policy and law and establishing an agency that will implement them. But the efforts of the government will yield greater dividends if the recommendations above are considered anytime a review of environmental policy and law is being contemplated. This is where the Nigerian Society for the Protection of the Environment (NISOPEN), a non-governmental organisation recently formed by some Nigerians who are determined to prevent another disaster like the Koko incident, will need the commitment of all its members in assisting the government in monitoring and exposing the activities of corporate and individual polluters.

Notes

1. For a comprehensive discussion on what development is, see Meir, G. and Seers, D. (eds) *Pioneers in development* (Oxford: Oxford University Press, 1984.
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3. Burton, I. et. al. *The environment as hazard*, Oxford: University Press, 1978).
4. Lowi, T.J. 'Four systems of policy, politics and choice', *Public Administration Review*, 32: (1972): 298-310.
5. Key note address of the Honorable Minister of Works and Housing, 'Policy issues and institutional arrangements in national environmental programmes' cited in Sanda, P.O. and Odemerho, F.O. (eds) *Environmental issues and management in Nigerian development*, (Ibadan: Evans Brothers, 1988).
6. The Federal Ministry of Information, Lagos. The fourth National Development Plan 1985, p. 358.
7. Sanda, P.O. and Odemerho, op. cit. p. 10.
8. Ibid, p. 44.
9. Ibid, p. 42
10. Shyllom, F. (ed) *The Law and the Environment in Nigeria*, (Ibadan: Vantage Publishers, 1989), p. 9.
11. See the letter in the Guardian, (Nigeria) June 10, 1988. The Students also forwarded to the Newspapers the English Translation of other Publications in Italian which showed that export of toxic waste to Nigeria had been going on since August 1987.
12. West Africa, June 13 1988.
13. Newswatch, July 4, 1988.
14. West Africa, June 20, 1988.
15. Ibid.
16. Uchegbu, A. 'A legal Framework for Environmental Protection and Enforcement' in Sanda, P.O. and Odemerho, F.O. (eds) *Environmental Issues and Management in Nigerian Development*. op. cit., pp. 382-293.
17. The Guardina, (Nigeria) June 27, 1988.
18. The Guardian, (Nigeria) July 1, 1988.
19. The Manifestos of the two Political Parties published by the Political Enlightenment Committee of MAMSER, Ilorin, December 1989.

Industrialisation Policies and Development with Reference to Tanzania

Daudi Rivelo Mukangara

1. Background

1.1 Introduction

This paper reaches into the dependence debate and tries to draw out the important issues of development that the debate may have generated. It tries to match the theoretical constructs of that debate with the historical and current development experiences of some countries. It then focuses on the role industrialization in development, and on industrialization policies in Tanzania.

1.2 Dependence, development and industrialisation: The debate

Discussion of industrialisation policies in the current 'reform' outlook inevitably recalls the larger debate on a development framework for "Third Wold" countries, which emerged in the 1950s and prospered in the 60s and 70s. In particular it calls to mind the challenge of the ECLA-Prebisch thesis[1] to the conventional development framework of that time, and the dependence outlook which deepened the ECLA-Prebisch critique of international political economy.

The most enduring precept of the traditional philosophy of development was the principle of comparative advantage, which dates from Adam Smith. The principle proposes that as long as one selects and specializes in conducting production in those areas in which one is best endowed, and as long as one carries out trade with others, economic benefits and thus development automatically accrue. One of the assumptions on which the principle rests is that monopoly power in the market is absent and there is no hindrance to the spread of technological progress to all parts of the trading system (Love, 1980:48). In its post-classical version these assumptions in turn presuppose equilibrium extended to the international system, and it is interesting to note that Prebisch came to attack these assumptions at the international level in the same ways as Keynes did with respect to the national economy.

Prebisch attacked the assumptions of equilibrium and automatic (price) adjustment in the economic system, the received wisdom until then, arguing that it did not take account of the possibility of a prolonged depression (Love, 1980:50). He also noted that in practice the principle of comparative advantage was regularly violated by industrialized nations.

Prebisch brought together, and elaborated on, his ideas on trade and development in a work prepared for the ECLA in 1949. That work (Prebisch, 1950) became the basis of the official view of ECLA on those issues. The main argument in it was that the terms of trade for agricultural produce exporters had deteriorated between the end of the 19th century and the

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beginning of the 2nd World War. A major explanation for this offered by ECLA-Prebisch was that in that period **productivity gains were greater in industrial than in primary products.** This was further elaborated in the following way. During the upswing of the trade cycle, the price of primary goods rose more sharply than those of industrial goods, but they fell more steeply during the downswing. In the upswing the working class of the centre absorbed real economic gains, but wages did not fall proportionately during the downswing. Because workers were not well organized in the periphery (least of all in agriculture), the periphery absorbed more of the system's income contraction than did the centre (Love, 1980:58). That the centre had a rigid wage bill was a proposition that directly challenged the accepted trade theory, according to which there should have been (automatic) adjustments. ECLA-Prebisch also pointed out that there was monopolistic pricing at the centre, but that the periphery did not have monopolies on the goods they offered in the world market, except in rare and temporary situations.

In addition to rejecting the existing trade theory and its assessment of the benefits of technical progress, other tenets of the ECLA-Prebisch thesis included a commitment to rapid industrialization, and an acceptance of state intervention in the accumulation process as well as in pricing (including the international catellisation of major commodities).

The propositions of dependence theorists, the direct successors of the ECLA-Prebisch trend, also attacked the conventional development framework. But, in addition, they felt that ECLA-Prebisch had not fully exposed the short-coming of the existing world economic arrangements, and the philosophical assumptions accompanying them. Some of them introduced a critical assessment of socio-political arrangements in Latin America, highlighting for example the integration and alliance of some social groupings in the 'periphery' with 'imperialist' centres of control, and generally advocated a more radical solution to the problem of this relationship.

Thus Frank (1967; 1969; 1978a; 1978b) asserted that the (metropolitan) developed countries structurally dominated the Third World, and that relations (of production) in the latter were already capitalist. According to him, reforms within this dependence structure would bring neither autonomy nor development. Only a socialist revolution had a chance of effecting real change.

Understanding the problems of underdevelopment and dependence in terms of the logic of the worldwide accumulation process, Amin (1974; 1976; 1977; 1978) concedes that capitalism can be a source of development in the 'centre' and in the 'periphery', but in reality only a limited and skewed form of development occurs in the latter. This is because of the Third World's limited control over the accumulation process, which ensures that it performs particular tasks benefitting the 'centre' more than the Third World (or the periphery). Only a significant disengagement from current global arrangements of production and distribution can bring permanent benefits. Industrial production of essential goods, as opposed to the export of primary goods, will help greatly but will not be enough.

Cardoso (1972; 1973) and Faletto (1979) argue that although the structure of dependence is primarily economic, it can be changed qualitatively by social forces and political actions. In addition the structure is continually modified according to time and place, and therefore there

is no reason to think that it will never change. Though skeptical of current Third World industrialization, he believes that real changes are possible through industrialization.

Dos Santos (1970; 1973) sees the inflexibility of social and political, rather than economic forces at both the local and global levels as the major obstacles to change, and thus his solution, like that of Frank, focuses on a socio-political revolution.

At the advent of the dependence outlook, many studies quickly confirmed the existence of the dependence relationship in international political economy. But the studies were quite diverse, empirical and focused, so that no dogmatic grand theory was immediately discernible (Nitsch, 1986; Seers, 1981; Mukangara 1991). In contrast, conventional development theory appeared to consist purely of a set prescription on development apparently valid for all Third World countries.

But thereafter dependence writings became popular and numerous. Soon popularised versions of grand theorising dominated the dependence outlook, among them Wallerstein (1974), Chilcote (1981) and even Andre Gunder Frank himself.

These versions (or what was thought to be the approximate single theory of dependence) came under attack from pure empiricists such as McGowan (1976) and Vengroff (1977) who confined their understanding of this socio-economic and political relationship to a set of measurable quantities, and from another group of theorists who mounted both empirical and conceptual refutations, among them Warren (1973), Emmanuel (1974) and Kay (1975).

Warren's attack was against the anti-imperialist stance of the dependence outlook. He therefore tried to show that imperialism was progressive. Theoretically he relied on Karl Marx's approval of capitalism as progressive relative to pre-capitalist formations. Empirically he relied on cross-national data on growth rates to show that during imperialist presence, Third World countries had significant growth rates generally and in industry. He therefore advised Third World countries to stay with capitalist imperialism since it is the ultimate provider of capital and industrialization for growth. Warren was unconcerned with the continued human suffering that exists in large parts of the Third World, even if this stemmed from progressive imperialism, arguing that, as a moral issue, it clouded objectivity, and should be left to a future post-capitalist society.

Emmanuel (1974) dismisses the growth rates cited by Warren as insignificant, and does not think that imperialism is progressive. But, arguing against the inclination of many dependence theorists to advocate Third Word 'disengagement' from imperialism, he points to multinationals as sources of capital, technology and (therefore) industrialisation. In this regard he sees the possibility of modifying the structural constraints of the international political economy through conscious policy actions.

Following on his theory of the dominance and 'backwardness' of merchant capital in the Third World, Kay (1975) envisages a progressive imperialism in future, as 'productive capital' will finally triumph over the predatory merchant type. Like Warren and Emmanuel, he sees capital and industrialization as the motor of development, and the continued association with imperialism as the only viable source of these.

Warren, Emmanuel and Kay did not offer an effective rebuttal of the dependence outlook.

Dependence theorists would still be able to point to dependent development, skewed or 'luxury' industrialization, and the pauperization of large sections of the population, as issues that can not be resolved within the existing structures of the world economy and the unfettered operation of imperialism (or its multinational form) in the Third World. But the contribution of these writers is to bring back into focus the importance of capital and industrialisation in development.

The importance of capital and industrialisation in development is not explicitly denied by dependence theorists. They merely point out that the free operation of such capital and industrialisation in the Third World (i.e. reform within the system) would reproduce the existing structures and constraints. Only the restricted operation of capital and guided industrialisation - and this is the broad meaning of disengagement - can alter them. More importantly, the contribution of dependence writers is their concern for autonomous development and what may euphemistically be referred to as growth with equity.

These differences in approach are no doubt hardened by perceived political (or ideological) positions. Granted that developing or industrialising autonomously (i.e. outside the control of imperialism) is nationalistically desirable, let us nevertheless explore whether industrialization is necessary and possible in the Third World, irrespective of ideological orientations. A way of doing that is to move from abstract grand theories to a further examination of concrete growth experiences, and the possible benefits of industrialization.

2. Historical growth experiences

We will start by exploring the extent to which material growth has taken place in most of the Third World, and by making a comparison with other countries. Warren (1973) quoted growth rates that were higher in the Third World than in the industrialized capitalist countries up to the early 1970s, while on a cross-national basis Morawetz (1977: 11-22) confirmed that in the 1950-1975 period the Third World grew faster than any group of countries had ever done before. Morawetz also showed separate growth rates of above 4% in a number of these. These growth rates were generally higher than in industrialized capitalist countries in that period, with the exception of Japan (Morawetz, 1977: 80).

There is a danger in claiming too much for these figures, for example the ambiguity of cross-national statistics, and the mistake of equating growth with development, as the 'quality of life' argument by Emmanuel (1974: 62-65) shows. In addition, to the extent that the Third World's starting magnitude of material 'wealth' is much lower, significant development even in the sense of growth entails rates far higher than those obtaining in 'mature' countries, as the logic of 'catching up' or 'closing a very wide gap' in growth levels demands. This argument is consistent with the theories on possible growth rates of new and industrializing countries, as well as with certain previous concrete experiences (Dobb, 1963: Moore, 1980).

It is accepted that at later stages of development the growth rate of industrialized countries tends to fall, the reason for this being that once high levels of accumulation have been attained, and production capacity is large, an even greater total investment is required to maintain a stable growth rate (Moore, 1980), while some of the potential investment begins to shy away for fear of a low return (Dobb, 1963:62). The collorary of this is that a country

achieves optimal rates of growth when young in industrialization, or when purposely embarking on a programme of industrialization. Thus while estimates show that the economy of the first country to industrialise, Britain, grew at 3% in the 30 years of 1830-1860, this growth rate had dropped to 2% by 1880, at which it roughly remained right through to the 1960s (Dobb, 1963: 10). In the following period, 1913-1958, France's growth rate had tapered off to 2%; Germany's to 2.4% and that of Italy, Sweden and USA to 3%. In the meantime the industrial newcomer, Japan, showed a growth rate of 5.4% but even Japan's relatively high rate pales in the light of the growth rate of a new and purposefully industrializing country in the same period, the USSR. In 1928-1940 its industrial production grew at 14-18% while in 1948-58 it maintained a growth rate of 10% (excepting agriculture, which had a slightly lower rate). In the 1950s decade, newly industrializing China and East European countries each averaged a rate of 13% (Dobb, 1963:15).

2.1 New socialist countries

(a) Yugoslavia after the 2nd World War

An interesting evaluation of Yugoslavia's growth after the war has been made by Moore (1980). Moore starts with the usual skepticism of western scholars about the unreliability of government-based statistics in East European or Socialist countries. He finds that the government's published growth rates of Yugoslavia have been too positive. Therefore he restructures the data so that non-Yugoslav scholars can have a more objective basis for discussing the growth rates. He finds that the growth rate, estimated by the Yugoslav government to be 10% for 1952-1975, was 'actually' 8.4% - 8.9%. Moore's version of Yugoslavia's growth rates shows that they were still higher than in any other country except Japan and the Republic of Korea. He also notes that Yugoslavia's rates were similar to those of other East European countries, and that they are certainly comparable to historical data on the Soviet Union at the same stage of development (Moore, 1980:56).

(b) North Korea

Another interesting presentation of growth rates has been made by Halliday (1981a, 1981b) regarding the Democratic People's Republic of Korea (DPRK). She too is extremely skeptical of the government statistics on growth rates. The DPRK is the country in which the cult of the personality enjoys wide acceptance and the leaders are used to being praised almost as super-human heroes. For this reason the DPRK's claims should usually attract skepticism. Halliday compares the DPRK government's claims with the few independent statistical compilations on the country, and with the impressions of western visitors and other North Korea watchers, among them the CIA of America. Even after having substantially discounted the official account on the extent of growth, the impression of an extremely high rate of industrialization after the Korean war is inescapable - over 23% in 1954-65 and over 12% in 1965-76. There is at least very little doubt that since that time the DPRK has become a highly industrialized country.

What the figures indicate is that, in view of the possibilities in new and industrializing countries, rates of growth equal to or only slightly better than those in industrialized countries should in fact be regarded as negligibly low.

Here at least is some support in growth terms for the conclusion that even after embarking

on industrialization and development, **not much development had occurred in the Third World** in the period ending in the 1970s, and at the height of the dependence debate. This is not to say that it can not in the future, since the figures also show that China, North Korea and East Europe as late 20th Century examples of countries in a similar position and with a similar goal, were able to attain high growth rates. There are several facts which appear to be related to this, and which we need to examine closely. One of these is that, notwithstanding some socialist announcements by some of them, all the Third World countries which in the period under study appear not to have experienced any significant growth rates were firmly within the capitalist socio-economic organization; China, North Korea and East Europe were not, during the time of their high growths, although they maintained some links with it.

It may have come easily to mind to conclude from this that the existence of socialism explained those high rates in North Korea and East Europe in the period. Such countries had abolished private property, redistributed wealth to a great extent, and re-organized their societies so differently that it was easy to assume a connection between socialism and the high growth rates. We know that the fact had not been lost on dependence theorists.

But what is significant to say in these cases is merely that they confirm the likelihood of very high growth rates for countries embarking on industrialisation. In addition, there are possibly other major policy orientations in those countries which have coincided with the socialist objective, and which have been the main causes of high growth rates. This line of thought may not have been pursued adequately by those in the dependence outlook who were already committed to a solution that entailed a break with the existing international system, and to a socialist revolution. Also, the major part of the theories by the dependence authors were formulated when the emergence of a number of Third World capitalist countries with notably high levels of growth was yet to be fully understood (although, of course this may not have mattered much in view of the 'dependence' of such growth, which dependence theorists do not approve). However, Brazil and South Korea's experiences, showing that similar growth rates are possible elsewhere, i.e. without socialism, should make even dependence theorists notice.

2.2 Late capitalist industrializers in the Third World: The examples of Brazil and South Korea

Having embarked on industrialization from about 1930, the Brazilian economy recorded some remarkable growth in certain years. For the whole period between 1947 and 1977 the growth in the economy and in industry averaged 7% and 8% respectively. In the six years (1967-73) which covered the famous Brazilian 'economic miracle', the economy reached a growth rate of 13.3. Moreover, throughout the critical years of industrialization the capital goods sector was also increasing at a considerable pace, challenging the dominant role of the consumer durables (Andrade, 1982: 182). The growth of industry in Brazil initially had less involvement of imperialism in the form of transnational corporations, but later there was a lot of such involvement (Andrade, 1982). However at this time there was also an increasing state presence in the economy, in both a supervisory and productive role (Trebat, 1983).

South Korea averaged a GNP growth of 9.3 between 1962 and 1979. The industrial sector in particular reached a 17% growth in the same period. A special feature of South Korean growth has been its strength in manufactured exports, whose share in the GNP rose from 5% to 34.1% in the same period. Like Brazil, a particular characteristic of Korea has been the extensive involvement of the state in the economy, despite the fact that both countries are formally market economies.

What seems to have been relevant among the late industrializers who have sustained high growth rates for a considerable length of time is the existence of the process of autonomous accumulation, with different factors helping to facilitate that process. These may have included an abundance of natural resources, as in the Soviet Union, or a large export market, as for Japan. Both Yugoslavia and North Korea attained high levels of growth while accumulating autonomously, though not by autarky, from the world capitalist system. For those in the Third World who have industrialized without much of this autonomy, there are other accompanying explanations for their consistently high growth rates. These include the special international circumstances favouring them at a crucial time of their development. For example, their notable industrial growth occurred during a worldwide boom, and they had begun to industrialize relatively earlier than other late industrializers. Afterwards they attracted more capital due to the existence of this initial industrial infrastructure, and because of a relatively cheaper labour power. These factors were especially beneficial to them because it was a time when the 'emigration' of industries from the 'centre' was a more common phenomenon. This special link with business in the 'centre', or what could be referred to as their functional status in the system, as 'offshore production units', in turn helped them export industrial goods. The special market privilege granted to South Korea by the United States and Japan during the growth of its export manufacturing, not to mention the vast market of the surrounding region, is a case in point (Mitchell, 1982). In short, these countries have had a special status in the system that logically is not possible for many Third World Countries (Emmanuel, 1974), and is akin to a kind of sub-imperialism (Marini, 1972). In addition to this, it seems that late capitalist industrializers who have shown success in the Third World involve the state in production (Trebat, 1983), practise industrial planning, and have created an awareness of the importance of curving out a truly national economy (Luedde-Neurath, 1980) and of supporting industrialization.

Of course this industrialization still remains closely controlled by transnational corporations, especially in Brazil (Andrade, 1982), and this question remains on the agenda of the dependence framework. However, the real test of an anti-dependence **strategy** is not the ideological posture a country adopts *vis-avis* imperialism, but the extent to which it uses circumstances around it to start **an anti-dependence** process. This process involves taking measures to raise capital for building critical economic sectors that will sustain such a process, with the ultimate goal of autonomous accumulation.

3. The importance of industrialization in an anti-dependence strategy

The importance of industrialization has been alluded to time and again in this paper. Most theorists of development support it, but there are conflicting opinions on the type of industrialization to be advocated. The debate raised is complex, and, sometimes, very specialized. What we intend to do here is to introduce it merely to indicate a basis for our judgement on its role in dependence and development.

The examples of countries with high growth rates that we have quoted in this chapter have one thing in common. The high growth rates occurred when those countries embarked purposefully on a programme of industrialization. That the entire process of development in the now developed countries was clearly related to the increasing importance of the industrial sector is accepted wisdom (Clark, 1978: 10; Sutcliffe, 1984: 122-123). In general, a sustained increase of material wealth above basic subsistence ultimately involves the industrial production of goods, and the debate on whether to start a process of industrialization in a country today is relevant only because industrialization exists elsewhere, and can conceivably provide a non-industrial nation with the necessary industrial goods (Sutcliffe, 1984:123). Even then, it is generally agreed, unless a country is extremely small and exceptionally well-endowed with natural resources which can be exchanged for all possible industrial goods indefinitely - some oil states come close to this - the growth of its material well-being would be extremely slow. In theory, since industrialization embodies greater and faster technological changes, the development of general human welfare would stagnate in a country without some form of industrialization. Both this and the tendency of the terms of trade of agricultural exporting countries to deteriorate make it imperative that some industrialization take place in any country.

Known skepticism regarding industrialization have often been objections to subordinating the agricultural sector to the needs of industry, **without introducing technological changes in the latter** to increase the magnitude of its productivity - a legacy of soviet industrialization and of some early theorists of development planning, such as Lewis (1958). Now it is widely recognized that the scientific and technological development of agriculture must go hand in hand with industrialization (Clark, 1978: 11). The **apparent** objection to industrialization by some dependence theorists such as Frank (1972) is, as we have seen, in reality an objection to the dependent nature of industry built in the third World under current economic arrangements.

In recent times some objections have been voiced against import substitution industrialization (represented in economic parlance simply as ISI), which typically characterizes early industrialization in the Third World. Sometimes ISI is paused unfavourably against something else called export orientated industrialization (EOI), which was itself an ISI before it changed its market focus in the South East Asian Countries (South Korea, Taiwan, Singapore, Hong Kong and, more recently, Malaysia and Thailand) in which it is considered a success (Wangwe, 1983).

ISI is often associated with the replacement of imported consumer goods by the domestic industrial production of such goods. This is so because most ISIs in practice are characterized by the production of consumer goods, with almost all capital goods left to importation.

ISI is also often associated with imported intermediate inputs, and even raw materials. This is because in the initial zeal for industrialization, the possible long term results of these are not considered seriously enough. But there is nothing to suggest that in principle ISI should regard such considerations as of little importance, and by now the experience of other ISIs should tell new ISIs that failure to weigh the problem of imported intermediate inputs and

raw materials can have severe effects on foreign reserves, the cost of production, competitiveness, and eventually the entire production.

The real distinguishing feature of ISI is its concern with the quantitative increase in industrial activities domestically rather than with structural change. The proportions of contribution by the various industrial divisions are not its priority; neither are the inter-linkages of industry. ISI typically determines the establishment of an industry by looking at the level of the existing demand, or if the country will still have a decided advantage by processing instead of remaining a major raw material supplier for that type of industrial activity.

The major areas of the debate on industrialization in which there is more disagreement include the choice of industrial activity (with a view to the structure that it might produce), the choice of production techniques and the nature of ownership (or the extent of state involvement in investment and in the running of industry).

In terms of the choice of activity, there have been two major approaches. The first regards the choice of industrial activity to be governed by the extent of the demand for which the industry will produce, whether that demand is domestic or external (Roemer, 1972).

In a newly industrializing country, usually the activities chosen on the basis of this criterion are dominated by consumer industries (such as textiles), since the greatest and most basic demand is for such goods. This is especially true if the target market is a domestic one. The predominance of consumer industries may not occur where the industrializing country has special resources whose use in industry can produce goods in greater demand elsewhere, and where a deliberate decision is taken to produce for such an export market. In both this and the instance in which consumer industries become predominant, usually the industry is considered to have a greater likelihood of profitability, since at least the market aspect of that profitability is guaranteed.

The other major approach does not necessarily ignore questions of profitability and demand, but pays more attention to identifying industries which are critical in any industrial sector - those which provide the greatest benefit to the economy and are central to the maintenance of **growth in industrial activities** in the long run. The original formulation of this approach was as follows. As industrialization proceeds, indeed as advances in modern life are made, there is a greater demand for machines, machine parts, spare parts of machinery, and construction and building materials (including steel and other metal-based construction materials). The growth rate in the future will be higher the larger the capacities of industries which produce these capital goods. As Dobb (1963:50) put it, this is because:

> "...One will have a larger output of steel and machines in future years with which to construct and equip new factories and power plants and steel-mills. To this extent machine tools to make more machine tools will be more growth inducing than automatic looms ...."

One of the most notable contributions to this approach in recent times has been the work of Clive Thomas (1974). He argues that the requirement for an effective industrial development strategy is the identification and development of 'basic industries'. The concept of 'basic industries' itself was not new when Thomas employed it, having been used before by others to refer to the capital-goods branch of industry. In Thomas' usage, however, the concept

encompasses much more than this. There are, according to him, three criteria for preparing a list of basic industries. These are the value-added contribution of an industry, the likelihood of the continuation of demand for the products of an industry given a change in the income of consumers, and the extent of the linkage between a particular industry and others in the economy. By these criteria, the production of iron and steel, as of machines and their parts, **particularly machine tools,** receives one of the highest rankings. The initial list of basic industries is long; it includes textiles, industrial chemicals and many others. The list can only be given practical content and rendered more meaningful if it is reviewed in tandem with one of Thomas' 'Law of transformation', namely that there must be a convergence between the pattern of domestic resources use and domestic demand. This means that, as a general rule, priority should be given to those basic industries which are at that time capable of utilizing domestic resources. Exception to the rule may be granted to basic industries that are at the top of the list, such as iron and steel and machine tools, provided that efforts are made to minimize the external dependence of such industries.

In emphasizing the importance of basic industries, Thomas not only underlines their contribution to the long-term growth of an economy but also their 'strategic' value, since some of them (for example machine tools) are the sources of technological dynamism - the only true guarantee of economic independence in his view. This is the major reason why he advocates a basic industry strategy even for countries with a limited market; some industries are simply too important for national economic independence to be governed by market forces. To put it another way, Thomas marries assumptions of the importance of industrialization, and of basic industries in particular, with not only the objective of long-term growth but also one of the major goals of dependence theorisation-economic independence.

There are differing opinions on the choice of technique, which refers mainly to the capital-labour ratio. The main reason for advocating labour-intensive techniques of production for Third World countries is that they do not have enough capital and skills to invest and maintain productivity in expensive capital-intensive techniques, while they have cheap and abundant labour (Clark, 1978:15). The logical thing to do in these circumstances is to employ the least-cost factors to the greatest effect, thus the choice of labour-intensive techniques. On the other hand there are those who argue that labour-intensive techniques are usually characterized by outdated technology, and this more or less condemns those who choose them to backwardness to the extent that they no longer offer useful technological information from which a newly-industrializing nation can learn (Emmanuel, 1982). In our view the choice of techniques should depend on both their rate of productivity as well as their capacity to generate new information. It should not be based merely on the need to utilize labour. After all a successful solution to the unemployment/ under employment problem **ultimately** depends more on the extent of the generation of industrial activity than on the labour intensity of a particular industry. Industries which create further industrial activity are usually capital-intensive, and can not be avoided because they are the engine of growth, as we saw earlier. This is further justification for the involvement of the state in industrialization, for it is often the only one able to invest in expensive capital-intensive industries (Tyagunenko, 1973). In practice the peculiarity of each industry may modify policy preferences from one establishment to another; there are areas in which labour-intensive techniques are equal to, or even more productive than, the capital-intensive type (Stewart, 1978; Perkins, 1981).

A question related to that of choice of technique is that of choice of scale. Usually small-scale is posed against large-scale industry. The arguments involved are similar to those in the choice of technique debate. This is because small-scale industry is usually also labour-intensive, while large-scale industry tends to concentrate technology and is therefore capital-intensive as a rule (Perkins, 1981). The main economic argument for large-scale industrial production is that for each type of industrial activity there is a threshold of scale below which production can not be profitable, that this threshold is beyond the capacity of most small-scale industry, and that the threshold gets higher as technology advances. Similarly, in most cases maximum economic benefits and faster industrial growth is derived from the best technology available, which also continually demands a higher threshold of scale of operations for it to be productive (Tyaguneko, 1973: 14-15: Emmanuel, 1982). Once again, only the state can afford to establish such a scale of operation in small Third World economies. Nevertheless, where industrialization has not spread to the rural areas, and as long as capital remains scarce to small economies, small-scale industrial production complements larger operations, spreads technological know-how countrywide, and keeps some production going, maintaining a level of consumption for rural people (Tyler, 1981; Sutcliffe, 1984).

Finally there is the question of the ownership of industry and whether the state should be involved in its direction. There are those who treat this question in ideological terms, that is, either in defence of the principle of 'free enterprise' or of socialist/public ownership. The experience of South Korea and Brazil - where a pervasive state direction of industry is mixed with a committed espousal of free enterprise - suggests that public ownership or state involvement in industry is a matter of necessity rather than ideology for countries industrializing late. In fact both the ECLA-Prebisch doctrine and the planning approach of the conventional development framework have long treated state involvement in industry in the Third World as a necessity. The need for a greater national control of the economy, which is more pronounced in the dependence framework, is an additional justification for such involvement.

4. The relevancy of industrialising with equity

Frank (1969: 350-408) and others had hypothesized that underdevelopment, referring to technological and economic backwardness in the larger part of a country, low income levels, and absolute' poverty (or immiseration), continues despite relatively successful industrialization - in countries closely tied to capitalist metropoles. In Brazil, underdevelopment seems to have got worse in many parts of the country as such dependent industrialization gathered pace. As Andrade (1982:165) observes:

> "In a metaphorical sense, Brazil is a frontier of the capitalist world. It is the empty lands to be conquered by the gun and turned into profitable business. In a more analytical sense, it is a young industrialized country where capital has spread in a blind rush, without developing the self-consciousness and institutions which could have attenuated its

socially unacceptable effects. In any case it is a case of savage capitalism. But is it a success? From the point of view of growth, yes. The GDP grew at an average compound rate of 7 percent a year from 1947 to 1977. From the point of view of the well-being of the Brazilian population, no. The majority of those with relatively stable jobs earn less today than they did twenty years ago".

Clearly no 'trickle-down' has taken place in Brazil after so many years of industrialization, and with a real 'economic miracle' in some years (CIIR, 1978; Tyler, 1981). This is the problem of industrialization without a socially-sensitive goal of distribution.

Most theorists no longer entrust the raising of incomes for the majority to an adjustment mechanism through trickle-down (Arndt, 1983), but many still argue that industrialization entails a significant curtailment of consumption in the early years, so as to the maintain the pace of accumulation. This means lower wages and low prices to peasant producers where the state has made some kind of intervention in the economy. This can be in the form of direct force, as in the USSR in the 1920s and 30s, and in Latin America recently. Or it can be in the form of state compulsion which enlists the population's acquiescence, as is believed to have been the case in Japan (Bronfenbrenner, 1982).

On the other hand there are those who argue that current technology, if used efficiently, raises productivity in industry sufficiently to begin tackling the distribution question immediately, and that the betterment of the quality of life is itself a paramount goal (Streeten, 1981; Sutcliffe, 1984). In fact even a purely economic justification for continually raising the level of consumption of the general masses of the people can be found. A more even distribution of income helps create a wider market for certain products, in turn increasing the possibility of the more efficient assembly-line production of such goods (Tyagunenko, 1973). Uneven income distribution narrows the market for such goods and does not help mass production much.

There is no doubt that the problem of getting enough capital to finance industrialization, which often implies curtailment of consumption and 'forced savings' for a period may be compounded in smaller economies, but it may still be necessary to incorporate into any anti-dependence strategy the acceptance of growth with equity in principle, so that whenever the usually tight economic situation slackens, there is a positive rethinking of wage and commodity price adjustments. In addition it is necessary to maintain a 'minimum' investment in basic human needs, including health and education, and to provide subsidies for the lowest poor (Streeten, 1981).

This discussion enables us to understand a strategy of industrialization for independent development as including the following

(a) Some level of awareness of the connection between the local economy and the global one, the role that the former objectively plays, and the contribution of that role to the problems of development in the Third World.
(b) The realization that the eradication of constraints to development engendered by the Third World's role in accumulation entails the availability of capital, from the same constraining global system, and from a consumption-curtailing local mobilization of funds, both of which may prove difficult to realize.

(c) A certain form or level of localization of the economy in terms of ownership and management be attained, to facilitate co-ordination and the movement towards greater autonomy in decisions which affect the economy.
(d) The need for planning in order to implement the programme systematically and to avoid a waste of resources.
(e) A programme of industrialization undertaken because it is the motor of growth and diversification of the entire economy, including agriculture.
(f) The inevitability of state involvement in industrial production because it possesses greater resources for investment in critical but expensive industries, compared to private entrepreneurs in small economies.
(g) The structuring of industry in such a way that it can engineer structural changes in the economy, and induce further structural changes within industry itself, for example by making it possible to move from a predominance of the export of primary products to that of manufactured exports, and by introducing the capital goods sector to generate other industrial activities.
(h) Paying some attention to small-scale industry whenever possible since it can provide elementary industrial learning, especially in rural areas, and can help to raise the level of industrial culture around, in addition to being cheaper where it matches large-scale industry in efficiency.
(i) The adoption of the principle of growth with equity, since it has an economic function and is politically desirable.

The assessment of an industrial strategy may seek out all these variables, but, at least in the formative years of such a programme, it will not be whether a country has become industrial, but whether it has started an industrialization process aiming at an integrated industrial base, and, through it, independent development.

5. Tanzania's basic industry Strategy

At the policy level, and despite macro-economic interventions by the international economic institutions, industrialization in Tanzania has, since the mid-70s, been guided by what has come to be known as the Basic Industry Strategy (BIS). The BIS covers the twenty-year period 1975-1995. Launched 'behind schedule' in 1978, it was a culimination of many debates and plans that had taken place in planning circles since 1973.

The broad goals of the BIS are structural change and self reliance in industry and, by extension, the economy at large. It defines structural change not merely in the familiar terms of an increase of the share of capital and intermediate goods in total manufacture, but also in terms of **the development of Tanzanian resources to meet Tanzanian needs**. The latter aspect of the definition, which the authors of BIS intended to be the axiom of implementation, is an indicator of the theoretical influence of Thomas (1974) who advocated the need for creating 'a convergence between domestic resource use and domestic demand', and 'between final demand and material needs'. **Table 1** indicates the extent of structural changes that were expected to occur within industry in twenty years from the launching of the programme, and **Table 2** shows some aspects of the expected home-market orientation of industrial production resulting from the BIS.

Table 1: Forecasts of Structural Changes in Industry 1975-95

Share (%) of Value Added by:	1970	1974	1980	1995
a) Food, beverages, tobacco	40.0	32.0	29.1	21.2
b) Textiles and leather	25.0	21.0	21.5	18.7
c) Wood and products	12.0	11.5	10.6	9.9
d) Chemicals	10.0	16.2	18.0	16.3
e) Non-metal minerals	3.0	4.0	6.0	3.6
f) Metals and prodicts	10.0	15.3	14.8	30.3
Total	100.0	100.0	100.0	100.0

Source: Tanzania Govt. 1976:44)

Table 2: Forecasts of the Domestic and External Orientation of Industry

Share (%) of Value Added by:	1970	1974	1980	1995
a) Manufactured exports	10.0	4.3	5.9	2.4
b) Domestic goods made largely from imported inputs	45.0	48.5	45.8	14.8
c) Domestic goods made largely from local inputs	45.0	47.2	48.3	82.8
Total	100.0	100.0	100.0	100.0

Source: Tanzania Govt. (1976:44).

5.1 The rationale for the BIS

Let us look at the justification, and other background considerations, for the choice of this programme.

(a) The choice of industrial activity

The consumer goods industries that meet the basic needs and demands of the people were of course nearly an automatic choice, in a country which had professed people-oriented development for some time. But the choice also indicates that the government was not prepared for a 'wholesale' interference with current consumer preferences which the pursuit of a restructuring may sometimes imply. In addition this group of industries in general remained easier to establish and more profitable to run, due to the existence of an established

market for its products and its relatively lighter investment. The requirement of maintaining a routine operation of industry and normalcy in the economy while a restructuring took place thus dictated that these industries be given an important place in the programme.

The basic metal and metal-working industries form the core of the 'basic materials' or 'basic industries' sector in any industrialized country (Dobb, 1963; Thomas, 1974; Rweyemamu, 1976; Luttrell, 1980). In Tanzania, the choice of iron and steel as a basic industry was regarded as self-evident from the fact that its products are the most used in the physical structures, tools and equipment that support modern life. However, the metal-working industrial 'sector' was considered to be the most important, and the reasons for this were listed as follows.

- It is the most basic industry of all because it provides capital goods, especially machinery, and many other goods used in all other industries. In addition it has a higher linkage effect than any other industry.
- It has one of the highest concentrations of technological know-how, and as such its development is crucial in breaking out of dependence on the technological front.
- Because it is the best 'laboratory' for technological innovation it is better suited to the adaptation of technology to concrete conditions. It makes more sense to talk of appropriate technology in Tanzania along with an extensive development of this sector.
- It is the greatest user of products of the iron and steel basic industry.

The picture of basic industries was completed by the addition of the chemical group of industries in the 'intermediate' sector, which as a rule has an extremely high linkage effect (Rweyemamu, 1976: 8).

(b) The high profile of technical rationale for aspects of BIS

Part of the reason for the acceptance of the BIS was that it satisfied those who saw **change** as the overriding goal - the authors of Arusha - as well as the more technocratically-oriented. The use of technical criteria to argue the BIS case could win over the traditionally technocratic supporters of the 'maximum growth' strategy, since it virtually eliminated possible skepticism over it as merely the politicians' normative invention. This, in fact, was the hallmark of the entire programme: The BIS line was accepted on the basis of its superior technical arguments. For example, although the programme showed that it was still committed to what had become, since Arusha, the traditional welfare and equity principles, the mode of discourse on these during the preparation of BIS and its subsequent popularization was technical rather than normative. Thus, while expressing the need for a regional/provincial dispersal of industry, as the industry section of the Second Plan had done previously, but unlike its predecessor, it took full cognizance of the difficulties involved in pursuing this goal with limited capital and inadequate infrastructure. In this regard the BIS classified industry according to two tiers. The first tier was that of national industries, comprising all large-scale establishments as well as some medium ones. The policy made it clear that these could not be expected to be established in every region, and therefore spreading them around the country would be limited to what were termed industrial growth

zones, each comprising several regions. The twenty Mainland regions were for this purpose divided into only six zones. The second tier of industries comprised medium and small establishments producing basic consumer goods for domestic consumption. The distribution of these among districts and even villages was possible due to their smaller capital outlays and easier adaptation to lower infrastructural levels. The rationale for the dispersal of industry that was stressed was that goods should be produced not too far from where they are consumed (Msuya, 1978: 4-5). This tended to highlight efficiency considerations (i.e. reduced transport costs) rather than purist concerns for welfare and equity.

Similarly, the argument in support of BIS in regard to the issue of employment effect was accepted on the basis of a cost-benefit analysis, thus continuing the tendency to defend the programme on technical rather than political grounds. The fact that BIS was built around the production of machines, machine tools, machine parts, other engineering products, other equipment, chemicals, as well as iron and steel, all of which have a generally high capital-labour ratio, meant that the programme would create less employment than any of the more likely alternatives which excluded or minimized these activities, such as the production of basic consumer goods or the processing of exports. But studies in the preparatory stages of BIS indicated that the potential spin-off of its industrial activities was high, and that in the long term it would create more employment than the alternatives were capable of.

There was in the BIS a degree of sensitivity to consumer preferences that, to an extent, placated potential opposition from especially those who were averse to interference with accepted demand, which the restructuring of industrial production implied. This can be seen in what amounted to concessions by BIS supporters in the discussion on import levels of some basic goods. The programme allowed for levels of importation arising not from shortfalls in domestic production but from a desire to meet some of the consumers' current expectations. For example, although the demand for roofing materials could be fully met by local production, chiefly of clay tiles, which would be consistent with the goal of using locally-based inputs, a specified quota of the materials would be imported due to a general preference by consumers for (externally made) galvanized iron sheets. Also, nearly all shoes could be made locally, mainly due to the abundance of leather. But the leather industry in Tanzania was already small-scale in nature, and policy intentions were that it should stay that way. In addition, leather is by itself expensive. Both these factors make leather shoes dear. Thus, it would defeat the consumers' expectation to obtain cheap shoes if all demand was met by local production. Non-leather shoes produced on a large scale elsewhere met the requirement of low cost and good quality, and therefore a portion of the market would be served by these. Similar allowances were made for imported synthetic fabrics into a market that could be fully catered for by textiles made from local cotton.

The programme also committed itself to the completion of ongoing projects, mainly in order to guard against too much disruption of the economy when in fact some of it could be avoided. This showed a degree of flexibility and 'responsibility' to which those attached to the old structure of industry could relate.

Above all, the entire programme seemed to be quite viable on the 'drawing board', as indeed

were the newest and most expensive individual programmes of metal-working industries and iron and steel (Williams, 1973; Luttrell, 1980; TISCO, 1982a; TISCO, 1982b).

5.2 The probable strength and weakness of the BIS in terms of its sustenance as a national programme

The above discussion has already pointed out the strength of the BIS. In summary this strength lies in the fact that this is the programme that more closely expresses a commitment to non-dependent development while at the same time demonstrating, at least in the planning phase, that it is **economically viable**. However, there are two factors which are likely to throw the programme into national disfavour. The first is that the programme's results and successes are pinned on the long term. In times of economic crises,when liquidity and short term considerations tend to dominate development thinking, the wisdom of sustaining the commitment to such a programme could continually be questioned. The second, which is related to the first, is that some of the individual sections that constitute the new innovation and are considered to be the more important are quite expensive to fund. Even if the economy did not experience serious unforeseen economic difficulties and immediate financial benefits did not become a pervasive demand on industry, the funding of these areas would put so much strain on the funding levels of other areas that increasing opposition to it would be predictable as implementation advanced.

5.3 Project priorities and the funding of industrialization in the early phase of the BIS

The list of basic industries in the twenty-year programme did not by itself give adequate indication of the areas of investment on which the government would concentrate in the early phase. It was the industry section of the Third Plan - the first phase of BIS - that spelt out such priority. The basic industries to be established in that phase were metal- working, chemicals and paper and pulp. It was made clear that top priority went to the establishment of metal-working industries (Tanzania Govt., 1976: 45, 48; Msuya, 1978), and the task was assigned to the most important and experienced industrial corporation in the country, the National Development Corporation (NDC).

As implied by the entire programme, the rationale for making the metal-working industries the priority in the first phase of the BIS included the need to construct a metal-utilizing infrastructure for a national iron and steel industry, and to create a technological pool for other industries (Msuya, 1978: 3). In relation to this, there were to be priorities within the metal-working division itself, with the Third Five Year Plan expected to concentrate on the manufacture of spare parts and the upgrading of existing engineering firms into industrial workshops (Msuya, 1978: 4). Other stages, in sequence, were to be the establishment of machine tool industries, the manufacture of simple machines or parts of complex machines, and, finally, the manufacture of machines. It was possible that some of these would be undertaken in the Third Five Year Plan, but they were expected to fall under subsequent plans. The markets that these metal-working industries were expected to serve were also ranked according to policy priorities, with the first phase of the BIS concentrating on agriculture and other rural aspects of development (Msuya, 1978: 4).

5.4 The nature of industrial expansion after the inauguration of the Basic Industry Strategy

One expects food processing and textile industries to continue dominating available industrial capacity for some time, despite the gain by other divisions. As these industries provide the basic necessities of life, their expansion tends to correspond to the rate of population growth (which in Tanzania has averaged 2.7% annually). Even when a drastic re-orientation of industry is undertaken, say with a heavy bias towards metals, metal-working and chemical industries, it may still be necessary to expand capacity in the food and textile industries, as the BIS itself stipulates. This is in fact what happened after the launching of the BIS; investment in food processing and textiles continued to be high. The largest share of investment (26.88%) was taken by textiles, and the bulk of that investment in textiles was in the large-scale integrated Musoma Textiles Limited (Mutex) (Tanzania Govt, 1982).

The share of textiles indicated here was commensurate with its planned share in the long-term industrial strategy, but appears excessive in terms of the priorities of the industry section of the Third Five Year Plan. However, this did not disadvantage the metal-working, chemical and paper and pulp industries, which were the special focus of the plan. Of these three, the policy for the establishment of metal-working industries was the most closely adhered to. A high level of investment (19.12% of the total) was maintained in these industries in 1976-82 (Tanzania Govt, 1982:37). Levels of employment in the combined metals and metal-working industries had a rising share of total employment in the period. Even rising output levels indicated the increasing significance of such industries.

Notable metal-working enterprises that were newly-established included various foundries; several manufacturers of electrical goods and accessories, the most important of which (TANELEC) is in Arusha; the production of machine tools such as lathes, grinding machines and wood working machines in Moshi; and the manufacture of farm implements in Mbeya and Mwanza. In the 1978-83 period, the NDC initiated twenty metal-working projects, with costs of individual projects ranging from sh. 33,000,000 to 370,000,000 and totalling sh. 2,553,000,000 altogether.

In the chemical industries the projects under implementation in the period included a factory for the liquefaction of a naturally-occurring carbon dioxide at Kyejo-Tukuyu (important to the production of beverages and the preservation of processed food). The largest envisaged project in the division, however, was the attempt to produce ammonia and urea from natural gas reserves at Songo Songo, to be used in the manufacture of fertilizers.

An extremely large and expensive paper and pulp plant was being constructed at Mufindi in the Southern Highlands. It had a capacity to produce 60,000 tons of paper annually (which matched projected total domestic demand to 1985), and was built at a cost of sh. 3,000,000,000.

It is clear then, that in terms of the creation of capacity, the priorities and sequencing of industrialization as laid down by the industry section of the Third Five Year Plan, the first

phase of the BIS, were being implemented as planned. In general the investment in the capital goods branch of industry, the mainstay of which are metals and the bulk of the metal-working industries, was rising. Regarding the iron and steel industry in particular, a decision had already been made to exploit the iron ore at Liganga in the Southern Highlands. However, more feasibility studies were still being conducted, and there seemed to be problems in getting funds (expected to come mainly from external sources) for this particular industry. Meanwhile substantial expansion was being undertaken in the traditional metal industries, especially at Aluminium Africa and the steel rolling mill (where a billet casting project to provide the mill with a backward linkage in the same premises was underway). The dominance of metal-based imports from 1978 onwards (Bank of Tanzania, 1982:53) is to an extent a reflection of the rising share of metal-based industries in industrial capacity expansion in the period following the inauguration of the BIS.

Regarding the propensity of industrial production to move towards a predominance of processing for export, it seems that efforts in the period generally kept in line with the BIS guidelines, namely to guard against a proliferation of investment in such activities (though it seems that another reason for the lack of growth in export processing was the depressed markets for both cashew kernels and sisal products in the period). Similarly, it appears that the share of industrial exports in the total would have more or less stabilized at existing levels, indicating a desire to serve the home market first, except that in 1979 and 1980 that share rose dramatically (from 8.5% previously to over 18%) (Bank of Tanzania, 1982:52). The explanation for this is that following the war with Amin's Uganda (which had depleted the foreign reserves) a temporary policy of 'everything for export' was put into effect, both in order to earn foreign currency and to help rehabilitate the Ugandan economy.

Finally, regarding the import-dependence of industries in terms of inputs, searches for ways of minimizing imported inputs and the utilization of local raw materials now became widespread. There was a switch by the fertiliser company from imported to local phosphates available at Minjingu in Arusha. The steel rolling mill was already utilizing billets cast from scrap iron by Aluminium Africa. The General Tyre plant in Arusha had started its own rubber plantation. The major textile mills, Urafiki and Mwatex, had created foundries in order to manufacture their own light spare parts; Mwatex's expansion after 1975 was expressly labour-intensive with the view to reducing import-dependence. At the gigantic Southern Paper Mills (SPM) a pine forest to provide raw materials had been prepared for many years, and it is also worth noting that the production of some of its chemical inputs - caustic soda and chlorine - on site was envisaged in the plan. The future production of surphuric acid on a large scale in Tanzania, for use by SPM, TFC and others, was also being considered seriously in planning circles.

6. Tanzanian industrialisation in the 1980s and 1990s

6.1 Overview:

There was a steady increase in industrial growth (at adjusted prices) throughout the 1960s and most of the 1970s. It reached its highest ever in 1979-80, at which point it tapered off, then slid into a steep decline, reaching its lowest in 1986, from where it began to rise gradually.[2] The decline in growth was similar to that of the other sectors: It was an economy-

wide decline. The share of industry in the GDP rose steadly throughout the 1960s, reaching its highest at around 11.4 in 1972 and 1976 (at 1966 prices), then declining thereafter to its lowest in 1986, from where it began to rise a bit, reaching 8.4 in 1991 (Tanzania Govt, 1993)

Many possible causes of the decline in the growth of industry and its contribution to GDP have been debated a lot in Tanzania. These include lower productivity as a result of possibly under-employment, under-utilization of capacity, managerial incompetence, the wrong choice of techniques of production and the faulty selection of plants as well as machinery suppliers. Others cited have been undercapitalization and the lack of foreign exchange. Each of these, alone or in combination with others, may have contributed to the decline. However, a more comprehensive understanding of this decline in industrial production seems to be its fragility in relation to changes in the economy, whether domestic or international. This is especially so because of the high import content of industrial production, ironically a legacy of import-substitution industrialisation, and, more importantly, the dominance of primary production (including export production) in the economy. The latter quickly translates its failures into problems for all other sectors of production (including industry) once international prices for primary products fall. These prices have in fact fallen for most of the period since the late 1970s.

6.2 The IMF and World Bank Intervention

The history of the intervention of the international economic institutions in Tanzania in the 1980s and 90s, consequent upon poor economic performance, is well documented. As is well known now, the IMF's and the World Bank's intervention in Third World economies has shifted from being purely financial to demanding change to a market economy in return for loans. As all major donations and loans from industrialised countries are predicated on agreement with the IMF and the World Bank, these two have come to play a critical role in the lives of Third World nations. It is therefore important to know and evaluate their attitudes towards industrialisation in these countries, Tanzania included.

The general attitude of the IMF and the World Bank is a familiar one: the minimization of government activity in the economy and the "freeing" of the economy to full market forces. This attitude is specified for industry as follows: There should be a shift of resources from the public sector to the private one, from ISI to export and 'linkage' industries, and from import - and capital-intensive industries to those that utilize local resources and are labour intensive. Above all, there should be a shift of resources from industry to agriculture (Stein, 1992; Stevenson, 1989). Obviously all this is premised on some prior assessment of existing African industry. The following is the World Bank's assessment of pre-reform sub-Saharan African industrialization.

1. Protection, public ownership and a national policy emphasing investment has resulted in too large an investment in industry and in the excessive expansion of its capacity, at the expense of investment in agriculture. Since agriculture was relatively neglected, it could provide neither raw materials for, nor linkages with, industry. Nor could it earn adequate forex for the importation of inputs into industry.

2. Excessive public ownership has discouraged private investment in industry reducing much-needed competition and contributing generally to inefficient performance. In addition such public ownership has often paralysed industry in other ways: shortage of government capitalisation, intervention in decisions for extra-economic reasons and the obligatory delivery of profits to the state.
3. Excessive investment in ISI, without an eye to the domestic demand, and at the expense of forex-earning export processing and linkage industries (understood to mean raw material processing, intermediate and capital goods industries).
4. Excessively high import and capital content in production costs, unsustainable by the meagre forex and savings, and the failure to utilise the comparative advantage of local resources and (cheap) labour (Meier and Steel, 1987).

On some of these points there is little disagreement between the IMF/ World Bank and a basic industry strategy. The Tanzanian BIS itself supported assumptions No. 3 and 4 above, but was still very much in its infancy when it was affected by an economic crisis rooted elsewhere. But regarding assumption No. 2 we have shown in this paper that, contrary to the "thinking" of the two institutions, there is an inherent advantage in encouraging public investment in "capital-hungry" sectors of the economy of late industrializers. Overall, these IMF/World Bank assumptions reflect their well-known commitment to short-term adjustments and profitability, rather than a restructuring of the economy away from dependence entailing purposeful industrialisation.

In Tanzania the World Bank and the IMF have not immediately sought to dismantle industry. They have been discouraging new investment, but they have also been promoting import support for spares and raw material procurement, as well as rehabilitation, for the enhancement of capacity utilization (Tanzania Govt., 1993; Wangwe 1992). This means that the tangible results of the IMF/World Bank intervention in Tanzanian industrialisation so far appear not to be negative.

But these institutions already have a pervasive influence, and a far-reaching impact, in terms of a general mood for privatisation and profitability. Despite talk against ISI and in favour of linkage industries (economistically understood), the IMF/World Bank 'thinking' does not discriminate among industries by any strategy of development, other than measuring usefulness by profitability. This is now also the 'thinking' of the Tanzanian government on issues of reform and restructuring of the economy. It is yet to be put to implementation, but if followed, as is likely, low-profitability real-linkage industries (in the sense of the BIS) may disappear completely. As these are the most important industries in a long-term programme of industrialisation and development, letting them disappear amounts, in effect, to a lack of support for industry. In the metal-working industries subsector, candidates for this possible demise include the Tanga Steel Rolling Mill, with falling production due to aging machinery, and the Kilimanjaro Machine Tools Company, whose competitiveness has been wiped out on account of an apparently inappropriate (Bulgarian) technology and the flooding of the

market with similar goods imported through the Open General Licence (OGL) arrangements. As Stein (1992) observes, this lack of support for industry within the IMF - and World Bank - induced market reforms is likely to de-industrialize the existing manufacturing base without encouraging any significant replacement.

7. Conclusion

In this paper we have noted the following points. The first is that the case for industrialization is alive today as it was some decades back. Secondly, there is need to keep in mind the importance of industrialization when formulating national economic policies, including those policies perceived to be short term, such as SAP and ERP/ESAP. Thirdly, there is an imperative to keep in focus the need for industries which best spur economic activity and further industrialization, such as iron, steel and metal-working industries, as well as those industries which will quickly promote an integrated and independent industrial base, among which the above feature. Finally, by their very nature of heavy investment and low profitability in the short term, these industrial activities do not lend themselves well to private investment in general, and to "relatively poor" private investors such as the Tanzanian ones. This means that government involvement, including direct public investment, supervision and a reasonable degree of protection, are unavoidable if the transformation of the economy into sustainable development is to take place.

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Contradictions in Uganda's Development: The Case of the Sugar Industry

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The development and persistence of the plantation system of production has been associated closely with the New World, sugar and the butter history of slavery. Today, plantations are found primarily in Latin America, the Caribbean and Asia. While there have been relatively few plantations in Sub-Saharan Africa, they have assumed an important albeit small place in the agricultural development of the region. A vast and rich literature has been amassed focussing largely on the plantation systems of Latin America and the Caribbean. However, new areas of plantation production have received little attention. As Graves and Richardson point out:

> ...if one of the themes of the history of international commodity production has been the survival of the majority of the old sugar colonies as mono-cropping export oriented economies, another has clearly been the emergence of new areas of sugar production. What has been less studied has been the emergence of new areas of plantation agriculture, and their transformation, in the colonies of white settlement and the newly acquired tropical dependencies.[1]

The Ugandan sugar industry emerged in the 1920s and was developed along the liens of the plantation system by Asians at a time when European plantations were being repudiated in favour of peasant production. The crisis in the European plantation sector witnessed the withdrawal of state support in order to ensure the peasant production of cotton which was vital to metropolitan interest. It is in this context that the state argued for the centrality of peasant production.

This paper focuses upon the development and persistence of Asian owned plantations within the framework of state policy. The Ugandan sugar plantations provide an interesting case study of a plantation system and its relationship to the dynamics of the state policy process. It is necessary therefore to examine the plantation system in order to understand the place of the Ugandan sugar industry within the broader context of plantation literature which deals with conditions which lead to change or persistence in plantation agriculture.

Plantation Theory and the Place of Uganda

The theory of the plantation is fraught with immense difficulties which can be attributed to a lack of universally acceptable definitions of what constitutes a plantation and a plantation economy. The plantation economies of the world are those in which the plantation system essentially dominates the country's economic, social and political structure, although the specificities of determining which countries can be classified as such vary according to

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