The East African Community: A Valediction forbidding Mourning

*Reginald Herbold Green.**

Do not go silent
Into that good night...
But rage, rage
Against the dying of the light.
— Dylan Thomas

....an ailing wound prevails
From where a colonizer sails
For he plants his boys.
in all the key posts
thus bewitched Africa is dislodged
as untouched evil eggs are hatched...
— Timma-adde

We know that history at all times draws
The strangest consequence from remotest cause.
— T.S. Eliot

Do not cover up the scars
... lest it prove a hollowed shell
And lest the feet of new-torn lives
Sink in voids of counterfeiting
Do not swell earth's broken skin
To glaze the fissures in the drum.
— Wole Soyinka

INTRODUCTION

The East African Community died in the second half of 1976. It dies not with a bang but with a whimper, not in public confrontation but in a dialogue of the deaf in secluded conference rooms. The more traumatic events of the first half of 1977 were — even when intended as an electric shock treatment to jerk the EAC out of a coma — were the rattle of clods on a coffin lid.

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This is not a dispassionate or impartial analysis. The author has been too closely involved over too long a time with the efforts, hopes, fears, exasperations and aspirations that went to creating, building and sustaining the EAC; he cannot view it or its demise as an "experiment that proved negative" or a moment in time viewed from a great distance. Equally his involvement and commitments (and perhaps his data sources) do not lend themselves well to the Royal Commission style of awarding blame more or less evenly and urging all to be sensible and start again.

Nor are the ensuing elements toward an analysis definitive. The available record is highly incomplete — the great mass of the published polemics shed more heat than light and more smoke than either. Kenyan decision-taker intentions and motivations are particularly badly documented in this regard — a critical obstacle to definitive analysis because the death of EAC was either quite deliberately decided on by them during 1975 or resulted from very major miscalculations on their part.

However, this is also not a polemic[2] —to assert that Charles Njonjo or Idi Amin or Julius Nyerere plotted to kill the EAC is not very illuminating since — even if true — it begs the real question of why? Equally, to assert that TNC's killed EAC (even more than the assertion of a few years ago that they gave birth to it) is, at best, so reductionist as to leave one little the wiser on ways, means, motives. Finally to say that the rise and fall of EAC was part of the global evaluation of dependent capitalism is presumably true by definition for the world economic order is capitalist — including the bulk of the international economic transactions of socialist industrial economies. It is an order in which, the East African economies are on the periphery but this is hardly an explanatory device of much precision or rigour.

This essay is a set of elements toward an analysis grouped in ten clusters:

a. Why the EAC? — the political economics of the nation states;
b. Why the EAC? — the contact of international economic order;
c. Inherent stresses: antagonistic contradictions from the start?
d. Countdown to dissolution;
e. A canvass of causes;
f. Division of gains, "efficiency" and all what?
g. Party, state, elite ideologies in conflict;
h. TNC's geopolitics and systemic crises;
i. TNC's geopolitics and systemic crises;
i. Uganda: the inoperable cancer;
j. Concluding reflections.

A. WHY THE EAC? POLITICAL ECONOMICS OF THE PARTNER STATES

To seek to learn why the EAC died it is critical to see why it was born.[3] For clarity it should be underlined that for ease of exposition, positions are attributed to States, not to imply thereby a uniform or overriding "national interest", but to avoid continuous reference to the "dominant decision takers in...".[4]

In 1965 all three states' leadership perceived that a breakup of the old EACSO/Common Market structures, which had been built up over the previous 40 years, would be expensive. None saw a political federation as practicable (and only Tanzania viewed it as desirable). Each perceived that an unreformed EASCO/Common Market would soon disintegrate because of dissatisfaction and disagreements over division of gains from co-operation and Uganda's self perception as net losers to Kenya was not a perception shared by Kenya, however supported by a majority of outside analysts. To prevent collapse, each sought to secure certain key gains and to offer compromises on a variety of issues to achieve a package which, as the start of a process of systemic and institutional development, would be mutually acceptable.

Above all Kenya wanted to maintain its outlets for exports of goods and services. It also wished to reduce the 50-55% of the cost of joint institutions it paid, but that was rather secondary. The Treaty appeared to meet both these ends — quite correctly, Kenya viewed Transfer Taxes as disrupting her inter-state exports for less than the quantitative restrictions they replaced.

Uganda wanted to achieve more balanced intra-East African trade and freer access to the Kenyan market for agricultural products. Secondly, it sought to have more institutions headquartered in Uganda as a symbol of equality. Thirdly, perhaps most of all, it sought to avoid being left alone in an unequal relationship with Kenya which it could not end because of its landlocked position. The last two points were achieved — the Harbours corporation remained a joint institution at Uganda's insistence; the East African Development Bank and Posts and Telecommunication Corporation were headquartered in Kampala. The EADB and the open ended powers of the Economic Consultative and Planning Council gave hope of evolution toward more balanced trade; a side letter on sugar gave some interim insurance on immediate exports to Kenya.

Tanzania was determined to end what it saw as an overall net loss through co-operation on trade and common services and to start a process of change toward more balanced division of gains through planned production; trade and common services expansion on a regional basis in selected areas (especially manufacturing). The initial shifts of the EAC and Harbours Corporation Headquarters to Tanzania, plus some decentralization of services were relevant to the immediate objective of achieving balance in the common services. The transfer tax, EADB, possible evolution of joint planning under the Economic Consultative and Planning Council responded to the longer term aim of achieving equity in the common market. This expected evolution to broader, closer, more planned (and less "Free") market Tanzania viewed as the only practicable route toward political-economic regionalism and ultimately political-economic Pan-Africanism.[5]

Therefore, each State's leaders could view the Treaty arrangements as a successfully negotiated package, and as a point of departure for more fully attaining its aims. One structural point requires note. On a material level the EAC was composed of two extensive sets of bilateral relations: Kenya-Uganda, Kenya-Tanzania; and one much less extensive one: Uganda-Tanzania. In each of the key pairs Kenya was the stronger partner. Uganda and - to a lesser degree — Tanzania saw the EAC as a way to reduce this inequality because in the Community they could form joint negotiating positions on issues relating to Kenya.[6]

A very brief sketch of each State's internal dominant decision taker clusters as they relate to the EAC is useful not so much to explain the Kampala Treaty[7], but to provide a context both for the built in stresses or contradictions in the EAC arrangements and for the examination of causal contributions to the break-up.

The two dominant decision taker clusters in Kenya could be termed "old style neo-colonial elite compradores" and "modernizing partners in transnational development." The former, in its political, business and technocratic aspects, is exemplified by Mzee Kenyatta, Bruce Mac Kenzie, and Charles Njonjo; the latter by Mwai Kibaki, Udi Gecaga, Phil Ndegwa. The former have sought to secure a share of the gains from the expansion of trans-national corporate enterprise, but not to participate creatively in it. Their own ventures — especially in agricultural land and real estate development-appear to represent the Kenyanization of the settler and Asian rentier sub-classes of the colonial period. Similarly for them, the EAC was useful if it promoted their economic interests and continued Nairobi's colonial role as the "Vice-Regal" centre of East Africa. The latter (modernizing) group had a rather grander and more enterpreneurial/technocratic vision. They saw themselves as potential partners in the development of the international economic system and especially of its TNC component; dependent partners but at least ones with moderately prestigious, creative and profitable roles. Buying out Smith McKenzie, securing TNC units of some significance, building (and heading) public sector institutions to facilitate the partnership were typical of their activities. For this set of interests the EAC was more critical to provide a large market area for the initial building up of Kenya as a regional TNC base (the Singapore or Nigeria of East Africa were among the slogans used).

The old style cluster has always been dominant after the assassination of Pia Yama Pinto, probably it was also dominant in the KPU under Oginga Odinga, but with a more populist and different regional base. This is somewhat obscured by its use of members of the modernizing cluster in key technical and advisory posts when their skills were seen as critical (e.g. Ministers Mboya and Kibaki), by the fact that its dominance is not total and the interests of the clusters are far from always being in contradiction, and also by particularist elements in Kenya politics.

Uganda presented a less clear picture — and one which changed

sharply in 1971—2. In 1965, the majority of Ugandan decision takers were similar in interests and orientation to the old style Kenya clusters, but in regional co-operation terms this meant an interest in ending Kenyan hegemony and protecting themselves against Kenyan competition. A second group — uneasily dominant because it included President Obote — combined elements of seeking "partnership in transnational development", national capitalist autonomism and a shift toward either radical populism or a transition to socialism/state capitalism.[8] However, after 1971, while Idi Amin Dada could be interpreted as compradore*, his style was exceedingly damaging both to the continued production of any surplus of which to take a share and to any coherent political economic policy or its execution. Because of Uganda's location, when Amin has perceived the EAC as relevant to his interests it has usually been as a defence against unilateral Kenyan domination, and sometimes as a lever in his effort to force Tanzania to recognize and legitimize his regiume.

Tanzania's decision takers have been more autonomist in orientation than those of Kenya, and more coherently so than Uganda's. Commitment to a partnership with TNC as a strategic interest or goal has waned in influence, although both public and private debate on the degrees of freedom and necessity in relations with TNCs remains significant. Formally,since 1967 the leadership has been committed to a transition to socialism. For a significant cluster of managers and officials (and second line political leaders), in practice this has meant state capitalism, but the dominant trend has been more toward participatory socialism and equalitarianism.

This has created a more complex approach to the EAC. Autonomism implied a need to end Kenyan hegemony and to build joint autonomy in terms of regional self reliance and bargaining power beyond what Tanzania would achieve alone. Because the transition to socialism (or even state capitalism) required growth of productive forces — the EAC was a potentially valuable medium if it could be a planned economic area; but it also raised problems because Kenya's inegalitarian capitalist patterns and institutions both conflicted with a planned EAC (especially as perceived by the dominant compradore cluster) and had damaging demonstration and seep age effects on Tanzania. As a result, there was skepticism in Tanzania that regional cooperation could move toward planned integration.

This sketch does not purport to be a complete political-economic sub-class analysis. That would take far too long and go far beyond elements relevant to the EAC's demise.

*(objectively throughout and even subjectively in his first year in power)

B. WHY THE EAC? INTERNATIONAL CONTEXT

The EAC cannot be analyzed outside the context of the world economic system without serious omission and distortion. Be it a quest for greater economic autonomy, or reduced dependence, or a higher status in a continuing hierarchy, all are conditioned by the actual hierarchical context. East African economies are peripheral to the international economic system. This has led to a lack of much concern for more efficient and productive methods of exploitation which require higher levels of productive forces — a lack of concern Kenya has sought to change by creating opportunities to be exploited in return for a share in the productive forces generated thereby; Tanzania and Uganda sometimes achieved that result rather less deliberately. It has also meant that East African states have had more freedom of initiative than their degree of dependence would suggest, because it was not very critical to any central actor to stop them — an advantage of extreme peripherality Tanzania has systematically exploited since 1967.

In respect of the EAC this had several implications: Firstly, the preëxisting common market and common transport and communication services were convenient and to capitalist governments. Secondly, if the revised regional arrangements speeded growth and reversed the trend to interstate quantitative restrictions they would enhance central economy surpluses generation in the regional periphery. Thirdly, different types of planned integration have different effects on "profitable" development to higher levels of East African dependence e.g. transport and power would be beneficial, co-ordinated industrial allocation-ambivalent, predominant state ownership of large enterprises at best a nuisance, and other, such as joint bargaining, likely to be damaging. Fourthly, not all actors had identical interests. In 1967, the structure of the economies was dominated by raw material export with a minor amount of regional inport substitution. The shift to more complex structures, including processed and industrial exports as well as diversified domestic and regional integration of production would benefit some companies but injure others. For example, companies such as Shell BP, Agip, Booker Brothers, UNILEVER, British Airways, Brclays and Sterling Astaldi would gain, but companies such as Smith McKenzie, Tanganyika Cotton, Mitchell Cotts and small enterprises ripe for local elite or state takeover in general would lose.

On balance, therefore, the influence of the international economic system in 1965-67 was toward the survival of regional economic cooperation. It could hardly be described as a very energetic influence but at least the absence of opposition was significant. To attribute to TNC's influence Kenya's rather hard line for "free" competition in production and trade seems to be an oversimplification. For generating surplus, Kenya was marginally more attractive to many enterprises; this would have been the case even if its policies had been no more liberal than Tanzania's on the surplus retention of foreign investors. Kenya was radically more attractive as a place for expatriate managers to live. Viz a viz Tanzania, Kenya's relative advantage for surplus generation declined while her attractiveness to expatriate life, style increased over time. Viz a viz Uganda, both factors increasingly favoured Kenya between 1967 and 1975. For TNC's, neither factor would have made industrial allocation policy an incuperable barrier to operation. It was the Kenyan actors who thought they would lose because a TNC, if offered a choice of building, say a tyre plant in tanzania (or even in Uganda before 1972), or staying out of East Africa, would build where allowed but if there were no regional allocation policy it would probably follow a path of least problems and marginally more gains to Mombasa and Nairobi.

East Africa was not seen as geo-political very important in 1967. The Arusha Declaration was rather new and the course of Tanzania's political economic strategy not clearly visualized. In any event, the Community was seen as something of a brake on Tanzanian radicalism and a support to Western oriented growth in Kenya. Perhaps somewhat less unimportant, some states — notably the UK — were used to dealing with regional arrangements in East Africa and thus opposed to change; others — notably the USA — had a general view of peripheral economy common markets as good for development through capitalist modernization. At that point, European socialist state concerns with East Africa were not of a level to make them very interested in the regional question, while China's moves to build up major economic cooperation links with Tanzania and Zambia were not perceived at the time as directly relevant to the EAC.[9]

C INHERENT STRESSES ANTAGONISTIC CONTRADICTIONS FROM THE START

While the EAC met the initial minimum conditions of each Partner State[10], it also had several build-in points of stress. These are clear enough in retrospect. In 1976, they were not seen with much precision, but there was an awareness that the process of initial running in and later development would lead to tensions and conflicts of interest; an awareness combined with a belief that acceptable packages could be negotiated. Five inherent areas of strain were:

1. Planned versus neo-laissez faire (planning for equalizing development versus a free ride for unequalizing development). The Treaty put the conditions needed for laissez faire growth firmly in place. For equalizing growth, it was hortatory and permissive, but not mandatory, except for the operatonal regulations of the E.A.D.B. However, the understanding was that at least an industrial allocation agreement would be negotiated and lead to regional trade balancing by expansion. By 1971 considerable progress had been made. Whether Kenya's ultimate maximum offer would have met Tanzania's and Uganda's minimum demand is unclear — the Amin coup killed the process of negotiations on road transport, tourism, power, standards in a state of unreality

because there was little likelihood they could be concluded when the political level Economic Consultative and Planning Council) was reached;

2. Like the Red Queen in Alice Wonderland, the EAC had to keep running to stay in the same place. Some institutions were logical as regional undertakings only for a limited time e.g. the Income tax Department faced both a growing volume of business in Tanzania and a three way divergence of rates which eroded initial economics of scale; so that Kenya and Tanzania in fact were agreed on phasing out the Department. They differed only on timing and procedures. Therefore new institutions were needed to keep a constant or growing range of joint services, e.g. the East African Community Management Insitute. Some major exports, (eg. cement from Kenya, and at a later date steel pipes from Tanzania,) were likely to decline because economic logic suggested additional plants and that these be located near markets far from the existing plants and that these be located near markets far from the existing plants (e.g. Tanganyika Portland Cement, the Kenya Steel Pipe Company). Therefore new exports were needed to keep trade increasing a test that on balance was passed (if barely) through 1976 so far as Kenya and Tanzania were concerned. Uganda's exports to its then partners fell but hardly for reasons related to the EAC;

3. Actual expansion was needed to mitigate tension over division of the gains, by increasing the total to divide. This would require radical increases in relatively more balanced trade, or new members. Until 1971, the EAC gave signs of passing this test — industrial allocation looked likely. Even without it, Kenya's EA exports had grown 30% over 1967 and Tanzania's 140%. Phased accession for Zambia and special arrangements with Burundi appeared attainable. The Amin coup put an end to industrial allocation and arrangements with Burundi, and for Uganda, where EA exports were already faltering, to export growth as well. By 1976 Kenyan EA exports had risen by almost 100% over 1971 and Tanzania's by 25% , but price changes made this a much less positive result than the 1967-71 experience. The reversal of Tanzania's move toward relatively greater balance in Common Market trade was clearly tension-raising;

4. The EAC needed to be seen by the decision takers of all three partner states as contributing positively to their stability and ability to pursue domestic objectives. In 1967, this almost foundered negotiations — one section of Kenya's "compradore" cluster saw post-Arusha Tanzania as a threat, but they did not convince Mzee against the arguments of the "partnership" cluster then led by Tom Mboya. Until 1975, in no State did the decision takers see the EAC as a serious threat to stability or a major constraint on critical domestic policy. For Tanzania, having EAC employment policies and pay scales tied to those of Kenya were an irritation, and the necessary leakiness of a tariff free frontier a rising nuisance; for all three States, adjusting domestic policies to avoid conflict with EAC needs (or arguing whether the EAC

required such adjustments) was irritant but usually not much more. On one reading, however, in late 1975 Kenya's decision takers did decide that links with Tanzania via the EAC were enough of a threat to require a move to dissolution. Yet it is hard to see why they would have perceived the EAC as destabilizing them; furthermore the very elaborate and relatively slow way they moved to dismantle EAC via non-negotiation in the Demas Commission was hardly suited to meeting such a threat;

5. For the EAC to "pay" all of its dominant State decision takers, it had to build up its capacity firstly for "Co-operation Against Poverty", secondly for a "Trade Union of the Poor", and thirdly for "TNC Partnership Potential", while not alienating any major actor in the international economic system enough to provoke reprisals. This test appears to have been passed — Tanzania to the end saw EAC as critical for the first and second reasons, while Kenya perceived it as useful for the third, at least through 1974. As argued below, the evidence is against interpreting the events of 1976 as a TNC plot, and certainly overt reprisals were not evident. The tensions cited above were all real enough, but none seems to have been so strong in 1976 to adequately expain the break-down then. Were it a case of stagnation cum distintegration, there may have been a phased dismantling culminating in the non-renewal of the Common Market in 1982, but hardly the sudden, desagreed, chaotic collapse which happened. The issue of planned vs free market economy, and possible EAC interference with domestic objectives may have been irreductible latent contradictions, but the EAC did not survive long enough to test this contention. Even if it appeared to some that the EAC didn't pay, that issue was still further from becoming overt and crisis-provoking by 1976.

D. COUNTDOWN TO DISSOLUTION

Dating the point at which the EAC's crises became a serious illness and that at which the disease become terminal poses problems.[11] Clearly until the Amin coup, the EAC was moving ahead. Equally clearly, while marking time and in danger of eventual death by attrition in 1972, the EAC was in no evident danger of sudden death through 1973. Crises there were, but they appeared to prove soluble — e.g. the remarkably delayed but equally remarkable reconstruction and turnaround of East African Airways, also most of the initial round of blocked fund transfers to the various East African Corporation headquarters was resolved.

The problems of dating came later:

a. were 1974 and 1975 years in which an irreversible process of dissolution was in progress? If so, was it willed?

b. were the initial positions of the then Partner States to the Demas Commission a possible basis for a negotiated agreement? If so would it have been one which preserved the EAC or substituted something both different and of lesser significance than previous cooperation attempts?

c. at what point did total breakup become inevitable? Could dissolution at that point have been handled in an orderly fashion avoiding the very considerable costs and confusions of the actual process? 1974 saw the exacerbation of four issues to crisis level, but there was no real reason then to suppose they would prove any more intractable to last minute crisis management than earlier ones:

1. Railways' road to ruin over 1972-1976 became acute. Total managerial refusal to work with governments (very close to a UDI with the answering "sanctions" of blocking rate increases) combined with horrendous failure to meet any minimum physical or financial performance standards created a problem which had to be solved. Tanzania — fresh from draconic action and reasonable success in clearing up a somewhat parallel domestic breakdown in state trading — wanted wholesable management removals (including several senior officials who were Tanzanian) and radical structural reform. Uganda agreed as did Kenya at the official level. At decision-taker level Kenya demurred, apparently in a sub-class solidarity grouping behind the threatened managers. Tanzania then turned toward radical decentralization, so that it could at least sort out its piece of railways; thus Kenya and Tanzania began the *de facto* dismantling of EAR.

2. With increasing global foreign exchange stringency, Kenya came to perceive its EAC Corporation Headquarters' external payments (even when derived from Uganda and Tanzania payments) as a foreign exchange drain, and she tried to compensate by slowing or halting transfers to EAC corporate Headquarters in Tanzania. Railways (where the money simply did not exist to make full transfers to Headquarters) and Airways (where the Asian expulsion airlift ran up a huge bill to EAA which Uganda could only partly clear to Nairobi one time) gave some semblance of plausibility to the argument. A detailed Secretariat study showed that official interstate and external EAC corporate transfers did not lead to net foreign exchange losses, and that overall net foreign exchange costs were largely proportional to services used. Tanzania seemed to break even, Kenya to gain slightly and Uganda to lose slightly. This study failed to have any impact. Blocked balances escalated and created havoc for the three financially viable corporations; they hastened the *de facto* disintegration of the EA Railways Corporation.

3. The same global foreign exchange problems led to restrictions on total imports which required that imports from Partner States be curtailed. In fact, in the 1974 situation, the Treaty allowed such action; but first Tanzania and then Kenya took actions arguably consistent with the Treaty but never proceduraly cleared as provided. This led to some loss of trade and a blizzard of counter accusations. Uganda was clearly not following procedures compatible with the Treaty, but this was rarely at the center of controversy. Uganda/Tanzania trade had vanished (except for unrecorded barter trade). Uganda's commercial system operated badly enough in respect to long distance sources that imports from Kenya rose rapidly. Some were openly recorded and averted any sustained complaint from Kenya of trade restriction. Others (probably at least half) were purchased at retail tax paid prices in Kenya with foreign exchange. The Kenya "compradores" gained on the business, the Kenya Treasury on the taxes. Ugandans — except in the narrowest sense the favoured traders — lost on price and tax grounds. What the overall impact on the Kenya economy was depended upon how much of the foreign exchange ever went to the Bank of Kenya, and not directly (and illicitly) abroad. To the extent that it did the latter, it opened breaches in capital exchange control and involved Kenya in paying foreign exchange for goods re-exported to Uganda, while the proceeds went to, say, Switzerland. This issue rarely surfaced, presumabley those who knew the answers gained and those who lost either did not know what was happening or kept silent.

4. A barriage of antagonistic polemics fed on each other and made negotiated compromise harder to achieve, or to present as a justifiable result to decision-takers and influential sections of the public. Most related to fairly trivial issues. The same scenario had happened before but then declined at least twice (in 1967 and 1971-72). To the end of 1974 it was not self evidently different in kind. 1975 saw no new major issues. What it did see was an exacerbation of the crises from 1974 a failure to resolve them. In August 1975, a Review Commission was created to attempt a package settlement. The question is, however, whether the Demas Commission (despite the flowery verbal endorsements of the EAC surrounding its creation) ever had a real chance to be more than an undertaker and executor.

In retrospect, it seems clear that Kenya decision takers had decided either that the EAC was a net looser for them as it stood or that they were strong enough to secure radical changes in their favour. If that is the case then the Demas Commission could at most have dissolved much, salvaged a little and kept some substance and more appearance of regional co-operation. The stress is on Kenya because the other two positions are clearer. Uganda had no real bargaining power and basically wanted to revert to the pre 1974 status quo. Tanzania saw itself as being elbowed out of gains achieved firstly in the Treaty, secondly in the 1967—71 evolution of actual material relations, and thirdly from the potential in the 1967—71 negotiations toward coordinated industrial planning and location. Therefore, it sought to halt that process of deterioration, jettison two areas where controversy made costs exceed gains (railways and harbours) and restart the 1967—71 process of expanding and equalizing gains.

Thus on key issues the positions were:

a. *Railways and Harbours.* Tanzania and Kenya agreed to dissolve them — Uganda desperate to keep them united to maintain leverage over its access to the sea;

b. *Airways.* Tanzania and Uganda for the status quo, Kenya for dissolution or Community Corporation restricted to international routes alone.

c. *Posts and Telecommunications.* Kenya for dissolution, others against, but probably not a central area of conflict;

d. *Common Market.* Kenya for reversion to a laissez-faire Customs Union. Uganda half willing to accept this although clearly *de facto* restricting imports from Kenya. Tanzania determined to nail down the evolution toward a planned and more balanced trade pattern it believed was part of the Kampala Treaty and surrounding agreements;

e. *Industrial planning and allocation.* Kenya totally unwilling to discuss it. Uganda seeking something but aware of her weak position and willing to accept an "agreement to agree." Tanzania insistent that real progress on this topic was essential to the continuation of the Common Market.

Other issues arose, but were hardly central or likely to have prevented a package deal, had the problems of the corporations, common market and regional planning been soluble.

What stands out is that Kenya demanded changes both in respect to the status quo and the Kampala Treaty which were radically favourable to herself. They were based on growth by inequality, centered on Nairobi with trickle down to the rest. Apparently its representatives were quite frank (or brutal) in phrasing this stance.

Tanzania perceived 1971-75 as *already* having resulted in an unacceptable shift in the package of gains and direction of evolution agreed at Kampala, a shift damaging to Tanzania and beneficial to Kenya. Tanzania was willing to jettison some elements of the EAC, but only in the context of a major additon, real production and trade planning. Clearly the minimum position of Tanzania would not be met by the maximum offer from Kenya and vice versa. Uganda was more or less a helpless bystander, unable to protect itself or exert leverage to engineer a compromise.

While this interpretation suggests that the EAC was doomed as a dynamic route to closer co-operation and integration, it does not explain why no salvage was possible. On the face of it, all parties desired some trade and some institutions.

Until the grounding of Airways there appeared to be movement to:

a. formal and ordered dissolution of Railways and Harbours;

b. maintenance of Extelecoms (external telecommunications side of Posts and Telecommunications) and perhaps P and T;

c. some pruning of the General Fund Services — perhaps including Meteorology and Civil Aviation;

d. maintenance of East African Airways but stripped of most of its domestic routes and probably with "Kenyan" private charter and freight airlines to compete with it;

e. maintenance of East African Customs (not Excise) and most of the form of the Common Market;

f. little change in Common Market substance on a Kenya/Uganda basis;

g. a Kenya/Tanzania trade agreement (however formally described) in some way tying mutual trade flows on some kind of reciprocal basis.

If achieved, that result would have put the EAC well down the road to death by erosion. In 1982 the Common Market would have expired and been replaced — at most — by a Kenya/Uganda free trade area and a Kenya/Tanzania trade agreement. There would have been a number of areas of cooperation and some joint institutions, but of an overall size and coverage different in kind than the EAC.

However, that result would have minimized damages in three senses:

1. Uganda would have kept an attenuated Tanzania presence in its relations with Kenya;
2. Kenya would have kept much of its trade with Tanzania and its transit trade to Zambia (and Tanzania would have kept its exports to Kenya);
3. If the Partner States had achieved an agreed contraction, the possiblity of adding new areas would have remained open for the time when decision-takers perceived net benefits there from. For example, industrial allocation could increase Tanzania's exports to Kenya, thereby increasing Kenya's to Tanzania in the context of a reciprocal trade agreement.

Kenya's grounding of airways ended that "evolution", which might in any event have foundered over the terms of the Kenya — Tanzania trade agreement. Here, the apparent explanation is miscalculation. Tanzania had warned that grounding the Airways would be taken as a point of no return for any negotiations on agreed trimming back. Kenya apparently took this to be a bluff and thought it could add Airways breakup to its package of gains.

Tanzania's response was to close the border with Kenya. On the one hand, it was hoped that this might cause Kenya to reasses how much it could get, and to lower its demands. On the other, if everything else was to be dismantled, trade (the area of a clear loss to Tanzania from the EAC) could hardly be allowed to continue on the old lines. Kenya did not respond by changing its negotiating position — apparently at first believing the border closure was a temporary bluff too. The breakup process and the dialogue of the deaf at "negotiations" at that point acquired a momentum of their own which has to date continued unabated.

Oddly,,developments in the international system broadly favourable to Kenya and Tanzania didn't help either to salvage or to mitigate dissolution of the EAC. High coffee prices bolstered both states foreign exchange and revenue positions so that — to the governments — there was little pressure to seek a compromise solution. Kenyan industry was faced with problems, but after a two year depression, had some off-setting expansion of domestic demand. Tanzanian tourism was hit (less than expected), but is a small sector not viewed with vast concern or enthusiasm by many decision takers. Prior to closure Tanzanian faced a problem of capital flight across the border as l as the smuggling out of basic consumer goods in exchange for luxuries not legally importable. The border closure helped to arrest the smuggling and improved the local supply of several products, especially in border areas. Necessity will not lead either to a Lazurus act for the EAC, nor even to an early agreement on settling the estate and re-establishing normal civil relations among the heirs.

The last gasp effort to salvage a Tanzania — Uganda EAC centered on the Common Fund Services always appeared to face overwhelming obstacles:

1. at best, its main attraction was to preserve a starting point for the future, not to meet present needs; but Uganda's needs were urgent and centered on transportation and imports;
2. to move toward meeting these needs required a workable Lake Nyanza-Rail link (e.g. new ferry barges and the Musoma-Tanga rail line) jointly planned and operated by Uganda/Tanzania in a context of confidence in each other's stability and predictability;
3. the important role of the Uganda/Tanzania axis in the EAC had been to balance their physical bilateral relations with Kenya at the political level, a role not easily played in a body including Kenya;
4. Kenya had every reason and facility to put pressure on Uganda and appears to have done so;
5. Predictably, Amin's desired President Nyerere's open political approval as part of the arrangement. Presumably, this factor imposed on Tanzania an unacceptably high cost for a limited gain in the salvage of the Community. The initial (January — March 1977) disorder of the dissolution can be readily explained. The process of trying to force change by creating events and counter-thrusts (e.g. grounding the airways counter-balanced by closing the border) was not the path which an orderly dissolution would have followed. Since March/April, when it became clear that there would be no last minute reprieve, there has been little movement to tidy the break-up.

A minor reason may be lingering uncertainty as to what can be salvaged. For example the 1977-78 Tanzania Budget Speech makes tariff alterations quite specifically stated to preserve a *de facto* common tariff with Kenya and Uganda — an action and rationale implying that some special trade area arrangements are still seen as a possibility. A similar secondary reasons is that any orderly liquidation requires time to agree on the ultimate division of assets, liabilities, and residual functions, especially if all of the divisions and operating decisions have been made and implemented unilaterally earlier.

More critical area four other reasons:

1. the same disagreements on gains and costs which weakened the EAC alive hamper agreement on settling the estate;
2. the difficulty of securing a coherent, detailed, functional and lasting Uganda position is no less for liquidation procedures than it was for operation or reconstruction;
3. no Kenya/Tanzania settlement on the late EAC is possible until the nature of subsequent bilateral trade and Kenya/Zambia transist rights is at least broadly agreed;
4. the present context of mutual distrust, belief in the rightness of particular past positions and baffled amazement at some of the other state's actions (which are genuinely perceived as irrational) makes for very cautious, case by case argumentation, not for any imaginative exploration of broad parameters for agreement.[12]

Only four pieces of EAC survive — two because they were never perceived as part of the Community orbit, and the other two because they were both readily seperable and/or posed special problems of dissolution. These include the Interstate Standing Committee on Shipping (ISCOS, a four country analysis and negotiating unit vis a vis the Conference lines) and the East African National Shipping line. Zambia belongs to both. The others are the EAC. Management Institute an the EA. Development Bank. The Management Institute now serves the successor state and seeks to build a base for technical co-operation among numerous developing countries. It has a high propertion of UNDP finance. The EADB has a charter quite separate from the Treaty for East African Co-operation. The members perceive each of these bodies as providing gain. Each has managed to stay outside the controversies which have surrounded the decline and fall of the EAC. None has ever had a major "share of gains" debate or confrontation, except for the EADB to a very limited extent. Of the quarter the EADB is most at risk. It can probably continue to use present funds and operate present loans. Whether it gain approval for new loans or new fund raising is another and more doubtful matter, especially given its loan allocation formula which is mildly pro-Tanzania and Uganda. This makes sense only in the context of the Kampala Treaty's partial commitment to reducing interstate inequality through expansion.

E. A CANVASS OF CAUSES

The explanations of the EAC's demise are numerous. The most common can be clustered in 8 categories:

1. *Bloody mindedness* - i.e. some individuals or sub-classes broke up the EAC out of spite or original sin. This is not convincing — very few decisions are taken on such a basis as opposed to that of a positive interest in the result, and those few usually arise out of animosities and tensions generated in the pursuit of positive ends;
2. *Accident* — The EAC lived by crisis management and one day the

crisis in hand got out of hand. This too is not convincing — the countdown to dissolution offered too many chances to pull back with little loss of face for anyone, and the crisis management syndrome (whatever one may think of it as a central negotiating and operating technique) had been highly developed;

3. *Miscalculation* — one State (necessarily either Kenya or Tanzania as Uganda's role was so ineffectual in 1975—76) or two States cummulatively (Kenya and Tanzania), misjudged what they could achieve without causing total collapse. This may well be true but is a process reason which requires a further explanation of who sought to get what and why it was simply not to be had. It seems clear that at one point Kenya miscalculated. Kenya believed that Tanzania was bluffing when Tanzania warned that grounding EAA would recessitate defensive measures, and Kenya was quite startled by the border closure. Tanzania may have miscalculated that the border closure would cause Kenya to retreat on EAA (and perhaps Lake Transport). However the move was logical if Tanzania hoped it would lead to re-opened negotiations, but feared that survival of the EAC on Kenyan terms was an unacceptably inequitable and costly proposition.
4. *Division of gains and disagreement over "efficiency" as "Social goals"* have been suggested as a cause of collapse. Both require detailed examination. Gains division was always a potentially antagonistic contradiction, but why should it have been resolveable until 1975-76 and not during those years? "Efficiency" (apparentaly meaning low costs or high surplus) has been usually posited as a Kenyan goal, contrasted to "social goals" (i.e. demands for commercially non-viable services) posited as a Uganda/Tanzania position. In that form the proposition is partly crudely reductionist and partly wrong. *Each* Partner State wanted services — commercially viable or not — beyond what it could get from any acceptable combination of EAC corporate earnings and share of EAC tax revenues. But why the (somewhat logrolling) compromises of 1967-75 should suddenly have become impossible to continue is unclear. If efficiency means minimizing costs of existing or agreed service levels through cost control, and revenue enhancement or maximizing useable services with given cost levels, then its champions in the EAC were normally Tanzanian, its opponents normally Kenya, with Uganda's position ambivalent. This clash does need further scrutiny because in the case of Railways what appeared to be Kenyan defence of gross financial and operating inefficiency may have cause the total gains to be too low for a distribution acceptable to each Partner State.
5. *Ideological conflicts* are an explanation which requires attention but is normally advanced so vaguely as to give a very fitful light. It is clear why the quite divergent dominant decision taker ideologies and objective needs limited further development toward political-economic integration. It is arguable that at some stage, they might have forced attenuation. But it seems somewhat suprising they should have led to an insoluble clash largely centred on the coroporations in 1976. If it is contended that one or more decision taking groups felt the viability of their ideology was endangered by the EAC so that the services disputes were only superficial manifestations, the evidence seems more than a trifle scanty either for any such danger existing or being perceived to exist;
6. *Global system* causes advanced include "TNC plot", "geopolitical manoevering of great powers", and "the world economic crisis". Each does deserve attention-especially the last because it did reduce perceived gains and raise perceived costs of the EAC and led to patterns of unilateral action which further contracted net gains. The trouble with the "TNC plot" thesis is that there is no evidence that major TNCs promoted breaking, nor any clear reason why they should have. By and large, that seems to hold for great power manoeuvering with one possible exception, if one seriously believes the US and UK perceived EAC links with Tanzania as hindering Kenya's evolution into the East Coast Anglophone Ivory Coast and one anchor of a "moderate" cordon from the Indian Ocean to the Atlantic.
7. *Dadaism* (Idi Amin, not the defunct European aesthetic movement) is a cause which requires analysis in a more complex way than is usually realized. The political confontation with Tanzania was the least serious effect. The more damaging effects may have been the following: firstly, it altered Kenya's pattern of gains and Uganda's ability to bargain. Secondly, it ended coherency in Ugandan positions beyond immediate crises. Thirdly, it limited Uganda's policy consistency and this ruptured the Uganda Tanzania political counterweight to Kenya's economic predominance in Community affairs.
8. *Particular personal* interests is, an inevitable and inevitably unsatisfactory causal proposal. In abroad sense, individual interests are within contexts rather than shaping them. At a narrow level, they may marginally alter decision taker positions. For example in the case of Airways, those who participated in subsequent Kenyan ventures (and if some printed reports are correct, in previous ones aborted because of the EAC's existence) were influential enough to shift that decision, but by themselves, they could never have created the context of extreme instability in which that decision was the incident (not the underlying cause) of breakup. It can, however, be argued that the most influential decision takers can play a somewhat grander role (have more degrees of Freedom in any context). That seems an unsound explanation in this case. Presumptively, Mwalimu Nyerere and Ministers Jamal and Al Noor Kassum would be the relevant candidates for such roles in Tanzania. None had a personal financial interest; each had an ideological com-

mitment to joint Third World action and to regionalism as a building block; each had committed effort and personal prestige to the EAC's success. In the case of Uganda Idi Amin Dada doubtless could have taken Uganda out by a unilateral decision, but, in fact, Uganda's overt role was passive and if the EAC was an inoperable cancer from 1971 on, that did not relate to Amin's perceiving an interest in the breakup. In Kenya, Mzee Kenyatta and his extended family clearly can dominate decision taking. As key (and numerous) members of the "compradore" cluster, they clearly sanctioned the actions leading to the breakup. But Mzee and his closer family members (except Gecaga, Sr.) did not play initiating roles in demanding major changes in Kenya's favour, nor the breakup, nor, on the face of it, are their personal interests such as to be radically benefited (or the reverse) by the breakup. Thus one returns to the conclusion that personal interests may have tipped marginal decisions in a way catalytic of the EAC's death, but they are totally inadequate as causal factors.

F. DIVISION OF GAINS, EFFICIENCY AND ALL WHAT?

The Kampala Treaty represented a redistribution of existing gains and a commitment to raise them in the future on a more balanced basis. While disagreements were regular on who gained by what action and whether $^1/_3$-$^1/_3$-$^1/_3$ was an equitable division of gain, this particular form of tension never seemed likely to break the EAC until 1975-76. Over 1967-71, gains were perceived as growing so that arguments about shares were seen as easier to resolve. By 1975/76, all parties perceived their gains from the EAC as smaller than in 1971. This was probably valid given the railways debate, the rundown of the Uganda economy and the Kenyan and Tanzanian foreign exchange crisis. Each also perceived that its gains were a lesser share of the total. This cannot be true for all States at once. Nevertheless, these perceptions led to demands to readjust which were mutually incompatible and, in the 1976 context of static or sinking net gains, hard to resolve. Jettisoning the Railways Corporation, which Kenya and Tanzania both perceived as a net cost, was an attempt in this direction.

Further, by 1975-76, at least Tanzania and Kenya saw the costs of breakup as lower than in 1967 or 1971. Tanzania had come to pay about one third of including corporations) overall costs, use about one third of services, have about a third of employment and investment. In Railways, Kenya's closing of the inter-state lines had already forced a move to regional operation. Exports to Kenya were believed switchable to other countries. For Kenya, the shift of Uganda to a client status buying heavily from Kenya on Kenyan terms, the expansion of Zambian markets, as well as hopes of broader export led growth via TNCO made the Tanzanian market look rather less critical. With East African Airways profitable, it too looked more like a loss of a potential Kenya business gain than an advantageous support for the tourist sector. In 1967 no state saw breakup as anything but disastrous: in 1974—76, only Uganda appeared to maintain that evaluation. The only case of disagreement over effeciency being central to breakup was Railways. The corporation had a surplus in 1967 and a cash flow loss approaching sh. 600 million of 1975. Given that the Railways are indispensable to the three countries, this was a major issue.

Reaching agreement on a total volume of projects and of allocations to each State did become harder in 1974 and unattainable in 1975. Basically this was not the result of incompatibility on the "expenditure" side: Tanzania insisted on 1/3, Uganda on 1/4 and Kenya on a bit less than 1/2; thus a solution was normally possible. The snag was on the "revenue" side. With growing doubts as to net gains from the EAC, Finance Ministries forced cuts in totals to limit the EAC's calls on tax revenues. Agreement on the overall cuts was also fairly readily achieved, but the final discussions as to which projects to drop, postpone or phase over a longer period were harder bargained and less amicably reached.

G. PARTY, STATE, ELITE IDEOLOGIES IN CONFLICT

The ideologies of the decision taking groups in East Africa are divergent, as each perceives itself and others. In 1967 Kenya perceived itself as following a 19th Century capitalist pattern with state interventionisim (a la Bismarck rather than Gladstone.) It was perceived by Tanzania as pursuing inegalitarianism at home and exploitation regionally. Tanzania had begun to perceive itself in a transition to socialism, beginning with fairly tough use of fiscal instruments and state ownership of major production units (interim state capitalism if one likes). It was perceived both by Kenya and Uganda as dangerously left adventurist. Uganda had a less clear self perception (or image to the others), but appeared to be both between Kenya and Tanzania and less forceful as coherent in relating policy to goods and interests.[13]

These divergences limited what could be agreed. For example, both political federation and a common central bank were simply not on because of them. They did not, nor were they seen to, bar fairly broad negotiated packages balancing gains and costs overall (as perceived by each decision taking group). Over 1967-75 the divergences grew. Kenya's capitalism became more elitist and authoritarian in the face of narrowing opportunities to replace petty expatriates, external shocks and rising demands for access to the elite, but the Kenya decision takers continued to believe in their approach and to push on. In Uganda, President Obote's attempt to lurch to the left led to the Amin coup. From 1972 on, Uganda's decision takers have been increasingly viewed by Tanzania and Kenya as a band of erratic, technically incompetent, "security" payment collectors. Tanzania — like Kenya — has tended to pursue the trends evident in 1967, thus widening the Kenya/Tanzania divergence of ideology as perceived on each side.

It is unclear why the Kenya/Tanzania divergence should rule out broad negotiated agreements. If joint industrial allocation yields higher surpluses for Kenyan capitalists and Tanzania public sector units, ideology alone would not bar it in either Dar es Salaam or Nairobi. What is true is that the very different approaches do raise the psychic costs of negotiation and may lower the perceived actual or potential gains. Certainly they put paid to the hopes (still serious in 1967) of nearly complete economic integration, which were cut back to selected sectoral joint planning and coordinated implementation.

Uganda's shift exacerbated the Kenya/Tanzania divergence for reasons discussed above. Amin's economic inaptitude gave Kenya gains and reduced Tanzania's push for planned coordination to a shambles. His actions in respect of individual Kenyans and his wilder claims to territory could be shrugged off or subdued by threatening reprisals. If the Corporations could be wound up and the Uganda economy did not collapse so badly that sales again declined, Amin could become a pure gain for Nairobi[14]

It seems most unlikely that either Tanzania or Kenya seriously saw its state ideology threatened by the EAC in a way leading to real destabilization. Nuisances, yes — eg. barriers to private Kenya ventures which would under cut EA coporations, special salaries and tax retes out of line with general Tanzania practice[15] — but nothing deeply corrosive. To a degree the existence of the two systems did encourage dissenters in each however, presumably no one thought that ending the EAC would end comparisons based on looking and hearing across the border. Since Uganda clearly sought to keep the Corporations and Market in being at almost any price, one must assume that Amin did not see the EAC as seriously threatening his survival.

H. TNC's GEOPOLITICS, SYSTEMIC CRISIS: PLOTS AND TIDAL WAVES

It has been argued that TNCs' destabilized the EAC, as they did the Unidad Populare in Chile. While this argument comes oddly from those who see Tanzania's strategy as an alliance of state bureaucrats and TNC have the capacity to destabilize. They have not viewed Tanzania Uganda with marked enthusiasm, since both limit TNC surplus generation and extraction: in the case of Tanzania by ownership policies and control mechanisms, and in the case of Uganda by the erratic running down of productive forces.

But a series of problems arise when one leaps to claim actual destabilization:

1. The "Partners in TNC Development" cluster in Kenya were those who sought to restrain breakup and were shouldered aside, which suggests TNCs' at most had no active desire to see breakup;
2. TNCs' surely did not see Tanzania as infecting Kenya via the EAC (if anything they saw a chance of the reverse);
3. Sales from the Kenyan TNC base (to Zambia and Tanzania as well as Uganda) were facilitated by the EAC even given the 1974-76 level of restrictions;
4. TNC complicity in the collapse of the EAC was most unlikely to cause a counter-revolution in Tanzania, but could have provoked a reaction against sales, management and other deals which TNCs have seen increasingly as valuable whatever the production relations and ideology of their partner.
5. Ending the EAC would make business with Uganda very much harder; sales via Kenyan intermediaries were safe, while direct activity not perceived as prudent business; expect for some locked in or marginal operators.
6. Keeping the EAC and building up the Kenyan base was the safest way to create an East African sub-centre and to radiate outwards; it entailed no serious risks;

True, this is a logical, not an empirical case, but it is based both on the general revealed preferences of TNC's and comments their East African area managers have made. There is no evidence at all of general TNC support for, or action to cause breakup.

A confusion seems to exist between RNCs' as a "class" and individual firms (usually non TNC). Some of the latter did benefit, e.g. the partners in successors to EAA, but they are at most fringe TNCs'. For British Airways the change may give minor short run gains but also higher risks (eg. a Tanzania ban on flights to South Africa through its air space). For Shell BP, there are no gains and a series of nuisances because of inability to coordinate the three territorial units special supply and demand problems. It is true that TNCs' do not always see and act on joint interests if one sees itself as gaining more than others lose. For example, General Tyre moved into Tanzania and Firestone to Kenya, when a single plant would have yielded higher surpluses for the TNC and for the host states taken together; but that would have meant less for Firestone and Kenya because there was an agreement that for the first five years the only plant should be in Tanzania. That would suggest the absence of a coherent TNC position in the EAC, not a united stand of any kind.

However, two points of a negative type can be made:

1. TNCs' by 1975-76 still viewed East Africa as marginal and the EAC as a marginal of a marginal (within the region the Kenya base and the Tanzania contracts were key);
2. Therefore, they saw no adequate reason to expend much effort to save the EAC, perhaps partly because they did not anticipate the Tanzania/Kenya border closure with its impact on their sales to Tanzania and Zambia, and for a few from Tanzania or Zambia to Kenya. TNCs simply did not see the EAC as a priority issue. On balance, better it continue, but if not, adjustment seemed likely to be

relatively easy.

The same conclusion probably holds for external state geo-political actions. The old British penchant for federations to increase economic size had run into the dry sands of breakups elsewhere; the new US commitment to regional economic groupings never really became central. China never sought to influence Tanzanian policy on the EAC, and by actions, helping to build Tanzania/Zambia links increased the probabilty of an expanded EAC. While the Soviet Union tended to describe the EAC as an imperialist plot and while it was influential in Uganda, it is hard to see any evidence that it bestirred itself to influence events.

Sub-Saharan Africa — except perhaps Southern Africa from 1975-76 onward — is a periphery even to major geopolitical actors. The EAC was marginal to individual states' as they perceived it. Even if one accepts that a major secondary goal was to strengthn Zaire, Gabon, Sudan, Egypt, Kenya, Ethiopia (until 1976) as "moderate" regimes bridging the continent and thus isolating the "Front Line Radicals", it is hard to see how the EAC could have been perceived as crucial. Only if Tanzania's ideology and results as perceived in Kenya were so attractive and so corrosive as to threaten the "moderate" ascendancy in Nairobi could the issue arise.

The continuing crisis of the international economic system was a contextual factor which, in the event, weakened the EAC. If coordinated trade planning had been possible, it could have been used to raise joint gains and solidify the Market,[16] but in the actual context of national crisis management to limit losses, the results were corrosive:

1. Tanzania's import controls were by value and product. For amenity and luxury goods the product ceilings could not be held in many cases *unless* a limit was placed on imports from Kenya, which would otherwise replace external imports and render the controls nugatory;
2. the structure of external produrement often situated the gains to the national economy in hands other than those of the importer, so that controls were needed to ensure that the procurement facilities were used; the context the period on TAZARA loans is a case in point.
3. Kenya wanted to maximize its trade surplus with Tanzania to meet its extra-regional trade deficit, and therefore restricted imports from Tanzania;
4. Kenya did the same to protect its stagnant domestic market in items such as steel pipe, tyres, torch cells, radios;
5. Given the foreign exchange limitations of the Partner States, delaying inter-state and external remittances of the EAS corporation was an attractive short term expedient. It was practical out of dire necessity in Uganda, calculated saving in Kenya, and less frequent in Tanzania but occured for two reasons: frustration at not receiving payments due, and lack of corporate funds to transfer out.

These were in fact short sighted reponses even nationally. Retaliation was possible and would make the last position of each state worse than the first without forcing negotiated solutions, insofar as the Corporations could be operated at the national level. But it was tedious, costly and inefficient, so it raised mutual acrimony. The whole process lowered perceived gains, raised perceived costs and, in 1976, contributed to Kenya and Tanzania each demanding as a minimum an increase in relative and absolute gains which the shrinking total could not provide.

I. UGANDA: THE INOPERABLE CANCER

The political and military hostility between the Amin Regime and Tanzania at first, then between it and Kenya move recently, were not the most important consequences of the Amin coup which contributed to the dissolution of the EAC. During the Tanzania/Uganda crises of 1971; Tanzania decided not to sacrifice the EAC to bilateral contradictions. The episodic confrontations between Kenya and Uganda were continued by Amin's dependence on transport and Communication links through Kenya, and the profitability of these save links for Kenya. Therefore they did not seriously threaten the survival of the EAC.

The most important consequences of the coup to the EAC's survival have been discussed above and may be summarized as follows. The Uganda/Tanzania counterweight to Kenya/Uganda Kenya/Tanzania trade and transport axes was never re-established, because trust and respect broke down. Formal planning in industrial policy and fiscal harmonizaiton was stopped dead because Amin did not deal in long term strategy and no one else in Uganda dared take the initiative. The strategy of balancing gains throug expansion was not achieved after 1970. Kenya/Tanzania negotiations lagged because EAC decisions required unanimity; neither country saw the point to negotiating agreements if a Uganda vaccuum would prevent any action. As more of Uganda's import trade shifted to procurement from Kenya, the relative value to Kenya of the Tanzania market declined somewhat. Finally, once the E.A.C. was to no longer encompass the Corporations, the successor Kenya ports and railways could exploit Uganda with much less restraint.

These are all tendencies which began in 1971, became serious by 1973 and grew steadily thereafter - the choice of cancer as an analogy is deliberate. All eroded gains from the EAC, blocked the move toward more planned economic regionalism Tanzania sought, and reduced the apparent costs of breakup to Kenya. The bombings of Mwanza and Bukoba and the Entebbe Raid were much more dramatic, but the quieter political economic shifts were much more deadly.

CONCLUDING REFLECTIONS

With a new decision taking group in Uganda, special relations with

Tanzania would be likely; these would include a rail link to Tanga, providing an alternative to Mombasa and therefore central to Uganda's bargaining position. With the passage of time limited deals might arise between Kenya and Tanzania. The sudden burst of Tanzania moves to build step by step cooperation with Mozambique, Rwanda, Burundi and to consolidate links with Zambia seems likely to continue. To date all parties appear to see net gains. However special problems arise on the Zambia/Tanzania front because Zambia's net gains are lower pipeline, rail and harbour costs and better quality, communications so that the cash payments are almost all to Tanzania, a situation only too likely to lead to friction.[17] The dissolution of the EAC makes any attempt to create a full regional community unlikely in the short run - cautious functionalism, barrier removal, trade promotion and particular bits of joint planning (eg. Kagera Basin, Rwanda to Ocean transport) appear to be the order of the next few years.

The EAC may have been doomed from the start. The contradictions in the Kampala Treaty compromise and the growing divergence in the ideologies and practices of the decision takers of Tanzania and Kenya might have led a phasing out even as early as 1982, but more probably at least a decade later. If the future in Kenya were to lie with the modernizing cluster (partners in TNC development), they may have perceived it worthwhile doing business with a socialist transition state. In any event the actual death of EAC did not relate to that set of potential causes, they never had time to evolve.

Death came in 1976 because Kenya decision takers believed their gains from the EAC were too low and the costs to them too high to accept anything less than a restored free trade region minus the corporations — preferably with both Tanzania and Uganda, but at worst with Uganda only plus a special trade agreement with Tanzania. The latter "solution" might have been attainable, had EAA survived or its breakup been handled rather less ham-handedly, but it would have meant the death of the EAC created at Kampala. What was left would have been a limited set of cooperation agreements, not a broad economic region with a focus on balanced gains and a thrust toward coordinated planning of selected key areas.

Tanzania's "stubborness" — in defense of the goals of the Kampala Treaty settlement — did not cause the end of EAC; in any meaningful sense it was ended as soon as it became clear that Kenya was determined to act on its proposals. Doubtless Tanzania could in theory have agreed to have "free trade" with Kenya, a bit of joint research and a secretariat and call in EAC, but that would have been so much against its political, economic and socio-political interests that its decision takers can hardly have been expected to do so, even by Kenya.

Strands appear to explain the 1971-76 shift in Kenya decision takers' perception of the gains and costs of the EAC to them:

1. The Uganda coup had removed the need to negotiate new activities with Tanzania, and also reduced the flow of new gains these would have produced;
2. It had also increased trade gains for Kenya decision takers, even while probably reducing total EAC gains;
3. The world economic crisis had made the costs of the EAC look larger and led to national restrictions radically eroding the net gains of the EAC.
4. As the net gains from the Kampala Treaty settlement eroded and the planning for new ones failed to materialixe, Tanzania became more persistent and less yielding in challenging Kenya restrictions (or retaliating against them) and demanding that Corporation reforms and production/trade planning be started on lines which appeared to threaten at least some Kenya decision takers or their associates;
5. The higher gains from Uganda, the beginning of a breakthrough on the Zambia trade front and broader ambitions for exports of manufactures made the Tanzania market look less critical;
6. Few Kenya "compradore" decision takers had much to loose by a partial break with Tanzania (the "TNC partners" had more at stake) and few envisioned that Tanzania would ever literally say and act on "thusfar and no further".[18]

This pattern was not one which could have been broken in 1976, save by a *deus* or *diabolis ex machina* changing the sub-class basis of one or more of the decision taking groups. The late 1975, early 1976 "save by planned expansion" advocates (including the author) were engaged at best in optimism of the will overriding pessimism of the intellect and at worst in daydreaming. Tanzania's "best offer" of scrapping two corporations and beginning industrial allocation to move toward larger more balanced gains did not meet the minimum Kenyan demands and was perceived by Kenya as worse than breakup. Thus — a valediction forbidding mourning, but also a looking back in anger and in sorrow at the men and events which destroyed the once practicable basis of the Treaty for East African Co-operation.

FOOTNOTES

1. Dr. R.H. Green. now Professorial Fellow of the Institute of Development Studies at the University of Sussex, has been a student and analyst of economic cooperation among peripheral economies since 1960. He was a consultant to the Uganda delegation to the Philip Commission in 1965, to the Tanzanian in 1966 and Economic Advisor to the Tanzania Treasury over 1966-74. He has also served as a consultant to UNDP on Technical Co-operation Among Developing Countries (TCDC), on UNCTAD's Expert Group on Economic Co-operation Among Development Countries and written extensively on the topic. All analysis and views expressed are his responsibility and are not necessarily those of the Tanzania Treasury or of any other body he has advised.
2. Nor is it a gossip column. Evidently it is based on sources beyond the printed record from all three former Partner States. But either to cite these or to relate minor incidents involving individuals would obscurre analysis and inevitably lead to quite obfuscating arguments about peronalities.
3. For more detail see R.H. Green "East African Community: Principles, Prices and Proceeds," East African Community Seminar on Regional Economic Planning, Kampala 1972.
4. The analysis here is based on a class (more accurately sub-class) approach to the political economy of state decision taking. However, in this particular case an interest group approach — so long as it did not assume a harmonius balance of interests principle — would probably yield very similar results.
5. For a fuller examination of this element as it appears in the writings of that period by Mwalimu Nyerere see R.H. Green and A. Seidman, *Unity or Poverty? The Economies of Pan-Africanism,* Penguin 1968, especially last section. The broader Third World "Trade Union of the Poor" and "Co-operation Against Poverty" evolution of this approach dates largely to the period 1970-75, albeit foreshadowed in the 1964 Stamp Memorial Lecture.
6. No simplistic argument that Uganda and Tanzania always agreed on issues affecting relations with Kenya, on general regional issues or on the — rather fewer — Uganda/Tanzania Issues is intended.
7. *Treaty For East African Co-operation,* Naoribi, 1967. See also December, 1967. See also December, 1967 special issue of *East African Economic Review.*
8. They figured episodically, e.g. in the inoperative Treaty article against "barter arrangements" (goods for goods swops with no use of price calculations). Later, they became a "red herring" or an irritant. TAZARA initially, and again when Zambia negotiated for EAC membership, was ~~proposed to~~ be integrated into East African Railways; the vehement rejection was Kenya's. TAZARA local finance by imports on 38 year, no interest loan from China contravened no Treaty Article (duty was collected on them; the "terms" of Kenya sellers were not "comparable" because their maximum no interest loan was less than 38 weeks; directions to Tanzania goods and second — if possible — with goods available from Kenya or Uganda) but did reduce Kenya sales to Tanzania especially for Unilver (East African Industries).
9. For other accounts cf. N. Robsen, *Economic Integration in Africa,* Allen and Unwin, 1969; December 1967 EAER; A. Hazlewood *Economic Integration: The East African Experience,* Heinemann, London, 1975. Hazlewood is in a sense a Kenya based (or biased) parallel analyst cum advisor to the present author.
10. Cf Hazlewood, *op cit.* See also R.H. Green "East African Community — 1975 and After" and "East African Community: No Tenth Anniversary Celebration to Come," *Africa Contemporary Record,* 1975-76 and 1977-78. All three may appear too optimistic in retrospect (although most analysts thought them too sombre at the time) but in part that may have been more a failure to see the trends reducing gains and raising costs for the future than a misperception of the balance of forces at the date of writing.
11. Indeed, even if thought out, such proposals for new gains by new activities will be seen as too risky to propose. The 1976 EAC Seminar had a bevy of such proposals — e.g. those of A. Nsekela and of the EADB — but no State by then saw them as relevant to the context of negotiations. Similarly in 1975-76 in conversations with the author actors and advisors from each State would agree (or propose) new policies or institutions with net gains for all — and in some cases urge the author to float them — but none saw it as any use of propose them himself because distrust of other State's initiatives and resistance to appearing to offer concessions was no high.
12. This is a sketch not a study. Further it is a sketch of the actor's perceptions which are what is relevant to their actions — the author's perceptions of some of the actors are rather different.
13. Kenya — inlcuding its tightly controlled press — has been notably milder on Amin than on Tanzania. In terms of expulsions and repatriations Tanzanian actions involving fewer people, little force, little loss of property and no deaths have taken up more space than Uganda's where more people were moved more violently with large loss of property and not incosiderable loss of life. As a Kenya/Uganda border closing could reduce Uganda's economy to complete collapse and bring military vehicles to a halt the very limited use of this weapon by Kenya (in the face of rather extreme provocation) strongly suggests that the decision takers placed high value on the Uganda — Kenya trade pattern Amin's regime had "created."
14. e.g. Kenyan attempts to monopolize all EAA air cargo space and to set up competing air freight services were hampered by Tanzania via the EAC. Similarly Tanzania had to agree to EAC top salaries at Kenya levels (50-100 — above its own) and to let Kenyans and Ugandan EAC employees in Tanzania pay income tax at the (lower) Kenyan and Uganda rates.
15. Each state had surplus capacity for some goods. A package of balanced trade expansion which increased each State's output and reduced its extra-regional imports while not affecting its EAC trade balance was possible given the political will (which did not exist) and the technical back room work (which could have been made available). However, such a package would have had to be planned: *laissez faire* trade derestriction would not have had a jointly expansionary, balanced tarde growth result.
16. The situation is exacerbated by the low level of Zambian exports to Tanzania and the incovenience the Kenya/Tanzania border closure has caused for Zambian imports, especially those from Kenya. Further Zambia — which has indeed faced very high costs as a result of the Smith Regine's Illegal Declaration of Independence and the West's tolerance of the state of revolttends not to realize that the expenditure of well over Shs. 2,000,000,000 tends by Tanzania on transport links to Zambia has been a real strain on Tanzania too. On the other side, Tanzania because it has always been poorer (at least at government, elite and wage earner levels) than Zambia compares its present foreign exchange earnings with Zambia's present level. It thus fails to comprehend fully that the Zambian present levels are very far below their 1973-74 peak and have forced contractions that the relatively easier 1964-1974 period had ill equipped most Zambians to accept.
17. If Kenya had known the price of grounding EAA (i.e. had believed what Tanzania warned) would results have been different? One must be agnostic. Retreat after the end of EAA and the border closure was never likely (despite Tanzanian hopes) — too much prestige was at stake.