Collin Darch 33

THE UNIVERSITY OF DAR ES SALAAM
DEPARTMENT OF HISTORY

Some Aspects of Capital Accumulation in Tanganyika, 1920-1940

By

Jacques Depelchin
And
Sidney J. LeMelle

A paper to be presented for discussion on Thursday, Feb. 22,1979
at 4 p.m. in Seminar room 2

SOME ASPECTS OF CAPITAL ACCUMULATION IN TANGANYIKA, 1920-1940

by

Jacques Depelchin and Sidney J. LeMelle (Dept. of History, Univ. of Dar es Salaam)

Introduction

This paper is the result of a joint effort by the writers and the History MA students to test through 'primary' empirical research some of the theoretical formulations contained in G. Kay's Development and Underdevelopment: A Marxist Analysis.[1] Specifically, the exercise revolved around the question of the relationship between merchant capital and industrial capital. This is discussed in the first part of the paper, which is followed by an examination of specific companies. The third part of the paper, by way of conclusion, briefly discusses the relationship between capital accumulation and primitive accumulation.

Sources

Most of the material was drawn from the files of registered public and private companies kept at the Registry of Companies in Dar es Salaam.[2] The research at the Registry was facilitated and complicated by a number of factors. All the public and private companies which established a place of business in Tanganyika were entered into a log book in chronological order. The entries in the log book itself contains the most basic information such as the names of the company, whether private or public, size of capital, activity, date of incorporation and/or date at which the certificate of compliance was granted (the latter for companies which were already incorporated outside the territory). Under "remarks" is listed all other relevent information such as mortgages, increases or reductions of capital (with the dates when such decisions were taken) and finally if and when the company ceased to have a place of business in Tanganyika.

Unfortunately, most of the companies that were created between 1920 and 1940 have been struck off the Register which has meant that their files have been removes from the easily accessible filing cabinets and literally "dumped in the attic."[3] It was therefore not always possible to locate the files of specific companies. The companies discussed below were therefore selected not so much for their representativity as for their having been accessible. Nevertheless, an attempt has been made to cover all the various kinds of capital: from the Imoprt/Export companies (often erroneously characterized as "typical merchant capital) to the plantation, mining, transport and manufacturing companies.

Finally, it ought to be kept in mind that the research on which this paper is based is far from adequate, but it is presented in the hope that it might encourage others to go further or challenge the argument advanced below.

Theoretical framework: Kay and the relationship between merchant capital and industrial capital.

It is not necessary here to repeat Kay's argument except for drawing attention to that part of it which is weakest.[4] Kay's central contribution was a critique of the various brands of the dependency school which rests on the notion that capitalism integrated the peripheral states into the capitalist system. This integration, however, was based on a dependent relationship which was maintained and consolidated through unequal exchange. For the dependency theorists this was the cause of the underdevelopment of the "third world".

Kay rejected this explanation of underdevelopment by analyzing the relationship between industrial and merchant capital. He argued that although industrial capital dominated in the advanced capitalist countries, it had failed to establish its dominance in the African colonies. The inability of industrial capital to subordinate merchant capital in the colonies is thus seen by Kay as the main cause of underdevelopment. Thus,underdevelopment of the productive forces and retention in some sectors of the economy of pre-capitalist relations of production are attributed to the well known and established incapacity of merchant capital to transform pre-capitalist relations of production. Following Marx, Kay does point to the contradictory aspects of merchant capital, but whereas Marx eventually analyzes the process of transition from the era of merchant capital to the era of industrial capital, Kay seems to suggest that this transition in the African colonies has not taken place.

Ironically, in the process of criticizing the dependency school, Kay reproduces a different version of the same thesis by shifting the dependency link from the nation states to different kinds of capital. The "privileged" areas of operation of industrial and merchant capitals are respectively the advanced capitalist countries and their colonies or neo-colonies. However, merchant capital in the colonies does not operate independently, it is an "agent" of industrial capital.[5]

To some this may appear as an overextension of the meaning of dependency. Not so if one considers Kay's second error, which was to accept without question the development/underdevelopment problematic. Kay's position on this is an intermediary one. Yes, there is overall underdevelopment, but there are areas of the economy of the colonies or neo-colonies which are just as highly developed as their equivalent in the advanced capitalist countries. So that the problem becomes one of explaining why here development and why there underdevelopment. Kay resolves the problem by linking underdevelopment with the dominance of merchant capital and development to the subordination of merchant capital to industrial capital. Thus, when Kay states that:

> The history of underdevelopment is the fullest expression we have of these contradictory tendencies of merchant capital to both stimulate and repress the development of the forces of production and to both open and block the way for the full development of capitalism.

he seems to be following Marx who noted that "the independent development of merchant capital (i.e. as the sole form of capital)...stands in inverse proportion to the general economic development of society."[7]

While Kay is correct in the way he characterizes merchant capital, he fails to take account in his analysis of the different historical phases which may affect the nature of merchant capital. Historically, merchant capital of the mercantile era (phase of primitive accumulation) is the first form of existence of capital, and as such it seems to have an independent existence. Kay seems to treat merchant capital as if we were still in the mercantilist period, and yet, Marx had clearly indicated how to analyze the relationship between industrial and merchant capital once the supremacy of the former had been established. It would be mistaken to understand Marx's references to the colonization of India by the Dutch East India Company as providing an analogous situation to the colonization of the African continent. In the former case, the European social formations were still in the phase of primitive accumulation whereas in the latter primitive accumulation had long been completed.

During the phase of primitive accumulation in the European social formations, merchant capital did assume greater independence, but this independence was slowly brought under the control of industrial capital as a result/necessity of the expansion of the capitalist mode of production. This is what Marx expressed when he states that:

> the immanent necessity of this mode of production to produce on an ever-enlarged scale tends to extend the world-market continually, so that it is not commerce in this case which revolutionizes industry, but inductry which constantly revolutionizes commerce.[8]

But for Kay, such subordination does not really occur with the colonization of Africa. Merchant capital is either seen as an agent or as a form of existence of industrial capital. In other words, its continued dominance in the underdeveloped countries explains the underdevelopment of those countries:

> in the underdeveloped world independent merchant capital was the form of existence of industrial capital. And that the behaviour of cpaital here --now revolutionary in establishing commodity production, now reactionary in supporting the existing non-capitalist order-- is typical of capital when it exists in this form.[9]

At another point, Kay is more emphatic on the dual nature of merchant capital:

> In other words, merchant capital in the underdeveloped countries in the nineteenth century existed in its two historical forms simultaneously. At one and the same moment it was the only form of capital but not the only form of capital. This apparent paradox is the specifica differentia of underdevelopment, and its emergence as a historical fact in the course of the 19th century marks the beginning of underdevelopment as we know it.[10]

Thus, the main contradiction is between merchant capital and industrial capital, even after industrial capital has established its supremacy. But when Marx analyzed the relationship between merchant and industrial capital, he did so by relating it to the mode of production:

> Commerce, therefore, has a more or less dissolving influence everywhere on the producing organisation, which it finds at hand and whose different forms are mainly carried on with a view to use-value. To what extent it brings about a dissolution of the old mode depends on its solidity and internal structure. And whither this process of dissolution will lead, in

> in other words, what new mode of production will replace the old, does not depend on commerce, but on the character of the mode of production itself.

No where does Kay suggest that the problem of the transition may arise from the persistance of pre-capitalist relations of production under the dominance of capitalist accumulation; and yet, with reference to China and India, Marx is quite explicit about the obstacles presented by pre-capitalist relations of production:

> The obstacles presented by the internal solidity and organisation of pre-capitalistic, national modes of production to the corrosive influence of commerce are strikingly illustrated in the intercourse of the English with India and China.[11]

The obstacles to the development of full capitalist relations cannot simply be attributed to the internal logic of merchant capital. With the capitalist mode of production operating on a world scale, there can no longer be an internal logic of merchant capital which stands in the way of industrial capital. Merchant capital has become part of the phase of circulation of capital, and as such its modes of operation are dictated by the requirements of industrial capital.[12] The intensity and rapidity with which merchant capital will give way to industrial capital cannot be determined by limiting the analysis to the confrontation between these two forms of capital, but by linking the whole process to the pre-existing mode of production.

The class relations that characterized this pre-existing mode (whatever it may be) are not easily eliminated. The pre-existing dominant classes such as chiefs who reproduced their position through extraction of surplus product and surplus labour will continue to utilise those mechanisms, even though these are constantly being undermined by the growing penetration of commodity relations. Although many of these quasi-feudal lords were turned into salaried functionaries, they continued to use the pre-existing relations of production to accumulate wealth. The latter, however, took place on a minute scale as a result of the strategy of the colonial state aimed at preventing the rise of a genuine local bourgeoisie. We shall return to this in the concluding part when the question of capital and primitive accumulation is discussed more fully.

In the following section, specific companies are analysed in the context of some of Kay's formulations not so much to prove that Kay is wrong, as to indicate how much more empirical research needs to be done in order to sharpen our theoretical understanding of the historical expansion of capitalism in Tanganyika.

II. Public and private companies in Tanganyika, 1920-1940

A. Some general characteristics.

The following remarks are meant to provide an overview of the kinds of companies that came to operate in Tanganyika. Unfortunately, this overview is based only on those few companies that were examined and on crude statistical breakdowns worked out on the basis of the entries in the Register of Companies. Had we had access to the Annual Report of the Registrar-General, this overview could have been greatly simplified by duplicating the statistical tables that are usually contained in those reports.[13]

All the registered companies were either private or public and limited by shares. The distinction between public and private bears firstly on the number of persons involved in establishing the company and secondly on some restrictions, which apply to the private companies. As quoted from chapter 212 of the Laws of the Tanganyika Territory:

> A company may be formed when "any seven or more persons, or where the company to be formed will be a private company, any two or more persons associated for any lawful purpose may, by subscribing their names to a memorandum of association and

otherwise complying with the requirements of this Ordinance in respect of registration, form an incorporated company, with or without limited liability."

For the purpose of the ordinance that regulated the companies, "private company" means a company which by its articles

(a) restricts the right to transfer its shares; and
(b) limits the number of its members to fifty, not including persons who, having been formerly in the employment of the company, werw while in that employment, and have continued after the determination of that employment to be, members of the company; and
(c) prohibits any invitation to the public to subscribe for any shares or debentures of the company.[14]

As a result of this different legislation, private companies are more difficult to investigate than the public ones because they are not obligated to produce an annual report.

The legal distinction between private and public companies is blurred, if one examines the real relationships between them. It is true that the legal rules, for example, affect the size of capital. Since the private companies are forbidden by law to invite public subscription, their capital tends to be lower than that of the public companies; but this does not mean that many private companies such as the Uluguru Mica Co. Ltd. (£ 600,000), the Lupa Goldfields Ltd. (£ 500,000), Ralli Brothers Ltd. (£ 4,200,000), Smith Mackenzie and Co. Ltd. (£ 280,000) did not have much larger authorized capitals than a good number of public companies such as the Tanganyika Cooperative Society Ltd. (£ t,000), the Good Year Tyre and Rubber Co. (S.A.) Ltd. (£ 10,000), Nzega Diamond Development Co. Ltd. (£ 10,000), Gold Finders Exploration Syndicate Ltd. (£ 3,000), to pick the public companies with the lowest authorized capital.

The relationship between private and public companies is further blurred by the process of centralization and concentration of capital. This process would see private or public companies establishing themselves by taking over private companies, or private or public companies creating subsidiaries.

Further evidence of this close relationship is provided by the well known practice of interlocking directorships. For example, the Ruvu Estates chose as its local director in Tanganyika, R Mutopoulos, who had himself started a private company in 1924, Mutopoulos L. Co. Ltd. to deal in import and export. The latter company became in 1925, the Usagara Co., when other individual capitalists combined to increase the original capital of Ƚ 6,000 to Ƚ 25,000. This was later increased to Ƚ 40,000 (1928) and Ƚ 100,000 (1930). Later on, through the 1928 increase of capital the DOAG (a public company if there ever was one) acquired most of the shares of the Usagara Co. Ltd.

Another example of interlocking directorship was that of Stutz Frits, a managing director for Ruvu Estates (same as above) who was also a general manager for the Kikwetu Sisal Estates. The ease with which directors can work for different companies was legally encouraged as can be seen from one of the articles of Association of the Ruvu Estates:

> A director or intending director shall not be disqualified by his office from entering into a contract or arrangement with the company, either as a vendor, purchaser, manager, agent broker or otherwise, and no such arrangement enter into by or on behalf of the company with any person, firm or company of or in which any director shall be in any way interested, shall be avoided, nor shall any director so contacting or being so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason of such director holding the office of director, or of the fiduciary relation thereby established.

The interlocking directorships and interconnections between various companies should not be treated as empirical evidence for a conspiratorial explanation of how capitalist penetration took place in Tanganyika; they can be examined theoretically in the context of centralization and/ or and concentration of capital. This would help understand better the nature of the colonial state and its relation to the various factions of capital whether settler or otherwise. One tends to forget that it is not so much what the capitalist subjects think or want to do which determines their choices as the objective conditions such as the rate of profit to be extracted from given sectors of the economy that dictates their investment decisions. Thus, for example it is not because a certain Kuenzler was a director in both the Kaffee Plantage Arusha Aktiengesellschaft and Unga Ltd. (which controlled the former company) that would account for the shift from concentrating on coffee to maize in the former company. The timing of the shift, aside from the important fact that Unga Ltd. had concentrated its activities on the milling of wheat and maize, was also linked to the profits that could be made from the latter activities as opposed to coffee.[15]

Further research into the timing of takeovers and/or creation of subsidiaries is necessary, but by looking at a few cases (Compagnie du Kivu and DOAG, among others), it seesm that the process is usually linked to an economic crisis,(which is either world-wide or regional), or to the existence of different rates of profits. However, more research would be required not only on the rates of profits, but alos on their uses as well as on the tax laws, for the latter were often instrumental in determining the accounting procedures for assessing the net (taxable) profit. In general, profits tend to be high, but not consistently so, and the variations can be significant: around 10% for the Compagnie du Kivu and around 20% (or more) for the British American Tobacco Company Ltd.

One of the most frequently used ways of disposing of large profits was to build up large reserves through creation of such a post in the balance sheet or, more simply by applying very high rates of amortization. This practice allowed companies to recoup their investment in a very short period of time.

> In order to protect ourselves against all possible problems in the future we have allocated heavy sums to amortization which explains the declared loss registered on December 31, 1926.[15]

Many private companies (it might be interesting to provide an accurate statistical breakdown) were originally started by individual capitalists. These are clearly those who are referred to in the literature as settlers. This is also reflected in the fact that the largest percentage of private companies were incorporated in Tanganyika or in East Africa (see the Appendix). The places of incorporation of these local companies --Kenya, Uganda or Tanganyika-- also provides a more precise confirmation of what has been written about the relationship between the Kenyan and Tanganyikan economies during colonial rule. As suggested in the previous section, the formulation of this relationship --Tanganyika was at the periphery of Kenya which was in turn peripheral to the UK-- is incorrect, except insofar as it seeks to convey the idea that capital accumulation was more advanced in Kenya than in Tanganyika.

B. Specific Case Studies

In order to facilitate the presentation of the data, the different categories of the Registrar-General were followed namely:
Exploitation of natural resources*
Manufacture*
Trade and Commerce*
Finance*
Building and Engineering
Transport*
Hotels, Restaurants and places of entertainment
Professions

This section will only deal with companies coming under the asterisked catagories. The order of presentation will be somewhat chronological, concentrating first on the 1920-30 period and then on the 1930-40 period.

Compagnie du Kivu

The actual activities of this company included commerce exploitation of natural resources, finance, trade and transport. However, it was not very often that a single company engaged in all the above activities, and indeed when the Compagnie du Kivu was first registered in 1918 (actual operations began in 1922) it was only engaged in trading operations. Over the years the company expanded its activities to eventually cover the above categories.

Originally, the directors intended to restrict their activities in Eastern Africa; to be precise "in all the territories comprised between the 27th and 31st L. East and the 1st and 7th l. South". This geographical restriction came from the fact that the Compagnie du Kivu came about through the acquisition of W. Dederich Ltd., a private company which had been operating in Tanganyika as a trading company. In compensation Mr. Williams (by now a contractor for the Public Works Department) received 4,500 shares (out of 7,500) and a position on the board of directors. The rest of the shares were distributed among the other directors who were of Belgian nationality. Very quickly, however, the apparent dominant position of W. Dederich was reduced to one of impotency. By 1925 he was no longer on the board of directors. What had happened was the transformation of essentially a small private trading company into a public commercial, industrial and financial company. Among the most visible signs of this transformation were the various increases of capital: in 1918 from 750,000 B.Fr. to 1,000,000 B.Fr.; 1921 to 1,500,000 B.Fr. and shortly after to 2,250,000; 1925 to 4,000,000 B.Fr. By 1929 the authorised capital was raised to 30,000,000 B.Fr.

The transition from a purely commercial operation can be seen from the changes in the proportions of key posts in the balance sheets. The increase in capital was clearly not for the sole purpose of increasing the volume of trade.

The increased volume in trade was the result of an increase in immovable assets (constant capital in the form of buildings, land concessions for mining or plantation purposes.) In 1920, for example, immovable assets were valued at 3,000 Belgian francs and goods in stock in Europe at 54,694 B. Fr. and 636,347 B. Fr. in Africa. Three years later the figures were as follows: Immovable assets 756,533 B. Fr. Goods in Africa 406,531 B. Fr. Immovable assets continued to increase regularly until 1927 when they were listed at 1,692,010 B. Fr. In 1928 and 1929, the post jumped respectively to 11,164,190 B. Fr. and 17,055,039 B. Fr.

The story of these dramatic changes is partly told by the various annual reports. They show how expanded reproduction of capital generated a process of further investment which can be explained by analyzing the laws of motion of capital in the colonies without having to attribute changes solely to a priori decisions dictated by either the colonial state or capitalism afflicted with senility.

Up to 1925, although the company had moved in to areas of productive capital with the acquisition of land in various areas[17], the growth of the company still depended on the increase of sales of goods. This increase, however, could only take place if the company expanded its capacity to handle more goods. The increase of this capacity could only take place if more capital was invested in immovable assets such as buildings, godowns for storage, means of transportation, etc. It was about these limitations that the directors complained when they wrote that they "only" had a capital of 2,250,000 B. Fr. for most of the year (11 months), and that despite this they made a net profit of 276,000 (12%).

An economic crisis in Europe (currency stability and the ensuing exchange problems) combined with a famine in Ruanda-Burundi (resulting in disruption of sales and purchases reinforced the move away from commercial capital into productive capital. The directors themselves identified all these problems as a commercial crisis which they considered to have weathered rather well since they were able to expand their operations. By 1925, it must be noted that the company was no longer solely operating in Tanganyika, but that it had moved into Ruanda, Burundi and the eastern part of the Congo (Albertville, now Kalemie).

1926 and 1927 were crucial years, for they witnessed the commercial expansion of the Compagnie du Kivu through multiplying agencies and branches all over the eastern part of the Belgian colonial posessions (from lake Moero to the northern tip of lake Kivu). This expansion took place alongside an effort to reorganize and rationalize the activities of the company, which included the acquisition of agricultural estates (for coffee and palm oil) as well as prospecting and mining rights in Ruanda-Urundi; and it was the latter move that accounted for the sharp increase registered in the immovable assets of the 1928 balance sheet.

By 1928, the activities of the Compagnie du Kivu were so diverse that the directors report was accordingly divided into various appropriate subsections: commerce, transport, plantations, mining, and, interestingly, "politique indigene", which referred to the vital question of native labour, which, wrote the directors,

> they have tried to get interested in their work by paying very careful attention to its food and by putting at its disposal small plots for personnal cultivation[18]

The other activity that was discussed for the first time in the 1928 report was the portfolio which indicated that the Compagnie du Kivu had participated in the constitution of the Comite National du Kivu and the Societe Auxiliaire du Kivu.[19] The Compagnie had also participated in the increase of capital of the East African General Mining Company and the Societe Miniere, Agricole et Forestiere Du Tanganyika.

Thus, by 1928, a company which had originally started as a purely commercial company had invested its capital not only in productive capital (mining and plantations), but also in the crucial area of transport. By investing in transport, the Compagnie du Kivu was not just interested in diversifying its sources of profit, but ultimately in gaining control and speeding the circulation of its capital:

> this new branch is nicely complementing our commercial activity by securing new customers. It also allows us to participate in the development of regions of our colony which are so interesting.[20]

The value of looking at companies like the Compagnie du Kivu lies not only in the structural changes which occurred over time, but also in the concrete illustration of how various functions and forms of capital are linked in the overall process of reproduction of capital. It could be argued that one of the weaknesses most common to studies of capitalist penetration in Africa comes precisely from not appreciating that there are different forms and functions of capital, and that their existence and mode of operation within a social formation are determined both by productive capital (whether or not it is physically located in the social formation) and the average social conditions.

While productive capital is the only source of surplus-value, the realization of the latter rests on circulation capital, and the reproduction of capital will not be completed until the commodities have been circulated and consumed. The process of circulation of capital, and particularly the speed with which it is accomplished, is therefore of crucial importance to productive capital.[21] Although Kay discusses the dialectical relationship between circulation and production, he undermines his own position by arguing, at the same time, that merchant (circulation) capital stands more or less autonomously apart from industrial (productive) capital. In his chapter 'The Costs of Circulation' marx clearly analyzes the relationship:

> The function of merchant capital gives rise to an illusion. But without going into this at length here this much is plain from the start: if by a division of labor a function, unproductive in itself although a necessary elements of reproduction, is transformed from an incidental occupation of many into the exclusive occupation of a few, into their special business, the nature of this function itself is not changed. <u>One</u> merchant (here considered a mere agent attending to the change of form of commodities, a mere buyer and seller) may by his operations shorten the time of purchase and sale for <u>many</u> producers. In such case he should be regarded as a machine which reduces useless expenditure of energy or helps to set production time free.[22] (Marx's emphasis)

Looking again at the Compagnie du Kivu from the point of view of circulation of capital it is not surprising that in its expansion, it sought to improve the conditions of circulation by investing in the transport sector. The development of transportation in the colonies should therefore be analyzed from the perspective of its relation to the general reproduction of capital.

As in all commodity production, so in transportation: the capitalists' preoccupation is to cheapen their prices. This will be achieved through increased productivity which, in the case of transportation, means that "the smaller the amount of dead and living labor required for the transportation of commodities over a certain distance, the greater the productive power of labor, and vice versa."[23]

Although transportation tends to be treated as merchant capital, it is clear that it belongs to a different sector and is much more closely tied with productive capital:

> the transport industry forms on one hand an independent branch of production and thus a separate sphere of investment of productive capital. On the other hand its distinguishing feature is that it appears as a continuation of a process of production _within_ the porcess of circulation and _for_ the process of circulation.[24] (Marx's emphasis)

By stressing the objective economic conditions which accounted for the process of capital penetration and accumulation, it is not meant as a denial of the role of political relations exerted through the colonial state. On the contrary, there was obviously an interplay between the colonial state and the capitalists if only because the ultimate decision rested with the colonial state bureaucracy. But the kind of capital outlay that was/is required in the building of railroads or ships was of such magnitude that the investment decisions were determined by industrial and finance capital. The relationship between capital and the colonial state concerning transport policies was well illustrated by the pressure that the companies, especially British Cotton Growers Association applies on the various colonial governments for improvement of transport:

> Mr. Himbury (general manager) urged the importance of improving the transport facilities in the African colonies and Protectorates and else where,. . . The money necessary for these developments would be well spent as something like 50 to 60% of the total would be expended in this country on railway material which would find employment for our great iron and steel industries which for some years have been suffering from acute depression in trade,. . . it would find employment for many thousands of men, and furthermore the wages paid in Africa in the construction of the railways would be mainly spent on goods, so that nearly the whole of the expenditure would be at once reproductive.[25]

Later, in the same annual report, it was stated that the East Africa Commission, "expressed the opinion that the further economic development of both native and non-native producers in East Africa is dependent on the early provision of increased transport facilities, and, in particular, of new railway construction." All of this was seen as "an endorsement of the Association's proposals put forward nearly two years previously."[26]

Ruvu Estates Ltd. (Plantation)

Like many companies during the period under review, Ruvu Estates Ltd. was incorporated in Guernsey (a tax haven for British capital), in early 1924. It obtained its certificate of compliance in September 1924. With an initial capital of of Ⱡ 50,000 (increased to Ⱡ100,000 in 1928), it listed its main activity as 'plantation owners'. Thus, this company provides a cood illustration of the concentration process of capital invested in agriculture.

First, Ruvu and Mahundi Estates were amalgamated under Ruvu Estates Ltd. on September 1, 1924. Subsequently, the company purchased the Mpera and the Ruvutal Estates. The latter was exchanged for a peice of land of similar size. It was government land adjacent to the other company's (Ruvu Estates Ltd.) other properties, an astute way of expanding property while reducing the costs of production (Annual report for 1925).

Although the company attempted (on a very limited scale) the cultivation of cotton, it focused most intensely on sisal, which occupied 4,225 acres of a total of 8,930. Respectively, these acreages increased to 9,268 and 15,619 (1960). However, the highest output was reached in 1941 with 2,209 tons of sisal (sold at Ⱡ 68 a ton for #1 quality).

The price for sisalfluctuated widely starting with Ł2 per ton in 1929. The price climbed steadily until it reached Ł 245 per ton in 1952. But at the end of this same year, the price dropped to the 1949 level of between Ł 90 and Ł 100 per ton. A similar wide variation occurred in 1953, when the price started at Ł 230 per ton at the beginning of the year to end again, as in 1952 at Ł 90 per ton. These wide variations in 1952 - 53 may have been linked to the Korean War and the Mau-mau insurrection. The highest profits were registered between 1948 and 1952 with dividends of 15% (1948, 1949) and 20% (1950, 1951,1952) distributed.

The balance sheets between 1925 and 1960 confirm what is already known from other works on sisal estates in Tanganyika; i.e., that they refrained from investing in new machinery and modernizing the means of production. With the exception of its first few years, Ruvu Estates constantly spent more on wages than on machinery and plant. The change took place in 1930 when the two disbursements nearly balanced each other --Ł15,759 for machinery and plant, and Ł15,858 for expenditure on estates (mostly wages). From then on, the ratio was always in favour of expenditure on estates. For the years with the highest profits cited above, the ratios were as follows:

Year	Machinery	Expenditure on estates	Ratio
1948	Ł 23,860	Ł 103,288	1:4.33
1949	34,555	127,308	1:3.68
1950	30,360	137,526	1:4.53
1951	26,478	131,634	1:4.97
1952	20,998	104,183	1:4.96

The story of Ruvu Estates seems, generally, to confirm what was already known: super profits, no development of the productive forces, concentration on export crops, although this last point was not always the case for capital engaged in agriculture. This fact can be seen in the case of Unga Ltd., a company originally created by Lord Delamere in 1908.[28] In 1928, Delamere sold his shares to the Kenya Wheat Growers

Association, a company whose main activity was the milling of wheat and later of maize for the local market. In fact, in 1955, Unga Ltd. had to import wheat in order to insure that the plant continued to operate.[29] Furthermore, unlike the tendency in sisal industry where the organic composition of capital remained low, plantation companies like Unga Ltd., which invested in milling did so by employing the most up-to-date and highly automated machinery.

It is important to stress this distinction between the different levels of organic composition of capital in view of the notion ehld in some quarters that capitalsim, having reached a devilitating stage of senility, became incapable of developing the productive forces. The degree to which mechanization is pushed (and the sections in which it is pushed) can be studied in part by examining the production processes involved, and the degree of competition between different capitals; for, even under the so-called monopoly stage of cpaitalism, competition does not completely disappear.[30]

Because colonial rule was imposed through brutal force, there is a tendency to ignore the economic forces on which it was founded, or perhaps, more accurately, to see the brutal imposition of capitalism as the typical mode of operation of capital in the colonies, at all times. This view is reinforced by the occasional references in Capital to colonialism as a system based on plunder, piracy, and kidnapping of slaves.[31] But a more dialectical analysis of a given socio-economic formation must be used to comprehend colonialism as a whole. We shall return to this point in our conclusion.

Ralli Brothers, Mitchell Cotts, Smith-MacKenzie, etc. (
(Merchants, trade and commerce)

With the Compagnie du Kivu, reference had already been made to trading as a subsidiary activity. With the above companies, trading or import-export have become the sole acitivities of the companies.

It is worthwhile recalling how Marx theoretically distinguished the various forms and functions of capital. The forms under which capital-value appears in circulation are those of money-capital and commodity-capital. The third form is that of productive capital operating at the level of production. These three forms are functional forms of industrial capital. For industrial capital to be reproduced, it must assume aoo of these forms, one after the other, so that "in each of its phases industrial capital is tied up with a definite form: money-capital, productive-capital, and commodity-capital."[32] The necessary progression through these different phases means that industrial capital cannot assume the commodity-form of capital until it has gone through the stage of assuming the mondy form. The point that is constantly stressed in the analysis fo circulation of capital (i.e. merchant capital in particualr) is that it is intimately tied to production.

> "Money-capital and commodity-capital, so far as they function as vehicles of particular branches of business, side by side with industrial capital, are nothing but modes of existence of the different functional forms now assumed, now discarded by industrial capital in the sphere of circulation-modes which, due to social division of labour, have attained independent existence and been developed one-sidedly."[33]

In other words, merchant capital in the form of an import-export business operates along-side industrial capital but is separated from it (although still subordinated to it). This separation of commerical capital (i.e., merchant capital under the conditions of developed capitalist production) is caused by the movement of industrial capital in the process of reproduction. The third stage in the movement of capital consists of the conversion of commodity capital into money capital. The major task of the industrial capitalist is the production of surplus value, and the function of the final realisation of the commodity; that is, its transit into consumption is accessory for him. It becomes separated off and becomes the sphere of activity of a special group of capitalists (import-export businesses) engaged exclusively in the realisation or sale of commodities, or in providing commodities in the form of raw materials to the industrialists. The separarion of commerical capital helps speed up the turnover of industrial and total social capital and consequently increases profit. The important thing to keep in mind is that this commercial capital remains "nothing but the mode(s) of existence of the different functional forms now assumed /and at present/ now discarded by industrial capital." And that they "live and die, stand and fall with this basis." They (merchant capitalists) "attain independent existence" but are not autonomous.

The development of several large commercial conpanies during the period, 1930 - 40, provides an excellent illustration of the above processes. One of these was Ralli Brothers Ltd. (authorized capital £4,200,000). Incorporated in London, it obtained its certificate of compliance in Tanganykia in 1934, a few years after a branch had been extablished in Kenya. The unusually large capitalization is, in part, explained by the interconnections of the company, which is described in Who Owns Whom as:

> "...having thirty-six subsidiaries wholly or partly owned. It is itself owned by the GENERAL GUARANTEE CORPORATION LTD., which in turn is owned by DRAGES LTD., another London company with no less than eighty-five smaller companies under its wing.
>
> Drages Ltd. is controlled by the Wolfson Foundation, which controls the GREAT UNIVERSAL STORES GROUP, known from its initials as 'Gussies'. In Britain, this is 'the largest giant created by a sinfle entrepreneur . . . Sir Isaac Wolfson, by a series of take-overs (when they were still unfashionable) built up the shop empire called Bussies. It includes the biggest mail-order business in Europe; ... a merchant bank; a travel agency; and about 120 separately incorporated companies... Gussies still revolves round its dynamic founder, a tireless teetotal tycoon, and master planner of the empire."[34]

Another of these foreign-controlled distributive companies was Mitchell Cotts, incorporated in Tanganyika (and Kenya) in 1935. This company which had several subsidiaries in Tanganyika (11 in Kenya) involved itself in activities "ranging from making fruit squashes, producing beef, distributing tools and fertilisers, with 'large shipping, produce and commercial interests' ".[36] In 1936, Mitchell Cott purshased a sisal plantation. Prior to that purchase, it had set up a coffee and maize mill and had acquired Simpson and Whitlow, a local settler firm of grain and seed merchants in Tanzania.

> "The Mitchell Cotts Group was until his recent death (1968) controlled by one of the biggest tycoons in Britain, Harley Drayton ... as head of the Drayton Group, /he was/ chairman of twenty-three companies whose intereste include British Electric Traction, laundries, railways, newspapers, twenty investment trusts and 60 per cent of the shares in Britain's biggest television company, Associated Rediffusion, which was recently (1968) bringing 7,000,000 a year profit into the Drayton Grpup."[37]

A third private company involved in import-export was Smith MacKenzie and Co. Ltd., incorporated in Tanganyika (and Kenya) in 1936. This company was a subsidiary of Inchcape and Co. Ltd., and "through the thirty-five directorships of Lord Inchcape, Smith MacKenzie was linked with, for example, British Petroleum Co. Ltd., P & O Steam Navigation Co. Ltd., British India Steam Navigation Co. Ltd. the National Provincial Bank Ltd., and big interests in Australia and India." The Inchcape group has been called "the largest overseas merchandising group in the world."

In East Africa (primarily Kenya and Tanganyika), Smith-Mackenzie & Co. Ltd. had several subsidiaries: Musekera Estates Ltd., Karirawa Estates Ltd., and held shares in Associated Battery Manufacturers (EA) Ltd., and in W. & A. Gilbey (EA) Ltd. They were also general managers for one of Kenya's largest ship-building and repairing concerns, the

African Marine & General Engineering Co. Ltd.[38] Because all of the afore-mentioned import-export concerns were private and were therefore not obliged to publish their accounts, it has not been possible to ascertain the exact details of capital employed or turnover on which to figure their rate of profit. But one can imagine that a substantial rate must have existed since these companies appeared in Tanganyika (& East Africa in general) during the "Great Depression", a fact that in itself attests to their economic viability.

There are several important similarities that immediately appear when viewing these companies. First, the multinational character of the corporations and the diversity of their investments indicate that the capital invested was not "national capital", even though much of it originated in Britain; but was more akin to what might be called "international capital". Secondly, and directly connected to this was the fact that all of these multinational/ international companies were directly or indirectly connedted to finance and/or banking capital. The convergence of industrial and finance capital within commercial capital during this period greatly contriguted to the acceleration of the turn-over time of capital goods. This is not to say that all of the private companies in Tanganyika were tied directly to international finance capital, but that their mere existence was dependent on the latter.[39]

Mining

Mining in Tanzania is quite an ancient industry, but it was furing the German period that capitalist methods began to be employed. The mineral workings were not, however, on a large scale but included mica, salt and particularly gold. It was not until the British assumed control of Tanganyika under mandate from the U.N. that the industry began to develop; but this developement was still modest. In 1922, gold was discovered in the Lupa region and was followed by new finds of tin and diamonds in Karagwe and Kwimba respectively.[40] In 1929, a new mining ordinance was passed to encourage investment by larger mining companies. This was followed by a rise in the number of businesses and the revenues generated by them. The depression, however, caused s sharp drop in the prices of many minerals and as a result, there was a cut-back in production.[41] In the mining of certain minerals like mica and diamonds, export dropped drastically. But this period of the great depression was also a time when gold prices rose rapidly, especially after Britain and many of her colonies (eg. Rhodesia) went off the gold standard.[41] In Tanganyika there began a "gold rush" to the Lupa goldfields. Thus, after 1931, there was a sharp rise in the number of people involved in gold mining, both small speculators mining alluvial gold and large concerns with the capital to work reef deposits. In 1936 production of gold was 40,338 ounces from alluvial sources and 6,994 ounces from reef sources.[42] This situation continued throughout the 1930's not only for gold but also for lead, mina, salt and tin prices. But, at the same time, while the price of gold went up (due to the depression) and the price of primary subsistance goods also skyrocketed, wages remained low and "real wages" steadily declined.

Before examining the specific companies, it is worth quoting <u>in extenso</u> Kay's theoretical summation on mining industry:

> In those countries which exported minerals we again encounter what appears to be capitalist production. For both mines and plantations employed wage-labour, and in many cases the firms involved were subsidiaries of productive firms in the developed countries. In some way it would be wrong not to recognize these undertakings as capitalist, for they posess all its formal qualities. On the

> other hadn, they have certain fratures which suggest that it would not be completely correct to treat them in this way. Firstly, they invariably relied upon migrant labor which stayed for only a relatively short time, and until the end of the Second World War they never set about creating a permanent labour force. This was not an accidental development but shows every sign of being a part of a carefully conceived strategy of low wages. Their second peculiarity is essentially a different expression of this strategy; namely, the very low degree of capitalization. The main element o of production was living labour, the vast bulk of which was illiterate and unskilled, working with the assistance of very few instruments. It can, of course, be claimed that neither of these features change the fundamental character of these enterprises. Whatever one decides on this question the broad issue seems unchanged; that the reorganization of production in the underdeveloped countries which industrial capital required, needed only a minimum involvement on its part so that the major responsibility for this task could be, and was, in fact, carried out by merchant capital."44 (emphasis added)

This quote contains Kay's basic assumptions concerning the mining industry.

When Kay said, "They (mining co.) invariably relied upon migrant labor which stayed for only a relatively short time, and until the end of the Second World War they never set about creating a permanent labour force", he overlooked several important issues. In colonial Tanganyika this does not seem to have been the case. It has been amply demonstrated that mining owners, constantly faced with labour shortages, tried various methods to recruit a somewhat stable work force as early as the 1930's.

> "Mining, like factory work, required a stable labor supply at least to those operators who set store by efficiency. The kind of labourer whom the mining firms wanted was one that would learn his task, continue in his job for a reasonable length of time, and observe the demands of industrial work discipline --especially the synchroni-ization of labor and a strict sense of time."45

Related to this was the fact that the colonial administration often played a part in ehlping mining companies to "recruit" labour during periods when they found it difficult to do so on their own. "The recruiter invariably enjoyed the active assistance or at least the connivance of the provincial and 'native' administration. It was not uncommon for the district officer or the local sub-chief to round up tax defaulters, tie their hands behind their backs and hand them over to a recruiting agent."[46] The collaboration between the colonial state and mining capital sometime took on more direct forms, such as minor colonial officials who stood as directors of public companies. For example, Eldoret Mining Syndicate Ltd. (which was connected to Kentan Gold Areas Ltd.) listed Gilbert E. King as a director and his occupation as "local government official"; similarly, Harold Gillespie, listed as King's alternate, appeared as a "municipal officer." One such incident, i.e., of a local official handing over a potential labourer to recruiters occurred at Geita Gold Mines (1938), also a subsidiary of Kentan Gold Areas.

Thus it was not exactly true, as Kay asserted, that mining companies relied on migrant labour and that they did not try to create a permanent labour force. They were, however, not always successful in their attempts. There were several reasons for this. When large parts of Tanganyika were set aside for cash crops production, many potential labourers preferred cash cropping to migration to the mines. Furthermore, those African peasants who had not been coerced into cash crop cultivation, or who were in areas designated as labour reserves, opted for subsistance farming, because at that time, the low wages and harsh conditions in the mines offered little attraction.[46] That there was a strategy to maintain low wages, and that this strategy was implemented in part through the use of political coercion cannot be denied; but it would be wrong to understand this strategy solely as a necessary corollary to non-permanent migrant labour force.[48] For some mining companies, these problems of finding adequate labour were, in fact, translated into higher costs of labour thereby reducing its productivity. The question of labour during colonial rule cannot be simply reduced to the necessity of keeping wages low. The overall strategy of capitalist firms has always been to cheapen commodities, labour-power included.

Because the question of labour has often been analyzed from a moral standpoint, the literature provides very little understanding of the causes and sources of the undeniable reality of low wages.

The directors of the Tanganyika Central Gold Mines, Ltd. expressed very well the twin concern of the capitalists for both adequate supplies of labour and the necessity to cheapen labour-power by increasing productivity. For example, for the year, 1934, the managers' report indicated that:

> "there was a considerable falling off during that month /August/, however, due mainly to the harvesting of crops, which were abnormally large this year."[49]

Two years later, reference was made again to the conflicting demands of other sectors of the economy, which resulted in a fall of the average daily attendance of the workers compared to the previous year. The manager attributed this fall "to the introduction by the government of cotton growing into this district, and partly (due) to the good native food crops. The numbers of natives attending work was fairly satisfactory during most of the year, but the class of natives willing to undertake work on the mine is very poor."[50]

Equally uppermost in the minds of the mine owners was the necessity for reduing working costs, which was achieved through increasing the amount of tonnage treated. The latter could only be achieved through investment in machinery and increased mechanization. In 1934, the directors complained that the working costs were still too high due to insufficient power supply. The situation improved in 1935 and 1936 when it wa stated that "the working costs per ton milled show a decrease mainly due to an increase in the tonnage crushed and to the more efficient power plant."[51]

Indeed, it could be argued, on the basis of the annual reports, that the central concern of the Tanganyika Central Gold Mines was not labour, but productivity or more precisely a concern with extraction of relative surplus value as opposed to only absolute surplus value. From 1930 onwards, the company directors and/or manager constantly complained about the losses caused by the lack of efficient equipment (especially the power plant):

> The mine reports for the year are a continuous tale of stoppages owing to the inefficiency of the power plant.[52]

> the state of the mine requirements and partial re-equipment of the mining plant and machinery engaged the anxious attention of the Board.[53]

> Development during the year has only been fairly satisfactory, due largely to the lack of power which necessitated a very considerable curtailment in the contemplated programme of development .... the receipt of fresh capital will enable new plant to be ordered.[54]

> The successful treatment of the considerable tonnage of accumulated sands and slimes is impossible without extra poant ....[55]

In 1936, a consulting Engineer's report called for all kinds of improvements which were estimated to cost £ 19,000. But this, promised the report, would be compensated by a lowering of the average level of working expenditure to more or less 25/ a ton.

On the basis of this and other evidence collected from other companies, it would be dangerous to accept Kay's generalization concerning "the very low degree of capitalization". The larger public companies tended to place a great greater amount of their investment into machinery and prospecting equipment (constant capital), rather than into wages and bonuses (variable capital). For example, Kentan Gold Areas Ltd., one of the largest companies with a total authorized capital of £ 2M, allocated almost 15% of its entire expenditure in 1935 to 'prospecting, plant, machinery and equipment'. The tendency therefore seemed to have been moving toward a higher organic composition of capital because increased productivity could only be insured through increasing the ratio of dead labour to living labour. Several companies build hydro-electric plants and processing mills, in addition to 'all weather' roads connected to rail links.[57] Kentan Gold Areas Ltd. also built a town complete with offices, staff quarters and a 'native' hospital. The capitalization of the mines was such that it is hard to agree with Kay when he argues that the African labourer worked only 'with the assistance of very few instruments."

The majority of the capital was British and came either directly from England or by way of South Africa and Kenya. Because of the history of South African mining and especially its 'adventure' into Rhodesia, it might be useful to recall how Van Onselen analyzed it. This might help better understand the development or mining in Tanganyika during colinial rule.

From 1903 - 11, the Rhodesian mining industry underwent what Van Onselen calls a period of "reconstruction". Due to an international fixed price of gold and subsequent vulnerability to cost inflation, the mining industry had to devise ways to increase productivity and reduce costs:

> ...as the broad process of cost minimisation and out-put maximisation gathered momentum and interacted, so the minint industry in Rhodesia became gradually transformed. From being 'a speculators' paradise which produced mainly promises before 1903, the industry changed, and from 1908 onwards produced a modest but consistent £ 2½ million - worth of gold annually. As costs first stabilixed themselves, and then from 1905 onwards dropped, so profitability grew. With the prospects for dividends brightening large investors took renewed

> interest in mining in Rhodesia ... The new approaches were cautious, the speculative element controlled and the investment, drawn from within the regional economic system, was subject to close personal scrutiny by the most influential Southern African capitalists.[58]

This cautious investment strategy by Johannesburg-based capital, the result of a "realistic" approach, placed them in a position to move northward, first into Rhodesia and Zambia, then to Kenya, Uganda and Tanzania. In Rhodesia, smaller mines began to be the speculative element in this period, a reversal from previous years. "In this way, the dominant trend of the later years of reconstruction was for large capital to move in and consolidate the promising developments initiated by small capital."[59]

With the experience gathered in Rhodesia, and following the trend begun there in the early 1900's, many of the larger, highly-capitalized, public companies in Tanganyika in the 1930's either owned or controlled major stock in several other (usually private) companies. For example, aside from Anglo-American, there was Kentan Gold AReas Ltd., which owned Geita Gold Mining Co. Ltd., Saragura Development Co. (originally East African Engineering and Trading Co. Ltd. --public before being taken over), and East African Concessions. In addition, Kentan held shares in Kimingini Gold Mining Co. Ltd. and Eldoret Mining Co. Ltd. (a public company). This tendency toward monopoly aided in keeping down cost production and spreading any losses around to the different companies. As in Rhodesia, big capital tended to take over small successful workings of speculative capital.[60]

Thus, Kay's claim that "the reorganization of production in the underdeveloped countries which industrial capital required, needed only a minimum involvement on its part" does not seem valid. As we have tried to indicate, in the mining industry, there was a necessity to reorganize production on a capitalist basis. This required: 1) the proletarianization of a large sector of the African population to facilitate the process of primitive accumulation; 2) the importation of large sums of capital to finance the enterprises; 3) the utilization of modern machinery; and 4) the establishment of capitalist relations of production. This reorganization process, because of its nature and scope, had to be carried out by productive capital, i.e., industrial capital.

It therefore appears quite clear that it was productive capital, not the older form of merchant capital that held sway in colonial Tanganyika in the period 1930 - 40. Furthermore, this period can be looked upon as a time when industrial capital was attempting to accumulate capital, i.e., "to increase the value of its capital by the transformation of part of the surplus-value into additional capital." This was done, in part, by transferring a portion of the indirect cost of the functionning of the capitalist mode of production, for example th cost for colinial administration and building an infrastructure, to the pre-capitalist surplus product in the colonies.[61]

Primitive accumulation and capital accumulation

The question, or at least, the questions, that this paper should attempt to answer is whether or not capital accumulation took place. From the few companies that were examined, it is clear that capital accumulation did take place. More complex is the question of primitive accumulation, which has been discussed recently in various seminars.

The question cannot be dealt with solely by looking at the economic process, it must also be analysed at the level of class relations because capital is, above all, a social relation. Capital accumulation took place in

[illegible], co[illegible] [illegible]

[illegible]

various forms, combining capitalist and pre-capitalist relations of production. The question of the extent to which a proletariate had been constituted or the extent to which peasantization had advanced is not at issue here, what is at issue is the question of extraction of surplus-value, surplus labor and surplus product. Many of the workers who had been forced to move to the towns in search of a wage were only able to survive by exchanging their labor power for a wage. By the end of the 1930's the exploitation of some sections of the proletariate (e.g. mine, harbour and railway workers) was no longer carries out by the extraction of absolute surplus value, but relative surplus-value.[62]

During the period under examination a working class and a peasantry were in a process of formation. While these two classes were based in the Tanganyika social formation, their exploiting antagonists, the owners of the means of production operated from outside of it.

The Tanganyikan petty bourgeoisie also began to manifest itself during these years, but its growth was undermined politically and economically by the colonial state and the capitalist firms. Highly restricted at the economic level, the petty bourgeoisie asserted itself through other means, such as education, which gave it access to lower positions within the colonial state structure. Thus, on the whole, the situation that developed was a contradictory one. On the one hand, the expansion of capital necessitated the creation of a proletariat and a peasantry; while on the other, capital had to stifle the possible and latent competition that could have risen in the form of a local class of capitalist.[63]

It is true that, in some ways, the cooperative movement was helped by colonial officials.[64] There is nothing contradictory in these apparently contrary attitudes. They can be understood in the context of an on-going process.

of capital accumulation and primitive accumulation. Insofar as primitive accumulation did not interfere or threaten to undermine the process of capital accumulation, those who engaged in it were given a relatively free hand. However, much more empirical research will be needed in order to know the conditions under which primitive and capital accumulation now clashed and now coexisted peacefully.

This contradictory development produced locally-exploited classes which were relatively stronger than the local petty bourgeoisie. Although it is often said that colonial rule witnessed a rpocess of class formation, as well as transformation, there has been very little analysis of the social and economic conditions of this formation and transformation. Closer studies of different capitals will be necessary in order to understand not only the class relations between capital and workers/peasants, but also between the latter and the emerging petty bourgeoisie. The emergence of a proletariat and a peasantry was closely linked to the penetration of capital. For capital accumulation to take place, it had to create the classes from which to extract the surplus. By saying that the exploited classes were relatively stronger, one is referring to the historical necessity in which capital was forced to develop these classes long before it was confronted with the political and economic demands of the petty bourgeoisie. The weakness of this emerging petty bourgeoisie, in relation to the workers/peasants, became abundantly clear immediately after independence when it had to resort to various repressive measures and restrictive labour legislation against the exploited classes.

In order to emerge as a local bourgeoisie, this class had to establish and/or reinforce the basis for its primitive accumulation, a task that was thwarted by the colonial state. In spite of the restrictions, the petty bourgeoisie was able to accumulate a minimum amount of hoarding, which was chanelled into those economic activities that baought the quickest returns. The whole cooperative movement could be analysed from this perspective, and not solely, as has tended to be done, "as a system of communication for opposi-tional ideas."[65]

In the post-colonial period, the hoarding process was complemented by the use of the State bureaucracy. This relative weakness of the local (petty) bourgeoisie (which is historically explainable) accounted for the various schemes of multi-national capital to bolster the former. This occurred when multinational capital realized that it would be politically and economically too costly to maintain their political control in the form of colonial rule. It was, furthermore, this relative weakness, which accounted for the increased repression against the working class and peasantry in the years immediately following independence. In relation to the colonial state, the post-colonial state was weak, after the image of its ruling class. As in many other countries on the African continent, the years following independence have been marked by efforts of the emerging bourgeoisie to consolidate itself. These efforts can be seen as a process of primitive accumulation. Not that this is a repeat of the "classical" phase; but it is primitive accumulation with regard to the historical emergence of a local national bouregoisie.

Clearly, while this local bourgeoisie is still in its infance, the multinational firms are continuing their exploitation and accumulation. The post-colonial period has witnessed a reversal of what went on during colonial rule. Then, the petty bourgeoisie was restricted, both politically and economically, while the expansion of capital-
[illegible]

ist relations nurtured a growing proletariat and peasantry; but not, it is the proletariat and the peasantry that have been repressed and prevented from enjoying the fruits of their past struggles and battles.[66]

Like all research, this inquiry and this tentative conclusion must be seen as provisional. In order to fully understand the relationship between the classes in formation under colonial rule, their subsequent development in the post-colonial era and how they are related to primitive and capital accumulation, more research must be done, especially on the economic and social bases of the petty bourgeoisie under colonial rule. Speicfically, it would be worthwhile to study the creation of the cooperative societies not simply as the economic origins of the nationalist movement (which they were), but also as part of the process of primitive accumulation of that emerging petty bourgeoisie.[67]

In summary, this paper suggests that while a great deal has been written on the economic history of colonial rule, very little is actually known of the concrete relations of production that were the sources of primitive and capital accumulation. Only concrete empirical studies of these processes will provide the foundation for a scientific understanding of the process of class formation and class relations. The moralizing treatment (and condemnation) of colonial rule has led to mostly descriptive and empiricist studies which seek to document how bad colonialism was. Such studies eventually obscure rather than clarify this history of class relations under colonial rule. Paraphrasing Marx (who was criticizing an economist), one could say that the "sagacity (of such descriptive and empiricist studies) consists in observing the clouds of dust on the surface and presumptuously declaring this dust to be something mysterious and important."[68]

Aknowledgements

This paper would not have reached its present form without the help of a number of people. The initial idea for researching the companies came from reading Nicola Swainson's "Foreign Corporations and Economic Growth in Kenya", Ph. D. thesis London University, December 1977.

As will be evident from the footnotes, the course work of the MA (History) students —Mrs Chambaka, Al Green, Mrs Mayalla and Mrs Visram— provided useful data in addition to those collected by the authors. The discussion on merchant capital was first initiated during the MA seminars (coordinated by B. Swai and J. Depelchin). It was during those sessions, and in particular after a presentation by Dr. Swai on merchant capital in India, that the necessity for a more rigorous critique of G. Kay's Development and Underdevelopment became obvious. On the general theoretical framework (and specifically on mining) Dan O'Meara's insights and knowledge of the South African mining industry were extremely helpful.

The research at the Registry of Companies (Msajili Wa Makampuni) was greatly facilitated by the generous hospitality (in spite of the crowded rooms) extended by the Registrar Ndugu S. Dahoma and his deputy. The friendly attitude of the other members of staff was highly appreciated. Ndugu Kibwika-Muyinda was particularly helpful in answering various queries. He introduced us to Ndugu Aboud at the Central Statistical Bureau. Nd; Aboud went out of his way to try and help us locate elusive statistical material. Finally, this paper would not have been ready in time had it not been for the typing and editing skills of Gwen Weaver. Our sincerest thanks to all of them.

Notes

[1]G. Kay, Development and Underdevelopment: A Marxist Analysis, MacMillan, 1975. The MA course work presented by the students was a s follows: Mrs Chambaka "Penetration of Capital in Tanganyika: plantation companies, 1934-40"; Al Green, "The pen etration of Merchant Capital in East Africa: case studies of the Deutsche Ost Afrika Linie and Dalgety & C° Ltd."; Mrs. Mayalla, "Capital Accumulation: the case of Plantation Companies in Tanganyika, 1930-1935"; Mrs. Visram, "Capital Accumulation in Tanganyika, Import and Export Companies, 1935-1940".

[2]Our thanks again to Ndugu S. Dahoma and his staff for their help.

[3]The conditions under which the files are kept are, to say the least, extremely precarious. A similar situation was noted at City Hall. It is hoped that the appropriate authorities will take the necessary measures to insure adequate preservation of these files.

[4] For an excellent and sympathetic critique of Kay, see H. Bernstein, "Underdevelopment and the law of value", RAPE 6, pp. 51-64.

[5] Kay seems to have relied heavily on Marx, Capital, vol. III, chapter 20, "Historical Facts about Merchant Capital", but only on the first part.

6 G. Kay, Op. Cit., p. 95.

7 K. Marx, Capital, vol. III, International Publishers, NY, 5th printing (all references are to this edition), p. 327.

8 Ibid., p. 333.

9 G. Kay, Op. Cit., p. 105.

10 Ibid., p. 100.

11 K. Marx, Op. Cit., vol. III, p.333.

12 Kay accurately analyzes this in his chapter 4, 'Productive and Circulation Capital', but then departs from it in the following chapter 'Merchant Capital and Underdevelopment.

13 We visited without success all the libraries and archival departments which might have had a copy of the Annual Report of the Registrar-General for the years under consideration. At the Central Statistical Bureau Ndugu Aboud tried, in vain, for an entire morning to satisfy us. Our deepest thanks for his help.

14 Chapter 212 of the Laws of the Tanganyika Territory.

15 For other cases of interlocking interests see among others the Kamna Rubber Estates which had 10,400 shares in Amboni Estates Ltd.; 4,500 shares in Kikwetu Sisal Estates; 1,500 shares in Ruvu Estates Ltd. Furthermore, the general manager of Usumbara Rubber Estates Ltd. was also a director in Kamna Rubber Estates.
On directorships:
Sir E. Lionel Fletcher was a director in both Usumbara Rubber Estates Ltd. and Dalgety and C° Ltd.
H. Portlock was chairman and managing director of Usumbara Plantations Ltd. and also chairman of Dwa Plantations Ltd. Likewise for Mr. D. G. Ginn who was a director in both companies.

16 Compagnie du Kivu, Annual Report for the year ending in 1926.

17 In 1925 sales doubled, but the Compagnie du Kivu also created a new company: Société Minière, Agricole et Forestière du Tanganyika which, among other things went into salt industry.

18 Compagnie du Kivu, Annual report for the year ending in 1928.

19 Of these 2 companies, the Comité National du Kivu was the most infamous and best known for the huge tracts of land it expropriated in Kivu province in the Congo. For more information on it see Joye P. and Lewin R. Les Trusts au Congo, Brussels, Société Populaire d'Edition, 1961.

20 Compagnie du Kivu, Ann. Rep. for the year ending in 1928.

21 As Marx pointed out: "In the production of commodities, circulation is as necessary as production itself, so that circulation agents are just as much needed as production agents. The process of reproduction includes both functions of capital, therefore it includes the necessity of having representatives of these functions, either in the person of the capitalist himself or of wage-labourers, his agents" (Capital vol. II, pp. 126-7).

22 K. Marx, Capital, vol. II, p. 129.

23 Ibid., p. 150.

24 Ibid., p. 152.

25 British Cotton Growers Association, 21st Ann. Report, 1925.

26 For another illustration of the function of transport in the general reproduction of capital see Al Green, MA course work cited above. On the relationship between finance, industrial capital, the colonial state and the transport problem, see S.E. Katzenellenbogen, Railways and the Copper Mines of Katanga, OUP, 1973.

27 Ruvu Estates Ltd., Annual Report, 1925.

28 The data on Unga Ltd. were drawn from Mrs. Mayalla's MA course work cited above.

29 Ibidem.

30 Assuming that one accepts to read Lenin's text on Imperialism not as the final truth.

31 K. Marx, Capital, vol. II, p. 331.

32 This discussion is based on K. Marx, Capital, II, chapter 1.

33 Ibid., vol. II, p. 55.

34 Who Controls Industry inKenya? Report of a Working Party, EAPH, 1968, p. 26.

35 J. Rweyemamu, Underdevelopment and Industrialization in Tanzania, OUP, 1973, p. 32

36 Who Controls..., p. 55.

37 *Ibid.*, p. 56.

38 *Ibid.*, p. 54.

39 See also the case of Dalgety and C° studied by Al Green.

40 F. J. Kaijage, "Proletarianization vs. Peasantization in Tanganyika: A Colonial Dilemma in Rural Transformation", History Seminar paper, August 1978 (UDSM), p. 6; see also O.R. Khamsini, "The Gold Miners and Mine workers on the Lupa Goldfields, 1922-1963", M.A. Thesis, Univ. of DSM, 1977, p. 23. On diamond industry see Ofunguo, "History of Labour on the Mwadui Diamond Mine, 1940-75", M.A. Thesis, University of Dar-es-Salaam, 1977.

41 F. Kaijage, *Op. Cit.*, pp. 6-7; O.R. Khamsini, *Op. Cit.*, p. 37.

42 C. Van Onselen, *Chibaro*, Pluto Press, London, 1976, p. 29; O.R. Khamsini *Op. Cit.*, p. 37.

43 Khamsini, *Op. Cit.*, p. 52.

44 G. Kay, *Op. Cit.*, pp. 102-103.

45 F. Kaijage, *Op. Cit.*, p. 16.

46 *Ibid.*, p. 13.

47 This situation was not peculiar to Tanganyika, see also G. Arrighi, "Labor Supplies in Historical Perspective: A Study of Proletarianization of the African Peasantry in Rhodesia", in G. Arrighi and J. Saul, *Essays on the Political Economy of Africa*, Monthly Review Press, 1973; P. Ph. Rey, *Colonialisme, Néo-colonialisme et Transition au capitalisme*, Maspéro, 1971; R. Palmer and N. Parsons, (Ed.), *The Roots of Rural Poverty in Central and Southern Africa*, Heinemann, 1977.

48 The Tanganyika Central Gold Mines, Ltd. was originally called the Sekenge Gold Mining C° Ltd. and was incorporated in Transvaal. It obtained its certificate of compliance in October 1927. Its starting capital was £ 56,000. Between 1927 and 1935, the capital was increased, reduced and then raised again to £ 149,975.

49 The Tanganyika Central Gold Mines, LTd, Manager's report, 1935.

50 *Ibid.*, 1937.

51 *Ibid.*, 1936.

52 *Ibid.*, Directors report (proceedings), 1930.

53 *Ibid.*, 1930.

[54] *Ibid.*, 1934.

[55] *Ibid.*, 1938.

[56] An approximate total of £ 5 and 1/2 M. was invested in mining by 17 companies during the 1930-40 period.

[57] How crucial an efficient transport system was to the mines can be gathered from the follwoing references which also provides additional evidence on the direct connection between the colonial state and capital: "In order to obtain an all-weather road from Kinyangiri (which is the nearest railway station) to the mine, some 46 miles away, your chairman appraoched the authorities of Tanganyika Territory, with a view to obtaining this means of access and the Company has offered to contribute a certain sum towards the making of this road" (*Ibid.*, Dir. reports, 1934). And in 1937 the Consulting Engineer complained that "As a result of abnormal rains, road between the railhead and the mine was closed to transport, resulting in a shortage of fuel oil, during which time the mine was completely shut down, except for pumping operations.". Rail lines were not only necessary for exporting raw materials.

[58] C. Van Onselen, *Op. Cit.*, p. 26.

[59] *Ibid.*, p. 27.

[60] O. R. Khamsini, *Op. Cit.*, pp. 52-53.

[61] E. Mandel, *Late Capitalism*, Unwin Brothers Ltd, 1975. Note however, that Mandel is rather contradictory in his analysis of Merchant Capital.

[62] An earlier attempt to elaborate this was made in J. Depelchin, "The 'Beggar Problem' in Dar es Salaam in the 1930s", History Seminar Paper, University of Dar Es Salaam, August, 1978.

[63] We are not concerned here with the distinction between classes in themselves (which they obviously were) and classes for themselves.

[64] As was the case with the Kilimanjaro Native Planters' Association created in January 1925.

[65] S.E. Migot-Adholla, "The Politics of a Grower's Cooperative Organization", in *Rural Cooperation in Tanzania*, T.PH., 1975. In this context it may be of interest to note that the Tanganyika Copperative Society Ltd was incorporated as a public company in January 1928.

[66] For a concrete analysis of these classes relations and how how they are affected by L) the emerging local bourgeoisie, and 2) the multinationals, see M. Von Freyhold, "The Post-colonial State and its Tanzanian version", *RAPE*, 8, pp. 75-89.

67 For some evidence of this, see J. Iliffe, Agricultural Change in Modern Tanganyika, Hist? Assoc. of Tanz. pamphlet n° 10, 1971, and Ph. L. Raikes, "The Historical Development of Wheat Production in Northern Mbulu District, Un. of DSM ERB paper, 70, 11 (1970).

68 K. Marx, Capital, vol. III, p. 357.

J. Depelchin & S. Lemelle
Department of History
University of Dar es Salaam
February 1979