

importance, the biggest being the continued exploitation of Malawi resources for the benefit of overseas lords.

Where the contest continues between foreign colonialism and Malawi nationalism politics are conceived in negative terms. The Malawi masses were not given time to sort out the destiny of their own victories and have been forced into a position where they are unable to make positive decisions. This has encouraged the regime to pretend that all that it does is done in the name of the people. This is possible due to the oppressive and totalitarian nature of the Banda regime on the one hand, and the ignorance of the great mass of the population on the other. Left in ignorance of how to manage efficiently and independently their own raw resources, the people of Malawi are at present ill-equipped to lead their own development. The guidance given them by the existing leaders who bow to foreign influence is the worst possible because it perpetuates the parasitical colonial practice of participating in local development only at the price of extracting exorbitant earnings abroad.

How long the people of Malawi can continue to tolerate their state, cheated of their proper returns, is impossible to say. What is needed among all Malawians is the ability and conviction of John Chilembwe to rise to "strike a blow for a socialist victory."⁸⁵ Without such ideas, our people will be condemned to suffer injustice in silence, since the greatest enemy of justice is ignorance itself.

The Employment of Foreign Consultants in Tanzania: Its Value and Limitations

PETER E. TEMU*

In Tanzania, the use of foreign consultants has been much in evidence in the Civil Service since Independence (1961) and in various parastatal organizations since the Arusha Declaration (1967). In any developing country their role has to be seen in relation to manpower needs. Tanzania has set 1980 as its target year for attaining self-sufficiency in high-level manpower, save for a few highly specialized skills.¹ Already, the country has moved a long way from the day when on the eve of Independence a World Bank visiting mission reported that it was "still necessary to employ mostly European typists".² Judged by the trend of localization in the Civil Service since Independence, the broad manpower target seems to be within reach: for example, at the end of 1961, local officers occupied 26 per cent of senior and middle-grade posts; by the end of 1970, the figure had risen to 85 per cent in an establishment that had more than doubled in absolute size.³

However, the picture is somewhat less bright with regard to specific manpower categories especially the professional ones requiring scientific skills and expertise. It is envisaged, for example, that at the present rate of population growth of 2.7 per cent per annum, some 1700 doctors will be needed by 1980 in order to attain the modest⁴ target of one doctor per 10,000 people. Yet by the end of the Second Five Year Plan (June 1974) we expect to have only about 300 local doctors and it is unlikely that an additional 1400 will qualify within the remaining six years unless enrolment of Tanzanians in medical schools increases dramatically.⁵ The same holds true for engineers, agronomists, surveyors and accountants—the attainment of self-sufficiency by 1980 seems improbable, at best.

If these were the skill categories where foreign experts and consultants were mostly in evidence the matter would be perfectly understandable if still unsatisfactory in the current situation. Unfortunately this is not so. The record shows that the majority of foreigners working in Tanzania are in managerial and advisory posts involving major decision-making with far reaching political

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- 1 *Tanzania Second Five-Year Plan for Economic and Social Development, 1st July 1969—30th June, 1974*, Vol. IV: "Survey of the High and Middle Level Manpower Requirements and Resources," (Dar es Salaam, 1969), p. 1.
- 2 International Bank for Reconstruction and Development, *Economic Development of Tanganyika* (Johns Hopkins, 1960), p. 193.
- 3 *The Economic Survey 1970-71* (Dar es Salaam: Government Printer, 1971), p. 113.
- 4 The ratio of one physician per 10,000 of population is regarded as modest because it is still way below the ratio of one physician per 1000 of population which is typical of the developed countries. Indeed, many of them have ratios which are much lower than this.
- 5 *The Economic Survey*, op. cit., p. 114.

85 Chilembwe is said to have used the words "strike a blow and die" in a speech to his liberation army on the night of the 1915 uprising. See Rotberg, *Strike a Blow and Die...*, op. cit.

and economic implications. For example, in the Ministries of Economic Planning and Development, Finance, Agriculture and Cooperatives and even in the President's Office, the use of foreign advisers and consultants has tended to increase rather than diminish. The same is true of the parastatal bodies where the use of expatriate managers, usually under management contracts, has become the order of the day.

The role of the foreigner in a developing country—be he called consultant or whatever—has to be seen not only in relation to the country's manpower needs in its most critical 'bottleneck' areas, but also, and more importantly, in relation to the type of society that the country wants to build. To be sure, consultants must have certain technical skills, but equally necessary and perhaps more fundamental, are their attitudes to life and to society. In the case of Tanzania this means that they must not only understand, but fully share, our aspiration to build a socialist society. The consultant is not a mere technocrat; he is an agent of social change who cannot fulfil his mission unless he has an emotional commitment to, not just an intellectual appreciation of, the aims of the society for which and in which he works. Without such a commitment, a foreign consultant or adviser in present-day Tanzania is not only useless—he is dangerous.

Thus, there is a qualitative as well as a quantitative dimension to the role of foreign consultants in the economic development of the developing countries. The quantitative aspect, numbers of experts needed to fill known vacancies requiring known technical qualifications, is easily identifiable and fully captured by manpower surveyors. The qualitative aspect, however, which is in the nature of character evaluation, is much more elusive and much less easy to document but it is certainly not less important.

It may be observed that in many countries, including our own, the majority of foreign experts are probably better regarded as skilled workers than as advisers or consultants in the strict sense. They are primarily administrators of policy, not active formulators of it. With this group of workers we are not particularly concerned. I define a consultant more strictly as one who tenders advice in matters of policy formulation including the choice of developmental priorities and who may or may not be directly involved in the implementation of such policies.

For our purpose it may be convenient to regard foreign consultants, as just defined, as falling into three broad categories: (1) the occasional visiting or 'fact finding' mission; (2) the resident consultant; and (3) the consulting firm. These categories usually overlap but it will simplify matters to keep them separate in order to highlight certain basic implications of each. In particular, the use of consulting firms which have ownership interests in local enterprises on top of other, and probably conflicting, business interests in other parts of the globe, raises sticky questions of neo-imperialism to which contemporary students of economic under-development are turning increasing attention.⁶

6 See for example, P. Jalee, *The Pillage of the Third World* (New York: Monthly Review Press, 1968); Harry Magdoff, *The Age of Imperialism* (New York: Monthly Review Press, 1969).

THE VISITING OR FACT-FINDING FOREIGN MISSION

The role played by different visiting teams of foreign experts can easily be appreciated when the paucity of data on which to base investment decisions is considered. Technical and economic feasibility studies are the usual prelude to the launching of any important enterprise, especially where it involves foreign financial or technical assistance. One contribution generally made by such investigating teams is simply the volume of statistical material which they assemble. Even where these data comprise little beyond the compilation of already existing information, it is no mean task sorting out and piecing together various statistical 'odds and ends' to obtain economic and technical data which make sense. But there are certain limitations which are worth bearing in mind. Because they have to conform to rigid deadlines, these visiting experts often spend too short a time in a country as large and diverse as Tanzania to collect and digest reliable information. There is a distinct possibility that much of what is published by them is of poor quality because it is hastily put together on the basis of information which is probably to varying degrees inaccurate.⁷

Typical of this kind of visiting or fact-finding mission are World Bank missions, such as those which visited Tanzania in 1960, or Uganda and Kenya in 1962 and 1963. Each of these missions toured the countries concerned for several months interviewing officials, reading reports and memoranda, assembling data from a wide variety of sources and where possible making 'educated guesses' to fill in awkward statistical gaps. The reports they published were regarded, at the time, as authoritative reference works; their recommendations became blueprints and formed the basis of the earliest 'development plans' after Independence. Indeed, in country after country, these World Bank reports proudly gave themselves the impressive title "The Economic Development of . . ." (Tanganyika, or whatever the country was), and this gave them an air of authority and an appearance of objectivity which they obviously did not possess, whether judged by their data or their philosophy.

The report on Tanzania sang the usual praises of private investment, of inducements to attract foreign capital and higher salaries to attract foreign manpower:

It should be emphasized that overseas recruitment is not possible unless salary, tenure and other terms are competitive with those in other countries. While expatriate officials are currently well-paid by local African standards their remuneration does not compare favourably with their market value in their own and many other countries.⁸

It also recommended a strategy of agricultural development based on a so-called transformation approach which has since proved a failure. These and other recommendations seem to have been accepted wholesale

7 A typical case is a recent study by Swedish consultants of food grain storage requirements in Tanzania which has come up with recommendations for the construction of expensive modern silos on the basis of data of questionable reliability.

8 *Economic Development of Tanganyika*, op. cit., p. 192.

and incorporated in the First Five Year Plan. When eventually it dawned on us that several of these features were unworkable or inappropriate—including the agricultural transformation programme based on costly settlement schemes—Tanzania beat a hasty retreat, one manifestation of which was the Arusha Declaration.

Of course, Tanzania continues today to rely on reports by fact-finding missions or study teams and consultants, most of which indeed come here at Tanzania's own request. But unlike the World Bank mission, these are normally confined to narrow sectors of the economy or to individual projects. Generally speaking, the country has already mapped out its broad development strategy and has worked out priorities consistent with socialism which provide a framework within and against which any advice by outside experts is supposed to be tendered and evaluated. Therefore, while the need for foreign consultants remains, the necessity of viewing their reports with at least a healthy scepticism is now generally recognized. This is a welcome sign of an attitude which deserves to be strengthened in a country which is just beginning to build socialism.

The possible dangers inherent in the use of foreign manpower as advisers and consultants in policy-making positions, should draw attention to the importance of careful selection or screening of the personnel or/and firms concerned, in addition, of course, to a careful scrutiny of the implications of their reports. However well-meaning these experts are and no matter how scientific they claim to be, their approach to problems and their view of development cannot but be influenced by the values and interests of the societies to which they belong. This is not just a question of the experts' own personality or ideological stance nor is it that they necessarily harbour sinister ulterior motives (though they may); it is simply a matter of the culture in which they were brought up and educated. For us to be oblivious to these facts is to run the risk of using, in policy-making positions, foreign consultants who preach socialism but practice capitalism, who use leftist clichés to cover their rightist policies, and who masquerade as revolutionaries though they may be reactionaries through and through.

It is therefore necessary that reports written by visiting experts and even the day-to-day counsel of foreign advisers be studied with meticulous care for their hidden implications. Most of the findings and recommendations, especially on matters of economic policy, are an expression of the value judgements and the ideological beliefs of their authors. Far from being taken at their face value, reports of this nature must have their underlying ideology exposed; indeed it would help if in the future, authors of such reports would incorporate in them a frank statement declaring their own ideological persuasion, as well as a brief historical background of themselves and their organizations. Perhaps better still, these particulars could be furnished before the studies begin.

Some of the reports that have appeared since the Arusha Declaration, especially those on how to manage the agricultural sector, have tended to pay lip service to socialism while being unmistakably capitalist both in their approach to problems and in their policy prescriptions. For example, either tacitly

or openly, some have tended to advocate the return to private trade in the sphere of marketing and distribution by showering praise on the supposed virtues of free competition instead of concentrating attention on how Tanzania's socialist cooperatives, which are admittedly quite weak at present, should be strengthened and consolidated.⁹

Others seem to have completely flouted the goals of the current Development Plan (which include, *inter alia*, self-sufficiency in local manpower by 1980) and the provisions of the Arusha Declaration which stress self-reliance rather than continued dependence on expatriate capital and manpower. For example, a report produced as recently as April 1971 and submitted to Government for consideration, recommends that a minimum of 75 professional economists will be needed by 1980-85 for agricultural research purposes alone, and that "Pending the availability of qualified Tanzanian researchers priority research should be staffed with expatriates."¹⁰ Characteristically, the authors are careful to include the classical clause that all their findings and recommendations "are predicated solely on Tanzanian's own needs and aspirations for progress,"¹¹ forgetting that the most important of those needs and aspirations is that we do not want to find ourselves in 1985 even more dependent on expatriate researchers than we are today.

Another report, published in June 1970, recommends the establishment of an Agricultural Marketing Corporation (AMC) to supersede the existing marketing boards, and suggests the minimum qualifications for its general manager and thirteen divisional heads.¹² (See next page.)

I venture the opinion that no country in the Third World, and certainly none in Africa, let alone Tanzania, can afford to put its scarce resources of skilled manpower as implied in these qualifications into a *single* parastatal organization. In Tanzania's case, such manpower does not exist. Yet here is a report written by a team of foreign consultants who know, or should have known, that Tanzania is publicly committed to attaining self-sufficiency in manpower within 13 years, but which deliberately recommends a course of action which runs counter to such a commitment. The question they should have asked themselves is, if this many Tanzanian economists, if they existed, with the very top qualifications and experience were to go to a single parastatal body such as an Agricultural Marketing Board, how many would be left for the NDC, the STC, the TTC, the Banks, the University and all the other dozen-odd parastatals, to say nothing of the Government Ministries and the East African Community? The indirect implications of their staffing proposals, had they been accepted, are interesting. I list only a few:

⁹ See, for example, Herbert C. Kriesel, *et al.*, "Agricultural Marketing in Tanzania, Background Research and Policy Proposals," Michigan State University, Department of Agric. Economics, June 1970, p. 22. The view which persists throughout the report is that marketing through the cooperatives is a second-best and unfortunate alternative to the free market system of the good old days.

¹⁰ U.S. Agency for International Development, *Agricultural Research Needs of Tanzania* (Washington D.C., April 1971), pp. 118-27. This is a report submitted to the Tanzania Ministry of Agriculture and Cooperatives.

¹¹ *Ibid.*, p. 11.

¹² Herbert C. Kriesel, *et al.*, *op. cit.*, pp. 99-101.

Post	Academic/Professional Qualifications	Years of Relevant Experience	Minimum Age
General Manager	University degree	15	38
Director, Administrative Division	University degree in business or public administration	10	32
Director, Personnel and Staff Development	University degree	10	35
Director, Accounting and Internal Operations Division	Chartered Accountant	10	32
Director, Research and Information	Advanced university degree in economics or agricultural economics	10	35
Head, Research Section	Advanced degree in economics or agricultural economics	7	32
Head, Marketing Development Section	University degree in agricultural economics or marketing	10	32
Head, Information Section	University degree	not stated	
Director, Procurement Operations Division	A strong university degree in economics, marketing or administration	15	38
Head, Co-operative Relations Section	A first degree in economics or marketing	7	30
Head, Procurement and Grading Section	University degree in agricultural marketing or a related field	10	32
Head, Transport and Storage Section	University degree in marketing or a related field	10	32
Director, Sales and Disposition Division	University degree in economics or marketing	15	35
Director, Commodity Division	University degree in agricultural economics, general economics, marketing or equivalent	15	38

- All, or nearly all, the divisional heads would have been expatriates, probably the only exceptions being the General Manager (obviously for political reasons) and the head of the Information Division.
- Any local Tanzanian meeting the stated qualifications would almost certainly have been trained and groomed during the colonial days. He would have studied in foreign capitalist universities if only because it was impossible in his time for a 'British protected person' to get a passport to enter a socialist country; and he would have acquired the so-called 'relevant experience' by running capitalist enterprises since no other enterprises existed in the country until recently.
- Not a single one of the graduates from Tanzania's own University would have been eligible for consideration.
- The top management would have consisted wholly of an élite caucus

from Western universities, characteristically divorced from the workers and the peasants of Tanzania.

5. None but a university graduate would have stood a chance of becoming a divisional head, thus reinforcing the overwhelming importance of that magic thing called a university degree.

In short, the AMC would not have been a socialist institution; from its inception it would have been completely divorced from the socialist thinking of contemporary Tanzania. It is possible that the foreign experts did not realize these implications of their recommendations. I personally find it very hard to give them the benefit of the doubt.

THE RESIDENT CONSULTANT

There is no need to dwell at length on the role of the resident consultant since most of what has been said regarding the visiting consultant equally applies to him. After all, the only difference between them is that whereas the latter studies the situation, submits his report and goes away, the former does the same but stays behind to implement the recommendations.

The presence of the resident consultant is therefore felt more directly and his influence is exerted on the local residents in a manner much more powerful than could ever be accomplished simply via a written document. For this reason his personality and cultural and ideological attitudes are every bit as important as his professional skills in the impact that he will eventually make as a consultant. Resident consultants, especially in the sphere of economic policy, who show little dedication or sympathy with local aspirations and are over-conscious about their so-called 'market-value' are unlikely to make a favourable impact on the country's socialist development. The effective foreign expert, to quote Edward Rubin, is the one who

... believes that imparting his knowledge to others is an inherent part of his job, and has the patience to put his belief into practice. In the final analysis, such officers should be prepared to work themselves out of a job by training their own replacements. With such officers, *service to underdeveloped countries is the prime motivation, not individual career prospects.*¹³(my emphasis).

There is a tendency among Western writers to harp on the fact that skilled people willing to work in the developing countries are in scarce supply as if to suggest that anyone who shows the slightest interest must be immediately wooed and embraced. Little puts it in flowery language. "... the bottom of the world's barrel has been scraped for suitable, fairly high-level people willing to serve in under-developed countries".¹⁴ This view is echoed by numerous authors especially those connected with the World Bank,¹⁵ and it seems to underly a

- Edward Rubin, "Manpower and Aid," in *Problems of Foreign Aid, A Conference Report*, IPA Study No. 3 (University College Dar es Salaam, 1965), p. 125.
- I. M. D. Little, *Aid to Africa* (Pergamon Press, 1964), p. 56.
- For example, the Pearson Report states: "The supply of competent people from the donor countries for overseas work is limited and there is heavy competition for their services in their own countries. It is not surprising, therefore, that the average quality of personnel who offer their services has tended to deteriorate as the demand has risen. In very general terms... most developing countries seem

certain arrogance among British writers like Benham¹⁶ and Andreski¹⁷ who think that donor countries can dictate aid terms on a take-it-or-leave-it basis.

In fact, the alleged shortage of skilled people willing to work in the developing countries appears, on closer examination, to be only a shortage of the type of expert that most developing countries are willing to accept. It is this that explains the observed deterioration in the quality of aid personnel noted by the Pearson Commission and not the fact that the demand for such aid has grown, as the Commission would like us to believe (see footnote 15).

The truth is that the developing countries have become increasingly alive to the dangers of continued reliance on foreigners and have taken steps to reduce the risk of foreign infiltration.¹⁸ One result has been to shut out or expel many foreigners who were otherwise perfectly willing to work in the less developed countries but whose activities were regarded as suspect.¹⁹ The alleged shortage may therefore be more apparent than real; where it exists, it is not just supply determined but also, and perhaps more importantly, demand determined.

I am therefore not impressed by arguments, repeated ad nauseam, that the developing countries must woo skilled manpower from the developed countries by continually offering them higher and higher remuneration, for these inducements only serve to attract the career types that a country like Tanzania can well do without.

increasingly dissatisfied with the quality of technical assistance personnel." Lester B. Pearson, *Partners in Development*, Report of the Commission on International Development (London: Pall Mall, 1969), p. 184.

16 Benham says: "I would make it a condition of aid that the receiving countries should permit freedom of speech, discussion, worship, and travel, should not allow punishment without trial, should permit citizens to read foreign publications and listen to foreign broadcasts." F. Benham, *Economic Aid to Underdeveloped Countries* (Oxford, Reprint, 1962), p. 91.

Clearly this is the old white complex about 'civilized' standards. I do not spurn the importance of maintaining these freedoms which is a noble ideal indeed, but it is patronizing, arrogant and stupid to imply that the donor countries such as Britain are any less guilty than the recipients of flouting these sacred freedoms. Furthermore, these freedoms are not, and can never be, absolute in any society, and it would be intolerable for a sovereign state, merely in order to get aid, to let another state decide for it what the limits of such freedoms should be in any given situation.

17 Andreski claims that "... the rational policy would be for the donors not only to include an abundant supply of goods and services needed for birth control, but also to make the rest of the aid conditional upon the adoption on the part of the receiving governments of adequate measures of encouragement and propaganda." Stanislav Andreski, *The African Predicament* (London: Michael Joseph, 1969), p. 172.

Andreski's whole book reveals a complete lack of objectivity and his literary tone a high degree of emotional immaturity. He says, for example, that unless his particular condition is met, then "we might as well . . . suspend all aid and prepare ourselves for the inevitable racial war of extermination." (p. 172). Laughably, the author fancies himself a true scientist who "merits a place in the sun [for telling] people the truth regardless of whether they like it or not." (p. 18).

18 These dangers have been well described by numerous contemporary writers on what is variously called neo-colonialism, neo-imperialism, and economic imperialism. See for example, Harry Magdoff, op. cit., P. Jalee, op. cit., Kwame Nkrumah, *Neo-colonialism, the Last Stage of Imperialism* (New York: International Publishers, 1966), and many others.

19 An obvious example is the American Peace Corps Volunteers who have been thrown out of many countries (including Tanzania) in spite of the dire need for skilled manpower.

More particularly, it is both dangerous and ironical to induce individuals or firms from capitalist countries, which are fighting a duel-to-the-death with socialism itself, to come to advise us on how to build socialism in Tanzania. We cannot build socialism on the advice of socialism's enemies. It is not surprising that many of our parastatals which depend on such experts have got into difficulties, what *is* surprising is that so many continue to survive in spite of such experts.

But, to start congratulating ourselves on their apparent success is, I think, a little premature, if not dangerous. The question we have to ask ourselves is whether what is thought to be the good performance of the parastatals means that their capitalist advisers are succeeding in implementing socialist goals, or whether it means that those parastatals which are still run by capitalist methods are in reality still being judged by capitalist criteria.

After all, are not the traditional balance sheets and profit and loss accounts still the basis for appraising performance? Are not projects still evaluated according to traditional capitalist notions of credit worthiness and commercial viability and rates of return? Was not one parastatal organization (the National Milling Corporation) recently chided for avoiding financial losses when this meant temporary food shortages for the masses, the avoidance of financial loss being of course a perfectly rational capitalist criterion?²⁰ How often do the annual reports of the parastatal organizations include information on effective worker participation in decision-making or the parastatal's contribution to socially useful but non-remunerative activities, and how often do their boards of directors insist that such information be furnished and considered alongside conventional profit-and-loss statements?

If socialism means anything, it can no longer be regarded as axiomatic that one organization performs better than another simply because it shows a larger profit in its trading account. On the other hand, one must hasten to add that once we have dethroned profit, as we must, as a criterion for gauging performance, we have to put something else in its place—some new criteria for evaluating socialist performance. Among such criteria no doubt profit, or better called surplus, will continue to figure as one, but *only* one, element. Unfortunately not much thought has so far been devoted to this, which is probably why, willynilly, the capitalist profit criterion continues to be used throughout the parastatals. This must change.

My conclusion is that all the arguments for offering financial inducements to foreigners to come to teach us how to build socialism in Tanzania are false and dangerous. Far from offering them inducements we should be refusing any offer of technical aid, especially in the shape of foreign economic advisers, unless these advisers agree to subscribe to an Arusha-type leadership code

20 During Christmas 1971, there was a serious shortage of rice and other foodstuffs in Dar es Salaam. One reason for the rice shortage was alleged to be the failure of the National Milling Corporation to continue milling and selling rice at the lower prices which had been announced by the Government a short while before, because doing so would have involved it in losses. The NMC was publicly criticized for this attitude in the Government daily, *The Standard*.

not dissimilar to that which at present applies to native Tanzanians.²¹ Such a code is particularly necessary for advisers from capitalist countries, people who, during their tenure as consultants in Tanzania, occupy extremely important leadership positions in Government and industry. The expatriate leadership code, especially for advisers in political and economic matters, might be along the following lines. All expatriate leaders must:

- (a) be able to demonstrate convincingly and on the basis of their own past record that they understand and accept the goals of socialism as they apply to Tanzania;
- (b) declare their global capitalist connections—e.g. holding of shares and directorships in multi-national firms—especially where these might conflict with their role as advisers to Tanzania;
- (c) swear on oath that, as trusted advisers of Tanzania, they have never been, are not now, and will not become in the future, members of subversive foreign organizations, such as the U.S. Central Intelligence Agency;
- (d) promise not to withhold information and knowledge from those whom they are supposed to be teaching and advising; and promise not to divulge to any foreign country any confidential information on Tanzania which they may have acquired by virtue of their office as advisers and consultants.

I have heard it said of developing countries that they should accept aid unconditionally from whatever sources because beggars don't choose. I have also been told in private that no one would come to Tanzania if he had to sign a declaration of the kind suggested here. I completely disagree with these views which seem to be no more than an intimidation tactic. I do recognize, however, that there is a class of expatriate capitalists—the career types—which would be effectively excluded either because they would not offer their services or because their offer would be rejected. But this, of course, is the whole point of the code. Against this, those who would agree to come to our assistance after signing such a declaration would be much more likely to be sincere and truly dedicated to our socialist cause. Among these there would be highly motivated individuals with a tough moral fibre who, but for the leadership code, would not have come forward because they knew the old system for what it was—a haven for hypocrites—and did not want to be associated with it.

THE CONSULTING FIRM

Much of what has been said about the visiting fact-finding mission and the resident consultant applies to the consulting firm. The reason for singling out the consulting firm for separate treatment is because the use of foreign

21 Following the Arusha Declaration of February 1967, all Tanzanians in leadership positions have to sign a leadership code which prohibits them from engaging in capitalist practices, e.g., accepting directorships in private firms, letting houses for rent, and similar forms of capitalist exploitation.

consulting firms offers important opportunities but also has peculiar dangers stemming from the structural links of such firms with foreign capitalist organizations.

The advantages are well-known. They include: (1) access to skilled manpower at a time when comparable local skills are inadequate; (2) the ability through management agreements to have complete teams of managerial and technical personnel to man an enterprise instead of having to hire each one separately on the open market; (3) accessibility to patents, trade marks, brands and production processes developed in the industrialized countries, which makes it easier for our products to penetrate export markets.²²

It is, however, intended to highlight the limitations of the foreign consulting firm because this is the side most easily overlooked especially in our parastatal organizations. The discussion will be generalized and will not attempt to pinpoint the defects of particular parastatals or Ministries.

A firm of consultants can be involved in three different ways, which are not mutually exclusive. First it may be approached to conduct a study and submit a report on a specific matter requiring attention; second it may be invited to participate in the ownership of the enterprise as an equity shareholder; third, it may be asked to assist with the implementation of a specific programme which will usually, but not necessarily, have been drawn up by itself.

The most important requirement in deciding which firm should be approached to study and make recommendations on problems of parastatal organizations is to be satisfied that the firm would conduct its study disinterestedly and impartially. There is, of course no foolproof mechanism for ensuring this. Parastatal firms should however, as clients, take all necessary precautions to minimize the risk of their chosen consultants submitting a biased report, especially where there is a danger that the bias would be against Tanzania's socialist development. I would consider this requirement to be even more important than the condition that the consulting firm must have reliable experience and expertise to draw upon.

In taking precautions to ensure a fair and impartial report, particular consideration should be given to the following circumstances.

(i) *The firm's past history.* The consulting firm under consideration must have a clean record, not having been involved in any major business scandal at any place or time. This consideration should be extended to cover firms with which the consulting firm is closely associated, such as subsidiaries, parents, or partners.

(ii) *Current connections.* The contemporary business interests of the consulting firm must be taken fully into account. In particular, business connections with persons or firms which have a vested interest in the study to be

22 The advantages of management agreements are fully recounted by Michel Romnicianu in "Management Agreements: Are They Really Necessary?", *Jenga*, Magazine of the National Development Corporation, No. 9 (1971), 28-31. In this article by one of the divisional directors of the NDC, virtually nothing is said on the inherent dangers of such agreements or of foreign involvement generally.

undertaken must be borne in mind. Its links with the giant monopoly capitalists based in the imperialist countries (popularly known as multinational corporations) should be thoroughly scrutinized because the consulting firm may wish to further the interests of the multinational firm or other firms in which it is involved and this will bias the recommendations it will submit, especially when it knows that it also has the opportunity to implement those recommendations.²³

(iii) *The firm which carries out a study and makes recommendations should not, in principle, be the same firm that will implement the recommendations.* This view will be unpopular, or at least controversial. It might be dubbed too academic. Opponents will point out correctly that the usual practice is that a firm which undertakes a study and submits recommendations is also expected to assist in implementing those recommendations. Indeed it is often *because* of the intention to approach the firm for practical assistance that it is requested to make a study in the first place. It then renders assistance on the basis of *its own* study.

I know full well that this is the usual practice, and not only in Tanzania. I contend, nevertheless, that the approach is wrong, if indeed what is needed is an impartial scientific study of the problem and objective recommendations for its solution. In the sphere of human relationships, and all economic and related studies are of this nature, it is certainly a violation of a most sacred principle of objective inquiry to allow the inquirer to have a vested interest in the results of his own inquiry.²⁴

I therefore find it hard to accept the Tanzanian National Development Corporation's philosophy that a consultant's study goes through four phases: first, collecting facts; second, analysing data; third, making recommendations; and fourth, implementing the recommendations.²⁵ I would rather argue that a study covers only the first three phases, and must be sharply divorced from the fourth. The NDC justifies inclusion of the fourth phase in the following way. "This last phase of a study is particularly important. It is often more difficult to carry out a change than to see that a change is necessary. But until this happens, the benefit of the consultant's work will not be felt".²⁶ But from this statement, which is virtually a truism, it does not follow that the *same* consultant that carried out the study is automatically the one best suited to implement the recommendations. This false impression is created only because the NDC carelessly talks of implementation as if it were part of the

23 Firms may be accountable to their home Governments and parent firms for their activities in foreign countries whether they are acting as consultants or simply operating on their own account. Hence any policies recommended by them must serve to further, or must at least be compatible with, their home interests.

24 A commission composed of civil servants intended to review the salaries of civil servants is a complete sham. So is a commission of British colonialists intended to review the terms on which British colonialists will be prematurely 'retired' on Africanization. It is a shame to have to admit that even independent African Governments are continually being duped and hoodwinked by these transparent manoeuvres. The parallel with the case where a foreign firm is allowed to benefit by its own recommendations should become clear, after a little thought.

25 "A Look at Methods of Management," *Jenga*, No. 3 (1968), pp. 9-10.

26 *Ibid.*, p. 10.

study itself, which is clearly inadmissible. Is a study deemed to end only when its recommendations have been fully implemented?

Having stated my reservations, I would be the first to agree that the consulting firm which conducted the study and drew the recommendations should certainly be eligible, equally with others, for consideration as the implementing agency. Prior to that, however, its report should have been subjected to thorough scrutiny and its implications worked out by someone who is *independent* of the firm itself.

All these built-in safeguards are, I feel, necessary if the risk of neo-imperialist penetration and entrenchment is to be minimized, and if Tanzania's socialist policies are to stand a reasonable chance of success in spite of the use of expatriate capitalists. Without such safeguards there will continue to be a tendency by foreign consultants to recommend the establishment of organizational set-ups that they know to be beyond the manpower and capital resources of the country, for then it is a short step to supplying the manpower and the capital themselves on their own terms. I have yet to encounter a single case where an expert from one country or ideological bloc, on the basis of his objective conclusions, recommended a structure which required the use of equipment, personnel or other resources from another country or ideological bloc. Is there no moral to be learned from this lesson?

Regarding foreign participation in the ownership of national enterprises, and their part in policy implementation, I shall only make a few observations based on common knowledge. But let me first emphasize one point. Ownership and control are two different things. By itself, the fact that the legal ownership of a given corporation is shared 50-50, 10-90, or 90-10, between local and expatriate interests tells us nothing about the relative control exercised by each. Partly, this is due to the classical divorce of ownership from management characteristic of modern corporations. In the case of Tanzania, however, there is the additional fact that foreign partners tend to exert a disproportionate influence on the firms of which they are co-owners simply because it is usually they who supply the managerial expertise needed to run the enterprises. The policies followed by national enterprises, therefore, may tend to further the interests of the metropolitan foreign firms supplying the consultants more than they further the interests of Tanzania itself.

This may only be a potential danger, but that does not make it any less real. The situation provides favourable soil for the seeds of neo-imperialism even if the seeds may not sprout at once. Mixed enterprises are a mixed blessing. At best, they entail the toleration of outside influences and the entrenchment of foreign interests which make our struggle for economic disengagement that much harder; at worst, they ensure the perpetuation of old dependency relationships and the continued exploitation and underdevelopment that these imply.²⁷ If a firm socialist foundation is to be laid in Tan-

27 See J. Rweyemamu, "International Trade and Developing Countries," *Uchumi*, (University of Dar es Salaam), Vol. I No. 1, on the link between historical structural dependency of the periphery on the centre with the underdevelopment of the periphery.

zania, any short-run benefits of partnership with foreign capitalists must be discounted, and sight must never be lost of the possible adverse effects in the long-run.²⁸ The price of a little prosperity today could be complete economic subjugation tomorrow.

Merely for illustration, let me mention one or two potential long-run dangers associated with the use of foreign capital and management. First, consider the use of foreign brands, trade marks and production processes registered as secret formulas under foreign patents. Heavy royalties are remitted abroad each year for the use of these forms of foreign technology or know-how. The alleged justification for the foreign exchange expenditure is the short-run benefits we supposedly get by being able to put a reputable product on the market with a guarantee of its consumer acceptability. Among other things it is claimed that the use of well-known international trade brands will make it easier for Tanzanian products to penetrate export markets.

The truth is that the continued use of established brands has nothing innovative about it—it is merely imitative technology. What is more, these standard brands are produced and marketed everywhere in the world by branches of the same firms holding the patents. These markets are carefully allocated and, as Martyn points out, "international firms do not tolerate poaching by one branch in the territories assigned to others".²⁹ The use of traditional capitalist trade brands, therefore, especially in processed foods, drinks, beverages, tobacco and other light industries, holds out little hope that these products will secure an easy foothold in export markets.³⁰ All it guarantees is that local consumers within Tanzania will continue their traditional preference for these brands from the capitalist countries, and perpetuate the colonial mentality whereby similar products bearing local brand names, or brand names from a nontraditional supply source like China, are automatically regarded as of inferior standard.³¹

Thus, the foreign capitalists have it both ways; not only do they reap a handsome profit in the form of royalties; they also succeed in their longer term objective of ensuring that African consumption tastes and production patterns remain Western-oriented and that their traditional structural dependence on the Western countries continues. Our use of their brands enables them to maintain an export foothold in our countries, not vice versa. It would be good business for them even if they did not receive a cent in royalties. There is a present need for a thorough review of all foreign brands, trade

28 On the dangers of partnership with foreign capitalists see Shivji's discussion of the "neo-colonial web" in Issa G. Shivji, "Tanzania—The Silent Class Struggle," originally in *Cheche* (University of Dar es Salaam, 1971).

29 H. Martyn, *International Business, Principles and Problems* (New York: Free Press of Glencoe, 1964), p. 97.

30 *Ibid.*, "The manufacturing subsidiary that exports... is a novelty," p. 240.

31 This attitude is already manifest with regard to Chinese consumer goods which have suddenly appeared in retail shops throughout Tanzania, as one way to facilitate the repayment of the huge Chinese loan to build the Tanzania-Zambia Railway. From my own experience I can vouch for the fact that for at least some of these goods the quality is higher and/or the price lower than for comparable capitalist brands. Indeed, I foresee the day when certain popular Western brands will be squeezed out of the Tanzanian market simply because they cannot freely compete with the Chinese brands.

marks and other forms of hired technology presently used (for example, in the NDC group of companies in Tanzania), in view of the doubtful merits of the policy.

Another potential danger lies in price manipulation to avoid taxes or to smuggle out capital, or simply to promote the export to Tanzania of goods produced in the industrialized countries. These objectives can be and are pursued in many different ways (e.g., through over-invoicing or through terms attached to suppliers' credit) but the scope for abuse is certainly greater the greater the level of foreign participation and control of a firm's operations. In the case of tax evasion the standard trick is for a firm to artificially inflate its costs and hence reduce its book profits by deliberately raising the price of its inputs, where it has control over the price. A classical case is that of a petroleum firm which buys crude oil from its own subsidiaries at an artificially high price in one country and uses it to inflate the production costs for its own refinery located in another country. In this way not only are profits (and therefore tax revenues) reduced in the latter country but a transfer of real resources is effected from the latter to the former.³²

These are the kinds of issues to be borne in mind in appraising the influence that might be exerted on local firms by expatriate advisers or investors whose primary loyalty is still with the multinational firms in their home countries. As a general principle, it is safer to use as consultants or advisers, foreigners who are not connected with firms which have huge worldwide interests, but are only experienced in running a successful local enterprise in their own countries.

In addition to guarding against these subtle dangers implicit in the use of foreign resources, it goes without saying that Tanzania must also guard against the more ruthless forms of foreign exploitation some of which are so crude and undisguised as to amount to sheer daylight robbery. The scandal involving the management contract for the Kilimanjaro Hotel in 1971 is a case in point.³³ Unhappily, it is by no means an isolated case and the Tanzanian Government has found it necessary to require that all management contracts signed between the NDC and foreigners must henceforth be approved by the Ministry for Economic Planning and Development and by the Economic Committee of the Cabinet before they can be signed and ratified. This is a step in the right direction. But it is but a short step. What is still needed is a permanent body or standing committee capable of evaluating the longer term economic and political implications of various kinds of foreign involvement, be it in the form of financial loans, grants, technical aid, management contracts, volunteers or whatever.

The remedy for our problems is not to do away with foreign aid and consultants, though it would be nice if we could. The remedy lies, first, in the

32 Edith Penrose discusses the wrangle that India and Ceylon had with the oil firms in the early 1960s over precisely these kinds of issues. See Edith Penrose, *The Growth of Firms, Middle East Oil, and Other Essays*, 1971.

33 The scandal was exposed in a most revealing manner in *The Standard* (Dar es Salaam), March 1971.

whole nation being alerted to the potential dangers of foreign aid,³⁴ and second, in the establishment of certain minimum safeguards or precautions which must be observed in soliciting foreign aid or participation of any kind. Finally, it lies in the full realization that socialism in Tanzania will not be built by capitalists, nor by latter-day capitalists turned socialists. It will only be built through the dedication of Tanzanian workers and peasants working together under the banner of the Party. This article has been a modest attempt to shed some light on these important issues.

East African Export Commodities and the Enlarged European Economic Community

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... the fact of economic growth obviously induces the power-patronizing foreign enterprises to take new decisions and adapt new standpoints. A country starting a growth process must, however, foresee the expectable attitude of the patronizing powers since eventual economic sanctions might create difficulties for it on the international money and commodity market. If a country can no longer dispense with the good will of the main international factors, that is the economic powers controlling the money and commodity market, it will have to acquire partners who—owing to their political or economic conflicts with the patronizing power—are ready to fill the gap.

Jozsef Bogнар, *Economic Policy and Planning in Developing Countries* (Budapest, 1969).

INTRODUCTION

It can safely be said that trade, in terms of exchange of goods and services, is one of the oldest economic activities of mankind. Since the inception of economics as an academic discipline, the early economists or classical economists such as Adam Smith and Keynes, and the neo-economists of today have argued that trade and especially international trade, offers the means by which the international division of labour is maximized, and hence the theories that developed concerning international or global distribution of income. Most of these theories are based on the assumption of differences in resource endowment and comparative advantages. It is argued that specialization in production could meaningfully be achieved and by such specialization, more of a given commodity and/or services could be achieved, which in turn could develop, enhance and maintain trade and indeed international trade.

The premises on which these theories were based and the assumptions under which they were conceived and developed were too idealistic, if not deliberate distortions of the realities of international behaviour and interaction. History is full of accounts of the failures of these theories, starting from the mercantile laws of England, through the Boston Tea Party in the U.S.A., to the current issues of who should carry the wheat which the Soviet Union bought from the United States. Also, most of these theories were developed and expounded at a time when there were no nations, in the sense there are today, in the Third World. Hence, the theories were developed and modified in favour of the developed countries, at the expense of the developing countries. The exploitative relationship between the colonized and the colonizer was not acknowledged when developing international trade theories and, worse still, the interests of the colonizers and their international corpora-

34 See, for example, an article in *The Standard* of 4 March 1971, entitled "The dangers of American Aid to New Nations," criticizing the sinister role of the Harvard-based U.S. Development Advisory Service (DAS) in Busia's Ghana. The article concludes that "With the help of DAS, Ghana's socialist plans were gradually destroyed."

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