

## BOOK REVIEWS

C.Y. Thomas, Dependence and Transformation, Monthly Review Press, 1974. Mr. C.D. Msuya, in Tanzania's 1975/6 budget speech,<sup>1</sup> identified three factors which had caused problems "more devastating than anything we have experienced since Independence". These were financial and economic problems originating outside Tanzania, adverse weather conditions, and "the slack in domestic production efforts generally". The speech demonstrated these with figures showing the rise in imports, the decline in exports, the large sums of money invested in unproductive parastatals, etc.

The remarkable thing about the speech (beyond its frankness) is that it sees no long-term prospect of changing this situation. In this it is no different from any other of the many Tanzanian policy statements: for none of these even attempt to describe an economic strategy which might be expected to lift the mass of Tanzania's people from their present material poverty.<sup>2</sup>

This is how Clive Thomas described the situation:

In general, the contradictions manifested in Tanzanian planning have stemmed from a number of factors, including poor planning and a lack of vision about the requirements for transformation during the early phases. In addition, however, there seems to be strong evidence that the present importance of agriculture to national survival has its own overwhelming effect on the planners' attitude towards the role of agriculture and is in part responsible for their inability to see the interaction between social relations and the form and content of production.... In the typical small underdeveloped economy, dependence has been high and... the divergence of the productive system from the community's needs quite marked. In view of this it is difficult to comprehend how one can simultaneously stress the socialist reorganization of the rural countryside, and production and output almost exclusively along classical colonial lines. Not surprisingly, this contradiction has been manifested in the loss of public resources in support of agricultural crops which have been unequally exchanged in the world's commodity markets, and in the frustration over the agricultural benefits of the enormous Ujamaa effort. In other words the worst of all possible worlds.

A further factor has been the effect created by the pressures for doing something now in order to meet existing demands, rather than to transform the system itself. Often this effect becomes transmitted into attitudes which tend to either overlook the requirements for transformation or to dismiss them as being impractical or visionary: they are assigned no independent weight in short-term activities, and there are thus neither forward nor backward links between intention and practice. There is in a real sense little planning. Finally the tendency among urban-based planners (foreign and local) and some elements of the petty bourgeoisie to romanticize the virtues of poverty and/or to overestimate the qualities of rural life as it stands has been of inestimable significance. These are not sufficiently seen and understood as malformations of human existence the very factors which call forth socialism in theory and practice in the first place. (pp: 172-3)

This quotation gives an important insight into one of the reasons that made Clive Thomas write this book: it was to demonstrate the hopelessness of a

development strategy (such as Tanzania's) which relies wholly on rural development, nationalisation of the existing means of production, and partnerships with multinational corporations to build industries.

Thomas had seen his students using bourgeois ideologies of underdevelopment (such as the alleged lack of capital, skills or markets, and other vicious circle theories) to argue that rapid industrialisation was effectively impossible in Tanzania. The book was also written to confront this position in the strongest possible way - by demonstrating that industrialisation was not only possible but essential to bring about growth:<sup>3</sup>

One of the staggering consequences of underdevelopment and dependence is the widespread lack of confidence the leadership in Third World countries has in the capacity of the people to master the environment. . . . Rarely has revolutionary political theory been matched by an equally radical vision of the capacity of the people to transform and master their environment. As a substitute we have had either arcadian predilections for rural life as it is - minus the kulaks - or a drive for state control of existing activities as an end in itself and as formal proof of socialization. What is also striking is that this has occurred during a period (the last fifty years) when, if anything is noticeable about human society, it must surely be the rapidity with which the material environment has been mastered and transformed where the people were politically liberated for this task. It is against this poverty of vision that this work has above all been directed. (pp. 305-6)

He immediately defends himself from the charge that he is writing about "growth" rather than about "development":

Political revolutions should, as a matter of course, offer the people liberation from, and mastery of, their material environment. If they cannot do this they cannot introduce a higher mode of production. Without such a material base increased consciousness will soon be dissipated. Revolutionary change, to be self-sustaining, must not only affect relationships between people, but also between people and their material environment. It is the achievement of both which permits the transition to a higher mode of production. (p. 306).

The descriptive part of the book thus becomes a description of how the productive forces in an ex-colonial (or ex-neo-colonial) economy can be expanded.

He makes explicit two important assumptions. One is to assume the existence of the nation-state as handed down by the colonial powers (p. 13 ff.) This leads him to spend much time discussing the problems of "smallness", for many writers (socialist and non-socialist) have argued as if self-sustaining internally oriented growth is possible in "large" socialist economies such as the USSR or China but impossible in "small" economies such as Cuba or Tanzania.

His second assumption enables him to avoid all questions of politics and class struggle, for he simply assumes that a successful class struggle has put the workers and peasants in power:

We shall delineate our area of study... by confining our attention not just to underdeveloped economies but to those in which a political

revolution has been initiated and has succeeded in transferring state power to a worker/peasant alliance, thereby fundamentally altering production relations so that the struggle to bring the productive forces under their control and direction, to disengage from international capitalism, and to raise the material levels of welfare of the population are the central economic issues at that stage in constructing socialism. It follows from this delineation of our area of analysis that even though immense political and social problems still remain - such as defining the working relationship between the two classes, containing the local petty bourgeoisie and the bureaucracy, etc. - these problems... are subsidiary to the major political issue of state power, which we shall take as being solved at the outset. It is only by making such an assumption that we can genuinely isolate for consideration the period of the transitional development of productive forces. (p. 29, author's emphasis removed).

In this way he assumes away all the political aspects of the transition to socialism, and the question of how the workers and peasants get their revolutionary consciousness and capture state power (he never, for example, suggests that class consciousness and revolutionary ideology might actually emerge in the course of a struggle). All this is done to isolate the problems of economic strategy and the means by which the productive forces in a small poor country can be expanded.

His analysis starts from the development of underdevelopment, drawing particularly on Gunder Frank for Latin America and Walter Rodney for Africa. These writers have shown firstly how the colonial and neo-colonial institutions were part of a system to such surplus out of Latin America and Africa, and that as a direct result local initiative was stifled and in many cases crushed. They have secondly shown how flag Independence only changed the forms of surplus extraction without ending it. Private investment by multinationals, nationalisation of some of this investment, management agreements with or without local share participation, local Directors on Boards of Directors, compulsory localisation of staff, and even inter-state Common Markets or Free Trade Areas have served to increase the outflows of surplus. This ground is covered in two early chapters of Thomas' book (pp. 42-98). He shows how a strategy of development cannot ignore these mechanisms, for many of them have a surface appearance of increasing national control and cutting the surplus outflows. Thomas does emphasise the need for national control over the means of production (to be achieved if possible by nationalisation of foreign owned assets without compensation), but only as a necessary step to clear the ground for an effective strategy, not as a strategy in itself.

The arguments for structural change grow out of this discussion of underdevelopment. They are summed up in this first "iron law", which amounts to a statement that development must be based on home markets supplied from local raw materials using locally controlled technology:

We have offered an interpretation of structural dependence, economic immaturity, and the way in which during the present era international capitalism dynamically internalizes itself in the production system of a small underdeveloped economy. It follows logically that one of the most fundamental laws governing the transformation process is the planned implementation of a structure of domestic output consistent with domestic demand patterns. It is in this sense that it is presented here as an "iron law" of transformation and therefore a fundamental objective of planning. We have argued that transformation cannot be achieved through the growth of traditional agricultural exports... (p. 141).4

Policy proposals for agriculture and industry arise from the first law. Increased agricultural productivity is obviously needed both to earn surplus to finance industrialisation and to feed the whole population better. Thomas envisaged it coming through increased use of inputs: seed, fertilizer, mechanisation. If industrialisation is to be locally based then it is necessary that it be planned around the "basic industries" - i.e. those which produce the important intermediate goods used in other industries and agriculture. He shows that, provided production is planned and based on local raw materials the arguments against such industries in small countries (viz. that the markets for their products will be too small and/or that small sizes of plants will make production inefficient) are misconceived.

The argument for industrialisation is based on the conventional view (e.g. Maurice Dobbs') of the Soviet transformation and on the Marxist reproduction modes; as the economy grows the needs of the people have to be supplied more and more by industrial goods, and agriculture also comes to depend on industrially produced inputs, so industry, and especially those parts of industry that make the machines and materials used to make machines and inputs, has to grow. The original part of the argument is the application of it to "small" economies by narrowing down the list of heavy industries to a smaller group of "basic industries" (not all of which are heavy in the sense of capital intensive, or necessarily large-scale) producing the major basic materials required as direct or indirect inputs into the domestic consumption of goods (pp. 304-5).

Having discussed all this, Thomas comes to his second "iron law" which states that there must be a convergence of the demand structure of the community to its needs. This implies a down-to-earth materialism; the object of production is to provide consumption goods for the masses. In some cases this will mean collective consumption, (better health, recreational facilities or education) in other individual consumption. He wants to maximize the element of collective consumption while admitting that in a period of transition when consumption goods will be in short supply it will not be possible to avoid

distributing consumption goods through some sort of market and money wage system (p. 250 ff).

This completes our summary of Clive Thomas' main arguments. The presentation has several glaring weaknesses, which we shall discuss below. In considering these it is important not to lose sight of the basic aims of the book; i.e. to challenge anyone who thinks that there is no possible path ahead for countries like Tanzania which would enable them to overcome their poverty. None of the criticisms discussed below destroy the main argument, and no other writer (to this reviewer's knowledge) had discussed the problem of socialist economic planning specifically in relation to small economies. It is in this context that it cannot be ignored by planners and policy-makers.

The main problems in the argument stem from the over-simplified class analysis. This can be seen, for example, in the treatment of the second iron law about needs, which is by no means as convincing as Samir Amin's coverage of similar material.<sup>5</sup> Thomas has initially assumed that the workers and peasants have seized power. It should follow from this and from the first iron law that production will converge to needs. So why does Thomas have to emphasise the point with a special "iron law"? The answer can only be that in the chapter on needs the class struggle is not won, and the state is in some (undefined) transitional stage. Of course there may in a particular country be such a period of transition: the weakness is that there are a lot of other class aspects of such a period of transition which Thomas has chosen not to discuss. He is not consistently following his own assumption that the workers and peasants have seized power.

He also states that "there is no fundamental division between the planners and the implementors" (p. 73). If this was really the case, and if all economic and political decisions could be argued out democratically at every level until everyone agreed, then there would be no possibility of opposition to or misunderstanding of the plan. But Thomas clearly envisages centralised planning and hence a cadre of planners with considerable de facto power. The experiences of democratic centralism should have made him realise that it is naive to rule out the possibility of a conflict of interest between the planners and the masses during the period of transition. Clearly Thomas is again assuming different things at different times: at some times the workers and peasants have seized power, at other times only a political party has seized power and the struggle to consolidate that power is still going on.

Thomas might have realised how serious this lack of clarity was if he had considered the likelihood of his first law being implemented without the second law and without a successful class struggle. This might seem to be a first step towards a successful transition. But if a basic industry policy was

implemented without a commitment to mass needs then local resources would be used to meet local demands, but these would be mainly the luxury demands of the richest 20 per cent of the population. A country that followed this strategy would end up like India or Brazil with basic industries amid poverty and squalor. This is an important possibility because it is almost the inevitable distortion of Thomas' ideas if they are introduced by a petty-bourgeois nationalist party. His assumption of worker/peasant control has allowed him to get away without considering it.<sup>6</sup>

His whole attitude to the working class and peasants is ambiguous. There is a section where he supports "democracy and participation at work" on the grounds that it "contributes toward the reduction of the contradiction between socialised production relations and material incentives". (p. 292) This is different from saying that the workers must control the production process in order to overcome alienation from the means of production, and as a precondition for releasing their mental energies to increase production.

When it comes to the peasant, he is even more unclear. He seems to regard them as an essentially reactionary force requiring a long period of transition before they can be won over to the revolution.

He does not appear to see the rural areas as a great store of potential surplus, where peasant creativity has been repressed and destroyed by colonial and post-colonial rural policies. Seen this way the problem would be to liberate the creative energies of the peasants. Instead he sees the problem as technical, where peasant "intransigence" (p. 288) is to be solved by the use of industrially produced inputs:

We believe... that within the existing framework farmers are by and large rational and efficient in their use of resources. To transform a griculture, therefore, requires new and modernized inputs which alter both the resource mix available to the farmer and the social relations on the land. Those who argue that an extension of activity within the present resource framework can result in a dramatic expansion of agricultural production are in fact implying that the farmer is irrational. (p. 160)

Of course the peasant farmer is rational - he plans his farm and makes his own decisions as best as he can within the social formation in which he finds himself. If a tax-collector will take away his surplus, or burn down his house, why produce? If there is little to buy in the shops what is the use of more money? He may even try and withdraw from the market altogether and be as self-reliant as possible in a subsistence economy. These can all be rational reactions to colonial or neo-colonial rule, and they all disguise the fact that the potential surplus is much higher than the actual surplus - that peasants could work more hours per day if they wanted to and more days a year (on the same land and with more or less the same tools if necessary). The problem of realising this potential surplus is the problem of winning peasant support

for the revolution, and without this support the revolution can never succeed. The peasants of China and North Vietnam have shown what can be done. Thomas is so impressed by the unpromising existing framework that he forgets his own assumption that this framework has been fundamentally changed.

The long section on agriculture (p. 143) consequently is the weakest part of the book. Thomas uses data from the U.S., the U.S.S.R. and other developed countries to show that "modern" agriculture is capital intensive and skill intensive, and then twists the argument around to try and show that agriculture in the countries he is concerned with only develop through the application of professionally trained agriculturalists and industrially produced inputs. He ignores the data from Japan, China and Vietnam which could have undermined his technocratic views. (This does not mean that the interlinkage between industry and agriculture can be ignored. Industry must certainly provide inputs to agriculture, and agriculture to industry. The point is that the dynamic in agriculture will come at least as much from the release of peasant enthusiasm as from these inputs).

The industrial chapter is also technocratic, and the effort to demonstrate that development really is possible can hardly avoid giving the impression that development will be automatic if only the basic industries sequence is followed correctly.

There are also problems when it comes to converting the list of industries in the book into a practical industrial plan. For example the list of basic industries on p. 196 is very general. It includes virtually the whole industrial classification. Moreover it lists industries rather than factories or plants. Thus the industry "iron and steel" could well include 15 factories, or even 50 factories if all the engineering industries were included, and they are not mentioned separately. Moreover there would be little point in starting mining and first-stage processing of iron ore to steel without also starting steel-using industries - for otherwise the strategy would simply mean export of semi-finished steel. But if the planners have to consider all the steel-using industries from the start then the planning problem is much more difficult than Thomas implies, and would take time, so that the possibility of a short time period of "transition" becomes highly questionable.<sup>7</sup>

In considering these criticisms one should not forget that the book is an ideological tract, written to counteract a certain sort of defeatism. It is certainly not intended to be a plan. In a tract, enthusiasm can be forgiven (and under-estimation of some of the problems) provided the main points get across. Thomas' work has certainly changed the climate of discussion in Dar es Salaam since 1972, and influenced the planning work on Tanzania's Third

Five Year Plan. Its weakness is because it ignores the questions of class struggle. It can be used to lend ideological support to a technocratic nationalist point of view. It is also a pity (certainly for a tract) that the language is often difficult and the writing repetitive. It will be hard to recommend it to students. But those who are trying to demonstrate to exploited workers and peasants that there is an alternative to the present neo-colonial domination and stagnation will have to wrestle with it, for nobody else has made a serious attempt to show that development (whatever it means) is possible.

#### FOOTNOTES

Most of the ideas here were included in my written comments on Clive Thomas' first paper (Economic Research Bureau, 1972) given to him then. Since then I have greatly benefited from discussion, argument and comment from Clive Thomas, Mark Wuyts, Steve Curry and Yash Tandon, among many others.

1. Daily News June 17 and 18, 1975.
2. The nearest is the Arusha Declaration: but this is largely a political statement. The economic content involves nationalisation and self-reliance; but the Arusha Declaration does not explain how the surplus coming from these policies is to be used: it is thus not a complete economic strategy.
3. Another way of confronting these negative attitudes is to examine the bourgeois theories one by one in order to see where they are wrong. This is the approach of Tamas Szentes, in his book "The Political Economy of Underdevelopment", Budapest, 1972. The difficulty with this method is that students who (following deep-seated class instincts) do not want to believe that development is possible will tend to invest their own new theories to justify their position. Thus Clive Thomas' method of suggesting a positive alternative is much stronger in the classroom than Szentes.
4. When Thomas talks about an "iron law" he does not mean a law of nature or a social formation such as capitalism observed empirically, and he does not mean a scientific law which is in any sense automatic. What he seems to mean is a set of prescriptions, things which should be done. It is questionable whether the word "law" is usefully extended in this way.
5. Samir Amin, e.g. "Accumulation and Development: a theoretical model, Review of African Political Economy, Vol. 1, No. 1, 1974.
6. e.g. The Tanzanian Ministry of Planning has adopted what it calls a "basic industry strategy", which consists of a list of "basic industries" to be built as quickly as possible. While for Thomas the necessary assumption is that a successful class struggle has put a worker/peasant alliance firmly in power, the Devplan planners ignore class struggle altogether. Thomas' ideas have thus been used to support a different strategy, confusingly given the same name as his. The Devplan strategy seems unlikely to win the enthusiasm of the workers and peasants (since it offers them little in the short run) and the industries listed already show signs of meeting many luxury demands: in which case Tanzania would be struggling and sacrificing to become like India.
7. It is also highly questionable whether the idea of "transition" should be interpreted in purely economic terms as construction of a set of projects, rather than in political terms.

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