

Tanzania and Regional Integration in East Africa Old and New Patterns

D. Wadada Nabudere*

INTRODUCTION

Tanzania's role in regional integration and co-operation dates back to the country's struggle for independence in a wider pan-African context. The ideas that have generally fired the aspirations of black peoples, both in Africa and elsewhere in their struggle for self-identification, were very much connected with the anti-imperialist struggle in its colonial phase in Africa. It was a struggle of the enslaved, exploited and oppressed people of Africa which expressed itself as a pan-African movement in Africa, on the American continent and the Caribbean. In America and the Caribbean, the struggle found its expression in the work of Marcus Garvey and W.E.B. Du Bois who either advocated the return of the former slaves to Africa or, in their struggle for equality, pressed for political rights within the United States itself and for unity of the African race with those still in the African homeland.

Pan-Africanism was also an ideology on the African continent for the struggle against colonialism, national oppression and exploitation of the Africans by imperialist powers. This found expression in the works of Nkrumah and Kenyatta who, during their student days in Britain, came into contact with the earlier movement in America and, through a series of conferences beginning with the Manchester Conference in 1945, began to give more concrete organisational form to the struggle for the independence of Africa from colonialism.¹

The common bond of race, exploitation and oppression forged a unity between the two flanks of the movement to embody the idea of Pan-Africanism. As one scholar of this movement has noted:

European racism, heightened by European imperialism, gave Africans a new conception of themselves: they began to see themselves no longer in terms of small communities but as people belonging to a despised 'race'. African race consciousness thus generated became one of the early manifestations of Pan African ideology at its inception.²

In Africa, the grass roots of this ideology was the rousing of national consciousness rather than racial consciousness. The national consciousness was the result of the struggle against alien exploitation as soon as capitalist production had taken root in Africa in the 1920s. As Stalin³ pointed out, the development of national consciousness in the

*Formerly at the Faculty of Law, University of Dar es Salaam.

modern world is associated with the development of capitalism. In Europe in general, it did so against the old forces of feudalism. In Africa on the other hand, as elsewhere in the Third World, it did so as a revolt against imperialism, foreign domination and exploitation. This revolt was inevitable because capitalism did not emerge spontaneously on the African soil through the indigenous confrontation of social and productive forces. It was rather a result of the export of foreign owned monopoly capital which came out to colonize, to exploit and dominate the local productive and social forces, and the struggle that ensued was a revolt against this imposed system.

It is not surprising, therefore, that Pan-Africanism represented a nationalism against foreign domination and exploitation, against imperialism and therefore against monopoly capitalism, for national independence. The nationalism that developed on the basis of anti-imperialism in the era of the ascendancy of socialism against monopoly capitalism could only lead to the struggle for socialism on a world scale.

This implied that the national movement would first as a united force combine to achieve political independence - the right to self determination. This right did not, however, imply economic independence. On the contrary, the continued exploitation and domination by international finance capital meant the necessity for the second stage, namely the realization of genuine national independence under which the people would have full control of their resources for their own advancement.

THE PAN-AFRICAN MOVEMENT IN EAST AFRICA

The Pan-African movement which emerged in East and Central Africa in the late 1950s reflected the weakness of the first stage. The struggle for political independence without the reality of economic independence meant neo-colonialism. This reflected the economic weakness of the 'national' bourgeoisie who were incapable of asserting and advancing their economic interests over those of international finance capital. Having no control over production, they could not achieve the Pan-African grand dream in which a united Africa would become an economic giant with a "large market" to withstand the competition of "other continents". This became the very aim of regional co-operation and/or federation.

But these aims were illusions because a Pan-African market could not emerge when the national bourgeoisie did not have control over their own national resources. Nor could it have arisen even if they had had a control. Thus their struggle was only 'national' in the sense of the demarcations that imperialism had made and within which the anti-imperialist antagonisms had been created. In all these circumstances, Tanzania was in the forefront in the struggle for a federation in East Africa and when this failed, for a regional co-operation to cater for the economic co-ordination of the region.

The first manifestation of the desire for unity in East and Central Africa made its appearance in 1958 at a meeting at Mwanza, in Tanganyika. The initial steps had been taken with the convening of a meeting of African Legislative Council members of Kenya, Uganda and Tanganyika in 1958,⁵ which formed the first steps towards Mwanza.⁵ In March 1958, this sentiment was strengthened by the presence of a team of nationalists from East Africa who attended a meeting of the Heads of independent African states in Accra, Ghana, to observe the proceedings.

At this meeting, it was decided to organize the first All African Peoples' Conference in Accra, in December 1958. But before this conference, the Mwanza meeting was organized and it was here that the Pan-African Freedom Movement for East and Central Africa (PAFMECA) was formed by delegates from Tanganyika, Kenya, Uganda, Zanzibar and Nyasaland. Prominent among the leaders were Julius Nyerere and Tom Mboya, thus heralding Tanzania's leading role in regional co-operation in East Africa. At this conference, it was decided to set up a co-ordinating freedom committee for the purpose of intensifying the political struggle against colonialism and foreign domination in the region. The objectives of the movement were:

-To foster the spirit of Pan-Africanism in order to rid all the East and Central African territories of imperialism, white supremacy, economic exploitation and social degradation by stepping up nationalist activities to achieve self-government and establish parliamentary democracy.

-To co-ordinate nationalist programmes, tactics, projects and efforts for the speedy liberation of the said territories.

-To assist in the establishment and organization of united nationalist movements in African territories through political education, periodical conferences and the encouragement of inter-territorial African contacts in all fields.

-To establish a joint East and Central African Freedom Fund.

-To pursue non-violence in African nationalist struggles for freedom and prosperity.

In the *Freedom Charter* adopted along with the constitution, they declared that freedom was "our birth right; self-government our heritage, as sons and daughters of the free men and women who inherited Africa for the Africans:

It is therefore not only just but imperative that we restore our birth right for ourselves and our children and our childrens' children We declare that democracy must prevail throughout Africa, from Senegal to Zanzibar and from Cape to Cairo; that colonialism, the so-called partnership, apartheid, multi-racialism and white settlerism are enemies of freedom, and can be eradicated only by African nationalism, virile and unrelenting; that the right of self-determination is God-given and no man or nation is chosen by God to determine the destiny of others; that poverty, ignorance, ill-health and other human miseries cannot be satisfactorily eradicated under imperialism, but only under self-government and international co-operation on the basis of equality and mutual beneficence.....⁶

This concretization of nationalist sentiment in East and Central Africa enables us to see the immediate problem that confronted the nationalist movements in the region. Tom Mboya⁷ recollects that the idea of PAFMECA was "born" during a conversation between him and Julius Nyerere, "When he came to my two-roomed house at Ziwani Location of Nairobi". During the discussion on unity and Pan-Africanism, they agreed that "It would be good", ahead of the All Africa Peoples Conference meeting in Accra, "to bring together the nationalist movements throughout Eastern and Central African to discuss the struggle for independence", because "at that point" the nationalist parties were facing a "rough period" in the struggle.

The objectives they stipulated in the constitution were particularly important, "for without unity, we were sure we would be victims of the settlers' tactics of dividing and confusing nationalists, in order to delay independence or even to establish a South African type of government".⁷ It is this reason, according to Mboya, that it was resolved at Mwanza that the question of East African federation "should not arise" at that time. Julius Nyerere also recalled that PAFMECA was formed to give assistance to weaker parties in the region as well as to co-ordinate their activities to some extent.⁸

It comes out clearly that the Pan-African movement that arose at this time was concerned essentially with tactics and strategies for winning political independence for each of the territories. It must be noted, as this was to become apparent later, that this in itself tended to raise the sense of nationalism through political education, but a nationalism at the mass level connected with concrete struggles within the boundaries demarcated by imperialism and within which imperialism exploited and oppressed the people of that particular country. This point is important to stress because it will help to emphasize later the frustrations that Nyerere and Tanzania felt when the ideal of an East African Federation could not be realized within the period they envisaged.

This preoccupation with the struggles of each of these territories for their national independence was also reflected in the Accra conference in December that year where the issue of Pan-African unity was reduced to the establishment of "closer unity within five defined regions" within which the nationalist movements would "work together" to become independent, "and then co-operate in a plan for economic integration and political federation". Mboya recalls:

When these regions had been established, the whole continent could come together to form the United States of Africa. Thus PAFMECA'S plan fell very much into line with what was later decided in Accra.⁹

Perhaps it was the fear by Julius Nyerere that this type of approach, when stretched to each country to achieve its own separate independence before federation, would in the end frustrate unity. It

was perhaps the same fear that inspired him in 1960 to offer the delay of Tanganyika's independence if necessary in order to bring about an East African federation at the same time. Unrealistic as this offer was, it nevertheless deserves to be noted in order to assess its significance in the politics of the period regarding the bringing about of a Pan-African federation on an East African basis.

In a pamphlet written for the Second Conference of the Independent African States at Addis Ababa in June 1960, Nyerere pointed out that in the struggle against colonialism, the fundamental unity of the African people was evident and deeply felt. It was forged against an outside government. If the triumph in this battle was to be followed by an equal triumph against the forces of neo-imperialism, he forewarned, then this unity must be strengthened and maintained. This feeling of unity which now exists could, however, be whittled away if each country got its independence separately and became open to "temptations of nation-hood" and the intrigues of those who found their strength in the weakness of small nations.¹⁰

There was one way in which this unity of opposition should become a unity of construction, he added, and that was through the combination of the unity and freedom movements to enable the achievement of independence of the East African territories as one unit at the earliest possible moment. This should be done through a decision of the people expressed through their elected representatives at a stage when they have achieved responsible government of "full internal power" which could be reached early in 1961.

Nyerere refuted the arguments raised "by some of our friends" in Uganda who argued that we must each "put our separate houses in order first" before we can contemplate federation. Although he "accepted" this argument to the extent that it would be silly to add chaos, yet we could all be satisfied that our houses were in order after responsible government and not after independence: "The argument of *bado kidogo* (you are not ready) is the same argument the imperialists have always used to delay our independence", he added.¹¹ He went on to say that if the advocates of separate independence were consistent, they would, for instance, "allow the dismemberment of Uganda now and try to put it together later". The suggestion, he continued, is illogical in the case of East Africa as in the case of Uganda.¹² He added:

I know that the advocates of delay will reply that Uganda is different. It is one country already, whereas East Africa consists of different units. Admitted. But we are adjacent countries, governed by the same colonial power doing many things in common already. The difference is one of degree and not one of kind. (Later still he added): Supposing my claim is correct, that separate independence would tend to perpetuate the balkanization of our region, and therefore Tanganyika's separate independence would contribute to this perpetuation of a balkanized East Africa, I, for one, would be prepared to postpone the celebration of Tanganyika's independence for a few months rather than take the risk of perpetuating the balkanization of East Africa.¹³

It is quite clear from these positions that Nyerere's arguments in this pamphlet were still very much regimented by the rigours of the Pan-African ideal. The realities of the actual struggles within each of the territories were in fact to compel a different direction to the developments in the region, and although at the Mbale PAFMECA meeting, which was held early in 1960, the chairman of the Conference, Tom Mboya, said the time was not ripe to agree and plan a federation of East African states, these real pressures in each of the territories intervened to delay the federation *ad infinitum*.

The events which took place between these and other conferences altered Nyerere's expectations and in 1963, when he addressed the Conference of the Independent States at which the Charter for African Unity was drawn up and adopted as the basic document for the Organization of African Unity, he modified his views on the speed for achieving African unity, emphasizing that it was "a process", just as Africa's independence had been a process. He stated:

There is not going to be a God who will bring about African Unity by merely willing unity and saying 'Let there be unity'. It is not in the nature of human action that the will and fulfilment of that will be simultaneous. That is not in our powers, that is only in the power of Gods. In human action, there is an inevitable process between the will to do and the fulfilment of the action.... None of us is prepared in the name of unity to invite Napoleon to come and bring about unity by conquest. We are therefore left with one method of bringing about African unity and that method is the method of free government let us accept that charter as our first step....¹⁴

Actually, it was also not in the power of "the gods" nor in that of Napoleon to bring about such unity either. Such unity could only be achieved in continually identifying the enemy of the people and organizing the people in a protracted struggle to achieve the basis for unity. Such a struggle in the final analysis had to take on a clear class character before the real issues of unity on world scale were to be faced since exploitation and oppression had equally taken on an international dimension.

But Nyerere's recognition of the lag between human will and action, if properly analysed, does reveal that despite the lag, not all human will can be realized by human action unless the material constraints that characterize it are first grappled with. It is these constraints which, if understood in this period and after 1963, explain why East African federation and indeed African unity could not have been achieved in the periods stipulated, if at all. These constraints were connected with the peculiarities of each of the three territories in its own struggle for national independence, and the continuing exploitation and domination of these countries by imperialism.

In these circumstances where each of the territories was caught up in its own struggle against the divisive tactics of the British colonialists

who were bent on weakening the nationalist movements, Tanzania's offer to delay its independence until an East African federation could be achieved conjointly with the other territories could not be realized.

THE SECOND ATTEMPT

The idea of a Pan-African federation finally died away and was buried when further efforts to federate the region were made in 1963. Despite the fact that these countries had put their separate houses in some kind of order, the efforts still failed, and it is to the events leading to this failure that we now turn our attention.

On 5th June 1963, in Nairobi, the three East African leaders met and made a resounding declaration:¹⁵

We, the leaders of the people and governments of East Africa, assembled in Nairobi on June 5, 1963, pledge ourselves to the political federation of East Africa. Our meeting today is motivated by the spirit of Pan-Africanism, and not by mere selfish regional interest... There is no more room for slogans and words. This is our day of action in the cause of the ideals we believe in and in the unity and freedom for which we have suffered and sacrificed so much.

With these words, the leaders set out to find a new path to unity. As events turned out, the declaration became no more than a pack of slogans and so many words, not because the ideals were not desirable, but because the ideals were not matched by the material conditions at the level of actual daily activity of the forces at work. These activities based on monopoly capitalist competition and petty competition of small capital tended to divide rather than unite.

The new mediatory classes speaking for the people were, although themselves dominated, part of the appropriators on a small scale of the products realized in the region, and, therefore, were easily amenable to act on the one appropriation. It is for this reason that the declared ideal was being contradicted by statements within the declaration itself which revealed a vacillation from the ideal, showing concern with the existing conditions. This was manifested in the fact that, while the declaration condemned imperialist exploitation and domination of the people, it regarded the very mechanisms of that exploitation and domination as a positive basis on which the ideal could be achieved. It stated:

For 40 years, the imperialists and the local settler minorities tried to impose political federation attempts. Federation at that time would quickly have led to one thing a vast white dominated dominion. *The East African High Commission and its successor, the Common Services Organization, have taught us the value of links in the economic field. Indeed, it was the recognition of the value of*

these connections which led the two fully independent members to agree to continue participation after they had achieved their freedom. In many practical ways, we already are co-operating - in scientific research, in communications and in postal services. An important factor in view of our determination to achieve federation is the existence of a shared currency: a leading aspect of economic working together is the functioning of the East African Common Market. (emphasis added)

The ideal of Pan-Africanism, it can be seen, was being tailored to suit neo-colonialism. What the East African leaders wanted was to inherit colonial relations of production, its institutions and structures and to continue, as indeed they did, (without federation) the exploitative and oppressive system based on imperialism. This 'over owing' of colonial relations and structures is brought out in sharp relief by the boasting of a Kenyan delegation to the EEC Headquarters in Brussels, led by Mboya and quoted in his speech to the Kenya House of Representatives on June 27, 1963:

We, in East Africa, do not have to be taught about a common market by the European nations (sic), *they can learn from us because we have had a common market much longer than most countries, and if necessary, we are ready...this government and the East African governments — to send a missionary to Europe to begin to teach them about the common market. (sic)*¹⁶

Indeed, the fact that the idea of Pan-Africanism was being attuned to the new role of overseeing the neo-colonial economy on a regional basis was evidenced by the direct appeal to the monopolists in order to convince them of the existence of a wider market and investment opportunities in the region. This comes out clearly in the words of Dr. Kiano, then Kenyan Minister of Commerce and Industry, when he addressed the Conference attended by British monopolists operating in East Africa, organized by the Overseas Development Institute in Nairobi in 1965.

This morning, you discussed East Africa as a unit. I would like to stress that the leaders of East Africa, and particularly the government ministers responsible for the economic growth and Pan-African aspirations in our respective countries, continue to be dedicated to the maintenance and development of East Africa as one common market.¹⁷ (i.e. for the monopolies D.W.M.).

The 'owing' of colonial relations and structures is quite different from the 'owing' of the colonial territorial demarcations that later became the basis of the neo-colonial nation state that was established, for it might be argued that independence of each of the territories implied the owning of the territory created by imperialism, and the struc-

tures built up by it, as indeed has been argued.¹⁸

We have pointed out that the creation of colonial enclaves as part of the British Empire was the only basis on which imperialism could exploit and oppress under monopoly capitalist relations. But it was the revolt against these relations that enabled the creation of national feeling and consciousness, its opposite at this level. To the extent that anti-colonialism and anti-imperialism reflected the antagonisms within those territorial boundaries created by these new relations, it stood historical and dialectical logic that the national (territorial) unit was the foundation upon which the struggle against imperialism could be waged, as indeed was the case.

The question of a number of territorial entities uniting in a kind of federation in order to struggle against the enemy (desirable politically as it was) had no real material basis, because the antagonisms which the new relations created were best combated at territorial level, among other things, because this gave greater unity and determination to all the classes within the unit to identify themselves as an oppressed people and 'nation'.

Indeed, it can be said that one of the most useful results of the Nairobi Declaration was that it hastened Kenya's independence, possibly by a year. The declaration had expressed strong opposition to any attempt to delay the country's achievement of independence, "since a hold-up in Kenya's advance to independence will hinder the achievement of federation to which we are committed". It had continued: "The three governments, having agreed to the establishment of a federation this year, expect the British Government to grant Kenya's independence IMMEDIATELY".

Later, Obote was reported as having stated that in fact, the whole purpose of the National Declaration had been to do exactly that:

the first objective of the (Nairobi) meeting was to achieve Kenya's independence — regardless of what people today are alleging.¹⁹

Since it appeared that the British were keen to have an East African federation as a means towards retaining and strengthening their joint markets, Britain did agree at Kenya's independence on 12th December 1963, well ahead of the deadline for federation.

Kenyatta, in a speech at Kisumu on August 2, 1964, boasted of how he had "deceived" the British in this matter.²⁰ In an earlier speech — his first major speech in Parliament as Prime Minister, on July 2, 1963 — he had said:

Mr. Sandy's (the British Conservative colonial secretary) assured the Kenya Ministers in London that the British Government, which has long believed in the idea of an East African Federation, supports fully the initiative taken by the East African Governments, and will do all it can to facilitate the early implementation of the aim.²¹

Eclectic reasons have been advanced to explain why this effort of

the Nairobi Declaration failed to materialize. Many of these have been brought out in Proctor's own eclectic article in the *Political Quarterly*.²²

For instance, it has been argued that it was the differences over the federal constitution, particularly the instance by Uganda that a number of powers be reserved for the constituent parts of the federation rather than being vested in the federation government, which contributed to the failure of federation. It has also been argued that it was the foreign interference by the imperialists, alleged by Tanzania, and the interference by Ghana and Nkrumah's grand design for continental unity that tended to create local dissensions over the issue in East African after the O.A.U. conference of 1963.

Blame was also placed on "separatist trends" arising out of Kenya's dominant position in the East African economic arrangements, with the centralization of common market institutions in Kenya, which generated 'tribal' politics and regionalism in Uganda and Kenya.

Failure was also attributed to the "divergent policies" among the three governments in their foreign relations with different interpretations of non-alignment, divergent paths to economic development and political organization and ideologies, particularly with the emphasis on the one party state in Tanzania.

It was further alleged that because of differences in approach to trade unions and to the training of armies among the three countries, these countries could not unite. Even "personal interests" of certain leaders were suggested as barriers to federation. A Kenyan Minister, Joseph Murumbi, was quoted as suggesting that Obote's reluctance and back-peddling on the issue of federation was caused by his fear and that of his counterparts that if federation were realized "they might become nonentities overnight"²³. Other junior leaders in the territorial units as well as party stalwarts were alleged to have feared diminution in their powers and ranks. As a result they preferred to remain "big fish in small ponds".²⁴

All these arguments²⁵ no doubt have some validity, but they are partial and do not adequately explain the real causes for the failure of the Nairobi Declaration to materialize into a federation. They do give some insights into the secondary, and in some cases minor, contributing factors to the failure. Ali Mazrui, in fact, while emphasizing many of the arguments given above, went so far as to blame the failure of federation on Nyerere, for "plunging" Tanganyika into a union with Zanzibar:

The narrower unification of Tanganyika and Zanzibar has harmed the ambition of a broader unification of East Africa as a whole. Nothing would have dramatized more effectively the problem which would attend a prospective East African federation than the problems already met in relations between Zanzibar and Tanganyika in their modest union.²⁶

He even suggested that the throne of the Sultan of Zanzibar had

brought "unification" to East Africa, but that the Sultan's dethronement in 1964, leading to the union between Tanganyika and Zanzibar, had "destroyed the last hopes so far for a more effective political union in this region".²⁷

These half-baked and historical arguments cannot lead to real understanding of the issues behind the non-realization of federation efforts. They merely create confusion which imperialism needs to obscure the real issues. In order to have a scientific understanding of the events of this period, it is important to recall that the root cause of the failure to realize the Pan-African ideal must be traced to the basic contradictions that imperialism introduced into the region. The yearning for national development by each of these countries was positive and justified, but as we have seen, such national development could not be realized with the continued economic control of these countries by imperialism.

THE REALITIES OF TRANSNATIONAL CORPORATE DOMINATION

The exploitative and oppressive relationships introduced by imperialist monopolies were behind the strains and stresses that became even more noticeable in the period 1958-62²⁸. In the latest phase, the forces operating on a world scale and the new strategies and tactics of transnational corporations operating in separate economies under neo-colonialism, tended to intensify the divisions between the states as the huge monopolies battled for capital export outlets, markets and sources of raw materials in each of the newly independent states. This, coupled with the yearning of national development, created centrifugal forces that tended to tear down the regional structures for "co-operation" intended to assist national development.

Despite the fact that a larger market was "preferable" by the monopolies in general, monopolistic competition at micro-level of each of the monopoly firms tended to pull apart such attempts at creating a larger market in the face of the existence of the national state. But because monopolistic competition is the very basis for the existence of international finance capital, it followed that the actual mechanisms of this competition and the antagonisms they created in each of the territories tended to militate against a "common market".

This development in transnational monopolistic competition was present in the so-called national development plans which were inherited after independence, since all the projects worked out in these plans accorded with the needs of international finance capital. This was reflected in the "old plans", and the immediate task that faced each of the neo-colonial states was to address itself to these programmes because of the pressure of the people to realize their demands for which they had fought in the struggle for independence and that of the competition by the monopolies to obtain protection to run these projects since the "national" bourgeoisies in the three countries were too weak

to do so.

This meant, particularly for Tanganyika which faced these problems earlier, concretely attending to the question of mobilising resources to implement the development programme between 1961 and 1963 before Kenya achieved its political independence. That Tanganyika held out so long is evidence of its strong belief in the federation ideal, an ideal which could not be realized, not because the leaders in Uganda and Kenya were wicked, but because the forces of international monopoly capital were at work in all the three countries before independence, preparing themselves for the new competition to obtain privileges and protection in each of the new nation states.

Pratt points out that in these first three or four years, Tanzania addressed itself to the affairs of party organization and economic development on the lines of "tempered capitalism overseen by a socially responsible government".²⁹ He gives an example of a single year, 1963, the year of the Nairobi Declaration, and shows that the only external issue of importance addressed by the government in that year was the issue of East African federation. Otherwise "development questions were the central focus of government pre-occupation".

He cites four main areas of focus. The first was the village settlement scheme based on World Bank recommendations and which required external financing. The pre-occupation implied suing for economic aid and hence competition with Uganda and Kenya for such finance at its source. Second, was the expansion of secondary schools which, as Pratt points out, "was largely successful". This involved the securing of "overseas capital" to support the building of the University of Dar es Salaam. Third, efforts were directed at "careful economic planning" to bring about "closer co-ordination of government activities", and a more "effective mobilization of financial resources for development purposes, and a clear and systematic identification of the priorities as between the different possible major projects."³⁰ Fourth was a preoccupation with the cooperative union, particularly in the field of marketing crops as a counterpoise to existing marketing arrangements and methods of fixing prices.

All these activities, it must be noted, involved allocation of resources. This, too, implied pressure on the use of resources by fiscal and monetary means which, for the time being, under the existing arrangements under the East African Currency Board made it difficult for the Tanzania Government to this end. There was also the associated problem of foreign exchange which, under the existing arrangements, tended to be siphoned by private investors who contemplated leaving East Africa because of majority rule. As a result of these pressures and despite the political will to federate, Tanzania was forced to take measures to break up the East African Currency Board.

It can be seen at this stage that all these activities which encompassed the whole spectrum of the economy, in which the monopolies were active participants in agriculture, industry and the service sector,

implied an atmosphere of competition between the monopolies and the states in the region, which were at the same time talking about the ideals of Pan-Africanism.

These competitions, created by the dominant interests of the monopolies, can be illustrated by an example in Tanzania, cited by Rweyemamu, between Philips Industries (Netherlands) and the Japanese monopoly Matsushita Electric Company, over the radio market in Tanzania. Philips had hitherto controlled 90 per cent of the Tanzania market. In 1958, Matsushita joined the competition for the market and by 1964, had moved its market share from 1.4 per cent in 1958 to 68 per cent in 1964, correspondingly reducing Philips' market to only 21 per cent.³¹ It was during this period that the Kampala Agreement was negotiated and agreed upon but not ratified by Kenya. Under this agreement radio sets and components were to be manufactured in Tanzania.

Experience in many countries of the world reveals that an aspect of transnational corporate strategy is to defend existing markets by import substitution industrialization so long as protection can be obtained from the local state to make production worthwhile and profitable. Indeed, the neo-colonial strategy which corresponds to such monopolistic competition did provide for such protection to the monopolies and in Tanganyika, such protection had become a feature, as Yaffey observes, "in and after 1961".³² The fact that such protection was extended to Philips in 1965 in order to substitute radio imports which displaced the Japanese monopoly from the competition proves in this particular case that it is the Philips monopoly which demanded such protection and obtained it even before the signing of the Kampala Agreement, as indeed Rweyemamu has argued:

In view of the fact that the share of Tanzania in the East African market was relatively small, and the short term interval between the Tanzanian Government's initiative to establish the plant and its hasty set up, there seems to be a *prima facie* case for believing that Philips Industries had already decided to build the plant in order to avert the loss of the market to the Japanese.³³

Thus the smallness of the Tanzania market did not operate as a serious constraint for a monopoly in these circumstances where protection was granted. A monopoly could set up its plant in any market, and still make a large profit on the basis of such small production and protection.

Reframing Hirschman's hypothesis based on observations of industrialization particularly in Latin America, Rweyemamu appears to accept the thesis that when the market, as mapped out by imports, has reached or is approaching that size which will support a plant at optimum or near optimum efficiency, an investor in search of profitable opportunities will "come forward", given appropriate publicity and

provision of reasonable tariff protection and other fiscal incentives.³⁴ This hypothesis would be modified by the fact that the effective protection given is more than nominal as was the case in East Africa, and by the need to defend existing markets. This means that the motives to "come forward" were made even more attractive in this case for the monopoly.

Rweyemamu's further conclusion that there is little doubt that the import-substitution industrialization which has taken place in Tanzania has been conditional on granting the industrialists adequate tariff protection, and the account given by officials of the Ministry of Commerce and Industry, "who deal with these issues", that the initiative to import substitute originates with the potential investors who submit a request for a tariff increase", go to confirm our analysis. This is strengthened further by Rweyemamu's Table 4.4 which indicates the "simultaneous establishment of industrial projects and the granting of tariff protection".

All these monopolistic pressures in the neo-colonial economy exerted considerable strain on the idea of federation despite its desirability to the leaders. These pressures were responsible for Tanzania's impatience when the Nairobi Declaration did not materialize in 1963 as was envisaged. The deadline of six months for federation was itself unrealistic even if federation was achievable. But the haste itself was evidence of these pressures.

This impatience was revealed for the first time when Tanzania insisted that the benefits arising out of the common market be "equalized". Concentration of industry in Kenya, it was argued, meant that no industrialization could take place in Tanzania, and industries (like Philips) could not be supported adequately to substitute imports. In the words of President Nyerere:

Instead of the secondary effects of investment being felt in the country which has obligation to repay the loan, the increase in the effective market is felt mainly by Tanzania's partners in the common market. Because of the common tariff arrangements, and the free inter-East African trade, Tanzania cannot buy in the cheapest market abroad, and equally, she cannot protect her infant industries against competition from long-established and large scale firms in Kenya, and to a lesser extent, in Uganda. This situation did not result from the evil machination by the people or governments of our neighbouring territories. It was a historically determined fact.

But as far as Tanzania is concerned, it meant that her own development was hamstrung. Without the establishment of an industrial base, Tanzania will never achieve a stable economy or reach the take-off point of economic growth...³⁵

Although for our purpose, a strategy based on import substituted industrialization of the type we have demonstrated could never lead to a stable economy nor to an economic take off, the case as argued reveals

the yearning for national development that compelled Tanzania to take unilateral actions which tended to hinder the very objective despite her professed support for Pan-Africanism, and to demand a re-arrangement of the existing system. This led to the Kampala Agreement, and on the basis of the Agreement, although not ratified by Kenya, to the "temporary" imposition of quotas against the importation of certain Kenyan products worth Shs 40 million, out of total imports of Shs. 184 million.

The need to implement the development plans also required some control over the finances as well as the monetary and fiscal instruments, and it is not surprising that the next step taken by Tanzania and Uganda was the separation of currencies and the creation in each country of a central bank. This meant breaking up the East African Currency Board. Nyerere again expressed the bitter reality of the situation which national self determination and foreign economic domination implied in these terms:

This change (of the currency) was not decided upon for prestige reasons; the decision was made because it is impossible to plan economic development properly if currency and credit are not within the control of planners — that is the government.³⁶

Indeed, Tanzania had already taken the lead in calling for the establishment of separate currencies and banks. According to Bomani, this was because of the "divergent economic structures and trade relationships" and the "variations which (had) occurred in respective levels of investment, in overseas borrowing and in rates of economic growth, (as well as in) the marked differences in the quantitative objectives of the three development plans."³⁷

Indeed, these divergencies were evident in the "old plans" and arose from the uneven development of the region. The negotiations in the field of creating a central bank of East Africa to deal with this situation had started, according to the official report of the East African Currency Board, as far back as 1961.³⁸ This had led to the commissioning by Tanganyika of Dr. Erwin Blumenthal, of the West German Central Bank, to examine East Africa's monetary system and advise as to its future.

Dr. Blumenthal had recommended a 'two tier system' under which each state would have its own state bank wholly owned by it, and an East African Central Bank which would coordinate the activities of the three state banks of the territories. This was in the hope that an East African federation would eventually take place.

In his radio address, Bomani pointed out that since this prospect had "receded from the realms of foreseeable future", Tanzania had considered that the issue of setting up central banks, with devolution of powers to the individual states, had assumed urgency.

An I.M.F. mission was requested to assist in this task, and it arrived in February 1965 to establish how much "common ground"

existed for the working of an effective central bank issuing a common currency. It found no such common ground. The lack of common ground stemmed from the fact that the three states, in the words of the Currency Board report, disagreed on "the sharing of sovereignty over a wide range of 'bread and butter' matters and in terms of the limitations which this sharing must impose on national economic policies and ambitions".³⁹

Regardless of the fact that a central bank for East Africa could have functioned in spite of the failure to create a political union, the idea did not materialize, indicating again the strong divergent tendencies in the economies which monopolistic competition and the desire for national development implied.

The first step was taken by Uganda when it declared, through its Minister of Finance, Kalule Settala, two days before the I.M.F. team arrived, that Uganda intended to create a state commercial bank out of an existing savings and credit bank. He also announced the intention to set up an Agricultural Credit Corporation and an Industrial Finance Corporation (in which capital from various countries, including U.K. and Germany, was interested); and to establish the Bank of Uganda which was to discharge the functions of a central bank. He declared that a team of experts from the I.M.F. was arriving to draft a constitution "for the East African Reserve Bank" to which the Bank of Uganda would act as agent.

The discussions of the three governments broke down when Tanzania insisted that a central bank for East Africa could only function properly under a political federation; and when Kenya argued that a central bank responsible for a common currency must be centrally managed by agreement of the three governments together.⁴⁰

No agreement was achieved and it was decided to announce separation of the banks. The currency board report concluded:

Whatever the disappointment felt at the announcements of 10th June, therefore, the decision taken can be welcomed for facing realities and ending a long period of wishful thinking.⁴¹

Few economists and political scientists have paid attention to these fundamental facts which were working against a federation. Nyerere⁴² exceptionally points to the economic forces which threatened the EACSO, but merely refers to the system of industrial licensing the phenomenon of each country entering into separate trade agreements.

The problem of managing a neo-colonial economy by use of monetary and fiscal incentives as pointed out by Clark,⁴³ implies conflict already in the planning of separate economies which, as President Nyerere correctly observed, were "historically determined". And if the pace of "economic development" has to be accelerated by government expenditure playing "a major leading and energizing role," as Clark states elsewhere,⁴⁴ (particularly in the cases of Tanzania and Uganda), then, given the uneven development and divergencies in the plans, it

follows that such pressures as existed in the three independent states, coupled with the interests of the local bourgeoisies which tended to exacerbate the rivalry, were enough to block moves towards political unity.

Given the situation which prevailed within an atmosphere of social pressure, emotions, and even petty jealousies that this implied, it is not surprising that the last Working Party appointed after the Nairobi Declaration, which met in Kampala on May 30, 1964, instead of producing a constitution for a pan-African federation of East Africa, "did little but close the books,"⁴⁵ thus dooming forever any idea of a Pan-African unity in East Africa based on neo-colonialism.

THE KAMPALA AGREEMENT

Having abandoned the grand idea in which the imperialists were not interested so long as they reaped huge profits out of protected and guaranteed investments and markets, each country continued its task of "attracting foreign investments" in the hope that this would lead to national development. It is the acceptance of the stark realities that compelled the three East African countries to accept a limited amount of regional cooperation. These limited objectives were summarized in the Kampala Agreement of 1964 and 1965. The Agreement called for:

1. Immediate action, with certain inter-territorially connected firms, to increase production in deficit countries and thereby reduce imports from the surplus country;
2. The need to arrive at an agreement as to the immediate allocation of certain major industries among the three countries;
3. The application of a system of quotas and suspended quotas whereby exports from surplus countries would be progressively reduced, and local production increased in a deficit country;
4. The increase of goods sales from countries in deficit to a country in surplus;
5. The need to arrive at an early agreement within the East African Common Market on a system of inducements and allocations of industry in order to secure the equitable distribution of industrial development among the three countries.

It was further stated in the Agreement that in the case of four stipulated industries, the Ministers had "agreed" that "it was possible to make approaches to each firm" with a view to achieving these objectives because each of them had productive units both in the surplus and deficit countries. The companies stipulated were: East African Tobacco Co. Ltd. (A B.A.T. Monopoly), Bata Shoe Company, East African Breweries, and British Portland Cement (Bamburi) Company.

The Agreement is also instructive in that it reveals that all these firms, despite the "approach" suggested by the Ministers, had in fact already taken steps themselves to expand on the basis of existing com-

petition. The Agreement states that the first three companies had been "interviewed" by the Ministers in Kenya and Tanganyika. In the case of tobacco, it was revealed that "the firm had already sent machinery to Dar es Salaam" and had itself stated that by July 1964, it would be manufacturing in Tanganyika some 90 per cent of the Tanganyika consumption of cigarettes. The company had also indicated that it would "consider very seriously", should any question arise, about manufacturing specialist brands.

As regards footwear, it was revealed that Bata Shoes "which supplies 70 per cent of the East African market" had stated that their policy was to have specialist plants in different countries, and that they had space in Dar es Salaam for expansion in "another field" of shoe with leather upper and rubber soles, "and that this project would go ahead," expecting the plant to be in production "by the end of this year".

In the case of beer, the Agreement stated that the firm had one plant at Arusha, Tanganyika, and another plant in Dar es Salaam. They had an "agreed plan" to re-equip the Dar es Salaam brewery "and double its output". They also planned to increase production at Arusha. This plan would have taken 18 months to complete, "but the start was delayed by negotiations over a plot of land in Dar es Salaam". The Agreement finally stated that although it had not been possible to interview the cement company, it was understood that the firm "had already spent on the Dar es Salaam plant approximately Shs. 6 million out of a total scheme value of Shs. 30 million", and that they were to make their initial trials early in 1966.

All these changes in redistributing industry which the monopolies were carrying out on their own to forestall any new competition from other monopolies, were presumed to have "the net effect" of correcting the imbalance between Kenya and Tanganyika to the tune of Shs. 36 million and with Uganda to the tune of Shs. 13 million.

It is interesting to note that the manufactured articles on which Tanzania imposed "temporary quotas" were these very ones — beer, cigarettes and shoes, in which the relative monopolies had already decided to expand production into Tanzania on their own initiative. It is also interesting to note that tariff protection had been extended by Tanganyika to cigarettes in 1962, to shoes in 1961, to cement in 1963, to beer in 1965, and to radios in 1965. This attests to the fact that in three instances, the state had already taken measures to offer inducements to these monopolies as a way of helping them to import-substitute and expand production in Tanganyika, and the Kampala Agreement was nothing but a record of what was already taking place.

In addition to the four industries above, it was decided to bring five industries under the Industrial Licencing Acts, and to give exclusive licences "to a firm operating in an agreed territory". It was decided that Tanganyika would have landrovers assembly and the manufacture of lorry and truck industry, radio assembly, and motor vehicle tyres and

tubes. Uganda was to have bicycle manufacture, and a nitrogenous fertilizer plant. The bicycle manufacture plant was indeed taken by the British monopoly — Gailey and Roberts, a Unilever subsidiary — which had the market before and was clearly defending its import market. Kenya was given electric light bulbs, with a possibility of a neon and fluorescent addition.

The Ministers also agreed that "urgent action was needed in the case of incentives to be offered to industry and that, pending the report of the committee of experts, some incentives should be urgently considered by the Ministers. There is no doubt that the Foreign Investment Protection Acts, which were rushed through the Parliaments of Kenya and Uganda in 1964, were all the result of this realization. That year, Kenya entered into bilateral investment guarantee agreement with Germany and the U.S.; Uganda did so with the same countries, while Tanzania entered into one with Switzerland.

The allocations in the Kampala Agreement were adjusted the following year when the Agreement was amended at Mbale. Despite the adjustment, Kenya still failed to ratify the Agreement, and it is this failure by Kenya that led to the "temporary" quotas being imposed unilaterally by Tanzania. According to Greene and Seidman, this development "led to a boost of industrial investment in Tanzania, which almost equalled the country's whole previous manufacturing sector for consumer goods".⁴⁶

With the failure to comply with the agreement, the lie about the need for a large market was exposed when another U.S. motor tyre monopoly, Firestone, persuaded Kenya to grant it protection to manufacture tyres and tubes for the Kenya market alone to compete against another American monopoly — General Tyre — which had been given the allocation in Tanzania, proving once again that it was not the smallness of the market that was the constraint for the transnational corporations, given the world market before it and tariff protection and other incentives which the neo-colonial states were lavishing on them in competition with each other.

It is quite possible that the two U.S. monopolies were each suing for protection before the Kampala Agreement, and Tanzania's success in obtaining the allocation of the industry for General Tyre might have led the other monopoly to apply pressure on the Kenya Government not to ratify the Agreement so that it too could operate in the market on the promise of providing capital and employment to Kenya. The same would be true of the competition of other monopolies, creating strains and stresses among the three territories, and it is in this respect that the rivalry between monopolies in competition with each other also tended to create rivalry in the politics of the region. Monopolistic competition of the transnational monopolies, therefore, was at the base of the rivalries in the region, intensifying the petty-competition of the small producers in each country, and further intensifying other minor contradictions among the people of East Africa.

Even more telling was the effect of this new monopolistic competition on the existing institution of EACSO. President Nyerere, in his speech to the Central Legislative Assembly, pointed to the strains which Kenya's unilateral granting of landing rights to Pan-American Airways at Nairobi Airport was having on the organization. He pointed out that the Kenya decision went against two unanimous decisions of the East African Authority:

But clearly, Kenya felt in the end that she could not afford to lose the advantages she expected from such a decision, despite our common fears about the effect of such landing rights on the prosperity of our jointly — owned East African Airways.⁴⁷

The editorial in the *Nationalist* newspaper of July 20, 1965, had gone to some length to bring out the background to this conflict. It pointed out that Kenya's action had broken the agreement of the three states. It noted that as far back as 1962, the three governments had decided to restrict any new landing rights to Entebbe (Uganda) and/or Dar es Salaam (Tanganyika) in order to enable East African Airways "our own airline room to pick up the profitable side of the business at Nairobi Airport". This decision, it added, was rescinded in 1964 when Lufthansa was granted landing rights in Nairobi. This had enabled a number of foreign airlines to land at Nairobi which had resulted in a loss of Shs. 20 million in revenue to East African Airways.

It was the realization of this error that had led the three governments to restrict any further landing rights. Kenya's decision to unilaterally grant the rights to Pan-Am, it added, was an act of "bad faith", for "how can any sovereign country command respect if it goes on tearing into shreds agreements solemnly entered into just for the sake of getting a casino here and a hotel there for Big Business".⁴⁸ The reference to the casino and hotel was part of the deal made between Kenya and Pan-Am, for it was understood that Pan-Am had promised to build Intercontinental Hotel and a casino in Nairobi in return for the granting of landing rights.

The rivalry and emotional bitterness that this single decision created among the East African leaders was the result of the pressure exerted by this U.S. monopoly airline to gain a competitive advantage in the region on promise to Kenya of landing fees, a casino and a hotel as part of the deal which must have been considered by Kenya as being vital to the country's tourist industry. This is explained by Nyerere:

The trouble is, of course, that each difficulty of this kind uses up our stock of emotional unity. Kenya clearly feels extremely bitter about Tanzania's pressure to restrict the freedom of entry into Tanzania market. Tanzania, on her side, feels that if East Africa does not federate, there must be some effort to accept the inevitable consequences of such failure. Similarly, Tanzania feels let down by what she regards as a weakening of the airline,

which the three countries own jointly, while Kenya feels that we have failed to appreciate her needs in relation to this Pan-American proposal.⁴⁹

With the failure of the Kampala Agreement, but with the transnational monopolies operating all the same, it was again decided by the three leaders at a meeting in Mombasa in 1965 to form a Commission on East African Co-operation — later known as the Philip Commission — to be presided over by Kjeld Philip, a former Finance Minister of Denmark, but then working for the United Nations, to examine existing agreements in East Africa for co-operation between Kenya, Tanzania and Uganda on matters agreed upon and to make recommendations on the matters considered. With the developments of 1965, any hopes of federation were dashed and the problem of economic co-operation in the common market and common services needed to be considered afresh.

TREATY FOR EAST AFRICAN COOPERATION

The Philip Commission, which began to address itself to these problems arising out of this transformation and the earlier regional integration, took account of these developments as the starting point, and tried to find the best ways of continuing some kind of economic co-operation among the three states, in view of the failure to achieve a political federation. It is for this reason that Philip himself pointed to the need for some kind of a political binding force to the cooperation short of a political union:

We cannot expect the common market to function as long as there is no common political power to take decisions. Not to have a political power in this field would only be possible provided all three countries were following the principles of nineteenth century liberalism. As all the three countries are practising economic planning and all three wish to interfere in this economic development. It is necessary that there exists a responsible political body to govern the common market. As modifications would have to be introduced in the common market and as a machinery will have to be established, it is necessary to make a treaty concerning between the three countries. Economic life is, however, developing so fast that a treaty of this kind should contain mainly general principles and the provisions necessary to establish the machinery. This machinery should have three levels, namely political, official and tribunal to solve disputes.⁵⁰

The treaty which the Commission worked out in the end merely formalized the existing arrangements for regional co-operation, and at the same time introduced new institutions and procedures to maintain, strengthen and help to modify certain imbalances in trade and industrial growth in the region to take account of the sovereignty of each of the new nation — states.

The preamble to the treaty stated: Whereas the United Republic of Tanzania, the sovereign state of Uganda and the Republic of Kenya have enjoyed close commercial, industrial and other ties for many years: AND WHEREAS provision was made by the East African (High Commission) Order in Council from 1947 to 1961 for the control and administration of certain matters and services of common market to the said countries and for that purpose the East African High Commission and the Central African Legislative Assembly were thereby established: AND WHEREAS the East African Common Services Organization has, since its establishment, performed on behalf of the said countries common services in accordance with the wishes of the said countries and its constitution: AND WHEREAS the said countries, while aware that they have reached different stages of industrial development and resolve to reduce existing industrial imbalances, are resolved and determined to foster and encourage the accelerated and sustained industrial development of all the said countries: "AGREED" to the Treaty for East African Cooperation creating the East African Community.⁵¹

The principal aim of the Community, which was declared in Article 2 of the Treaty was to strengthen and regulate the industrial, commercial and other relationships, so as to achieve an accelerated, harmonious, balanced, sustained development of the economies in the three countries. It was also declared to be a long term aim of the parties to establish a common agricultural policy.

But, contrary to expectations, the new structures created by the Philip Commission under the treaty went only so far as to strengthen the structures for a non-complementary development, even in those areas where "East African Industries" were supposed to develop on an East African basis. Thus the transfer tax system and the East African Development Bank, which were created for such harmonization, tended to reinforce parallel industrial development in the region, re-emphasizing the fact that the new nation-state was a firm basis on which the transnational monopolies operated, and that the reality of the nation-state had come to stay.

Indeed, President Nyerere captured the complexity of the situation posed by monopolistic competition under the new arrangements when he said:

Each of the Partner States goes ahead on its own, trying to interest foreign firms or foreign governments in such a project. And the foreign firms do sometimes agree. After all, their main concern is to sell their machinery to us, either for purposes of extending their competition to East Africa, or simply as a means of making immediate profit for themselves. In either case, the cost of the necessary subsidy will have to be borne by us. So we have the absurd position where both Kenya and Tanzania, in partnership with competing foreign firms, set up a tyre factory—each of which requires the whole East African market to be economic.⁵²

Such a reality, Hazelwood has argued, would be motivated by the fact that the foreign investor would not view the high costs of a small market as "a decisive concern" to him, since these would be off set, as we have noted, by provision of favourable terms by the states,⁵³ more often than not by pressure exerted by the monopoly.

Even the agricultural policy under the treaty went to consolidate the neo-colonial ties of the economies to the imperialist countries. Movement of agricultural produce between the three states was prohibited while the links with the imperialist states were retained. The prohibited list in Annex III to which the article applied included all the major staple foods such as maize and maize flour, wheat, milk, eggs, fruits, groundnuts, millet and simsim. The major cash crops which could be exported were coffee, pyrethrum flowers, cotton, cotton seed and sisal. Thus the three countries guaranteed raw materials and agricultural products to the imperialist countries for their industries, but none to themselves for industrial development, while food products were also restricted in their movement in the region.

The treaty also addressed itself to the existing common services built up by British imperialism to serve the entire region. The new Community was, on behalf of the partner states, to take over and administer these services for the needs of the region. These were listed in an Annex and included such scientific research services. These services were to be paid for out of a general fund and special funds in a distributable pool of revenues from income and customs collections.

But perhaps one of the major provisions of the treaty which took account of the desire of each of the states to strengthen the national economies was the provision relating to the *decentralization* of services and institutions. In many ways, these provisions marked a stage of the further dismantling of colonial regional structures and therefore reinforced the forces pressing for national independence and the dominant forces of transnational monopolistic competition — all centrifugal in their essence in this respect.

Article 86 and Annex XIV to the treaty provided measures for the decentralization of services administered by the Community to each partner state in respect of customs and excise, income tax, meteorological departments and the directorate of civil aviation. They also provided for the decentralization of railways, post and telecommunications and airways corporations. As far as the services provided by the Community were concerned the decentralization measures envisaged the appointment of commissioners or directors in each of the services to exercise some control in each of the states. As for the corporations, the decentralization measures envisaged the establishment of "strong and functionally comparable" railway, posts and telecommunications regional headquarters; and of ensuring that future development in the airways corporation should, so far as was possible, be sited in Uganda and Tanzania, as well as the giving of special consideration to the development of the harbours in Tanzania.

All these measures involved a lot of bargaining among the three states and their implementation or non-implementation, as we shall see later, was one of the elements in the problems that faced the Community in the period of crisis after 1971.

The structures that were worked out in these circumstances very soon came to grief. The starting point for the strains and stresses accentuated in the year 1971, and the E.A.C. finally collapsed in 1976. Why did this happen despite the efforts that were made to keep the community going?

THE END OF THE ROAD

Perhaps the most official position hinting on this issue comes from one of the leaders of the three countries, President Nyerere who, in reviewing ten years of Tanzania's relations with other countries in East Africa after the Arusha declaration stated:

In the fight for economic independence, cooperation with other Third World countries has increased since February 1967, although difficulties have not been absent. The signing of the East African Treaty of Co-operation was a matter of rejoicing in Tanzania and elsewhere in Africa; it seemed to take African unity a stage further forward. Unfortunately, political development in Uganda, and a number of unilateral transgressions of the Treaty by Kenya, have put the Community in jeopardy. The Government is working to overcome the current difficulties and to get agreement on Treaty revisions which will enable all partner states to work together...But I must confess, with great sadness, that the hope of reviving the East African Community is now a very slight one. We tried, but it appears that we shall be defeated. Our colleagues neither had, nor have the desire for real co-operation. There is a long way to travel before Africa is liberated.⁵⁴

It is interesting to note, too, that Uganda blamed both Kenya and Tanzania for breaking up the Community, while Kenya blamed Tanzania in particular. It is correct to place some of the blame on each of the three partners, but that is only part of the story. To blame the three one entirely ignores the vital role of imperialism in the collapse of the community, as indeed many seem to prefer to do.

Yet it is an understanding of the forces of imperialist exploitation and domination which explains the factors which ultimately led to the break up of the Community. These forces have a scientifically determinable causality and cannot be relegated to speculation or one-sided analyses. The exploitation and domination of the people of the region manifested itself as a balance of payments problem, obscuring the real production relational issues that underlay and determined the forces of nationalism. Nationalism was a reaction against such domination and it is these forces of imperialism and nationalism pulling apart that ap-

pear to have brought about the stresses and strains which manifested themselves in the demand for national independence in the region. These forces were still at play in the economic field.

Pinpointing the problem and crisis in 1971 which eventually led to the break up of the Community is linked with the heightening of the exploitation of the people of East Africa. Most of the problems in the politics of the three countries in this period, including the Uganda coup itself, are connected with these fundamental forces.

A Tanzania Minister of Finance in the East African Community has also pointed to this date as the culmination of other forces that had been at work in which strains began to pronounce themselves. He states:

Ever since 1971, the Community has gone through a most difficult period, although disagreements on some aspects of the Treaty began earlier. The environment in which we have had to operate has been one where bilateral relations between Partner States have been seriously strained, while damaging developments were taking place within the Community itself. As such, much restraint had to be exercised by those in positions of responsibility to ensure the very survival of the Community. Within the Community's operations we encountered complex problems which needed to be sorted out and these included, among the first, the financing of the East African Airways. Then came the need for the orderly passing over of the responsibility for the operations of the income tax department to the partner states, extremely difficult and tricky question of evolving a new, albeit interim, formula for financing the General Fund Services, since the provisions of Article 65 became unacceptable. The financial affairs of the Community corporations also became more and more intricate and exacting as time passed. There were many other developments, too, that needed careful handling. These were not and are not easy times and one had to exercise extreme caution in coping within the situation as best as one could in the circumstances.⁵⁵

Most of the problems mentioned by the former Minister were connected with the balance of payments strains which were mentioned earlier. Divergent income tax rates in 1971, problems about transfer of funds between partner states, the financing of the General Fund Services, in one way or another were connected with the foreign exchange constraints which never were resolved.

Even Kenya, which was assumed to be better off than the others, felt the pinch. An I.L.O. report pointed out that, while the early 1960s had been a period of "easy growth" for Kenya, this was shattered by 1971 because imports rose sharply and the rise of export earnings had "petered out". At the same time the inflow of capital into Kenya decreased: "Foreign exchange reserves sank..the Government started to take a series of measures to stop the loss of foreign exchange..It has suddenly become clear that the boom had been a kind that causes

stresses in the balance of payments.⁵⁶" The report went on to call for a revision of priorities in its development strategy.

The "petering out" of export prices merely reflected the falling terms of trade between industrial and primary products. This was merely the other side of the coin of a high rate of exploitation of plantation and peasant labour in the region. This situation occurred throughout the region and no doubt provided the very ground for the difficult days that the Minister referred to as beginning in that year. By 1976 the problems were irreversible despite the appointment of the Treaty Revision Commission, headed by William Dem of the Caribbean Central Bank, which failed to get the partners to agree on anything.

The future of the East African Community was clearly sealed once and for all. It is paradoxical that when Kenya announced her withdrawal on refusing to pay its Shs. 800 million contribution to the General Fund Services, it is Tanzania and Uganda who announced they would continue the services of the Community, despite the allegation that it was the coup in Uganda which led to the collapse of the Community. But this too failed and Uganda also pulled out. Meanwhile transnational corporate integration of the three countries continued unabated while new institutional forms of integration of East Africa with Europe were being worked out and intensified.

The breaking up of the East African regional arrangement was not necessarily a negative development. Indeed it can be said to have been positive in that it brought to the forum the reality of the situation. The consolidation of national independence could never be achieved under those conditions. It also showed that imperialism was no real basis for positive regional integration. What needed to be considered was the demand by the people in the region to continue the struggle against foreign exploitation and domination.

It is the correct understanding of the dominant forces that were at work in the economies of the three countries very much connected with the activities of the transnational corporations that give a clear framework in which to analyse even the coup in Uganda and the rivalries that multiplied among the partner states leading to greater disintegration of the structures and institutions that had been built up.

It was the weakness of the national forces working for the consolidation of national economic development, itself a reflection of their domination, that enabled the transnational economic activity in the region. The focusing on the national state as the venue for all struggles against imperialist domination in the political arena as a precondition to any meaningful national development is a positive step. It is also consistent with the struggle by the people of East Africa for national independence as the only meaningful way in which they can each address themselves to their economic development. Until imperialist exploitation and domination are combated, economic integration will never result in any positive results for the people. But cooperation on particular issues and schemes should be encouraged so long as the arm

of foreign capital is resisted. This would strengthen collective and individual self-reliance against foreign exploitation and domination.

NEW PATTERNS OF CO-OPERATION

The collapse of the East African Community has brought about a realization of the need to develop new organs and institutions for regional co-operation. Tanzania again has come forward as one of the staunch supporters of such fresh efforts. Indeed these efforts are not new. Measures to establish an Eastern African Economic Community were suggested as far back as 1965 by the Economic Commission for Africa (ECA) with a view to expansion of trade and stimulation of economic development and co-operation within that area. A draft treaty was initiated by ministers of ten countries in May 1966 and a provisional council was established to work out the details. Nothing happened despite reaching an agreement on allocation of industries. The arrangement was to include the co-ordination and linking of transport and communication systems, and the creation of a multilateral and 'balanced' trade system.

These initial efforts were not pursued in view of the successful launching of the East African Community after the signing of the treaty for East African Co-operation at Kampala. Instead of forming this wider body, a number of countries had entered into negotiations with the East African Community to become members. These countries included Zambia, Ethiopia, Burundi, Somalia, Malawi and Rwanda. These negotiations did not lead to any conclusive results and the widening of the Community aborted, partly because of the competitive pressures by the monopolies in these countries for capital outlets and markets.

Meaningful steps to this end were taken at the Third Conference of the Multi-National Programmed and Operational Centre (MULPOC) Council of Ministers held at Lusaka, Zambia on 4th November 1977. At this meeting, the Ministers entrusted to the extra-ordinary meeting of Ministers of Trade, Finance and Planning the formulation of the principles for the establishment of a Preferential Trade Area (PTA) and a clearing and payments system for the eastern and southern African states.

At the First Extra-Ordinary Conference of Ministers held in Lusaka on 30th-31st March 1978, the Ministers signed a "Lusaka Declaration of Intent" and commitment to the establishment of PTA and clearing and payments system for eastern and southern African states under which a body to be known as the "Inter-governmental Negotiating Team" (INT) was created to handle the detailed negotiations. It spelt out the terms of reference and a timetable for its work. The proposed PTA was to include seventeen countries: Angola, Botswana, Comoro, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Malagasy, Mauritius, Mozambique, Seychelles, Somalia, Swaziland, Uganda, Tanzania and

Zambia. The time-table envisaged the holding of the second extra-ordinary meeting of Ministers by April 1979 at which the report of the INT/PTA would be received and a date fixed for the signing of the treaty that year.

The Ministers further undertook to direct and execute their economic activities so as to create conditions favourable to the achievement of these goals. It was further agreed that the treaty to be signed would be under constant review so that within a period of ten years, consideration could be given to "upgrading" the co-operation to a sub-regional common market with a view to the eventual creation of an Economic Community for Eastern and Southern African States.

Among the principals to be included in the Treaty were the reduction and elimination of custom duties and other charges of equivalent effect; the relaxation and abolition of quantitative and administrative restrictions; the "fair and equitable" distribution of benefits; the giving of compensation, adjustment and development assistances to member states who may suffer as a result of the arrangement; the gradual evolution of a common commercial policy and the gradual harmonization of policies in the fields of finance, monetary and fiscal matters. A number of protocols to achieve these aims were authorized to be drawn-up.

Despite earlier optimism, the treaty had not, by the end of 1979, been ratified at the fifth meeting of the Inter-Governmental Negotiating Team on the Treaty for the establishment of a Preferential Trade Area, which was charged with the detailed negotiations held at Addis Ababa, Ethiopia on 8th-19th October 1979, it was decided that "because of the complexity of the negotiations" it was necessary to have a further meeting in February 1980, "to revise the progress" of the negotiations. At that meeting in Addis Ababa, it was forewarned that the Inter-Governmental Team may have not completed its task by the January meeting, and that the extra-ordinary meeting of the Council of Ministers, which was expected to consider the treaty, might have to do so in June 1980. At the January meeting held at Gabarone, Botswana, the Ministers agreed to hold the June meeting in May 1980, and to hold a further meeting of Ministers of MULPOC in August on September 1980.

This INT/PTA meeting held in Addis Ababa in October 1979, which was attended by only twelve countries. (Angola, Botswana, Djibouti, Ethiopia, Kenya, Lesotho, Mauritius, Mozambique, Swaziland, Tanzania, Uganda and Zambia) appeared to have encountered the usual problems created by international monopolistic competition.

One of the issues that became a stumbling block was the protocol dealing with "rules of origin". These rules define the type of goods originating from each of the members states which would be entitled to preferential treatment in the markets of the member states. The provisions of the rules are intended to exclude goods manufactured substantially outside the area. To ensure that goods manufactured outside

the PTA do not enjoy benefits within the area, it is normally provided that a company dealing in manufacturing goods for export within the PTA should have a certain minimum level of its equity held by nationals. It is also sometimes spelt out that quantity of "value added" must be produced within the member state if such goods are to enjoy the privileges.

At this meeting of the INT/PTA, the fixing of equity to be held by nationals or governments of member states at 60 per cent was considered "too high" for some countries. It was agreed to reduce this to 51 per cent - but even this was considered "so high" for at least two countries, that "most of their countries might not qualify for PTA purpose". Instead these two countries proposed a 30 per cent equity holding. They also urged that the requirement that such companies be under indigenous management might have a "negative effect" on production in their countries. Such problems arose because of the continuing foreign economic domination by transnational monopolies in these countries. The rule about "value added" was also modified to allow a low minimum of 25 per cent to be allowed. This meant that many of the enterprises in these PTA countries would merely be used as unpacking and repacking points for transnational goods substantially produced by the monopolies in the imperialist states.

Regarding the protocol on Co-ordination of Agricultural Policies, many delegates objected to the use of the phrase "harmonization and co-ordination" which had been agreed by the Ministers on the ground that this "implies a degree of commitment, and might impinge on national sovereignty when it comes to formulating such policies". Instead, they preferred the word "co-operation". Although some delegations insisted that if the ultimate goal of the arrangement was to form an economic community or common market, a certain level of "commitment" was necessary. Such divergence of views at such early stages of negotiation clearly testified to the dominating pressures inherent in the economies of these countries and the yearning for a national development which was equally unachievable under those conditions.

These "new patterns in regional integration which were initiated, according to the Declaration of Intent, because of the low level of, and the deterioration in, trade among the countries of this area during the "last five years" (since 1971) and the adverse terms of trade affecting the countries of the area, clearly go to show the vicious circle in which these countries find themselves. We have observed earlier that it was the same forces which eventually led to the collapse of the East African Community, yet the Declaration cites these same ills as the basis for a new regional arrangement continuing the same exploitative arrangements.

Should it surprise us that these new efforts should already be encountering the same forces of disruption that characterized earlier moves? Does it not prove, if proof were required, that so long as the

economies of these countries continue to be subjected to the exploitative hand of transnational finance capital, any effort to create a unity of a number of countries to resist their stranglehold must fail?

These developments must awaken us to the fact that the struggle at the national level against foreign economic exploitation, political blackmail and armtwisting has to be handled by strengthening the class struggle of national forces based on a broad democratic front in which the working class plays a leading role. Without such a political front at national level, no resistance to the strangling hand of transnational finance capital is possible, nor is any meaningful economic co-operation between nations (whether regional or international) possible. In encouraging Third World countries to create institutions to coordinate their economies, it must be fully realized that such efforts, unless matched by continuous political struggles to complete our democratic revolutions, will increasingly be frustrated by the activities of the transnational monopolies which go to hinder the economic development of our countries and the unity of the peoples of the world.

FOOTNOTES

- 1 For a history of the Pan-African Movement see: Legum, C, *Pan-Africanism*; Thompson, V.B. *Africa and Unity. The Evolution of Pan-Africanism*. London, Longman, 1969.
- 2 *Ibid.*, p. 16
- 3 Stalin, J.V., *Marxism and the National Question* 1913.
- 4 Nkrumah, K., *Neo-Colonialism: The last Stage of Imperialism*, 1965
- 5 Hughes, A.J., *East Africa; Kenya, Tanzania, Uganda*, Penguin, 1963, from which most of the information is obtained.
- 6 Quoted in Mboya, T., *Freedom and After*, London, Andre Deutsch, 1963, p. 208.
- 7 *Ibid.*, pp. 206-208
- 8 Nyerere, J.K., *Freedom and Unity*, London: Oxford University Press, 1966, p. 5.
- 9 Mboya, T., *op.cit.*, p. 210
- 10 Nyerere, *op. cit.*, p. 85
- 11 *Ibid.*, p. 89
- 12 *Ibid.*, p. 93
- 13 *Ibid.*, pp. 93, 96.
- 14 *Ibid.*, p. 216 see also Hoskyns: "Africa's Foreign Policy: the Case of Tanzania", *International Affairs*: Vol. 44 No. 3, July 1968.
- 15 A Declaration of Federation of East Africa by the Governments of East Africa as reproduced in Rothchild, D. (ed.), *Politics of Integration*, pp. 76-78.
- 16 House of Representatives Debates (Kenya), *Official Report*, First Session, Vol. 1 (June 27, 1963) cols. 403-430.
- 17 Morgan, D.J., *British Private Investment in East Africa*, p. 49
- 18 Leys and Robson: *op. cit.*, p. 183, who argue that the "concept" East Africa' was no less real to a peasant than the "concept" Uganda or Tanganyika'.
- 19 *Uganda Argus*, May 11, and June 27, 1964.
- 20 *Daily Nation*, August 5, 1964; *East African Standard*, August 3, 1964.
- 21 Kenyatta, J., *Harambee! The Prime Minister of Kenya: Speeches 1963-1964*, OUP, Nairobi, 1964, p. 28.
- 22 Proctor, J.H. Jr., The effort of Federate East Africa: a postmortem, "Political Quarterly" Vol. 7, No. 1 (Jan — March, 1966) p. 68.
- 23 *East African Standard*, October, 25, 1963.
- 24 *Uganda Argus*, June 17, 1965.
- 25 Well brought out in Proctor's articles. See also Ley and Robson: *Federation in East Africa, Opportunities and Problems*, London: OUP, 1965 (particularly introduction and conclusion).
- 26 Mazrui, A., "Tanzania versus East Africa" *Journal of Commonwealth Political Studies*, Vol. III, No. 3 November 1965, pp. 220-225.
- 27 *Ibid.*
- 28 Clark, P.G., *Development Planning in East Africa* pp. 17-26 see also Ndengwa, p. *The Common Market*.
- 29 Pratt, C., *op. cit.*, pp. 172-178.
- 30 *Ibid.*, p. 178
- 31 See footnote 48.
- 32 Yaffey, *Balance of Payments*.
- 33 Rweyemamu, p. 75, *Underdevelopment and Industrialization in Tanzania*, p. 125.
- 34 *Ibid.*, p. 98, See also Hirschman, A.O., *The Strategy of Economic Development* (New Haven: Yale University Press, 1957), pp. 61-90.
- 35 Nyerere, J., *Freedom and Socialism*, London: Oxford University Press, 1968, p. 64, (speech to Central Legislative Assembly in Dar es Salaam on 10th August, 1965).
- 36 Speech in the National Assembly, June 13, 1966: *Nationalist*, June 4, 1966, p. 7.
- 37 Bomani, P., Radio Address as Tanzania Minister of Finance reproduced in Smith, H.E. (ed.) *Readings on Economic Development Administration in Tanzania*. 1966 Institute of Public Administration, University College Dar es Salaam, Tanzania, p. 121.
- 38 East Africa Currency Board: Report for the Year Ended 1965, Nairobi, p. 1-22
- 39 *Ibid.*
- 40 *Ibid.*
- 41 *Ibid.*
- 42 Nyerere, J.S. Jr. *The Extent and Viability of East African Co-operation in Leys and Robson: op. cit.*, pp. 43-44. See also C. Rosberg and A. Segal, (eds.), *The African Federation*, Int. Conciliation, Vol. 3.
- 43 Clark, P.G., *The Role of the Central Bank in Accelerating Economic Development in Problems of Economic Development in E.A.I.S.R., E.A.P.H.* 1965.
- 44 *Ibid.*, and also in Clark Development Planning E.A., p. 55.
- 45 Franck, T.M. *East African Unity through law*, p. 163.
- 46 Green and Seidman: *op. cit.*, p. 145.
- 47 Nyerere, J.K., *op. cit.*, p. 66.
- 48 *The Nationalist* (Dar es Salaam), July 20, 1965, p. 4.
- 49 *op. cit.*, pp. 66/7.
- 50 Philip, K.: "The Future of the East African Economic Activities". A Working Paper of the Commission on East African Co-operation.
- 51 E.A.C. *Treaty for East African Co-operation*, 1972, E.A. Community Printer, Nairobi, Revised Edition 1970. Most of the Summary that follows is from this edition.
- 52 Nyerere, J.K., *The Standard*, (Dar es Salaam) 9, February 1972.
- 53 Hazelwood: *Integration in East Africa* London: OUP, 1977, p. 73.
- 54 Nyerere, J.K. *The Arusha Declaration Ten Years After Dar es Salaam: Government Printer*, 1977.
- 55 Al Noor Kassum "The Future of the East African Community" *UTAFITI*, Vo. II, No. 1, 1977, p. 9-10.
- 56 ILO Report on Kenya, p. 98-99.