

THE POLITICAL ECONOMY OF TANGANYIKA'S DEVELOPMENT

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Gerald F. Whittaker

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PREFACE

It is amazing that Africa, which by some has been considered the birthplace of human civilization, remained for so long the most unexplored underdeveloped and backward of the continents.

It was not until the European powers, particularly in the Eighteenth and Nineteenth Centuries, made great inroads into the continent and colonised the whole area, that progress occurred. But like most systems, Colonialism carries with itself the seeds of its own destruction; by virtue of the transformations that it involves, the changes it introduces in ideas, institutions and mores and the basic services it implants, indispensable for the activities of the colonial society.

This Thesis examines one of these former colonial territories, Tanganyika in East Africa. Its natural and human resources are considered within a framework of Western development.

In the preparation of this work, my greatest debt is to Dr. K. J. Charles, who had the laborious duty of supervising the work throughout all its stages. An expression of gratitude must be made to the staff of the University Library for their kind assistance throughout the difficult

days of research. The tedious job of typing fell to Mrs. H. Finberg.

The conclusions arrived at, however, are my own, and I alone hold full responsibility.

Gerald F. Whittaker

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September, 1962

ABSTRACT

Thesis:

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The purpose of this Thesis is to examine the prospects of Tanganyika attaining rapid, self-sustaining economic development in an atmosphere of free enterprise and active competition.

Since non-economic forces play a crucial role in economic development, this enquiry has naturally extended into a study of the political and cultural forces at work in Tanganyika; hence the title: The Political Economy of Tanganyika's Development.

An examination is made of the resources of Tanganyika and the nature of its developmental problems. Political independence has been achieved, therefore the major area for progress lies in the field of economics.

With vast fertile agricultural lands, numerous products of the forests and considerable deposits of valuable minerals, the present low per capita income of \$ 60 (U.S.) per annum is not justified in purely economic terms.

It was found that racial and class consciousness, the lack of heterogeneity and mobility of the population, and

the failure of political, social and economic behaviour to be highly dynamic and competitive, had a profound influence in confining the society in a morass of under-development.

The solution to this problem was seen to lie in bringing the dispossessed class of negroes into the market economy.

This would entail rapid development in agriculture. Mechanization, better farm management and organisation, improvements in soils, crops and livestock, by such means as fertilisers, selection of seeds and better breeding habits, are a few of the needed innovations. Agricultural development would raise the income in the subsistence sector of the economy, thus creating a market for the goods of the manufacturing sector. This would give added impetus to industrial expansion. It would also release labour from the farms to flow into the towns to form the new industrial labour class. The initial flows would tend to keep wages down, so that entrepreneurial profit can be a greater part of national income and lead to greater expansion. Such agricultural development would also tend to destroy rent, thus shifting entrepreneurial talent to industry. The demise of the landlords would then be sounded and the new industrial elites heralded. The present socio-cultural hindrances to development would thus be broken.

A consideration of important theoretical questions that figure prominently in modern economic literature is also made. International trade is examined to see whether it has acted as an engine of growth and whether reliance can be placed on international trade for development.

The author believes the study has also thrown some light on the question of an agriculturally biased strategy of development as contrasted with a development which places maximum emphasis on industrialization. The study does not provide a simple conclusive solution to this problem. Instead it shows that in some instances like Tanganyika, development should be agriculturally biased, and in others the primary emphasis should be on the development of the manufacturing industry.

The Thesis visualises rapid economic advances in Tanganyika, based on intersectoral development, a non-reliance on international trade as an engine of growth, the building of a solid "infra-structure", and with sufficient Government interference to destroy the vested interests which strangle the economy.

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CHAPTER I

THE NATURE OF THE DEVELOPMENT PROBLEM

The majority of the world's peoples residing largely in Asia, Africa and South America, live in a state of squalor. They are ill-fed, ill-housed, ill-trained, and lack the facilities to earn a decent living from their environment. Their position of degradation has been forcibly brought to their notice, and the advanced countries have become aware of their existence due to the social contacts of the last war, the developments in communication, and, no doubt, the spread of communism. The main problem, therefore, is to raise the living standards of these peoples. Thus the literature of Economics over the past ten years has been increasingly concerned with Growth or Development. Even the advanced countries, see the problems of growth and stagnation in the economy, as a difference in degree rather than in kind from that of the developing nations.

It is difficult to define in precise terms these underdeveloped countries because no two are alike in all respects. Benjamin Higgins distinguishes at least four categories of underdeveloped countries. (1)

(1) Higgins, Benjamin - Economic Development, W. W. Norton, Inc., N. Y., 1959, Pg. 21 f

1. First there are countries which have per capita incomes low enough to put them into the underdeveloped category, but which have unutilized known resources and which are currently undertaking enough industrialization and agricultural improvement to bring substantial increases in per capita income. Argentina, Brazil, Italy and the Philippines fall into this category. They have sufficient domestic savings, plus assured foreign capital assistance, necessary to finance the capital formation needed to raise incomes, yet they are all confronted with bottlenecks such as skilled labour, entrepreneurship, or laggard sectors of the economy which limit the rate of growth. In most of them, growth is very unevenly distributed among social groups and among regions. The problem in these countries is therefore, one of sustaining growth, reducing open and disguised unemployment, and spreading the benefits of growth more widely.

2. Second, there are countries like Burma, China, and Thailand whose per capita incomes are currently very low, which do not appear to have abundant resources relative to the size of their populations, but where per capita income is currently rising. In these countries the rise in income must be accelerated not just sustained.

3. Third, there are countries which are poor and stagnant in the sense that per capita incomes show no rising trend, but which are relatively rich in resources. Indonesia is a case in point. What is needed is a total transformation of the economy.

4. Finally, there are countries which are stagnant and are also poor in resources. Libya and Yemen are typical examples. In such countries the existing economic undertakings must be improved.

Yet, in outlining these four types of underdeveloped countries it is possible to distinguish underlying characteristics which are peculiar to these countries. It has been recognised that they have low capital per head, which gives low productivity, hence low income, and therefore low savings, which keep capital low, - a vicious circle. (2)

But it is doubtful if the classification of Harvey Leibenstein can be improved. (3) The main features of underdeveloped areas have been categorized into Economic, Demographic, Cultural, Political, Technological.

(2) Lewis, W. Arthur - The Theory of Economic Growth - R. D. Irwin Inc., Homewood, Illinois, 1955

(3) Leibenstein, Harvey - Economic Backwardness and Economic Growth, Page 40 - 41

These various factors which characterize underdevelopment go to show the inherent problems associated with pinpointing the essence of underdevelopment. Multiple disciplines must be focussed on these countries in order to appreciate and define their problems. In such a case, therefore, it is necessary to divert attention to the allied disciplines such as Sociology and Psychology to determine why the attitudes of these people are what they are, and what are the motivating factors that will propel people on the road of accumulation and enterprise to faster development.

Jacob Viner has adequately broached the issue when he writes

"It is incumbent on the economist, however, to recognize and to proclaim that economic improvement is not merely a matter of more capital or more acres, or more coal in the ground, but also of growth of effectiveness of management and of manual effort through better political and social organisation. If he fails to do so, he is liable to find himself throwing the blame for national poverty wholly on physical circumstances beyond human remedy, or on factors external to that economy, to the neglect of the internal human, social, political and moral factors which may carry a large part of the true responsibility." (4)

(4) Viner, Jacob - International Trade and Economic Development, Clarendon Press - Oxford, 1953, Pg. 16

Gunnar Myrdal sees development as a social problem concerned with a complex of interlocking, circular and cumulative changes, (5) while Bert Hoselitz states that "What is needed is not merely a theory of economic growth in purely economic terms, but a theory relating economic development to cultural change." (6) The scope of the task, however, has not deterred economists from attempting to define an underdeveloped country with the hope that this will throw some light on the nature of the problem. Eugene Staley suggests that it is

"a country characterized by mass poverty which is chronic and not the result of some temporary misfortune, and by obsolete methods of production and social organization, which means that the poverty is not entirely due to poor natural resources and hence could presumably be lessened by methods already proved in other countries." (7)

Viner defines an underdeveloped country as one

"which has good potential prospects for using more capital or more labour or more available natural resources or all of these, to support its present population on a higher level of living, or, if its per capita income level is already fairly high, to support a larger population on a not lower level of living" (8)

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- (5) Myrdal, Gunnar - Development and Underdevelopment, Cairo, 1956, Pg. 19
 - (6) Hoselitz, Bert F. - Sociological Aspects of Economic Growth. The Free Press of Glencoe, Illinois, 1960, Pg.24
 - (7) Staley, Eugene - The Future of Underdeveloped Countries. New York, Harper and Brothers, 1954, Pg. 13
 - (8) Viner, Jacob - International Trade and Economic Development, Glencoe, The Free Press, 1952, Pg. 125

Higgins, for policy purposes has defined it as "a candidate for assistance through the foreign aid programs of the United States and other Western Nations".(9) Such definitions, however, hardly have any meaning for analytical purposes, hence the difficulty of definition remains. A group of experts have used the term "under-developed countries" to mean "countries in which per capita real income is low when compared with the per capita real incomes of the United States, Canada, Australia and Western Europe". (10) In general under-developed countries in this sense are those with per capita incomes less than one-quarter those of the United States or, roughly, less than \$ 500 (US) per year.

But the sociologists have raised strong objections to the use of this definition inasmuch as quantitative changes in the per capita income cannot and do not reflect qualitative changes taking place in the society. Bert Hoselitz writes

"what we are driving at is more than a mere classification in terms of this highly elusive measure, per capita output. If different stages of economic development are associated with different systems, each exhibiting a particular social structure and culture, we must look for

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- (9) Higgins, Benjamin - op. cit. Pg. 7
(10) Measures for the Economic Development of Under-Developed Countries - Report by a Group of Experts. United Nations - Department of Economic Affairs, N.Y., 1951

further criteria by which to separate economically 'advanced' and 'underdeveloped' countries. These might be associated either with the country's economy, or its culture and social system". (11)

Thus since sociologists are interested in the components of different social systems, each of which corresponds to a particular level of economic advancement, they have attempted to structure the relevant relationships in terms of "pattern variables" in order to state the basic factors comprising a framework in which entire social systems can be studied and compared. The contrast between economically advanced and underdeveloped societies is thus reduced to its basic sociological foundation if the purely economic magnitudes are stated in terms of these pattern variables. In this analysis special attention is given only to those aspects of social behaviour which have significance for economic action, particularly as this action relates to conditions affecting changes in the output of goods and services achieved by a society.

Hoselitz (12) has pointed out that, of Parsons' five pattern alternatives, at least four are applicable to the problem under consideration. These are namely, the choice between modalities of the social object, that is achievement

(11) Hoselitz, Bert - op. cit., Pg. 29

(12) For a full treatment see Hoselitz, op. cit, Chapter 2

versus ascription; the choice between types of value orientation standard, universalism versus particularism; the definition of scope of interest in the object, specificity versus diffuseness; and the private versus collectivity interest dilemma, self-orientation versus collectivity-orientation. When these pattern alternatives are applied to economies at different stages of development, underdeveloped economies exhibit usually:

- (1) a lack of reliance on achievement as a norm for acquiring economic goods
- (2) the prevalence of particularism in the distribution among performers of economically relevant tasks
- (3) diffuseness in the performance of economically relevant tasks and
- (4) an attitude of self-orientation with relation to economic goods.

Hoselitz maintains that

"the main problem in the theory of economic growth which arises as a consequence of relating social, structural and cultural factors to economic variables is to determine the mechanisms by which the social structure of an underdeveloped country becomes altered and takes on the features which characterize an economically advanced country. In particular, economists may query whether this

process of social change is autonomous or whether, and in what form, it is related to change in the more purely economics variables." (13)

But this type of analysis is not quantifiable and therefore not meaningful for architects of development. The problem in its entirety has been recognised. Indeed Schumpeter in 1934 wrote that

"because of the fundamental dependence of the economic aspect of things on everything else, it is not possible to explain economic change by previous economic conditions alone. For the economic state of people does not emerge simply from the preceding economic conditions, but only from the preceding total situation" (14)

What is realised is that development must take place in order to raise the masses of the populace to higher levels of consumption so that the gap between the standards of living of the advanced countries, and that of the underdeveloped will be narrowed in the hope that this will contribute to a lasting understanding among peoples, and world peace. In order to do this output and consumption can be measured in ~~per~~ per capita terms.

There might be a considerable deviation between both. They are antithetical to each other, but in the early stages of development it is necessary to restrain consumption so that a greater surplus will be available for investment. It should be observed, however, that many of the underdeveloped countries such as the oil rich kingdoms of the Middle East and the ore-producing republics of South

(13) Ibid, Pg. 40

(14) Schumpeter, J. A. - The Theory of Economic Development
Harvard University Press - Cambridge, Mass., 1934