner had to issue a stern warning when the month of Ramadan began to traders who spontaneously raised the prices. From my simple understanding of economics, when there is less consumption of food the supply should naturally exceed the demand. If the supply exceeds the demand, the price must

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Messengers of Peace

Towards the end of last year, both Pope Paul, head of the Roman Catholic Church, and Dr. Ramsey, head of the Anglican Church, were visiting the trouble spots of the world. Considering their advanced ages, and the tight programmes they undertook, I am sure they regarded their missions as extremely important.

The question that comes to mind is that in Northern Ireland, where the Catholics and the Protestants are at each others' throats, the two religious potentates not only failed to prevail on their followers to stop the senseless massacre but did not even try. But in South East Asia and in South Africa, where the conflict is not motivated by religion, but by patriotism of the indigeneous people on the one side and the aggression of evil foreign forces on the other, the two messengers of peace have deemed it necessary to appear in person and appeal to the patriots to tolerate with the aggressors. Neither of them dared, during their pilgrimage, to condemn the foreign aggressors who are the real cause for the conflict.

This leads us to an important question: Why do they refuse to denounce the real aggressors? Perhaps their status does not permit them to take sides. But then can they promote peace by equating the victim of aggression with the aggressor?

.....

Marx on 'Christian Socialism'

The social principles of Christianity have had eighteen hundred years in which to develop and they need no further development at the hands of the Prussian Ecclesiastical Commissioners. The social principles of Christianity justified slavery in the classical world and they glorified medieval serfdom and if necessary they are quite willing to defend the oppression of the proletariat even if they should wear a somewhat crestfallen appearance for the while. The social principles of Christianity preach the necessity of a ruling and an oppressed class and all they have to offer to the latter is the pious wish that the former may be charitable. The social principles of Christianity transfer the reparation of all infamies to the realms of heaven and thus they justify the perpetuation of these infamies on earth. The social principles of Christianity declare that all the villainies of the oppressor against the oppressed are either the just punishment for original or other sin or tribulation which God in his own inscrutable wisdom causes the elect to suffer. The social principles of Christianity preach cowardice, self-abasement, resignation, submission and humility - in short all the characteristics of the canaille; but the proletariat is not prepared to let itself be treated as canaille, and it needs courage, confidence, pride, and independence even more than it needs its daily bread. The social principles of Christianity are sneaking and hypocritical, whilst the proletariat is revolutionary.



FROM OUR READERS  
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MESSAGE TO ALL THE FORMER MEMBERS OF  
OF THE BANNED UNIVERSITY STUDENTS  
AFRICAN REVOLUTIONARY FRONT IN D.S.M.  
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from

"Stockholms Afrikagrupp"

Comrades,

Our group has with consternation received your message that USARF has been banned and "CHECHE" has to cease publication.

We have with interest learned that USARF was a revolutionary force in the formation of scientific socialism in Tanzania. Your studies in ideological classes, your work with the people in ujamaa villages, your solidarity work in favour of liberation movements and your spreading of revolutionary ideas and anti-imperialistic analysis - for example by publishing "CHECHE" - do make USARF an African avant-garde.

Whatever the motives for your banning, we are sure that the former members of USARF will continue the struggle against imperialism and neo-colonialism together with other progressive people within Africa.

THE AFRICA GROUP OF STOCKHOLM

Sgd. by Hans Sundqvist.

9th December.

.....  
ON QUEBEC

(Originally written for "CHECHE")

Comrades,

Last October 5, the international bourgeoisie was jolted again and this time badly. One of their men, a Mr. James Cross, was kidnapped. This time it did not happen in Rio, nor was this the work of the Palestinians. This time it came right at home in Montreal, Quebec.

No sooner had the kidnapping taken place the bourgeoisie through their mouthpieces sent out cries of "Extremists", "terrorists", etc. This time the "terrorists" were the Front de Liberation du Quebec. It is interesting to note that this "terrorism" was not entirely unexpected. In 1966, the United States army sponsored a series of studies on possible areas of revolution in the western hemisphere.



These studies were designed to formulate plans for blocking or reversing such revolutions. One of the areas studied was Quebec.

The recent events in Quebec and Canada generally have logically developed from the history of oppression in a nation defeated in a colonial war over 180 years ago. Since Quebec was ceded to Britain, the Quebecois have been made into less than second-class citizens. In the beginning they were victims of their own ruling oligarchy and the omnipotent Roman Catholic Church (which in modern times owns the Montreal Stock Exchange Tower). After the defeat in the war, the local oligarchy and the church joined hands as junior partners with English Canadian and British capital to plunder Quebec and exploit the Quebecois. In modern times, international finance capital centred in the United States has reduced the Quebecois to the "lousy French".

Let us examine the economic scene in Quebec. In the past fifteen years, Quebec has never come close to full employment. While Quebec comprises little over a quarter of the Canadian labour force, fully 41% of unemployed in Canada live in Quebec. (There are ten provinces in Canada). Historically unemployment in Quebec has been 20 to 40% higher than the average in Canada and 50 to 100% higher than the unemployment average in Ontario. The average number of unemployed in Quebec last year was 158000. Of these 65000 or 42% were under the age of 25! Nearly all people out of work in Quebec are French. The average income of English speaking workers in Quebec is 40% higher than that of French speaking workers. English speaking employees who are 30% of the labour force hold 77% of the jobs in the \$15000 per year income bracket. French speaking employees, 70% of the Quebec labour force, hold 82% of the jobs in the \$5000 to \$6000 income bracket.

Let us next take a look at the big bosses in Quebec: Steinberg, Clark, Bronfman, Smith, Neapole, Timmins, Hershom, Thompson, Desmarais, Kierans ... All very French names too. The vast majority of the Quebecois live in the slums of Montreal and other similar areas. During Expo 67, the World's Fair in Montreal, Mayor Drapeau was so concerned about these slums that he put up coloured billboards and fences in front of them so the rich tourists would not see the misery of the Quebecois.

It is out of these conditions that the Front de Liberation du Quebec was conceived. Their members grew up in the slums and they understand what oppression, exploitation and humiliation is about. What does the FLQ want? It wants "the total independence of the Quebecois, brought together in a free society, purged for ever of its band of voracious sharks, the patronage-dispensing 'big bosses' and their servants who have made Quebec into their private preserve of cheap labour and of exploitation without scruple". (The FLQ Manifesto). Why did the FLQ kidnap the diplomat and the minister? The FLQ believed once that it was worth channelling their energy in British parliamentarism. However, last April's elections in Quebec put an end to that. In the elections the Party Quebecois, a separatist liberal party, won 25% of the popular vote for about 10% of the seats. The party had existed for less than two years. The liberals, with massive high finance backing, won the elections. Thus parliamentary democracy in Quebec is, and always has been, nothing but the "democracy" of the rich.

The FLQ had to go straight to the people and hit at the oppressors. "The FLQ is a movement not of aggression, but of response to aggression - the aggression organised by high finance throughout the marionettes of the federal and provincial governments". In other words, the FLQ believes



that reactionary violence should be replied to with revolutionary violence. For those who are quick in condemning such "terrorist" activities, they must first examine who these activities are directed against. Did the FLQ, or for that matter the movements in Latin America, kidnap a worker or a baby? No! They kidnapped a trade commissioner from Britain. They kidnapped a labour minister who has perpetuated fascist labour laws in Quebec. We must, therefore, recognise that the revolutionary violence will not, by its very nature, be directed against the oppressed. It is the oppressed rising up and saying "enough!"

What happened in Quebec and Canada during the month of October? As soon as the kidnapping took place, the Trudeau government, through the media, launched a hysteria campaign. "Today it was James Cross, tomorrow it can be you". Trudeau was relying on some strength in Quebec and hoped that his scare tactics coupled with the reaction to the revolutionary violence of the FLQ would alienate the people of Quebec from the FLQ. However, when the people found out what the FLQ stood for through the publication of their manifesto, more than fifty per cent of the Quebecois supported the FLQ.

Thus the initial policy of Trudeau which depended on broad support in Quebec failed because that support did not exist. The result was a new policy - a policy of making a virtual desert of all opposition in Quebec, radical, liberal, nationalist, even in some cases conservative. The instrument of that policy was the War Measures Act. Thus the Trudeau government decided to use the state's instruments of reactionary violence - the army and the police - to crush all opposition in Quebec. Of course, all in the name of democracy and the rule of law! (Whose law?)

Thus, the real coup-d'etat was carried out not by anyone else but by Pierre Elliot Trudeau. By proclaiming that a state of insurrection existed in Quebec, Trudeau like Lyndon Johnson in Santo Domingo, managed to crush opposition in Quebec for the present. But the oppressed, the humiliated, the exploited Quebecois will not be terrorised into silence again. They will rise again and take into control what is theirs.

•Revolutionary Greetings,

Harko Bhagat

(Mathematics teacher at Korogwe Secondary School (Girls), until recently studying in Canada).

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22. Fanon, F.
23. Trotsky, L.
24. Nearing/Free
25. Frank,
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27. Greene,
28. Horowitz,
29. Jagan, C.
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31. JALLs, P.
32. Lilley,
33. Lundberg,
34. Lange, O.
35. Lenin,



# READ, LEARN AND STRUGGLE

Socialism is not a purely moralistic or emotional doctrine. Neither does it solely comprise of utopian exhortations about "human equality and dignity". Socialism is a scientific theory with high intellectual content. It is the ideology of the most dynamic form of social organization in history. That this is not usually considered so is because socialism demands extinction of capitalism, and the beneficiaries and the apologists of capitalism control the means of disseminating ideas.

Bourgeois education is not designed to produce thinking and committed individuals. It aims to churn out upholders of the capitalist system and not those who would question its irrationality. As such it is difficult to come into contact with revolutionary, socialistic and enlightening literature. Thus we think it opportune to publish a list of books anyone who wants to understand the problems of the contemporary world must read.

"Learn to Struggle and Struggle to learn" - V.I. Lenin.

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1. Attwood, W., THE REDS AND THE BLACKS
2. Baran, P. POLITICAL ECONOMY OF GROWTH
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16. Engels, F. THE ORIGIN OF THE FAMILY, PRIVATE PROPERTY & THE STATE
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20. Fanon, F. THE WRETCHED OF THE EARTH
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29. Jagan, C. THE WEST ON TRIAL
30. James, A HISTORY OF PAN-AFRICAN REVOLT
31. Jallb, P. THE PILLAGE OF THE THIRD WORLD
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34. Lange, O. POLITICAL ECONOMY
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36. Mao tse Tung, FOUR ESSAYS ON PHILOSOPHY
37. Mao tse Tung, ON NEW DEMOCRACY
38. Memmi, THE COLONIZER AND THE COLONIZED
39. Mao tse Tung, ON LITERATURE
40. Mondlane, THE STRUGGLE FOR MOZAMBIQUE
41. Mandel, E. TREATISE ON MARXIAN ECONOMICS
42. Nyerere, J. FREEDOM AND UNITY
43. Nyerere, J. FREEDOM AND SOCIALISM
44. Nkrumah, K. TOWARDS COLONIAL FREEDOM
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46. Nkrumah, K. CHALLENGE OF THE CONGO
47. Nkrumah, K. NEO-COLONIALISM
48. Odinga, O. NOT YET UHURU
49. O'Brien, TO KATANGA AND BACK
50. Pappenheim, THE ALIENATION OF MODERN MAN
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74. USA REPORT OF THE NATIONAL ADVISORY COMMISSION  
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75. Christian Council of Kenya, WHO CONTROLS INDUSTRY IN KENYA

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(from page 36)

works as an aid to big international corporations since it provides them with possibilities of investment and sees to it that their activities are not disturbed by political disorder in the countries where the companies operate. This examination of the World Bank's declared and hidden ideology shows very clearly that the organization does not even consider itself to be concerned in the development of underdeveloped countries, but to be an instrument for the ensurement of political and economic status quo, and the continued progress of the international activities of the western countries and dominance in the world community. But these problems must be taken up in a more detailed examination of the World Bank's activities, conditions of loans and the phenomenon of imperialism itself.

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=====

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4. SAUL, John, Senior Lecturer in Political  
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5. SEMONIN, Paul, economist at Yale University,  
United States of America.
6. WORLD BANK GROUP, established in the spring  
of 1970 by a number of Danish anti-  
imperialist organizations.

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\* IMPORTANT ANNOUNCEMENT \*  
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W A T C H   O U T

F O R   M A T I   M A J I

SPECIAL PUBLICATION

T O   B E   O U T

S O O N !

PROFESSOR THOMAS SZENTES (HEAD OF THE  
ECONOMICS DEPARTMENT, UNIVERSITY OF DSM)

ON

\*\*\*\*\*  
\* "STATUS QUO AND SOCIALISM" \*  
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