PERIPHERY CAPITALIST DEVELOPMENT–A CASE STUDY OF THE TANZANIAN ECONOMY*

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1. INTRODUCTION

The causes of continuing poverty and persistent unemployment in the Third World have occupied a large number of writers, among them Baran (1957), Jalee (1968), Frank (1969) and Rodney (1972). Some have concentrated on the flow of wealth from the underdeveloped countries to the metropole, others on the devastating effect that this continuing exploitation has on the internal development of the Third World. They all agree that the source of the problem is not to be found within the Third World—such supposed reasons being culture, climate, population growth, leadership, etc.—but with the international capitalist system.

The stunted development of the Third World on the periphery of international capitalism has been analysed in some detail by Samir Amin. Central to his argument is the need for the capitalist system to *combat the tendency for the rate of profit to fall.* The process of capital accumulation has three ways to offset this tendency:

(i) Increasing the surplus value of production at the centre of the system (through greater productivity, monopoly control over prices, etc.), which also increases the exploitation of the working class,

(ii) Extending capital production in new areas where, through unequal exchange, the surplus value is relatively greater, and

(iii) Squandering of profits and other unproductive expenditures[1] which cannot be profitably invested (1970, p. 197).[2]

The relationship between developed capitalist countries and the Third World revolves around the second alternative, the expansion of monopoly capital into new areas. Whatever form it takes—aid, trade investment, technical assistance, "exchange of ideas", technology transfer—the relationship is permeated by the drive at the centre for new profitable investments. These comparatively greater profit margins are to be found primarily in agricul-

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ture and mining,[3] and also to some extent in light industries, but not in heavy industries. The "comparative advantage" of the periphery countries is fundamentally the lower cost of labour, while in manufacturing, particularly in the heavy industries, the advantage goes to the developed capitalist countries because capital and technical know-how are the decisive factors for those activities. Investment in the periphery countries gravitates towards production of exports in agriculture and mining to supply the manufacturing industries in the centre countries, and under some circumstances towards light industries for the manufacture of consumer goods.

The specific form that the domination by international capital takes is a function of the social formation of the underdeveloped country. It is not correct, as is often done, to view capitalist development in the Third World countries as the gradual replacement of communalism and feudalism by the capitalist mode of production, a unidirectional movement from "ancient" to "modern". One of the characteristics of underdevelopment is that the capitalist mode, even though it is the most prominent one, continues to coexist and grows around the pre-capitalist modes. The function of the latter is thereby transformed, but not eliminated. (See Samir Amin, 1974b.)

The introduction of market relations, which is a pre-requisite for monopoly capitalist penetration, is not synonymous with the replacement of pre-capitalist modes of production. It rather amounts to the creation of a social formation which can be typified as being periphery capitalist, in which the capitalist mode dominates but is intertwined with communalism, feudalism, and to some extent slavery, as the case may be. Thus the vital transformation required for capitalist penetration to take place is not the replacement of pre-capitalist modes but their encirclement, the object of which is to syphon off part of the meagre surplus that is generated under pre-capitalist relations.

Once the now advanced part of the developed capitalist world—Europe, North America, and Japan—passed in their historical development the stage where the primitive accumulation of capital dominated, agriculture played a decisive role in their further advance. But there, unlike what is happening in the Third World countries today, the surplus generated in agriculture was re-invested internally, mainly to produce light consumer goods and capital goods. Better agricultural implements and machinery meant greater productivity of labour and a higher income to the farmer. This in turn created a demand for mass consumption goods which stimulated the growth of industry. The agricultural labour force which had to leave the land was gradually absorbed into industry.

The important characteristic of this development is that it was *self-centered*. The driving forces in that process were internal to the system. The central determining relationship of a self-centred system, in the past as well as now, is the interaction between the production of mass consumption goods and the production of capital goods. The difference between a self-centered and an externally-oriented system, according to Samir Amin, can be shown by a four-sector model of the economy.

(i) Exports,

(ii) Mass consumer goods,

(iii) Luxury consumer goods,

(iv) Capital goods.

The determining relationship in a self-centred system is between mass consumption goods and capital goods, continually raising the productivity of labour and increasing the ability of the masses to buy consumer goods. *In an externally-oriented economy, however*, the main interaction is *between exports and luxury consumption goods.* The driving force for development in the Third World countries is the need for monopoly capital to fight the declining rate of profit at the centre by seeking profitable investments in the periphery. These comparatively greater profits are found in export-oriented agriculture, mining and occasionally in light industries, because the production costs for similar products are lower there than at the centre due to cheaper labour.

> "This is therefore the framework for the essential theory of *unequal exchange.* The products exported by the periphery are important to the extent that—*ceteris paribus*, meaning equal productivity—the return to labour will be less than what it is at the centre. And it can be less to the extent that society will, by every means—economic and non-economic—be made subject to this new function: provide cheap labour to the export sector." (Amin, 1974a).

But the low earnings of those engaged in producing export commodities do not provide the purchasing power which could stimulate the growth of a mass consumption goods industry. At the same time *parasitic social classes* arise within the periphery country which exert a demand for luxury goods. They perform an important function in this mode of development by ensuring the smooth flow of exports and by instituting measures which keep the wage rate at a low level. The demand for luxury goods is partly satisfied by imports, and partly by performing the final stage of their manufacture locally, known as import substitution. The growth of these relatively capital-intensive industries, which produce primarily consumer durables, not only absorbs a good part of the export earnings, but also a large proportion of local capital and other scarce resources (especially skilled man-power). An additional constraint on industrial growth is the imposed requirement that local industries must be able to compare with those making similar products at the centre, i.e., show a profit within the price structure of the international market. This requirement, combined with the absence of a sizeable demand for mass consumption goods, results in the near absence of industries producing mass consumption and capital goods. The growth of the national economy is severely hampered, leading to a further increase in inequality and to impoverishment of the large majority of the population.

The result is the *marginalisation* of the masses. The income of the peasantry and the proletariat remains low, and unemployment and under-employment tend to rise. Unlike at the centre where cyclical unemployment is an integral part of the economy and those out of a job are re-absorbed during an upswing, at the periphery the unemployment is chronic and permanent. This situation has led to the coining of the term "labour aristocracy" for those few who are able to get a regular job, but it is wrong to consider them as a class exploiting the peasants because they are workers and have no control over the means of production; they too are exploited by the bourgeoisie. The hope for better employment, education for their children, and a more attractive life in the cities makes many peasants leave the land. This is compounded by the upheavals caused by the gradual transformation of agriculture from a subsistence to a cash economy and a land shortage in certain localities. Artisans, who previously manufactured most of the articles needed by the peasants, are driven out of business by the competition from imported goods or by locally established industries with a much greater capital investment than in the artisans' workshops. Instead of forming the nucleus for the growing manufacture of mass consumption goods, their skills cannot be utilised in the capital-intensive production methods, and they join the unemployed.

The advocates of population control want us to believe that this situation is caused by over-population. Carefully avoiding an analysis of the socio-economic forces which are ultimately responsible for this condition, they produce simple calculations to demonstrate their point. The available resources in the country, they maintain, have to be divided by the population to find out how much each person can get. It follows that the smaller the population, the greater the amount available per capita![4] This kind of argument rightly assumes (but does not state this assumption) that only a certain proportion of an underdeveloped country's population can be gainfully employed, producing a surplus for investment in machinery, education, roads, etc. But as long as the country's economy is externally-oriented, unemployment and poverty will persist. The high rate of population increase is not the *cause* of these problems but can under some circumstances be a contributing factor.

Although the underdevelopment of the periphery countries is the result of capital accumulation, the external orientation of their economy must be pursued by appropriate measures within. At an earlier stage of monopoly capitalist development this was achieved by military conquest, and religious and economic penetration, followed by colonial rule. During this phase of domination, the introduction of capitalist production relations in the spheres of agriculture, education, wage work, transport, trade, etc., was carried out by the colonial rulers. Through the power of the state they controlled all vital aspects of the economic, political and social life of the colony. The attainment of political independence meant that the power of the state was taken over by the country's emerging petty bourgeoisie. By that time capitalist production relations had been introduced to such an extent that they formed the dominant, although not the sole, mode of production in the social formation of the ex-colony. The particular form of social relations varied somewhat from one country to another, but in all cases did the petty bourgeoisie play a decisive role not only in the struggle for independence but also in perpetuating and strengthening their relationship with the international bourgeoisie. This privileged class was thereby able to move into a position which allowed it to enjoy a "European" pattern of consumption. In the economic sphere this minority now continues to carry out the transformation towards production for the market, the strengthening of the export sector, and the growth of luxury goods production. On the social front it further develops the superstructure in education, culture, ideology, etc., that corresponds to periphery capitalist development.

The emergence of a "parasitic" class manifests itself through the inordinate size of the service sector[5] in comparison with the industry sector (manufacturing, public utilities, and construction). The contribution of the service sector to total Gross Domestic Product (GDP) is 40% in Europe, 50% in the U.S., and 30-60% in the underdeveloped countries (Amin, 1970, p. 215). For the developed countries the industry sector has about the same size as the service sector, but for the under-developed countries it is much smaller. A similar pattern can be found in the distribution of employment. This points to the parasitic nature of the service sector which is mainly oriented towards exports and luxury consumption, including an emphasis on unproductive investments. An important element in the size of the service sector is the rapid expansion of the state bureaucracy.

2. TANZANIA'S ECONOMY: PERIPHERY DEVELOPMENT

The Tanzanian policy as stated mainly by President Nyerere and the party, TANU, aims at a socialist society. The country had inherited a typical colonial economy at the time of independence in 1961. A good part of her agriculture had already been transformed into the production of cash crops and her manufacturing industry consisted almost entirely of the processing of agricultural products for export (Rweyemamu, 1973, p. 111). The location of towns, the infrastructure (such as the transport network), and private and government services were all geared towards the colonial economy. Through schooling, religion, and in other ways, a solid foundation had been laid for the country's transformation to a social formation in which the capitalist mode of production predominates, not as an equal to the colonisers, but as a dependent junior partner on the periphery of the international capitalist system.

The shift in official policy towards socialism came in 1967 with the

Arusha Declaration and the subsequent nationalisation of a number of companies, including all banks. Since that time the public sector of the economy has been growing at a faster rate than the private sector, and most of the large manufacturing companies are now either wholly or partly state-owned. Rural development is also given considerable importance through the formation of nucleated villages, the provision of water supplies, education, health facilities, and transport.

Since then Tanzania has become for some people a model of a new non-revolutionary path to socialism for under-developed countries. The first step in this postulated transformation is a successful struggle by the weak but growing petty bourgeoisie in alliance with the working class for national independence by democratic means. The second step is the gradual elimination of the ties with monopoly capitalism and a simultaneous build-up of the productive forces within. Such a progression is historically impossible since the petty bourgeoisie, which led the independence struggle in the countries of sub-Saharan Africa, formed an alliance with the working class only for the specific purpose of overthrowing colonial rule. Once the petty bourgeoisie acquired state power the reason for the alliance vanished, and the contradictions between itself and the working class emerged in full force. The struggle itself, and the parties that led the struggle, were never guided by a proletarian ideology.

The introduction of certain measures by the state, which in the context of a social formation where the working class is in power would constitute a step forward in the socialist transformation, does not necessarily have the same effect in the independent countries of Africa, and is likely to have the opposite effect: to enhance the process of surplus appropriation by the exploiting classes. Measures such as checks on income inequality, nationalisation of private property, comprehensive economic planning, administrative decentralisation and small-scale industries, are necessitated by the peripheral nature of the capitalist formation. Through a low surplus generation in comparison with the central capitalist formations—due to the continuing backwardness of production—and a flow of part of this surplus from the periphery to the centre, the dominant classes in the periphery are in a relatively weak position, serving the international bourgeoisie while at the same time standing in contradiction to it.[6] This dual role of these classes which hold the state power lies at the heart of the confusion about whether there exist classes in the periphery countries. Related in part to the relative backwardness of the production forces, the role of the dominant classes at the periphery is of necessity markedly different from that at the centre.

The class relations in Tanzania conform in their broad outlines to those in the rest of sub-Saharan independent Africa. There is a large peasantry, mostly engaged in subsistence farming but increasingly drawn into commodity exchange, a small but militant proletariat, and a petty bourgeoisie.

The latter is composed of a number of segments, the most prominent of which—since it merges state power with economic power—is the bureaucratic bourgeoisie, comprising the top political, administrative, and economic functionaries of the state (Shivji, 1974, pp. 80-116). Lastly there is the metropolitan bourgeoisie which is the dominant class in the international capitalist system. It is geographically located at the centre and exerts its power over the independent periphery countries through the respective petty bourgeoisie in countries where no national bourgeoisie exists.

The structure of Tanzania's economy reflects the prevailing class relations. It will be shown that it is typical of periphery capitalism, with a strong emphasis on the export of agricultural and, to a lesser extent, mineral products, and with the virtual absence of domestically-produced capital goods. That this was the pattern during colonial rule is well known, but that it has continued since independence virtually unchanged needs to be empirically demonstrated. If some progress had been made towards disengagement from international capitalism, this should be apparent in the relations of production including the economic structure. To test whether such a shift has taken place, a time comparison is made for key elements of the economic structure: foreign trade, the determining relationship (according to Samir Amin's four-sector model), and the distribution between agriculture, industry and services, and their composition.

There has been no significant shift of the economic structure away from a dependency relationship since the Arusha Declaration. Those changes which have occurred can be ascribed primarily to two factors. One is the tremendous *fall in the world price for sisal* and the resulting drop in production, which brought sisal down from the number one export crop at the time of independence to fifth position by value in 1972. The other is the large amount of *assistance received from China* for the building of the Tanzania-Zambia Railway (TAZARA). The loan agreement of 1968 was for 2,865 million shillings, including Zambia's part and local costs. But this project has so far not made a significant impact on the structure of Tanzania's internal economy. If the loan for TAZARA and the resulting trade with China are eliminated from Tanzania's foreign trade statistics, the pattern which existed before the introduction of TAZARA reappears unchanged.

Another large aid project with China is the exploitation of the iron ore and coal deposits in the south-western part of the country. An aid agreement for 525 million shillings has recently been signed with China "to assist Tanzania to construct complete projects, to render technical cooperation, to provide equipment and to supply general commodities, and to meet the local expenses which may be incurred in the implementation of the project" (*Daily News*, 2nd April, 1974). To establish such an industry would constitute an important step forward for the growth of a self-centred economy (in contrast to an externally-oriented one), but it cannot in itself lead towards disengagement. This requires a parallel change in the class formation without which an iron and steel industry will fail to provide the required push towards a rapid growth of the productive forces.

FOREIGN TRADE

The model of periphery capitalist development assigns a decisive role to foreign trade. The periphery countries carry out a vigorous trade with the centre countries mainly in the export of primary goods and the import of capital and luxury consumption goods. This constitutes the largest part of the trade for the periphery countries, and they trade very little among themselves. The countries at the centre, on the other hand, trade primarily with one another, and less with the periphery. Thus 80% of the trade of developed countries takes place between them and 20% with the under-developed world, while only 20% of the latter's trade takes place within and the rest with the developed countries (S. Amin, 1970, p. 27).

(i) *Tanzania's Exports*

The trade pattern of Tanzania is essentially the one of a country developing on the periphery of the international capitalist system. Table 1 shows that all the main export items are primary products with very little, if any, processing before export. Such processing as does take place is required for export in order to reduce the bulk and to avoid spoilage in transport overseas: meat is tinned, tobacco is cured, cotton is ginned, etc. The biggest change from 1962 to 1972 in the relative importance of the various items has occurred with sisal, which was by far the most important export crop in 1962, accounting for 28% of the total value of exports, and dropping to a mere 7% by 1972. This is due to the fall in the world price for sisal and subsequent cut-backs in production. Other changes which occurred are the increase in the export of cloves from Zanzibar and the export of some petroleum products refined from imported crude oil since the building of the TIPER Oil Refinery in Dar es Salaam. In all other respects *the pattern of exports has remained the same since the time of independence.*

The total value of exports increased rapidly in the years after independence but levelled off later on: it rose by 51% from 1962 to 1967, but only by 25% from 1967 to 1972. The five largest export items in 1972 were all agricultural products, and together amounted to 60% of total exports by value in 1972. Exports make up a large part of total GDP: the value of all exports amounted to 27% of GDP in 1962, 25% in 1967, and 22% in 1972. Total exports, in fact, constituted 46% of the value added in the agriculture sector in 1962, 58% in 1967 and 54% in 1972 (Table 1). The comparison between the value of exports and the value added in the agriculture sector is, however, not fully valid since other sectors also contribute a certain amount to the value of exports. It is nevertheless evident that a *large proportion of agricultural production is for export*, somewhere between 22 and 54% of value added in agriculture.[7] A similar result was obtained from the 1967 population census where 30% of the households on the Tanzanian mainland reported growing either cotton, coffee or cashewnuts as their main agricultural produce (Egero and Henin, 1973, p. 151).

Table 1: Value of exports 1962–1972 (Per cent of total value of exports; includes E.A. countries)

Commodity	1962	1967	1972
Coffee (unroasted)	11	14	18
Cotton	13	15	17
Cloves	4	5	11
Cashewnuts	4	5	7
Sisal (fibre and tow)	28	12	7
Petroleum products	0	8	6*
Diamonds	10	13	6†
Tobacco (unmanufactured)	0	2	3
Tea	3	3	2
Oilseeds, nuts, and kernel	4	3	2
Meat and meat preparations	4	3	2
Hides and skins	3	2	2
Other	16	16	17
Total	100	100	100
Total value of exports Million Shillings	1,141	1,728	2,169
Per cent of total GDP (at current prices)	27	25	22
Per cent of value added in agriculture sector (at current prices)	46	58	54

*Figure for 1971 from Economic Survey 1971–72.
†Figure for 1971 from Quarterly Statistical Bulletin, September 1973.
Source: Economic Survey 1971–72, Tables 1, 11 and 13. Quarterly Statistical Bulletin, September 1973.

A closer look at trends in the export of agricultural crops reveals great fluctuations over time (see Appendix C). The output of all the principal agricultural crops exported from the mainland—coffee, cotton, sisal, cashewnuts, tea and tobacco—has been rising, except for sisal. The total value exported for the five crops increased by 27% from 1962 to 1967 and by 30% from 1967 to 1972. The increase in the second five-year period, however, occurred only in the last year, with prices as well as quantity exported higher for most crops as compared to previous years (Appendix C).

The slow rise in exports and the high fluctuations from one year to the other is largely due to adverse terms of trade which Tanzania is confronted with. Other factors, such as rainfall, transport difficulties, disruptions due to the villagisation programme, also have a bearing, but they are not the main driving force. The index of export prices for the five crops, given in Table 2, shows that prices of several crops fell from 1960 to 1966 and did not improve substantially until 1971. A considerable rise in prices then occurred in 1972, which was also parallelled by a substantial increase in the quantity exported for all five crops, except sisal (Appendix C). The index of consumer prices is added on the bottom of Table 2. We can see that *consumer prices far outpaced the export prices of the five main crops* over the entire period, with the exception of cashewnuts from 1960 to 1970.

Table 2: Export price index of main crops 1960–72 (At current prices; 1960=100)

Crop	1960	1966	1967	1968	1969	1970	1971	1972*
Coffee	100	91	93	101	91	92	98	122
Cotton	100	102	91	93	90	121	111	117
Sisal	100	80	67	57	63	56	57	64
Cashewnuts	100	122	114	112	127	130	109	116
Tea	100	99	100	94	89	85	83	82
Consumer Index†	100	111	114	118	119	123	127	140

*Estimated from value and quantity of exports. See Appendix C.
†Retail price index of goods consumed by wage-earners in Dar es Salaam.
Sources: Economic Survey 1971–72, Table 17. Quarterly Statistical Bulletin, September 1973.

Two further characteristics of the Tanzanian pattern of exports, which is common to all under-developed countries, should be noted. One is the discontinuity between production to satisfy the domestic demand and the production for export. At least three-quarters of the marketed production of each of the five main export crops, except for tobacco, is exported,[8] which means that most Tanzanian export products have no, or only a very small *internal* market: domestic consumption is incidental to the production of the main export crops. Just the opposite is the case, however, in the developed countries: their exports are incidental to production for the domestic market and in general only the spill-over is exported.

The other characteristic concerns the linkages between production of export commodities and other sectors of the economy. As can be expected given the nature of these commodities, the *linkages* are very weak. Domestic inputs into export production—aside from transport and construction—are limited to small miscellaneous items, such as agricultural insecticides and fertilisers, and cordage and ropes.[9] Worse still, the production of primary goods for export creates a demand for other activities, notably transport, construction and services, which is incompatible with balanced development and channels the meagre proceeds from the foreign sale of these commodities into expenditures which do not stimulate the rest of the economy.

(ii) *Imports*

A marked shift occurred between 1960 and 1971 away from the import of consumer goods and towards capital and intermediate goods. Table 3 shows that consumer goods dropped from 35% of the total value of imports in 1967 to 27% in 1971. The absolute value of imported consumer goods, however, actually increased from 578 to 722 million shillings, while the import of capital goods increased 2.1 times and intermediate goods 1.7 times in that period. The largest rise occurred for machinery other than transport, which increased by a factor of 2.4. Much of this change is due to construction of the Tanzania-Zambia Railway (TAZARA): imports for TAZARA amounted to 430 million shillings in 1971 (Economic Survey 1971-1972, p. 13). But even if TAZARA is excluded, a strong trend of imports away from consumer goods and towards capital and intermediate goods remains.

Table 3: Composition of imports 1967–71 (Per cent of total value of imports; includes E.A. countries)

Type of Commodity	1967	1971
Consumer goods:		
(including a portion of passenger cars)	35	27
Intermediate goods:		
Building and construction materials	14	9
Other	27	34
Total	41	43
Capital goods:		
Transport equipment	8	8
Other machinery	16	22
Total	24	30
Grand total	100	100
Total value of imports, Million Shillings	1,625	2,688

Source: Economic Survey 1971–72, Table 9.

The composition of Tanzania's imports is in conformity with the general model of periphery capitalist development. It places heavy emphasis on importing capital goods—in fact nearly all the capital goods are imported—while the import of consumer goods has declined, being replaced by local import-substituting industries, such as those producing beverages, tobacco products, and textiles.

(iii) *The Trading Partners*

One of the characteristics of periphery capitalist development is that the underdeveloped countries trade primarily with the centre and very little with one another. This is also the case for Tanzania, although there has been a trend away from the heavy dependence on U.K. and on the developed capitalist world as a whole.

Table 4 gives the destination of Tanzania's *exports.* The bulk of the developed capitalist world received 79% of the total exports in 1962—a reflection of Tanzania's colonial heritage. This had dropped to 64% by 1967 and went down further to 59% in 1972. It is hardly surprising that exports to U.K. showed the biggest decline, but the share of the other developed countries also decreased. Exports to socialist countries increased substantially from nearly zero in 1962 to 8% in 1972 on account of increased trade with China. The share of Third World countries including Kenya also increased, from 18% in 1962 to 27% in 1972, which was almost entirely due to the spectacular increase of exports to Zambia.

Table 4: Destination of exports 1962-72 (Per cent of total value of exports from Tanzania)

Region	1962	1967	1972
Developed Capitalist countries			
U.K.	32.6	27.3	15.0
Western Europe (excluding U.K.)	22.7	17.8	17.9
North America	10.0	6.8	7.5
Japan	3.8	3.9	3.5
Hong Kong and Singapore*	6.9	6.8	7.4
Others	2.9	1.8	2.0
Total	78.9	64.4	53.2
Socialist Countries			
China	0	3.4	6.2
C.M.E.A†	0.3	3.2	1.8
Total	0.3	6.6	8.0
Third World			
Kenya and Uganda	5.7	4.8	6.2
Zambia	0	7.1	8.4
India	7.4	6.2	7.9
Other African countries	2.4	1.9	2.4
Other non-African countries	2.8	4.0	2.4
Total	18.3	24.0	27.2
Others unspecified	2.5	5.0	11.4
Grand Total Per cent	100.0	100.0	100.0
Million Shillings	1,141	1,728	2,160

*Hong Kong and Singapore are included under developed countries because they serve as important trading centres for international capitalism.

†Council for Mutual Economic Assistance comprising Eastern Europe and the USSR.

Sources: Economic Survey 1971–72, Tables 12 and 13. E.A. Community Annual Trade Reports 1962, 1967, 1972. Quarterly Statistical Bulletin, September 1973.

The sources of imports, given in Table 5, are similarly distributed. The developed capitalist world furnished 54% of all imports in 1962, 62% in 1967, and 56% in 1972. Even though their share of total imports remained nearly the same, the emphasis shifted away from U.K. to the other countries of Western Europe, to the extent that the latter supplied 25% of all imports in 1972. The biggest change over the ten year period was the emergence of China from no trade to the second most important source of imports in 1972. This raised the share of socialist countries from 1% in 1962 to 19% in 1972. This isolated case of trade outside the capitalist system—trade with the other socialist countries is insignificant—is due to Chinese assistance for the Tanzania-Zambia Railway and the related import of goods not directly linked to this project. The proportion of imports from the Third World has been falling from 33% in 1962 to 22% in 1972, which was due to a rapidly declining share of imports from the other two partners of the East African Community, (i.e. mostly from Kenya).

Table 5: Sources of imports 1962–72 (Per cent of total value of imports into Tanzania)

Region	1962	1967	1972
Developed Capitalist Countries			
U.K.	26.2	23.5	15.8
Western Europe (excluding U.K.)	12.5	23.1	25.4
North America	5.1	8.4	6.2
Japan	9.8	4.2	5.6
Hong Kong and Singapore*	1.6	2.0	0.8
Others	0.7	0.8	2.1
Total	53.5	62.0	55.9
Socialist Countries			
China	0	4.4	17.3
C.M.E.A†	0.9	2.8	1.8
Total	0.9	7.2	19.1
Third World			
Kenya and Uganda	21.5	17.2	11.3
India	5.4	2.7	1.4
Other African countries	1.0	0.4	0.9
Other non-African countries	5.0	7.8	8.7
Total	32.9	28.1	22.3
Others unspecified	10.2	2.7	2.7
Grand Total: Per cent	100.0	100.0	100.0
Million Shillings	1,127	1,625	2,929

*Hong Kong and Singapore are included under developed countries because they serve as important trading centres for international capitalism.

†Council for Mutual Economic Assistance comprising Eastern Europe and the USSR.

Sources: Economic Survey 1971–72, Tables 10 and 14. E.A. Community Annual Trade Reports 1962, 1967, 1972. Quarterly Statistical Bulletin, September 1973.

Trade with Kenya and Uganda has been small compared to the developed countries: their combined share of exports remained on the same level of about 6% of total exports between 1962 and 1972 (Table 4). Imports from the two partner states were very prominent in 1962, amounting to 21% of the total, but had dropped to 11% in 1972 (Table 5). In absolute terms the value of imports from Kenya and Uganda has been slightly rising over this period. Kenya's contribution to Tanzania's imports is several times that of Uganda. This colonial division of production within East Africa still continues today, aided by Kenya's open-door policy for foreign investment.

THE DETERMINING RELATIONSHIP

The four-sector model, discussed in Section 2, distinguishes between a self-centred economy where the determining relationship is between the production of mass consumption and capital goods, and an externally-oriented one where it is between exports and luxury consumption goods. To show the relative size of these four sectors, it is necessary to appropriately classify the relevant industrial activities taking place in Tanzania. The model is centred around the process of capital accumulation and, therefore, only concerns productive activities in the sense that through them social wealth is created from nature, which also means that they have a potential for generating social surplus. This does not mean that a social surplus results from every productive activity. When the productive forces are at a low level and there is accordingly a small division of labour, no appreciable surplus can be produced.

To be included in the four-sector model an industrial activity must, therefore, first meet the condition of being *productive* and taking place in the country, and second of having developed to an extent where it is *capable of producing a social surplus.* A third condition is that it must be in the *monetary sector*—in distinction from the subsistence sector—which makes it possible for the bourgeoisie either directly or via an intermediary class to appropriate all or part of that surplus value.

A serious drawback with the four-sector model is that it cannot incorporate the vital role played by pre-capitalist modes of production which are present along with the capitalist mode in the social formations of the periphery capitalist countries. But when considering the process of capital accumulation—the heart of Tanzania's externally-oriented economy—we cannot quantitatively include the so-called subsistence sector, which falls mostly under the communal mode of production. It generates very little surplus—the productive force is low and so is the division of labour—and is, therefore, unable to produce a surplus large enough to be transferred into the sphere of the capitalist mode of production and contribute to capital accumulation. The subsistence sector, however, is an integral part of the social formations of under-developed countries. While the capitalist mode is continuously eroding the other modes of production that are present as remnants of previous social formations, its own peculiar growth on the periphery of the capitalist system is dependent on the continued existence of these other modes. The relationship is very intricate and has many different aspects to it. Its specific form not only varies from one social formation to another, but depends also on local factors. Only two important ways in which the capitalist mode draws on the other modes will be mentioned here. One is as a reservoir for labour, to which the unemployed return and which a large part of the proletariat never leaves completely, maintaining a "home" base in agriculture through close relatives, sometimes even the wife, to supplement the satisfaction of the family's needs and to return to it if he becomes unemployed. The other is the extraction of surplus, even though very little is generated, from production under the pre-capitalist modes through the supply of certain commodities to the peasants which the latter cannot produce such as cloth, or have been persuaded to acquire such as electric torches. This exchange, which is in the form of commodities, money, or labour power, and when on credit carries an exorbitant interest rate, is *unequal*.

Table 6: The four-sector distribution in Tanzania 1970

Sector	Value Million Shs.	Per cent
Exports	1,096	45
Mass Consumer Goods	981	41
Luxury Consumer Goods	307	13
Capital goods	16	1
Total	2,400	100

The results of the four-sector classification are shown in Table 6. Out of all productive surplus-generating activities in the country's monetary sector, which produced a total of 2,400 million shillings in 1970, 45 per cent was exported. The capital goods sector, on the other hand, is virtually non-existent. Mass consumption is three times as large as luxury consumption, but the latter is obviously quite developed. Moreover, its share in total manufacturing is rising in terms of output as well as employment. While in 1965 the output of luxury goods amounted to 11.3 per cent of all manufacturing by value, it was 15.7 per cent in 1970. Its share in employment rose from 10.6 per cent in 1965 to 12.2 per cent in 1970. (See Table 2 in Appendix A). The most rapid increase occurred in the manufacture of furniture and fixtures.

Since virtually no capital goods are produced, the interaction which determines the growth of Tanzania's economy cannot be between the capital goods and the mass consumption goods sectors. *The determining relationship is between the export sector,* which is very large, *and the luxury consumption sector,* which is small but pronounced. Thus the export sector stimulates the production of luxury goods. The growing luxury sector, in turn, creates a demand for more exports to increase the size of the surplus at the disposal of a privileged minority and to strengthen the ties of the national ruling class to the metropolitan bourgeoisie.

Some explanation should be offered about how the four-sector classification in Table 3.6 is arrived at. The handling of the *export* sector is conceptually easy. It is only necessary to find the total value of exports, regardless of their industrial origin, at producer value. Complete data for this are, however, not available, and have to be estimated from the f.o.b. value of total exports of 1,686 million shillings in 1970. This figure also includes the cost of wholesale, transport, public administration, and in some cases profit which must be deducted to arrive at the value of production. A comparison between the price paid to growers and the export price for selected crops shows a difference of around 35%, which when subtracted from the value of all exports gives a producer value of 1,096 million shillings. The different productive sectors contributed to the export f.o.b. value roughly in the following proportion: agriculture, hunting, forestry and fishing, 41 per cent, mining 13 per cent, and manufacturing 4.6 per cent (Input-Output Table, 1969).

The classification of goods into the remaining three categories requires a breakdown of each industry of the productive sector into components and lifting out the contribution to consumer and capital goods. Starting with *agriculture, hunting, forestry and fishing,* the total output in 1969 was 3,874 million shillings of which only 2,080 million shillings was in the monetary sector. Of the monetary part 30 per cent consisted of unprocessed exports, 28 per cent were inputs to manufacturing, 21 per cent to private consumption, and 21 per cent to other activities, mostly contruction and increase in stocks (Input-Output Table, 1969). The only item which falls under consumer or capital goods is the part for private consumption, and the value of its output was 440 million shillings in 1970.

The next productive industry is *mining and quarrying.* It does not contribute any consumer or capital goods and besides, only 4 per cent of its output value was for domestic use (Economic Survey 1971/72, Table 60).

The *manufacturing and handicrafts* industry is the principal generator of consumer goods and capital goods and needs more detailed scrutiny. The larger part of the manufacturing takes place in industrial establishments which are broadly speaking run under capitalist principles, and a smaller part is contributed by household and cottage industries. The second type consists of winemaking, wood carving, furniture making, tailoring, pottery, etc. Not all those activities fall into the monetary sector and would for this reason be excluded from our model. But a more important consideration is that they generate very little surplus, if any, and, therefore, do not play a significant role in quantitative terms for capital accumulation and are, therefore, omitted. As was said before this is, however, a serious limitation of this kind of analysis which cannot properly account for the vital role of pre-capitalist modes of production in the social formations of the periphery countries.

It remains now to divide the output of the manufacturing establishments into mass consumer, luxury consumer, and capital goods. The classification depends a good deal on how the different categories are defined. The following definitions were applied. *Consumer goods* are finished commodities used by households or the state for final consumption (i.e., not producing other commodities). *Capital goods* are commodities which increase the productivity of labour, which, generally speaking, means machines. Capital goods industries, therefore, include metal working, electrical and non-electrical machinery, and transport equipment, but exclude metal fabrication.[10] (After Rweyemamu, 1973, p. 166). There is no obvious definition of what constitutes a *mass* and what a *luxury* consumer good. An industrial activity is being classified as producing mass or luxury consumer goods, depending on whether it is the workers and peasants or the petty bourgeoisie in the country which uses the greater part of the total output under that activity.

Tanzania produces virtually *no capital goods*. The only companies which fall under this category are the Ubungo Farm Implements Manufacturing Company in Dar es Salaam and the motor vehicle assembling industry, but their contribution is extremely small: the sales of Ubungo Farm Implements amounted to 1.2 million shillings in 1970 and the value added of the motor vehicle assembling and bicycle manufacturing industry to 14.1 million shillings in 1970.[11] Since nearly all the inputs into the latter industry are imported, the value added is the appropriate measure for the domestic share of the industry's output. Total capital goods, therefore, amounted to 15.8 million shillings in 1970.

Another difficulty with the classification is the aggregate nature of the available data which often lumps together under one figure products which should be classified differently. For example, even though processed milk, a mass consumer good, is the largest output from the dairy industry, it also includes refined ghee and butter (luxury goods), and unspecified "others" (See Appendix A). Only for industrial activities was such a breakdown available, which meant that the entire output of each activity was classified according to the main item produced under the activity. The dairy industry as a whole, therefore, had to be put with mass consumer goods (See Appendix A). The classification of industrial activities in manufacturing into export, luxury consumer and mass consumer goods is shown in Table A1 in Appendix A and summarised in Table 7.

Manufactured export goods consist of minor processing mainly of

Table 7: Composition of manufacturing 1970

Type of goods	Value added		Output	
	Mill. Shs.	Per cent	Mill. Shs.	Per cent
Export	87	15	240	14
Luxury Consumption	141	25	307	18
Mass Consumption	200	36	541	31
Other*	133	24	631	37
Total	561	100	1,719	100

*Consists of building materials, producers' supplies, capital goods, intermediate, and service industries.

agricultural products, such as meat, tea, coffee, cashewnuts, and cotton.[12] Nearly all the manufactured export commodities come into the category of consumer goods. They make up 15 per cent of manufacturing. Luxury consumer goods consist mainly of brewery products, cigarettes, furniture, and the manufacture and repair of household appliances. They account for 25 per cent of all manufacturing by value added. The remainder are mass consumer goods which make up 36 per cent of the total. Out of the two categories of consumer goods, *luxury goods amount to 41 per cent of the total consumer goods production for the domestic market.* If output rather than value added is considered a similar distribution is obtained.

The figures for output of the two consumer goods categories are slightly inflated because they also contain the value of imports which constitute the raw materials for some of the goods produced (such as electronic parts for the assembly of radios). Output was, however, preferred over value added for the complete four-sector classification in Table 6 because it also contains the value of the relevant domestically-made producer goods, which would otherwise have been left out altogether.[13]

The last remaining productive industry is *electricity and water supply.* It was left out altogether because data giving the breakdown are difficult to get, and besides the industry's contribution in terms of value is very small, amounting to only about 3 per cent of all productive activities in the monetary sector.

The *total* of the four-sector distribution in Table 6 then represents the value of all productive activities in the monetary sector that are capable of producing a social surplus because there is an advanced division of labour. The total of 2,400 million shillings in Table 6 corresponds fairly well with the figures of 2,341 million shillings also for 1970, obtained by summing the value added, the monetary surplus-generating part from each productive industry, at current prices.[14] The contributions are: agriculture, mining, hunting, forestry and fishing 1,647 million shillings, mining and quarrying 108 million shillings, and manufacturing 586 million shillings (Economic Survey 1971/72, Table 1).

3. SECTORAL DISTRIBUTION OF OUTPUT AND EMPLOYMENT

THREE SECTOR DISTRIBUTION

The relative proportions contributed to GDP by the agriculture, industry, and service sectors[15] is often considered to be a measure of the degree of development or underdevelopment of an economy. Bourgeois economists argue that as a country develops the share of the agriculture sector in the total GDP will diminish in favour of the industry sector, with yet further progress being manifested in a shift from the industry to the service sector. This has been the historical process in the now advanced capitalist countries and is wrongly used to describe what is happening now in the underdeveloped world.[16]

One important difference is that in the developed countries the movement of the active population away from agriculture into industry came out of the rising productivity in agriculture through the greater use of capital and less labour per unit of output. This was accompanied by an increase in per capita income which raised the demand for consumer goods. In the underdeveloped countries this driving force is absent since the main emphasis there is on exports and luxury consumption goods. The productivity of labour in agriculture and the prices paid to farmers are not improving appreciably. The growth in the other two sectors is, therefore, mainly geared towards furthering the production and transport of exports, and towards consumption goods for a privileged minority of the population. In terms of the distribution between the three sectors this means that the service sector is inordinately large compared to the industry sector.

While during the historical process of growth in the now developed capitalist countries the contribution of the agriculture sector to total GDP and its share of employment declined, the size of the industry sector increased. In the early phase of growth the service sector increased less rapidly than the industry sector. More recently the share of the service sector has been rising rapidly, particularly in the U.S.

In the periphery countries, on the other hand, the process of growth is somewhat different. While the share of the agriculture sector is declining, the expansion is taking place more in the service than in the industry sector. Rather than indicating a sign of rapid progress, this phenomenon shows the distorted structure of the economy insofar as *the expansion of non-productive activities does not come out of rising productivity of labour in agriculture and a demand for mass consumption goods, but out of the export orientation* in the agriculture and in some countries also the industry sector.

The sectoral distribution in Tanzania is very similar to the one described above. Table 8 shows the distribution of GDP and Table 9 the distribution of employment in the three sectors. Although output in the agriculture sector has risen in absolute terms from 1964 to 1972, its relative contribution to total GDP declined rapidly. The decline was offset primarily, but not entirely, by the expansion of the industry sector, which means that *the share of productive activities* in total GDP declined: it dropped from 60% in 1964 to 55% in 1967 and further down to 52% in 1972 (See Table 8).

Table 8: GDP by industrial sector 1964–1972 (At current prices)

Sector	1964	1967	1972
Million Shillings			
1. Agriculture and mining	2,924	3,053	4,080
2. Industry	581	967	1,581
3. Services	2,089	2,772	4,189
Total	5,594	6,792	9,850
Per cent			
1. Agriculture and mining	52	45	41
2. Industry	11	13	16
3. Services	37	42	43
Total	100	100	100
*Productive activities**			
Million Shillings	3,337	3,711	5,160
Per cent of total GDP	60	55	52

*Productive activities consist of agriculture, mining, manufacturing, and public utilities. *Source:* Economic Survey 1971–1972, Table 1. Quarterly Statistical Bulletin, September 1973.

Employment shows a similar pattern in the relative distribution between the three sectors, although the trend in the absolute figures is different (see Table 9). Total employment dropped considerably from 1962 to 1967, but had fully recovered by 1971. Agricultural employment declined rapidly over the entire period, while that of the other two sectors increased. As was the case for GDP, the industry sector showed the most rapid growth, but the share of the service sector was also rising, causing the proportion of the total labour force in productive activities to drop from 57% in 1964 to 45% in 1971.

The rapid rise in the *industry sector* needs closer scrutiny. Its composition is heavily oriented towards final consumption and non-productive activities. There is the virtual absence of capital goods manufacturing and the large share of luxury goods in the consumer industries. Furthermore, the share of productive activities within the industry sector has not significantly increased. Value added in construction amounts to about one-third of the industry sector, but the end use of most of its output is for non-productive activities. This means that the proportion of value added in the industry sector, which constitutes intermediate goods, producer supplies, or mass consumer goods—the critical areas for balanced growth—has not expanded over the eight-year period.

Table 9: Employment by industrial sector* 1962–71

Sector	1962	1964	1967	1971
Number				
1. Agriculture and mining	202,500	171,400	130,400	115,200
2. Industry	70,400	62,000	80,200	118,000
3. Services	115,100	117,900	136,200	168,700
Total	397,000	351,300	346,700	401,900
Per cent				
1. Agriculture and mining	51	49	38	29
2. Industry	20	18	23	29
3. Services	29	33	39	42
Total	100	100	100	100
Employment in productive activities†				
Number	n.a	199,600	168,700	180,600
Per cent of total employment	n.a	57	49	45

*The figures are for mainland Tanzania. Included are casual workers, but not domestic servants in private households, seasonal workers in peasant agriculture, or military forces.
†Productive activities consist of agriculture, mining, manufacturing and public utilities.
Sources: Survey of Employment and Earnings 1970. Diagram 2 and Table 14A. Economic Survey 1971–72, Table 29.

The conclusion to be drawn is that the faster rise of the industry sector, in comparison with the service sectors, does not represent a significant change in the distorted structure of Tanzania's economy. The service sector has also grown in proportion to total GDP, although less rapidly than industry, with the result that the share of productive activities in total GDP actually declined from 1964 to 1972. Each of the three sectors will now be briefly discussed in turn.

Decline in Agriculture

The rapid decline in agriculture in terms of value added and employment is shown in Tables 8 and 9. The number of people employed even dropped in absolute terms: 43% less people were employed in 1971 than in 1962. About three-quarters of the agricultural labour force is employed in growing sisal, tea, coffee and sugar. By far the largest cause of the decline in employment is the drop of sisal from the number one export crop at the time of independence to fifth position by value exported in 1972 (Table 1). Employment in the sisal industry declined by 41% from 1966 to 1970 (Survey of Employment and Earnings, 1970, p. 25).

Since the figures in Table 8 on GDP include subsistence agriculture and those in Table 9 on employment do not, there is a possibility that the decline in plantation agriculture has been offset by a rise in subsistence agriculture. However, the published data, shows in Table 10, do not exhibit such a trend: *the value added in agriculture declined about equally in the monetary and the subsistence economy.* The share of subsistence in total agriculture was 55% both in 1967 and 1972.

Table 10: Contribution of agriculture* to GDP 1964–72 (At current prices; in million shs.)

	1964	1967	1972
Agriculture, million shillings:			
Monetary economy	1,448	1,281	1,834
Subsistence economy	1,342	1,574	2,122
Total agriculture	2,790	2,855	3,956
Agriculture, per cent of total GDP in all sectors:			
Monetary economy	26	20	18
Subsistence economy	24	23	22
Total agriculture	50	43	40
Subsistence economy as per cent of total agriculture	48	55	55

*Also includes the following activities (their share of the value added in agriculture in 1970 is shown in parentheses): animal husbandry (20%), forestry (7%), fishing (3%), hunting (negligible). National Accounts of Tanzania 1964–1970, Table II.

Sources: Economic Survey 1971–72, Tables 1 and 2. Quarterly Statistical Bulletin, September 1973.

The decline of export prices in relation to domestic consumer prices, which was discussed in Section 3, is also to be found for crops which are primarily produced for the domestic market. Table 11 shows that the consumer prices paid to growers for many crop have *fallen* in relation to consumer prices paid by wage earners in Dar es Salaam.[17] Only the prices for beans and sunflower seed have increased appreciably in real terms while rice, groundnuts and cashewnuts remained on about the same level. The prices paid to growers of the main staples consumed in the country (except for rice) all dropped in relation to consumer prices: maize, millet, sorghum, and cassava were down in 1972 to 70-80% of their 1966 level.

Table 11: Prices paid to growers for selected crops 1966–72 (Index at constant 1966 consumer prices*; 1966=100)

Crop	1966	1967	1968	1969	1970	1971	1972	Prices paid in 1972 Shs. per ton
Staples								
Maize	100	88	87	88	78	72	71	263
Finger millet	100	95	83	80	92	81	81	516
Sorghum	100	72	75	73	86	86	81	387
Cassava	100	81	105	67	73	106	68	220
Rice	100	101	107	114	124	108	106	565
Legumes								
Mixed beans	100	88	110	135	138	127	128	660
Pigeon peas	100	101	97	92	94	100	85	566
Oil seeds and nuts								
Sunflower seeds	100	104	106	104	124	114	165	564
Groundnuts	100	99	99	103	112	95	103	1,115
Cashewnuts	100	97	93	75	106	97	n.a.	877 (1971)
Consumer price index*	100	102.6	106.2	107.4	110.4	114.7	126.0	

*Retail price index of goods consumed by wage earners in Dar es Salaam (Quarterly Statistical Bulletin, September 1973). The 1973 consumer index (with 1966=100) is 132.2.
Sources: Statistical Abstract 1970, Table G.6. Quarterly Statistical Bulletin, September 1973.

The crucial question in regard to prices for agricultural commodities is whether the productivity of labour has increased. If this was the case, agricultural prices could be lowered and at the same time the income of agricultural workers raised, provided the productivity increase was sufficiently large. This is how agriculture developed historically in the now advanced capitalist countries.

It appears, however, that *there has not been a substantial productivity increase in Tanzania's agriculture*. This has been found in various field studies on agricultural production,[18] and is borne out by the low flow of capital and those agricultural inputs which would raise the productivity in agriculture, particularly agricultural machinery, fertilisers, pesticides, and improved seeds. The value of domestic production of fertilisers was 5.5 million shillings in 1970 and that of insecticides 5.0 million shillings. The amount of agricultural machinery manufactured, including improved implements, is negligible. (Survey of Industrial Production 1970, Table 19). The value of imports of these commodities is much larger than the domestic production, as shown in Table 12. The item "chemicals and fertilisers" includes all chemicals not used for final consumption, which means that the portion imported for agriculture is less than what is shown in the table.

Table 12: Import of agricultural producer and capital goods 1963–69 (Value in million shillings; at current prices)

	1963	1967	1969
Chemicals (for all industries) and fertilisers	59.3	48.8	88.3
Agricultural capital goods	83.8	108.5	91.2

Sources: Statistical Abstract 1970, Table E.11(a).

These amounts, although much larger than the domestic manufacture of these items, are extremely small compared to the total value added in agriculture of 3,074 million shillings in 1969. But more important, their rate of increase is quite slow, barely exceeding the slight rise in agricultural output.

It should also be noted in passing that the performance of the state farms, which were intended "to increase rapidly the production of crops and agricultural commodities that offered scope for mechanized production and to show examples of better agricultural production methods to the surrounding areas" (Economic Survey 1971-72, p. 74), has not been satisfactory. "Most of the State farms have not attained commercial viability." (*Ibid*).

Without an appreciable increase in the productivity of labour in agriculture, the drop in the relative prices of many agricultural products implies a decline in the per capita income to farmers. This is accompanied by the failure of agricultural output—for export as well as for the domestic market—to rise according to plan[19] and by a steady urban migration in spite of an unemployment problem in the towns.

INDUSTRY SECTOR

As shown in Tables 8 and 9 the industry sector is expanding fastest both in value added and in employment, although its share of total GDP has remained very small: value added stood at 11% of total GDP in 1964 and at 16% in 1972. The increase was somewhat less in employment: from 20% in 1962 to 29% in 1971. This rise in the industry sector could represent a decisive move towards disengagement and a more balanced economy, provided it caused a shift away from the structural dependency relationship discussed above. This would imply placing less emphasis on export and luxury consumption goods, and more on mass consumption and capital goods. Otherwise the growth in the industry sector would amount mainly to import substitution for those consumption goods which can be afforded only by a privileged minority. To examine this situation it is necessary to look into the composition of the sector.

The first division of the industry sector can be made into industries: (i) manufacturing, (ii) public utilities (i.e., electricity and water supply), and (iii) construction. The expansion of value added in the three industries has been about equal, with construction slightly in the lead and public utilities slightly lagging behind.

The details of expenditure on *construction*, given in Table 13 reveal a rise in residential and non-residential construction of buildings as well as non-building construction. One striking change from 1968 to 1971 has been the rising share of public expenditure, the latter mainly as a consequence of the nationalisation of buildings in 1971. It is also of interest to see what proportion of newly added buildings are for productive uses and which for final consumption. Even if all parastatal and private non-residential buildings are included in the category of productive use, the share of productive expenditure amounted to only 24% of total buildings in 1968 and fell to 20% in 1971 (see Table 13).[20]

Table 13: **Expenditure on construction 1968–71 (Excluding TAZARA; million shillings)**

Type of construction		1968	1971
A. BUILDINGS			
Residential:	Public	32.2	92.7
	Private	50.9	33.5
	Total	83.1	126.2
Rural (estimated)		132.7	156.1
Non-Residential:	Public	160.8	200.0
	Private	25.3	23.9
	Total	186.1	223.9
Total Buildings		401.9	506.2
B. NON-BUILDING CONSTRUCTION*		326	424
GRAND TOTAL CONSTRUCTION		728	930
Per cent of expenditure on buildings for productive purposes† over total building		24%	20%

*Roads, ferries, bridges, water supply, land improvements, and others.
†Includes all parastatal and private non-residential buildings.
Sources: Economic Survey 1971–72, Table 72.

Turning now to the *manufacturing industry*, it has been shown in Table 7 that out of all consumer goods manufactured in 1970, 20% were for export, 33% for luxury consumption and 47% for mass consumption by value added. Luxury consumer goods, therefore, constituted 41% of all consumer goods produced for the domestic market. Looking back at the period from 1965 to 1970, the share of the industrial activities producing luxury goods in the total value added in manufacturing steadily increased in that period: it amounted to 11.3% in 1965 and to 15.3% in 1970. A similar, but less pronounced, increase relative to total manufacturing can be found in employment. (See Table A2).

The value of domestically-manufactured *durable consumer goods* is quite small but rapidly increasing. Table 14 shows the products of machinery manufacturing in 1970, a good part of which are consumer durables: the combined value of cooking stoves, radios and gramophones produced is 3.2 million shillings, or 27% of all manufactured machinery.[21] Machinery manufacturing was also the fastest growing industrial activity, constituting 1.1% of all manufacturing in 1965 and 2.1% in 1970. (See Table A2).

Table 14: Composition of machinery manufacturing 1970

	Output thousand Shs.
Non-electrical machinery	
(*Old ISIC code 360*)	
Cooking stoves	1,255
Engineering general	168
Others	998
Total	2,421
Electrical machinery	
(*Old ISIC code 370*)	
Radios	1,076
Gramophones	907
Batteries (dry)	7,124
Others	358
Total	9,465
Grand Total: all machinery	11,886

Source: Survey of Industrial Production 1970, Table 19.

The value of imported consumer durables remained at approximately one-third of all imported consumer goods from 1966 to 1969. The import of consumer durables is much larger than what is manufactured domestically: in 1969 it was 97.5 million shillings (Statistical Abstract 1970, p. 83).

It is worth noting—even though it has little bearing on the structure of Tanzania's economy—that the role of *parastatal enterprises* has sharply increased over the years. Their share of value added in total GDP has gradually risen from 3.2% in 1968 to 9.6% in 1972.[22] A similar increase occurred in employment, from 13.0% of all employment in 1968 to 20.4% in 1971. Employment in the private enterprise sector, in contrast, has fallen from 40.5% in 1968 to 35% in 1971. (See Appendix B, Table B1).

SERVICE SECTOR

In an externally-oriented economy the service sector is mainly geared towards exports. Its expansion is consequently taking place without strong support for the industry sector. It also provides the employment for a privileged minority which wields the state power through administrative and economic organs.

In Tanzania the share of the service sector in total GDP and employment has been rising (see Tables 8 and 9). The proportion of value added by the different industrial divisions has remained nearly the same from 1968 to 1972. The fastest increase occurred in "transport, storage, and communication". The nature of the data available on the service sector makes it impossible to analyse its composition and its relationship with the rest of the economy in detail. Some indications of this relationship can, however, be found.

1. *Transport* was heavily oriented towards the construction and improvement of *roads* from Dar es Salaam to the rest of the country. This, of course, has also been motivated by administrative and defence considerations, but Dar es Salaam's position as the country's main port cannot be overlooked. The predominance of motor cars and light commercial vehicles among all newly-registered government vehicles—together they constituted 53% in 1971 (See Table 15)—suggests an *emphasis on costly means of transport for a few individuals and small quantities of goods,* rather than buses (5%) and tractors (7½%). A breakdown of all vehicles newly registered in 1971 in the country shows similar proportions.

2. The report on *trade and commerce* in the Economic Survey puts heavy emphasis on exports. Under progress made in 1971/72 it mentions among other aspects of international trade that the "development of a cold chain operation will increase exports of perishables;" and that "export promotion activity has been explained by the posting of commercial attachés to Zambia, Italy, Egypt, India, and Japan" (p. 119). At the same time the report says that shortage of some commodities did occur in certain areas of the country (p. 118).

3. *Tourism* is another form of external dependency that distorts the economy towards externally-oriented non-productive activities and provides further jobs and income for the "parasitic" segment of the population. This does not mean that tourism is undesirable under all circumstances; it can play an important role also in a self-centred economy. But its present orientation towards luxury facilities (certainly not portraying Tanzania as a socialist country) and its growth in the light of the country's general external orientation make it deepen the neo-colonial dependency relationship.

Table 15: New registration of motor vehicles 1971 (Per cent)

Type	Government vehicles only	All vehicles (private and government)
Motor cars	19	26
Light commercial (including Land-Rovers)	34	18
Motor cycles	15	14
Lorries and trucks	19	26
Buses and coaches	4	5
Tractors	7	6
Trailers	2	5
Others	—	—
Total	100	100
Total number registered	1,175	7,203

Source: Economic Survey 1971–72, Table 78.

Finally, the average *income* of employees in the various divisions of the service sector lies above the national average. The average monthly wage for 1971 was 491 shillings in commerce, 539 in transport and communications, 398 shillings for services in the enterprise sector, and 392 for public services. The average for total employment was 380 shillings per month (Table B3).

3. CONCLUSIONS

Tanzania's employment statistics also reflect the dependent nature of the economy. Total wage employment rose by 0.5% in the period of 1963 to 1967, by 2.0% from 1967 to 1970, and by 7.0% from 1970 to 1971. The accelerated rate of additional employment is evident, but one should be cautious not to draw hasty conclusions from this. First, there are indications that the last year's growth rate has not been sustained (see Appendix B). Second, the composition of employment does not show a shift away from the dependency relationship typical of periphery development; the proportion employed in productive activities has been falling. Third, the published employment figures are not a reliable measure because a high proportion of the total labour force is casually or seasonally employed.

Comparing the growth in total employment with that of population (which is 2.7%), we find that the growth in employment was below the population growth with the exception of 1970-71, the last year under review. The reasons for this must be further analysed.

Wage employment in agriculture dropped sharply since independence (Table 9) on account of the general decline in plantation agriculture, particularly sisal. This decline was, however, only partly offset by a rise in subsistence agriculture, with the result that agricultural production has stagnated, while its share of GDP actually decreased (Table 8). The reason for this lies primarily with the fall of prices paid to farmers for exported and domestically marketed crops in relation to consumer prices. At the same time there has been little, if any, increase in the productivity of labour in agriculture.

It appears, therefore, that the proportion of the population engaged in agriculture, both monetary and subsistence, has been declining. The number displaced in agriculture is offset (and slightly exceeded) by increased employment in the industry and service sectors. These jobs are found in the towns, and many migrate to urban areas in search of employment: the average growth of urban areas is 6.5% on the mainland. There are, however, not enough jobs for people in the towns, with the result that a good many are unemployed: 7.1% of the urban population actively seeking work cannot find it, and an additional 4.6% have no work and are not looking for any. (Bienefeld and Sabot, Vol. II, p. 175). The result is continuing unemployment and underemployment of the majority of the population. With declining real income in agriculture, the peasants do not acquire the purchasing power to buy consumer goods, and the mass consumer goods industry cannot grow at a fast rate.

The impetus for Tanzania's economic growth comes from a different direction. Roughly one-third of agricultural production is for export, about one-half of which goes to the developed capitalist countries. With a low demand for mass consumer goods and the virtual absence of capital goods production, the crucial interaction for internally-oriented growth between mass consumer goods and capital goods is absent. Instead, the large export sector is linked with a sizeable luxury consumer goods sector which diverts a good part of the surplus from export earnings away from investments in productive (i.e., surplus-generating) activities and into consumption by a small minority. Employment in all branches of the service sector has been rising. Expenditures on housing, transport, health, etc. put heavy emphasis on a high standard of service for a privileged minority. This is also reflected in the salary structure: the increase in average real wage in the period 1966 to 1971 was primarily the result of a sizeable increase in the number of employees receiving more than shs. 450/- per month.

The outlines of how a small underdeveloped country like Tanzania could develop a balanced economy have been discussed by Clive Thomas (1972, 1974). His "first iron law of transformation" is the need for domestic demand and resource use to converge. The extent to which those two are disconnected is a measure of structural dependence. His "second iron law of transformation" is the need to bring demand in line with resource use. The "European" consumption pattern which is enjoyed by those on the upper end of the income distribution will have to become internally-oriented and be based on the locally available resources and the capacity to transform these resources for human use.

To accomplish this requires a break with the international capitalist system. Otherwise the forces which keep Tanzania in its present dependency relationship will continue to attempt by any means possible to retain the country on the fringe of the capitalist system. There are a few nations which have been able to break away and effect a total transformation of their societies, and their experience offers a valuable insight into how the vicious cycle of poverty and unemployment can be broken.

APPENDIX A

CLASSIFICATION OF MANUFACTURING INTO EXPORT, MASS CONSUMER AND LUXURY CONSUMER GOODS

Consumer goods industries are defined according to Rweyemamu as those producing finished commodities for use by households or the state for final consumption, i.e., for non-productive purposes. This list of activities which manufacture consumer goods is taken from Rweyemamu (1973, pp. 166-168, 244-245) with the following modifications:

(i) Printing and publishing (old ISIC code No. 280) was removed from the consumer goods industries because it consists mainly of job printing which cannot strictly be considered a final product.

(ii) Pharmaceuticals and insecticides (old ISIC No. 3190), which seem to be included in Rweyemamu's list of consumer goods industries, produces mainly agricultural insecticides and fertilisers and is, therefore, not a consumer goods industry.

(iii) No separate data could be obtained on glass products (old ISIC No. 322); they were, therefore, removed from consumer goods. Most of the output is in the form of bottles for beer and soft drinks and is imbedded in the output of breweries and soft drinks.

(iv) Non-electrical machinery (old ISIC No. 360) consists mainly of cooking stoves and was, therefore, added to consumer goods.

Not included under consumer goods are the categories of (a) capital goods, (b) building materials, (c) producers' supplies, and (d) other industries that do not fit into any other category, mostly intermediate products and services.

There is no generally accepted definition of what constitutes a domestically-used *mass consumer good* and what a *luxury consumer good* in the Tanzanian context. Rweyemamu (1973, p. 171) only considers those commodities which are most obviously consumed only by a better-off minority as luxury goods: brewery products, tobacco manufacturing, and miscellaneous manufacturing (i.e., smoking pipes, jewellery, foam mattresses, etc.). Other economists consider all consumer goods in Tanzania as luxury goods because they are not normally used by the large majority of the population, the peasants. The definition adopted for this study lies somewhere between these two viewpoints. An industrial activity was classified as producing for mass consumption or luxury consumption depending on whether the labouring masses—the workers and peasants—or the national ruling class—the petty bourgeoisie—use the greater part of the output by value in that industrial activity. Thus dairy products were classified as mass consumption goods because a large part of the milk which accounts for the bulk of the industry's output, is consumed by the working class.[23] Other products listed under the dairy industry, such as refined ghee and butter, constitute luxury items, but they are nevertheless included with mass consumption goods because the data on value added are available only for industrial activities and not for individual items produced under each activity.

	Value added, thousand Shs.	Type of consumer good
Processed milk	14,934	Mass consumption
Refined ghee	2,583	Luxury
Butter	18	Luxury
Others	1,214	
Total dairy products	18,749	

Source: Survey of Industrial Production 1970, Table 19.

The breakdown of manufacturing into export, mass consumption, and luxury consumption goods is shown in Table A1 together with their gross output and value added. All exports goods produced in manufacturing, with the exception of certain chemical products, fall under the category of consumer goods, but this fact has no significance for the present analysis. The industrial activities are classified into the three categories according to the composition of the output of each. The product mix was obtained primarily from the Survey of Industrial Production 1970, Table 19, and the Directory of Industries 1970. The Table only includes domestically-produced items.

REMARKS ON THE CLASSIFICATION

Exports:

—The classification of export industries is taken from Rweyemamu (1973, p. 172).
—Miscellaneous chemical products consist primarily of pyrethrum extract.

Mass Consumption:

—Under dairy products the largest item is milk.
—Bakery products consist mainly of bread.
—More footwear is made of rubber and plastic than of leather, hence new ISIC codes 358 and 359 had to be included with code 330.
—Paper products consist mainly of exercise books.
—"Soap, perfumes, and cleaning preparations" consist almost entirely of laundry soap.

Luxury Consumption:

—Under furniture, the largest items is wooden furniture, followed by metal beds and steel furniture. Furniture is bought by the workers and the petty bourgeoisie for private use, and also by the state. The unnecessarily large quantity and lavish style of government furniture decided the classification of this item as a luxury good.

—Electrical and non-electrical machinery consists almost entirely of household appliances, radios, cooking stoves and gramophones, (in descending order of size of output).

—Miscellaneous manufacturing consists mainly of smoking pipes and foam mattresses.

Whether gross output (i.e., not accounting for depreciation) or value added is used to calculate the relative size of the three categories of consumer goods does in this case not make much difference (see Table 7). Value added is the preferred measure because it portrays accurately the activities taking place in the manufacturing industry, but is limited to that industry. Output of manufacturing, on the other hand, also contains the value of *inputs* into manufacturing, and thereby reflects the orientation of the whole economy towards a particular mix of products for final consumption. A problem occurs, however, with double counting, where the output of one activity in the manufacturing industry is at the same time an input into another manufacturing activity, such as "cotton ginning" delivering to "spinning and weaving of textiles". This has been largely corrected in Table A1 by entering the value added in the column on output for four industrial activities: bakery products (input: grain mill products), cocoa, chocolate and sugar-confectionery (input: sugar factories and refineries), spinning and weaving of textiles, and knitting mills. Another problem arises when part of the inputs into an industry are imported; they are then included in the value of output. No adjustment for this could be made.

The trend in the manufacture of *luxury consumer goods* is given in Table A2. It shows that the share of luxury goods in total manufacturing has increased from 1965 to 1970 for both output and employment. Output in "furniture and fixtures" has grown the fastest. "Beverages" and "Tobacco manufacturing" combined amounted to two-thirds of all luxury consumer goods by output in 1970.

Table A1: Classification of manufacturing into mass consumer and luxury consumer goods 1970

New ISIC Code	Old ISIC Code	Industrial activity	Value added (Mill. Shs.)	Gross output (Mill. Shs.)
		EXPORT		
301	201	Slaughtering and meat canning	6.4	56.3
312	2093	Tea processing	23.4	72.6
311	2094	Coffee processing	2.3	10.6
310, 313	2095, 2097	Cashewnut processing and other food products n.e.c.	26.8	36.3
321	2311	Cotton ginning	12.6	40.4
354	3194	Miscellaneous chemical products n.e.c.	15.9	23.9
		Total	87.4	240.1
		MASS CONSUMPTION		
302	202	Dairy products	2.1	18.7
306	205	Grain mill products	28.3	165.3
307	206	Bakey products	4.8	4.8*
308	207	Sugar factories and refineries	34.0	88.0
309	208	Cocoa, chocolate, and sugar confectionery	0.3	0.3*
305	2091	Vegetable and animal oils and fats	5.9	79.7
320	2312	Spinning and weaving of textiles	83.5	83.5*
323	232	Knitting mills	8.3	8.3*
330,358,359	241	Footwear and rubber, plastic products n.e.c.	9.5	27.1
322,325,326	243, 244	Made-up textile goods, wearing apparel, and other textiles, n.e.c.	9.2	9.2
336,337,338	272	Paper and paper products	1.3	4.4
327	291	Tanneries and leather finishing	5.1	27.4
353	3193	Soap, perfumes, and cleaning preparations	8.0	23.9
		Total	200.3	540.8
		LUXURY CONSUMPTION		
317	213	Breweries	50.0	66.3
318	214	Soft drinks	2.8	23.1
319	220	Tobacco manufacturing	45.3	94.2
335–371	260	Furniture and Fixtures	26.9	45.9
374–379	360	Non-electrical machinery	13.4	42.9
380–383	370	Electrical machinery		
395–389	394, 399	Jewellery and other miscellaneous manufacturing	2.5	34.5
		Total	140.9	306.8
		TOTAL CONSUMER GOODS	1,428.6	1,087.7

n.e.c. not elsewhere classified.

*Value added rather than gross output is entered here to avoid double-counting of inputs into these industries already listed elsewhere in the table (e.g. Bakeries use grain mill products).

Source: Survey of Industrial Production 1970, Tables 18a, 19 and Summary Table IIA.

Table A2: Luxury consumer goods produced in manufacturing 1965–70

	OUTPUT						EMPLOYMENT					
	1965	1966	1967	1968	1969	1970	1965	1966	1967	1968	1969	1970
Luxury Goods												
Beverages	4.5	4.6	5.1	5.0	4.7	4.7	2.2	2.5	2.6	2.6	2.1	1.8
Tobacco manufacturing	4.2	5.4	4.2	5.0	5.4	5.5	3.9	3.8	6.0	2.5	5.0	5.8
Furniture and fixtures	0.7	1.0	1.5	2.1	1.7	2.3	1.6	2.1	2.3	2.5	2.1	1.6
Manufacture and repair of machinery	1.1	1.1	1.1	1.7	1.9	2.1	1.5	1.4	1.0	1.5	1.3	1.4
Miscellaneous	0.8	0.8	1.2	1.3	1.8	1.1	1.4	1.9	2.1	1.7	1.9	1.6
Total, per cent	11.3	12.9	13.1	15.1	15.5	15.7	10.6	11.7	14.0	10.8	12.4	12.2
All Others	88.7	87.1	86.9	24.9	84.5	84.3	89.4	88.3	68.0	89.2	87.6	87.8
TOTAL MANUFACTURING												
Per cent	100	100	100	100	100	100	100	100	100	100	100	100
Million shillings or number of employees	1,084	1,278	1,317	1,249	1,504	1,693	28,180	32,500	34,500	42,780	43,770	49,280

Note: **The value for output of the different activities is not always identical to that in Table A1 because different sources of data were used for the two tables.**
Source: **Economic Survey 1971–72, Table 64.**

APPENDIX B

EMPLOYMENT AND INCOME

Table B1 shows that the share of employment in the public service sector has slightly risen from 1967 to 1971. In the enterprise sector there has been a pronounced movement of employees from private enterprises to parastatals over that period.

Total employment has risen quite slowly over the years, as Table B1 shows. The average annual increase amounted to 0.5% from 1963 to 1967, 2.0% from 1967 to 1970, and from 1970 to 1971 it rose by 7.0%. This shows that the rate of increase of employment has been rising, which could be an indication that the economy is developing rapidly towards balanced growth since it is able to generate a growing number of jobs. There are several factors in the Tanzanian context, however, that would argue against this conclusion.

1. The spectacular rise in one year might not be sustained in subsequent years; one has to wait for more recent employment figures. According to preliminary estimates of the Bureau of Statistics, employment in all parastatals which have shown the most rapid rise over the years (Table B1) rose less rapidly in 1972; the increase was 9.4% from 1969 to 1970, 24.5% from 1970 to 1971, and 17.0% from 1971 to 1972 (Analysis of Accounts of Parastatals 1966-71, Table 2, revised).
2. The accelerated increase in employment is not paralleled by any significant structural change of the Tanzanian economy away from the dependency relationship. The proportion employed in productive activities has in fact been falling even up to 1972 (Table 9), which is not a healthy sign.
3. About 20% of total employment consists of casual workers, and seasonal workers in agriculture are excluded altogether. One, therefore, has to be cautious in using the published data. For example, regular employment (i.e., excluding casual workers) increased by only 1.7% per annum from 1967 to 1970, while the increase in total employment was 2.6% (Statistical Abstract 1970, Table 5.1; Employment and Earnings 1970, Tables 1 and 6).

The rise of the proportion employed in non-productive activities is also evident in the parastatals. Table B2 shows that the proportion in industry was about constant from 1966 to 1972, while the decline in agriculture was offset by a corresponding rise in the service sector. In 1972 roughly half the employees were in the industry sector, one quarter in agriculture, and the other quarter in services.

Turning now to *income*, Table B3 shows the average wages for different categories of activities. The average real wage (i.e., at constant consumer

Table B1: Employment in the enterprise and service sectors 1967–71 (Per cent)

	1967	1968	1969	1970	1971
Enterprise sector					
Parastatal	n.a.	13.0	14.3	17.2	20.4
Co-operative and nonprofit-making institutions	n.a.	6.9	5.6	3.9	3.0
Private enterprise	n.a.	40.5	39.1	37.6	35.7
Total	63.6	60.4	59.0	58.7	59.1
Public service sector					
Central government	23.1	25.1	25.8	25.4	n.a.
Local government	8.5	8.9	10.0	10.5	n.a.
EAC and EAC bodies	4.8	5.6	5.2	5.4	n.a.
	36.4	39.6	41.0	41.3	40.9
All employment					
Per cent	100.0	100.0	100.0	100.0	100.0
Number of employees	346,741	351,711	367,926	375,635	401,912
Index (1963=100)	101.8	103.3	108.1	110.3	118.0

Sources: Economic Survey 1971–72, Table 31. Employment and Earnings 1970, Table 3.

Table B2: Employment in parastatal enterprises 1966–1972

Sector	1966	1967	1968	1969	1970	1971	1972
Agriculture	37.9	28.5	41.1	46.1	39.7	32.5	23.3
Industry	52.8	45.6	41.0	35.6	36.6	44.7	55.0
Services	9.3	25.9	17.9	18.3	23.7	22.8	21.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total no. of employees	19,890	26,292	34,690	49,925	54,613	67,988	79,540

Source: Analysis of Accounts of Parastatals 1966–71, Table 2 (1972 figures are provisional estimates of the Bureau of Statistics).

prices) has been *steadily rising* from 1966 to 1971 at an annual rate of 4.7%. It rose much faster in the enterprise sector than in the public service sector, but still the 1971 average was greater in the public services than in the enterprise sector.

Table B3: Average wages of adult male citizens 1967–71 (Shillings)

	1966	1967	1968	1969	1970	1971
Enterprise sector						
Estate Agriculture	153	162	158	162	179	177
Mining	298	325	360	381	446	523
Manufacturing	293	328	331	351	370	427
Construction	262	306	343	308	307	267
Public utilities	329	335	408	398	464	454
Commerce	408	470	519	448	472	491
Transport and communications	402	472	462	538	469	539
Finance	—	—	—	820	846	835
Services	321	375	369	382	374	398
Total enterprise sector	242	277	298	313	329	376
Total public service sector	298	299	309	314	352	392
GRAND TOTAL	263	286	304	313	340	380
Index of wages (1967=100) at constant 1967 prices						
Total enterprise sector	100.0	111.6	116.0	120.4	123.1	135.5
Total public service sector	100.0	97.8	97.6	98.1	107.0	114.7
GRAND TOTAL	100.0	106.0	108.8	110.0	117.1	126.0

Sources: Economic Survey 1970–71 (Table 29), 1971–72 (Table 34). Statistical Abstract 1970, Tables 5.11 and 5.12.

There is a considerable variation among the industries in the enterprise sector. Agriculture had by far the lowest average in 1971 with 177 shillings per month, and finance the highest with 835 shillings. "Transport and communication," and "mining" were considerably below it. About one quarter of all employees are engaged in agriculture (Economic Survey 1971-72, Table 29).

The figures on average real wages, however, do not reveal the *distribution of income.* The rise in the national average noted above, from 302 shillings per month at 1971 prices to 380 shillings could, perhaps, be due to a decisive improvement for the low-wage earners, or it could be the result of increase at the upper end of the income scale. The income distribution for 1966 is compared with that for 1971 in Figure B1.[24] To adjust for inflation, the 1966 money wage was adjusted to 1971 prices. The comparison is, therefore, between the 1966 real wage and the 1971 money wage.

APPENDIX C

Table C1: Production and export of main cash crops 1962–72. (Excludes exports to Kenya and Uganda)

	1962	1967	1968	1969	1970	1971	1972
Quantity, thousand tons							
Coffee:							
Total marketed	27	40	52	46	50	46	51
Exported (unroasted)	26	45	48	49	45	35	55
Cotton:							
Total marketed	38	71	51	69	76	66	n.a.
Exported	33	61	63	58	61	55	64
Sisal:							
Total marketed	214	220	197	209	202	181	157
Exported	223	204	189	172	217	161	153
Cashewnuts:							
Total marketed	55	77	117	115	111	126	n.a.
Exported	60	71	80	82	77	96	113
Tea:							
Total marketed	4	7	8	9	9	11	13
Exported	4	6	6	8	7	8	9
Tobacco:							
Total marketed	2	8	7	12	11	12	13
Exported (unmanufactured)	—	4	5	5	6	5	6
Value of exports, million Shs.							
Coffee	132	237	265	257	312	227	383
Cotton	148	251	283	235	247	245	336
Sisal	315	201	159	160	179	134	145
Cashewnuts	47	92	107	119	115	120	150
Tea	32	43	45	48	42	49	54
Tobacco	2	34	40	35	45	43	49
Total of six crops	676	858	899	854	940	818	1,117
Total of all exports, million shillings	1,076	1,645	1,585	1,667	1,689	1,735	2,036

Sources: Economic Survey 1971–72, Tables 11, 18 and 48–52.
Statistical Abstract 1970, Table G.1.
Quarterly Statistical Bulletin, September 1973.

FOOTNOTES

1. A good portion of unproductive expenditure is made to ensure the long-term survival and expansion of monopoly capitalism. Under this category fall many of the state expenditures and private "philanthropic" contributions in the following fields: military, police, education, propaganda and entertainment, research, various subsidies, unemployment compensation, foreign aid, population control, etc.
2. The page references are to be the original French text *L'ammumulation à l'èchelle mondiale* (1970). An English translation has recently been published (see list of references).
3. The argument that certain essential raw materials are only available in some underdeveloped countries and not at the centre has not much validity. It is the cheap labour cost which makes it worthwhile to extract the raw materials. Should these costs rise—as happened recently with petroleum in the Middle East—the advanced capitalist countries have the capacity to search for raw deposits and to develop substitute products.
4. This exercise has also been carried out for Tanzania by Henin, Mogil, and Westdahl (1973). A much cruder piece is the pamphlet on Tanzania by the International Planned Parenthood Federation (1970).
5. Consists of wholesale and retail trade, restaurants and hotels, transport and communications, finance and business services, and public administration.
6. See also the discussion on the role of the petty bourgeoisie in Shivji, 1973.
7. Mining can be neglected since it contributes only 3% of the value added in the agriculture sector.
8. The average proportion of quantity exported to quantity produced from 1962 to 1972 is as follows: coffee 97%, cotton 89%, sisal 96%, cashewnuts 76%, tea 80%, and tobacco 56%. (See Appendix C).
9. In 1970 the combined value added in the production of agricultural insecticides and fertilisers was only 10.6 million shillings, that of cordage and ropes 52.6 million shillings (Survey of Industrial Production 1970, Table 15). In addition a considerable quantity of insecticides and fertilisers was imported.
10. That is the *making* of iron, steel and other metals.
11. Source: N.D.C. 1970, and Survey of Industrial Production 1970, (Summary Table IIA). The sale of UFI were up to 5.5 million shillings in 1972 (NDC 1972) The Steel Rolling Mills Limited in Tanga is not included because it produces mainly for the construction industry.
12. The value added of manufactured export goods was 87 million shillings in 1970, which constitutes only 8% of the estimated producer value of total exports (Table 6), the remainder coming from agriculture and mining—the primary sector.
13. A comparison of the value of imports with domestic production is of some interest. Imported consumer goods amounted to 682 million shillings, 240 of which were for TAZARA (Economic Survey 1970-71). It can be assumed that the majority of consumer goods imports are in the form of luxury goods.
14. This compares with 4,363 million shillings value added in the productive industries as a whole (as distinct from the monetary surplus-generating part), and with 3,232 million shillings of total GDP in 1970. (Economic Survey 1971-72, Table 1).
15. Their composition is as follows. *Agriculture* (Primary Sector): agriculture, hunting fishing, forestry, and mining. *Industry* (Secondary Sector): manufacturing (including handicrafts), electricity and water supply, construction. *Services* (Tertiary Sector): wholesale and retail trade, restaurants and hotels, transport and communication, finance and business services, public administration. The national accounts of capitalist countries list the activities in all three sectors regardless of

whether they are productive activities—in the sense of exploiting nature for man's benefit—or not.

16. See, for example, the detailed structural analysis of developed and underdeveloped countries made by the patriarch of U.S. national accounting, Simon Kuznets (1971).
17. This appears to be the best available price index for the country as a whole. In spite of certain local variation in prices, the purchasing power of the peasantry has to be measured in the first instance against prices prevailing in Dar es Salaam and ultimately against the international market, due to Tanzania's dependency relationship. This consumer index is also used by the Central Statistical Bureau to adjust the value added of certain items for constant prices. (National Accounts of Tanzania 1964-1970, p. 8).
18. See, for examples, Yoshida (1972), Angwazi and Ndulu (1973), and von Freyhold (1973).
19. The actual output in 1971 fell considerably short of the Second Five-Year Plan target for all six principal export crops. (Economic Survey 1971-72).
20. Many of these building serve, however, non-productive purposes, e.g., those of the University. On the other hand, all government buildings were excluded, although some of them are used for productive activities. Overall, the percentages shown are probably too high.
21. By far the largest item, however, was dry batteries, making up 60% of all manufactured machinery.
22. National Accounts of Tanzania 1964-70, and preliminary estimates by the Bureau of Statistics.
23. At least this was the case before the price increase in Dar es Salaam from 80 cents to 1 shilling per half litre of regular milk.
24. The graphs were arrived at by connecting points which are determined by the half-way mark for each salary interval plotted on the horizontal axis, and the per cent of wage earners in that interval on the vertical axis. This system was preferred over a histogram for the sake of a better visual comparison.

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