

Underdevelopment
and the
Transition to
Socialism
MOZAMBIQUE
AND TANZANIA

James H. Mittelman

Studies in Social Discontinuity

UNDERDEVELOPMENT AND THE TRANSITION TO SOCIALISM

Mozambique and Tanzania

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PREFACE

Since the permanence of capitalism cannot be assumed, the transition to socialism is of the utmost importance. Capitalism is a historical phenomenon that first embraced the world-economy in the sixteenth century; that it is unlikely to endure forever is evidenced by the crisis in the feudal order since the fourteenth century and the appearance of socialist revolutions beginning in the twentieth century. If it is agreed that capitalism is not timeless but of finite duration, what is problematic is its replacement: How will capitalism be dislodged, and what will supplant it? While socialism has superseded capitalism in some countries, an automatic shift in that direction cannot be taken for granted.

It is useful to consider the experience of the countries embarked on a socialist transition, for, in my view, their efforts to establish an entirely different society from that which they inherited provide a useful antidote to increasingly prevalent defeatist thinking about underdevelopment. In the West, some students and members of minority groups, among others, recognize the harsh realities that prevail on a global scale. They are people of good faith who would support fundamental change in the so-called Third World but are discouraged because of a lack of viable alternatives there. Whereas new perspectives are urgently required, it is often said, original ideas and innovative policies are not appearing.

State capitalism has been tried in most underdeveloped countries. Its advocates boast of "economic miracles" as proof of success. Yet however high the rates of economic growth, a narrow upper stratum benefits inordinately, and the masses continue to live in abject poverty with no relief in sight. The drawbacks of state capitalism have been noted by many observers of diverse persuasions, and there is no need to embroider on them here. But other possibilities for development exist. A *New York Times* article of August 14, 1977, for example, alludes to the "predominantly Socialist community of 86 nonaligned nations." However loose the *Times's* terms of reference—and

surely the number given is highly inflated—such a statement would have been unthinkable 2 decades ago. A brief glance at the globe suggests a clear trend toward socialism, albeit in diverse forms, in the Third World. Just as an increasing number of underdeveloped countries publicly subscribe to socialism, pressure is mounting in other states for a similar pledge.

The countries striving for socialism are all grappling with the question of how to achieve it. Most of their leaders believe that neither the Soviet Union nor China offers definitive answers; this belief has been reinforced by the shifting priorities in the latter country following the death of Mao Zedong and the downfall of The Four in 1976. Solutions to the problems of transition remain elusive.

This book evaluates the promise and problems of socialism in the Third World by considering the political economies of Mozambique and Tanzania. My aim is to provide a basic account, for Marxists and non-Marxists alike, interested in alternative strategies of development in the Third World. I purport to offer a materialist political economy approach that should be useful to an interdisciplinary group of scholars and practitioners.

This study relies on observations made in Mozambique, Tanzania, Zambia, Portugal, the United Kingdom, and France in 1975–1976 and 1978, and to a lesser extent on my research in these countries on previous occasions. The data reported here are mainly drawn from primary sources: interviews; personal correspondence; memoranda of a liberation movement; newspapers of record; government publications, including parliamentary debates and legislation; bank reports and accounts; and international organization documents. I have also profited from conversations with visitors to New York and sources at the United Nations (UN).

Material gathered from interviews is incorporated in the text but, for obvious reasons, in some instances without attribution. Where it is inappropriate to identify a source, I will designate the type of source by employing notations such as international agency confidential document or internal working paper, restricted government report, or private discussion with a diplomat. I have verified, to the extent possible, all information from these sources. Finally, whereas the major evidence in this study is drawn from the experiences of Mozambique and Tanzania, works on other countries with a professed commitment to socialism are also used to offer greater scope and, to some degree, to allow generalization.

My theoretical ambitions in this work, as well as methodological concerns, are laid out in—although not entirely confined to—the Introduction and Conclusion so that abstract theory is unobtrusive. Part I, then, maps out purposes and procedures. Part II on Mozambique (Chapters 2–5 and appendixes) is a factually grounded analysis of an initial conjuncture in the transition to socialism—the capture of state power by workers and peasants—whereas Part III on Tanzania (Chapters 6–11) focuses on another vital step on the way to socialism—the nationalization of leading financial in-

stitutions and the attempt to place them under the aegis of the immediate producers. Part IV knits together the main strands of the foregoing analysis and ties them to the broad themes discussed at the beginning of this book.

We turn now to underline the need for novel theoretical departures and creative applications of concepts to the political economies of underdeveloped countries.

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In a book capping several years of research, it is impossible to give specific thanks to each individual and institution that deserves specific recognition. I apologize to all those whose contributions are not noted here. Since I have not always heeded the advice of those who are mentioned, they can in no way be held accountable for any errors or confusions in the final product.

The first draft of this book was prepared at the Center of International Studies, Princeton University. During a year's stay at the Center, I benefited enormously from pleasant surroundings, a cheerful administrative staff, and a group of stimulating colleagues. The director of the Center, Cyril E. Black, provided intellectual counsel and administrative assistance extending far beyond what one could reasonably expect from a courteous host.

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Some chapters of this book originally appeared in different form in other publications: parts of Chapters 2 and 3, in *Centre d'Etudes et de Recherches sur les Sociétés de l'Océan Indien, L'Annuaire des pays de l'Océan Indien: Année 1975 2* (Aix-en-Provence: Université d'Aix-Marseille, 1977), 209–228; some passages from Chapters 5 and 12, along with material that is not included in this book, in *Monthly Review* 28 (March 1977): 58–64; Chapter 5, in *Issue* 8 (Spring 1978): 4–11; Appendix A, in *Alternatives* 5 (Spring 1980): 307–328; Chapter 8, in *Journal of Modern African Studies* 16 (December 1978): 597–617; and Chapter 11, in *Social Research* 47 (Spring 1980): 141–165. I am

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Linda Yarr, to whom I am married, has helped in many ways. Her advice and opinions have greatly influenced my thinking. For her encouragement and perseverance, it is difficult to express the extent of my gratitude.

LIST OF ABBREVIATIONS

ACA		Agricultural Credit Agency
AFM	Movimento das Forças Armadas	Armed Forces Movement
AID		Agency for International Development
BNU	Banco Nacional Ultramarino	National Overseas Bank
CCM	Chama Cha Mapinduzi	Revolutionary Party—name changed from Tanganyika African National Union (TANU) in 1977
CIA		Central Intelligence Agency
CMEA (also known as COMECON)		Council for Mutual Economic Assistance
COPCON	Comando Operacional do Continente	Home Operations Command (or Continental Operations Command)
COREMO	Comité Revolucionário de Moçambique	Mozambique Revolutionary Committee
CUF	Companhia União Fabril	United Manufacturing Company
EAC		East African Community
EACB		East African Currency Board
EARHA		East African Railways and Harbours Authority
ECA		Economic Commission for Africa
EEC		European Economic Community
EFTA		European Free Trade Association

FNLA	Frente Nacional de Libertação	National Front for the Libera- tion of Angola
FRELIMO	Frente de Libertação de Moçambique	Mozambique Liberation Front
GDP		Gross Domestic Product
GPZ	Gabinete do Plano do Zambeze	Cabinet of the Zambezi Plan
HCB	Hidroeléctrica de Cahora [sic] Bassa, SARL	Cabora Bassa Hydroelectric Corporation
IBRD		International Bank for Recon- struction and Development (World Bank)
IDA		International Development Association
IFC		International Finance Corpo- ration
IFM		Institute of Finance Manage- ment
IMF		International Monetary Fund
JSN	Junta da Salvação Nacional	Junta of National Salvation
JUWATA	Jumuai ya Wafanyakazi wa Tanzania	Union of Tanzania Workers—name changed from National Union of Tanganyika Workers (NUTA) in 1978
MANU		Mozambique African National Union
MORETA		Morogoro Region Transport Association
MPLA	Movimento Popular de Libertação de Angola	Popular Movement for the Liberation of Angola
NATO		North Atlantic Treaty Organi- zation
NBC		National Bank of Commerce
NDCA		National Development Credit Agency
NEC		National Executive Committee of TANU
NLF	Front de Libération Nationale	National Front of Liberation
NMP		National Maize Programme
NUTA		National Union of Tanganyika Workers—name changed to Union of Tanzania Workers (JUWATA) in 1978
OAU		Organization of African Unity
OECD		Organisation for Economic Co-operation and Develop- ment

PAIGC	Partido Africano de Independência da Guiné e Cabo Verde	African Party for the Inde- pendence of Guinea-Bissau and Cape Verde
PCP	Partido Comunista Português	Portuguese Communist Party
PIDE	Polícia Internacional de Defesa de Estado	International Police for the Defense of the State (Portu- guese secret police)
PSP	Partido Socialista Português	Portuguese Socialist Party
RDF		Regional Development Fund
SACLANT		Supreme Allied Commander, Atlantic
SHTGA		Southern Highland Tobacco Growers Association
SIDO		Small Industries Development Organisation
STC		State Trading Corporation
TANU		Tanganyika African National Union—name changed to Chama Cha Mapinduzi (Revolutionary Party) in 1977
TAP	Transportes Aéreos Portu- gueses, SARL	The Airline of Portugal
TAZARA		Tanzania-Zambia Railway
TIB		Tanzania Investment Bank
TRDB		Tanzania Rural Development Bank
UDENAMO	União Nacional Democrática de Moçambique	National Democratic Union of Mozambique
UDI		Unilateral Declaration of Inde- pendence
UN		United Nations
UNAMI	União Africana de Moçambique Independente	National African Union of In- dependent Mozambique
UNCTAD		UN Conference on Trade and Development
UNDP		UN Development Program
UNITA	União Nacional para a Independência Total de An- gola	National Union for the Total Independence of Angola
WNLA		Witwatersrand Native Labour Association
ZAMCO	Consórcio Hidroelétrico do Zambeze	Hydroelectric Consortium of Zambezi

A NOTE ON CURRENCIES

From 1949 to 1973, 28.75 Portuguese escudos were officially worth 1 U.S. dollar. Following the devaluation of the dollar in February 1973, 25.50 escudos were equivalent to 1 U.S. dollar, and in March of that year Portugal moved to allow the escudo to float.

The Mozambique escudo was at par with the escudo of Portugal until 1977, when Mozambique pegged its currency to the U.S. dollar. There are 1000 escudos to the conto.

The value of the Tanzanian shilling (Sh.) in 1966 was 7.14 to the dollar. Tanzania decided not to follow the United Kingdom on the devaluation of the pound sterling in 1967 and pegged the shilling to the dollar for the first time in 1971. Apart from minor movements, the exchange rate did not change until the government announced a 14% devaluation in October 1975 and pegged the shilling to Special Drawing Rights. The dollar value therefore fluctuates, recently averaging Shs. 8.30 to 1 U.S. dollar.

For a complete compendium of exchange rates by year, see American International Investment Corporation, *World Currency Charts*, 8th ed. (San Francisco: American International Investment Corporation, 1977).

Contents

PREFACE	xi
ACKNOWLEDGMENTS	xv
LIST OF ABBREVIATIONS	xvii
A NOTE ON CURRENCIES	xxi

One INTRODUCTION

1

KEY CONJUNCTURES IN THE TRANSITION TO SOCIALISM	3
Focus of This Study	5
Modes of Inquiry	8
Underdevelopment and Socialism	13

Two THE CAPTURE OF STATE POWER IN MOZAMBIQUE

2

IMPERIALISM AND REVOLUTION IN MOZAMBIQUE	23
Surrogate Colonialism	24
The Liberation Struggle	32

3

THE MECHANISMS OF IMPERIALISM	45
The Structure of the Economy	45
Foreign Investment and External Trade	47
Balance of Payments	52
The Southern African Nexus	55
A Neocolonial Solution?	61

4

THE METROPOLITAN POLITICAL ECONOMY	65
The Fascist State	66
The Penetration of Foreign Capital	67
Agricultural Production	71
International Assistance	74
A Resurgent Local Bourgeoisie	77

5

THE CONQUEST OF THE STATE	81
Prelude to the Negotiations	82
The First Round of Peace Talks	84
The Secret Meeting in Dar es Salaam	88
The Lusaka Agreement and the Aftermath	90
The Four Phases	94
APPENDIX A: SOCIALISM IN POSTCOLONIAL MOZAMBIQUE	103
A Socialist Strategy of Development	103
Achievements and Difficulties	113
The Global Context	117
Supplemental Reading	122
APPENDIX B: THE LUSAKA AGREEMENT	125

Three

THE NATIONALIZATION OF BANKS IN TANZANIA

6

BANKING AND UNDERDEVELOPMENT	131
The Pivotal Role of Banks	131
Nationalizations in East Africa	134

7

**BANK POLICIES IN COLONIAL AND
NEOCOLONIAL TANZANIA**

139

Production Relations

142

The Monetary System

146

Banking Operations

151

8

THE ACQUISITION OF THE BANKS

157

Action by the State

157

The Reaction of the Banks

162

Compensation

164

The Agreements

168

9

COMMERCIAL BANKING

173

Limited Autonomy of the Banking System

173

The Immediate Challenges

175

Toward Socialist Banking?

177

10

RURAL CREDIT

189

From Past to Present

189

The Volume of Lending

191

Crop Finance

191

Distribution of Loans by Borrower

192

Distribution of Loans by Region

194

Ujamaa Villages

198

11

**INTERNATIONAL MONETARY INSTITUTIONS
AND SELF-RELIANCE**

207

The Credit Club Forum

209

Balance of Payments Deficit

211

The Influx of International Agencies

214

The Expansion of World Bank Activities

216

The Debt Burden

225

Four CONCLUSION

12

THE PROMISE AND PROBLEMS OF SOCIALISM	231
The Capture of State Power	232
Ownership and Control of Financial Institutions	239
Transitional and Nontransitional Conjunctures	246
Obstacles and Prospects	250
 BIBLIOGRAPHY	 257
General Works	257
Mozambique and Portugal	260
Tanzania	263
 SUBJECT INDEX	 269

Part One

INTRODUCTION