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The issue date for each number of the Review still follow the original dating schedule even though delays in actual publication mean that this number is appearing considerably after the ‘official’ publications date. Issue no.13 was incorrectly dated; it should have read ‘September-December 1978’.

Editorial

This issue of the Review is not organized around a single theme. However, the main articles relate to some of the most burning issues in West Africa today.

The timeliness of the first article, on the workers of Liberia and their increasing impoverishment and growing militancy, has been underscored since it was written. In April 1979, peaceful demonstrators protesting against further price rises for rice were shot upon by the police. Some were killed, others arrested and detained — as later were several leaders of student groups and left wing organizations like MOJA (Movement for Justice in Africa — see Review No.12), including Dew Mayson, one of our authors. After a long detention he was in fact free, the last we heard. His co-author, Amos Sawyer, has also attempted to carry on and focus the struggle against the elitist, neo-colonial policies of the ruling True Whig Party by attempting to stand as Mayor of Monrovia in late 1979, only to be prevented by measures of dubious legality.

Our second contribution, by one of our Contributing Editors Kallu-Kalumiya, offers a lawyer’s perspective on the extraordinary deal whereby the German rocket firm OTRAG has taken over sovereignty from Zaire of a chunk of Central Africa as big as some OAU states. Perhaps the single most bare-faced, ‘legal’ seizure of Africa’s resources in the Independence period, this tale has also been at the centre of much recent controversy. According to some reports, the adverse criticism may have been behind announcements that OTRAG was going to pack its bags and leave for Brazil. Whether it will go remains to be seen. But even if it does, this would not alter the fact that this kind of infamous deal can be struck in what is called ‘independent’ Africa.

1979 proved to be as crucial a year in Ghana politics as 1966, when Nkrumah was overthrown. Eboe Hutchful’s article compares the military regime, that was replaced in a coup of ‘radical’ soldiers led by Jerry Rawlings in June 1979, with that of 1966. He shows how the particular form that the crisis of capitalism has taken at certain times in Ghana is what precipitates military intervention, but that such regimes, whether their rhetoric is of the right or seemingly radical and anti-imperialist, prove incapable of mediating the crisis or of coming to terms with imperialist interests. (Further background to recent events in Ghana is also offered by several of our Reviews.) Some hope might have been held out that the Rawlings coup represented an exception — ‘that possibility for a fraction of the military to articulate an alternative progressive strategy’ that Judith Marshall allowed for in an article on the Ghana state in No.5 of our Review. However, the signs were, in the brief period before handing over power to a civilian govern-
ment, that it certainly had no radical credentials, that neither the rank and file in the military nor the workers had sufficient say to do more than attack the profoundly corrupt practices of a few individuals.

The last of our articles, by Ankie Hoogvelt, deals with the results in northern Nigeria of a process that also has been attempted in Ghana and other West African countries — the 'indigenisation' of capitalism by requiring foreign companies to sell off part of their shares to nationals. We had hoped to include this study in our last issue on Nigeria and it is in fact referred to in our last editorial. It, usefully, provides the evidence to support the not surprising conclusion that transfer of ownership does not lead to foreign capital surrendering control and might even be a handy means for multinational companies to raise extra finance locally.

No less crucial and topical than our articles is the contribution by Mqotsi to our Debates section. He addresses himself to the debate launched in the polemics between Archie Mafeje and Ruth First in Review No.11, on the possible nature of the revolutionary struggle in South Africa. As we go to press, the prospect of Zimbabwe's negotiated Independence makes the matter of revolutionary strategy in South Africa an immediate issue. At the same time, co-ordinated military and economic pressures on the front-line states and then in turn by them insisting that the Patriotic Front 'settle', means that that Independence will be 'granted' and thus on terms broadly acceptable to western imperialism. The political tone of independent Zimbabwe, plus the lesson that South Africa has undoubtedly learned about the efficacy of destabilising neighbouring countries as a 'counter-insurgency' measure, will thus impose added constraints within which a revolutionary strategy for South Africa will have to be worked out. We hope readers will continue to respond with their contributions to this crucial debate. It might even be that further issues are clarified. So far, in fact, as Mqotsi points out, beneath First's polemics there are crucial points of agreement with Mafeje, not least in their both rejecting the notion of a 'two stage' revolution. Can we conclude that the necessity for a link between the national and class struggles is generally accepted? Another common point of departure, but one that clearly needs some further exploration, is the recognition that any undogmatic understanding of the class struggle in South Africa must allow for the realities of migrant labour which throw up a class that does not fit easily into the categories of either 'proletarian' or 'peasant'. Finally, and rightly, Mqotsi bids further contributors to explore where and how exactly socialism fits into the agenda of the South African revolution.
Labour in Liberia

Dew Tuan-Wleh Mayson & Amos Sawyer

Mayson and Sawyer trace the development of peripheral capitalism in Liberia, drawing out the totally dependent nature of its export economy dominated by international corporations, the deteriorating economic position of the workers and peasants, and the growing power of the different fractions of the ruling class. They go on to trace the growth of the working class and its increasing militancy since 1961, the legislative response to this in the form of anti-strike legislation and the consequent worsening of workers' conditions and standards of living. As a consequence of the collaborationist character of the trades union leadership, rank and file workers have assumed responsibilities of leadership and organized strikes despite the collusion of trades union leaders with the police.

In our Liberia today, as in many other countries of the Third World, the process of peripheral capitalist growth is rendering the lives of increasingly large sections of the working people poverty-stricken, undignified and short. In spite of the huge gaps in the information available, we know that the condition of the working people in our country is steadily deteriorating. Over the period 1971 to 1974, real wages for agricultural workers, the largest section of the working class, declined by about 50 per cent.

We need to inquire into the specifics of this harsh reality. We need to ask ourselves: What are the actual conditions of our working people? And what has been their response to this attack on their standard of living? Recalling our experiences over the last few years and envisaging the future, what are the actual problems to be confronted with regard to the struggle of the working class in particular and, more generally, with regard to the struggle of the oppressed classes against neo-colonial domination and exploitation? These are fundamental questions, particularly for the progressive forces in our country and elsewhere which stand in need of a compelling understanding of the conditions and struggles of the working masses and of the possibilities available for struggling against neo-colonialism. It is these questions that we propose to examine in this article.

Before dealing with this analysis, however, it is necessary that we examine in summary form the process of peripheral capitalist growth in Liberia whose chief product is the miserable condition of the working masses. Because of the shortage of time, we cannot here deal with all aspects of this problem. We are therefore limiting ourselves to the facts that are necessary for understanding the present state and struggle of the working people.
The Development of Peripheral Capitalism

The process of peripheral capitalist growth in Liberia has transformed the economy of the country into a totally dependent, destructive export economy. We do not need to point out that this economic underdevelopment is not the result of the proverbial ‘acts of God’ nor is it due to any ‘natural retardation’ on the part of African people. This economic underdevelopment is a direct result of Liberia’s integration in the international division of labour as a supplier of raw materials (rubber, iron ore, forestry products), as a profitable and reliable area for the export of capital (in 1974, foreign private investment was valued at $655.4 million), as a secondary market for commodities exported by the advanced capitalist countries (in 1976, imports were valued at $400 million), and as a bridgehead for imperialist aggression (the United States has a ‘mutual defence’ treaty with Liberia and the Voice of America has its headquarters for Africa here).

We know how this process of transformation has been carried out. In a previous study we have already analysed the integration of the country into the world capitalist system. Without repeating that analysis here, we may simply note that the basis for this continuing exploitation and dependency lies in the domination of the Liberian economy and other institutions of national life by large international capitalist corporations in close alliance with the Liberian state apparatus.

If we stop to examine the characteristics of this domination, we shall find that first, the principal means of production in Liberia are owned and controlled by large international corporations based in the advanced capitalist countries. Indeed, Liberia holds the dubious distinction of having the largest number of foreign-owned business enterprises in Africa, and probably in the world. Five out of every seven business enterprises in the country are foreign-owned. Even in cases where Government holds a 100% ownership of the enterprises (as in the case of some public utilities, the airports, national airlines, etc.), foreign capital still exercises control through the lucrative management contracts it has entered into with these public corporations. Moreover, Liberia is particularly dependent on foreign enterprises for its annual production output and its growth, thus manifesting one of the most obvious characteristics of an underdeveloped economy — structural, foreign dependence.

Iron ore, rubber, forestry and trade constitute the major sectors of the Liberian economy, but all of these sectors are dominated by foreign capital. In 1974, for example, iron ore accounted for almost 35% of the Gross Domestic Product (GDP) and a little over 65% of the total export earnings; rubber, 6% of the GDP and over 16% of the value of exports; forestry, 3% of the GDP and over 4% of the value of exports; finally, trade accounted for about 13% of the GDP in 1974.

The iron ore, rubber and forestry corporations which dominate the Liberian economy have formed economic islands or enclaves which are not integrated one with another. As a result, these enclaves have failed to stimulate and support new economic activities. Typically, the international corporations dominating the mining, rubber, and forestry enclaves in Liberia import the capital equipment, high-level and often even middle-level manpower, and materials and supplies required to extract the country’s economic resources. Little or no processing takes place in the country since the extraction of raw materials is directed to the raw material needs of corresponding industries in the advanced
LABOUR IN LIBERIA

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capitalist countries. That is why manufacturing activity is limited, accounting in 1974 for only 4.5 per cent of the GDP.

As a further consequence of this pattern of production, the number of Liberians involved in the foreign export enclaves and benefiting from it has remained quite small. During the last two decades, although the economy registered an impressive growth of 7 per cent per annum, wage employment grew at only half that rate reflecting, of course, the limited participation of Liberians in the enclave economy but more importantly manifesting a basic law of capitalist accumulation: the demand for labour power systematically lags behind the rate at which capitalist production grows. As Marx so pungently put it once, unlike the generals who win wars by recruiting armies, the captains of industry win their wars (i.e. accumulate more profits) by discharging their workers.

The practical consequences of this can be readily seen. In the period between 1961 and 1970, the output of the mining industry increased by 13 per cent, but employment was cut by 50 per cent. In the rubber industry, a study of 3 firms showed that in the period between 1961 and 1971, production rose from 81 million pounds of crude rubber to 109 million pounds, an increase of 26 per cent. At the same time, employment declined by 15 per cent, from a total of 22,700 workers to 19,540 workers.

The discharging of workers from their jobs by opting for capital intensive techniques, a tendency made necessary by the need for profits coupled with the huge natural increase in population (3% per year), has created a disposable agro-industrial reserve army which, in the words of Marx, ‘belongs to capital quite as absolutely as if the latter had bred it at its own expense’.

Not surprisingly, the process of capital accumulation in our country has resulted in a very skewed pattern of income distribution, not only within the foreign economic enclaves and in the nation as a whole, but also as between the share of income accruing to workers and that to capital. In the mining sector, for example, in 1974, while the average monthly income of the Liberian salary worker was $406, that of the expatriate salary worker was $1,246. The disparity in monthly income between the Liberian wage-worker and the Liberian salary-worker was on the average $100. Similar disparities in income were to be found in the other enclave sectors of the economy. In the nation, 3.4 per cent of the Liberian population expropriate more than 60.4 per cent of the national income per year.

The society is therefore divided into classes. In the first place, there are the exploited classes and strata comprising (a) the poor peasants who constitute a majority of the population (over 70 per cent of the population of 1.6 million), live in the rural areas, are burdened by taxes and crushed by poverty because of their subsistence livelihood which brings them no more than $70 per year; (b) the small handicraftsmen whose livelihood has been threatened by penetration of the capitalist mode of production; (c) the working class which is numerically small due to the low level of development of the productive forces, badly organized due to the stringent anti-labour laws, and whose living standard is kept at a bare minimum by the low wage rate and the rising cost of living; (d) the mass of poverty-stricken employees in the public sector whose employment does not earn them an income which is up to a modest minimum and whose existence acts as a drag on the bargaining power of the workers in the
better-paying sectors of the economy; (e) finally, there are those whom we may call the lumpenproletariat composed, on the one hand, of beggars, prostitutes, layabouts, etc., and on the other hand, of all those who in increasing numbers are migrating to the urban areas, having no stable activity, eking out an existence here and there, and maintaining close relations with their rural villages.

On the other side of the major contradiction, and in spite of many secondary contradictions, the dominant class consists of (a) the 'false bourgeoisie', comprising administrative and para-administrative higher government officials who are not directly engaged in the process of production and lack the economic power on which a 'proper' bourgeoisie is based; (b) the rich planters and large landowners who are themselves often government officials or former officials; (c) the petty intellectual bourgeoisie (professors, teachers, doctors, engineers, technicians, university graduates) whose status is jeopardized by foreign domination of the economic sectors and the actual presence of foreign technicians and 'experts'; (d) the big European, American, and (increasingly) Japanese corporations who, backed by their state, render support to the 'false bourgeoisie' who in turn, using the state apparatus, provides the necessary political climate which enables these corporations to continue their unbridled exploitation of the people and their resources; (e) the large foreign commercial companies (USTC, PZ, CFAO, OAC) which dominate the lucrative import trade; (f) the middle commercial companies, consisting mainly of Lebanese and East Indians, used by and given a privileged position by dominant United States imperialism and who consider that their privileges and even their safety depend on continued foreign domination; (g) the small local industrialists and entrepreneurs for whom competition from the Lebanese and East Indians leaves them a restricted scope for profitable investment.

Because it lacks the economic power on which a bourgeoisie (in the proper sense of the term) is based (in our neo-colonial situation, this economic power is retained only by foreign capital and the domestic working class), the ruling class in our country relies on the imperialist powers, principally the United States and its European allies, for political, economic, military and ideological support in exchange for which these powers, and the international corporations based in them, are assured continued domination and exploitation of the economic resources in our country. We have already seen how this domination — extended to all the economic sectors and institutions of national life — has resulted in the plundering of the national resources and the exploitation of the masses.

In contrast with the prosperity and high productivity of the foreign-dominated enclaves, the largest sector of the economy, subsistence agriculture, covering nearly 50 per cent of the land area and embracing close to 70 per cent of the labour force, remains backward and relatively stagnant in terms of productivity growth. During the period 1964 to 1972, growth in this sector was put at 2.7 per cent per annum — less than the natural growth of the rural population. The reason for this stagnation must be sought not only in the relative neglect of this sector in the allocation of resources but also in the degradation of this sector to the role of a supplier of cheap labour for the enclaves and of the means of subsistence for it. This degradation has today reached the paradoxical point where the country, 70 per cent of whose population is rural, is a big importer of food.

The considerably uneven productivity between the foreign enclave and sub-
sistence sector in Liberia, the disconnected economic structure and the structural, foreign dependence, which we have already noted, — all these factors define the characteristics of underdevelopment and the process of peripheral capitalist growth in our country. On the socio-economic level, this process has resulted in the marginalization of the masses, that is, the exclusion of the majority of the people from economic and social progress. In spite of the poverty of the statistics, we can cite a few facts to illustrate the situation. The vast majority of the population who live in the rural areas wallow in mass poverty because of their subsistence livelihood which, as we have noted, brings them no more than $70 per year. Illiteracy is widespread (over 80%). Even the education taught in schools is largely irrelevant to Liberian realities and ignores the real needs of pupils in the rural areas. Unemployment is rampant, particularly among young people in the urban areas (21 per cent in Monrovia, the capital city). The death rate of the population is high, caused, among other factors, by the excessively high infant mortality rate, underestimated at about 137 per thousand. In circumstances such as these, it is not surprising that life for the vast majority of Liberians is harsh, poverty-stricken, undignified — and short.

Capitalism and the Growth of the Working Class
Permanently confronted by these harsh realities, what has been the response of the working class? To answer this we need to resort to history. The history of working class struggle, to all intents and purposes, began with the introduction of foreign capital on a large scale as symbolized by the establishment of the Firestone Rubber Plantations in 1926 and, after 1945, the establishment of mining and forestry enterprises. Before that time, the wage-earning labour force was limited to a small number of government employees and an equally small number of workers of foreign trading firms in Monrovia and other coastal towns. Then, as now, the vast majority of the labour force engaged itself in a rural subsistence economy.

Immediately, therefore, foreign capital was faced with the problem of generating an adequate supply of labour. When this labour was not forthcoming due to the failure of foreign capital to fulfil the historical mission it had carried out in the now-developed capitalist countries, of destroying pre-capitalist rural relations and accelerating the development of the productive forces, foreign capital was thus obliged to enlist the assistance of its new-found partner in exploitation: the Liberian ruling class. This class, lacking then, as now, the economic capacity on which a bourgeoisie in the proper sense of the world is based, and anxious to improve its narrow economic position, willingly complied by instituting the twin policy of land alienation and labour recruitment. Under this policy, the rural subsistence farmers were forcibly removed from vast tracts of land which were duly handed over to foreign capital. Firestone alone was given one million acres of land on which to grow rubber. The people in these areas were thus forced to abandon agriculture and to seek wage employment at Firestone and elsewhere.

Under the policy of labour recruitment, able-bodied men from the rural areas were recruited through the chiefs to whom the government had assigned a yearly quota to fulfil. Of course, labour recruitment had been a long standing policy of the Liberian ruling class which has always regarded the rural population as a large reservoir of cheap labour to be hired out to European capitalists, for
public works and porterage duties, and for employment, 'almost for nothing' (Buell) on the farms of members of the ruling class.

Needless to say, the system of land alienation and labour recruitment was bitterly attacked by the people who resisted the force involved in the process. For the system was fraught with abuses: the freedom of the people was infringed upon; they were deprived of their land and of the labour time needed to be spent on the cultivation of crops at home; and the employers took advantage of the system to keep wages artificially low at levels even below the value of labour power. Nevertheless, it was through the system of land alienation and labour recruitment that thousands of people were enlisted as unskilled wage labour, first on the rubber plantations established by Firestone and some members of the ruling class beginning in the 1920s, and later in the mining of iron ore by foreign capitalists which began in 1946.

After capital had succeeded in constituting a large number of the rural people into wage workers, all bounds of morals and nature were broken with regard to the conditions of work and the wages paid these workers. The limits of this study compel us to concern ourselves only with the situation of the workers at the Firestone rubber plantation who were not only some of the first to experience the shocks from the new mode of production but who also constituted the largest group of wage workers.

Firestone celebrated its 10th anniversary in 1936. The wage rate at the time was 14 cents a day for 12 or more hours of work. This very low wage rate was assumed to be necessary to ensure the profitability of the enterprises. It was also insisted upon by the gentlemen-farmers of the ruling class who 'solicited Mr Firestone . . . not to pay wages in excess of twenty-five cents a day' (Brown). With regard to the working conditions at the rubber plantations, it will be enough for us to mention that sometimes two to three men and sometimes more than one family were obliged to share a single one-room hut. No compensation was paid to workers during sickness. There was hospital treatment available, but no food was given to the patients. If the worker had an accident or even died on the job, there was no compensation paid. As in the days of Marx, capital celebrated its orgies.

Helpless and unorganized, the newly-created working class remained for a long time stunned by the sheer weight of the new system of production. Then in 1949, the alarm was sounded by a strike of garage mechanics. The resistance of the working people had begun. Between 1949 and 1961, there were at least 12 to 15 strikes, all of them initiated and led by the workers themselves. However, the working class was still small in numbers.

But from 1961 onwards, concomitant with the enormous growth in the accumulation of capital and a large increase in the number of wage-earners, the resistance of the working class manifested itself with increasing militancy. 1961 witnessed more strikes, and more workers involved in strikes, than in all previous strikes taken together. In one of these strikes, one of the few ever initiated by the trade union leadership, some 100 workers at the newly-constructed Ducor Hotel in Monrovia demanded higher wages and an end to the discrimination practised against them by the white managers. The Ducor strikers were soon joined by dock workers and others who took to the streets in several days of demonstrations. To this remarkable display of workers' solidarity, to this equally
remarkable example of the workers’ ability to mobilize mass action, the ruling class responded with a swift, violent outburst.

This class, many of whose leading members are themselves large employers, was anxious to put an immediate halt to this challenge to its long-established practice of subjecting the workers to the domination of the capitalists. The violent response of the ruling class to the striking workers was to become standard policy. While promising the striking workers a ‘consideration’ of their grievances, the ruling class was quick to call in the troops and to arrest the leaders of the union. The President was saddled with stringent emergency powers against the broad masses, and the military machine was armed with more troops and more and better guns. The back of the strike was thereby broken.

The workers were therefore forced to retreat; to retreat, but not, of course, to surrender. Two years later, from 2-14 July 1963, they returned to stage one of the largest strikes Liberia has ever known. Involving some 20,000 workers of the Firestone rubber plantations, the strike closed down operations at all 45 divisions of the plantations and obliged the company to suspend purchases from Liberian farms, the largest of which are owned by government officials. Again, the army and the police were called in and the strike was brutally crushed.

But the struggle of the workers continued. Indeed, in recent years, strikes although illegal, have grown both in frequency and in intensity. Alarmed by the increasing militancy of the workers, the ruling class in this underdeveloped country has not hesitated to resort to state power in defence of the existing order. Unlike the situation in the developed capitalist countries where the subjection of the worker to the capitalist is maintained by the former’s ‘dependence on capital, a dependence springing from, and guaranteed in perpetuity by, the conditions of production themselves’, in underdeveloped Liberia, things are different. Here, the power of the state is needed and employed to keep wages low, to maintain the poor and unsafe working conditions, and to hold the workers in a permanent state of subjection.

Not surprisingly, therefore, as the struggle of the working class has intensified, the National Legislature, which had for a long time constituted itself into a permanent trade union of the capitalists against the working people, began passing a series of laws which, from the very first, aimed at the exploitation of the worker to the supreme benefit of the capitalist. It is not our intention to detail the oppressive character of these statutes. It will be enough for us to mention, against undue optimism, that these laws, while making the pretense of regulating the relations between the capitalists and the workers, at the same time reduce the workers to the position of a dog that can hardly bark, let alone bite: the elementary weapon of any working class, the right to strike, that weapon has been outlawed by the legal proviso which stipulates that strikes are only legal if the Labour Commission, a state body, determines workers’ demands to be valid. Little wonder, therefore, that no strike has taken place which has been deemed legal by the authorities.

Under these conditions, it is not surprising that there has been an absolute and relative impoverishment of the working masses. In spite of the wretchedness of the government’s social statistics, it raises the veil just enough for us to document certain aspects of this phenomenon. First, real wages have fallen. Over the period 1971 to 1974, real wages fell by 50 per cent for agricultural workers; 36 per cent
in the case of mine workers; 10 per cent in the case of workers in construction and government; and 24 per cent in the case of workers in the services industry.

Second, with the increase in the army of unemployed and underemployed, there has occurred an increase in the intensity of labour as evidenced by the statistics on industrial accidents and occupational diseases which, in the words of the Ministry of Labour (1976), 'give a clear picture of the deteriorating level of safety and accident preventing measures in our industries today.'

Third, the housing conditions of the working masses have worsened. Housing is scarce, and rents are high. Confirming this fact, a recent government survey revealed that houses for the working masses have few amenities and thus are unhealthy. They are overcrowded and hence breeding grounds for juvenile delinquency and crime. There are no playgrounds or recreational facilities for working class families.

Finally, the social functioning of the worker, that is, his condition at the place of work, has steadily deteriorated — to the point that the authorities have themselves felt obliged to protest. The annual reports of the Secretary of Agriculture who until 1964 held responsibility for labour matters, are filled with complaints of violations of various labour codes on the part of employers. The reports blamed the violations on foreign concessions which claimed that their agreements exempted them from such regulations, and on the head of the Liberian employers who regarded the regulations as intended only for foreign enterprises. Today, the Ministry of Labour continues in this tradition of unctuous complaints in its annual reports which are laden with notations of violations of the already inadequate labour statutes.

In circumstances such as these, it is wrong to consider the Liberian wage-worker as a 'labour aristocracy'. The fact of the matter is that the poor peasantry, the urban working class, the unemployed, in a word, the masses of our people, they have all become marginalized. Thus arise the objective conditions necessary for forging a popular alliance of the oppressed people against their oppressors. The ruling class, recognizing the possibilities which these conditions offer, has been quick to enact legislation which forbids the formation of unions which would represent the interest of both agricultural and industrial workers. This law and others like it, particularly that requiring the supervision of trade union elections by a government body, have been maintained in spite of severe and constant criticisms from the International Labour Organization.

Unfortunately, the low level of development of the productive forces has not only retarded the numerical growth of a working class, which will have to act as popular vanguard in the alliance of oppressed classes, but it has also rendered the working masses poverty-stricken, both economically and ideologically. Magico-religious beliefs are therefore prevalent resulting in the demoralization of a considerable portion of the popular masses. 'Leave everything to God', they say, 'He will take care', forgetting that the Lord himself has said that He will only help those who help themselves. In addition, the still prevalent extended family system tends to minimize class cleavages and the antagonisms arising from them.

Moreover, the political development of the working class remains stunted by the organization of the working masses, which, in sheer numerical terms, is still very limited. It excludes, for example, the 42,000 rubber workers who constitute
more than 33 per cent of the wage-earning labour force. It also excludes the large number of workers in domestic service, the self-employed workers, drivers, and teachers.

Then there is the problem of union leadership. From their first appearance in the 1940s, the trade union leaderships have either been the object of government’s manipulation or a target for its repressive network. The first trade union incorporated in 1949, was sponsored by and amenable to the state. Since that time, state control of union leadership and its international affiliation has remained a cardinal policy of the Liberian ruling class. At various times, members of the ruling class and their surrogates have been appointed to head the trade unions. The Labour Congress of Liberia (LCL) founded in 1953, was headed by T. Dupigny-Leigh, Social Secretary to the President and later member of the National Legislature. The Congress of Industrial Organizations (CIO) founded in 1959 as a result of a split within the LCL, was headed by the President’s son, Shad Tubman, Jr., when it finally emerged as the biggest labour organization in 1962. Today, the CIO, under its new name of the Liberia Federation of Trade Unions, is headed by A.B. Tolbert, son of the present President, while Emmet Harmon, Ambassador-at-Large, presides over the United Workers Congress.

The poverty of union leadership is easily documented. It is attested by the fact that the one important strike to have occurred through union initiative, in September 1961, took place when the head of the union, Shad Tubman, was on a honeymoon trip abroad. It is further attested by the disproportionate ratio between the complaints filed with the Labour Ministry by unions on behalf of their members and those filed by the members themselves. In 1974, for example, of the 374 complaints registered with the Ministry of Labour, only 89 were filed by the unions on behalf of their members. The largest category of these complaints dealt with arbitrary dismissals, thus underscoring the precarious nature of employment in Liberia due to the existence of a relatively huge army of unemployed and sub-employed.

The responsibilities of the trade union leadership have therefore been seized by the lower levels of union leadership and by the workers themselves who have organized strikes and other activities without the knowledge and consent of the formal union leadership. Indeed, most strikes have occurred at precisely those establishments where there exists no formal union. In 1976, for example, of the 12 strikes recorded, 9 occurred at companies whose workers are not unionized. The founding of our own organization, SUSUKUU, INC., seven years ago, was inspired precisely by this objective need to fulfil the responsibilities vacated by the trade union leadership. Today, SUSUKUU’s meagre resources have become severely overburdened as the workers, abandoning the trade unions, make increasing demands upon us, principally in the areas of organization, education, collective bargaining and legal representation.

On many occasions, the union leadership has even committed acts of treachery against the workers. On 23 November, 1976, the workers at the now depleted iron ore mines at Bomi Hills went on strike, the second in less than a month. The workers were demanding that prior to its closing, they should be paid two months wage for each year worked with the company. As usual, the government intervened against the workers. APFA-FANGA, a progressive newspaper whose reporters were on the scene, described the situation as follows:

A bunch of blood-thirsty police, led by the Police Director himself, Edwin Harmon, invaded
Bomi Hills. The so-called leaders of the strike, some of them sound asleep in their homes with their wives and children, were duly rounded up and taken to jail. Then under orders of Harmon, the police went wild: they tied up the workers... beat them up with fan belts, kicked and insulted them in front of their wives and children. The broken arm of one of the workers, the empty mouth of another, the big scars on the backs of the large number of workers beaten up - all of this testify to the 'advantage' that was taken of the workers. Some of us who never shed a tear were forced to cry as we listened to the workers' sad story and as we looked at the injuries inflicted upon the workers by our National Police.

But we have dried up our tears now, and, anyway, it is no use crying over rice that has been wasted on the ground. What is important now is for us to learn the lessons of the recent ugly past and prepare ourselves so that, as one worker put it, 'our children will not be treated in the same way as the government treated us'.

At the time, the workers accused their trade union leaders of giving their names to the police to have them arrested. And evidence available to us confirms the workers' accusation. Thanks to the militancy of the workers and the widespread sympathy which the APFA-FANGA reports evoked, the strike ended in a partial victory for the workers who were paid the wages demanded. The union leadership then intervened and requested 10 per cent of the wages paid each worker. The unanimous response of the workers to this shameless request was a resounding NO.

More than this, there are many symptoms that the working class is awakening to the consciousness that it is not being well served by its present leadership and that its problems are but a part of the severe difficulties to which the masses of our people are daily subjected. For example, in January, 1978, the workers at LAMCO, the largest iron ore mining operation in the country, went on a purely political strike because their central union, the United Workers Congress, refused to allow them to depose their president who they accused of being in cahoots with management. The central union was backed by management and the government. The government intervened with the usual force, but thanks to the militancy of the workers the government was forced to back down, and the union president was deposed. A new election has taken place, and the workers have withdrawn from the UWC. (For a fuller treatment of this incident, see APFA-FANGA, Vol.2, No.9, January-February, 1978, pp.4-5.) The ruling class, which seems to have recognized this new consciousness among the workers sooner than the trade union leadership itself, is already making plans to deal with the expected rise in the militancy of working class action:

...there is emerging a trend wherein our workers are attempting to utilize Government's regulations and grievance procedures as a subterfuge for spawning confusion and industrial strike (and) for making 'whipping boys' of management... in some cases (the workers) even ventured to disrespect Government authorities... there is an increasing frequency of this type of problem... If there is no evidence of change in this attitude we will have to seek new and more effective means of dealing with this problem.

The speaker was the Minister of Labour in his annual report for the year 1976.

The struggle of the working class cannot, of course, be isolated from the fundamental struggle of the oppressed classes in our country against neo-colonial domination and exploitation. In recent years, as witnessed by the upsurge in progressive activity among broad sections of the Liberian people, this struggle has made some impressive gains. But immense difficulties still remain, particularly as regards the role of the peasantry and that of the petty-bourgeoisie. For its part, our peasantry, although burdened by taxes and severely exploited, is still not in the position of having only its chains to lose. Up to now, it has not been faced with mass starvation because of its subsistence existence and the low
level of population density (not exceeding 39 persons per sq. mile). Moreover, there is an enforced absence of organization of the rural masses. The fiercest opposition of the gentlemen-farmers of the ruling class has been reserved precisely for rural wage workers' groupings. The few peasant co-operatives are small and are made to serve the interests of the up-coming rural bourgeoisie. In addition, we have already noted the law which prohibits the establishment of unions having both industrial and agricultural workers as members. The current experience of our organization SUSUKUU in a rural community in our country illustrates the difficulties awaiting those who attempt to organize the rural masses. In December 1977, SUSUKUU was invited by the people of Putu for discussion on ways and means of improving living conditions in this poverty-stricken Chiefdom. After lengthy meetings with the villagers, it was decided to establish a 1,000-acre collective farm, the proceeds from which will be used for the construction of schools, roads, clinics, the establishment of a major educational centre and a centre for the development of Liberian medicine, and the achievement of 100 per cent literacy in three years. All these goals, of course, testify to the co-ordinated effort on the part of 4,273 men and women of Putu to triumph over ignorance, hunger and indignity at one and the same time. But as soon as work began on the Chiefdom farm, reactionary elements opposed to the progress of our people launched a vicious campaign aimed at besmearing our honest efforts and intimidating and harassing the people of Putu. The people of Putu have, however, remained firm, sending delegations to the President to express their enthusiasm for the Chiefdom farm. But at this stage, the matter is still far from being settled.

With regard to the petty-bourgeois element of the ruling class which in the colonial and neo-colonial situation is suitably placed to play a major role in the struggle due to the economic and ideological poverty of the working masses in our Liberia, this petty-bourgeoisie is for the most part very pleased with itself and its position within the ruling class alliance. Because, within this alliance, the petty-bourgeoisie, thanks to its possession of the required knowledge and skills, shares in the spoils and the exercise of state power through the many lucrative positions which it occupies both in the public and private sectors of the economy. Needless to say, these positions are political tranquillizers which are intended to secure the loyalty of the petty-bourgeoisie within the ruling class alliance. For example, since 1971, Ministerial positions have increased from 13 to 18, and the salary for these positions has jumped from $6,000 per annum to $18,000 per annum with a corresponding rise in allowances, etc. Assistant ministerial positions have also increased by at least four-fold, and salary for these positions has jumped from $4,200 per year to $13,633 per year. At the same time, the income gap between a government messenger and an assistant minister has increased by almost three times. (Cf. Budget of the Government of Liberia 1971 and 1978.)

By emphasizing these few unfavourable factors which the socio-economic structure posts for the struggle against neo-colonialism in Liberia, it is not our intention to diminish the importance of other unfavourable factors, such as the antagonism between settler and native groups or the antagonism between different tribal groups. Neither can it be our intention to diminish the significance of the serious contradictions that exist within the ruling class alliance, in particular between the younger breed of technocrats and the old guard politicians for whom government is nothing else but the attempt to 'keep things as they
are'. There are also the contradictions being felt by some elements of the petty-bourgeoisie who resent the foreign domination of the country because it restricts their growth and the possibilities available for accumulation. Indeed, these contradictions are very important, and they are developing quite rapidly.

Finally, by concentrating on the internal situation, we are not unmindful of the fact that the evolution of Liberia as a neo-colony cannot be abstracted from the social forces which have determined the global expansion of the capitalist mode of production. External factors (in our case, United States imperialism) have a role of major or even decisive importance in the struggle against neo-colonialism, but ultimately, what matters most is the strength of the popular class alliance which is guaranteed by the mobilization of the people and against which foreign aggression is rendered practically impotent.

On the basis of the above discussion, it is now possible for us to put forward some guidelines for studying the possibilities available for struggling against neo-colonialism. First, in the analysis of the position of the neo-colonial country within the world capitalist system, the following aspects need to be studied:

- the origin of underdevelopment in the country and the resultant consequences;
- the role of the dominant imperialism in the country, the role of the multinational corporations, backed by this imperialism etc.

In the Liberian context, this means a study of:
- the process by which the country has been transformed into a totally dependent, export economy; the mass poverty which has accompanied this transformation;
- the new social strata which have emerged; the role of United States imperialism and the multinational corporations backed by this dominant imperialism etc.

From this analysis, it should be possible to define the characteristics of under-development in the country, the role played by foreign monopoly capital in the integration of the country within the unequal international division of labour, the emergence of new social strata.

Secondly, in the analysis of the class alliances, the following aspects need to be studied:

- the political and economic situation of the ruling class alliance, the ties it shares with imperialism, and the contradictions within this alliance.

In the Liberian context, this means a precise analysis of the elements within the ruling class alliance that are most conscious of imperialist exploitation and domination and can therefore be galvanized in the struggle against neo-colonialism; the exact role that United States imperialism has assigned Liberia within its overall strategy in Africa.

The political and economic situation of the exploited classes, which in the Liberian context, means a determination of the specific characteristics of the workers, the peasants, and the lumpenproletariat. This analysis will enable us to determine which elements among the exploited classes are the most conscious of existing oppression and therefore readily receptive to being mobilized against it.

From this analysis, it should now be possible to define the characteristics of the various classes and their interrelations, appraise their relative strengths and
weaknesses, and formulate a correct strategy for mobilization against imperialist domination and exploitation.

Finally, as Nkrumah reminds us, neo-colonialism represents the last stage of imperialism. The struggle against neo-colonialism therefore heralds the death of imperialism through the destruction of the deformed capitalist structures it has erected in our countries and through which it is able to plunder our resources, exploit our peoples and submerge our countries in absolute dependence. That is why we can have no illusions: the struggle against neo-colonialism in our countries will never be a dinner party-affair. Repression, brutalities, demagogueries — all these and many other acts of violence will be brought to bear against the forces fighting against neo-colonialism. This much we have learned from the immortal Che Guevara.

And from our experience in the struggles of our people, we have also learned a few lessons. We have learned that if we are able to overcome our ideological deficiency, that is to say, our criminal ignorance of the national realities we are pledged to transform, and formulate a strategy for liberation based on a compelling understanding of our realities; if we are able to overcome the political sclerosis which paralyses the progressive forces in our countries and renders them incapable of confronting imperialism and its faithful servants; if we are able to mobilize our class friends and isolate our class enemies — if we are able to take these small, first steps, then, and only then, shall we be able to wage a successful struggle against neo-colonialism and thus signal the death of imperialism.

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Apart from SUSUKUU Inc., the recent upsurge in progressive activity among the Liberian people has resulted in the establishment of a number of progressive organizations and the publication of a spate of progressive writings: the Movement for Justice in Africa (MOJA) and its monthly, Ghoi Fe Kpe (The Struggle Continues), PO Box 1559, Monrovia, Liberia; the All Peoples Freedom Alliance (APFA) and its monthly, APFA-FANGA, PO Box 3282, Monrovia, Liberia; the Progressive Alliance of Liberia and its periodical, the Revolution, PO Box 240, Brooklyn, New York, USA; the Committee Against Political Repression in Liberia (CAPRIL) and its publication Rice and Rights, PO Box 6084, Syracuse, New York, USA. See also the writings of Albert Porte, a veteran of the struggle against injustice in Liberia. A few titles: Glimpses of Justice in Liberia: Liberianization or Gobbling Business; and Speaking Out, obtainable from the Clearinghouse for Liberian Literature, PO Box 6084, Syracuse, New York, 13210, USA. See also the writings of Jares S.K. Cooper, particularly his Which Way Liberia, LAMCO, Yekepa, 1977.

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Rape of Sovereignty: OTRAG in Zaire

Kallu Kalamiya

In an amazing deal, reminiscent of King Leopold's assumption of the Congo as his personal fief, the West German rocket company OTRAG leased the entire southeast corner of Zaire, an area as big as its homeland. The use to which this vast territory is to be put seems to go far beyond the purposes of commercial launching of communication satellites. What drove Mobutu to make this outrageous deal? What are the terms of this contract and what do they imply for the people of the area and their resources? What is the legality of the contract?

In 1976, the Mobutu regime concluded a 'lease-contract' with the West German rocket corporation, OTRAG (Orbital Transport und Raketen-Gessellschaft), which even the New York Times, not usually given to strong criticisms of multinational corporations, described as an 'unusual contract' under which the German corporation had gained 'sweeping rights' amounting to 'almost exclusive dominion' over 'a vast region' of Zaire. Under the terms of the contract, Zaire has virtually ceded its sovereignty over a populated and well-endowed piece of territory that is roughly the size of West Germany or Uganda. It is an area that is also strategically located as it reaches deep into the heart of Africa bordering on Tanzania and Zambia and is in close proximity to Angola, Mozambique, Zimbabwe, Namibia and South Africa itself. The terms of the agreement are very reminiscent of the most fraudulent colonial treaties that were imposed upon pre-colonial Africa at the turn of the last century by force or arms and trickery by European imperialist adventurers such as Cecil Rhodes, Savorghnan, de Brazza, Henry Morton Stanley and Harry Johnston.

The implications of this contract for the economic development and the social welfare of the masses who inhabit that enormous region and who have now lost all their rights and control over their lands, lakes and rivers including the subsoil, are grave and ominous. Equally ominous are the military and political implications of the contract for the revolutionary decolonization processes within Southern Africa that have gained much impetus since the armed defeat of Portuguese colonialism in Mozambique and Angola. The threat to the stability, and indeed the survival, of all the progressive anti-imperialist states in that region is both real and immediate.

The essential purpose of this article will be to provide a juridical analysis of the provisions of the agreement and to assess some of the political implications of this contract for the total liberation of Africa from racism, colonialism and
neo-colonialism. But first we shall attempt to answer the question of why and how the Mobutu regime, however despicable and discredited, could have ‘voluntarily’ concluded such an ‘extraordinary contract’. To answer it properly, one must go back at least a decade and a half and attempt to grasp the nature of the forces that engulfed the Congo, liquidating its first and only democratically elected Prime Minister, Patrice Lumumba, and culminating in the seizure of political power by Mobutu, a creature of neo-colonialism.

The Imposition of Mobutu’s Regime on the Congolese People

The notoriously corrupt and inept regime of President Mobutu was imposed on the new nation of the Congo in 1965 — some six years after the country had regained its political independence under the dynamic and visionary leadership of Patrice Lumumba. His brief, radical leadership was quickly put to an end by concerted imperialist intervention under a general destabilization programme devised by US imperialism and designed to achieve first, the physical liquidation of the leadership of the popular mass nationalist party, the Mouvement National Congolais (MNC), led by Lumumba, and second, either in the process or subsequently, the destruction of the patriotic nationalist movement itself.

The fundamental objective of Euro-American imperialism was to keep the Congo free from international communism and by so doing ensure that it remained ‘open’ and ‘secure’ to the resource and strategic needs of the ‘free world’, as it always had been since the establishment of the Congo Free State in the last century. In order to secure this objective of neo-colonizing the Congo, imperialism had first to neutralize and destroy the patriotic and anti-imperialist popular national movement and its democratically elected leader. Secondly, imperialism had to set up a puppet ‘Congolese national government’ which in form and rhetoric would appear as an agency of multilateral imperialism, maintaining ‘law and order’ locally and ‘peace and stability’ in the whole strategic region. This would secure a ‘healthy investment climate’ for international finance capital not only in the Congo but in the whole of Central and Southern Africa.

The first goal, that of destroying the leadership of the Congolese nationalist movement, was quickly attained following the initiation of a destabilization programme that immediately threatened the political and territorial integrity of the nation, and which in turn provided the excuse for active imperialist intervention both overt (under the United Nation’s flag as had earlier been done in Korea) and covert (using the cloak-and-dagger tactics of the American CIA). The isolation, and eventually the physical liquidation, of the popular Prime Minister, Patrice Lumumba, was achieved with the active collaboration of then Colonel Joseph Désiré Mobutu, Army Chief of Staff.

Thus in September 1960, only three months after independence and with the nation then in turmoil and threatened with secession and civil war, Mobutu, having got himself on the CIA payroll (on which he has remained to date) used it to buy off sections of the national army. Then, acting on the instructions of his new paymasters, he overthrew the constitutional and popular government led by Premier Lumumba. Mobutu then proceeded to expel all the ‘Communist-bloc’ diplomats and technicians, accusing their nations of intervening in the affairs of the Congo. In reality, the US, on whose instructions Mobutu was acting, wanted to isolate Lumumba and deprive his government of any material and political support from the socialist countries.
However, with Lumumba still alive and free to move about, imperialism and its local lackeys knew that the masses of the Congolese people would never desert their popular leader, a situation that would have permitted imperialism to carry out its perfidious designs of neo-colonizing the Congo with impunity. It now became imperative that the Prime Minister be captured and isolated from the masses, and if need be, physically liquidated. Accordingly, the United Nations Forces, which had gone into the Congo at the behest of the USA, supposedly to help the central government restore law and order and preserve the territorial integrity of the Congo, surrounded the Prime Minister’s residence, deprived him of all means of access to the Congolese people and to all intents and purposes made him the first head of government to become a political detainee of the United Nations. Meanwhile the CIA, according to its own recent admission, had already equipped one of its agents to assassinate the Prime Minister with a lethal poison.

Lumumba succeeded in escaping from his UN detention, and was heading for Stanleyville, when he was seized by Mobutu and his CIA-paid soldiers who brutalized and detained him. Acting on further CIA instructions, Mobutu handed Lumumba over to Moise Tshombe, who was then actively working on behalf of European imperialist interests that sought to violate the territorial integrity of the new nation by hacking off the fabulously mineral-rich province of Katanga from the rest of the nation.

In spite of Lumumba’s assassination, the nationalist political movement that he had briefly but ably led, waged a heroic and successful struggle against imperialism and its local agents led by Mobutu and Tshombe. Tshombe, the co-murderer of Lumumba and a secessionist traitor, was only a few years arrogantly returned and imposed by imperialism on the Congolese people as their Prime Minister. The nationalist forces, however, were growing in strength and confidence and by then were in control of most of the territory and population of the Congo. Total victory over Tshombe-Mobutu’s unruly army was certain and imminent. Imperialism was, however, determined to keep its grip on the Congo by any means necessary. Very quickly a large and well-armed mercenary army, consisting of murderous and racist Europeans paid for by the CIA, was assembled to engage the Congolese nationalists. Air support for the mercenary army was provided by CIA-trained and CIA-equipped reactionary Cuban mercenaries. That was not enough, however, to break the back of the Congolese people’s forces. The USA and Belgium then organized a large military operation involving the use of thousands of Belgian paratroopers and US planes. These forces were then used to attack the headquarters of the nationalist forces in Stanleyville (now Kisangani) under the legal guise of ‘humanitarian intervention’ to ‘rescue’ their nationals supposedly with the consent of their puppet, Tshombe. In effect the real purpose of the expedition was to break the back of the nationalist forces, and that objective was largely achieved.

With most of their civilian puppets discredited and ineffective, and after the CIA had, in the words of a former senior officer, Stockwell, ‘shuffled new governments like cards, [the USA] finally [settled] on Mobutu as president’.

With a ruthlessness that compensated for his great inefficiency, the new President carried out a ‘pacification programme’ that resulted in some semblance of law and order and temporarily restored the ‘peace of guns and bayonets’ that the Belgians had so ruthlessly and for so long maintained over the country.
Now that Zaire was reopened as a haven for foreign investment, the imperialist press sang songs of praise to Mobutu’s ‘political genius’ and ‘talented’ leadership that had so quickly restored law and order in a ‘savage’ country. He was portrayed as a popular and benevolent dictator leading a large and fabulously rich nation to economic ‘take-off’ and even to become a ‘regional power’, and thus ‘a force for moderation and stability on the African continent’.

In reality the brutality and economic neglect of the regime is reminiscent of the misrule of Mobutu’s equally unworthy predecessor, King Leopold II, which was such an international scandal that he was made to give up his private estate, the so-called Congo Free State, even at a time when colonial brutality was the order of the day.

The inherent weakness of this repressive regime has been recently exposed by the dramatic defeats his huge American-trained and equipped army suffered in its invasion of Angola in co-operation with South Africa, and later still, in its abject and ignominious defeat by rebel forces in Katanga (now renamed Shaba) province. The tottering regime has twice had to be rescued from certain military defeat by massive Western military intervention, using French planes and mercenaries and Belgian and Moroccan troops and other mercenaries. The regime is now engaged in widespread genocidal massacres and quasi-judicial murders in order to suppress the popular resistance; and the ‘free world’ that never tires of preaching the importance of human rights is happily supplying this shabby and repressive regime with all the finance, arms and know-how necessary to ensure its survival.

Mobutu’s Zaire is also bankrupt economically. Low prices of its main export, copper, are coupled with inflation running at an annual rate of 80% to 100%. High unemployment has spread into every sector. Workers, highly exploited by international finance capital, have recently held several ‘illegal’ strikes that were violently suppressed in the capital city and in the copper-mining city of Lubumbashi. Malnutrition and starvation are rampant in all urban and most rural areas, and the regime now wholly depends on South Africa and Rhodesia for food supplies to feed its ruling classes.

The economic bankruptcy of Mobutu’s Zaire is both real and total. Mobutu has over the years completely and literally mortgaged the country to international finance capital. The country now owes a huge $3 billion debt to Euro-American private banks, the IMF and World Bank family, and to western Governments. Zaire has in fact already defaulted on its repayments and by the end of 1978 was roughly $1.2 billion in arrears in principal and interest payments. A consortium of leading Western banks, led by America’s Citibank, and working hand in hand with the IMF, has been working overtime to devise ways and means of bailing out the Mobutu regime so as to recoup their month. As for Mobutu himself, the ex-colonial army sergeant, recent western press reports indicate that he is one of the world’s wealthiest rulers. He is rated as being only number two to the Shah of Iran, another CIA protégé, and is listed as owning extensive estates, property interests and blocks of apartments in France, Switzerland, Spain, Belgium, Zaire and other countries.

To set the chaotic house in order, the IMF, in an unprecedented action, has despatched a high official to sit in the Zaire Central Bank to act as a resident overseer. The country has thus surrendered even the little monetary sovereignty
that neo-colonies do sometimes enjoy. The IMF has also of course provided the urgently needed loans to shore up the regime. In effect, under the Brussels accord (13 June) concluded in the wake of the 1978 popular rebellion in Zaire's mineral rich Shaba province, Zaire, in return for more aid from Western nations, Iran and Saudi Arabia, has become the first former colony to revert directly and completely to the political control of international finance capital. Under the accord, as well as the 'supreme overseer' of the Central Bank, another IMF official is to become the overseer at the Ministry of Finance with veto power on all government spending. Both officials are to be assisted by teams of western 'experts', some of whom are to assume key functions in the nation's mining industry, transport, communications and defence.

It is against this background that we can begin to see why and how the desperate, debt-ridden regime of Mobutu can enter into a contract like the one with OTRAG.

The Lease Contract
The initial agreement was entered into on December 6, 1975, at a time when the Mobutu-Vorster-CIA combined operation to abort the Angolan struggle for national independence had collapsed miserably and at a time when Zaire's economy was in a complete shambles. The final contract was signed on 26 March 1976 and retroactively entered into force from December 1975, thus abrogating and superceding the initial contract.

The world got to know of the contract when it was first published in Afrique Asie. Initially the Zaire government vigorously denied the existence of the contract, calling the Afrique Asie report 'pure fallacious news, slanderous and defamatory to the President, the Citizen Mobutu Sese Seko'. Within a few days, OTRAG itself admitted the authenticity of the agreement but insisted that there was nothing secret about it or its objectives. Sean McBride, former UN Commissioner on Namibia, speaking at the Lagos UN Conference on Apartheid (1977), denounced the agreement 'as a dangerous development in the liberation struggle in Southern Africa'. The Zaire government thereupon suddenly changed its tune. It admitted the existence of the lease-contract, but emphasized that the agreement entered into with 'friendly countries' was for peaceful experimentation and did not at all mean that Zaire was acting against the interests of Africa.

There are two signatories to the lease-contract: on behalf of the sovereign state of Zaire M. Bokana W'Ondangela, Counsellor to the Presidency, signed; for OTRAG, which describes itself as 'a German company constructing and commercially exploiting carrier missiles', its President Dr Lutz T. Kayser.

OTRAG is a fully owned and controlled German corporation with its headquarters located in Neu-Isenburg, near Frankfurt. It claims to be an entirely private company in business to sell rocket-launching services at greatly reduced rates. Yet unlike most private companies, OTRAG enjoys a full tax exemption status in West Germany. It is from its headquarters that OTRAG co-ordinates the Zairian operation. In early 1976, OTRAG had a reorganisation, creating two other branches: OTRAG-AG, which concentrates on operations and scientific research into rocketry, technology and missile delivery systems, and OTRAG, S.A.-Africa, with offices in Vaduz, Liechtenstein (a notorious tax haven convenient for channelling the German government's covert funds for the operations in Zaire).
OTRAG’s president Dr Kayser, who has been described as a ‘mysterious figure’, is a top missile expert and has reportedly made thirty-one inventions in rocket technology. He worked for the United States National Aeronautics and Space Agency (NASA) during the 1960s. Before establishing OTRAG his research was being financed from the Research Ministry of the Federal Republic of Germany, which has intimate links with the Ministry of Defence. The Chairman of OTRAG is Dr Kurt H. Debus, a scientist who directed Hitler Germany’s rocket programme. Debus later worked with the better known German rocket expert, Werner von Braun, at the US Army Rocket Center in Huntsville, Alabama, and was subsequently appointed Director of the J.F. Kennedy NASA Space Center in Florida before returning home.

The Terms of the Contact: Rights and Duties of the Parties

Definition of the Area. Article 1-1 of the contract delimits the area and grants to OTRAG the right of ‘complete usage’ in the entire area. The area is delineated on the north by the river Lukuga from longitude 26° 55’ east by a straight line running to the northern tip of the island of Kavala in Lake Tanganyika. From there it goes in a straight line to the east to the frontier between Zaire and Tanzania. From there it goes to the south along this frontier as far as the point separating Zaire, Tanzania, and Zambia, then following the Zaire-Zambia frontier as far as the 10th parallel. The delimitation line then follows the 10th parallel under 26° 50’ east, subsequently reverting in a straight line to the north to reach the Zaire River (formerly the Congo) at the 8th parallel south. It then follows the Zaire downstream to its junction with the Lukuga River.

This is a very large area indeed, encompassing about 100,000 square miles, roughly the size of Great Britain or West Germany itself. It is also an area that is well populated and endowed with great agricultural, fishery and mineral potentials. It is within that whole area that OTRAG, under the terms of the contract, may now act as a full sovereign until at least the year 2000. The area is not only large and populated but is also a strategic centre of the first importance, for it borders Tanzania and Zambia and is only 250 kilometers from the Angola border and 500km from Zimbabwe. It also happens to be situated next to an important area of communications by rail, land and water and very close to the mining provinces of Shaba. Recent events have once more highlighted that area’s crucial importance to Western imperialist powers as a rich source of such key raw materials as cobalt, copper, uranium, and diamonds.

Right of full and exclusive usage. Under Article 2-1 OTRAG has been granted the right of complete and exclusive usage and all the authorization required to exercise that right over the vast area delineated above and referred to in the contract and herein as the ‘Territory’. The right of complete usage, which is both full and exclusive, is to be exercised without ‘any restrictions’ whatsoever, and the company has the ‘right to take all measures that it deems necessary’ in the exercise of that right, provided that those measures ‘do not impugn the country’s security’. The contract does not say who is going to determine that the security of the state is at stake or on what basis that determination will be made. For, if the lease contract itself does not constitute a threat to the security of the state, it is difficult to imagine what else OTRAG could do that Mobutu’s regime would consider as constituting such a threat.

The right of full and exclusive usage is defined as including, but not limited to,
several wide ranging activities set out under Article 1-3. These range from activities involving 'alterations of every kind' to the topography and subsoil of the land, to the establishment of the classic colonial type of plantations or ranches. OTRAG is entitled to carry out underground excavations or mining, create artificial lakes, construct aerodromes, roads and railways, surface and underground works of whatever nature including radar installations, dwellings, hospitals, and leisure centres for its staff, establish agricultural enterprises and factories to produce chemical fertilizer and even to process feed stuffs.

Thus, under this omnibus clause of 'complete usage' OTRAG may literally do anything in the territory so long as it deems it remotely pertinent to the nebulously stated objectives of the contract. OTRAG tries to conceal the true nature of its operations, which as we have noted are probably nothing but military, by using to describe its rights of complete usage such innocent-sounding phrases as: 'the urban development of part of the territory'; carrying out 'measures designed to improve the infrastructure and agriculture'. But we need to ask only a few questions in order to unmask the true intentions of OTRAG. 'Urban development' for whom and in relation to what? 'Improvement of infrastructure' of what nature and for what purposes? What competence does such a highly specialized rocket company as OTRAG, that describes its job as that of simply 'constructing and commercially exploiting carrier missiles', have to undertake to 'improve' the agricultural potential of the region? Is OTRAG contemplating sub-leasing some of its territory to agri-business corporations that would establish plantations and ranches and ruthlessly exploit the captive labour on the territory? Or is OTRAG going to grant concessions to mining companies to plunder the mineral wealth of the area?

Purportedly in order to exercise fully and effectively its right of complete usage, OTRAG has been granted a bundle of other rights, the net effect of which is to establish the company as a complete sovereign in and over the territory. So let us now examine those rights that are said to be attendant to the basic right of complete usage.

Right to Exclude all local inhabitants from the territory. The grant to a private foreign company of the unqualified right to expel all inhabitants from the territory designed for its operations is a grant without any modern parallel. According to Article 3-1, only those persons may stay on the territory that are 'expressly authorized' to do so by OTRAG. Even for those lucky ones that may be granted the 'privilege' of remaining on the territory, OTRAG has the right to remove them from their traditional lands and confine them to selected 'specified zones' or reservations. These zones are nothing but another brand of South Africa's Bantustans and are probably designed to constitute a reservoir of semi-slave labour for the West German company and its corporate invitees on the territory. The State has surrendered even the right to be consulted by OTRAG before exercising this extraordinary right. Instead the State is obliged to act as OTRAG's policeman and has undertaken to 'evacuate' by any means necessary all those persons not permitted by the company to stay on its territory and to 'keep them away from it' indefinitely or until at least the year 2000 if the contract is not extended beyond that date.

The legal and socio-economic consequences of this provision are tragically clear: millions of people who have settled and lived in this area from time immemorial have at once been turned into squatters on their own hands and are now
OTRAG's tenants at will. They have had their lands expropriated without even the promise of compensation and against all generally recognized principles of law. Besides there being no payment of any compensation, the expropriation is admittedly not for any public purpose but rather and, as openly stated under the terms of the contract, for the commercial and private use of a foreign corporation. This is the grandest legalized robbery of a people's territory anywhere since decolonization.

This provision is in flagrant violation of the fundamental human rights of the inhabitants of the area including the right of self-determination, as provided for under the United Nations Charter, the Universal Declaration of Human Rights, the Charter of the Organization of African Unity, the Declaration on the Granting of Independence to Colonial Countries and Territories, and more specifically the International Covenants on Human Rights. Even more ominous are the full implications of this provision, especially those involving the mass deportations and the deprivation of means of livelihood to the inhabitants, which clearly would constitute genocide as defined under the provisions of the Genocide Convention, an agreement to which West Germany and Zaire are parties.

The economic and social implications are also ominous. The wholesale dispossessions of millions of people of their lands, the sole source of their livelihood, and the consequent displacement of all or most of these people is going to cause tremendous social upheavals and widespread starvation, untold misery and suffering.

Right of free and unhindered access to the zone. Article 2-2.1 provides that OTRAG, its agencies, its employees and their families, and all persons invited by OTRAG, have the right to reach the territory by all means of transport: 'over land, by lake and river, and by air'. The state has no means of ensuring that such persons, in particular those arriving directly by air (as most of them would), have complied with its immigration laws. Such persons have the right of transporting their goods across the entire territory and air space of Zaire without complying with any administrative authorization. Moreover, more than half-dozen of OTRAG's top management officials are said to be entitled to a special visa as if they were diplomatic representatives of their country.

Diplomatic privileges and immunities. Under Article 2-2.5, OTRAG, its agencies, all the members of its personnel (i.e., every person whom OTRAG chooses to designate as such) and members of their families are to be granted the right to enjoy the same privileges and immunities in the entire Zaire 'as the members of diplomatic missions', including 'immunity from judicial prosecution' by the state for acts committed by them in the exercise of the functions entrusted upon them by OTRAG, both during and subsequent to their stay in Zaire. OTRAG has reserved for itself exclusive 'disciplinary powers' over all its personnel and their families, who thereby are not subject to Zaire's penal laws. Zaire has even surrendered the right to deport those that are guilty of violating the law of the State. It is OTRAG that has the right to 'expel' such employees from the country and it undertakes never to re-employ such persons on the territory. Apparently there is nothing to prevent the company from re-employing such persons anywhere else, and the agreement is silent as to whether or not those individuals who commit serious crimes must be tried. This is indeed the most unprecedented and the most unparalleled surrender of state power that has ever been witnessed
in modern times. This is even considerably more than sovereign states get for their diplomats, since the receiving state has the right to approve the accrediting of certain diplomats and has the absolute right to declare any diplomat persona non grata. Zaire has no such rights with respect to OTRAG's employees and its invitees.

**Customs free zone.** The territory under OTRAG's jurisdiction is to become a customs free zone under Article 2-2.3 of the contract. That means that all movable goods that are brought in or taken out by OTRAG are free from duty or taxation. For a country that is as chronically impoverished as Zaire, the complete surrender of the right to impose custom duties on all such goods was extremely ill-advised, to say the least.

**Complete exemption from income and other forms of taxation.** Under Article 2.2-4, OTRAG, its agencies, its personnel of non-Zairean nationality and members of their families have been exempted from all forms of state taxation of whatever kind. Thus OTRAG is enjoying the rare privilege of tax double-exemption, since it pays no tax in West Germany either. As with the duty exemption, Zaire is again subsidizing the operations of OTRAG to the extent of the amount in taxes that OTRAG would otherwise have paid to the state.

**Exclusive use of airspace.** OTRAG has the exclusive right under Article 2-2.8 to overfly the territory or take views of the territory from aircraft. The State is to 'permanently prohibit' all other traffic, civil or military, from using the airspace, with the exception of the Zairean armed forces. OTRAG is free to construct and equip airports wherever it pleases and has the exclusive right to dispose of all landing rights on the territory, even to Zairean armed forces.

**Right to invite any persons and the right to sublet.** OTRAG has the right to invite anyone else it wants to enter and stay on the territory. The company may also sublease any part or parts of the territory to anyone it chooses without consulting or informing the government of Zaire. Thus OTRAG may hand out mining and agricultural concessions to Western monopolies on whatever terms it agrees to, and Zaire stands to make not even a penny of revenue from such concessions. OTRAG may also 'invite' or rather recruit mercenaries to provide the necessary 'security' and 'protection' that the inept Mobutu army cannot be relied upon to provide. The mercenaries would then probably be used to terrorize the local populace in order to ensure the survival of the wobbly and moribund regime of Mobutu and would pose a grave threat to the security of neighbouring states.

As if all these 'rights and privileges' were not enough, Zaire has assumed onerous obligations to further augment these rights!

**Zaire's Obligations under the Contract**

**Authorization of Complete Usage and Enactment of Implementing Legislation.** Zaire is obliged under Article 2-1 to supply OTRAG with all the necessary authorization to enable the company to exercise its right of full and complete usage. It is also obliged to enact the necessary implementing legislation in its national laws recognizing the extra-territorial status of OTRAG and the consequences thereof. In other words, OTRAG's legalized robbery is also going to be sanctioned under local laws.
Obligation to evacuate the territory. Zaire is also obliged under Article 3-2 of the contract to act as OTRAG's policeman in evacuating all those nationals that have not been granted OTRAG's 'express authorization' to stay. Moreover, Zaire is obliged to 'keep all such persons away' from the territory indefinitely and at no cost to OTRAG.

Maintenance of security. The Zaire government is responsible, under Article 3-2, for taking adequate measures to assure the security of the entire territory, for all OTRAG's facilities and personnel, to the extent that the company's operational needs require such measures. The security measures to be taken and enforced are not entirely in the hands of Zaire; they must be agreed upon by OTRAG. Moreover, on OTRAG's request, certain places and persons designated by it may in addition be placed under 'special protection', whatever that may mean.

Permanent prohibition of air traffic. The Zaire government is, according to Article 2-2.7, obliged to totally and 'permanently prohibit' all air traffic from using the airspace above the vast area. It seems not to matter if the traffic is civilian or military. There are only two exceptions to this general prohibition: OTRAG's own or permitted traffic and that of the Zaire armed forces.

Obligation to pay compensation for installations. The State is obliged, under Article 6-3, to compensate OTRAG for all installations erected by it during its usage of the territory when the right of usage terminates for whatever reason. The standard of compensation is stated to be the cash value of these installations as fixed by three experts designated by common agreement of the State and OTRAG. Thus Zaire is obliged to pay compensation, even when the contract naturally terminates, for installations erected without its consultation, and for installations that it may have neither the need for nor the capacity to use. Moreover, the employment of the generous cash value standard makes it possible for the company to profitably get rid of useless property that would otherwise have had no market, for example, roads, airstrips, hospitals. But what does Zaire get for all this give-away?

The Rights of the Zaire Government

Annual rental fee. According to Article 5-1, Zaire is entitled to an annual rent of twenty million Zaires, (i.e., the present equivalent of US$50 million for this cession of a substantial part of its territory and sovereignty. By any standard this is a small and hardly adequate compensation for all the rights the company has gained under the lease-contract. What is even more surprising is that the payment of that amount is not going to be automatic and immediate. Zaire's right to annual rent is hedged in with so many conditions that the country may well go for some years without ever receiving payment. Moreover, the rental payment to Zaire by OTRAG need not be in foreign currency, although the government may designate the bank (which could be foreign or local) at which payment shall be made. The following are some of the conditions contained in Article 5-1 that must be satisfied before any rental payment is made:

a. OTRAG must have carried out the first firing of a carrier missile from the territory;
b. OTRAG must have received full remuneration from 'a client';
c. that remuneration must have been entirely in foreign currency;
d. if the contract is terminating that year, Zaire must have paid all the assessed amount of compensation for OTRAG's installations (presumably, in foreign currency);
e. no rent shall be payable until the last date of each year — that means that Zaire has in effect granted OTRAG an interest free annual loan of $50 million.
Besides these conditions, over most of which Zaire has no control, OTRAG has the right to request a delay in the payment of rent even where all the said conditions have been fulfilled. According to Article 503, OTRAG may request (at least four weeks before payment is due) a delay in payment and the State has committed itself, for the present, to grant an interest-free delay in the payment of the rental.

The contract, in Article 5-2, provides for the possibility of revising the contract, on the basis of 'common agreement', for a new rate of rental for the usage in reflection of changes that have taken place in the economic situation. This possibility of adjusting the rental payment to take account of such factors as inflation, has been made illusory, however, by a number of other conditions over which Zaire has no control:

a. OTRAG must agree to the adjustment (otherwise there would be, of course, no 'common agreement' as required);
b. the first firing by OTRAG of a carrier missile from the territory must have taken place;
c. OTRAG must have received its full fee from 'a client';
d. the fee payment must have been in 'non-Zairean' (i.e., foreign) currency.

Refusal by OTRAG to revise the rental terms, however unjustified, does not seem to constitute a sufficient basis for abrogating the contract under the provision of the present contract.

Right to have OTRAG launch 'spy satellites' free of charge. Under Article 5-5, OTRAG has undertaken to transport into space an 'experimental observation satellite' for the Zaire government free of charge. Why the Mobutu regime and its Western backers would be interested in a reconnaissance satellite hovering over Angola and all of Southern Africa is rather clear. Satellites may be used today to count planes and tanks and record any major concentration of troops on the ground. According to OTRAG's President, 'watching' what is going on in these States is 'positive' and legitimate since it is 'a peaceful activity' and any 'contemplated aggression' can be discovered in sufficient time to alert and allow the UN Security Council to 'intervene and prevent conflict'. Thus OTRAG intends to become the self-appointed policeman of the UN in southern Africa!

Right to have OTRAG launch own communication satellite into space at a discount price. Should debt-ridden Zaire wish to have its own telecommunications satellite, and to launch it into space by means of an operational carrier missile, OTRAG undertakes, under Article 5-6, to do the launching at a 20% discount from the price ranging from $10m to $15m that it charges its other clients for placing space vehicles into orbit. Zaire, however, must deliver the satellite at its own expense to OTRAG's territory.

OTRAG's Obligations

OTRAG has accepted a few concrete obligations, other than rent payment and satellite launching, under the terms of the contract;

Training of Zairean nationals. According to Article 4-2.2, OTRAG has committed itself to training Zairean nationals 'in the subjects of its activity' but only 'as far as [it is] possible'. The Zaire government has not bargained for the training of a specific number over an agreed period in specified areas of material interest to the country. Thus OTRAG is left to determine for itself whom, when and in what areas it may train Zairean nationals. There is no obligation to give any report to the State about the routine and progress of its training programme, i.e., if it is going to have any.
Improvement of the State's infrastructure. Under Article 4-1 OTRAG has undertaken to carry out 'all measures' in the territory that 'will contribute to improving the State's infrastructure, of such kind and character as meet international criteria, inasmuch as the particular situation of the territory allows. (Emphasis ours). But what sort of infrastructural development is envisaged here? It is clear that under the right of complete usage, OTRAG is entitled to develop any communications infrastructure in its territory that it deems necessary for the carrying out of its own operations. This type of infrastructure is hardly going to be related to the needs of the rural people and the country. Even then it is not going to be, given gratis, for as we have seen, the Zaire government will not only have to pay dearly for it (at its cash value) when the contract terminates, but the subsequent maintenance costs may well be prohibitive.

Assurance of safety of persons on territory. OTRAG has the responsibility, under Article 3-3, to ensure the safety of 'persons and possible built-up areas' on the territory when missiles are sent up into the atmosphere and into space. Apparently OTRAG has no responsibility for persons and property outside the territory even if its missiles land there; and its responsibility for persons and property inside the territory has been made almost redundant by granting it the right to evacuate all the inhabitants to be found in the entire territory if it wants to.

OTRAG has also undertaken (Article 3-4) to contact for civil liability insurance to cover the possibility of damage that may be caused to human life and health as well as personal property. This is in accordance with the provisions of the 1971 Convention on Liability for Damage Caused by Objects Launched into Outer Space. This is a very poor consolation for those persons who will have been evacuated from their homes and hardly a satisfactory arrangement for the security of the neighbouring states.

OTRAG's Disclaimers and Non-Obligations
What is of even greater interest in analyzing the terms of the contract are the obligations that have been either expressly or implicitly disclaimed by OTRAG.

As to environment and condition of territory. According to Article 4-4, OTRAG shall bear 'no responsibility for harm caused to the environment by the manufacture and transport of missiles in the atmosphere and in space. Thus the Company accepts no liability whatsoever for the probable extensive damage that may be caused to the environment by its rockets and ground activities. Moreover, while OTRAG is entitled to full compensation for its installations when the contract expires, it 'will hand back to the State the territory in the condition it is in at the expiration of usage'. According to Article 6-2, OTRAG has no responsibility whatsoever for the condition of the territory and the installations on it. That means that OTRAG may leave the area full of unfilled craters, tunnels and undrained artificial lakes that could become, for instance, breeding grounds for bilharzia.

As to information, inspection and supervision. OTRAG has conceded Zaire no right of inspection, or of access to the territory or to the company's records, so as to ensure that OTRAG's activities are in accordance with the terms of the contract. OTRAG has no responsibility whatsoever to give to Zaire any reports regarding its activities or discoveries, e.g., of minerals or archaeological pieces.
Moreover, under Article 3-4, the contract provides that no records of any kind, whether by picture, sound, or in writing can be made on the territory by anybody, including Zaire, without OTRAG’s prior authorization. So the Zaire government has no way of knowing, let alone controlling, what is going on in the territory. The government has no control over whom OTRAG invites to the territory or over the activities of such invitees, nor does the government have any say as to who should and should not be OTRAG’s ‘client’. Thus, for instance, there is nothing under the contract to stop OTRAG and South Africa from establishing a commercial-military relationship, and OTRAG is under no obligation to surrender any information to the Zaire government on such arrangements.

As to Labour conditions. The contract is silent on the question of labour. It is clear, however, that OTRAG’s activities and those of invitees, particularly those involving infrastructural improvements and agricultural plantations, will need plenty of unskilled labour. Under the terms of the contract, as we have seen, OTRAG is implicitly permitted to create reserves from which to draw cheap or semi-slave labour. The government has sought no commitment from the company regarding the numbers of its nationals that must be employed, or on what terms and conditions. The company is thus given free reign to recruit its labour locally, to use and remunerate as it deems fit.

As to compensation for evacuees. The contract makes no mention of compensation for those who are to be uprooted and dispossessed of their ancient lands, homes and other property. For those in the west that readily shout ‘thief’ whenever western companies are nationalized in the third world, one may wonder about their loud silence with regard to OTRAG’s grand robbery. No doubt it will be defended as ‘a contractual legal right’ which the present and future governments of Zaire must respect. After all, doesn’t the company itself have the temerity to demand compensation for its largely useless fixed installations when and for whatever reason the contract terminates?

Duration and irrevocability of the contract
According to Article 6-1, OTRAG shall enjoy the right of exclusive usage of the territory until the end of the year 2000, twenty-five years from the time the contract came into force. Thereafter, the contract is to be automatically renewed every ten years unless it is cancelled in writing by one of the parties before its expiration in the year 2000. The contract is stated to be completely irrevocable and the State cannot revoke it ‘on any legal grounds whatsoever’ before the said year. However, OTRAG does not appear to be similarly bound, and could terminate the contract when and if it deems it convenient. Indeed there were reports recently that OTRAG, concerned about Zaire’s endemic instability, was considering moving on to Brazil – a country with close and growing nuclear ties to West Germany.

The proposition that this contract cannot at all be revoked by one party but may be revoked by another is preposterous and contrary to reason. As a legal proposition it is definitely untenable. Its purported legal effect is that no Zaire government, whether Mobutu’s or his successor’s, can cancel the contract on any ground whatsoever, however legally sound. Thus even if there were to be a material or fundamental breach on the part of OTRAG (e.g., unjustifiable refusal to pay rent) or there was a fundamental change of circumstances (e.g.,
the discovery of huge deposits of petroleum in the area), or there was force majeure, the contract would still remain standing.

The Nature of the Lease Contract
This being a contract between a state and a 'private' company, it is not a treaty or an agreement governed by international law. But are those two the real parties to the contract? OTRAG has emphatically denied that there is any other 'party' to the contract, which it claims is a purely commercial and private venture. However, there is now available reliable information on the basis of which we can assert that there are other and more powerful parties to the contract, and that OTRAG is merely acting as a front or a nominal party, for a large fee, no doubt.

As we have already noted, OTRAG itself is not in the business of producing or selling missiles. It offers launching services at cut prices to certain 'clients' producing such missiles. Who these 'clients' are or are going to be, the lease-contract does not reveal, although it does refer to them in one of its important clauses, as well shall see below. It appears however that OTRAG's unstated 'clients' are really its sponsors: i.e. the West German Defence Ministry and its principal contractors that produce and sell the missiles. These principal defence contractors include the large arms companies of Messerschmidt, Boelkow and Blohm, who together have formed a powerful consortium (M-B-M) to produce for West Germany the cruise missile and the Intermediate Range Ballistic Missile (IRBM). Also involved in this scheme are the German aircraft company Dornier and the French Thompson-CSF company, which builds the navigational-guidance systems for the German missiles. It is these consortia, working hand in hand with the West German government, that are producing the missiles now being tested by OTRAG in Zaire, and it is these powerful entities that are, in the final analysis, the forces behind the contract and indeed the real parties to the contract.

Behind the actual missile producers are the governments that are seeking to deploy that form of weaponry for their armies, the two governments most intimately involved being those of West Germany and the United States. As we shall see, the West Germany government may be testing some deadly weapons systems in the area under a deep cover of secrecy, apparently with the knowledge and approval of the United States. The Central Intelligence Agency and its West German counterpart, Bundes Nachrichtendienst (BND), have closely collaborated in the Zaire operation especially with the recruiting of American-trained scientists and in the delicate political co-ordination in Kinshasa, Bonn, and Washington that it required.

The CIA, State Department and West German officials have of course denied that they are in any way involved or have anything to do with the OTRAG-Zaire lease-contract. They maintain that this is a purely private venture for purely scientific purposes, in which the German government has played no role. There are several reasons why these denials sound extremely unconvincing. First, since satellite and space technology so often blends with military activities, like reconnaissance, no country will leave its 'private rocket companies' to indulge unchecked in whatever private ventures they deem profitable. Second, the lease-contract states in the very first preambular clause that the Republic of Zaire has concluded the contract partly as a result of its desire to 'strengthen its relations of co-operation with the Federal Republic of Germany. Third, Zaire,
in defending the innocence of the contract and its purpose of ‘peaceful experimentation’, referred to the ‘friendly states’ with which it had entered into the agreement. It would appear therefore that while Zaire and OTRAG are the formal parties to the contract, the real parties are, indeed, the governments of Zaire, West Germany, and the US.

According to recent revelations concerning the OTRAG-Zaire lease-contract, the whole West Germany military-industrial complex is behind this enterprise and the Bonn government is the ultimate recipient of the missiles to be produced in Zaire. This is the same military-industrial-complex that is, with the blessings of the Bonn government, intimately collaborating with the South African regime in the development of the latter’s nuclear capability, and is generally co-operating in other varied military and economic areas. So South Africa, which has also been cultivating its links with the Mobutu regime, is not at all a disinterested party to what is going on in OTRAG’s new territory located in the heart of Africa.

The Objectives of the Contract
OTRAG, supported by German officials, claims that the sole purpose of its Zaire operation is commercial and designed to launch inexpensive rockets to carry satellites into orbit for use in telecommunications, meteorology, resource surveys and other forms of earth reconnaissance. But surely any rocket capable of launching a satellite can be equipped with a conventional or nuclear warhead? OTRAG’s answer is that its rockets would be both unsuitable and expensive ways of delivering bombs and that there exist better and cheaper means of delivery of warheads. Furthermore, OTRAG argues that it is not using the solid fuel which makes it feasible to launch a rocket within seconds, but liquid fuel which takes eight to ten hours of fuelling before the launch. These arguments have been supported by the London-based Institute for Strategic Studies, which echoes the claim that it would be inefficient and expensive to use OTRAG’s kind of missile for military purposes.

What does the contract itself say are its objectives? The preamble states that Zaire’s leading objective is to strengthen its relations and co-operation with the Federal Republic of Germany, ‘especially in the fields of technology, science and economics’. We are given no clue as to how the Federal Republic, which is not formally a party to the contract, is, under the terms of the contract, bound to fulfill that objective. The second objective of Zaire is stated as being to ‘promote the development of the country’s infrastructure’. The contract does not define exactly the type and nature of the infrastructure the country is concerned with developing, whether in or beyond the area granted for OTRAG’s operations.

The objectives of OTRAG, which describes itself as ‘a German company constructing and commercially exploiting carrier missiles designed for the transport of useful loads in space’, are simply and sweepingly stated as being to acquire ‘a very large area of operation suitable for the firing of carrier missiles into the atmosphere and into space’, and ‘for all activities of whatever kind that are directly or indirectly relevant to this’. (Emphasis ours.) It is significant that there is no reference to weather satellites anywhere in the contract and only in its final section does it refer to OTRAG’s obligation to launch into orbit, free of charge, an experimental reconnaissance satellite and to launch a communications satellite for the Zaire government at a 20% discount.
According to Tad Szulc, a respected American investigative journalist, the OTRAG lease-contract is nothing but a clever cover story. The OTRAG-Zaire enterprise, he asserts (Penthouse, March 1978), 'represents a colossal international deception'. He maintains that on the basis of information he has obtained from 'highly reliable sources', some of them in the Carter administration itself, the West German government, with the connivance of the US government, was using the vast range in Zaire to test the cruise missile and intermediate range ballistic missiles. The US secret co-operation primary consists of supplying cruise-missile know-how and other advanced technological data. Such a transfer would be done under the 'Program of Co-Operation' (POC), a secret programme created in the late 1950s under which the US provides highly classified military technology to NATO allies, including West Germany. More recently, the US Defence Secretary, H. Brown, while addressing the NATO Defence Ministers' Meeting on 7 December 1977 revealingly stated that the 'US had made no commitment not to transfer cruise technology to its European allies'. He maintains that while there are no indications that Bonn is developing actual nuclear weapons, the acquisition of very sophisticated delivery systems for missiles (with conventional or nuclear warheads) may well be the first step in that direction. He says his informants told him 'flatly that the cruise missile is being tested in Zaire and that preparations [were] underway for IRBM launches'. West Germany has apparently already developed four or five cruise-missile prototypes that have been flown over OTRAG's enclave in Zaire. He concludes that the objective of the operations in Zaire is to equip West Germany with its own very sophisticated delivery capability for missiles with conventional or nuclear warheads. This, Szulc asserts, is in clear violation of international agreements that seek to place limits on West German rearmament. The Treaty of Brussels (1954), for instance, prohibits West Germany from manufacturing nuclear, chemical or biological weapons and forbids the production on German territory of 'long-range missiles and guided missiles'. Here is, however, the one loophole in the treaty that West Germany is now exploiting: it does not prohibit Germany from producing missiles outside its territory (e.g. in Zaire).

OTRAG, according to Szulc, is only nominally running the operations and is testing the cruise missile and the IRBM for the M-B-M consortium, formed by the principal defence contractors. 'In turn and at the proper time, it is believed, the consortium will turn over the missiles to the West German armed forces', he concludes.

His conclusion that the objective of OTRAG's Zaire project is not simply private and non-military research in weather and telecommunications satellites but rather involves highly secret military operations, is also supported by the following. First, there is the extent of the area involved. Experts strongly question the need for such a vast area for testing weather satellites. OTRAG maintains that the whole point of leasing such a vast territory was to make sure that no damage is caused to the neighbouring states by the burnt-out parts of its launchers. This is questionable as the area is of a north-south rectangular shape and is not extensive in the west-east direction, in the normal shooting direction for satellites. The alternative would be to shoot towards the west, but that would result in losing the advantage of the speed of rotation of the earth, which would result in considerable loss of energy. The cruise missile, on the other hand, is a small pilotless plane that flies at supersonic speed at very low altitudes of around 100 metres, and like the IRBM, definitely requires a vast operational area if it is to be
effectively tested for accuracy and be recovered within the proving grounds after the launch. Moreover, it is immaterial in which direction they are shot, since they do not require satellization to hit their target.

Second, the extraordinary security measures: if this were indeed a purely commercial venture by a private company and for purely scientific purposes, why all the extraordinary security measures provided for under the contract. Thirdly, the diplomatic immunity granted to OTRAG's personnel is exceptional. Many private companies, including the powerful mining and plantation companies, enjoy no such extra-territorial rights. Why should OTRAG be the one single 'private company' singled out for such highly special and exceptional treatment? This is yet another indication that this is a government operation. A fourth doubt, that the objectives of OTRAG are innocent and simply commercial, stems from the fact this contract, unlike other commercial contracts, fails to state clearly what those objectives are. Instead the contract gives OTRAG a blank cheque under which it may undertake all manner of activities it deems necessary, ranging from agriculture and mining to the testing of weapons — conventional or nuclear.

Fifth, according to Szulc, the investment costs for the facilities in the Zaire operation — air strips, launching ramps, housing and a hospital for OTRAG's personnel — is around $300 million, a huge sum for a small private company just getting into business. Most of this money, he asserts, has in fact come directly or indirectly from the West German defence budget (although the budget does not show it). Finally, the location of OTRAG's military rocket base in the centre of Africa next to the theatre of the liberation struggles may well also have the objective of using this area as a base from which to destabilize the progressive front line states and to intervene militarily in Zimbabwe, Namibia and South Africa to protect Western interests from being taken over by 'communist-backed' liberation movements.

Validity of the Contract
According to Article 7, the legal relations between the parties are governed by Zairean legislation. The Supreme Court of Justice of Zaire has the competence to rule on all matters and disputes between the parties arising from the contract, including the issue of the validity of the contract. It is, provided however, that the invalidity of any provision or provisions shall not affect the validity of the entire contract. The contract is in fact in clear violation of the letter and spirit of the Constitution de la Republique du Zaire which is the Basic Law of the State and on the basis of which the present regime supposedly governs the country. Specifically, the OTRAG contract is in violation of Articles 2, 14 and 15 of this Constitution. According to Article 2, 'all power emanates from the people' who exercise it through 'their representatives or by referendum' and no individual or section of the population is permitted to 'usurp the exercise of this power'. Since, therefore, it is the people who are sovereign, any transfer or surrender of sovereignty over any part of the nation's territory can only be valid if done with the consent of the people, acting through either their genuine representatives or by referendum. The foreign-imposed regime of Mobutu, which has managed to survive thus far solely because of foreign military support and use of foreign mercenaries, has neither the moral nor the legal competence to surrender the sovereignty and patrimony over any part of the nation or its natural resources.
Under Article 14 it is expressly provided that the 'Zairese soil and subsoil together with its natural produce belong to the State' i.e., to the people. That article of the Constitution not only recognizes the 'individual or collective property rights which may have been acquired by virtue of customary or written law', but also guarantees that such rights may not be 'impaired' save for reasons of 'general welfare' and only after providing an 'equitable indemnity' to the owners. (Emphasis ours.) The OTRAG contract clearly violates these provisions since it provides for surrender of sovereignty over a large part of national territory without compensation to the owners for reasons that by no means can qualify as being for the 'general welfare' of the population.

The OTRAG contract is also in violation of Article 15 of the Constitution which provides that 'no Zairese may be expelled from the territory of the Republic' and that every national has 'the right to settle freely in any part of the [national] territory'. (Emphasis ours.) As we have already noted, OTRAG has been given the right to 'exclude' i.e., expel people from the territory granted to it under the lease contract and only OTRAG can permit people to enter or stay in the area.

Besides being in violation of the Zaire Constitution, the OTRAG contract is in direct conflict with fundamental principles of international law. That means that even if the contract were to be valid under Zaire law, which we have argued it is not, it would still be invalid under international law. The lease-contract has clear genocidal implications and therefore is in violation of the peremptory norms of law prohibiting genocide [a crime under international law for which Nazi Germany was guilty]. The violent and wholesale deportation of masses of people that is envisaged under the contract constitutes a definite threat to these people's physical, as well as their cultural, survival. The contract is thus in violation of the Convention on the Prevention and Suppression of Genocide, to which both Zaire and West Germany are parties, since it 'intends to inflict on some millions of people conditions of life calculated to bring about their physical destruction whether in part or in whole. Press reports from Kivu and Shaba provinces, both partially affected by the lease-contract, have spoken of massive air bombings to depopulate the area, and hundreds of thousands of refugees streaming into Zambia and Angola. In Angola alone, the International Red Cross has estimated that there are now well over 250,000 refugees from Zaire and most are from the territory under OTRAG occupation.

The OTRAG contract is also in gross violation of the basic fundamental human rights legally guaranteed under the UN Charter, the International Covenants on Human Rights and as enunciated in the Universal Declaration of Human Rights (to which the Zaire Constitution proclaims to adhere) and as provided for in the OAU Charter to which Zaire is a party. The wholesale expropriation and colonization of the lands and labour of the millions who have always lived in the ceded area is not only immoral but illegal.

The contract also constitutes a real threat to international peace and stability in violation of the principles of the UN Charter. The activities envisaged pose a serious threat to the security of the neighbouring states and especially the frontline states of Angola and Mozambique, Tanzania and Zambia. Such activities also expose the entire continent of Africa to the dangers of nuclear assault in the event of a war.
Conclusion
Agreement to this type of genocidal contract by the Mobutu regime is yet another stain on its bloody record. It is the people of Zaire that must in the final analysis settle accounts with the Mobutu regime and the forces of neo-colonialism with the regime represents. Recent events in that country serve to indicate that the people are awake and ready, in spite of all the obstacles, to discharge their high responsibility.

The West does of course realize that the Mobutu regime is most inept and is tottering on the brink of collapse, and so would be happy to ditch Mobutu and have him replaced with a more acceptable front for neo-colonialism. But unfortunately for Western imperialism, and fortunately for the regime, Mobutu has left no real non-leftist alternative. So the West has little alternative, at least for the moment, but to try and beef up the regime and hope for the best. It is the country and its people that must pay dearly for such support; and the shameful OTRAG deal is but part of the price that Zairois have to pay for continued Western support of the Mobutu regime.

It is for the progressive nations and peoples of the world to denounce this agreement, to expose the true nature of the Mobutu regime in enslaving the people of Zaire to imperialism, and to support them combat the neo-colonial and illegitimate regime of Mobutu.

In particular, progressive African nations and liberation movements should raise the issue of the OTRAG contract and its ominous implications for debate at the OAU. Mobutu's regime cannot hide behind the veil of 'internal affairs' (the principle of 'non-interference' in the internal affairs of States has been embodied in the OAU Charter, Article 3 para 2.) since OTRAG's activities, as we have noted, even though based on Zairean territory, do constitute a serious and actual threat to the security of the neighbouring States, as well as the liberation movements in the region, and indeed could jeopardize the security of the entire continent. The introduction of cruise missiles and IRBMs in Zaire now makes the heart of Africa a legitimate target in the event of a super-power nuclear confrontation. Moreover, the contract's genocidal implications and the concomitant refugee problem make the OTRAG lease-contract a matter for international concern as a threat to international peace. The OAU should therefore be specifically requested to denounce the agreement and request the Mobutu regime to cancel it forthwith. In the event of refusal to comply with such a request the OAU should a) suspend Mobutu's regime from membership of the organization; b) recognize and support the Congolese liberation movements seeking to overthrow this shameful neocolonial regime. The two liberation movements of Congo/Kinshasa — Front du Liberation and Nationale and Parti Revolutionnaire du Peuple — did in August 1977 submit memoranda to the OAU's Executive Liberation Committee and to the UN's Decolonization Committee exposing the ominous implications of the OTRAG-Zaire contract for Zaire and the entire region and characterizing the contract as constituting 'a recolonization of part of a sovereign State with the consent of the latter by a foreign power'.

If the OAU cannot effectively handle this question, especially because of the probable obstructions from its conservative and reactionary members, then the frontline states (of Angola, the Congo, Tanzania, Mozambique and possibly Zambia) and the liberation movements in southern Africa which are immediately threatened by the OTRAG contract should meet to formulate and adopt a joint
strategy to protect their peoples and territory and to assist the struggling Congolese masses to liberate themselves from the oppressive misrule of Mobutu.

It is also possible for the progressive Third World nations to bring up the issue of the OTRAG contract before the United Nations General Assembly and request the Assembly to condemn the lease-contract as a danger to international peace and a gross violation of human rights, and request its immediate cancellation. A United Nations debate on this question would at least help expose the real parties, and the implications and consequences of the OTRAG activities in Zaire. Finally, by offering a missile base to NATO powers, the Mobutu regime has violated a basic principle of the non-aligned movement and so should be formally expelled from that movement.

Bibliographic Note


EDITORS’ NOTE
Since Kallu-Kalumiya's article was written, it has been reported (New Africa, June 1979) that an April meeting of the 'politbureau' of the Mouvement Populaire Revolutionnaire had ordered the Zaire government 'to notify OTRAG that its activities regarding research into, and launching of, satellites from Zairean territory must cease'. OTRAG's activities in Zaire have so embarrassed the West German government that it has brought pressure to bear on Mobutu to stop OTRAG's rocket activity. In doing this, they have used Zaire's economic problems, and possible West German aid, as a lever to get a decision which, the West Germans hope, will make possible an expansion in their African activities without incurring the suspicion that OTRAG was the spearhead of a German military presence in Africa, and a front activity for West German rocket rearmament.

However, OTRAG has stated that it will continue to hold on to the land leased to it until 200 and will continue its road construction, building, training schemes, and air charter business.
A Tale of Two Regimes: Imperialism, the Military and Class in Ghana

Eboe Hutchful

Written before the 1979 coup led by Jerry Rawlings and the recent return to civilian rule, this article provides essential background to those events. It outlines the crisis that was looming and that eventually created the setting for this latest military intervention. This is set against the background of an analysis of the two earlier military regimes, of 1966 and 1972, which explores their social character and their economic policies. It is argued that such an analysis has to explore the complex relations and mediations between imperialism and the local petty bourgeoisie and between different fractions of the petty bourgeoisie. Beyond these differences between the various regimes, however, there is a common stance of compromise rather than confrontation with imperialism, and a common fate: recurrent crises which stem from the differing attempts to mediate between foreign and local capital.

The Coup and International Capital: 1966

In the past thirteen years military rule in Ghana has gone through a number of twists and turns. The first coup, carried out in February 1966 with the help of the US’s Central Intelligence Agency (CIA) against the government of Kwame Nkrumah’s Convention People’s Party (CPP), overthrew an authoritarian single-party regime with socialist pretensions which had been militantly pan-African, pro-East, and anti-West. Nkrumah had tried to develop Ghana on the basis of an economy of government controls and rapid industrialisation through state-owned enterprises, and tried to eliminate western capital’s control over the economy. Owing partly to poor management and massive corruption, and partly to falling export prices for cocoa, the government ran up a large domestic and external debt (mainly to western creditors), a balance of payments crisis, and a high rate of inflation. When western creditors demanded acceptance of proposals by the International Monetary Fund (IMF) as a condition for relief on debt repayment, Nkrumah publicly defied the IMF. A few months later his regime was overthrown.

The National Liberation Council (NLC), the military-police regime established after the coup, proved subserviently pro-West and hostile to the East. The IMF was called in, and a stabilisation programme imposed. Government spending was cut back, there was a credit squeeze and wage freeze, and thousands of workers were dismissed from their jobs. The Cedi was devalued by 30%. An attempt was made to dismantle state controls and participation in the economy, and in...
the process, selling or transferring control of a number of state industries to private enterprise; in particular, to multinational corporations (Firestone, Norway Cement, Intercontinental Hotels, etc.). The NLC agreed to repay all foreign debts, including obviously doubtful ones. In return the Western creditors agreed to reschedule the debt-payments, deferring the bulk of debt service due between 1966 and 1968 to mid-1972, but at the price of an additional $62 million in interest charges.

The Coup and International Capital: 1972
The second military coup against Dr Busia's government appeared to take a diametrically opposed course. It overthrew a recently elected liberal-democratic government which abroad had been allied to the West and advocated 'dialogue' with South Africa, and at home had taken further the private enterprise, market-oriented policies initiated by the military itself. It is of course true that as in 1966 an economic crisis and an attempt to encroach upon the privileges of the military were immediate factors in provoking the coup. But there also there are significant differences. While Nkrumah had rejected IMF 'solutions' to Ghana's crisis, Busia had succumbed to them. He had attempted to deal with economic stagnation and massive unemployment (partly caused by the earlier IMF 'package') by liberalising imports progressively until nearly two-thirds of Ghana's imports had been placed on open general licence (OGL). The resulting increase in import levels coincided with a decisive fall in world cocoa prices, leading to a record current account deficit of some US$200 million in 1971. Austerity measures were introduced to deal with this situation: an import ban on cars and TV sets, reduction of the defence budget and the fringe benefits of public servants and military officers, and the imposition of a national development levy. The decisive factor once again was the balance of payments and the servicing of the external debt. By mid-January 1972 the total external debt stood at $882 million, with $286m due immediately or in the near future. As a condition for further loans and assistance in reopening talks with the creditors, the IMF insisted on another devaluation, and in December 1971 the Cedi was once again devalued, this time by 44% against the dollar. Two weeks later the government was overthrown.

This second coup, in contrast to 1966, had all the appearances of being anti-imperialist. The new military regime, the National Redemption Council (NRC), repudiated $94m in suppliers' credits owned to four British companies, on the grounds that they had been tainted by corruption and fraud, and unilaterally rescheduled a further $294m also in suppliers' credits, on IDA terms (10 years grace, 10% to be repaid over the next 10-year period, and the remaining 90% over the next 30 years). It also repudiated the accumulated moratorium interest on the suppliers' credits, but accepted the World Bank, IDA, and official government loans on their original terms. In direct defiance of the IMF, it revalued the Cedi by 42% (from $1 = C1 = $0.55 to $1 = C1 = $0.78), the first time the currency of a developing country had been revalued upwards. There was also a return to state controls and an expanding state sector in the economy.

The NRC then initiated a policy of 'National Self-Reliance' which aimed at 'capturing the commanding heights of the economy'. Under this policy the regime took controlling shares in five foreign-owned timber processing companies, a British bauxite-mining company, and Ghana's largest gold-mine at Obuasi, run by Ashanti Goldfields Corporation, in which Lonrho had held majority shares,
and the diamond mines at Akwatia, controlled by the Consolidated African Selection Trust (CAST). Under a decree passed in 1975, the regime ordered foreign companies to transfer a fixed proportion of their shares to Ghanaian ownership. The larger expatriate commercial firms, such as United Africa Company (UAC), Union Trading Company (UTC) and Paterson Zochonis, the two expatriate banks, Barclays and Standard, and the insurance companies, were to transfer 40% of their shares, while other companies were to transfer 55%.

The following year the regime, now the Supreme Military Council (SMC), expropriated and nationalised R.T. Briscoe Ltd., a wholly-owned subsidiary of the Danish multinational East Asiatic Company (EAC or ÆK as it is known in Denmark), without compensation. East Asiatic, one of the world's most secretive companies, was founded in 1897 with a share capital of a million Danish Kroners, and had grown by 1972 into a giant world enterprise with 68 branch offices, 185 subsidiaries and 253 enterprises in 51 countries, including South Africa, a share and equity capital of 973m kroners, and a turnover of 10,000m kroners. R.T. Briscoe was one of the most strongly established foreign companies in Ghana. It controlled the agency for Mercedes Benz and VW cars and buses, operated a bus assembly plant, and had some of the largest motorcar servicing workshops in the country. In addition the company operated extensive timber concessions covering some 470,000 acres and produced some 1.5 million cubic feet of hardwood for export and processing by the Takoradi Veneer and Lumber Company (a sister company also previously owned by the EAC, but one of those which had now been taken over by the government). Briscoe also was exclusive agency for, or dealt in, Heidelberg printing presses, compressors, mining and communication equipment, waterworks engineering equipment, printing paper and inks, palm-oil extracting equipment, etc. An inquiry ordered into the company in 1975 had revealed that through over-invoicing and under-invoicing, price manipulation and other avenues, Briscoe had illegally transferred some $11.6m in foreign exchange out of the country between 1969 and 1975. EAC attempted (and failed) to persuade the Danish Government and the EEC to impose sanctions against Ghana, including the withdrawal of aid until compensation had been paid for the expropriated assets.

The NRC/SMC also appeared to have returned Ghana to a militant foreign policy with some aid to the liberation movements and condemnation of imperialism in Rhodesia, southern Africa, and the Middle East. This seemed to be a striking contrast with the pro-Western subservience of the NLC and Busia regimes, and invited comparison with the policies of the Nkrumah period. In spite of the unilateral action on the debts, the 'force' transfer of the assets of foreign companies, and the expropriation of Briscoe, imperialism failed to carry out strong sanctions against the regime. On the contrary, a negotiated settlement in Rome in 1974 gave Ghana what has been described as 'one of the best terms of repayment ever given by Western creditor countries to any debtor country' — a repayment period of 28 years including 10 years' grace at an interest rate of 2⅔% per annum. In addition the World Bank resumed substantial aid to Ghana; the EEC, Canada, other Western countries and foreign banks also offered varying amounts of aid.

Such evidence would appear to suggest that the Ghanaian military moved directly from alliance to confrontation with imperialism, and, what is more, successfully defied imperialism. However, closer analysis of these developments
throws doubt on these assumptions. In the first place the measures on the debt, though popular, fell short of the demands of militant public opinion, which had called for the repudiation of, or default of most of the debts. This sentiment had gained considerable public support since the days of the NLC. In the first weeks after the coup it was clear that civilian political opinion was considerably to the left of the thinking of the regime, and on the debt question, as in other areas, public pressure forced the regime toward more militant action in order to maintain the momentum of support for the coup. For instance an advisory council appointed by the regime soon after the coup was rejected by the public and forced to resign, on the grounds that most of the members were known conservatives. In an article in the Observer written shortly after the coup (but before the debt-repudiation) Colin Legum actually described the NRC as one of the most conservative military regimes of the post-war period. The advisers of the new regime, some of whom had also been involved in the debt negotiations under the NLC and Busia and had been disillusioned by the hard line taken by the creditors, were also convinced that no further concessions could be obtained through negotiations and that this time tough action was required.

The case for repudiating some of the debts and rescheduling certain others was strengthened by two factors. First, serious and well-documented cases of corruption had been made against the four British companies as far back as 1966. In particular, additional charges of malpractices had been made against Parkinson Howard’s administration of the Tema Steelworks Corporation, which they had built, financed, and managed in its initial period. While making it clear that they reserved the right to review all ‘corrupt debts’, both the NLC and Busia governments had failed to act on these charges in the hope of an overall concessionary settlement on the debts. Secondly, as early as 1967 Britain, the major creditor, had in a confidential report to the NLC agreed, if reluctantly, to let Ghana default unilaterally on the payment of instalments on the suppliers’ credits if this should prove necessary.

Clearly the debt situation had driven Ghana to the wall and provided the setting for a potentially dangerous confrontation with imperialism. This had to be defused. Although Ghana’s actions had shaken Western financial circles and stirred fears of a ‘disastrous chain of default’ and a ‘domino collapse’ among Third World debtor nations, they were not regarded as insoluble problems.

Imperialism was prepared to compromise in order to avoid these wider dangers and to retain its overall control of the Ghanaian neo-colony. Likewise, the military-bureaucratic regime was also driven to seek a negotiated settlement on the debts. In 1973 Ghana’s foreign trade showed a favourable balance of $204m, due to modestly favourable world market prices for exports and relatively strict import restrictions. In 1974, however, with export earnings higher than ever, the balance of trade recorded a deficit of $73.4m, with sustained deficits expected for the next few years. The major causes for this were the rise in the price of oil imports, related world inflation, the continued appreciation of currencies of major suppliers relative to the Cedi, and the scale of purchases for the military and bureaucracy. The result in 1974 was a renewed payments crisis and a 50% cut in all import licences issued for that year. The resulting drive to seek renewed foreign credits and loans was hampered by the withdrawal of export cover for Ghana by the British Export Guarantee Department and other European agencies soon after the coup, on the grounds of deteriorating commercial relations with
Ghana (it was denied that this had anything to do with the debts), and the usual insistence of the World Bank on a negotiated settlement of the debt question as a consideration for further loans. Alarmed by what was thought to be the approaching crisis, most of the regime’s advisers urged that Ghana make her peace with the creditors before it was too late. The result was the Rome Agreement.

Moreover at the same time as the debts were being repudiated the regime was trying hard to prove its acceptability to foreign capital. In particular, efforts were made to demonstrate that ‘Self-Reliance’ was not incompatible with foreign investment. Ghana was described by Colonel Acheampong as a ‘capital-starved economy’, for whose development foreign investment was ‘decidedly inevitable’. He praised the ‘contribution’ of foreign capital to the Ghanaian economy as ‘invaluable’; Ghana welcomed foreign investment and full Government support and protection was promised to investors who would also be assisted to repatriate these profits. The Capital Investments Decree extended a long list of concessions to approved investors: guarantees against expropriation; no restrictions on transfer of profits or of capital on liquidation of assets; up to five years’ income tax holiday; exemption from import and customs duties and purchase tax, and from property tax on buildings, etc; protection against double taxation; accelerated capital allowances, and up to 25% tax deduction on expenditures for scientific research. Every foreign loan and credit was religiously reported in the national newspapers. All this moved the Vice-President of Firestone Ohio to describe the investment climate in Ghana as ‘superb’ (Daily Graphic, 16 June 1977).

Moreover, the terms on which the regime took the majority shares in the foreign companies were far from confiscatory. Here, too, the policies of the regime fell significantly short of the position urged by radical Ghanaian opinion. After the coup the NRC/SMC had been urged to ‘take over at once’ foreign banks and insurance companies, expatriate commercial houses, wood processing companies, such firms as ICI, Pioneer Tobacco Company (a member of the British American Tobacco Group) and Lever Brothers, and to take majority shares in the mining concerns ‘pending training of suitable Ghanaians’. This advice was opposed by the bureaucracy and only partly accepted by the ruling military council. What happened in fact was that in companies affected by the participation policy, management control often simply retained by the minority foreign shareholder. This was the case in both the Ashanti Goldfields Corporation and Ghana Diamond Corporation, where Lonrho and CAST were given outright management control. In the case of AGC, participation occurred when the mines were due for substantial recapitalisation, and when they were beset by the exhaustion of the richer grades of ore, higher working costs and loss of output due to a shorter work week. These factors, combined with the drop in the price of gold, were to lead to a ‘substantial loss’ in the profits of the company in 1975-76.

The State, Military Rule & Class Formation

Clearly then one needs to go beyond the superficial differences in the conduct of the coups in order to grasp the underlying substance of military rule in Ghana. In both cases the military coups followed a sustained economic crisis. Both the ‘right’ coup of 1966 and the ‘left’ coup of 1972 demonstrated the inability of the ruling civilian politicians to mediate the crisis in a political economy dominated by imperialism. In each case the regime established after the successful coup was based directly in the military and bureaucracy. This military-bureau-
cratic regime was in turn only one variant of a petty-bourgeois regime, having succeeded, and in turn given rise to, other apparently different political forms (a left ‘socialist’, a right ‘bourgeois-democratic’, and soon a non-party ‘Union’ or ‘National’ government). The distinctive character of the military-bureaucratic regime however is that it appears as the archetypal ‘strong state’, as the political expression of the neo-colony in crisis. The repeated overthrow of civilian politicians, the assumption of direct power and the increasing dominance of the military and bureaucracy, has been essentially due to the failure of civilian political cadres, also rooted in the Ghanaian petty-bourgeoisie, to mediate successfully between the metropolitan bourgeoisie, the domestic petty-bourgeoisie, and the exploited classes in the neo-colony, and to ‘solve’ the related crisis in the economy.

The military-bureaucratic regime has thus evolved out of the repeated crises in the Ghanaian political economy. However it would be misleading at this stage to try to see the Ghana coups simply as the work of what Alavi sees as a ‘military-bureaucratic oligarchy’ which dominates the state and confines civilian politicians to public relations functions, dispensing with their services as expediency dictates. In my view it would be more accurate to regard the military coups and repeated changes in regime in Ghana in terms of a situation where different fractions — or alliances of fractions — of the ruling petty bourgeoisie have seized power in order to negotiate directly with imperialism over the place of the neo-colony and its internal classes in the international capitalist system of production, and to attempt to ‘mediate’ the continuing crisis in the Ghanaian political economy.

The immediate problems of analysing the coups concern the nature of the class in which both the Ghanaian military and bureaucracy are situated, as well as the character of the state itself. The first difficulty is that the ‘petty-bourgeoisie’, the so-called ruling class in Ghana, is not a united class, being neither objectively nor subjectively a fully formed class. Indeed what is lumped together under this heading may be elements of different classes. It is made up, in particular, of two sectors based in and outside the state. On the one hand is a private sector composed of a commercial stratum of merchants and petty-traders, owners of small enterprises in the service and extractive industries (transport, construction, motor repairs, etc.), small-scale manufacturers, an intelligentsia of professional men (lawyers, doctors, teachers etc.), and a rural sector of capitalist cocoa farmers and rentier chiefs. On the other hand is a public sector of high civil servants, judges, magistrates, military and police officers, managers of state enterprises, and specialist officials — in other words the state bureaucracy — as well as leading political cadres responsible for political decision-making, mobilisation, and mediating between the interests generated within the system. A second problem in the analysis is that within each of these fractions there are secondary contradictions: the struggle between the political cadres and the bureaucracy for control over state resources (contract allocations, licences, kick-backs etc.); between the small-scale domestic manufacturers and the comprador merchants and petty traders, between the richer and poorer traders for control over scarce supplies, and the opposition of the ‘milch-cow’ cocoa interests to the state officials, the traders, and imperialism. A third complication is that the petty-bourgeoisie as a whole, and each fraction within it, has an ethnic and regional character — the result of the fact that it has not yet, as a ‘class’, liberated itself from its roots in pre-capitalist social structures. The fragmentations within the petty-bourgeoisie thus assume the form not only of a struggle between its
various fractions, but also of an *ethnic* struggle within each of its fractions. While these ethnic divisions further weaken the capacity of the petty-bourgeoisie to constitute itself into a 'ruling class' vis-a-vis imperialism, it does not necessarily have the same effect in its relationship with the working class and peasantry. On the contrary, by dividing the working class and peasantry and retarding the growth of class-consciousness, ethnicity becomes a powerful tool of domination in the hands of the petty-bourgeoisie.

Although it is, in class terms, the state of the petty-bourgeoisie as a whole, at any moment only a fraction of this class directly controls the Ghanaian state, even if this control is actively contested by other fractions. This politically dominant fraction, the leading political cadres and the highest strata of the bureaucracy, has increasingly constituted itself into the 'ruling wing' vis-a-vis the rest of the petty-bourgeoisie, and distanced itself from it on the basis of its direct control of the state machinery. In theory the bureaucracy is only the 'instrument' of the political cadres; in reality of course it retains a large degree of autonomy and self-direction. The socio-political conditions typical of an underdeveloped country — a marginal proletariat and a large but unorganised peasantry, the fragmentations within the petty-bourgeoisie itself and the units of the national territory as a whole — have enhanced the autonomy and dominance of the fractions organised through the state — the bureaucracy and the military. The weakness or failure of parties and other civilian political organisations further enhances the autonomy of these fractions who come increasingly to express the unity of the social formation as a whole ('national integration'). In the case of the military, this relative autonomy is again furthered by the fact that the local ruling class, which is nominally in control of the institutions of coercion, does not itself produce weapons or military technology. By the same token, weaponry constitutes the primary linkage of the Ghanaian military with imperialism.

The relationship of the state with the petty bourgeoisie can only be fully understood in the light of the imperialism's domination of the Ghanaian political economy in general and the petty bourgeoisie in particular. Of course there are differences in how individual fractions of the petty-bourgeoisie stand in relation to imperialism, and therefore in the specific dynamics of their domination by imperialism. Nevertheless the Ghanaian petty-bourgeoisie as a whole has been united in regarding the post-colonial state as the principal vehicle of the 'struggle' against imperialism. Given its weakness and underdevelopment of the petty-bourgeoisie itself, the state has been expected to intervene directly with imperialism on its behalf — a point underscored time and again since this eve of independence appeal by a parliamentary spokesman of Ghanaian merchant interests, W.A. Wiafe:

The fact is that if all the African merchants were to form themselves into companies their capital put together would amount to only a few thousand pounds. Now what are a few thousand pounds as compared with the millions of pounds which the UAC Ltd., and the other big European companies float in the field? The Africans can survive these (sic) capitalist competition only with the help of the Government, and that is why we are appealing to the Government to come to the assistance of the African merchants.

The state, it was argued, should act to 'aid and emancipate' domestic capital.

Similar arguments about the 'underdeveloped' character of the Ghanaian petty-bourgeoisie have, however, been used by other elements within the petty-bourgeoisie, to justify not the promotion of private Ghanaian capital through
state action, but *state-directed* economic activity and the creation of *public* property. The classic statement of this view comes from the so-called 'left' within the CPP:

Imperialism-colonialism left Ghana without the accumulation of capital in private hands which assisted the Western World to make its industrial revolution. Only Government can therefore find the means to promote those basic services and industries which are essential prerequisites to intensive, diversified agriculture, speedy industrialisation and increased economic productivity. (*Programme of CPP for Work and Happiness*)

This was the logic of official 'socialism' in Ghana. Within either conception of state intervention, the expansion of opportunities for the accumulation of property through *political* means (the state) becomes necessary because the ruling petty-bourgeoisie had no direct economic means of extracting surplus on a significant scale. State intervention is not only consistent with, but necessary for, the accumulation of property.

In these different conclusions about the role of the state lay the roots of the struggle within the CPP between two versions of 'anti-imperialist' development strategy — the so-called 'left' option of 'socialism' (the creation of public property controlled by the petty-bourgeoisie) and the 'right' alternative of using the state to promote national capitalist development. One is of course reminded here of Mamdani's argument (in *Review* No.4) that the African petty-bourgeoisie, in attempting to accumulate property, has two options:

. . . either use the state to create public property which the petty-bourgeoisie can control indirectly through its control over the state . . . (the so-called progressive option) . . . or use the state to expand private property which the petty-bourgeoisie would control directly through ownership.

As Beckman has already argued in his study of cocoa, the conflict in Ghana over these two strategies was in fact a conflict between two wings of the same class. After the 1966 coup which overthrew 'socialism' and enthroned private capital, a similar struggle — and this is reflected in the apparently different paths taken by the two coups — emerged within the ranks of the petty-bourgeoisie. The argument between 'pro-imperialist' and 'anti-imperialist' concerned the *method* (namely, negotiation or confrontation) to be adopted to secure a larger share of the economy and to reconcile domestic and international capital, given the nature of the crisis in the economy. While this vacillation between pro- and anti-imperialist solutions is inherent in the unstable and contradictory character of the Ghanaian petty-bourgeoisie, it was intensified by its attempts to respond to the crisis emanating from imperialism's continued control of the economy. This crisis increasingly structures the conflict within the ranks of the petty-bourgeoisie and determines, to a large extent, which of its fractions ascend to power and what positions are taken at any political stage. Nevertheless, as we hope to indicate through our study of the SMC, state ownership and private domestic ownership are not, as Mamdani's unqualified formulation would tend to suggest, mutually exclusive responses, but in fact strategies which may be pursued simultaneously, thus generating alliances and a fluidity of movement between the entrepreneural and bureaucratic wings of the petty-bourgeoisie. This attempt to 'balance' state and private domestic capital, and to reconcile both with international capital, and to reconcile both with international capital, is in fact the specific response of the military and bureaucracy to the crisis in the Ghanaian political economy.

The centrality of the state as a medium of primitive accumulation explains both
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the intensity of the struggle within the Ghanaian petty-bourgeoisie for control of the state (in the process rooting itself in regionalism and ‘tribalism’), and the power and autonomy enjoyed by the controllers of state power vis-a-vis the rest of the petty-bourgeoisie. From 1951 the state was used by the ruling politicians of the CPP and the bureaucracy to directly appropriate a growing portion of the national economic surplus, both to underwrite their own living standards and to promote a measure of economic growth under state direction, but the development task itself was left to private capital. With the economic crisis in 1961 (blamed on imperialism) there was a sudden shift of emphasis, and the state was appointed the regulator of the economy and the main engine of growth. This attempt to use the state to mediate the crisis and to subordinate the economy to national control — the so-called ‘socialist’ or ‘non-capitalist’ road — further allowed the bureaucracy to enmesh the petty-bourgeoisie in a network of controls, licences, permits, taxes etc., through which it had to bribe its way. At the same time it gave the bureaucracy an opportunity to expand its own economic base through the state-owned import-substitution industries.

Even in the ‘free enterprise’, post-Nkrumah period (1966-71), the necessity of using the state to mediate the continuing crisis, as well as the interest of the bureaucracy (once ‘socialism’ had been shorn of its undesirable political and ideological connotations) in public property placed under its control, left the powers of the state in the economy largely intact. Indeed, the decision to marry foreign and domestic private private capital contained the proviso that domestic businessmen would have to ‘first serve their apprenticeship in selected protected areas’ of the economy, under the supervision of the bureaucracy. Its direct control over large sectors of the economy, and its own relatively autonomous economic base in the state, enabled the bureaucracy to strike lucrative alliances directly with international capital (thus prompting cries of a sell-out to imperialism) and allowed it to challenge domestic private capital for the position of natural partner to foreign capital. Domestic capital, stifled by these controls, complained of a bloated bureaucracy ... a select band of civil servants (that) ... wield so enormous a power over our business activities, they do not appear before any body or parliament to account for actions or deeds or even explain them to the public through the press when necessary or when approached.

This struggle within the petty-bourgeoisie and between it and imperialism, and the extent to which it is conditioned by (and in turn conditions) the crisis in the economy, must be at the root of any explanation of Ghanaian politics since 1961, especially the vacillations over economic policy. The struggle between rival fractions of the petty-bourgeoisie, and the (unsuccessful) attempts of the state, given the continued domination of foreign capital, to rectify the crisis in the economy, have constituted the essence of the ‘revolutions’ — each with its associated variant of petty-bourgeois political and economic regime — that have characterised the Ghanaian political economy since 1951. These dramatic turnabouts in economic policies cannot be treated just as abstract ‘models of development’, nor can they be explained independently of their roots in material forces generated within the Ghanaian political economy, as Killick’s recent book tries to do. It is within the developments described here that the emergence of the military-bureaucratic regime should be located and its performance assessed.

The close links of the military and bureaucracy with imperialism, their anti-political, anti-popular ‘rationality’ and anti-communist nationalism and their
readiness to take ‘strong and effective’ action in the economy and to impose order, make the military-bureaucratic regime in its various guises particularly attractive to imperialism. As elsewhere in the Third World (Brazil, Indonesia, Argentina, Chile, Pakistan, etc.) this type of regime has arisen as a last resort to mediate the economic, political, and social crisis set off by the contradictions of peripheral capitalism, and to impose (in the interest of both the metropolitan and domestic bourgeoisies) stable conditions for capitalist exploitation. As the evidence from Ghana shows, this may necessitate not only the removal of ‘left’ regimes, but sometimes even of conservative, pro-West civilian regimes. However the evidence from Ghana also confirms that the ability of the military and bureaucracy to execute these tasks is, in fact, limited. Nevertheless, as we will attempt to show, the ‘solution’ to which the Ghanaian petty-bourgeoisie and imperialism on one level, and the competing wings of the petty-bourgeoisie on another are gravitating, through the mediation of the military-bureaucratic regime, is the so-called ‘mixed economy’, a sort of ‘peaceful coexistence’ of the dominant capitalist sectors, public and private, in the Ghanaian political economy. This mediation is more than ever necessary since state action, whatever else it may have achieved, has not succeeded in dislodging imperialism (a point already argued by Marshall in *Review* No.5), or capturing national control of the economy as a prelude to independent national capitalist development.

The task of mediation, however, requires the development of a superstructure capable of stabilising capitalist production relations, of subordinating the working class and peasantry to the control of capital, at the same time as it subordinates the still-active pre-capitalist modes of production and social structures to the dominant capitalist mode, and acts as the central factor of cohesion within the highly fragmented social formation. This process has not been easy, given the fact that this state is locally sovereign yet subjected externally to the control of international capital — hence the rapid succession of political forms within the Ghanaian political economy, as each is discarded when it is found incapable of executing the expected roles. Although each type of regime appears to be based to an extent on a different alliance of fractions of the petty-bourgeoisie, each political form has been consistent in attempting to combine the attitudes of a ‘strong state’ with the generation and management of consent. As the CPP *Program for Work and Happiness* put the problem, it is ‘absolutely essential to have a strong, stable, firm and highly centralised government’ based on the ‘consent of the people’. But since the petty-bourgeoisie possesses neither the material resources nor the home-grown ideological apparatus to generate consent, it has appealed alternatively to liberal-bourgeois constitutionalism, neo-traditionalism, and populist rhetoric (combined, in the meantime, with repressive laws and tough measures against militant workers). The ‘Charter of Redemption’ and the ‘Union government’ proposals of the SMC are to be considered the latest developments in this direction.

**Mediation Between Domestic and International Capital**

It is thus no surprise that the SMC, in spite of its declared policy of ‘capturing the commanding heights of the economy’ has tried, not to confront imperialism, but on the contrary to forge partnerships between Ghanaian and foreign capital, largely by mediating a direct interest for Ghanaian capital in multinational companies operating in Ghana. Here is the historical link between the NLC and the SMC; the same policy, previously described by the NLC as the ‘positive promotion of a healthy partnership between Ghanaian and non-Ghanaian
businessmen', is now described by the SMC as the 'ideal of partnership in progress between foreign private investment and indigenous initiative, finance and entrepreneurship'. This policy, central to the strategy of the military and bureaucracy since 1966, was first put into effect in 1968 when the NLC reserved certain areas of the distributive trade, taxi services, basic extractive, manufacturing and processing industries and agencies representing overseas manufacturers to Ghanaian businessmen. Ghanaian businessmen were promoted as direct intermediaries to the foreign firms at the expense of the Lebanese, Syrian, and alien African businessmen who had formed the most immediate rivals to Ghanaian business. This policy was continued by the Busia government, whose Trade Minister urged domestic businessmen to form 'partnerships and bigger commercial entities' in order to enjoy the 'economic benefits of big business'. These earlier measures had, however, avoided directly intruding into areas of the economy controlled by the large foreign enterprises. The decision to buy into the multinationals now sprang from the need to find additional commercial and investment outlets in established and relatively risk-free areas for the capital controlled both by the 'traditional' domestic businessmen, and (even more important) the new 'entrepreneurs' drawn from the military and bureaucracy with their economic base in the state, plus those related interests specialising in state 'contacts' and contracts. The share offered by the foreign companies were as a rule heavily oversubscribed. To show the amicable nature of the transaction, the sale of shares was financed to a large extent by the two expatriate banks, Barclays and Standard and, in the case of workers' purchases, by the foreign firms themselves. The concessions granted Ghanaian investors by the state included a waiver of tax on dividend earnings.

To what extent did the Investment Decree capture control of the 'commanding heights of the economy' for Ghanaians? There was, first, a high degree of fragmentation of Ghanaian-held shares, effectively ruling out any possibility of local shareholder control over the activities of the firms, particularly in the case of the large multinational firms. The extent to which the structure of shareholding could be designed to frustrate significant Ghanaian shareholder control was exemplified by the Swiss firm UTC. Of a total of 6,000,000 shares, Van Deutz, the Swiss owner of the company, retained 3,600,000 offering 2,400,000 for sale as required by the decree. Half of these shares (1,200,000) were offered directly to the Basle Mission in Ghana, which had traditional ties with and interests in UTC. The remaining 1,200,000 shares went to 1,789 Ghanaian investors including 824 employees of the company, 1,568 of these held shares of 1,000 or less each, 995 of this number holding only 250 or less.

A second limitation of the decree was that it did not transfer management control to Ghanaians. In only few cases was the new share structure reflected in significant management or board changes. Companies have retained boards and management largely unaltered. In addition the control exercised by the overseas parent companies over their Ghanaian subsidiaries/associated companies through patents and trademarks, buying and supply agreements, and management and technical agreements was not affected. In some cases these links appear to have been manipulated to ensure continued foreign control over the new company. This was specifically the case, for instance, with UAC (Ghana) Ltd. On 8 April 1975, shortly before the decree was due to come into effect, a 'Registered User Agreement' was signed between UAC International (UACI), the parent company, and UAC Ghana Ltd., authorising the local company to use certain trade marks
belonging to UACI, but on the specific provision that UACI and/or an associated company control 75% of the shares in UAC (Ghana) Ltd. It was provided that should this cease to be the case, a new Agreement would have to be negotiated between the local company and UACI on the basis of payment of such fees or royalties as UACI might consider fit to accept. Since the decree permitted UACI to retain only 60% of the shares in the company, this Agreement automatically lapsed with the decree and became due for renegotiation. A second Agreement under negotiation at the same time would have allowed UAC (Ghana) Ltd. to draw on UACI for 'services required for the business of the company'. At the same time UAC was busy diversifying outside Africa (adding 'International' to its original name) with fully 30% of its profits expected to come from its non-African operations by 1977-78. Similar agreements were signed by UTC, Paterson Zochonis, and a number of other companies. In the case of UTC (Ghana) Ltd., the agreement with UTC Basle (now UTC Holding Ltd.), covered a Technical Service Agreement, under which UTC Basle would act as a consultant to the local company and provide it with expertise, and technical advice and services; a Personnel Service Agreement under which UTC Basle or associated companies/subsidiaries would provide advice, services, and facilities in relation to personnel recruitment, training, and development; and a Buying Agreement under which UTC Basle would provide buying facilities in Europe, the Middle East, and Far East. The maintenance of these links was of course crucial to the ability of the companies to transfer capital abroad through over- and under-invoicing. At the Briscoe hearings the General Superintendence Company of Switzerland, which had been employed by the Busia Government to monitor the prices of imports in order to minimise the incidence of over-invoicing (but in which it had not been completely successful) revealed that Ghana lost at least £60 million in foreign exchange annually through such avenues.

Another reason which ruled out the possibility of transfer of significant control over the economy was simply the extent to which the MNCs had succeeded in subordinating the organs of the Ghanaian state to their own will. The degree to which the multinationals could manipulate the bureaucracy and state officials in their interest was suggested clearly in the report on R.T. Briscoe Co. Ltd. The report indicated that Briscoe had 'managed to establish firm 'contacts' in [Ghanaian] Banks, [Government] Ministries, State Corporations and even the United Nations Agencies operating in Ghana through whom they secure orders, favours and other economic and political data regularly'. Such data was regularly transmitted to East Asiatic Company, the parent firm, in Denmark. In tendering for contracts, the Company had been able to obtain advance notice and competitors' prices from State Corporations and Ministries. The Company had also been able to obtain $1.1m in overdrafts and other facilities from the Bank of Ghana and the National Finance and Merchant Bank (a bank owned jointly by the Ghana Government, the National Investment Bank, the State Insurance Corporation, and National and Grindlays Bank Ltd. of the UK) without security. State officials, including Ministers and Commissioners on trips abroad were granted 'special favours' by EAC companies to influence them. Briscoe had also held advance discussions on Government development plans with World Bank representatives in Accra in order to tender from a position of advantage.

Further evidence of the capacity of the expatriate companies to penetrate the Ghanaian state structure is revealed in the links between the companies and powerful former state officials. Top Ghanaian state officials have moved from
retirement into directorships and executive positions with the multinational companies, and sometimes from these companies into high public office. The best examples are:

A.L. Adu, former Secretary to the Nkrumah Cabinet and Secretary General of the East African Community in the late 1960s (Consolidated African Selection Trust – CAST);
E.N. Omaboe, former Chairman of the Economic Committee and Commissioner for Economic Affairs under NLC (Board of Barclays and UTC);
J.V.L. Phillips, Parkinson Howard and Resident Director for Valco (NLC Commissioner for Labour);
Frimpong-Ansah, former Governor, Bank of Ghana (Managing Director, Standard Bank);
D.A. Awotwi, former Principal Secretary (Lonrho);
David Andoh, Chairman of UAC (Commissioner for Lands and Mineral Resources under NLC);
and M.C. Hagan Lever Brothers (Political Committee of the NLC).

The appointment of Justice A.N. Amissah, one-time Dean of the University of Ghana Law School and a former High Court Judge, and of C.A. Dadey, a former Principal Secretary, to the Board of UAC suggests that the investment decree may accelerate the development of these connections. The links between the bureaucracy and expatriate capital are also being formalised at the level of the state itself, as indicated by the new board of the State Housing Corporation chaired by the General Manager of Kingsway Stores, a division of UAC, with representatives from Shell Petroleum, Volta Aluminium, the military and the bureaucracy.

Moreover, the localisation measures do not necessarily contradict the interests of foreign capital. ‘Acquiring a national face’ has become one of the accepted strategies of multinational companies. The advantages of participation with state or local private capital are recognised as including preferential treatment in the allocation of resources, access to concessions (including tax holidays and often a monopoly of the internal market), access to top national decision-makers, management control over whole enterprises with a minimum of cash investment and minority shares, the possibility of access to wider regional markets such as may be provided by ECOWAS, and of course greater protection against nationalisation. The advantages to be derived in Ghana by foreign capital under the participation scheme were pointed out by none other than the Head of State, two years before it came into force:

Our aim is to encourage foreign entrepreneurs to work hard and in true partnership either with the State or its institutions or with individual Ghanaians to set up industries in the country. This provides much needed safeguards for such industries and also removes the stigma of exploitation which has been attached to most of the industries which have been established by foreigners in the country. With the involvement of Ghanaians or the State in such ventures they stand to receive most favoured treatment in the provision of necessary facilities, since the welfare of the country is tied up with the sources of their operations.

Local participation would also lead to a ‘significant reduction in the likelihood of nationalisation’. Not surprisingly, the partnership policy of the SMC has been praised by the representatives of foreign capital as ‘very good’ and ‘attractive to foreign investment’.

Capitalist Development of Agriculture

The process of expanding Ghanaian capitalism in partnership with foreign capital as a strategy of development has also been vigorously pursued in the area of agriculture. It is in this sector that the foreign companies have made some of their most significant inroads. Under the programmes Operation Feed Yourself
(OFY) and Operation Feed your Industries (OFI) the SMC declared agriculture a priority area, the aim of policy here being the supplementation and increasingly the substitution of traditional peasant farming by large-scale commercial agriculture. Because of their ‘enormous resources and technical expertise’ the foreign companies have been given a special place in this development. The SMC has attempted to persuade the companies to invest their unrepatriated dividends in agricultural schemes, and here also has extended a long list of tax and other concessions to foreign investors, including reduced rent on land and minimum guaranteed prices for agricultural products. The government has also attempted to evolve a scheme tying the transfer of accumulated dividends of foreign companies to investment in agriculture. However to qualify for these concessions foreign investors have to provide for ‘outgrower’ areas, to be cultivated with similar crops by Ghanaian farmers to whom the companies would extend financial and technical services. The output of the Ghanaian farmers would be marketed through the outlets of these companies. In addition, 40% of the equity in all agricultural schemes undertaken by foreign investors would have to be held by Ghanaians. The main source of finance for these schemes would be the foreign companies’ ‘accumulated dividends awaiting transfer to their overseas shareholders’.

The rapid rise in domestic food prices, coupled with the relative freedom of the agricultural sector from import-related state controls means that it has become a particularly lucrative area in which to invest. This factor, added to State concessions, has resulted in an unprecedented penetration of Ghanaian agriculture by foreign companies and Lebanese businesses. The largest companies, such as UAC, SCOA, CFAO and PTC have developed extensive agricultural interests in both raw material and food production. UAC alone claims to have invested $26m on oil-palm plantations in the eastern region, and is currently planning to develop sunflower plantations in the north. In this process the companies have also appropriated large tracts of fertile land. Some of the agricultural developments have taken place on the basis of partnerships between foreign companies and state banks, such as the $7m joint project of CFAO, Shell International, and the Ghana Commercial Bank at Bassa (Brong Ahafo Region), or directly between the state and foreign enterprise, such as the $18.5m joint dairy project with Mengene A.T.P./GMBH of West Germany and Jensen Cattle A.S. of Denmark in Kwahu District (Eastern Region). However there has also been considerable independent development of Ghanaian capitalist farming, either on the basis of financing by the state banks (the Agricultural Development Bank and the Ghana Commercial Bank) and the expatriate commercial banks, or on the basis of profits generated in other areas of the economy. The largest beneficiaries of agricultural loans have been military officers, higher civil servants, and their various business clients, who have also been able to exploit the large volume of inputs pumped by the state into the sector, and to enjoy preferential access to much of the best land, particularly in the newly irrigated areas. These have been the main beneficiaries of the so-called ‘rice miracle’ in the north.

However, agricultural investment by the foreign companies appears to have fallen short of expectations, while many of the loans granted to Ghanaian and absentee farmers appear to have been diverted to non-agricultural purposes. In July 1977, Acheampong criticised the business firms which had ‘acquired some of the best land’ and other services under the pretext of setting up lands but had not ‘even set a plough on the land they have acquired’.
While capitalist farming has failed to display the expected dynamism, traditional peasant farming has gone into a serious decline. In some areas, particularly in the north, peasant farmers face shortages of land owing to the alienation of large tracts for large-scale commercial cultivation. The unprecedented inflation in imported and domestically manufactured commodities has accentuated the existing inequalities in exchange between rural agricultural products and manufactured necessities. At the same time peasant incomes have been artificially depressed by state price controls on food. The result is that more peasants have left the land, or resorted to subsistent consumption or to direct barter of food for basic manufactured goods. These problems in the agricultural sector have been further exacerbated by two years shortfall in rain. Instead of a 'green revolution', Ghana is caught in what is probably the worst agricultural crisis in her national history.

The State and the Accumulation of Property
The state has been central in the process of primitive accumulation by the petty-bourgeoisie in both the private and public sectors. The bureaucracy has, of course, been the main beneficiary of the public facilities in housing, education, medical care and transportation developed on such a unique scale (for Africa) by the Ghanaian state, and financed on the basis of cocoa surpluses. Access to these privileges has been greatly extended upon the SMC, senior civil servants and military officers appropriating the bulk of the increasingly scarce supplies channelled through state organisations like the Logistics Committee (since abolished), the Cattle Development Board, the State Fishing Corporation, and the Food Distribution Corporation. They have even been the main beneficiaries of the system of price controls. The truly significant development under the SMC, however, is the extent to which both active and retired military and bureaucratic officials have come into possession of capital as such, invested typically in agriculture, bulk-haulage, luxury transport systems, real estate, and the acquisition of company shares, thus allowing them to diversify from their immediate base in the state and taking on the role of kulaks, merchants, and 'entrepreneurs'. Loans from the state banks (sometimes never repaid) have been important in this development, but perhaps even more so have been the proceeds of bureaucratic corruption — kickbacks on import licences, state contracts and purchases, the embezzlement of state funds, even outright extortion — facilitated by the unprecedented levels of state intervention in the economy. In addition state-owned services, agricultural machinery and inputs, labour, transport, have been pressed into private production.

Simultaneously the SMC has also attempted, in addition to indigenisation and the provision of state loans, to create specific conditions for the growth of Ghanaian private capital. This is clearly seen in the role of 'state business' and state contracts and monopolies in imports, procurements, etc. for the expansion of indigenous businesses. Some of the largest Ghanaian companies, such as Kowus Motors (supplier of Audi and VW cars to the Government and importer of iron rods) and Mechanical Lloyd (supplier of BMW cars and motorcycles to the Police) have been beneficiaries of state business, secured through 'contacts' and clientage links with elements at the highest levels of the military and civil bureaucracies. A stratum of Ghanaian businessmen — comparable to what Alavi calls in the context of Pakistan and Bangladesh the 'contractors' — specialises simply in the procurement of import licences and scarce supplies from the bureaucracy, which are then resold to private and even state concerns at astro-
nomical profits. The activities of these ‘contractors’ have attained particular significance with the foreign exchange crisis.

Probably the most important single medium of capital accumulation opened up by the state in this respect is the passbook and ‘chit’ system of the state corporations. Under this system the state corporations supply goods (usually flour, meat, textiles or building materials) on credit and at controlled prices to passbook or ‘chit’ holders on payment of a deposit. The goods are eventually sold on the open market for prices many times the original control price (e.g. 400% more in the case of meat, 350% for flour, 250% for textiles at July 1977 prices). The chit passbook holders may undertake the sales themselves, but usually it is considered more convenient to transfer the goods (often on the spot) to non-passbook traders and collect an immediate profit. Substantial profits are made in this way, leading once again to the development of a large section of the petit-bourgeoisie based entirely in intermediary activities relating to the state institutions. Naturally the passbook system is highly exclusive, the particular province of wives (and coiffured girlfriends) of military officers, civil servants, and influential business and professional men. At the same time as it subjects state production to private appropriation and differentiates the ranks of the traders in relation to state supplies, the passbook system and the system of price controls force the state corporations to sell significantly below the market price and often below their actual costs of production.

It is thus clear that at the same time as the SMC has attempted to create a partnership between foreign and domestic capital, it has also attempted to balance the claims of competing fractions of the petit-bourgeoisie in the public and private sectors. The political economy in which this reconciliation of the capitalist sector is to be achieved is the so-called ‘mixed economy’, incorporating a foreign private sector, a domestic private sector and a state sector. Although the rhetoric about the ‘mixed economy’ has appeared under every regime in Ghana, in fact the emphasis of meaning has shifted from regime to regime. The ‘mixed economy’ of the SMC must be distinguished from both the ‘mixed economy in transition to socialism’ of the CPP, and the mixed economy dominated by the private sector under the NLC and Busia. The first (CPP) led to the creation of public property controlled by the petit-bourgeoisie. The second (NLC) saw the utilisation of the state to advance the accumulation of private property, even though the post-Nkrumah acceptance of the mixed economy as a permanent state already implied the recognition of the material interest of the bureaucracy in state intervention as well as the continuing need for state action to mediate the crisis in the Ghanaian economy. Under the SMC the mixed economy is different; it is predicated on a balance between public and private sectors. According to Acheampong, the aim of the SMC is to create a ‘fair balance between the public and the private sectors of the economy so that neither of these two complementary sectors is allowed to dominate the other’. In this sense the SMC sees itself as a successor to both Nkrumah and the NLC. Here, however, no confusion is made between state property and ‘socialism’. Under the SMC the state sector is simply that aspect of an ongoing capitalist production process controlled directly by the military and bureaucracy. There is more involved here than just doubts about the potential of domestic private capital working alone, or disillusionment with the possibilities of success of state intervention, important as these clearly are given Ghana’s economic record. Since the overthrow of Nkrumah, and in some respects well before that, the
various regimes have been concerned not only to save Ghanaian capitalism from its current crisis, but also, given that neither wing of the petty-bourgeoisie believes that it can, or indeed wishes to, eliminate the influence of imperialism, to decide the issue of which Ghanaian capital will be the prime beneficiary of the alliance with international capital.

This reconciliation of the capitalist sectors is only one aspect of the ‘mixed economy’. The other aspect is the arrangements involving the working class and peasantry. The working class is to be integrated into this system by giving them a direct financial stake in capitalism, in effect by creating a labour aristocracy. This is to be done by the workers individually and through their unions purchasing shares in both private, foreign and domestic companies, and at a later date in state-sponsored industrial establishments. The Investment Decree reserved 10% of the shares sold by the foreign companies to their workers to be managed through employees’ trusts. According to Acheampong, this would lead to a ‘greater commitment on the part of the workers to the enterprises and a greater determination on their part to work for their profitability. In this way also, the workers will be able to participate in management thus creating better conditions for industrial peace and understanding. Businessmen have been urged, in their own interest, to grant ‘token shares’ in their enterprises to their workers and to encourage participation ‘on a small scale’ by workers unions, in order to create a higher sense of responsibility and belonging among their workers. On the other hand, peasant farmers were to be organized into co-operatives on the basis of the traditional ‘Nnoba’ system. Nnoba were traditional Akan workshops formed to hold in clearing farms or bringing in the harvest. Under the SMC Scheme, there were to be national, regional, district, and sub-district Nnoba committees, the farmers themselves getting direct representation only on the sub-district co-operative societies. These ‘Nnoba’ co-operatives were to be controlled directly at all levels by the bureaucracy.

The task of reconciling the dominant fractions of the Ghanaian petty-bourgeoisie has also been manifest in the ideology and political practices of the regime. The regime has attempted to unite the CPP left, its right-wing opponents, and traditional interests under its own leadership in a programme of ‘national reconciliation’. ‘Unity’ and ‘patriotic nationalism’ are major themes in the SMC Charter, which stresses class and ethnic unity and ‘brotherhood’. This is also underlined in the ‘Revolution’ declared by the SMC. In this ‘revolution’, it is said, ‘everyone is a worker’ (and) ... ‘no one is to be left out for reasons of age, wealth, education, or status’. With an eye on the working class it is emphasized that this revolution needs ‘a peaceful atmosphere, free from industrial strife and political turmoil, in order to achieve major social transformation and economic development’. This regime also advocated the establishment of a ‘Union Government’ in which all civilian groups and the military and police would participate, but resting on Ghanaian traditional political organization and without political parties. Although much is made of the novelty of this idea, it is in fact one of the standard procedures of military regimes (from Nasser to Peron and Eyadema) seeking not only constitutional legitimation but also the unification of the local ruling class under its own leadership, and the demobilization and manipulation of the working classes. In the specific context of Ghana, it represents yet another aspect of the ambition of the military and bureaucracy to permanently displace civilian politicians and complete their domination of the political arena.
There is an interesting footnote to be added to all this, which demonstrates dramatically not only the themes we have developed so far, but also how difficult this process of reconciliation may be, given the rapidly diminishing national surplus and the inability of the military to contain the crisis in the economy. In February 1976, citing the fact that hoarding, smuggling, and profiteering by the petty-traders was accentuating the economic crisis (and endangering the regime itself) the SMC banned the sale of certain essential items (soap, sugar, milk, etc.) by petty-traders and restricted them to specially designated ‘supermarkets’ owned mostly by bigger traders. Next the regime attacked ‘middlemen’ in the trade in agricultural produce and imposed price controls on food items. The military and bureaucracy then intervened directly at various levels to take control of the distribution of flour, maize, and certain building materials, to compile registration lists of bakers and kenkey sellers, and even to produce kenkey and market fish. While this provided expanded opportunities for graft, it failed to contain the crisis, particularly as the ‘supermarkets’ in turn hoarded or smuggled the supplies and the flow of food to the towns declined sharply. The measures also alienated the politically volatile market women and petty traders.

Between May and July 1977, with inflation and shortages worsened by these manipulations, the SMC was confronted by strikes of university students and professional men demanding the resignation of the regime. The SMC responded by reversing its economic policies altogether. The new system of distribution was abolished, the military and bureaucracy were withdrawn, and the sale of commodities returned to the petty-traders. A new era of economic liberalization was announced, and the laws of classical economics were called once more into play. The proposal for a ‘Union Government’ was, at the same time, subjected to bitter challenge by civilian professional groups who had been shocked by the corruption and self-enrichment of the military and bureaucracy, and suspected that ‘Unigov’ would perpetuate the domination of the military and bureaucracy. However the struggle between the SMC and its opponents does not extend to a debate on the possibilities of structural change or a transformation of the character of the state, but is limited entirely to the question of which fractions of the petty-bourgeoisie will control the state. The widespread nationwide strikes in November 1978, following yet another devaluation of the Cedi indicates however that organized labour may be entering the conflict in a more decisive way.

Conclusion
A further seven years of ‘redemption’ by the military and bureaucracy have brought Ghana to an unprecedented crisis. There have been shortages of the most basic consumer items, agricultural produce, and industrial raw materials. The rate of inflation has been easily one of the highest in the world, with the general consumer price index advancing, at the most conservative estimates, from 443 in June 1975 (using March 1963 as base) to 738 in December 1976. The agricultural price index rose in 1976 from 575 to 1025. The meaning of this, in existential terms, is that by June 1977, it required a worker, at the minimum daily wage of $2.00, to work for \( \frac{1}{2} \) days to 2 days to buy a pound of meat, 2 days for a pound of tomatoes, 1 and two-thirds days for a dozen eggs, and 6 days for a whole chicken. But then it also required 30 days wages to obtain 12 yards of khaki cloth for his children’s school-uniform, and 42 days wages for the same length of print cloth for himself.
Relief food sent in by Oxfam was appropriated and diverted by state officials (The Guardian, 17 August 1977). Severe shortages in foreign exchange at a time when world market prices for cocoa have been at their highest ever provoked puzzled comment in the international press, although it is known that substantial sums have gone into the purchase of jet fighter-trainers (Macchis) from Italy and Fokker F-27 transports from West Germany for the Air Force, new trucks for the Army, armoured cars, BMW cars and motorcycles, and Nissan patrol vehicles for the Police, and large numbers of Audi cars for the civil service. To compensate for the deteriorating business conditions both foreign and local firms have intensified their exploitation of the working class and peasantry, realising truly super profits. New wealth in the hands of the military, the bureaucracy and various ‘businessmen’ is paraded in the form of palatial mansions and new Mercedes cars.

This is a crisis which clearly neither the military and bureaucracy, not domestic private capital nor any combination of both is capable of solving. The petty-bourgeoisie has, typically, responded to the crisis not by moving into production but by intensifying its intermediary activities, manipulating scarce resources, hoarding, profiteering, and smuggling. If anything one of the main victims of the crisis is the emergent ‘national bourgeoisie’ involved in small-scale manufacture. Although state intervention has now reached levels higher even than the Nkrumah period, in no way has it attempted to confront the fundamental contradictions in the political economy, each local manifestation of the underlying crisis being seen as a separate issue, to be tackled through ad-hoc mobilization of state resources. This has reached its extreme development in the many military-style ‘Operations’ of the military and bureaucracy. The limitations and contradictions of the regime’s class basis has been a major source of its frustrations. The SMC ‘nationalizes’ distribution to eliminate the ‘middlemen’, only to find the middle-men as entrenched as ever through the active connivance of state officials. It decries smugglers and profiteers as ‘nation-wreckers’, yet many smugglers and profiteers enjoy protection at the highest levels of the regime. The retreat of the regime into religion was its final declaration of bankruptcy. By June 1977, General Acheampong, ‘in a manner reminiscent of Prophet Isaiah’, was attributing the cause of Ghana’s problems to sins foretold in the Bible. Evangelists were flown in at state expense to lead the nation in prayer, and a ‘Week of National Repentance’ was declared so that Ghanaians might repent from their ‘sins’ and pray for, among other things, rain.

A year later Acheampong was ousted from the SMC and replaced by General Akuffo, the Chief of Defence Staff. The idea of a ‘union government’ — which had been passionately opposed by civilian professional grounds but ‘accepted’ in a national referendum in March 1978 — was abolished and replaced by a proposal for a ‘national government’ without parties, but from which the military and police would be excluded. Once again, as a condition for negotiating credit with the IMF and Western finance, the Cedi was devalued by 58% in terms of the dollar, the largest margin of devaluation so far. The military had come home to roost.

Bibliographic Notes
The 1966 coup and the policies of the NLC have been discussed in detail in my earlier article ‘The Political Economy of Military Intervention in Ghana 1966-69’, African Review, Vol.6, No.4.

An interesting discussion of the most recent military regime is in Yaw Saffu, 'Politics in a Praetorian Polity: The Case of Ghana', Seminar paper, Department of Political Science, University of Ghana 1976.


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Indigenisation and Foreign Capital: Industrialisation in Nigeria

Ankie Hoogvelt

A survey of Kano-based industries affected by the indigenisation programme reveals a very high concentration of indigenous equity ownership, and partly because of this, sheds doubts on the success of the programme to achieve its stated objective: independent capitalist development. Such an objective is furthermore thought to be an unlikely outcome because of the emerging patterns of collaboration between the new industrial (though still largely mercantile oriented) elite and the foreign owners of capital who compensate for their loss of direct economic control through increased technological control. Such increased technological control encourages also a pattern of production unlikely to expand the labour absorption rate of industry.

Indigenisation policies in Nigeria
The history of Nigerian indigenisation policies stretches well back into the colonial period when, as early as 1946, the government set up the Nigerian Local Development Board with a view to granting direct loans to Nigerian owned enterprises. The extensive monopolistic trading interests of giants such as UAC (United Africa Company) and John Holt soon created conflicts with aspirant local businessmen which forced the government time and again to intervene and protect local interests. A national committee on the 'Nigerianization of Business Enterprises' was set up in 1956 and its recommendations barring aliens from the distributive trade was accepted in the early sixties, though never properly implemented due to the political upheavals in the mid-sixties. Whilst the Gowon government continued to pursue an 'accommodation' policy toward foreign capital, it became more and more concerned with the harmonization of foreign with local interests. In 1968 an Expatriate Quota Allocation Board was established in an effort to maximise Nigerian participation in senior management of foreign businesses. In line with this policy, the second National Development Plan, 1970-1974 introduced measures for the 'accelerated training of local businessmen, the provision of advisory and training services and the improved flow of capital, technical and market information'.

The climax of this long-winded process came with the Nigerian Enterprises Promotion Decrees of 1972 and 1977. Announcing itself as 'the first real scientific approach' to the complex problem of how to encourage and protect private Nigerian participation in the foreign dominated domestic economy, the NEPD of 1972 decreed the transfer of those businesses in the private sector which were believed to be within the competence of indigenous expertise (Schedule I, 21
enterprises), and required a minimum Nigerian interest of 40 per cent equity in other businesses where joint participation was still considered necessary (Schedule II, 35 enterprises). The remainder (80 enterprises) were allowed to continue to operate under full foreign control.

This classification into schedules corresponded to a perceived hierarchy of economic activities based upon the twin principles of size and sophistication. Thus, Schedule I comprised the commercial and servicing sector of the economy, Schedule II included light manufacturers and primary processing industries, leaving the more difficult and capital intensive industrial processes to foreigners. Also, enterprises belonging to Schedule I could escape to Schedule II if their share capital exceeded N400,000 or their annual turnover N1,000,000. It was indeed one of the goals of the indigenisation decrees to encourage foreign investors to abandon their traditional activities and move into new ventures with high technology, management and risk.

Such classification, as unimaginative as it is realistic, merely follows and thus endorses, an already existing trend in the international division of labour which, because of already firmly established technical and monopolistic vertical linkages between the various sectors, can well defeat the very object of the indigenisation exercise.

Despite its claims to scientificity, the 1972 decree was remarkably (or suspiciously?) careless in design and sloppy in implementation. It was careless in design because it had omitted to consider the small matter of whether there was indeed a sufficiently broadly based class of Nigerian capitalists with the cash ready to absorb the sudden flush of assets. As it happened there wasn’t and, consequently, ‘severe concentration of ownership was the “unintended” result of the decree, frequently accompanied by “fronting”.’ This was the conclusion of the Industrial Enterprises Promotion Panel of Inquiry set up by the new Military Government in 1975. The decree was sloppy in implementation because of the lack of adequate government machinery to supervise the transfers. To be sure, a National Enterprises Promotion Board had been set up at Federal level to oversee the implementation of the decree, but it had few guidelines other than its own discretion which apparently, according to the Panel, it used freely to provide for ‘exemptions on flimsy grounds’. Also, decisions as to the schedule classification of individual enterprises were left to officials from the State Ministries of Trade, whilst the delicate matter of naturalisation of foreign owners was left to the Federal Ministry of Internal Affairs, both outside the immediate jurisdiction of the NEPB. Small wonder that the aforementioned Panel of Inquiry observed that by June 1975 (well after the ‘deadline’ of December 1974) the success of the first decree was limited, the number of confirmed cases of compliance being only 314, or 33 per cent of all affected foreign enterprises. And it adds the honest rider: ‘in almost all instances, the devices employed by the foreign owners could not have worked without the active support and connivance of some misguided Nigerians’. Nevertheless, a report in the Daily Times (18 November 1978) suggested that there were no less than two dozen ‘legitimate’ ways by which the 1972 decree could be conveniently avoided or evaded altogether.

Having digested the Panel’s observations and recommendations, the new Military Government in 1977 promulgated the second NEP decree, to come into effect by December 1978. This decree was meant as both an extension of, and an
improvement upon, the first decree. Instead of two schedules, it now listed three, providing for whole or part indigenisation of all foreign enterprises. Enterprises listed under Schedule II in the 1972 decree (i.e. 40 per cent Nigerian participation) now had to divest another 20 per cent equity, whilst companies previously not affected were now required to have at least 40 per cent Nigerian participation. A few enterprises were re-classified from Schedule II to Schedule I (e.g. Department Stores with an annual turnover of less than N2m.).

The Second decree was also meant to redress some of the anomalies arising out of the first decree. For example, and most importantly, it aimed at 'Socialisation of Indigenisation' by limiting individual Nigerian participation to 5 per cent or N50,000 whichever is the higher. However genuine the intent of this particular article of the 1977 decree, it may well come as mustard after the meal. The bulk of private enterprises affected by the second decree were already in whole or in part (up to 40 per cent) affected by the first decree when limitation of Nigerian ownership did not apply, so that concentration of ownership was already established. Moreover, for private companies, the problems of having to find many rather than a few buyers has become so enormous that by June 1978, the deadline for submission of applications, only about half of the companies had been able or willing to comply despite a very much more pugnacious attitude of the NEPB. Consequently, under the pressure of haste applied by the NEPB, 'fronting', this time not for the foreigner but for the already share-owning Nigerian businessman, has become an established routine.

It is only in respect of the sale of public companies that the socializing intent of the 1977 decree has been appreciably effective. At the time of the first decree it had been a policy of the NEPB to encourage the public issue of shares of the largest companies and, after the second decree, this policy has become more aggressive, 'coercing' companies with a share capital near the N1m mark to go public. The number of public companies in Nigeria rose from 4 in 1971 to 18 in 1975, and to 45 in August 1978 with the expectation of another 50 to follow. Although the frequently oversubscribed issue of shares of these companies reflects a broader capitalist participation by the Nigerian public generally (there are now an estimated one million shareholders with between N100 and N200 worth of shares each) it cannot properly be described as a 'socialization' programme. For, although banks have been ordered to allocate individual loans for the purpose of buying shares, only cheques are acceptable for the purchase of such shares and of course the vast majority of Nigerians do not operate current accounts. Under the new decree, the valuation of all shares, private and public, is done by the Capital Issues Commission which, it was generally believed by the foreign business community, undervalues the shares by some 30 per cent. Companies that fail to comply in time are 'threatened' with even lower valuations. Given that, so far, indigenisation has not reached the masses, the ethics of such valuations may well be questioned.

The second decree also provided for 'Worker Participation', stipulating that 10 per cent of stock divested under the second decree, should be allocated to the firm's personnel, such that at least half would come to the junior staff. For companies that were to be indigenised for the first time this came to 6 per cent of equity, whilst for those that graduated from 40 per cent to 60 per cent participation, it only amounted to 2 per cent of total equity. The part allocated to the individual workers most frequently turned out to be too insignificant to be
spread evenly, and moreover, technical difficulties of allocation arose because of
the rapid turnover of the labour force. At the time of my survey, most companies
were, consequently, looking into the possibility of a Worker Participation Fund
to hold the shares in trust. Many companies did not bother with this aspect of
the decree at all.

Indigenisation and Independent Capitalist Development: Some theoretical issues
The ultimate success of the indigenisation programme, however, must not be
assessed in terms of its ability to involve the masses of the population. That was
never its prime intention. ‘Socialisation of indigenisation’ only arose out of a
desire to redress the extreme imbalances generated by the implementation of the
first half of the programme.

Rather, we should evaluate the indigenisation programme in terms of its potential
success in achieving its own defined objectives, which are, as the government is
at pains to point out time and again, not to drive away foreign technology and
capital, but to give Nigerians the opportunity to demonstrate their ability to
assume ownership, control, and management of the nation's economy and to
make foreign participation complementary to indigenous efforts rather than
compete with it.

In response to indigenisation (and often in anticipation of it, for the winds of
change have been long since blowing) transnational corporations have tended to
organize the production process of their overseas subsidiaries in such a manner
as to maximise the technical dependency of the overseas plant upon techno-
logical, intermediate and frequently also raw material inputs from the parent
company or any of its other home subsidiaries. Patented protection of the final
product brands permits the detailing of technical agreements, most often
involving a management contract as part of the agreement, which sets real limits
to the ability of Nigerians to control and manage their newly acquired industrial
establishments. Such vertical linkage reduces Nigerian industrial activity to a
form of market access necessary to valorize production in the higher industrial
enterprises of the metropolitan centre countries. Here we have a novel form of
surplus extraction whereby capital accumulation occurs in the centre as a result
of manufacturing activities overseas. This surplus is realized in the collection of
monopolistic technological rents and, it should be noted, irrespective of the
much decried practice of transfer pricing. Transfer pricing, in the sense of fixing
prices above an ‘arms length’ administrative price, is merely a further abuse of
what is already a technologically determined unequal system of economic
interaction, and many companies, so I was told, have become careful to steer
clear of it.

Paradoxically, indigenous ownership (or joint ownership) of the foreign industrial
companies may serve to secure still further the parent company’s monopolistic
control through vertical linkage: for the financial involvement that such owner-
ship entails for the Nigerian entrepreneur reduces his willingness to redirect or
reorganize the production process along more independent lines. This co-optation
of the Nigerian new industrial elite is especially successful, because of the
relatively small size of this elite and the consequent limits to competition, and
also because of the historically mercantile orientation of this elite.

The Indigenisation of Industrial Enterprises in Kano: Report of a Survey
At the time of my fieldwork (July/August 1978) there were 133 manufacturing
establishments in Kano, one hundred of which had a paid-up share capital of N200,000 or over. Very few had a paid-up capital of over N1 million. Excluding the 33 smaller companies from consideration, we find that, of the 100 companies, 86 had been established since before the 1976 decree, and of these 10 had been all Nigerian from inception and were therefore not immediately relevant for our study. Another six companies were wholly owned subsidiaries of (foreign) public companies located in Lagos and had therefore no information on patterns of ownership or control, since they were themselves entirely directed from Lagos. Of the remaining 70 companies, I excluded the entire food and vegetable oil industry (thirteen companies) as well as eight leather firms that had erroneously been classified as manufacturing establishments when in fact they were trading companies only, exporting dried hides and skins. Fourteen companies had been set up since the 1976 decree as joint-ventures and according to the specifications of the decree. Five of these companies were surveyed to see if they exhibited patterns of ownership and control strikingly different from those companies that had gone through the experience of the NEPD. As this was not the case I have simply included the five in the analysis of the total sample.

Data collection for the survey on these 54 industrial companies was largely done by personal interviews with their (foreign) managing director, or their (foreign) general manager, as the case may be. I have no reason to doubt the validity of the responses since the questions appeared as harmless, concentrating on patterns of ownership and control, and staying well clear of the more sensitive issues of methods of transfer (e.g. fronting, payment out of future dividends, or loaning to candidate purchasers, etc.). Also, many of the foreign business community in Kano, whilst agreeing with the philosophy behind indigenisation, felt harassed by the officials and methods of the NEPD (its hurried deadlines and its methods of valuation especially) and welcomed an opportunity to air their views in front of another foreigner who was only gathering information for some 'obscure academic journal'. In only three cases, all involved in the KSIC scandal discussed below, did I meet with a refusal to co-operate, and in these cases and wherever else if necessary, I supplemented the information with data very helpfully given to me by the NEPB officials in Kano State.

Nevertheless, the data may appear as unreliable in one important respect. At the time of the survey, the deadline for submission to the NEPB (with names of candidate purchasers and companies' stock valuations) had only just expired, and the replies of the NEPB containing approvals or rejections and share valuations had not yet been received in all cases. Since most interviewees, however, seemed to be confident about the NEPB's final approval and had reason to be so on grounds of prior communications with the NEPB and since, moreover, the great majority of companies affected had already got 40 per cent Nigerian participation since the 1st decree, I feel justified in assuming that my conclusions on patterns of Nigerian ownership in Kano are subject to only a slight marginal error. As for the data relating to patterns of control, there is no reason to believe that a possible NEPB intervention would alter the pattern already taking shape.

In line with the theoretical hypothesis elaborated before, the interview schedules contained four main question areas: First, I wanted to know in how far the decrees had effectuated a genuine transfer of ownership of foreign assets. Second, which and how many individuals had benefited from the decrees. What was their socio-economic and/or political background and orientation? More to the
point: had the decrees been successful in promoting an indigenous industrial class as distinct from a mere wealthy commercial and bureaucratic elite? Third, to what extent had transfer of ownership also implied a transfer of control. Four, to what extent had the decrees promoted or inhibited capital accumulation in industry in Kano?

Patterns of Nigerian Participation

a. The Naturalisation of Aliens

Of the 49 companies that had been affected by the decrees no less than 14 managed to escape the provisions of the decree in part or in full because of the foreign owner's successful bid for Nigerian citizenship or for the official recognition of his status as citizen of a OAU membership state, with which Nigerian has friendly relations. The number of Lebanese owned business in Kano was and still is large. Of the 49 companies in our survey 32 had been Lebanese before implementation of the decrees, even though some of these Lebanese held British passports and the companies were therefore officially registered to be British.

At the time of the first decree Nigerian nationalisation laws were quite liberal, permitting anybody who had been in Nigeria for 15 years, who spoke at least one of the local languages and who had a clean tax and criminal record, to apply. Liberal though the naturalisation laws were, many Lebanese failed to get the required official recognition and, disgruntled, they put the success of others down to massive bribes. In some cases naturalisation came through at the eleventh hour, only in time to save the owner from the clutches of the second decree. In other cases, naturalised owners decided to go along with the changing times in any case, and invite Nigerian participation if only to an extent more limited than that laid down by the decree. In only three cases was there no Nigerian participation at all. Most Lebanese firms were traditionally family firms and it became practice for these families to have at least one member obtain Nigerian citizenship, thus securing the required Nigerian equity, whilst the remaining members would keep their foreign status and along with it the opportunity to remit income abroad.

b. Institutional Nigerian Participatants: the Kano State Investment Corporation

State, or institutional participation resulting from the decrees occurred in no less than 13 cases, and in two of these the Kano State Investment Company in fact took over 100% of the foreign equity. The Kano State Investment Company is a financial corporation now statutorily independent though originally funded by the Kano State Military Government and, at the time of the first decree, also controlled by the KSMG. It is today easily the largest single investor in Kano industry. Its equity interest in foreign companies rarely drops below 25 per cent.

The deep involvement of the KSIC in Kano industry does not necessarily reflect a deliberate industrial policy on the part of the State nor even good economic sense. Rather, it is the outcome of two historical conditions, namely, firstly, the nature of corruption pressed upon the KSMG during the first decree when a few influential Lebanese managed to bribe the governor and his secretary to instruct the KSIC to take over shares in their loss-making companies at very inflated prices, and, secondly, the fact that at the time of the first decree there was simply not sufficient private capital around to soak up all the divested shares. State finance institutions were encouraged to perform the role of transitional
purchasers with a view to selling the shares to individuals later, in order to permit alien companies to comply with the decrees. But here again, it would be the less healthy companies that would have to turn to the State to meet the requirements of the decrees, and, consequently, one major effect of the decrees was an inflated State participation, particularly in less profitable businesses. The accounts of the KSIC between 1972-1978 show zero or negative returns when everybody else, profiting from the Nigerian boom, has been able to make a 20% return on capital at the least.

A second institutional investor which appears to have selected its interests more carefully is the NNIL (Northern Nigerian Investment Limited). It and its parent NNDC (Northern Nigeria Development Corporation), both offshoots of the CDF (Colonial Development Fund) and located in Kaduna, acquired two interests as a result of the decrees.

c. Individual Nigerian Investors
The total value of divested equity of all companies in our survey (i.e. 54, including the five companies set up since 1976) comes to N22,573,176. Excluding the equity acquired by KSIC (= N5,491,750) and that by NNIL/MMDC (N284,135) leaves N15,227,179 which was received by 291 individuals. N520,112 went into Workers Participation Funds. Distribution of shares amongst individuals, however, was extremely unequal as the table shows.

Distribution of equity among individual Nigerian shareholders in 54 industrial establishments in Kano

<table>
<thead>
<tr>
<th>Number of individuals (cumulative)</th>
<th>6</th>
<th>11</th>
<th>24</th>
<th>71</th>
<th>118</th>
<th>182</th>
<th>257</th>
<th>291</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of total equity received (cumulative)</td>
<td>50</td>
<td>60</td>
<td>70</td>
<td>80</td>
<td>90</td>
<td>95</td>
<td>99</td>
<td>100</td>
</tr>
</tbody>
</table>

In their selection criteria, alien divestors who in most cases (31) admitted to having selected their shareholders rather than being approached by them (10) or having been introduced to them by a third party (6), seem to have been guided by two equally attractive options. On the one hand there was a preference for selecting one, two or at most three 'big' Alhajis who had either cash, or influence, or both. Until the military coup of 1975 business and politics were very close in Kano and this clearly affected choices after the first decree. Out of the top six Alhajis who between them received 50 per cent of all shares divested to individuals, no less than three held important political positions at the time of their selection. Another was a brother of one of the three and one was the son of a past and influential politician. The first prize for equity participation easily goes to Alhaji Aminu Dantata, a distinguished and wealthy trader in his own right but also State Commissioner of Trade and Industry at the time of the first decree. Actually, all of the big Alhajis were well-established traders with business interests going far back into the colonial days and their own fathers' time. All but three of these businessmen were classified by their foreign partners as traders only, the three being reputed to have become industrialists. Not only do the business interests of the Nigerian partners go a long way back, so do their business connections with the Lebanese whose companies they are now buying.

The 'Big Alhaji' approach was adopted exclusively in thirteen cases. The first decree had omitted to limit individual participation. This was later amended by the second decree, but since most of our companies were classified under Schedule II (i.e. 40 per cent divestment in 1972 and another 20 per cent in
1977) we encounter another nine instances where, by 1977, the bulk of equity had already passed into the hands of the big Alhajis, leaving the remaining 20 per cent to be fragmented amongst smaller fry, some of whom it was alleged were in their turn fronting for the big guns.

Whilst having one or two big guys as counterparts has certain advantages, namely they are thought to be able to afford the cash and they can throw their weight around, it also has disadvantages of potential interference with management, hence the alternative adopted in eight instances where alien owners chose to scatter their shares amongst many small holders. This option seems to have been marginally preferred by British and French companies, whilst Lebanese firms felt more comfortable in tying their fate to Big Men.

Both strategies were often (20) accompanied by selection on the basis of prior mercantile links between company and shareholder candidates. The customer/shareholders pattern has a clear advantage which was recognized by all interviewees. Whilst the company has loyal vendors for its products and a collateral (e.g. stock) for credit as they have never had before, the customers are guaranteed preferential treatment in allocations and credit facilities. Moreover, the shareholders' continued preoccupation with the distribution of the firm's product is the strongest weapon in the alien owner's arsenal of control retention. For, even when outnumbered by Nigerian directors, the fact that the latter are thrown into direct competition with one another makes it unlikely that they will gang up at board meetings to change company policy.

From Ownership to Control
Generally speaking, the foreign business community in Kano seems to have accommodated the indigenisation movement without too much fuss or withdrawal symptoms. Of all the companies visited, there was only one where the foreign owner admitted to putting up the company for sale with the intent of leaving the country for good. Two of the three companies which have been taken over completely by Nigerian interests had previously been owned by Lebanese who are still in Kano continuing with other business and industrial interests, whilst the whereabouts of one ex-owner could not be traced.

The over-great majority stayed on despite their, almost ritual, complaints about the unfair price obtained for their equity and despite their grumblings about expropriation and theft. From the interviews I concluded that there are three reasons for this behaviour. The majority of Lebanese literally do not have anywhere else to go and to build up an economic existence. Indigenisation came at a time of rapidly growing demand for substitute manufactures and, however adverse national legislation, as most managing directors admitted, one can still make a lot of money, a 20 per cent return of capital being the norm rather than the exception. Most importantly, most alien owners were confident that they could retain control over the business and especially over their sources of profit which need not be the conventional ones declared in the accounts, despite Nigerian ownership. This was true for Lebanese and other firms, but more especially for those that were tied to a parent company abroad.

Three sets of questions dealt with the relationship between alien owners and their new Nigerian shareholders who nearly always became directors of the board. It was customary to appoint a Nigerian Chairman of the Board of Directors. The organisational structure and culture of the companies varied
enormously but these variations bore little relation to size of capital or turnover. Companies of comparable size and activities could as easily be found to be run from a poky little shed in a backyard as from a two-storey glass panelled modern building with wall-to-wall carpets, electric typewriters, etc. The former would always be Lebanese, the latter both Lebanese and other foreign-owned. In the former case there would often be little division of management functions nor any formal structure of control. Board meetings would be called 'whenever it is necessary', which after a little promoting from me was translated into 'once or twice a year'. In the latter case a formal organizational structure always accompanied the modern appearance of the buildings. There would be an AGM once a year, regular board meetings every three or four months, and management functions would be clearly distinguished.

I assumed that foreign owners having to divest 40, or even 60 per cent of their shares would try and find alternative ways of control retention. Partly the answer was already discovered in the selection procedure of shareholders. Alien owners often openly admitted to handpicking their shareholders from such backgrounds as would minimize their future meddling: 'They have been friends of the family for a long time; my father used to do business with them'. 'They trust us' would be a typical reply of the Lebanese, or 'They are too busy with their trading interests. We each do our own jobs and leave each other alone'.

One set of questions dealt with the degree of involvement of the Nigerian director/shareholder(s), the nature of their activity on the board and their display of interest in the company. In eleven cases, at least one Nigerian director was actively involved on more than a board meeting basis. In twelve, Nigerian directors were only active at Board meetings. In eighteen, Nigerian directors were not involved at all, and regarded as sleeping partners.

The degree of active involvement of Nigerian shareholder/directors was in fact higher than I had anticipated. I had thought that the high degree of concentration of share ownership would mitigate against active involvement. The big Alhaji's with the largest amounts of stock were reported to be the most active. However, I had also supplied the interviewees with a list of 'areas of involvement'. These were: choice of production technique; expansion or contraction; choice of suppliers; choice of customers; costing and pricing; payment of dividends; labour policies; and back borrowings. Even in cases of reported 'active involvement' decisions concerning production techniques and supplies (e.g. of inputs) are never discussed with the Nigerian directors.

As suggested earlier, in developing countries control over the direction of industrial development and the rate of capital accumulation hinges really on control over production techniques and supplies. As long as foreigners decide what technology shall be used, where it shall come from and how much shall be paid for it, one can't really maintain that the Nigerians acquired control along with their ownership of foreign enterprises. Such separation of ownership and control, whilst relevant in all cases, is more pertinent and irreversible in cases of subsidiaries of overseas parent companies (fourteen in our sample) who tie up foreign management control in so-called technical agreements. For such companies, indigenisation is a welcome development. The interest of the contemporary transnational company is in control of markets rather than in immediate profits. Control of markets is obtained through transfer of product specific technology. Increasingly, these parent companies themselves graduate
from making consumer goods to making producer goods that are patently specific for their brand of consumer goods. Equity involvement by Nigerians, who in a preceding period were their main distributors, is seen as a welcome development in the stabilisation of market outlets.

The Comprador Role of the Nigerian Shareholder

The interviewees were presented with a list of comprador activities or forms of assistance that they might or might not expect and get from their Nigerian directors. Naturally, the word 'comprador' was not used. Interviewees were simply asked what they, on their part, expected from their Nigerian directors, and how they thought their Nigerian directors could contribute to the interests of the Company. This question usually prompted a general reply such as: 'We don’t ask them to do anything', or: 'For everything that has to do with government we use them'. It was only after this that I would produce a list of specific activities asking the interviewees to tick off which of these things they ever asked their Nigerian directors to do for the company, e.g., expatriate quota facilitation, acquisition of land, government contract broking, contract broking, wholesale distribution, facilitation of bank overdrafts, facilitation of import licences, lifting of export duties, general influence on government, price control and other general policies.

Answers again were divided into three categories. Twenty interviewees stated firmly that their Nigerian directors never did anything for the company, although some of them admitted that it would be nice if they would. Nineteen out of these twenty were the same companies that had reported non-active directors in terms of business decisions. Lebanese owners would often say 'We have better relations with the bureaucracy than they have', and 'We don’t need them to do anything for us'. Twelve interviewees admitted that their Nigerian directors helped them a great deal, in pleading on their behalf for expatriate quotas, in lifting government restrictions and in obtaining import licences. Four interviewees ‘used’ their Nigerian directors sometimes, when they had explored every other avenue. Some in these latter two categories were alien owners who had never used Nigerian shareholders before, but who now claimed that since the latest decrees ‘everybody has to do his own bit’. Again, the biggest Alhajis with the largest investments were also the most active on behalf of their companies but only when they had a sizeable stake in them. Where their interests were relatively small, the company management would complain that these Alhajis were ‘too big to bother’.

On the whole, there was a tendency amongst the foreign community to think that now that the Nigerians had such a large stake in the firm it was time they did something to earn their living. The comprador activities listed were not regarded as other than ‘fair’ forms of co-operation from Nigerian shareholders of whom many complained that ‘all they are interested in is dividends’. Indeed, it may well be that ‘comprador’ activities, for many years condemned as corrupt and unpatriotic practices, have finally obtained new legal status. One German industrialist who had just signed a joint venture contract with a big Alhaji in Kano showed me the Memorandum of Association of the Company which stipulated the contributions of both parties. Forty per cent of the capital in the form of equipment was to be supplied by the Germans as well as servicing and management at an agreed price, 60 per cent of capital in the form of cash to be contributed by the Nigerian. Also the Nigerian partner would ‘undertake’
to obtain all necessary permits, licences, land, and expatriate quotas needed to make the venture operational. Indigenisation definitely seems to have oiled relations between international capital and local elites.

**Indigenisation and Industrialisation**

Lastly, we turn to the effects of indigenisation on capital accumulation in industry and its labour absorption rate. A number of questions in the interview schedule dealt with the size of paid up share capital before 1973 and to date. Where increases had occurred in the size of equity, interviewees were asked to indicate the method of these increases, namely, revaluation of assets (20); capitalisation of reserves (9); fresh capital injections from abroad (5). The decrees have had a tremendous effect on the size of reported equity. Before the promulgation of the decrees, companies used to minimize their reserves, paying for expansion out of profits without adjusting the book value of their assets, in order to facilitate tax evasion. This strategy obviously backfired with the announcement of the decrees which pegged the sale value of a company to the book value of its assets. Hence, the sudden rush of revaluations and capitalisations most of which were indeed accepted by the authorities. In all, twenty seven companies admitted to practices of revaluation and capitalisation as a result of the decree; their total paid up capital was revised upwards by over 100 per cent from a combined N7m to N15m.

Of course, revaluation of assets and capitalisation of reserves are only book-exercises and do not by themselves reflect a form of capital accumulation. However, one may be excused for concluding that real capital accumulation nonetheless occurred for, most often, and certainly since the second decree which insisted on the practice, companies would instead of selling a percentage of existing stock, use the revaluation exercise to issue new shares up to a level needed to comply with the decree. Assuming that Nigerians did pay for this new issue, although it was rumoured that they often did not, the cash inflow from this new issue would have to go into the company’s reserves since the owner did not in effect sell his existing stock and could therefore not remit abroad where presumably it would be available for new expansion. One possibility which technically speaking is not illegal would be for the company to ‘loan’ the cash flowing into reserves back to the Nigerian purchaser. Since this would be an issue regarded as sensitive by the interviewees, my research data are insufficient to give a satisfactory answer.

More importantly, and less ambiguously, we may assess the positive effect of indigenisation on industrialisation if we look at its selective pressures. The first decree had placed all trading and transport firms under schedule I (100 per cent Nigerian) and consequently, foreign capital that was traditionally involved in this sector (especially Lebanese) if it were to stay in Nigeria at all had to concentrate on industry. This did indeed happen. All five companies included in the survey that were set up since 1976 were formed with this ‘transported’ capital. A more comprehensive survey of all post-1976 companies would undoubtedly affirm this trend.

Finally, a word about the labour absorption rate of Kano Industry. The industrial establishments in the survey varied greatly in the number of workers they employed. Generally, the Lebanese firms were, and still are, the more labour intensive, frequently using relatively simple methods of production and employ-
ing several hundreds of workers with an equity of around N500,000. British, German and French firms are on the whole more likely to be found at the other end of the continuum, e.g. they are highly capital intensive with equities near the N million mark, and they employ very much few labourers. If indigenisation has at all had an effect on the amount of (recorded) capital in industry, its effects on the growth of the labour force are yet to be awaited. In 1973 the total number of labourers employed by the 49 companies of our survey totalled 9,452. By July 1978 these same 49 companies recorded a total of 11,553 labourers.

Conclusions
The indigenisation programme has been effective mainly as a device for harmonising foreign interests with the financial interests of a small class of indigenous entrepreneurs. To the extent that the government has made funds available, through banks, to permit this small class to buy shares and at the same time has implemented its indigenisation programme in a way that depressed the compensation to be paid for the foreign equity, one may speak of a degree of expropriation of foreign interests under state tutelage for the benefit of a small elite. The concentration of indigenous shareholdings in industry in Kano since 1972 confirms this point.

An enquiry into the nature of the relationship between alien owner/manager and the new Nigerian directors reveals firstly, continued control by foreign capital over the productive process and the accumulation of capital arising therefrom, to an extent no longer commensurate with the size of foreign equity. This situation is the combined outcome of the technological determination of the production process and of the continued mercantile orientation of the new Nigerian industrial elite. In the longer run this situation may adversely affect the industrialisation programme as foreign corporations are frequently more interested in re-investment and growth than the few ‘big’ men who demand large dividends which will be diverted into their more immediately profitable mercantile ventures. Secondly, it reveals a still closer alliance between the Nigerian elites and foreign capital in a manner which suggests official acceptance of the former’s ‘comprador’ roles in assisting foreign dominance. In fact, indigenisation may well adversely affect control over foreign investments by central government.

Finally, whilst indigenisation has helped to redirect foreign investments into industrial activities and has moreover greatly enhanced the reported size of these industrial activities, it has not yet had a corresponding effect on the amount of labour employed in industry.

Notes
The term ‘transfer pricing’ refers technically to the practice of parent companies to fix ‘administrative’ prices to regulate their intra-firm transactions. Since Vaitsos’ (1970) much reproduced study of the negative consequences of such practices in the pharmaceutical industry in Colombia, it is often assumed that these prices can be arbitrarily altered by the parent company in order to compensate for negative local legislation affecting the profits of its overseas subsidiaries. However, national governments in UDC’s (including Nigeria) are quite aware of such practices and have sometimes succeeded in establishing efficient trade inspection organs which scrutinize prevailing prices of the patented technology in their foreign owned industries. The more wide flung the trading empire of a multinational is, the more likely it is that the prices of its various intermediate products are catalogued to serve its subsidiaries worldwide. In these circumstances there is amply scope for national governments to intervene when prices for imported technology vary from the recorded price.
point about surplus-extraction is that this recorded price itself is a monopolistic technological 'rent' and the main source of surplus profit in the period of Late Capitalism (cf. Mandel 1972).

These data were obtained from a list compiled by the State Ministry of Trade and Industry and dated January 1978. The list gave names and addresses of industrial establishments, the nature of their activities, their turnover, paid-up and authorised capital, and the number of workers employed. This list, which is updated every year, is unfortunately not as useful as it seems. Lack of co-operation on the part of the industrial firms means that most figures are merely repeated every year.

'Alhaji' in common parlance refers to 'businessman'. In the part the term used to confer religious status (he who has been on the Hajj — i.e. to Mecca). Since only the rich could afford to go to Mecca, the term over time came to mean 'rich man' or 'rich businessman'. The sample of respondents in the later discussion is somewhat similar than before, and may vary with different questions. The reason for this is that a small number of companies were owned by the same foreign owner/manager and, obviously, he would not be asked for his opinion twice when relating to the same material. On the other hand it once occurred that a foreign owner had different Nigerian participants for different companies, in this case he would naturally be asked about his opinion of these different sets of shareholders. Three companies had become 100 per cent Nigerian owned, and therefore fell outside the scope of this part of the survey, whilst three more refused to be asked about their opinions at all.

References
Apartheid and the Organised Labour Movement

Francine de Clercq

Despite the superficial impression of stability, the South African regime is in a state of crisis, both political and economic. The regime's most obvious reactions have been the Soweto massacres, the escalation of bannings and harassment of individuals, the torture and death of detainees. But the South African ruling class is aware that such repressive measures can only buy time. Thus alongside the repression, important internal debates are going on within the ruling class over the nature and scope of concessions necessary to buy over certain strata of the black population to act as a buffer between the while ruling minority and the black masses. The debates are about what flexibility is necessary under the new conditions of class struggle in South Africa, but in no way envisage fundamental changes in the apartheid framework. One important aspect of the debate focuses on the system of industrial relations. Its present crisis means it requires substantial adaption to the new situation. New ways need to be found to organize relations between the State, the employers and the workers, and to coerce the black labour force into more effective institutions of labour control and discipline.

Before looking at these changes, we must realise the significance of the organized labour movement within the overall class struggle. Trade unions are only one form of organized workers' struggle under capitalism and are thus not the sole gauge of the strength of the working class.

In South Africa, the system of industrial relations developed on a dual basis. Since the 1920s the state has incorporated the trade unions of the white, coloured and Asian workers into its effective mechanisms of control, while devising alternative channels of industrial representation for African workers in the form of in-plant management-dominated committees. Despite official recognition, the registered trade unions have managed to organize only a small proportion of the workforce. In 1951, the unionised workers in the non-agricultural sectors (where they were registered to operate) was 39.1% for whites (or 288,500 members) and 19.5% for coloureds (people of mixed parentage) and Asians (or 76,000 members). By 1960, the proportions had altered to 32.2% (or 333,300 members) and 19.8% (or 111,500 members) respectively, and by 1977 they were 29.9% for whites and 33.1% for Asians and coloureds. The relatively low number of unionised workers owes much to the recruiting strategy of the registered unions which has traditionally been confined (with some exceptions like the Garment Workers Union) to the upper brackets of the skill hierarchy of the
white, coloured and Asian manual labour force, in fact a falling proportion of
the labour force as the structure of production and the racial composition
of the labour force change over time.

The denial by the state of basic rights of African workers to organize and par-
ticipate in collective bargaining has not contained African workers' militancy.
Nor has it blocked the formation of unregistered African trade unions. Indeed,
at every period of rising African militancy new African trade unions emerged
among the unskilled industrial workers, although they never managed to sustain
large-scale organizations. Thus the African trade union movement began during
the late 1920s, reached a peak at the end of World War II when the members of
the Confederation of Non-European Trade Unions (CNETU) totalled 158,000.
By 1950, African unions had collapsed; membership fell to 38,251 or 12%
of the African manufacturing workforce. By 1961, at the height of the national
struggle, union membership for Africans was up to 59,952 or 19.5% of the
African labour in manufacturing. After the smashing of the nationalist move-
ment, the African unions simultaneously collapsed and membership fell to
16,040 in 1969 or 3%. It rose again in the 1970s, reaching membership of about
110,000 or 15% of the African industrial work force in 1976.

The Emergence and Early Years of the Organized Labour Movement
The divisions of the South African working class along racial lines derives from
the different ways the racial groups have been proletarianized especially in gold
mining. The mineowners needed a relatively skilled labour force to operate and
maintain the heavy machinery required to cut through hard rock in deep level
mines, and got them imported from Europe. Because of their skills and their
central role in production, these workers managed to win high wages and
monopoly control over access to skills and jobs through strong, exclusive craft
unions. In sharp contrast, African workers entered production as unskilled
migrants, expelled from the land through a process of colonial and military
conquest which forced them to live in impoverished areas, called African
Reserves, where they were no longer able to survive without recourse to wage
labour. They were herded into hostels and compounds on the mines and were
denied basic rights such as the right to organize, gain access to collective bargain-
ing institutions and to strike. The pass laws were also developed to control the
movement of African workers and to distribute them among the white-owned
farms, mines and factories. Whites were granted political rights, but a rigid form
of authoritarian control was exercised over the black population.

It was out of the various expressions of African resistance and militancy at the
beginning of the 20th Century that the Industrial and Commercial Workers
Union (ICU) emerged. The ICU was more of a mass resistance movement group-
ing African intellectuals, tribal chiefs, religious ministers and workers and
struggling against all aspects of racial discrimination. As the process of secondary
industrialisation developed in the '20s, new industrial unions started to organize
white, coloured and Asian workers irrespective of their skill. The Communist
Party played a leading role in these registered unions, some of which came to
constitute the left wing core of the registered union movement; by the late
1920s, African workers became organized, also with the help of the Communist
Party, in parallel industrial unions.

Renewed militancy of both black and white workers in the early 1920s and the
emergence of instances of interracial workers solidarity prompted the State to intervene directly by crushing the white workers' Rand Revolt in 1922 and later by passing the Industrial Conciliation Act of 1924. This Act tried to institutionalise and effectively regulate industrial conflict but it also institutionalised and reinforced the racial divisions among workers. White, coloured and Asian workers were granted the right to belong to state-approved trade unions which enabled them to represent their members on statutory bodies (the industrial councils) within which wages, working conditions and the racial allocation of jobs for the whole industry were negotiated together with the settlement of disputes. African workers were represented by a State Labour Department official, while their own trade unions were prohibited from registering in terms of the Act although they were not declared illegal. Thus the IC Act divided the labour movement by providing negotiating machinery for the organized workers of the private sector (excluding the mines), while the Wage Act catered for the unorganized, workers of the public sector and the bulk of the African labour force. It also severely limited the right to strike and removed the focus of collective bargaining away from the shop floor to highly centralised industrial councils. The State also tried to buy support from white workers through job reservation and new civil service jobs for whites only.

The response to the IC Act differed. In general the registered unions welcomed it but some mixed (industrial and craft) unions protested. These 'rebel' radical mixed unions were subjected to intensive state repression and employers' victimisation. Further pressure on non-racial unions came from the Reformers' (the future Afrikaner Nationalist Party) campaign to infiltrate the labour movement. By playing on the insecurity of the white workers, they stirred up nationalistic and racist feelings among white workers as part of a broader political strategy to win a political victory for Afrikanerd. By the mid-1930s, a combination of craft exclusory practices, racially discriminatory state labour legislation, and ascendancy of Afrikaner Nationalist ideology had managed to further entrench racialism in the South African working class and its organization.

The Organized Labour Movement and Mass Resistance
Black workers continued to resist the state and employers' onslaught on their conditions throughout the 1930s and 1940s in various forms which were outside the officially legalised labour field. During the Second World War, African unions re-emerged with the assistance of some communist party members. Industrial expansion and full employment resulted in the advancement of African workers into more skilled and therefore more strategic positions and contributed to increase their bargaining power and their overall political weight. Strikes, riots and urban unrest occurred despite the attempts by the Communist Party and other union leadership to prevent the workers from striking at a time when the ruling class was on the defensive. Stein has shown how the policy of the Communist Party and the Confederation of Non-European Trade Unions at this time was to unite with other national forces and support the Government war effort against fascism. In several instances union leadership held the workers back from striking in strategic industries. The militancy of African workers whose living standards were falling rapidly reached its peak in 1946 with the largest African industrial strike on the mines which involved more than 80,000 workers. Such militancy prompted the state to intervene and smash the strike, using guns and bayonets to send the workers back to work. However, state repression alone is not enough to explain the considerable setback in African
workers' militancy which occurred after the war; equally important was the misleading strategy of the union leadership which capitulated to the war effort and actively demobilised African workers in revolt during the war years, leaving them unprepared for the 1946 miners' strike.

At the same time, the state realised that coercion alone could not control black workers and proposed the incorporation of black workers into state-controlled structures. The Botha Commission of 1951 recommended bringing African unions under separate industrial conciliation machinery. Instead, however, partly because the African trade union movement had virtually collapsed by the early 50s, the ruling Nationalist Party passed the Bantu Labour Settlement of Disputes Act in 1953. This Act sought to counter the development of independent African unions by offering an alternative forum for consultation only in the form of in-plant committees, hoping thereby that the unions would 'die a natural death'. Later on, the Industrial Conciliation Act of 1956 was passed which forced the unions to split along racial lines and reserve certain job categories for specific racial groups.

Thus, by the mid-1950s, relations had crystallised into a form closely resembling today's. At one extreme, the Christian national unions were allied with Afrikaner Nationalism and affiliated to the South African Confederation of Labour, relying heavily on the State to protect their members' jobs and priviledges. At the other extreme, the non-racial unions sought to break down the formal differentiation into unregistered and registered workers by organizing them together on an equal basis. They were allied politically with the African National Congress and insisted on the inseparability of the industrial and political struggles. These non-racial unions which belonged to CNETU in the 40s, were drawn into SACTU, the South African Congress of Trade Unions, in the mid-50s. By the late 50s, they were tending to put forward broad nationalist demands and were participating actively in the nationalist campaigns of the time, too often (except for the Food and Canning Union) at the expense of shop floor organization around genuine workers' demands and of mobilisation of the workers as an independent political force. In other words, sections of the union leadership redirected the focus of trade union organization and subsumed the workers' interests to petty-bourgeois nationalist interests in the political struggle. Between these two poles, the bulk of the South African trade unions sought, without challenging the differential framework of the industrial relations system, to secure and improve their members' immediate interests under rapidly changing conditions of work. These unions, the majority of which belonged to the Trade Union Council of South Africa (TUCSA), a mixed federation of registered unions, tried to resist the employers' tactic of using cheap unorganized African workers by urging the Government to allow them to organize the growing African industrial labour force. Although declaring their intention of becoming completely integrated, these unions were in fact acting out of self-interest (as they are today), wanting to open their ranks to Africans in the hope that they could thereby subordinate them to the registered unions within the existing collective bargaining system.

This dual system of industrial relations meant that the employers were faced on the one hand with a highly paid and well organized white labour force enjoying job and wage protection and on the other hand with a relatively cheap unorganized African labour force as well as being ensured of state support in
controlling and disciplining that African labour force. In other words, the employers were guaranteed a relatively cheap, racially divided labour force in return for granting material concessions for a stratum of white, coloured and Asian workers (although each to a differing extent) which constituted a diminishing proportion of the industrial labour force.

The fierce resistance waged by the African nationalist movement was finally defeated under the might of state repression culminating in 1960 with the Sharpeville massacres, the subsequent arrest and imprisonment of the political activists and the hounding into exile of the remainder of the militants of the 1960s. The chopping off of the leadership of SACTU contributed to the collapse of some unions, especially those which had very little shop floor organization and weak democratic structure and allowed a more economically oriented leadership to gradually take over and redirect trade union activities towards strict bread and butter issues. Thus a combination of state repression and misdirected union leadership contributed to the collapse of non-racial independent unionism. The exploitation of the black labour force intensified throughout the 60s under conditions of rapid economic development and the massive influx of foreign capital; it went virtually unchallenged (on a co-ordinating basis at any rate) until the spate of strikes from 1971 onwards, which provided the impetus for a new wave of independent African trade unions.

The Organized Labour Movement Today

By the early 70s, great price increases in essential commodities such as food, clothing, fuel and transport had lowered the real wages of black workers. In addition, unemployment among blacks was estimated at a record level of 2 million, or 10% of the economically active population. These further attacks on the living standards of blacks were at the root of the numerous strikes, riots and lock-outs which took place both at the point of production and in the townships in the early 70s. This urban unrest culminated in the 1973 Durban strikes in which more than 60,000 workers took part. From 1973 to 1976 the number of African workers never fell below 30,000, whereas the number had never risen above 10,000 during the 60s. The trade union organizations which the African workers threw up developed rapidly, consolidating their position on the shop floor. The employers' short-sighted view of maximising their profits had led them to pay little attention to the development at the point of production of co-optive machinery to contain working class militancy, and thus maintain high profits in the longer term.

In response to this change in the balance of forces the state and the employers co-operated in an intensive campaign to introduce a new system of in-plant liaison committees under the 1973 Bantu Labour Relations Regulation Act. By 1976, 2,000 liaison committees had been imposed in factories employing about 600,000 Africans, most of whom regarded these management-dominated committees with considerable suspicion and apathy. Apart from this official form of African industrial representation there were 26 African unions with a total membership of 110,000 operating by June 1976. These unions exposed the ineffectiveness of the management-dominated committees and provided workers with an alternative of bargaining institutions which defended the workers' interests independently of both the employers and the white-dominated registered unions.

The African unions at this time were all unregistered and legal. However, there
are two types of unregistered unions: independent and parallel. When the independent non-racial unions developed in the 50s as a result of African workers' demands in protest against the racially discriminatory practices of TUCSA, the latter accelerated its paternalistic policy of promoting African 'parallel' unions. The distinctive feature of these parallel unions is, as we noted earlier, the explicit control by the parent union over the policy and practices of the parallel union. TUCSA's intention was to incorporate African workers and their unions in the name of workers' unity and of multiracialism (as opposed to the non-racialist principle advocated by SACTU) in the same way they had done earlier with the coloured and Asian workers and their unions.

The independent unions of the 1970s rejected TUCSA's opportunistic attitude towards African unions and its compliance with the existing state-differentiated system of industrial relations and, instead, opted for broadly-based industrial unions run democratically by workers' executives with control over staff and policy and with strong shop floor organization. In addition to these democratic unions originally assisted by the Trade Union Advisory and Co-ordinating Committee, TUACC, there were other African unions assisted originally by the Urban Training Project which tended to be more bureaucratically run and which rejected the involvement of non-Africans in the unions. The state and employers have proved historically to be far more open and tolerant of the parallel African unions and have been suspicious of independent unions (and even more so of non-racial independent unions), fearing that they might be used as a political platform for African workers to express their frustration and grievances. These independent unions have experienced bannings and harassment of union officials by the state and concerted victimisation of union members by employers. Despite this repressive climate, these independent unions have organized more workers and on a more solid and continuous basis than the parallel unions whose structures prevent democratic participation and whose paper membership is mainly based on funeral benefit schemes.

Besides the mushrooming of industrial organizations, the resistance of the African population expressed itself in the townships and culminated in June 1976 in the bloody uprisings and subsequent urban unrest, including mass strikes and stay-aways when more than 500,000 Africans were involved throughout the country. The new dimension and scale of African resistance posed a challenge to the state and the employers' control over the black population and were a clear warning to the apartheid regime that its mechanisms of discipline needed some readjustment if the momentum of the struggle was to be halted. The full might of the apartheid regime with its arsenal of repressive and military weapons was no longer sufficient in the face of the revolt of the black population.

In 1977, the Government appointed two commissions of enquiry: the Wiehahn Commission to investigate the state of legislation and the Riekert Commission to revise the influx control system and other labour related matters. These two commissions must be seen as part of a broader state strategy aimed at restoring political and economic stability (and ensuring higher profits in the longer term) by finding new allies among the black population. The state was seeking to broaden its social base by creating a co-opted leadership from the black middle class and a labour aristocracy who could be won over through the granting of some privileges and would thus serve as a buffer against the bulk of the black population. This new strategy was bound to generate hostility and resistance.
from the Government's traditional allies among the lower ranks of the white population — i.e. the white petty bourgeoisie and the white working class. In this period of political and economic crisis, the state was forced to take away some of the white workers’ privileges in order to be able to respond to black workers’ demands for better working and living conditions and to defuse the growing black militancy. In March 1979, two months before the publication of the Wiehahn Report, 9,000 members of the white Mine Workers Union struck in sympathy with a few white miners on strike to protest against the relaxation of the job colour bar on a particular mine. The strike, which was intended as a show of strength and a warning to the Government, fizzled out after a few days. This rapid collapse was partly due to the relative isolation and lack of industrial muscle of the MWU members, and also to the insecurity of the white union members in the face of the tough stance taken by the Chamber of Mines in refusing categorically to negotiate after having secured Government approval and backing.

At another level, the Wiehahn Commission must be seen as acceding to the demands of big business which had suffered since the mid-60s from serious labour bottlenecks and inefficient utilisation of labour resources. With the deepening of the crisis in the late 70s it was becoming more crucial to open up skilled jobs to relatively cheaper African workers, to stabilise some sections of the urban African labour force, to eliminate formal racial discrimination at the work place, and to ensure a better control over the black labour force.

Finally, the Wiehahn Commission must be seen as a response to the growing international condemnation of institutionalised apartheid and various overseas pressures for a ‘deracialisation’ of the labour relations system. In 1977 under pressure from African countries, anti-apartheid groups and the international labour movement, several foreign Governments adopted various Codes of Conduct prescribing guidelines for the multinationals with interests in South Africa, urging them to follow some standard employment practices such as the abolition of racial discrimination at the workplace, the recognition of African unions, the advancement of Africans into higher and better paid jobs and a condemnation of the migrant labour system. In fact, these Codes were intended as an alternative to sanctions and other boycott campaigns. In this context, the Wiehahn Commission is clearly trying to defuse the various solidarity campaigns, and at the same time to offer the multinationals both a justification to continue investing in South Africa and a guarantee that the South African state is committed to restoring economic and political stability.

The general strategy was clear for Wiehahn: eliminate the sensitive focal points of internal and external opposition, coerce black workers into more effective control, win over some strata of the black population, and reinforce the state-imposed separation between economic and political demands.

The Government did not at first accept all the Wiehahn proposals, rejecting in particular the recommendations according to which all Africans should be made eligible for trade union rights and multiracial unions allowed to operate. Instead, with the amended Industrial Conciliation Act of September 1979, the Government enshrined in law the rights of only a proportion of African workers with urban rights and fixed employment (i.e., about 1.5 million Africans or ¼ of the economically active population) to belong to registered unions. The Act excluded migrants, commuters, domestic servants and Africans working on the
mines and in agricultural employment from the protection of the law, thereby reinforcing divisions among African workers. The Act provided for the establishment of a National Manpower Commission as a statutory body with wide discretionary powers to grant individual exemptions from the legislative provisions (for instance, allowing some migrants and commuters to belong to registered unions). The Act outlined a series of controls over the unions' finances, education and elections, as well as allowing for full registration on administrative discretion rather than legally specified criteria. However, in September the government had a change in policy and said trade union rights would be extended to migrant workers — at least those from inside South Africa's borders.

The response of the organized labour movement to the new Act differed and four groups can be distinguished:
1. The white-only unions which were forced to recognise the changes in the balance of forces and have accepted the Wiehahn argument that black unions could be more effectively controlled by being incorporated into state structures. More specifically, these unions argued for a gradual implementation of the Wiehahn proposals so that adequate safeguards could be established for the minority of white workers. The Mine Workers Union was the only union to take exception to this strategy and broke away from the South African Confederation of Labour over this issue.
2. The multiracial TUCSA unions which welcomed the Wiehahn proposals and urged the Government to extend trade union rights to all Africans and to allow multiracial unions in the hope that they could then more effectively control and dominate them in the collective bargaining system. The seven African unions which have affiliated to TUCSA since 1976 (with a total membership of 27,000) have indicated that they are prepared to accept the TUCSA unions' tutelage in order to get short term economic advantages which they hope will appease their members' frustration. These parallel African unions, and more that are in the process of being established, seem set on applying for registration.
3. The independent African unions affiliated to the newly-formed African-only South African Association of Black Trade Unions (SABLATU), (comprising seven unions with a total membership of about 20,000), seemed for a while to accept the need for an anti-registration front with the unions grouped below, but at the moment remain alone without any clear strategy towards registration.
4. The independent African unions affiliated to the recently formed non-racial Federation of South African Trade Unions (FOSATU) (consisting of 14 unions — 2 of which are registered coloured and Asian unions — with a total membership of 60,000), has formed a united anti-registration front with another 3 Cape unions (with a total membership of 18,000) to resist en bloc the terms of state registration in the hope of securing some changes in the legislation. They have accused the state of trying to break the unity of the unregistered organized labour movement and attempting to deflect their campaign against registration by granting certain exemptions from the legislation. Their objective to the terms of registration is three-fold:
1. they oppose the principle of provisional and compulsory registration;
2. they argue that the existing labour legislation denies the principle of freedom of association by pressurizing the unions to police themselves in selecting their membership and in maintaining racial bars on their membership;
3. they oppose state controls over the unions' finances, elections and education which constitute a serious obstacle for the unions' democratic structure and workers' control over union policies and practices.
In conclusion, it seems as if two points need to be raised in outlining a perspective on the future development of independent trade unionism.

The first is that undoubtedly the viability of the state’s new strategy to undermine and break up the independent union movement will depend on the strength not only of the organized labour movement but also of the working class as a whole. Secondly, there still remains the question of the relationship between the independent unions and other forms of political organization such as the Black Consciousness Movement or Buthelezi’s Inkatha movement. The political role of unions and political action in the industrial sphere have always been issues on the agenda of South African trade unionism. The question which remains today for the independent unions is to what extent are they going to continue focusing, in response to state pressure, on workers’ issues at the point of production alone. Their answer to this question will inevitably affect the degree of political dominance which black consciousness or black nationalist organizations such as Inkatha are likely to have on black politics in South Africa.

Bibliographic Note
This paper has benefited greatly from the on-going debates in the Southern Africa Seminar Programme at the University of Warwick, although I alone am responsible for this presentation.


Briefings

TOURISM IN THE GAMBIA

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There are a growing number of observers of the Third World who are coming to the conclusion that prescriptions for development are also recipes for dependency. This case study is an analysis of a World Bank/United Nations programme for the development of the Gambian economy through tourism. While in our view the assumptions which are explicit in this plan are common to most such development projects, it is unusual to find a plan in which the format for creating dependency is so clearly developed on the basis of explicit racist assumptions about the nature of Africans and African society. It is also rare to find such an unashamed articulation of the dominant aid agency philosophy of ‘modernization’, including the total redefinition of indigenous culture. As we attempt to illustrate, tourism in the Gambia was introduced by foreign business interests because of the high rates of return on investment, facilitated by a lenient policy of the government towards foreign capital. As an industry, tourism was so successful that it had reached the point by 1970 where it was already stretching the existing amenities. It could only expand if there were provision of more basic infrastructure. In the view of the foreign experts the ‘agrarian’ background of the indigenous population did not however prepare them for managing their own development and so, as the World Bank/UN plan was progressively implemented, it provided for an increase in the numbers of expatriates who would provide the expertise which the Gambians ostensibly lacked.

The Gambia entered the 1950s pre-independence period dependent upon one crop, groundnuts, having no all-weather roads anywhere in the Protectorate, and only one secondary school and one hospital there to serve over a quarter of a million people. The basic structure of the Gambian economy has not altered in the period since independence, although modest development has been made possible by the doubling of world market prices for groundnuts. This has increased the GDP between 1965 and 1975 from approximately 57 million delasis to an estimated 187 million dalasis (£1 (STG) = 4 dalasis). The country remains primarily agricultural with livestock, fisheries and farming activities employing 85 per cent of the active population. Although there has been an attempt to diversify the economy the Gambia remains almost totally dependent upon agriculture for its earnings of foreign exchange, 95 per cent of which is earned from groundnuts. Tourism accounts for about 6 per cent of the GDP and
foreign exchange earnings from this industry are optimistically estimated at about D4 million.

Employment has increased, but 90 per cent of this gain has been in the public non-productive sector. Some gains have been made in the transfer of foreign-owned assets to public ownership. All but two of the foreign trading firms operating in the Gambia have withdrawn. Most of the private modern industrial sector, however, continues to be dominated by foreign interests. The standard and coverage of social services have improved; the number of rural health stations have increased from 66 to 80 and the number of primary schools from 83 to 94. A total of 2,000 people are estimated to have an annual income of over D6,000, but 300 of these are expatriates.

Enrolment in schools has expanded, there were three times as many children receiving primary education in 1975 as at independence in 1965. Secondary school enrolment has almost doubled in that same period with 5,971 students in 1975. Education beyond secondary school remains limited to vocational and teacher training and the Gambia continues to be dependent upon overseas courses for university studies or specialized training.

Tourist agents discover the Gambia

In 1965, 300 tourists spent their holidays on the Gambian beaches. The following year the Vingressor Club 33 of Sweden brought 528 tourists and this company continued to be the sole tourist agency operating in the Gambia until the 1971/72 season when Danish and later British agencies started to bring tourists in as well. The number of charter tourists arriving in the Gambia has grown from 300 to 21,049 in just ten years.

Most of the tourists are Swedish or Danish, these two nationalities accounting for between 80 and 90 per cent of the total of air charter tourists. When tourism in the Gambia began, the dominant age-group was fifty years and over, but the age structure of the tourists has shifted, with the 30-49 age group now making up the majority.

The Gambia was also promoted as a tourist attraction because of its ‘stable, democratic government’ and the ease of communication, English being the official language. Moreover, the ‘interesting culture allowing attractive excursions’ and the ‘exotic atmosphere of Africa’ were particularly emphasised as marketable assets.

The obvious saleability of winter holidays in the Gambia by tourist agencies operating primarily in Scandinavia was firmly established by 1970 although the number of hotel beds had not quite doubled. There were some major problems involved in extending facilities for tourism. The liberal policy of the Gambian government towards foreign investment, taxation and duty on imported materials would certainly encourage the expansion of hotel facilities by foreign investors, but it must be recalled that the colonial government left the Gambia with very limited provision for power and water supplies and those amenities which did exist in 1965 were primarily limited to Banjul.

Tourism could not expand without the extension of such facilities. Foreign investors were eager to cash in on the untapped potential of tourism in the Gambia, but in order for the venture to be profitable, someone else would have
to pay for the necessary infrastructure of access roads, sewage works, communication systems, water and electricity supplies. Clearly the tiny airport with its corrugated metal runway would also have to be modernised. It was evident that the Gambian economy could not finance this kind of development. Tourism as a ‘development’ industry began to be promoted as the solution.

The Plan for tourism
In 1972 an area west of Banjul along the Atlantic coast was identified as a potential site for tourist facilities. Physical plans and engineering studies were subsequently carried out. The project was evaluated by a number of World Bank missions and found suitable for IDA credit. In their view, the infrastructure necessary for the expansion of tourism required the development of the present water supply and electric power systems serving the Banjul, Kombo St. Mary and Kombo North areas and their extension into the tourist and ‘labour support’ areas. (These latter areas referred to the new communities which, as shall be discussed shortly, were required to house the labour force serving the tourist industry.)

The power plant for Banjul required a switch to oil-fired generating. Telecommunication facilities had to be extended to the tourist and labour support areas. Sewage and solid waste disposal had to be provided for the tourist hotels. Access roads along with secondary roads and pedestrian paths between resort sites and within the labour support areas were also to be constructed. The resort sites also required public beach facilities and shopping areas. The scheme also included the establishment of a hotel training school for 50 students. This required funds for construction and equipment of classrooms, as well as for technical assistance. A food storage and marketing programme was included in the list with the aim of increasing the proportion of locally produced food consumed by tourists to reduce imports. Funds were also needed for the establishment of a project management unit, to finance a promotion campaign to attract foreign investors to the tourism sector, for studies of the socio-economic effects of international tourism on development of the Gambia, for research into the use of groundnut shells as an alternative fuel for electricity generation, and for a wide array of technical assistance.

Funds became available from the African Development Bank, the Kreditanstalt fuer Wiederaufbau (Credit Bank for Reconstruction) and the World Bank to finance a five year programme, The Tourism and Infrastructure Project, 1975-80. In answer to the question of how much tourism was going to cost, one observer replied, ‘The Gambia is pledging $2.1 million directly, plus $9.2 million from outside donors (which could be better spent elsewhere), plus expending all its internal staff and resource efforts to this industry when energies could be otherwise directed, e.g. rural development. And this means tying up funds and resources until 1980, though the World Bank programme will probably need to extend it longer’. These totals do not, it should be noted, include the $5 million plus which is being borrowed to build an international airport.

What is in it for the investor?
Before examining the question of the relative economic benefits to the Gambia arising from this concentration of investment in tourism, let us look at the potential gains to the foreign investor. The information upon which this analysis derives is from hotel feasibility studies prepared by a foreign consultant, Hans
Munk Hansen. At the moment tourism is limited to the six months winter season, but data from the monthly distribution of visitors to the Canary Islands suggest that it is not unrealistic to expect that a small market for summer tourism in the Gambia could also be developed.

The tourism development plan of the Gambian government is supported by a policy of attracting foreign entrepreneurs and investment. The incentives include a number of concessions: an investment guarantee covering fiscal stability, repatriation of capital and the transfer of dividends and profits; relief from the payment of purchase tax and a refund of up to 90 per cent of duty payable on capital goods bought locally; duty relief on all imported construction materials and machinery; an income tax holiday of up to eight years.

Moreover, an investor may obtain a Development Certificate, and may, after expiration of the tax holiday period, carry forward and set off any net loss incurred during the tax holiday against chargeable income for six more years.

Investors were to be encouraged by the modest salaries which would be paid to staff. The breakdown of employment required was outlined as 5 per cent expatriate managerial and supervisory employees, 50 per cent skilled local employees (waiters, room-boys, barmen, reception staff, junior cooks, and maintenance personnel), and 45 per cent in less skilled occupations (ancillary kitchen staff, watchmen, gardeners, and cleaners). The monthly salaries for these three groups were estimated to be: expatriates — D1500; skilled local employees — D180; less-skilled employees — D130. Since local employees’ salaries are only paid during the tourist season, annual expenditure is thus reduced.

The feasibility studies included a financial analysis of the potential rate of return on investment in the industry and suggest investors may expect between 13.1 and 20 per cent profit depending on the class of hotel and assuming an interest rate of 8.5 per cent on capital invested with a repayment period of fifteen years. The economic life of the hotel structures was estimated to be in the region of thirty years.

What is in it for the Gambia?
Critics of the Government’s decision to develop the tourist industry have questioned the economic wisdom of the policy. Because of the large import requirements of tourism, net foreign exchange earnings have been small. Tour operators and hotel owners prefer to hire expatriates and, as a result, the impact on employment has been small. The feasibility studies estimated that 2,100 people would be employed. A recent survey by World Bank found only 1,100 local employees in this sector of the economy. The demands of the industry have obliged the Government to make large investments of money and other resources in it, thereby diverting them away from other and perhaps more important uses.

There are three direct sources of revenue to the Gambian economy from the tourist industry which can be measured with any degrees of accuracy. These include customs duties levied on foodstuffs, airport and hotel or ‘bed tax’. Eighty five per cent of the food consumed by tourists is imported at a dutiable rate of between 17.5 and 25 per cent. Bed tax is fixed at D0.5 per bed per night. (A warning to tourists: bed tax is added to hotel bill after the costs of accommodation have been computed. It does not, therefore, detract from hotel
The total of these earnings received by the Gambian government directly attributable to the tourist industry in 1973/74 was D1.48 million.

The tourist industry, economists promised, would provide employment opportunities. It has already been noted that this is limited to 1,100 people and for the most part, to the six-month season. A sociological study by Piel was cited as evidence that the manpower utilized by tourism would naturally rotate between working in the agricultural sector during the wet season and the demands of the industry during the dry season.

Even if employees were able to rotate between tourist and agricultural work, the harvest season coincides with the tourist season. Moreover, the World Bank survey showed that people do not alternate between farming and hotel work, indeed the majority have either never worked on a farm or only a very long time ago.

An examination of the economic study reveals other unwarranted assumptions about behaviour which have been arbitrarily assigned values and been included in the favourable analysis. While it was admitted that expatriates represent the largest portion of the wage bill (32 per cent), the economist asserts that most of them live more or less permanently in the Gambia. Therefore, he continues, the ‘leakage’ in foreign exchange will be only ‘somewhat higher’ for this group than for other Gambians (Facht 1976). This is due to the demand by expatriates for food with a ‘higher import content and their greater amount of foreign travel’. There are other avenues for ‘foreign exchange leakage’. The economist’s analysis did not include information on just how many service industries associated with tourism are themselves foreign-owned but in our short stay in the Gambia, we learned of two. The laundry/dry-cleaning establishment which serves the hotels is owned by a retired Swedish couple. Radio Syd, a commercial radio station operating in the Gambia and broadcasting in Swedish, is also foreign-owned.

The ‘intangible’ costs of tourism are subject only to informed guesswork. These intangible costs include the ‘negative demonstration effects’ resulting from the exposure of the Gambian society to the behaviour of European tourists. The costs resulting from the ‘shattering of existing cultural values and the increase in such social problems as begging, stealing and prostitution’ have been evaluated at D1.0 million! The ‘intangible costs’, however, of the implementation of the development programme designed for the tourist industry by the experts will have far greater consequences for the Gambian society than the already observed increase in anti-social behaviour. The evaluation of these consequences becomes a political question as to the kind of society thought desirable.

The Bufuloto plan
In 1971 the United Nations financed the basic environmental and physical planning studies as the necessary run-up to the allocation of loans for the provision of the infrastructure required for the further development of the tourist industry. Bafuloto refers to the region around the beach area which was to be allocated to tourism. Three ‘pre-investment studies’ resulted from the investigation of the United Nations ‘expert’ (Bolt). Their main purpose, however, was to convince the funding bodies and the Gambians of the total reorganisation of the society which was necessary to meet the requirements of the industry and that these changes coincide with those which are not only desirable but mandatory for any developing Third World society.
Fundamental to the argument are certain explicit assumptions about the characteristics of Africans and their traditional social organization which are incompatible with, indeed outright impediments to meeting the demands of modernization. The Plan aimed to provide the structural means to correct these deficiencies. Thus a palliative was offered to anyone who just happened to notice that tourism would not have the effect on the economy commensurate with the investment required: the overall effect of the programme would provide the fundamental needs of development in society. Tourism was simply a convenient catalyst which was at hand and it came to be described as a generator of national development, the various ministers within the Government as the 'potential clients', and by implication, the tourist agents and other foreign investors, as their 'patrons'.

The Plan envisaged the sale of twenty hotel sites to foreign investors increasing the number of hotel beds from 2,047 in 1976 to 7,000 by the end of the project. Because tourism is labour intensive, at least for six months of the year, some provision had to be included in the Plan to avoid the squalor of slum development and other problems associated with the rural-urban drift. These problems could be expected to increase in response to employment prospects. Although the expert did acknowledge that urbanization is always accompanied by certain problems and that its scale must necessarily be limited, urbanization in itself was not to be avoided. However, the expert was adamant that 'no known development occurs without urbanization'. The existing towns in the coastal region were considered too small to have the development effect possible in an urban setting and so two new towns were planned in the rural areas of Brufut and Kotu. The project would convert this agricultural area with a present population of 4,000 people into an urban complex accommodating 50,000.

By 'disassociating' the labour force for tourism from the existing urban centres, the Government, the expert argued, would be able to maximize benefits of this kind of development through strict control. The expert acknowledged that these two new towns would necessarily involve enormous expenditures and noted that 'the question is often asked why income derived from development of coastal land should be spent in that area. To put the question simply: “Why should we spoil the waiters whilst their brother farmers in the country remain primitive?”' (Bolt 1973:31). The answer is summed up in the notion of tourism as a 'generator'. The 'cultural goals' of urbanization, as expressed by the expert, are to increase the quality and enjoyment of existing cultures. Moreover, the cultural patterns achieved in the 'demonstration' areas are ultimately to determine the national pattern and so 'the policy is to promote existing cultures and access thereto, but not to bar access to those counter cultures which inevitably emerge with the cultural development of a people'. Thus the new towns provide the 'primitive brother farmers' with a model and the project areas will provide the 'stepping stones' for development which will reach, eventually, even the remotest villages.

The location of the new towns was also justified in terms of the aims of this kind of development. The new towns were to be located well back from the beach and tourist hotel sites.

The project aims to turn the potential cultural conflict between the population and the near constant stream of tourists into cultural stimulation, by a specific relationship of privacy and contact. The privacy is established by the maintenance of a 'space bubble' between the visitors and the visited, the contact is established through the visitors' interest in events
such as ‘fanal’ processions (festivals held at the end of Ramadan), drumming, music, dancing and in local crafts.

In short, tourists would be attracted to the Gambians. Each resort site was to be equipped with a ‘bengdula’ which, the expert explained, means ‘meeting place’ in Mandinkan, a local language.

The bengdulas provide sheltered stalls for the sales of handicrafts and souvenirs, and allow petty traders to conduct their business at the beaches rather than on the beaches. The bengdulas, a social experiment, are designed to prevent commercial squatting by providing traders with the best possible sites. At the points of highest tourist traffic density provisions are made for marketing modes and craft centres, the latter, spectacularly located under the proposed umbrellas of the water towers, are the gateways to Kotu and Brufut. The craft centres at the water towns symbolize that both ancient tradition and emerging technology contribute to the quality of life.

This arrangement would ensure that the beach was relieved of the ‘socially undesirable’ and such concerns as beach hygiene and maintenance would be easily catered for.

Changes in social organization required for development

The plan for the development of the coastal area to serve the needs of tourism required, as already noted, fundamental changes in social organization. The plan pointed out that established ‘static agricultural traditions’ must give way to new skills in market gardening and the plan identified suitable land for market gardening and it was to be reserved for that purpose. The indigenous administration system of the village where the Alkali or village chief governed, together with a council of elders must also be transformed and the ‘new town lands, Kotubanko and Brufutbanko, will fall under the jurisdiction of the municipal councils on which the Alkali serve only as councillors. The council is to be chaired by a professionally-trained and Government-sponsored Municipal Commissioner accountable to the Minister for Local Government Land and Mines’.

The land tenure system was also to be reorganized and legislation would introduce ‘a rationalized system of land administration’. The plan provided for such amenities as sanitation, water and power supply, and included definitions of the types of housing which would be permitted. A traditional compound type of accommodation built from indigenous materials would not be acceptable and legislation would require that only ‘permanent’ housing be approved.

‘The agrarian background of West African culture and the comparative newness of urban settlements has prevented the evolution of a system of urban government which satisfies present needs’ (Bolt 1974a:63). Therefore it is presume that the Gambia would be dependent under planning consultants for overseeing the administration of the urban development project and running the ‘labour support areas’. The necessity to enforce urban management regulations is emphasized because European tourists are ‘sensitive [apparently Gambians are not] to health and aesthetic standards and are quickly discouraged by deficiencies such as uncollected refuse stacked along the streets, odours and smoke from burning dump sites, litter in the countryside, floating debris, and scum on scenic water’.

One of the other side-effects of transforming the development areas into urban centres will be to alter the basic family unit which, in the Gambia, the expert informs us, has been the extended family. ‘The economic rationale of the extended family lies in the need to organize as many hands as possible in the provision of agricultural products for all. [It] is based on the assumption that
agricultural productivity is determined, not by quality of leader but the quantity' (emphasis added). With the change from agriculture to tourism and urbanization it was presumed that the extended family would disappear. Not only will the availability of outside employment reduce the labour force required for agriculture, but this new economic activity will provide 'the rewards [which will] promote a new material consciousness'. 'Material awareness', according to the expert, will ideally replace traditional values and a big family will come to be viewed as an expensive luxury. This particular 'agent' mistakenly believed that polygamy is based on differences in sex ratios for he points out that once people turn to monogamy, while this form of marriage may be economically attractive it may leave an 'undue number of women unmarried', hence leading to prostitution.

Tourism will encourage the disappearance of what the expert refers to as the caste system which he claims is associated with such occupations as woodcarving. The demand of tourists for arts and crafts will lead Gambians to view craft occupations as having higher status. Since one of the sources of foreign revenue to the Gambia is through tourist spending, the plan advocates that local products be available. It is well-known that carvings made by artists in West Africa are functional, there is no surplus. Trade in African art has motivated a considerable amount of effort to copy traditional art in order to meet commercial demand, but artists cannot work with sufficient speed to produce the quantity to meet the market of thousands of tourists in the Gambia each year. Moreover, the sale of copies of African art usually require that they look old and original. This takes time even though the ageing is accomplished through artificial means. The experts have the solution and the United Nations is presently engaged in starting a school to teach African artists how to mass-produce African tourist art.

The 'exotic culture' of Africa is often used by tourist agencies to promote tourism in the Gambia as well as in other parts of Africa. Juffure, the Mandinka village from which Alex Hailey (author of Roots) claims his descent, 'must be declared a national monument and protected as a traditional village to retain its appeal'. West African dress, dancing, drumming and crafts are other aspects of the exotic culture which attracts tourists. The plan for the new towns includes places acoustically designed for dancing and drumming; there was apparently no awareness that these arts have not been professionalized as in Europe and constitute an integral part of community life. Similarly religious activities are thought to require 'suitable sites and facilities' for expression of this aspect of the local culture. Wild animal imagery is also incorporated into the notion of exotic culture and although the Gambia has virtually no game left, the vehicles which transport tourists up-country for 'safaris' are painted with zebra stripes. Some excerpts from a Cooks advertisement are illustrative of these stereotypes.

The Gambia, a tiny part of Africa's immensity; a land in darkest Africa but bright with endless winter sunshine. The Gambia is an exciting and intriguing miniature of the dense jungles and great rivers of Africa and the strange sights of that strange land. A place where the pulsating rhythm of tribal drums and dance can still mystify and thrill; where hippos and crocodiles are still at home in the great river that is the heart of this land, and life itself for the fishermen in their dugout canoes is untouched by time. Unbelievably beside this scene from a Tarzan epic, the glorious . . . [need we go on?]

More serious than these banalities are those which include assumptions about the character of Africans. It is quite generally believed that Africans, if they did not
welcome colonial domination, they acquiesced quietly in the face of imperialist forces. This presumed passivity of Africans is lauded in the Bufaloto plan. ‘The Gambia is a traditional country where tolerance is part of the tradition. Without this, tourism could not have achieved the highest growth-rate in Africa’.

While they possess this very admirable virtue of receptivity, Africans unfortunately lack, according to the expert, many of the skills and character traits which are essential for carrying out their own development programme or for controlling or even managing the tourist industry on their own. Tourism, the government is solemnly warned, is a commercial enterprise and as such requires entrepreneurship, capital and much specialized skills as technical competence, financial ability, promotional skills and marketing talent. ‘Gambian private enterprise has so far lacked the right combination of these factors. The need to combine these factors in the right way presents an obstacle to Gambian private enterprise’.

The Bufaloto plan will help Gambians to overcome their (innate?) deficiencies by providing opportunities for commercial participation and by limiting the duration of hotel development rights to foreign investors to thirty years. This is the period which the expert deduced would be required for the Gambian’s educational level to be sufficiently improved to take over the management of their own industry. ‘The timing of such opportunities could be anticipated to coincide with the emergence of a generation of Gambians who have received training and experience in hotel administration and business management’. But, just a moment, have we not heard references to this period of thirty years somewhere before? The hotel feasibility studies included in their calculations the fact that the economic life of a hotel structure was thirty years. Does it mean that thirty years from now, just when the hotels are about to crumble, the foreign business men will reluctantly hand over to the Gambians?

In the meantime, while the Gambians are waiting patiently (may we assume that patience is a virtue associated with tolerance?) for the potential for profits to the foreign entrepreneur to decline, the plan provides opportunities for them to practice private enterprise along ‘the “market routes” in the kunda (settlement) which encourages commerce at the mini-level’. Having graduated from the mini-level, the plan includes opportunities for Gambians to move along through the next stages in their development of commercial skills. ‘The bengulas (meeting places) encourage participation in sales to tourists at an improved level. The shopping centres in the resorts provide a range of advanced levels of participation in touristic commerce’ (emphasis added).

The question of adequate education for modernity is also considered and the government is encouraged to expand the primary school system to accommodate 100 per cent of this age group, secondary schools for 50 per cent, while tertiary education should be limited to 5 or 10 per cent. However, the provision of schools in itself is not sufficient, attention must be paid to the content of education.

One move at the level of basic education which may stimulate an interest in related fields would appear to be the introduction of educational toys. At present, the stimulants normally available to children in other societies are unavailable in the Gambia.

The United Nations expert recommends that ‘the goodwill which many tourists have towards the Gambia’ should be exploited:
This goodwill is expressed in gifts of clothing, informal scholarships and assistance to associations. In the case of tourists from Sweden, there is an active Gambia-Sweden association which is assisting the Red Cross Society in the Gambia. It is proposed that national goodwill associations be encouraged to collect and forward, in lieu of clothes, educational aids and toys such as Quizenaire, Lego and Meccano, for distribution to schools throughout the country. The importation of clothes depresses promising weaving and tailoring industries, whereas educational aids would provide a foundation for the types of skills which are essential to development (emphasis added).

There is an irony in all these outrageous notions. Trading and commerce existed in West Africa on the basis of 'private enterprise' for hundreds of years before the colonial period. If the acquisition of these skills represents the highest form of human development, then the Gambians possessed them, and to such a degree that the long and hazardous sea voyage there was worthwhile for European traders from the fourteenth century onwards.

A window on an outside world
While acknowledging the fact that the socio-cultural problems associated with tourism are many, the report argues that 'There can be no developmental change without conflict . . . it is suggested that a determined effort in the project area be made to minimize the social cost of the conflict'. The very location of the 'labour support areas' is designed to minimize that conflict.

By simultaneous exposure of the children to both a traditional socio-cultural environment and external influences, it is hoped that a synthesis will be reached . . . The means of the experiment are three-fold: tradition/education/stimulation, the latter provided by the Badala coast, which is a window on an outside world.

Since this development programme is not to be limited to the project areas near the coast, but will serve as an example for the entire country, the report points out that 'This window is not proposed to be confined to the coast, the increasing touristic interest in the Gambia River enables touristic centres to be placed further up-river each year in the form of safari-camps reached by river cruisers'.

What will the Gambians see when they peer through this 'window' of tourism? Gambia is predominantly a Muslim society and beyond promoting tourism in the Gambia on the basis of its 'exotic African culture', tourists receive little or no information about the characteristics of this culture which might lead them to respect its values or conform to its standards of decency in public behaviour and dress. Although the plan aims to keep the Gambians out of the beach areas, no similar measures are taken to keep tourists out of the towns and settlements. Tourists appear to have few inhibitions about dress and it is common to see them clad in the briefest swimming attire strolling along the roads and shopping in the stores and market. Muslims congregate in large numbers on feast days to pray. Tourists find this phenomenon interesting and gather, clad only in beach wear, to watch the faithful.

There are other problems which have emerged. The expert who devised the Bufaloto 'window' admitted that 'disparity of income between visitors and visited is indirectly a cause of tourism and must be accepted as an integral problem of the industry', but he promised that the project would 'reduce the disparity' and that it 'particularly attempts to improve the distribution of benefits'. It is very difficult for us to see anything in the plan about how the distribution of any benefits is to be improved. Truancy among school children has reached alarming proportions because the youngsters are on the beaches begging from tourists. Theft has greatly increased and armed robberies on the
beach are becoming more common. While such crimes are common in many parts of West Africa, they have not been so in the Gambia.

While female prostitution is common, male prostitution among young Gambians is rampant. Middle-aged Scandinavian women, the age-group which predominates among tourists, openly solicit and the potential rewards for the young men concerned are not limited simply to the payments they receive. Many young Gambian men have been enabled by these women to travel to Sweden and elsewhere in Europe, a possibility which serves as an enormous incentive to young men employed at low wages in tourism. How many of them actually end up living in Sweden is not known, but one Gambian claimed that in the city where he lives there are more than one hundred. Their problems are so acute that he and some friends have formed an association to give assistance of various kinds. While we would not wish to imply that male prostitution is any more objectionable than female prostitution, it would appear that in this context the former gives rise to other more serious problems. These include the violent sexual crimes which are occurring with greater frequency on the beaches of the Gambia, and it is now considered unsafe to be on the beach alone.

There are other social problems which are increasing in association with tourism. Although marijuana grows wild in the tropics, traditional culture frowns on its use and the legacy of the imposed English law makes its consumption illegal. The tourists, however, represent a lucrative market for the easily obtainable drug. It appears that some exchange is also taking place as there is evidence that hard drugs are entering Gambia for local consumption through the agency of European tourists. While it may be possible for economists simply to label these matters as the ‘intangible costs’ of tourism, the reality of the situation makes nonsense of such platitudes as ‘Tourism in the Gambia has, so far, been marked by a natural genuine person-to-person interest of the population and the visitors, until now mainly from Scandinavia. The attitude is reflected in the expression, “Hello, my friend”...’

Conclusions
Tourism over the past two years has fallen off by an estimated 8 to 10 per cent. While most observers believe that this decline is only temporary, others predict that the trend will be exacerbated by the slow rate of growth in Europe and the United States. When the UN representative who was working in the Gambia in the Ministry of Planning in December 1977 was asked what would happen if the industry collapsed, his reply was: ‘Well, the Gambian government will still have to pay back their debt’. Given the limited resources of the country, it is hard to see just how this would be accomplished. Moreover, the Gambia’s indebtedness is not limited to loans associated with tourism. But even if tourism were to remain viable and attractive to the foreign profiteers, the future of the Gambia appears less than promising.

The development plan for tourism, as we have seen, encouraged and expanded foreign economic domination. It increased the Gambia’s dependency on and its sensitivity to economic fluctuations in the tourist-generating markets outside the country. Being such a high import and capital intensive industry, tourism has placed heavy demands on the Gambia’s foreign exchange balance and exacerbated the deficit position of its economy. It is estimated by one Swedish economist that out of each tourist dollar, 90 cents remains in Sweden. One
optimistic UNDP representative suggested that the dismal economic picture which we paint is only of a temporary nature. The Gambian government may gradually increase its profits from the industry by raising ‘bed tax’ and airport taxes. However, many tour operators have not risked their own capital in the tourist industry. Credit for such ‘development’ schemes is frequently guaranteed by the home government because they encourage further exports (the Export Credit Guarantee Board serves this function in Britain), as such, they are unlikely to respond positively to changes in economic policy initiated by the Gambian government. They can threaten to switch their operations to a more favourable location. Moreover, they have more powerful leverage to discourage any move which would decrease their profits.

Tourism has increased the disparities between the urban and rural areas and has had a seriously demoralizing effect upon the society. If the Gambians follow Bolt’s plan to its logical conclusion, the country will find itself utilizing trained manpower from outside the country in an ever-increasing number of positions, not only in the management of the tourist industry but within the government itself. The social problems which have increased along with the impact of the foreign visitors strain the ‘law and order’ services of the government and the increased manpower required to police the beaches in order to keep the Gambians away from the tourists are examples of the waste of human resources caused by the industry which could be better spent elsewhere.

Perhaps the most alarming aspect of the development plan which was initiated by the United Nations and the World Bank is the ideological nature of its assumptions. The racist doctrines which underly many such programmes, are in this case, exceptionally and starkly evident and African leaders should be alert to them. This plan, as we have pointed out, contains demoralizing innuendoes regarding the capacity of Africans to manage their own affairs. The traditional patterns of social organization are seen as handicaps to progress towards national goals. In this particular plan even the profiteering motives of the toy industries are promoted because African children are improperly socialized for the modern world.

Those African leaders who accept such views of themselves and of their own people provide fertile ground for the working out of these very thinly disguised manoeuvres. To break out of the vicious relations of dependency will at the very least require the rigorous exposure and rejection of the persistent stereotypes of Africans which are too frequently incorporated into such charlatan development programmes.

Bibliographic Note
In preparing this paper we were unable to obtain Esh and Rosenblum 'Tourism in Developing Countries - Trick or Treat?' In August one of us attended the International Sociological Association meeting in Uppsala and was able to visit the Scandinavian Institute of African Studies where we discussed tourism in the Gambia with one economist there. We were given a (last) copy of this paper. These authors reach much the same conclusions as we do, but they have had access to more substantial data regarding the social consequences and economic costs of the industry on the local situation. For example, they calculated that the average salary for workers was D66.16 and that 26 per cent of these were supporting seven to nine dependents on their salary. They note that at the time of their research (1974) a bag of rice which would feed a family of six for one month cost D30. Readers are encouraged to urge the Institute in Uppsala to reprint this valuable document. The full reference is Esh, Tina and Ollith Rosenblum 'Tourism in Developing Countries - Trick or Treat?, a Report from The Gambia', Research Report No.3, Scandinavian Institute of African Studies, Uppsala, Sweden.

INAPPROPRIATE PRODUCTS AND TECHNIQUES: BREAKFAST FOOD IN KENYA

Raphael Kaplinsky

Introduction
In recent years discussion in the related subjects of technical choice and appropriate technology has been concerned with two observations. The first is that choice of production technology is closely linked to product choice, such that the prior specification of product often determines the subsequent choice of technology. The second observation which concerns us here is that the combined effects of unequal patterns of income distribution, the demonstration effect on consumption patterns associated with the presence of expatriates and visits by nationals of udc's overseas, and the organized attempts to producers to influence taste patterns of consumers, have together led to demand structures which have facilitated the introduction of inappropriate products, and hence of inappropriate techniques.

We are concerned here to show how in one udc, Kenya, such a move from traditional, appropriate products to new, less appropriate ones significantly increases the nutrient cost to consumers and, moreover, results in the introduction of inappropriate production techniques. We have chosen to illustrate this with the example of breakfast cereals, comparing imported and locally made breakfast cereals with alternative foods, some of which have been consumed over very many years.

Traditionally Kenyan diets, although varying in different regions, made extensive use of maize and flour, frequently combining these with other cereals and legumes. Often, as in Southern and Central Africa, maize flour was eaten in a porridge form (uji), sometimes combined with other cereal flours and, today, this is still the predominant staple breakfast food in much of the country. With the advent of European and Asian settlers over the past century, wheat flour and associated products (such as bread) have entered local diets as well.

Today maize flour remains the staple food of much of Kenya's population, although the consumption of wheat-based products is growing rapidly amongst
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Today maize flour remains the staple food of much of Kenya's population, although the consumption of wheat-based products is growing rapidly amongst
those with cash incomes. The predominantly urban-based elite, however, seldom eat either maize flour or derivative products and prefer other, more expensive alternatives. In part this preference arises from higher incomes — but in part it is also due to the historical origins of the elite, which has been almost exclusively drawn from immigrant Europeans and Asians and from expatriates. But latterly, increasing class differentiation amongst Kenyan Africans has led to the emergence of an African elite. This elite has eschewed the staple foods of the mass of the population and instead has consumed more ‘exotic’ breakfast cereals, some of which have come to be produced in Kenya with the advance of import substituting industrialization. Consumption of these breakfast cereals is significant. In 1977 local sales of Post Toasties were K£75,000 and in the first three months after launching, the combined sales of Weetabix and Weetaflakes (a small proportion of which may have been exported) were £45,000. In addition a new small puffed wheat plant will soon come on stream, there are three brands of muesli on the market* and numerous brands of breakfast oats. The total market for locally produced breakfast cereals is therefore currently about £300,000 per annum plus imports, which in 1976 were almost K£50,000.

Considering, as we do, only breakfast foods, we can see from table 1 that there is a wide variety of products with a considerable variation in unit price, embracing traditional and modern staples as well as imported and locally produced breakfast cereals.

<table>
<thead>
<tr>
<th>Table 1. Unit cost of different breakfast foods</th>
<th>shs/100 gms.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staples</strong></td>
<td></td>
</tr>
<tr>
<td>i. Traditional</td>
<td></td>
</tr>
<tr>
<td>Maize flour – hand pounded/hammer mills</td>
<td></td>
</tr>
<tr>
<td>(100% extraction)</td>
<td>0.10</td>
</tr>
<tr>
<td>roller mill (60% extraction)</td>
<td>0.17</td>
</tr>
<tr>
<td>ii. Modern</td>
<td></td>
</tr>
<tr>
<td>Wheat flour (‘Atta – 85% extraction)</td>
<td>0.25</td>
</tr>
<tr>
<td>Bread</td>
<td>0.30</td>
</tr>
<tr>
<td><strong>High income foods</strong></td>
<td></td>
</tr>
<tr>
<td>i. Locally made</td>
<td></td>
</tr>
<tr>
<td>Post Toasties</td>
<td>2.70</td>
</tr>
<tr>
<td>Weetabix</td>
<td>1.99</td>
</tr>
<tr>
<td>Weetaflakes</td>
<td>2.49</td>
</tr>
<tr>
<td>ii. Imported</td>
<td></td>
</tr>
<tr>
<td>Special K</td>
<td>9.00</td>
</tr>
<tr>
<td>All Bran</td>
<td>3.68</td>
</tr>
<tr>
<td>Puffed Wheat</td>
<td>8.01</td>
</tr>
<tr>
<td>Shredded Wheat</td>
<td>4.77</td>
</tr>
<tr>
<td>Rice Krispies</td>
<td>7.25</td>
</tr>
</tbody>
</table>

All prices as in large sizes of each product as in shops, except for maize flour where we have used the purchasing price of the Maize and Produce Board (shs 80 per 90 kilos) rather than the market price which varies between shs 45 and over shs 200, depending upon the section and region; milling charges obtained from field observation.

*One of these (Alpen) is being made under licence from Weetabix, UK. An interesting aspect is that this licence, with royalties at 5% of net sales, has evidently been contracted for brand-name reasons. On being shown around the new Weetabix plant in 1977 we were informed that the formula for this muesli was well-known in the industry but access to the brand name and advertising copy required a formal agreement with a developed country producer.
As can be seen from this table there are four distinct price groupings of breakfast foods. At the lowest level is the traditional staple — maize flour — where there is nevertheless some variation between the ‘modern’ roller mill flour and the ‘traditional’ hand pounded or hammer mill flour. The second grouping is that of the ‘modern’ staples, one of which — bread — has the advantage of not requiring any preparation before consumption. At a significantly higher price level are the locally made high income breakfast foods which are, in turn significantly cheaper than the imported variants of similar products. These variations in unit prices are of considerable interest in that they show sharp price differences between different types of breakfast foods. However, in addition, each product has different nutritional composition and it is consequently of added interest to compare the unit nutrient costs of these different products. This is done in Table 2.

It can be readily seen from Table 2 that the 90:1 price differential between the cheapest traditional staple (maize flour, 100% extraction) and the most expensive imported breakfast cereal (Special K) is further exaggerated by the superior nutritional content of the traditional staple. And even if we exclude imported cereals and concentrate on locally made cereals alone we find in Table 3 the following ratios of their unit nutritional costs to that of 100% extraction maize flour make them many times more expensive.

We are largely concerned in this paper with the marketing practices which give rise to such consumption patterns and with their nutritional implications. However marketing practices are not the primary factor explaining the production of such inappropriate products in Kenya. Aside from the fact that some consumers have an active liking for these products, the production of breakfast cereals in Kenya largely arises from the pattern of capital accumulation in the food processing sector. Intense competition in this sector has increasingly led some food processors to move into the production of (non-price controlled) high-income foodstuffs. The firm which produces Weetabix has not only made this transition over the years but has further differentiated its product structure by linking most of its products to foreign brand names. Hence it produces various brands of sweets, biscuits, pastas and breakfast cereals under licence from foreign producers in the UK and Italy. An added reason for this company entering into such licensing agreements is the hope that this will lead to exports in the future. Whether substantial exports are indeed likely to open to conjecture at this stage since almost all of the licence agreements restrict the territory to Central and East Africa and to the Middle East.

In addition to the dynamic of accumulation in the food processing sector, the fact that these inappropriate cereals continue to be freely sold in Kenya reflects two, amongst many factors. The first is that there exists an elite which has sufficient income to purchase these cereals despite their high costs. For example a large 500gm box of Post Toasties sells for shs 13.50 which is equal to approximately two days agricultural labour in Central Province, the richest region in the country. And the second factor is that consumers are either malinformed or deliberately misinformed about the value of such breakfast cereals. It is this latter point which draws our attention.

Two related influences on these taste patterns stand out in our observations on the breakfast food market. The first is the demonstration effect where the consumption patterns of the expatriate elite are frequently copied by the
### Table 2. Unit Nutrient costs of different breakfast foods

<table>
<thead>
<tr>
<th>Nutrient</th>
<th>Staples Traditional</th>
<th>Modern</th>
<th>High Income Foods</th>
<th>Vitamins Ribo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maize flour (100% extraction)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbohydrates</td>
<td>710</td>
<td>45</td>
<td>115</td>
<td>20</td>
</tr>
<tr>
<td>Protein</td>
<td>100</td>
<td>18.2</td>
<td>9.4</td>
<td>7.8</td>
</tr>
<tr>
<td>Fat gms per shilling</td>
<td>45</td>
<td>8.1</td>
<td>6.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Ash</td>
<td>115</td>
<td>10.7</td>
<td>94</td>
<td>2.1</td>
</tr>
<tr>
<td>Fibre</td>
<td>20</td>
<td>6.7</td>
<td>NA</td>
<td>1.7</td>
</tr>
<tr>
<td>Calories</td>
<td>3,630</td>
<td>1,384</td>
<td>1,384</td>
<td>136</td>
</tr>
<tr>
<td>Vitamins</td>
<td>3.5</td>
<td>13.2</td>
<td>16.6</td>
<td>.2*</td>
</tr>
<tr>
<td>Thiamine</td>
<td>1.3</td>
<td>.3</td>
<td>9.4</td>
<td>.4*</td>
</tr>
<tr>
<td>Flavine</td>
<td>20</td>
<td>8</td>
<td>18.2</td>
<td>2.1*</td>
</tr>
<tr>
<td>Niacin</td>
<td>4</td>
<td>.1*</td>
<td>.8</td>
<td>4.2*</td>
</tr>
<tr>
<td>Ribo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Assumed to have equivalent nutritional characteristics as Kellog's Whole Wheat Flakes.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Assumed to have equivalent ash and fibre content as Weetaflakes which is made in the same plant and is of almost identical composition.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Enriched to these levels.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In comparing the unit prices of the different products it is important to remember that we are not comparing identical products since bread and breakfast cereals (local and foreign) require no preparation and hence save both time and energy needed in cooking. Sifted maize flour (i.e. 60% extraction) produced by roller mills is whiter, finer to the touch and cooks more easily than the 100% extraction flour emerging from hand pounding and hammer mills.

We have ignored breakfast oats and the even more expensive locally made and imported muesli's, since it proved impossible to obtain detailed nutritional breakdowns of these products.


nouveau riche Kenyans and are subsequently ‘passed down’ to the poor masses as standards worthy of emulation. Evidence that this passing down does occur can be gained from the practices of advertising agencies in Kenya. As one of the most prominent of these agencies commented on the Weetabix/Weetaflakes advertising campaign.

... They [the producers of Weetabix] use the same strategy as East African Industries [the Unilever subsidiary] — stick it in at the top of the market and let it sink down.
Perhaps equally disturbing is the nature of local consumer preferences such that the advertising industry considers it unwise to advertise products directly for low income consumers. Thus one advertising company commented, ‘... if you want to kill a product give it a Swahili name’ and gave as an illustration of this the failure of ‘Jambo’ beer in the early 1970s.

The same view was expressed by the agency actually responsible for Weetabix/Weetaflakes advertising who commented, additionally, that it is easier for products to go down than to go up. Moreover it is the strategy of this advertising programme to begin with the A and D income groups, that is those families earning more than K£1,200 p.l. who need to be made aware of a product which they have used in the past, and only incidentally to ‘reach down’ to lower income groups who need to be ‘educated’ into different uses for these products. But the hope and expectation exists that such consumption patterns will be increasingly emulated by the emergent rich and some poorer consumers. That such a strategy is workable is perhaps illustrated by a short article in a recent edition of Viva, a woman’s magazine in Kenya. This story referred to the plight of a mother whose husband has just left her and is left one shilling and thirty cents to feed herself, her baby and her youngest sister. After giving the baby some Haliborange, she is desperate for other food, the milk having almost run out.

But I realized the milk was not enough to fill one cup. Another idea: there are two bits of Weetabix left in the cupboard. Use the milk to mix this Weetabix for the two kids and it will be even more filling than the milk alone. They ate their Weetabix with relish ...

The second factor influencing taste patterns of consumers is that of advertising and here the pattern of advertising expenditure on breakfast foods (shown in table 3 below) is of considerable interest. It shows that relatively to sales and absolutely in terms of costs, more effort was put into marketing these high cost breakfast cereals – the kindred products of Weetabix and Weetaflakes alone spent more on advertising than the whole of the maize flour industry which (in terms of value added) is probably the largest single industry in Kenya. Moreover, a breakdown of this gross advertising expenditure in terms of different media reminds us that the market being catered for by the producers of breakfast cereals is, in the short run, confined predominantly to expatriates. Thus of the four radio stations (one English, one Swahili, one Kikuyu and one Luo), Weetabix, Weetaflakes and Post Toasties advertised only on the English channel whereas maize flours were exclusively advertised in the Swahili channel. Similarly Weetabix, Weetaflakes, Alpen and Uji Plus (a new maize-flour based instant food produced by East African Industries*) confirmed their cinema advertising to major cinemas in the cities whereas about half of the advertising expenditure on maize flours went on mobile cinemas in the rural areas.

The pattern is emerging in the breakfast food industry is thus clear. Breakfast cereals with high unit nutrient costs are being aggressively marketed as an alternative to traditional foodstuffs. While, as we have seen, in the short run the

*It had been our original intention to include Uji Plus in this analysis. But on approaching EA Industries for information we were initially told that full details were given on the box (which is not true), then that the nutritional content was as for the raw materials (which they subsequently refused to specify) and was unaffected by processing. On pressing for the details of nutritional content, we were dismissed with the comment ‘You see we are part of a multinational...’
market is largely confined to the urban expatriate elite, the producers have both the hope and the expectation that in time consumption will be spread more widely through the indigenous population. Both licensors, licensees and the advertisers declined to provide information on the extent to which consumption had spread through income groups and regions.

It is pertinent here to return to our earlier theme of the link between inappropriate products and inappropriate production techniques. Characteristically these high income breakfast cereals are produced with a proportion of imported raw materials and use investment intensive imported machinery and skills. This is clearly the case when we compare the production of Weetabix and Weetaflakes with that of maize flour by hammer mills. The new breakfast cereal plant cost about K£600,000, most of which was imported machinery and building components. Assuming that the gross turnover is about K£165,000 p.a., it is unlikely that the domestic value added of this plant is more than K£130,000 p.a. since 5% of sales is remitted in the form of a technical service agreement, and the machinery and some of the inputs are imported. By contrast, at a conservative guess, we reckon that the domestic value added in hammer mills is about one shilling per minute. Assuming eight hour operation for only 200 days a year, each hammer mill has a yearly domestic value added of almost K£5,000 and, with all components, only costs about K£2,000. Thus the same money spent on maize hills would provide domestic value added of K£1,440,000, would provide employment for at least 600 people (rather than the 15 employed at the Weetabix/Weetaflakes plant) and moreover would help to spread income and food availability throughout the rural areas, rather than concentrating incomes in urban areas, producing high unit nutrient cost products for the well-off.

A second aspect of inappropriateness of such breakfast cereal plants is that their use seems to be associated with technical service agreements with foreign technology suppliers. In the Weetabix/Weetaflakes case the products are produced under licence from Weetabix England, at a cost of 5% of net sales, with a minimum of K£3,000 p.a. The agreement runs for ten years and is renewable for two further ten year periods. The agreement, formulated under English rather than Kenyan law, limits the Kenyan licensee from producing competing products. The agreement also specifies that the Licensee would be supplied with surplus advertising material from the UK and in fact the films and promotional offers (e.g. cut-out vintage cars) were supplied in this way.

Similarly Post Toasties is made under licence from General Foods in the USA. This licence agreement stipulates that at least fifteen per cent of gross sales revenue must be spent on advertising and promotion and, as in the case of Weetabix and Weetaflakes, the form and the content of this advertising and

| Table 3. Advertising expenditure in different media: 1977 (K£) |
|-----------------|---------|--------|--------|--------|---------|
|                 | Press   | Radio  | T.V.   | Cinema | Total   |
| Post Toasties   | 1,333   | 1,348  | 0      | 1      | 2,682   |
| Weetabix        | 8,372   | 8,691  | 3,219  | 4,795  | 25,077  |
| Weetaflakes     | 2,554   | 2,348  | 0      | 0      | 4,902   |
| Maize floursa   | 3,689   | 6,994  | 0      | 0      | 15,436  |
| Uji Plus        | 0       | 0      | 687    | 1,890  | 2,577   |


a. Some of this (probably less than 40%) also covers advertising of animal feeds.
promotion must have the prior approval of the licensor. Royalties are calculated at 5 per cent of gross sales revenue.

This example of inappropriate products and technology is perhaps particularly notable because it bears such a direct relationship to basic needs. The presence and development of these inappropriate products is particularly striking in the context of nutritional deficiencies in Kenya, which are extensive: in 1977 one third of a national sample of children under four years weighed less than eighty per cent of the age-standard weight. Moreover this observation is heightened by the content of the advertising which is aimed at women, particularly with reference to their children's needs and stresses the nutritional value of the products. Advertising copy, introduced from the UK implied that Weetabix and Weetaflakes, produced from whole wheat, is of unusually high nutritional value. The local advertiser of these products aim to get the products into households by persuading mothers that it is particularly nutritious for their children, thereby at the same time also indirectly stimulating consumption by adults. The expectation of the manufacturers that these products will supplant cheaper sources of nutrition is evident.

Despite the particular nature of this case study we should not lose sight of the more generalised phenomenon which has seen the widespread introduction of inappropriate products and techniques in Kenya and in other udc's. It might be thought that this is an isolated case and one of marginal relevance since there is little evidence as yet that there has been the widespread substitution by poorer consumers of these breakfast cereals for traditional foodstuffs. However, the breakfast cereal industry is in an embryonic stage and it is likely that in the future such substitution will occur (indeed it is the expectation of the manufacturers). And while breakfast cereals may be a particularly striking example of inappropriate products there production represents a general problem in a udc where import substituting industrialization proceeds unfettered in an environment of income distribution and consumption patterns which are largely unchanged from pre-independence days.

Moreover unlike Langdon's discussion in RAPE 2 on the introduction of detergents in Kenya, it is too simple to point to the presence of MNC subsidiaries alone as an explanation for these phenomena, since in this case the high income cereals are all produced by wholly locally-owned firms, albeit producing under licence from foreign suppliers of product and production technology. We should instead look to the wider nexus of relations between dependent peripheral udc's and the global economy, of which the presence of MNC subsidiaries is merely one aspect of a larger interrelationship. Nationalising ownership, without at the same time restructuring demand patterns may be a false dawn to a more relevant patterns of development.

Bibliographic Note

The author is grateful to Robert Nout and Manfred Bienefeld for helpful comments on earlier drafts.
Debate

AFTER SOWETO: ANOTHER RESPONSE

L. Mqotsi

After reading Archie Mafeje's article on 'Soweto and its Aftermath' in issue No.11 of this Review, and Ruth First's response to it, some of the issues that have been raised deserve comment.

First, Mafeje's courage in raising the issues at all and, in general, the manner in which First has reacted to Mafeje's position are appreciated. Her correctives are, on the whole, well taken, and this makes it unnecessary for me to join issue with him on his either-or conceptions about the role, the nature and character of the workers, the peasants and the petit-bourgeoisie; his frivolous jibes at 'expatriate organizations'; his inaccuracies on matters of fact and his Africanist overtones. However, First's sneering reference to 'romantic anthroplogy' is not only uncalled for, but also surprisingly inapt. For instance, it would be absurd to accuse the South African Communist Party (SACP) of romanticising primitive institutions, epics and episodes when in its Isandlwana issue of the African Communist it declares:

By coercion and ideology the Boer autocracy in particular and White Supremacy in general have attempted to stifle the cultural heritage of our past.

I cannot here deal with the recent student struggles in South Africa or the Black Consciousness Movement in any detail. Suffice it to say that one of the significant features of the national and sustained resistance since June 1976 is the leading role that has been played, not by the college students, 'the driving spirit behind the formation of the other two organizations', that is, SASM and the BPC, but by the secondary school pupils, as Mafeje's notes cryptically (pp.21-22). This, I think, is a matter that ought to engage the serious attention of political analysis.

With reference to the Black Consciousness Movement, it is the duty of both revolutionaries and 'objective' analysts to acknowledge the positive contribution that this Movement has made in furthering the goals of our liberation struggle: its undisputed revival of militant political activity amongst the blacks in South Africa; its support for anti-apartheid organizations; its broad rejection of collaborators and collaborationist institutions; its belief in and non-sectarian attitude to the question of the need for a united front of struggle against the racist police state; its valiant and unequivocal support for the freedom struggle.
of the people of Mozambique and Angola, proclaimed right from inside the concentration camp itself; and finally, its significant departure from the traditional racially divided organizational structures, a circumstances that flows from its definition of blacks as:

People who are by law or tradition politically, socially and economically discriminated against as a group in South Africa and who identify themselves as a unity in the struggle towards the realisation of their aspirations.

It is this political stance that must have impressed Mafeje to declare that:

For the first time in South African history Coloured popular masses proclaimed their black affinity and in the manner of Soweto denounced Coloured Representative Councils and kindred bodies.

And yet curiously enough he is also able to aver in the next breath that:

... it (the Black Consciousness Movement) can hardly be considered a historical advance on the older nationalist movement such as the PAC (Pan Africanist Congress) (and, somewhat belatedly the ‘ANC-Nationalist’).

A critical appraisal of this Movement would suggest that in spite of the diffuseness and amorphousness of its philosophy, emanating as it does from young and inexperienced people, the Black Consciousness Movement, nonetheless does have within itself the elements of a revolutionary nationalism. True, the idea of ‘Black Consciousness’, ‘Black Renaissance’, ‘Black Communalism’ and a ‘Black Community’ is liable to abuse, distortion and prostitution within the framework of apartheid institutions; and, through their links with the now banned Christian Institute and with the South African Institute of Race Relations, the leadership of the Black Consciousness Movement could find themselves integrated into the diversionary plans of the liberal wing of the bourgeoisie.

It seems to me that the basic flaw in Mafeje’s thesis is that he either misunderstands the nature of the national liberation struggle in our country. On the other hand, First seems to have a clearer conception of that struggle although she does not follow her line of thought through to its logical conclusions. Mafeje’s theoretical weakness lies, not in what First calls his ‘deterministic theory of economic crisis creating spontaneous revolution’, but rather in what they both share in common to varying degrees. Mafeje is happy to note that all our liberation organizations ‘have now written programmes’, and, by implication, one is therefore able to differentiate between them on the basis of these written programmes. Having examined these programmes, he concludes that:

it is precisely on the question of imperialism/capitalism and the class struggle that significant differences occur among them.

He asserts that:

While the ANC does not raise in its official documents (my emphasis) . . . the question of socialism and the class struggle, the PAC and UMSA do.

Proof of this in the case of the Unity Movement of South Africa (UMSA) is ‘the African People’s Democratic Union of South Africa (APDUSA) Inaugural Address and Constitution (1961)’.

Mafeje does not make any distinction between the Unity Movement, a federal organization, and APDUSA, a military one, the latter being an affiliate of the former. Thus when Tabata delivered the Presidential Address referred to by Mafeje, he was doing so in his capacity as president of APDUSA. As an auto-
nomous organization APDUSA declares its policy in these very explicit and specific terms:

The democratic demands and aspirations of the oppressed workers and peasants shall be paramount in the orientation of APDUSA, both in its short-term policy and long-term objectives.

But that is clearly the policy, not of the Unity Movement, but of one of its affiliated organizations. It is therefore incorrect and misleading to judge the whole movement on the basis of this policy, related statements and its Constitution.

Mafeje makes the same mistake when he speaks of the Freedom Charter as the programme of the African National Congress. The truth is that that is a unity programme analogous to the Ten-Point Programme. It was formulated by the Congress of the People 'and thereafter endorsed by both the African National Congress and the South African Communist Party'. The Freedom Charter ushered in a rival unity movement embracing the African National Congress, the South African Indian Congress, the Congress of Democrats, the Coloured People's Congress and the South African Congress of Trade Unions. That was 1955. Clause (c) of the ANC Constitution of 1958 adds to its AIMS and OBJECTS:

To strive for the attainment of universal adult suffrage and the creation of a united democratic South Africa on the principles outlined in the Freedom Charter.

Like APDUSA, the ANC is a unitary organization and like APDUSA it is an affiliate of a federal organization, namely, the Congress Alliance in its case, and it is erroneous to equate its particular programme with that of the movement as a whole. In the same way to understand the ideological position of the PAC one must look, not at the revised programmes, formulated in exile in 1972 and 1975, and sought to be grafted on to the PAC by 'socialists', but at its original or basic documents: the Constitution, the Disciplinary Code, the Manifesto, and Robert Sobukhwe's Inaugural Address. It is these documents that represent the real policy and ideology of the PAC.

On the same grounds I would reject First's assertion that the Morogoro document *Strategy and Tactics* (1969) represents the true policy and ideology of the ANC, however much I may agree with some of its theoretical formulations on questions relating to the 'role of the working class, and the relationship between armed and political struggle'. She also regards the Freedom Charter as the ANC programme, but adds that the political outlook and ideological position of that organization has since changed and developed and that Mafeje's strictures, however justified they might have been at some stage, are now out of date. Here the thinking of these two contestants coincides and both stand equally exposed to Mafeje's derision: they are 'confusing fact with aspiration'. In this fragile area of proselytising and political axe-grinding, all too often the line of demarcation between illusion and reality becomes very blurred. It would be very comforting for both of them if the state of the organizations they support were as they say it is or wish it could be.

Now to another central question to this debate: the apparent conflict between the struggle for national liberation and the class struggle. I would have thought that this was no longer a serious problem, either in theory or in practice. It seems to me that although this concept of the *two struggles* does still require some theoretical clarification, in practice it has been pushed to the background
by the need to concentrate on establishing the requirements of mounting an
effective armed struggle in our country. Recent statements, comments and
analyses, some of them emanating from the SACP, would suggest that the two
struggles are perceived as necessarily taking place simultaneously, not on the
pattern of some kind of unilinear evolutionary doctrine. Ruth First formulates
the proposition in these terms:

The national and the class struggle are not part of some natural order of succession, but take
place coterminously. This is because workers are exploited as workers and also as members
of a nationally oppressed group, and not even their national demands can be met without
the destruction of the capitalist order. It is because national demands cannot be met under
capitalism that the proletariat is the essential leader of the South African revolution, and the
struggle for national liberation, given this political leadership — which, I agree, has to be asserted — will at the same time be a struggle for socialism.

My suspicion is that today the 'dispute' centring around this issue is more a
verbal dispute that a substantive one. The two-stage theory can no longer be
sustained and is no longer being advocated. It is not this theory that is at stake
in our liberation politics in South Africa. It is something deeper and much much
serious. We are witnessing a systematic abdication by the left of its historical role
as I shall attempt to show below, an erosion and the withering away of the
concept of socialism itself.

Mafeje speaks disparagingly of 'what appears to be simply sectarianism among
the movements'. And yet sectarianism does play a very important part in
keeping us apart and mutually antagonistic. One of the reasons he fails to see
this obvious fact is his search for and creation of ideological differences and his
classification of these organizations according to a preconceived scheme. Hence,
although he correctly evaluates the Freedom Charter, he fails to see the very
clear similarities between this and the Ten Point Programme of the Unity Move-
ment, both in nature and intent. As we have seen already, one of his devices is
to equate the UMSA with APDUSA. On the other hand, if he had looked at the
two programmes historically, objectively and analytically, he would have been
bound to pose the question why these two federal movements from the same
country and which are so similar in character, exist apart from each other and
as rivals. And the answer must be found in sectarian polarisations, which Mafeje
himself perpetuates by his thinly veiled partisan political propaganda and ten-
dentious eclecticism.

The founding fathers of the Unity Movement were among the leading Marxists in
South Africa. It was they who formulated the Ten-Point Programme and gave
the Movement its well integrated philosophy. But in doing so, and for good
strategic and tactical reasons, they lost their own identity as Marxists in the
welter of the politics of national liberation. Instead of consolidating themselves
as a revolutionary party, as they had been originally, they simply merged into
the Unity Movement and identified themselves completely and even passionately
with it, and, in effect, equated it with a revolutionary Marxist party. Because of
their history and political ideology, they sought, with disastrous results, to
impose upon a national democratic movement the morality and character of a
revolutionary political party.

This grafting of revolutionary discipline upon the Movement created intolerable
internal stresses and strains, especially since the party existed, not as a well
defined institution, but rather as a disembodied spirit which, nonetheless, tried
to assert its authority upon the membership. Those whose politics were of a
different brand, but who nevertheless had a part to play in the fight for national liberation, could not live up to the requirements of this type of centralised but covert control by intimidation and naturally resented it. On the other hand those who would otherwise have submitted to party discipline really could not do so because the existence of such a body remained elusive and chimerical. The result was again dissatisfaction, bewilderment and often muted rebellion.

‘The right ideas’: The Society of Young Africa (not ‘Sons’ of Young Africa, à la First) adopted the slogan: ‘We fight ideas with ideas’. Fine, but this is valid only up to a point. It is more important not only to fight ideas with ideas, but also with mass organizations based on those ideas. Although one can point to some successes, in some cases significant achievements, yet one has to say that the record of the Unity Movement in the area of mass organization and participation is less than impressive. It was this excessive emphasis on ideas, the potency of ideas, and less on the vehicle for implementing those ideas, namely, mass organization and participation in mass struggles, that finally and effectively robbed the Unity Movement of ability to mobilise the population at a time of crisis and rendered it important to give the practical in addition to ideological lead it should have done at various times in the history of our struggle. The Movement became the casualty of a virtue carried to excess.

This brings me to another point I want to touch upon in this cursory assessment of the impact that the leadership of the Unity Movement has made upon the liberation struggle in South Africa, and that is, their essentially pedagogic approach to politics. This had inherent limitations in a situation where a judicious mixture of theory and practice is called for. That is not to minimise the importance and value of the contribution that this leadership has made in the political education of the South African oppressed peoples. Indeed, it must be and has been admitted even by some of its detractors that the Unity Movement was a pioneer in this field, while others insisted on action per se. But when we teach populations and social groups about the nature and methods of their enslavement, their national oppression and economic exploitation, we are not doing the same thing as when we prepare pupils for specific and structured examinations. But teachers, because of their training and practice, do not find it easy to draw this distinction. At all levels the leadership of the Unity Movement was drawn mainly from the ranks of the teachers, who often treated the population to didactic homilies delivered from the pedestal, of the erudite schoolmaster who expected and demanded implicit obedience from his bemused audience.

One of the results of this imposition of classroom discipline upon the Movement was to be seen in the rather stilted language that characterised the oral and written expression, especially of the younger members. Their diction, sentence structure and ideas had to be of the type that would be acceptable to the masters who were, indeed, experts, not only in the art of handling ideas, but also in the manner of articulating and conveying those ideas. They were also by far the most versatile and dedicated school teachers that South Africa has ever had. They did not only embrace a national view of education, but also encompassed its global perspectives. Inevitably they approached the matter of political education of the nation in the spirit of the classroom, the tutorial and the seminar. In this connection Ruth’s implied warning is apposite:

It is one thing to tutor them (the students) for their political limitations, but another thing virtually to freeze their potential for the struggle; is this not a dereliction of revolutionary guidance if ever there were one?
Another side of the same coin is the class position of the teachers and other professional groups that headed this potentially great Movement. Objectively and subjectively this has clear constraints when it comes to the hazards of liberation politics. Any serious confrontation with the established order poses an immediate threat to their middle-class commitments and interests. Quite frankly, apart from some members of the Cape African Teachers’ Association and the Teachers’ League of South Africa, the predominant leadership of the Unity Movement lacked revolutionary gumption.

The handicaps outlined above should explain in part why the Unity Movement in spite of its advanced ideological armoury and in spite of the undoubted impact of its ideas on the entire liberation movement in South Africa failed to mobilise the oppressed for the overturn of the present social system under its banner. But this apart, the Unity Movement, which coalesced within itself two vitally important elements in our struggle, namely, the hard core of uncompromising, intellectually disciplined and aggressive radicals and the patriotic teachers of the nation was, to our knowledge, the only organization in our country that consciously and programmatically sought to give the nation political education on the nature and process of its disabilities. This, together with its relentless critique from the left of the politics of the ANC and the SACP, is perhaps its most lasting contribution to the struggle for liberation in our country. Other organizations took the view that dissipating our energies in educating our people about oppression and exploitation was futile and a waste of time since “every blackman knows that he is oppressed and knows who his oppressor is”. Hence they preferred to and did indulge in all manner of ‘action’ with calamitous consequences, since such ‘militancy’ had no clear political direction. But, on the other hand, those who could have steered the ship of revolution by virtue of their ideological equipment along its historic course were incapacitated and paralysed by subjective and objective motivations and forces.

It is a measure of Mafeje’s sectarianism that he finds it impossible to look outside the ANC and the SACP for bureaucratic and petty bourgeois influences in our South African organizations. If his was, in part, an exercise in self-criticism, I am sure he would not have failed to see that, in exile, the process of ideological deformation within the Unity Movement itself has assumed alarming proportions. Bureaucracy has usurped all effective authority. Internal criticism, dissent and scepticism are visited with lies, slander, false accusations, trumped-up charges and purges that have a familiar ring. Democratic centralism went out of the window and the incipient personality cult found a salubrious environment in which it could flourish and regenerate. A section of the leadership of the Unity Movement removed the facade of revolutionary internationalism, donned themselves in the flashy vestments and vainglory of the African personality, complete with its paraphernalia of chauffeurs, personal secretaries, ceremonial brief-cases, tape-recorded speeches intended for self-publicity, praise-singers and adulators, official photographs, special powers, rights and privileges — in a word, all the trappings of the national bourgeoisie in the making. All this was draped in the finery of profound ideology, strategy and tactics. The rhetoric of revolution remained on their lips even in the fleshpots of Egypt. Surely Mafeje cannot be blind to all these developments.

He also refers to the programme of the SACP: *The Road to South African Freedom*. Although his references are so selective as to distort the true nature
of that programme, he nevertheless does raise the important question of the relationship between the ANC and the SACP. But, as First rightly complains, he does not spell out in analytical terms the gravamen of his criticism, doubts and misgivings. It is not sufficient merely to postulate entrism in an oblique fashion or to characterise the black members of the SACP as petit-bourgeois.

I think that Mafeje has correctly perceived that that programme, hammered out and agreed upon by the SACP meeting as such, is not, in fact, a programme intended to bring about socialism in South Africa. Here the SACP speaks as part of the broad liberation movement and tackles, in depth, the problems that beset the national liberation movement. Of course, one does expect a Communist Party to mention its ultimate objectives, even if only by way of paying lip-service to these goals. But the priorities as stated by the SACP in its programme are:

As its immediate and foremost task, the South African Communist Party works for a united front of national liberation. It strives to unite all classes and sections of oppressed and democratic people for a national democratic revolution to destroy White domination. The main content of the Revolution will be the national liberation of the African people. Carried to its fulfilment, this revolution will at the same time put an end to every sort of race discrimination and privilege. The revolution will restore the land and the wealth of the country to the people, and guarantee democracy, freedom and equality of rights, and opportunities to all. The Communist Party has no interests separate from those of the working people. The communists are sons and daughters of the people, and share with them the over-riding necessity to put an end to the suffering and humiliation of apartheid. The destruction of colonialism and the winning of national freedom is the essential condition and the key for future advance to the supreme aim of the Communist Party: the establishment of a socialist South Africa, laying the foundation of a classless, communist society.

This united front of national liberation is intended to bring about 'a state of national democracy', whose minimum essentials as indicated in the declaration of 81 Marxist Parties in December 1960, are that it:

consistently upholds its political and economic independence, fights against imperialism and military blocs, against military bases on its territory; fights against the new forms of colonialism and the penetration of imperialist capital; rejects dictatorial and despotic methods of government; ensures the people broad democratic rights and freedoms (freedom of the press, speech, assembly, demonstration, establishment of political parties and social organizations) and the opportunity of working for the enactment of agrarian reform and other domestic and social changes, and for participation in shaping government policy.

In pursuance of its objective, the SACP will:
advocate and work for the use of all forms of struggle by the people including non-collaboration, strikes, boycotts and demonstrations.

Speaking of the deepening crisis in the national situation, the programme states:

The crisis springs from the fundamental contradictions of South African society: between the oppressed people and their rulers; between South African colonialism and the worldwide movement against colonialism and imperialism; between the working class and the rural masses, together with the middle classes, on the one side, and the handful of monopoly capitalists on the other.

This crisis can only be resolved by a revolutionary change in the social system which will overcome these conflicts by putting an end to the colonial oppression of the African and other non-White people. The immediate and imperative interests of all sections of the South African people demand the carrying out of such a change, a national democratic revolution which will overthrow the colonialist state of White supremacy and establish an independent state of National Democracy in South Africa.

The programme then emphasises that:

The main content of this revolution is the national liberation of the African people. Its fulfilment is, at the same time, in the deepest interests of the other non-White groups for in
achieving their liberty the African people will at the same time put an end to all forms of racial discrimination. It is in the interests of the White workers, middle class and professional groups to whom the establishment of genuine democracy and the elimination of fascism and monopoly rule offers the only prospect of a decent and stable future.

The SACP regards the Freedom Charter of the Congress Alliance as the basic programme for the realisation of a democratic social order in South Africa. They call it 'a revolutionary democratic programme emanating from the masses' and one 'which envisages profound democratic changes in every field of South Africa's political, social, economic and cultural life'. It is conceded that:

... the Freedom Charter is not a programme for socialism. It is a common programme for a free, democratic South Africa, agreed to by socialists and non-socialists.

Against this background the SACP puts forward a blueprint for the practical application of the ideas embodied in the Freedom Charter. The document has something to say about continental unity as well.

Thus on both the national and the international questions there are no fundamental differences between the position of the SACP and that of the Unity Movement. This is bound to be so because the SACP pledges its 'unqualified support' for the implementation of the Freedom Charter, which, as we have pointed out already, does not differ qualitatively from the Ten-Point Programme, its predecessor on the road to organizational unity. This truth is underscored by A. Lerumo, an authority on both the SACP Programme and the Freedom Charter. Of the latter he categorically states:

It demands rights which are honoured — at least in theory — in almost every country: an equal say for all in the process of making and administering laws, equal access to education, culture, and economic opportunities for all men and women regardless of race or colour. (If the Charter goes further in some directions — such as its demands for the redivision of the land among those who work it, and the nationalisation of mineral wealth and monopoly-owned industry, this is clearly attributable to the historical realities of a country where the white minority has forcibly appropriated nearly all the country's land assets, rather than adherence to socialist doctrine on the part of those who made and support the Charter). [African Communist, No.47.]

But, of course, the SACP, in the shape of the Congress of Democrats, is an affiliate of the Congress Alliance, which is said to be led by the African National Congress.

Joe Slovo has clearly done a great deal of rethinking over the national question in South Africa and has had the moral and political courage to jettison many of the political superstitions of yesteryear. But alas! only to create a new mythology. Thus, while he concedes the need for flexibility of structures, that is, forms, he cannot match this with flexibility of content. And so, on the question of the need for a united front of struggle against national oppression and economic exploitation in South Africa he comes to this conclusion:

... it seems clear that effective liberation unity means unity, under the overall leadership of the African National Congress of all black people, the involvement of the small group of white revolutionaries and, above all, a recognition of the special role of South Africa's working class. [Davidson, Slovo and Wilkinson, p.178.]

Having allowed itself to be led by a nationalist organization with all its characteristics, the SACP would decree that all blacks shall come under the umbrella of that body before they can be blessed with revolutionary recognition! But serious Marxists must wonder how long this marriage of convenience between an avowedly Marxist Party and a non-socialist nationalist organization will last.
And this, I think, is the essential point that Mafeje seeks to make. Will the SACP not lose its identity (if it has not done so already) as a would-be Marxist Leninist Revolutionary Party in South Africa? Isn't there a basic contradiction and therefore a potential conflict between the ideology of the SACP and that of its senior partner in the Congress Alliance? Will the nationalists, the Christian liberals and the tribal loyalists not hinder it when and if it decides to behave as it should, as the custodian and champion of the rights of the working class? Is it possible in the long run to reconcile the interests of the petty bourgeoisie with those of the proletariat without sacrificing the revolutionary objectives of the latter? Is there any justification on the basis of the principles of Marxism-Leninism and within the ambit of our field of operation why the SACP should not throw in its lot, in its own right, with the liberation movement and openly within the broad spectrum of the liberation organizations around a common programme and on a basis of complete equality, instead of showing preference for a particular nationalist organization and thus being compelled itself to tailor its own programme to legitimise this sectarian bias? Doesn't this amount to self-liquidation by conciliation, compromise and opportunism?

It must now be axiomatic that those who believe in the need to bring about a fundamental change in the social, political, economic and cultural life of South Africa rather than accommodation, compromise and conciliation must be seen to do so. This, among other things, implies ability to take independent initiatives. To be able to do this the SACP would have to emancipate itself from the shackles of a single nationalist organization, however admirable its record. It seems to me that only in this way would the SACP be in a position to reserve the right to act independently of any other organization should this be necessary in its judgement as a revolutionary party. Thus it would be in a much stronger position to influence the direction of the South African Revolution. All the more so because only in this way would it be possible for the SACP to find its real allies in the other liberation organizations, presently outside the purview of its self-created esoteric and sacred society, thus broadening its revolutionary base. Short-term advantages, whatever they be, should never be permitted to override the basic and long-term perspectives of a successful socialist revolution.

I think that the point that has to be accepted by the left in South Africa is this that the two unity movements discussed above are of necessity national liberation movements, which seek to encompass all the various shades and gradations of opposition to white power. With that in view they have adopted programmes of minimum demands that all people fighting for national liberation and democracy within the South African context ought to accept and promote. Within such a mass movement you will naturally have a cross-section of the population in political and ideological terms. But so long as these ‘schools’ of thought within the political spectrum identify themselves with the national liberation movement, they are bound by the provisions and scope of the minimum programmes, which are, by their very nature, and of necessity, national democratic programmes. None of the constituent parts of the unity movements has the right to prostitute the unity programmes to further its own specific interests and objectives. This, however, does not mean that communists and nationalists, social democrats, trade unions and others are not entitled to have their own programmes, hold their own separate meetings and conduct their own affairs in their own way. But we have all agreed to adopt minimum programmes in order to achieve maximum unity. Provided, therefore, our particular activities
do not conflict with the agreed aims of the national liberation movement as
embodied in the unity programmes, no harm is done. For the solidarity of the
movement against national oppression, and, to some degree, class exploitation,
remains intact. Sol Dubula is clearly right when he states in the African Com-
munist [No.47]

All our activities whether directly military or political are calculated to help bring about a
situation in which insurrectionary conditions will mature. The development of these condi-
tions and the point at which they mature depends upon the activities of the liberation
movement as only one factor. It also depends on social and economic developments both
inside and outside the country over which no single political movement has absolute control
(my emphasis).

Few would disagree that the demands posited by both the Ten-Point Programme
and the Freedom Charter are, in the South African fabric, revolutionary demands.
The significant dimension not often appreciated or articulated is that there is no
reason to believe that the general political consciousness of the population will
not be raised to a higher level in the course of the struggle for national liberation
and democracy. There is no reason to believe that at the end of the day the
achievements of this mass movement will be in conflict with the ultimate aims
for a fundamental revolution of the entire socio-economic and political system.
After recent events in Africa, where armed insurrection has triumphed over
fascism, there is particularly no reason to believe that the two cannot be achieved
simultaneously.

But it devolves upon the left to adopt a dialectical view of the process of revo-
lution, including our own revolution. What seems to be our ceiling today could
be our ground-floor tomorrow, and so on and so forth. For life travels up in
spirals and there is no mechanical way we can definitely tell where the voyage
will end. Much as it is tempting to do so, it would be opportunistic and utterly
unscientific of any liberation organization to prejudge today what will happen
tomorrow. We cannot seriously say what form of society we shall definitely
have after the revolution, for that depends on a flux of imponderables, and more
particularly on the relationship of forces at the time of the event. We can only
seek to promote our own special interests within the broad canvas of the national
liberation movement so far, as I have said, as they do not subvert the agreed
programmes; in a word, our transitional programmes, which at present are
equally binding on all. This, above all, is education in democracy and for
democracy, and is valid from the points of view of both tactics and strategy
within the milieu of our unfolding revolution.

Bibliographic Note
In addition to the basic documents of the various movements, useful commentaries can be
found in: The African Communist No.76, 1st Quarter, 1979; B. Davidson, J. Slovo and
A.M. Lekele, White South Africa's Outward Adventures: An Appraisal from the Standpoint
of National Liberation, (1976); Ben Turok, Strategic Problems in South Africa's Liberation
Reviews


Writing on the Angolan struggle for independence and the ensuing civil war and consolidation of the new state since 1975 falls basically into two categories. (This is to except the demonic anti-communist propagandising lacking in any real analysis by especially South African authors.)

1. Authors like Basil Davidson\(^1\) give accounts that tend to highlight the constant virtues of the MPLA leadership and to chart a straight line between the heroism and self-sacrifice of the liberation fighters and the construction of a new supposedly socialist state. Such positions reflect the fact that, during the course of the struggles, the solidarity movement internationally (e.g. the Committee for Freedom in Mozambique, Angola and Guinea in Britain) established a close relationship with, and gave uncritical support to, this leadership. Such a position, which was correct in terms of the clear differences with the US backed FNLA or Portuguese collaborators in UNITA, made the mistake however of automatically identifying the interests of the MPLA leadership with those of Angola’s workers and peasants. The continuators of this tradition have produced the most fawning apologetics for the actions of this leadership in government.\(^2\)

2. The second serious strand of analysis is best represented by the work of John A. Marcum.\(^3\) Central to this is the concept of ‘political tripolarity’ by which the existence of ‘three principal ethnocultural communities, Luanda-Mbundu, Bakongo and Ovimbundu’ each occupying roughly distinct areas of the country is seen as the central determinant of the diversity of its political movements. In the solidarity movement this led sections to give equal weight to each of the three movements and to insist on recognising the right of each community to self-determination and nationhood.\(^4\) This tendency was at one with the other in condemning the South African invasion and backing Cuban intervention in support of MPLA. It would presumably however still argue that a key point of the consolidation of the new state has involved crushing the national rights of the Bakongo and Obimbundu groupings.

This book is an attempt to break through the limits imposed by both these paths of analysis. Gabriel is editor of the French language Trotskyist journal *Afrique en Lutte* and no attempt is made to disguise the fact that this work is primarily aimed at the left’s constituency: a sufficient analysis of the history of the recent past and especially an assessment of the nature of the contemporary Angolan
state is a prerequisite for deciding what are the immediate tasks confronting the working class and peasantry in that country. Are these to join enthusiastically in government production drives and accept uncritically the ideology of the new regime or to constitute a revolutionary Marxist current against a ruling bureaucratic bourgeoisie — the MPLA? Gabriel’s reply unequivocally comes down for the second option.

The book is divided into two sections entitled respectively ‘The Social Formation and Nationalism’ and ‘A petty bourgeois leadership in the Class Struggle’.

Prefacing the first is a chapter entitled ‘Petty Bourgeois African Nationalism’ which explains the common features of the movements that have led the independence struggles in, and assumed state power over, most of the continent in the post war years. Formed essentially by members of a variety of strata of the petty bourgeoisie, these have utilised newly acquired state power to enrich themselves via continued collaboration with imperialism. Without exception they have prevented, through a combination of incorporation with repression, the emergence of mass movements of any kind that are independent of the state. It is several times stressed: in this respect there is no difference between the practice of the MPLA and that of Nasser or Nkrumah twenty years ago.

Does this mean there should be no differentiation between different nationalist groupings? Again the answer is firm. To understand the respective origins of their leaderships, nature of their international links and above all of their mass base was essential to know why Angolan revolutionists should have given, and generally did give (even the Maoists whose international inspirers were giving military assistance to the FNLA) backing to MPLA against its rivals.

The evolution of the FNLA from the hierarchy of the Bakongo grouping which straddles the borders of Congo, Zaire and Angola is described. Its close relationship from its earliest days with the Zairean government (Holden is Mobuto’s brother-in-law and owns, like many of his fellow leaders, considerable property in Kinshasa) and with the CIA who bankrolled it from 1962-75 are clearly exposed.

If the FNLA found it politic to shift from advocating the revival of an updated version of the Kingdom of Kongo to pan-Angolan nationalism, the evolution of the UNITA, which emerged after Savimbi left FNLA in 1964, went in the opposite direction. A very conscious regionalist policy became in fact an essential part of its strategy for establishing a base. Especially in 1975 it followed a policy of emphasising its credentials as representative of the Ovimbundu peoples of the central plateau as backing for its claims to be an essential part of a projected ruling coalition. If FNLA was the USA’s client, UNITA maintained well documented links with the Portuguese whom it certainly hoped to use to balance its claims against those of MPLA.

By contrast the MPLA, whose leadership was drawn largely from amongst urban assimilados and mesticios, many of them having spent considerable periods in Portugal where they came into close contact with the clandestine Communist Party, made no compromises with regionalism. Rather it emphasised its pan-Angolan aims and its ‘socialist’ goals. But clearly identifying its politics as falling in the mainstream of petty bourgeois African nationalism is that the MPLA’s rhetoric was never translated into any concrete programme of change in key areas like agrarian reform or workers’ control of industry.
Central to a correct socialist analysis of the movements however was neither the class origin of their leadership nor their ethnic base but the class nature of their support. Here the MPLA, despite the repression that hampered its organising in urban areas, rapidly won in 1974, essentially through the expectations aroused by its rhetoric, the allegiance of the mass of the black population of Luanda and other coastal towns where was centred the mass of Angola’s small working class. It was here that arose the movement of ‘poder popular’ involving the creation of factory and neighbourhood committees that seized control of property from its fleeing white owners and in some cases established effective ‘dual power’ within certain areas. Gabriel examines this experience in 1974-5 very closely, arguing that it represents the most developed manifestation to date anywhere in Africa of the potentially explosive power of the popular movement and as such is an exemplary experience for the masses, especially in the unliberated territories of the white south. It was this concrete mass movement and not the socialist rhetoric of MPLA’s leaders that clearly posed the possibility of workers’ power. It was against this that the imperialists, the South Africans, the FNLA and UNITA and their allies in the reactionary neo-colonial governments of Zaire and Zambia, moved in 1975. It was in defence of Angola’s mass movement, and not of MPLA’s leadership, that it was correct for Marxists worldwide to mobilise at that time.

The second half of the book chronicles the development of the Angolan state since independence. In 1975, argues Gabriel, it was essentially the growth of the mass movement, not the strength of its military units, that had busted the coalition which the OAU and imperialism internationally had foisted via the Nakuru accords and the Alvor agreement on the MPLA. In June it was the mobilisation of the masses of Luanda, not the MPLA, that sent the FNLA packing after their attempt to occupy the town.

This was the period in which the petty bourgeois leadership of the MPLA was being dramatically outflanked from the left by mass upsurge. On the one hand it was totally dependent for its survival precisely on this mass base. On the other hand this in turn posed a threat not just to its enemies but to its own control. The book continues to chronicle the manner in which from August 1975 however MPLA began to re-establish its control over the mass movement. In the first place this involved attacks on the far left groups, later the incorporation of the various popularly elected committees into MPLA’s structures and subordination of the trades unions to government control. Two factors aided the process:

1. The civil war, especially after the invasion by the South Africans, enabled the MPLA to become seen as the main defender of the revolution in Angola. The position is dramatically posed by pointing to the choice facing a worker in Luanda between the MPLA and the murderous troops of Roberto and the white racists.

2. The weakness of the left which, in the crucial days of mid-1975, lagged behind the development of popular consciousness. While the masses in Luanda were building the organis of ‘poder popular’, the tiny far left groups were quite unable to develop any strategy for the development of a mass revolutionary party of the working class as an alternative leadership to that of MPLA. Thus the latter were never challenged on the political terrain.

The book ends with a postscript analysing the Nito Alves coup attempt of May
1977. Its leader had been one of the main instigators of the earlier repression of the mass movement. But in the essentially intra-bureaucratic contest with the Neto leadership faction a revival of the mass movement was key to provide any weight to his group. The wave of strikes in the wake of a worsening economic situation in early 1977 appeared to provide favourable ground for its revival but the Nitista group, having no real alternative critique of the leadership and being similarly imprisoned by bureaucratic conceptions, failed to capitalise on this. When the coup attempt did take place it appeared as the adventure of isolated individuals and was easily crushed. Its very happening gave the excuse to government to engage in further purges.

An apparently central question, the role of the Cubans in Angola, is very little discussed. What is clear however is that this had in no way affected the class nature of the new state which is essentially imitative of its neighbours. Despite its apparent identification with the workers' states and the provision by these of vast sections of its military and administrative infrastructure and social services, Angola remains firmly entrenched in the capitalist world. It therefore has to be concluded that part of the objective role of Cubans in Angola, wherever they operate, is actually to assist a state from which the multi-nationals like Gulf Oil go on extracting an important part of the surplus. There was a good deal of hard-headed realism about Andrew Young's and Carter's seeing their role as ensuring stability.

This review has concentrated on outlining some of the main themes of a book which will be unavailable to many readers because it as yet remains untranslated. It has not in any way done justice to the wealth of detail contained, most obviously on the positions of various sections of the Angolan left and the development of the mass movement. Here a good deal of use is made of unobtainable and/or unpublished material.

It is to be hoped that the political argument of the book will provoke a good deal of reaction and discussion. Perhaps it will for instance force MPLA's admirers to coherently explain what exactly constitutes its unique non-capitalist path of development. Crucial is the fact that the questions raised by Angola's experience are in no way unique. In particular the central lessons about the relationship between the mass movement and a petty bourgeois nationalist movement and a petty bourgeois nationalist movement and the urgency of developing a political alternative to the latter that is based on the working class, have burning immediate relevance for Zimbabweans who might just be about to undergo a similar experience?

Footnotes
2. For instance 'Angola, the Rise and Fall of Nito Alves' by Paul Fauvet in *Review* No.9, May-August 1978 and the continuing publications of the Mozambique, Angola, Guinea Information Centre.

Tony Southall

Richard Jeffries' study of Ghanaian railwaymen, a revised version of his 1975 thesis, is a significant contribution to the growing number of publications on African labour and trade union history. At the same time, this book provides important new insights into the patterns and dynamics of political change in Ghana over the last forty years.

The first, longer section of the book is a political history of railway unionism in Ghana which describes how the railwaymen of the twin towns of Sekondi and Takoradi, more than any other group of unionised workers, have played a leading role in determining the pace and nature of political change in Ghana. Unlike other workers, the railwaymen overcame the many obstacles to unionisation in the pre-1945 period. They rejected the apolitical model of trade unionism encouraged by the colonial administration, and led by the charismatic engine driver Pobee Biney, they acted as the radical vanguard of the colony’s emerging proletariat. The railwaymen became the most important organised mass base of support for Nkrumah and his Convention People's Party (CPP). In 1950 they forced Nkrumah to support a general strike in furtherance of the party’s campaign of ‘Positive Action’ against the colonial regime.

In the following decade the Railway Union resisted the deradicalization of the party and the centralization of the national labour movement. This resistance culminated in a seventeen-day strike in September 1961, a protest inspired by a sense of communal deprivation, which attracted the support of the whole of the urban mass. Like the ‘Positive Action’ strike, the 1961 strike led to the intensification of state controls over organised labour. It was not until after the coup of 1966 that the national labour movement, in the form of the Trades Union Congress (TUC), was remodelled along the independent and democratic lines consistently advocated by the railwaymen and their union. The incompatibility of this new model with the increasingly elitist and authoritarian policies of military and civilian regimes between 1966 and 1971 finally resulted in open confrontation between labour and the state. Again, the railwaymen of Sekondi acted as the principle source of working class opposition to the inequities of the post-colonial political economy.

Jeffries describes and analyzes these events with admirable lucidity, providing the first comprehensive and accurate account of the politics of the Ghanaian trade union movement between 1945 and 1972. He illuminates the decisive role played by the railwaymen in the interaction of trade union and national politics. While the book is more accurately described as one of ‘trade union politics’ than one of ‘labour history’, the author draws on his extensive informal association with the railwaymen to demonstrate how the radical policies and ideologies of railway union leaders have been informed by rank-and-file consciousness. Unlike many other groups of Ghanaian workers, the railwaymen have succeeded in maintaining the democratic procedures of their union in the face of persistent state interventions designed to replace popular and responsive leaders with loyal appointees.

The success of the railwaymen in this respect has, perhaps, led Jeffries to underplay the degree of tension between workers and union officials in the 1966-72 period when B.A. Bentum headed the TUC. The unprecedented strike wage of
1968-71 is not discussed at any length, and therefore the fundamental ambiguity of Bentum’s role as a broker between organised labour and the state is left unexplored.

This first, historical section of the book would also benefit from some examination of the protest activities of the railwaymen in the periods between the major confrontations of 1950, 1961 and 1971. Jeffries’ failure to examine the railwaymen’s perceptions of their working situation and to explore conflicts over industrial issues stems from his narrow definition of political activity as that which ‘extends beyond immediate occupational interests to disagreement over broad societal issues and goals’ (p.3). It is, surely, wrong to suggest that conflicts over wages, conditions of service, managerial authority and workers’ rights are totally irrelevant to the issue of ‘the legitimacy of the prevailing political and social order’ (p.3). For Jeffries, as for many other radical scholars, progressive political change can be achieved without any corresponding changes in the organisation of work. If he had looked at the workplace activities of the railwaymen Jeffries may have found a more distinctively ‘proletarian’ strain in railway worker ideology than his discussion of their ‘radical populism’ permits.

In the second section of the book, Jeffries considers more systematically the analytical and theoretical issues raised by his account of railway unionism. First, he examines the socio-economic position and the political role of the railwaymen in Ghana’s evolving class structure, convincingly arguing the case against the ‘labour aristocracy thesis’ propounded by Arrighi and Saul (in their Essays in the Political Economy of Africa). Next, Jeffries discusses the obstacles to the mobilisation and organisation of urban and rural masses in Africa, examining the unique sources of the railway workers’ political strength. Finally, he describes the distinctive political culture of the railwaymen, showing how it differs from the ideal-type of class consciousness regarded in Leninist theory as the basis of revolutionary proletarian activity.

In dealing with these issues Jeffries shows a healthy disrespect for any deterministic tendencies within radical scholarship. While the militancy of the Sekondi railwaymen stems ultimately from their role in the social formation, their political consciousness and ability to organise in defence of the interests of the urban poor is shown to be the result of specific situational factors which are generally not shared by other groups within the Ghanaian working class. Not surprisingly, therefore, Jeffries avoids any general assessment of the ‘revolutionary’ or ‘political’ potential of African workers, and consistently reminds the reader of the different sets of situational factors moulding political consciousness in other urban areas of Ghana.

Perhaps the most valuable new theoretical perspective brought by Jeffries to the study of African workers is to be found in his extensive analysis of the railway workers’ political culture. While recognising the use of this concept by conservative political scientists, the author prefers to adopt an approach similar to that used by E.P. Thompson in his classic study of the English working class. Like Thompson, Jeffries shows that political consciousness is embodied in traditions, values, ideas and institutions. Political action is therefore informed by past experiences and the mythology of those experiences, as well as by contemporary circumstances. The railway workers’ ‘sense of history’ ensures that the victories and defeats of yesterday are remembered by those participating in the conflicts of today.
Readers who come to this book expecting the author to herald the working class revolution in Ghana will be disappointed, for Jeffries’ position is almost uncompromisingly incrementalist. Ghana’s workers can hope to limit the worst excesses of exploitation and authoritarianism, and to contribute towards the creation of democratic and accountable political structures. Only if such hopes are completely frustrated might reformism give way to ‘a more explicitly revolutionary orientation’ (p.208). While this realistic perspective is preferable to unthinking proletarian messianism, it also underestimates the political flexibility of capital and the post-colonial state. Hitherto African regimes have, as Jeffries suggests, attempted to suppress mass political expression. However, the historical experience of working class struggle in other areas of the world suggests that in the future trade unions might actually be encouraged to adopt the reformist position advocated by Jeffries as a means of averting conflict over the fundamentals of the post-colonial political economy.

This book is essential reading for anyone seeking to understand the political expression of class formation and conflict in Africa. For students of Ghanaian politics it represents an overdue shift of focus away from the essentially elitist and institutional perspective of the existing standard works. One can only hope that a cheaper, paperback edition of the book will give it the wide circulation it deserves.

Jeff Crisp

Colonialism and Underdevelopment in Ghana, by Rhoda Howard, (London 1978), 231 pp, bibliography, index.


The long crisis of the inter-war years did much to alter the structure of world capitalism. This was especially true for primary producing areas such as West Africa. The ‘Great Depression’ brought to an end an era characterised by competitive merchant capital and gave birth to an alliance of oligopolistic firms with the colonial state, culminating in the creation of marketing boards and state financed ‘development’.

For the Gold Coast the apotheosis of the inter-war crisis was the cocoa hold-up of 1937-38. Throughout the 1930s, as prices slumped, the process of the concentration and centralization of capital continued apace. By the buying season of 1937-38 most cocoa buying firms had entered into buying agreements which allotted these former competitors shares of the market based on past buying performance. Such an agreement was necessary to maintain existing profit margins. Only such an agreement could limit price competition and restrain the activities of indigenous middlemen and brokers, who by playing the firms off against each other were able to speculate on the cocoa crop with the firms’ money. To reinforce their position, the firms also entered into the notorious ‘merchandise agreements’ which set prices for imported manufactured goods, again with the express purpose of limiting competition and maintaining profit margins.
The response of large producers and brokers to this commercial attack was an organised hold-up of cocoa marketing. This type of response had been the characteristic one for African merchants faced with deteriorating market situations for over one hundred years. What made the cocoa hold-up assume the importance that it did with regard to colonial policy was that it was immediately followed by the Jamaican labour rebellion of 1938, an event which had profound effects on Imperial thinking and strategy.

For both of the books under review the 1937-38 hold up is a crucial event. Rhoda Howard’s work treats it as a phenomenon which lays bare the structure of peripheral capitalism, while for Josephine Milburn it is seen as a crucial moment in the evolution of business influence on the politics of independence. Much can be learned about the two works by examining how each handles the crisis. For it also lays bare the differences in politics and scholarship of the two authors.

For Milburn the crisis is explicable only at the level of the market. Citing with approval the work of David Kimble she believes that the merchants’ ‘collusion’ over produce buying brought upon them the blame for world produce price movements which were ‘beyond their control’. She notes the firms’ own testimony to the commission set up to investigate the protest as showing ‘the common interest of buying firms and producers, as opposed to the middleman and the broker’. Further she maintains that ‘the employment and training of Ghanaians by the firms demonstrated that the firms’ economic interest and the welfare of the people could coincide’. For Milburn the firms’ ‘concern’ for the ‘welfare’ of the Ghanaian people was also demonstrated by the fact that the firms continued to buy cocoa at all in such a poor market. If there were any ‘exploitative’ aspects to this relationship they and ‘innovative elements were mixed in the same action’. In the introduction she notes that her own work was carried out in 1966-68 and one searches in vain for any substantial rethinking or reading beyond the latter date.

Rhoda Howard sees the crisis quite differently. For her the hold-up was a ‘nationalist struggle’ in which ‘all indigenous classes attempted to unite against a common enemy’. She views the hold-up as an attempt ‘to break the hold which expatriate firms had on the marketing of cocoa overseas’ which was ‘an essential part of the economic grip maintained by the British colonizers’. She argues that the alliance was composed of indigenous traders, who sought to ship cocoa directly to chocolate manufacturers, and wealthy farmers, who saw the boycott as a means of increasing prices. These two grounds initially were able to utilise their position within the Ghanaian economy to carry with them poor and middle peasants as well as share croppers and wage labourers. Howard sees the ultimate failure of the hold-up as paradoxical: while it was the common interest of all these groups in the monocultural economy of cocoa that united them in action against the firms, it was the divisions among them created by the social relations of cocoa production which doomed the boycott to failure. In the event large farmers and brokers were unable to maintain the solidarity of their clients and workers who were eventually forced to sell their cocoa in order to eat. Much of the history of the politics of decolonisation of West Africa could be analysed in similar terms and one regrets that Howard’s work (aside from an interesting conclusion) only deals with the pre-war period.

Bob Shenton
CURRENT AFRICANA No.19

Compilation date: October 1979

Compiled by Chris Allen

This listing omits East, Central and Southern Africa, for which I apologise. The reason is the inclusion of unusually long sections on North Africa (omitted previously for want of space) and on theses (omitted because of compilation difficulties). The missing parts will appear in the next listing.

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