
Barriers to the further development of Capitalism in Tanzania: The case of Tobacco

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Since independence in 1961, Tanzania has pursued a policy of institutionalising a middle peasantry [1] while stymieing the development of capitalism's principal classes. The policy has taken an extreme form following a 1973 decision to forcibly reorganise the majority of Tanzania's peasants on individual block farms within 'nucleated' villages and to bring the sphere of production more directly under the control of the state and international finance capital. This attempt to subordinate peasant labour to capital by perpetuating middle peasant households increasingly confines capital to its most primitive state. The pursuit of this policy in an export oriented agricultural economy has particular contradictions and limitations. As long as labour and capital are not separated, they cannot be combined in their technically most advanced form.[2] Hence the contradiction of the state's attempts to extract greater and greater surplus value while simultaneously acting to expand and preserve middle peasant households. The paper explores the implications of such a course of action within the framework of Marxist writings on the agrarian question. Using tobacco production as an example, it discusses the ways in which middle peasant households are being squeezed and pauperised by this backward capitalist system. It argues that the system inhibits the formal and real subordination of labour to capital and tends to perpetuate the extraction of absolute as opposed to relative surplus value.[3] Household production fetters the concentration of capital, prevents the socialisation of labour, while perpetuating the hoe as the main instrument of production.

The Development of Capitalism in Tanzania [4]

From 1973-1976, Tanzania's ruling class adopted a policy of villagisation in which the majority of the country's peasants were forcibly removed from their scattered dwellings and resettled in 'nucleated' villages with individual holdings. Production continued to be based on the household; however, under close supervision by the state. Whereas formerly the state had generally kept its distance from the sphere of production, and peasant co-operatives controlled the sphere of circulation, all of this changed. Freedom of movement was restricted and minimum acreage requirements from the 1930s were reintroduced. Government was decentralised to the village level and peasants were required to produce specified amounts of food and cash crops. Village Managers, responsible to the Prime Minister's Office, were sent to villages and put in charge of production as cooperatives were abolished and replaced by state crop buying authorities, which were designed to act in conjunction with the state's agricultural credit bank (TRDB) to advance credit directly through villages and to recoup agricultural commodities and loans by using village officials. Not only did the state directly enter the sphere of production during this period, but there was also a massive injection of international aid, and in particular international finance (World Bank), capital to support the expansion of cash crop production following villagisation. In spite of these changes, smallholder cultivation has set limits on the state's ability to control the sphere of production, to reorganise the labour process, or to raise the productivity of labour without calling forth other contradictions, including pauperisation.[5]

Before villagisation—between 1967 and 1973—Tanzania attempted to promote a policy of voluntary communal production known as 'ujamaa'. This policy of self-styled 'socialism' and 'self-reliance' never succeeded in attracting more than 15-20% of the population and generally did not deliver on its promises to increase social services and rural participation. Proletarianisation was discouraged in the countryside, working class rights began to be restricted, and corvee labour practices reasserted themselves within 'ujamaa' villages.

A number of other policies were adopted including nationalisations and a leadership code, both of which were designed to suppress the development of a class of rich capitalists. The ruling class itself was by all accounts a non-productive bureaucratic class. During the period of 'ujamaa' this class managed to garner popular support by attacking the predictable evils of foreign capital, Asian merchants and rural kulaks, while simultaneously inflating the bureaucracy and using the state as its principal vehicle of accumulation.[6] Whether it was and is now also acting to transform itself into a fully-fledged capitalist class is as yet an important, but unanswered question. Whatever its tendencies, the ideology propounded by this ruling class during the period of 'ujamaa' was distinctly Narodnik.[7] Effectively it amounted to

anti-industrial autarchy at both the level of the individual and the nation, with appeals to cement the middle against the extremes of bourgeoisie and proletariat. The consequence of attempting to implement an agrarian policy based on these components was the worsening condition of the middle peasantry,[8] predicted by Lenin in his many critiques of utopian socialism. The role of the state during this period was analogous to that of archaic merchant capital as it essentially operated in the sphere of exchange to plunder and rob middle and poor peasants through unequal exchange, but left the sphere of production largely untouched. Extraction tended towards the extraction of absolute surplus value. Producer prices for agricultural commodities declined, production stagnated, and by 1974, drought tipped the scale on an already marginalised and pauperised middle peasantry necessitating massive food imports. Villagisation was then ushered in, in the wake of financial ruin at the level of both individual and the state.[9]

The question of why the post-independence ruling class chose to retard rather than to accelerate capitalism following independence is not well understood.[10] Partly, it had to do with the limited options which faced it as a class and the fact that, materially, it was divorced from production. Furthermore, the objective realities which confronted it at independence also constrained it. During the colonial period, in contrast to the more favoured nation of Kenya, infrastructure was poorly built up, manufacturing and industrial development were almost non-existent and outside of a few areas rural capitalism was poorly developed, as the colonial state had discouraged the expropriation of the peasantry and encouraged the continuation of simple commodity production. Its inability to attract foreign capital immediately after independence, plus a need to legitimate itself to the mass of the population following an attempted coup in 1964, introduced additional problems. In short, it would have been a momentous task for this class to transform itself into a proper bourgeoisie. Instead, it chose to block the development of competitive or disruptive classes. Although the ideology of this ruling class was utopian socialism, in practice it simply reinforced petit-bourgeoisie [11] in the rural areas, who used their control over cooperative societies to rob middle and poor peasants as well as the state's credit bank which was then faced with high arrears. Subsequently, the period of villagisation sought to eliminate these middle men in the sphere of exchange and to bring household producers more directly under the control of the state.

Tanzania and Marxist Theory

Tanzania's policy appeals to 'radical' populists who believe that 'small is beautiful'. [12] They mistakenly associate household production and its inherent smallness with 'the "superiority" of people's production' (Lenin, II, p. 400) and are unwilling to admit its petit-bourgeois content. However, the Tanzanian

reality supports Lenin's attacks on the Narodniks and others who refuse to 'call a spade a spade' (Lenin, II, p. 400). Here, Lenin's predictions have come true: the middle peasant's tie to the land has resulted in overwork and underconsumption. The production of cash crops and the necessity to use a large number of inputs intensifies the demands on household labour time, a situation which is further exacerbated by the state's policy of discouraging the hiring in of wage labour within villages.[13] Smallholding inhibits any significant transformation of the productive forces, of the value of labour power itself, or of the further development of commodity relations in general, as household producers both produce for exchange value and to reproduce the means of subsistence. In Tanzania as elsewhere, as Lenin originally insisted, the 'power of the soil' (Lenin, II, p. 393) in perpetuating the middle peasantry and retarding capitalism has been 'a tremendous factor . . . in preserving methods of production that are primitive and entail bondage, in retarding the use of machinery and lowering the worker's standard of living' (Lenin, II, p. 400).

In discussing the middle peasantry, Lenin noted its inherent instability in the face of a developing capitalist economy:

'Every crop failure flings masses of the middle peasants into the ranks of the proletariat. In its social relations this group fluctuates between the top group, towards which it gravitates and the bottom group into which it is pushed by the whole course of social evolution.' (Lenin, 1974: p. 184)

Lenin vociferously rejected arguments which suggested that socialism could be based on what he regarded as a mythically depicted pre-capitalist Russian peasantry. Furthermore, he insisted that all efforts to preserve the middle against the extremes as a means of recapturing this mythical past and saving the peasantry from the horrors of industrial capitalism would only serve to retard 'the process of 'depeasantising', to 'institutionalise capitalism in its least developed form, and actually to worsen the condition of the smallholder.

Almost one hundred years after Lenin's attacks on the Narodniks, one finds that arguments to buttress household production and prop up the middle against the extremes have once again found favour, both with international development agencies and indigenous ruling classes, who are frightened by the political and economic prospects of large numbers of unemployed peasants in the cities, are too weak to transform themselves into a proper bourgeoisie, and need the surpluses generated by a landed middle peasantry both to reproduce the society and to generate foreign exchange. A case in point is Tanzania. However, this attempt by the state to preserve the middle peasantry and retard the development of bourgeoisie and proletariat has not taken its classic form. The distinctive form is villagisation in a period of monopoly capitalism, thereby raising a number of pertinent theoretical

issues concerning the relationship between labour and capital in a situation in which primitive accumulation has not occurred, but household producers have been partially dispossessed.

Labour

Middle peasants within villages can no longer be seen as simple commodity producers who operate essentially according to their own laws of motion and only articulate with capital at the level of exchange.[14] Here, one must distinguish between content and form, mindful of Lenin's criticism of the Narodniks and their crude equation: 'If the workers have no land there is capitalism—if they have land there is no capitalism' (Lenin, I, p. 209). Lenin spent volumes polemicising against such a position, arguing that:

'Our literature frequently contains too stereotyped an understanding of the theoretical proposition that capitalism requires the free, landless worker. This proposition is quite correct as indicating the main trend, but capitalism penetrates into agriculture particularly slowly and in extremely varied forms.' (Lenin, 1974, p. 181)

With villagisation, the introduction of minimum acreage requirements, and the quality and quantity controls which govern the production of cash crop commodities, the independence of smallholders in Tanzania can only be regarded as a formality vis a vis capital. Household producers are not part of a separate mode of production operating independently according to their own laws of motion. The state is organised to extract surplus value from peasant labour. Middle peasants are required to produce a specified amount of both food and cash crops. To produce saleable commodities, they must purchase inputs on credit from the state, through the village and its authorities which act as onlenders to individual producers, and recoup credit from them in conjunction with the other state agents at the point of sale. The use of these inputs often takes place under the direction of agricultural extension officers and other agents of the state in the sphere of production (Mueller, 1979 (b); Raikes, 1980). Using these inputs in turn necessitates certain changes and adjustments in the labour process itself, often placing excessive demands on household labour time. Juridically speaking, smallholders appear to be free; however, behind this formality of independence, 'the relations of production which tie the enterprise of small commodity producers to capital are already capitalist relations of production' (Banaji, 1977, p. 34). As Lenin and Kautsky argued:

'[At] this stage of development [the peasant] can only formally be regarded as a simple commodity producer. *De facto* he usually has to deal with the capitalist, the creditor, the merchant, the industrial entrepreneur . . .' (Lenin, IV, p. 125)

In Banaji's words, the household at this stage is dominated

by 'the aims of capitalist production, namely by the compulsion to produce surplus value' (Banaji, 1977, p. 33). Consequently the: 'simple commodity producer [is] no longer an independent unit of production imposing its own laws of motion on the process of production but a quasi-enterprise with the specific function of wage labour . . . The price which the producer receives for his commodities is no longer a pure category of exchange, but a category, that is a relation of production, a concealed wage. Behind the superficial "surface" sale of products, peasants under this form of domination sell their labour power . . . The monopsonistic determination of "prices" under this system, or the fact that the contracts which fix this price may often also stipulate the volume of output required and its specific quality, are necessary expressions of the capitalist's "command over labour power".' (Banaji, 1977, p. 43)

The forcible villagisation of smallholders in Tanzania would appear to create fewer illusions concerning autonomous modes of production. Notwithstanding this observation, capital's 'command over labour power' within villages is still only partial. [15] Labour power is after all household labour confined to smallholdings, which still 'retains the determinate organisation of labour specific to the "pre-capitalist" enterprise' (Banaji, 1977, p. 33). Labour cannot be combined, techniques are determined by the limitations of the household form, production to reproduce the means of subsistence continues, and capital's control over the labour process is inhibited by the organisation of production itself. As Banaji suggests:

'Capital's struggle to dominate the enterprise of simple commodity producers—to determine the type, quality, quantity and volume of its commercial output—posits as its basis the limitations imposed on its elasticity by a labour process not determined by itself in which the enterprise of small producers retains its independence, if only as a formal independence . . . Domination over the labour process becomes impossible on this basis within these limits of quasi-independence without these mechanisms which uproot the patriarchal sufficiency of the small enterprise. The compulsory enforced destruction of the small producer's self-sufficiency figures here as the necessary foundations for the dominance of capital.' (Banaji, 1977, p. 33)

Until this happens, Banaji maintains, 'the capitalist's control over the labour process [necessarily] retains a partial and sporadic character' (Banaji, 1977, p. 34).

In Tanzania, this 'partial and sporadic character' is reflected in a variety of areas. In spite of all past and continuing efforts by the state to force the peasantry to produce and to control the

appropriation of surplus, labour continues to 'wrestle' (Marx, *Capital*, I, p. 490) with capital, successfully showing signs of indiscipline and insubordination. These signs include subverting production when it appears too marginal to produce positive returns, diverting inputs to food crops when the returns to labour are higher than cash crops, becoming 'sick' (Fortman, 1978 (c), p.81), frying cotton seeds, planting cassava cuttings upside down (Raikes, 1975, pp. 41-2), destroying the roots of tobacco plants and refusing to harvest tea when profits would be slim to non-existent, following deductions for inputs, feigning stupidity to avoid certain quality and quantity controls in the production process, etc. Agricultural inputs received on credit from the state are sometimes sold and peasants often attempt to circumvent both state credit and marketing authorities at the point of sale.

In theory, the state's agents in the villages should be preventing all of this from happening. However, in spite of villagisation, there is still a real difference in capital's ability to subordinate household as opposed to wage labour. To go beyond exerting indirect quality and quantity controls one must know who in a village is producing what, and how his crop is faring. Without this knowledge, it becomes difficult to deal with the 'undisciplined' peasant labourer who may claim that his crop has failed and that he can't pay for inputs he has received on credit, when in fact he has simply sold his produce outside the official marketing authorities. In villages where plots are not 'bega kwa bega' (shoulder to shoulder), or the village is more of a legal euphemism, the state and its agents—whether village government officials from the Tanzania Rural Development Bank, or employees of the crop authorities—may find it difficult to supervise peasant producers. This difficulty is compounded where distances are vast, manpower shortages are great, and transport is poor.

It is further accentuated by the fact that many of the state's own officials—including extension officers—find villages extremely unattractive places to be, and go there as infrequently as possible. The same goes for a number of village officials, including village bookkeepers, many of whom use their training to find other positions and escape the drudgery of village life. The creation of Village Managers (responsible to the Prime Minister's Office rather than to the villages) was the state's answer to on the spot supervision. To date, however, many Village Managers have found ways of either evading or leaving their posts. In addition, when the state's agents do arrive, they cannot necessarily be counted on to accumulate on the state's behalf rather than on their own behalf. Hence, there are peasants who pay off village officials to close their eyes to certain practices, members of crop authorities who misappropriate inputs received from the Tanzanian Rural Development Bank for their own farms, village officials who shortweigh peasants' produce and syphon off the rest for themselves, etc.

The Tanzanian situation simply confirms Lenin's observations that where the social relations of production 'are still poorly developed' and 'the accumulation of *capital*, concomitant with the ruination of the producers, is negligible':

"This only leads to cruder, serf forms of exploitation, to a situation where capital, not yet able to subjugate the worker directly, by the mere purchase of his labour-power at its value, enmeshes him in a veritable net of usurious extortion, binds him to itself by kulak methods, and as a result robs him not only of the surplus-value, but of an enormous part of his wages, too, and what is more, grinds him down by preventing him from changing his "master", and humiliates him by compelling him to regard as a boon the fact that capital "gives [sic] work." (Lenin, I, p. 216)

Where capitalism is least developed, the way is then open for 'small hucksters' and the 'mass of small rural exploiters', whom Lenin called 'blood-suckers' (Lenin, I, pp. 235-6).

It is clear then that there is an enormous gap between the theory and the reality of labour's subordination to capital in Tanzania, irrespective of villagisation. However, it is not sufficient simply to describe the insubordination of labour to capital in Tanzania. Much of what appears from the standpoint of the state to be nothing more than sheer indiscipline on the part of peasant labour is the response of the middle peasantry to its increasing inability to reproduce itself. Villagisation (at least as it exists today) effectively attempts to institutionalise the contradictions of small, poorly developed capitalism, and thereby restricts the real subordination of labour to capital. It attempts to inhibit the development of conditions which would permit a further transformation of the productive forces and to restrict the further socialisation of labour through full proletarianisation. In some cases, this situation increases the extraction of absolute surplus value (surplus value produced by the prolongation of the working day) and pushes the intensification of labour to its natural limit. When this point is reached, crops are sometimes abandoned as there is neither sufficient labour nor transport to complete the cultivation or harvesting of the crop. At this point, 'levels of nutrition and levels of health' (Fortmann, 1976, p. 26) tend to decline and the returns to labour are increasingly negative. The more inputs that are necessary for the production of a particular crop and the smaller the holding, the more it is likely that peasants will experience pauperisation. In Tanzania, small scale production within villages has set clear limits on the introduction of machinery and other economies of scale. It has sanctified the hoe and the principle that small is beautiful, while simultaneously forcing peasants to produce for exchange value and for use value, which necessitates using inputs that theoretically increase the productivity of labour, but nevertheless demand more labour time than is

available within the household.

Given the Tanzanian state's attempt to institutionalise the middle peasantry and to prohibit rural proletarianisation—a policy which has received the support of international capital (OECD, p. 109)—the tendency towards pauperisation within villages calls forth other results also predicted by Lenin. More backward and more exploitative relations of production reassert themselves. These include: a) labour intensive public works schemes in which labour is paid below its value by the state, the justification being that it is a supplementary income, and b) the emergence of feudal relations of production within villages in which poor peasants work as quasi wage labour for richer peasants, or those who have land close to their dwellings sublet it to those whose land is far away. These 'remnants of feudalism in agriculture' (Lenin, IV, p. 99), this informal wage labour is more exploitative than real wage labour as it both strips labour of all protection and results overall in the decreasing socialisation of labour. As Lenin and Kautsky both noted:

'It is precisely the peasant's property that is the main cause of his impoverishment and his degradation. The protection of the peasantry is not protection from poverty, but the protection that chains the peasant to his property.' (Lenin, IV, pp. 98-9)

Villagisation in Tanzania makes a mockery of the independence of the smallholder and from a certain perspective renders his alleged independence a mere formality vis a vis capital. The use of inputs and the increase in quality and quantity controls demanded by both the state and international capital set the terms under which commodities can be sold and produced. Furthermore, however badly and unevenly it is done, labour power within villages is supervised, controlled and directed by the state. Nevertheless, the words 'mockery' and 'formality' are to some extent misleading. The formality of smallholding, however formal it may be, represents a genuine impediment to the further development of capitalism in agriculture and hence to the realisation of relative surplus value as opposed to absolute surplus value. The institutionalisation of the middle peasantry represents an obstacle to the further development of capitalism in agriculture as it inhibits full proletarianisation and hence, not only the further development of labour, but of capital and commodity relations as well. The state and its ruling class have effectively institutionalised backward capitalism: a capitalism which reduces peasants to labour power without any of the benefits of fully socialised wage labour; a capitalism which necessitates the continued integration of production for consumption and production for exchange at the level of the household; a capitalism which precludes technical transformation beyond a certain point and insures the perpetuation of absolute surplus value; a capital-

ism which confines labour and capital to their most primitive states resulting in overwork and underconsumption at the level of the household; and a capitalism where overall increases in surplus value depend on expanding the number of middle peasant commodity producing households rather than transforming the value of labour power itself.

Capital

Nevertheless in spite of its backwardness, the capital which is acting upon middle peasant households cannot be viewed as the archaic form of merchant capital.[16] Merchant capital is characterised by the fact that it operates solely in the sphere of exchange between two spheres of production; that it exploits through robbery and unequal exchange; that it does not create value; and that it is therefore capable of destroying, but incapable of transforming the mode of production itself (Marx, *Capital*, III, chapters 18, 20; Kay, 1975, pp. 96-124). It cannot transform the productivity of labour or the value of labour power itself, because merchant capital does not create value. In contrast to the period of merchant capital, capital in Tanzania has entered the sphere of production. Furthermore, in Tanzania, the expansion of middle peasant households producing cash crops has been set in motion by the re-entry of international capital.

In contrast to merchant capital, international finance (in particular, World Bank) capital has entered the sphere of production through the state as the agent of industrial capital, with tendencies to extract relative surplus value, through the use of improved inputs. These increase the productivity of labour, by extending commodity relations, and by acting to raise producer prices.[17] However these are only tendencies, which are inhibited by a number of factors. First, there are real limitations in attempting to transform the value of labour power within the confines of smallholding and where labour power is not a free commodity. From one perspective, the use of inputs in agriculture appears to be an *aspect* of the real subordination of labour to capital and hence of the extraction of relative as opposed to absolute surplus value. It signals a partial 'transformation of production by the conscious use of mechanics, chemistry, etc' (Marx, *Capital*, I, p. 1036). As such, it changes the labour process itself and acts to introduce a transformation in the value of labour power as well. However, the use of improved inputs, the introduction of quality and quantity controls, and the increased 'directing superintending and adjusting' (Marx, *Capital*, I, p. 449) of household labour by state officials without other transformations in the social relations of production, the scale of production or the productive forces themselves tends to result in the intensification of labour, in overwork and underconsumption, and the extraction of absolute surplus value. More importantly, as Marx noted:

'An increase in the productivity of labour in those branches

of industry which supply neither the necessary means of subsistence nor the means by which they are produced leaves the value of labour power undisturbed . . .' (Marx, *Capital*, I, p. 432)

In addition:

'To make the value of labour-power go down, the rise in the productivity of labour must seize upon those branches of industry whose products determine the value of labour-power, and consequently either belong to the category of normal means of subsistence, or are capable of replacing them.' (Marx, *Capital*, I, p. 432)

Such a situation would be most likely to occur if commodity relations were well-developed and households' producers purchased rather than produced their means of subsistence. Neither is the case in Tanzania. Furthermore, if increases in productivity and consequent reductions in necessary labour time to produce subsistence commodities are not passed on to household producers, the result is pauperisation (Cowen, 1980, p. 6). One manifestation of this in Tanzania is the relative increase in the margin between international and producer prices and the worsening condition of the smallholder (MDB, 1977).

At a certain point the theoretical interests of international finance capital and the class character of the state appear to conflict. The former is primarily interested in lowering the value of labour power as a means of insuring the continuous production of exchange value by the peasantry. However, international capital is not omnipotent. It is confined by an existing organisation of production that predated its re-entry (i.e., the attempt by the state to expand the middle peasantry at the expense of bourgeoisie and proletariat) and is inhibited by its own interest in forestalling the politically destabilising effects of an unemployed rural labour force, where 'the modern sector of the economy is not creating enough employment opportunities to absorb a growing labour force' (OECD, p. 109). In short, as O'Laughlin notes, it is important:

'not to assume that all which exists represents the optimal functional interests of capital as a class . . . Only if we assume that a social system is ordered by a single non-contradictory principle (e.g., the requirements of capital) can this task be reduced to explaining why things are not what they are not. In the case of capitalism this would be a singularly inappropriate assumption, for it is a system racked by conflict between capital and labour and by competitions between capitals and national units of capital.' (O'Laughlin, 1977, p. 30)

In contrast to international capital, the so-called 'bureau-

cratic bourgeoisie' on the other hand, is under pressure to pay back its loans, improve its foreign exchange earnings, while simultaneously reproducing and transforming itself as a class. Given its class character and the fact that peasant surplus is almost its sole vehicle of accumulation, it appears at times to plunder household producers by paying them below their value and applying coercive sanctions. Although capital has entered the sphere of production, its ability to significantly transform the value of labour power is inhibited by smallholding itself, leaving much outside the direct control of the state. It is this plundering and the limitations of subordinating middle peasant households to capital, which gives the state the appearance of mimicking merchant capital, although it has very definitely entered the sphere of production. However, as Marx noted, it is not uncommon for the 'capital of the usurer' and 'merchant capital' to 'survive and reproduce themselves as transitional subforms within the framework of capitalist production' (Marx, *Capital*, I, p. 1023). Both indicate the low level of labour's subordination to capital.

Formal Subordination and Primitive Accumulation

In Tanzania, the classic process of primitive accumulation [18] described by Marx has not occurred. The peasantry has not been expropriated from the land and this has indeed limited both the formal and real subordination of peasant labour to capital. However, capital has entered the sphere of production through the vehicle of newly created 'nucleated' villages in which peasants retain individual holdings, but are nevertheless subject to directions and controls by state officials. The village approximates the factory in some respects. However, the small size of the holdings, their formal retention by smallholders, and the concomitant limitations on the introduction of machinery and the transformation of the value of labour power, makes the analogy a limited one. Furthermore, labour power is itself not a full commodity, as the state frowns on the hiring in of wage labour by the middle peasantry, the freedom of movement of peasants is curtailed, and minimum acreage requirements from the thirties have been reintroduced, compelling smallholders to produce for exchange value. Nevertheless middle peasants have in a certain sense been partially expropriated as simple commodity producers by the state following their forcible removal from their original homes into 'nucleated' villages created and run by the state. But to regard this forcible expropriation of the peasantry as akin to what Marx called 'primitive accumulation'—the 'historical process of divorcing the producer from the means of production' (Marx, *Capital*, I, p. 875)—would seem to be straining Marx to breaking point. What appears to be happening in Tanzania is that peasant labour is gradually losing its autonomy in the sense described by Banaji, but has not yet been totally separated from its means of production in the sense maintained by Marx.

Within this context, villagisation in Tanzania represents the

'enlargement of scale' (Marx, *Capital*, I, p. 1022) Marx felt was critical to the formal subordination of labour to capital. By formal subordination or subsumption, Marx was referring to the reorganisation of labour in one place under the direction of one capital, a process that was synonymous with the period of manufacturing in Europe. The word formal is used by Marx to dramatise the fact that during this period in the development of capitalism, 'capital subsumes the labour process as it finds it, that is to say, it takes over an *existing* labour process' (Marx, *Capital*, I, p. 1021). The word formal is also used to contrast this period to a later period in which the real subordination of labour takes place and the 'actual mode of labour and the real nature of the labour process as a whole' (Marx, *Capital*, I, p. 1021) is revolutionised through the introduction of machinery and the application of science. In the period of formal subsumption, Marx notes that the actual labour process is not revolutionised; 'all that changes is that compulsion is applied' (Marx, *Capital*, I, p. 1025).

Unlike the period of real subsumption, the period of formal subsumption is based on 'a pre-existing mode of labour' (Marx, *Capital*, I, p. 1021). Here surplus value 'can be created only by lengthening the working day, i.e., by increasing absolute surplus value' in contrast to the period of real subordination which extracts surplus value by means of transforming the productivity of labour, through revolutionising the productive forces; i.e., by means of relative surplus value (Marx, *Capital*, I, p. 1021).

In discussing the process of formal subsumption and its effect on the commodity labour power, Marx notes:

'A man who was formerly an *independent* [my emphasis] peasant now finds himself a factor in a production process and dependent on the capitalist directing it and his own livelihood depends on a contract which he as commodity owner (viz. the owner labour power) has previously concluded which the capitalist as the owner of the money.' (Marx, *Capital*, I, p. 1020)

He then goes on to add:

'The more completely [the] conditions of labour [the means of production and the means of subsistence] are mobilised against him as alien property, the more effectively the *formal* relationship between capital and wage labour is established.' (Marx, *Capital*, I, p. 1026)

In Tanzania, the level of formal subordination is still very low. In discussing the period of formal subsumption, Marx assumed that the producer would already have been separated from his means of production. In short, that primitive accumulation would already have occurred in its classic form. However if the middle peasant in Tanzania can no longer be described as 'independent', it is important to note that the 'conditions of

labour' have also not been totally 'mobilised against him as alien property'. Production to reproduce the means of subsistence is both necessary and possible. Market relations are too poorly developed for most peasants to buy what they eat. Furthermore, producer prices received by middle peasants do not cover the costs of total reproduction. Middle peasants are paid below their value. As one FAO report noted, 'For the most part returns to the peasant producer are extremely low when compared with minimum wage rates, despite the significant price increases of the past three years' (MDB, 1977, p. 5).

This constant uncertainty of market relations and changing producer prices simultaneously encourages and forces the household producer to adopt private insurance schemes against the state. One of these includes producing for consumption as well as for exchange, even beyond the calls of necessity—as food, unlike cash crops, can be eaten, hoarded, or sold on the black market. Production for consumption effectively allows the state to insulate producer prices from the cost of reproduction and to pay peasants below their value. At the level of the household the result is overwork, underconsumption and relative pauperisation. The necessity to use inputs for cash crops often pushes household labour time to its limits (Fortmann, 1976, p. 31); it leads to cut-backs on certain essential operations, resulting in losses in production and decreases in marketable output. Furthermore, when smallholding forces the intercropping of certain food and cash crops, proper spacing requirements often cannot be maintained; certain herbicides which would be good for one but not the other cannot be used, and output declines. The result is relative loss and pauperisation as the household attempts to make ends meet, thereby supporting Cowen's point that

'the attempt by households to act [19] as if they possessed relative autonomy to counter the coercive forces of the market only moves households towards relative pauperisation.' (Cowen, 1977, Part III, p. 18)

At the level of the state, the results are stagnating and declining levels of production (MDB, Vol. I, 1977, p. 2), which can only be compensated for by increasing the number of households engaged in the production of a particular cash crop to offset the national losses in surplus appropriation which result from losses at the individual level. Furthermore, as long as the state organises production around middle peasant households and thereby inhibits any significant transformation in the value of labour power, the main tool used to extract greater surplus value from the peasantry will be the tool of formal subsumption: compulsion.

Tobacco Production

An examination of tobacco production in Tanzania demonstrates the way in which middle peasant household producers are being squeezed [20] and pauperised by this backward capitalist system.

Tobacco demands more inputs than any other cash crop grown in Tanzania (MDB, Annex 7, September 1978, p. 14) and an enormous number of quality and quantity controls. The result is that household labour time is pushed beyond its limits, a tendency that is accentuated by the limits smallholding poses either to mechanisation or to other economies of scale. This pressure on household labour time plus the many constraints that exist on the hiring in of wage labour leads to cutbacks in certain essential operations that eventually result in overall losses in output for the individual producer. This situation of less than optimal output coupled with low producer prices and poorly developed commodity relations effectively forces households to produce use values (i.e., their means of subsistence) as well as exchange values. This, in turn, puts additional pressure on household labour time leading to overwork, underconsumption and a further exacerbation of each point mentioned above.

Until the 1960s, large expatriate estates and 'tenacre farmers' produced most of Tanzania's tobacco. There were few African smallholders. Entry into production was restricted and carefully monitored, sometimes through outgrower arrangements. Since independence, production patterns have shifted dramatically. Now approximately 46,000 smallholders with an average of 0.5 hectares per grower produce over 75% of Tanzania's tobacco, with the remaining 25% coming from 60 expatriate estates in Iringa Region. Boesen maintains that at present, 'the social differentiation between tobacco growers is . . . less than it has ever been' (Boesen, (a), p. 4). With this numerical expansion in both growers and land under tobacco, wet leaf production increased from 2.2 thousand tons in 1963-4 to a high of 19,144 tons in 1976-77. Since then gross production has declined to 18,233 tons in 1977-8 and still further to 16,969 tons in 1979-80. (MDB, Annex 11, September 1980, p. 31). The production of fire and burley cured tobacco has declined, and even flue cured tobacco, which had remained steady but without further growth at 14,600 tons, decreased to 13,369 tons in 1979-80.

Although gross tobacco production and the returns to the state have increased rapidly in the last years, the same is not true for smallholders. Returns per hectare/per grower have fallen, with decreases in output per hectare/per grower and increases in the cost of inputs per hectare/per grower (which are received on credit from the Tanzania Rural Development Bank (TRDB) and the Tobacco Authority of Tanzania (TAT)). The state has increasingly acted like merchant capital, appropriating through unequal exchange, as the margin between the world market price and the producer price has increased by 50% to the detriment of the latter. The 'steady upward trend in world market prices' and 'the recruitment of more farmers' into tobacco production (MDB, Annex 7, September 1978, p. 17) are what explain the enormous increase in gross production and returns to the state,

rather than any further real subordination and appropriation by means of relative surplus value. As another restatement of this point, it is worth noting that:

'while the average yield *potential* [my emphasis] on one hectare is 1,200 kg of wet leaf per ha, the farmer loses 10 per cent of his crop due to lack of barn capacity; 10 per cent to loss in the barn through impure curing techniques; 25 per cent in inefficient bulking and grading operations mainly because of leaking roofs, poor construction or lack of grading sheds.' (MDB, Annex 7, September 1978, p. 14)

The squeeze experienced by middle peasants engaged in tobacco production manifests itself as drops in quality and yield per grower, heavy losses at every stage of the production process, [21] low and sometimes negative returns to the producer, high arrears in the repayment of credit, complete abandonment of the crop midway in the production cycle due to constraints on labour, and shifts away from tobacco into maize production.

The squeeze is experienced more dramatically in tobacco production than in some other commodities because it demands a heavier investment of inputs than other crops—it requires comparatively more labour and skills than other commodities; the average hectareage per grower is too small to obtain the 'optimal growth path of output and capital accumulation' (David and Rayah Feldman, p. 7) which cannot be realised on holdings that are under ten acres; and because it consists of a number of stages where any cutbacks in constant or variable capital increases the potential for loss.

The inputs used in tobacco are fertiliser, 'seedbed packs (containing insecticides, fungicides and seeds), packing material (tarline paper, jute twine and hessian cloth) and barn flues in the case of fire cured tobacco' (MDB, Annex 7, September 1978, p. 19). An initial investment is required to clear the land and to build curing barns and grading sheds. Furthermore, in the case of fire cured tobacco, peasants must also pay for the transportation of firewood or haul it on their backs. Although there is a 50% subsidy on inputs, the Tobacco Authority of Tanzania actually reimburses the Government for the inputs and then deducts it from the world price, thereby lowering the producer price. Effectively then, there is no real subsidy to the direct producer [22] (MDB, Annex 7, September 1978, p. 22). Furthermore, since the mid-1960s, the cost of tobacco inputs as a percentage of gross income has risen from 20% to as much as 40% (Boesen, 1977, p. 10). As of the 1977-8 year, the Tobacco Authority distributed some inputs free; however, the decrease in costs per grower amounted to Tsh.50/ (MDB, Annex 7, September 1978, p. 25).

At the same time that the cost of inputs has increased, the producer price hardly changed from 1971-2 to 1974-5. Since then, the producer price has risen, but only by a very little (MDB,

Annex 7, September 1978, p. 10). Overall, from 1970-6, the export price for fire cured tobacco increased by 13% and the producer price by only 9%, while for flue cured tobacco, the figures were 8% and 4% (TRDB: 10). Furthermore, as Boesen notes, 'with increasing world market prices in the seventies, the producer price finally reached the 1965 level again in 1975, but, at the simultaneous speed of general inflation, this did not even maintain the real value of one kilogram of tobacco compared with 1970' (Boesen, 1977, p. 14). In short, while the cost of inputs has increased, real prices have decreased, making it more difficult to reproduce the means of subsistence from tobacco earnings alone.

One response to this squeeze has been for middle peasants to divert tobacco inputs to maize to insure themselves a regular supply of food. Also, because the returns to labour per hectare are higher in maize than in tobacco (i.e., it takes four times as much labour per hectare to produce tobacco versus maize), the diversion has sometimes gone beyond what would be strictly necessary to reproduce the means of subsistence. This diversion of inputs may in part explain: (a) the decrease in yields per hectare experienced by smallholders [23], as tobacco is an extremely vulnerable crop highly responsive to changes in inputs; and (b) the tendency in some cases for tobacco production to be abandoned midway in the cycle. The vulnerability of tobacco has increased rather following villagisation, since without shifting patterns of cultivation, more inputs are needed to eliminate fungi.

Tobacco production is especially arduous on smallholdings. The use of inputs, plus the skills demanded in the various stages of production require more labour than other commodities and become more costly as the size of the holdings are reduced. As the Feldmans have noted:

'Flue cured tobacco is a very difficult crop to grow, process and prepare for the market. International standards are very stringent. New farmers experience considerable difficulties in learning the skills that are needed. The first three or four years of tobacco production are a process of 'learning by doing' for the new farmers. During this period the amount of tobacco they can handle is restricted . . .

The restrictions on the acreage grown by each farmer that have been described are paralleled by significant economies of scale, i.e., reduced input per unit of output, as planned output (measures in acres grown) is increased. These economies of scale arise from the increasing division of labour that are involved in tobacco production. They also occur in larger capacity investment inputs: curing barns and grading sheds are needed to process the tobacco before sales. These economies occur over defined ranges. For the purpose of analysis three scale levels were determined: 0.5 acres planted, 5-10

acres planted and over 10 acres planted. There was no significant change in average input-output relations after 10 acres was being produced.' (David and Rayah Feldman, p. 6)

No such economies of scale have been realised in tobacco production in Tanzania, outside of the large expatriate estates in Iringa. Co-operative curing barns exist; however, more commonly an individual has his own. Holdings are too small for mechanisation, which could both 'relieve labour constraints' and 'provide a standardised method of carrying out individual farm operations' (David and Rayah Feldman, p. 11).

Instead, as holdings have become smaller and more inputs are needed, more man days per acre are needed to perform the same task (David and Rayah Feldman, Tables III and IV; p. 7). Along with increased labour demands per acre as holdings have become smaller, producers increasingly have had to rely on household labour alone. Formerly, tobacco farmers 'whether they farmed in groups or individually, hired substantial numbers of labourers for harvesting, curing, grading and packing tobacco' (David and Rayah Feldman; p. 10). Their ability to hire in wage labour at peak periods depended on cash loans, which they received from the state midway in the production cycle. These loans were used to pay wage labour and to purchase the means of subsistence for both household and wage labour. In 1973, these cash loans were abandoned and it became impossible for most households to hire in wage labour.[24] One hectare of tobacco takes 300 man days per annum, with peak labour demands at certain times of the year. Family labour tends to be around 3.2 members per household, which is insufficient, especially during peak periods. Furthermore, with no cash subsidies, increased costs in production, and declining real incomes, households must now grow food rather than purchase it to reproduce the means of subsistence.

The result in the first instance has been to intensify the production of labour and to dramatically increase the extraction of absolute surplus. It has been to reinstitutionalise middle peasants who neither hire in nor hire out. However, when the extraction of absolute surplus value reaches its limits and middle peasants can no longer reproduce themselves, other more backward social relations of production reassert themselves. In this regard, Boesen notes the following:

'The number of labourers employed for a full season has been vastly reduced, for several reasons: the increased maize area does not demand the same intensity of labour throughout the season as did the tobacco it has replaced; without the cash loan the growers prefer to pay the labourers at the end of the season, when they get their payments, but most labourers reject this arrangement; the Warundi refugee settlements have provided the area with a local labour force available on piece work terms, which it did not have before;

finally there is a certain political opposition to seasonal employment but no similar aversion against more temporary arrangements. Instead seasonal employment work on piece work terms have increased and so has a variety of arrangements close to some kind of semi-tenancy . . . Under such an arrangement a new immigrant cultivates his own fields, but is given tobacco seedlings and inputs by an established grower who also cures tobacco once it is harvested and sells the tobacco in his name. The "tenant", however, gets the money for the bales he has delivered, sometimes with a deduction for the inputs. The tenant may also receive some maize from the established grower to feed him until he can start to harvest his own maize. In return for all this the "tenant" has to do a more or less specified amount of work during the season for the established grower who has "helped" him.' (Boesen, 1977, pp. 31-2)

Like other parts of the world, there is nothing romantic about semi-feudal arrangements and Fortmann has observed that in Tanzania 'casual landless labourers have the hardest lot' (Fortmann, 1978 (c), p. 3). While it might be objected that middle peasants experiencing difficulties reproducing themselves are not landless, once one is forced to become a tenant to reproduce oneself, it becomes clear that the peasant's land is a mere formality which simply masks the inherent tendency towards proletarianisation among poorer middle peasants. At present, it is impossible to know the extent of tenancy or any other informal arrangement which has arisen to avert pauperisation. However, in places like Urambo, where 'net-real income per grower has fallen from a level beyond the present-day income of a middle level civil servant to less than the minimum wage' (Boesen, 1977, p. 21), one could hazard that it might be on the increase.

The tendency among the middle peasantry towards de-peasantisation-pauperisation is experienced more dramatically in tobacco production because the crop is fragile and its production consists of a number of stages where any modifications or cut-backs in constant and/or variable capital increases the potential for loss.

At many points during the production and marketing of tobacco, individual producers within villages are dependent on state organisations outside of the village including the Tobacco Authority of Tanzania and the Tanzanian Rural Development Bank. Inputs which must be imported sometimes do not arrive on time for a variety of reasons: because the order is not placed early enough, because of problems experienced by the exporter, or because of the constant congestion in the port of Dar es Salaam. Once inputs are delayed, for whatever reason, they cannot be delivered on time and may therefore result in delays in planting, curing or marketing. Even when inputs are available,

transport, roads and manpower may all be inadequate to insure timely deliveries and proper storage.

TAT is responsible for transporting firewood to tobacco villages. However, often it does not do so, leaving individual farmers to perform their own cutting and hauling. Labour is clearly extremely arduous when man must become his own machine. Hence the tendency is to use too little firewood in the curing process, thereby increasing the likelihood of loss and reducing the quality (i.e., grade) of the tobacco produced. At the time of marketing, although TAT is supposed to pick up the cured tobacco from village baling sheds several times a week, there are often delays of up to several weeks. In most cases, villages do not have adequate storage facilities for several weeks of tobacco, and ruination results. Furthermore, once tobacco is sold, producers may not get paid for up to three months, due to delays in accounting between TAT and TRDB. Even then, the returns are only 40% of the total purchase price as 60% is automatically deducted to repay for the inputs which have been received on credit. Farmers have been known to ask 'what urban workers would do without three months' salaries?' (Interview), and more and more are switching to maize where one gets paid at the point of sale.

Parastatals such as TAT not only operate within the sphere of circulation, but also through extension agents, green leaf managers, etc., who are supposed to enter the sphere of production to aid in the extraction of surplus value. However, the kind of close supervision, training of producers and quality controls which existed prior to the expansion of smallholder production (Boesen, Feldman), simply has not occurred, irrespective of the intentions behind the villagisation programme or the World Bank's tobacco schemes. In short, the state and its agents enter the sphere of production unevenly and badly, tending to mimic merchant capital.

Aside from the above tendencies, which in part derive from the state's operations in the sphere of circulation, there are many other stages in the production process itself where losses occur. These losses exacerbate the squeeze experienced by tobacco producers, are themselves symptomatic of the poverty of middle peasant producers, and derive from the contradictions of simultaneously attempting to extract greater and greater surplus value while confining capitalism to household production and hence its most primitive state. Peasants are thus constantly forced to make a series of 'Hobson's choices', which are attempts to compensate for both insufficient capital and labour. These attempts cannot surmount the contradictions of backward capitalism and hence tend to result in overwork and underconsumption as well as losses at every stage of the production process.

Where the soil is not perfect, more fungicides and fertilizers are needed. If these inputs are diverted to maize production (to

produce food), both the quality and quantity of green leaf produced is affected. If they are not diverted, maize yields per hectare decline and so does the amount of food. Curing is also a very painstaking process, where every detail affects the final outcome. Tobacco must be picked on the same day it is cured. However, if an individual's curing barn is too small, as it often is (Boesen, 1977), and there is no room for more, farmers may wait up to seven days before curing the leaf, by which time a great deal of green leaf will already have been lost. If, instead, the green leaf is left in the fields and not picked until there is more space, there may also be losses. Curing itself demands a great deal of firewood, which generally depends on peasants being their own mules. In Iringa, peasants must travel 22 miles to obtain sufficient firewood to cure their tobacco. In many cases, villages are far away from the source of the wood and to cut down on labour time, producers use less firewood than what is recommended for curing. Then, if tobacco has been undercured, it rots. If, on the other hand, the curing barn is badly made (again because of constraints on labour or capital), other types of losses can occur through overheating or inadequate supervision.

Given the many conflicting demands on household labour time, this should hardly be surprising, as the mere supervision of the curing process can take up to eight hours. Furthermore, once it is cured, the tobacco must be hung on sticks to soften the dry leaf. If the storage facilities are poor, the dry leaf can either rot because of excessive moisture or again turn to dust if the reverse is the problem. Most smallholders' barns and storage facilities are too small, badly constructed and wasteful in terms of the way they use heat. Consequently, small curing barns necessitate a greater input of firewood and hence more labour time. Typically, these barns consume two to four times more wood than would be necessary if they were constructed to be more efficient in their use of heat (MDB, Annex 11, September 1980, p. 16).

Middle peasants can hardly be expected to build larger and better barns and storage facilities. They have neither the capital nor the promises of large enough returns to risk taking credit for such purposes. In short, then, the high losses experienced by middle peasants during the various stages of tobacco production are symptomatic of a situation in which labour and capital have been confined to their most primitive states.

Furthermore, at the level of the state, the costs of administering smallholder production also appears to be increasing. The 'trading profit' (the sales proceeds minus the production and marketing costs) is decreasing (MDB, Annex 7, September 1978, p. 31) and once the administrative costs of TAT are deducted there is actually a deficit (MDB, Annex 7, September 1978, p. 33) Bank charges and interest for a 'constant overdraft of some shs. 150 million' represent TAT's largest administrative expense, with the second largest item being 'salaries and wages'

(MDB, Annex 7, September 1978, p. 37). Hence, it would be rather difficult to say whether the crisis of state accumulation is due primarily to the contradictions of middle peasant household production, attempts at primitive accumulation by TAT officials, or both. Certainly, static or declining accumulation is a classic feature of backward capitalism; a fact which was noted by both Lenin and Kautsky. It seems equally likely, however, that on an individual level, officials would use their position in the state either to reconstitute themselves as more secure members of their own class or to transform their class position completely. In a somewhat poignant comment on the overstaffing of TAT a recent Marketing Development Bureau report notes, 'one wonders whether the main aim of TAT is seen as the production of tobacco or as providing employment for administrators.' (MDB, Annex 11, September 1980, p. 34.)

Boesen notes that 'the larger farms of the 1960s had started some mechanisation, division of labour, specialisation, etc., but on the later predominant small peasant farms, there is very little scope for such further development of the productive forces, once the 'jump' to small-scale tobacco production has been made' (Boesen, (a), p. 5). Although both communal production and a transformation of the means of production are in theory feasible in *some* villages where individual block holdings are next to each other, previous attempts in that direction were unsuccessful and have been abandoned. Given past dislocations in production which have occurred because of villagisation, it seems unlikely that Tanzania's ruling class would risk the economic and political repercussions that would result from collectivisation. Furthermore, given the heavy dependence on Western capital and the risks involved in dismantling the still popular (mainly among liberal academics) myths of 'democratic socialism' in Tanzania, such a path seems even more unlikely.

If one takes the example of tobacco, one can see that from the standpoint of international capital, the institutionalisation of the middle peasantry has not exactly been unprofitable as the total tobacco exports have climbed from 7,137 in 1973 to 11,737 in 1977 (MDB, Annex 7, September 1978, p. 5). At present, the expansion of the number of households engaged in tobacco production is in a sense compensating for the losses experienced at the level of the producer. It seems unlikely that this can be anything more than a stopgap measure given the contradictions of middle peasant household production, its tendency towards pauperisation and the inherent impossibility of attempting to stabilise the middle against the extremes within the confines of capitalist development.

Conclusion

If Marx made one point clear in his discussions of capital, it was that the development of capitalism depended on the existence of free wage labour which sold itself on the market as a commodity.

Labour power would itself become a saleable commodity only when it was separated from its means of subsistence, when it no longer had access to the means of production, and when it was forced to sell itself on the market for a wage to obtain its means of subsistence by purchased commodities and thereby to reproduce itself as a saleable commodity. In Marx's view, it was only when capital and labour power were separate commodities on the market, meeting as permanent buyers and sellers, that the capitalist mode of production could become dominant, that commodity production would become generalised, and the law of value would rule competition between capitals and hence society as a whole. As long as labour possessed the means of production and could reproduce itself by producing the means of subsistence, the development of the capitalist mode of production would be inhibited. Land and other means of production could not be concentrated as long as they were atomised, thereby limiting the available capital, the degree to which the productive forces could be developed and mechanisation introduced. Most importantly, this also limited the necessity to transform the productivity of labour and extract by means of relative surplus value to stay alive as a competitive capital.

In short, as long as capital itself was atomised, could not be concentrated, and could only compete within certain well-defined limits, the development of the capitalist mode of production would of necessity be inhibited. If the peasantry had not yet been separated from the land, labour and capital could not meet as free agents on the market. Briefly put, generalised commodity production could not occur under such circumstances. As long as this was the case, as long as labour and capital were atomised neither could be combined in its most technically advanced state nor would they be forced to be, as the pain of extinction that would threaten competitive capitals meeting in the market place who had produced at greater than the socially necessary cost of labour would not arise. Thus there would be no necessary compulsion to produce commodities at their socially necessary cost. Hence, there would be no reason to transform the value of labour power by increasing the productivity of labour, by decreasing necessary relative to surplus labour time, and by reducing the value of labour power through a generalised increase in labour productivity, a reduction in necessary labour time, and hence in the value of the commodities that are necessary to reproduce the commodity labour power.

The Tanzanian experience demonstrates once again that 'populism' when put into practice can only be a blind alley' (Byres, 1979, p. 240). The 'Tanzanian way' initially appealed to those who believe falsely that there is a middle way between capitalism and socialism that avoids both the horrors of industrialisation and the necessity for class struggle. However, the law of value knows no middle way. Consequently, the result of

attempting to institutionalise the middle peasantry against the extremes is not to surmount the law of value, but to cement backward capitalism. Hence, like the manufacture, handicraft and domestic industries which stood 'in the rear' (Marx, *Capital I*, 1967, p. 49) of modern industry and which 'long ago reproduced and even out[did] all the horrors of the factory system without participating in any of the elements of social progress it contains' (Marx, *Capital I*, 1967, p. 474) so too does production organised around the middle peasantry stand to the rear of modern agriculture.

Furthermore, the institutionalisation of the middle peasantry effectively stymies the class struggle as it effectively atomises both capital and labour. Populists who purport to be lovers of the 'people' and, in particular, of a non-existent classless peasantry, should note that Tanzania's partially dispossessed middle peasantry, described in theoretical terms so well by Banaji, is kept from even organising against the capital which exploits it on a daily basis because formally speaking it is not wage labour. Hence, another effect of Tanzania's brand of Narodnik populism is to insulate capital from labour and consequently from the class struggle. It is therefore not surprising that both indigenous ruling classes as well as various forms of international capital only appear to see the expansion of middle peasant households as a means of averting a number of political problems normally associated with the extraction of surplus value; in particular, the appearance of unemployed, potentially rebellious, surplus populations in the cities.

Finally, Tanzania's initial philosophy of national 'self-reliance' appeals to a variant of third worldist populism, which attacks big, and in particular foreign capital, while advocating a kind of anti-industrial autarchy, epitomised by the institutionalisation of the middle peasantry and its 'small is beautiful' philosophic underpinning. However, small is not beautiful. The expansion of middle peasant commodity producing households in Tanzania rests on and perpetuates the extraction of absolute surplus value while virtually precluding the transformation of the value of labour power and the extraction of relative surplus value. The result is what is sometimes incorrectly called 'unequal exchange' at the level of the international market. Correctly speaking, what is occurring is equal exchange for values which have been produced under unequal conditions. Values produced by backward social relations of production and by backward productive forces meet those produced under more advanced conditions in the market. Tanzania's policy of Narodism effectively institutionalises this backwardness. The result has not been the greater 'self-reliance' originally predicted by radical populists, but an enormous balance of payments crisis and ironically an increased dependence on external aid which now accounts for over 60% of Tanzania's annual development budget. In addition, as

long as backwardness is perpetuated at the point of production, the only means of compensating for its deleterious effects at the point of exchange is to increase the extraction of surplus value. This can only be accomplished by decreasing real prices and wages for peasants and workers coupled with an increasingly authoritarian state.[25] Hence, the fallacy of populism and its Tanzanian variety as a model for the transition to socialism.

Footnotes

This paper was originally presented to the Canadian Association of African Studies in Guelph, Ontario, 6-9 May 1980. A grant from the Social Science Research Council (US) has enabled me to continue my work on this topic and to make the revisions necessary for publication.

- 1 Lenin defined middle peasant producers as those who neither hired out nor hired in, in contrast to the rural bourgeoisie and allotment holding wage workers. Lenin, 1974, pp. 176-184.
- 2 For a lengthy discussion of this point, see Brenner, 1977.
- 3 'Marx introduces a distinction between what he calls the formal and real "subsumption of labour under capital"'. Formal subsumption is characteristic of the period of manufacture; real subsumption is characteristic of the modern factory with its constant revolution of production techniques and methods.' (Mandel, Introduction to Marx, *Capital* I, p.944.) 'Absolute surplus value is produced by a lengthening of the working day beyond that number of hours during which the worker produces the value which is only the equivalent of his wages. Relative surplus value is produced by increasing the productivity of labour in the wage-goods industry sector, which enables the worker to reproduce the equivalent of his wages in a shorter portion of the working day, thereby increasing surplus value without a lengthening of the working day. Marx notes that while the production of absolute surplus value predominated in the early centuries of the capitalist mode of production (in England roughly speaking between the sixteenth century and the first half of the nineteenth), the production of relative-surplus value become dominant once the logic of the industrial revolution (of the development of machinery) and the logic of the class struggle between labour and capital fully unfold themselves.' (Mandel, Introduction to Marx, *Capital* I, p. 35.)

Furthermore, as Marx noted, the period of formal subsumption or subordination is characterised by the extraction of absolute surplus value whereas the period of real subsumption or subordination is characterised by the extraction of relative surplus value. This is so because 'At first capital subordinates labour on the basis of the technical conditions within which labour has been carried on up to that point in history. It does not therefore directly change the mode of production.' (Marx, *Capital* I, p. 425.) Hence this period in which capital first subordinates labour, this period of formal subsumption, is consistent with a low level of technological

innovation and the extraction of absolute surplus value. As Marx notes, 'the production of absolute surplus-value turns exclusively on the length of the working day, whereas the production of relative surplus-value completely revolutionises the technical processes of labour and the groupings into which society is divided. It therefore requires a specifically capitalist mode of production, a mode of production which, along with its methods, means and conditions arises and develops spontaneously on the basis of the formal subsumption . . . of labour under capital. This formal subsumption is then replaced by a real subsumption.' (Marx, I, p. 645.)

- 4 The narrative in this section is drawn from a number of sources. For a lengthier interpretation of the viewpoint presented here, see Mueller, 1979. For alternative but related critical analyses of the same period, see the following: On villagisation and 'ujamaa' see Raikes, 1975, 1977, forthcoming 1980; Coulson, 1975, 1977, 1979; Von Freyhold, 1977, 1979; Hyden, 1980; DeVries; Fortmann (b), (c); Boesen in Mwansasu and Pratt; Reeves; Shivji; Tabari; Nsari; Mihyo. Also see McHenry; essays in Cliffe and Saul; and essays in Proctor. For official ideology and policies concerning villagisation see Maeda, Mwapachu, and introductory and concluding essays in Mwansasu and Pratt. For official ideology concerning 'ujamaa' see Nyerere, 1967, 1978. For class formation in particular see Saul, von Freyhold, 1977; Iliffe, 1971; Lusley in Mwansasu and Pratt; Raikes, forthcoming, 1980; Awiti; Mbilinyi. For overall discussions of Tanzania's history, see Iliffe, 1979; Raikes, forthcoming; Clarke; KjeKshus. For the history of credit arrangements see Raikes, forthcoming, 1980, Chapter 6. Credit under 'ujamaa' is discussed by Migot Agolla in Widstrand; by Loxley, by Saul in Cliffe et al. For present credit arrangements, see Mueller, unpublished.
- 5 While this state acts to extract greater and greater surplus value, middle peasants must also produce what they eat. Commodities are not readily available and when they are, they are often too expensive for peasants to buy. This necessity to produce both use values as well as exchange values; this integration of production and consumption at the level of the household, coupled with the inherent limitations posed by smallholding to any transformation in the value of labour power, puts increasing pressure on the middle peasantry with predictable tendencies towards pauperisation.
- 6 Much more work needs to be done on this phenomenon. For some preliminary analyses, see Shivji and Loxley in Mwansasu and Pratt. Shivji and others have termed this class a 'bureaucratic bourgeoisie'.
- 7 The Narodniks were nineteenth century Russian populists who were attacked by Lenin for their utopian views. See Venturi and Lenin, 1974, and Vols. I and II.
- 8 For a fuller discussion of this point and the Narodism of Tanzania's policies, see Mueller, 1979 (a).
- 9 See Lofchie, 1978.
- 10 A great deal more work needs to be done on this question.

- For a preliminary attempt to understand the historical origins of this decision, see Mueller, 1981.
- 11 Raikes, 1980, argues that the 'absence of private property in land' (p. 28) forced what he calls the rich farmers into an extremely dependent position. As he notes, 'What makes the large tractor farmers of northern Tanzania rich peasants rather than capitalists is in part the fact that in the absence of registered (or any other secure) property rights, they have to engage in political manoeuvring not simply for gain (which they do) but in order to keep a (reasonably) secure hold on what they have got' (p. 91.)
 - 12 For an attack on contemporary populist writings dealing with third world countries, see Byres' review article of Michael Lipton's *Why Poor People Stay Poor*.
 - 13 Following the Arusha Declaration and the announcement of the policy of 'ujamaa' official policy attacked the hiring in of wage labour. It is probably most realistically viewed as a part of the struggle between the state apparatus and rural kulaks, rather than as an attack on the exploitation of wage labour.
 - 14 This is the suggestion of some of the 'articulations of the mode of production' literature. For critiques of that literature see Banaji, 1977; Foster-Carter, 1978; and O'Laughlin, 1977. For writers on Tanzania who support an articulations perspective see Bryceson, 1979 and Williams, 1979. Other writers such as Hyden 1980, argue that Tanzanian peasants are part of what he calls an 'economy of affection' that frustrates that state's effort at development. This non-Marxist approach has been criticised on a number of grounds by Bryceson, 1981 and Bernstein, 1980.
 - 15 For a lengthier treatment of the various types of villages in Tanzania plus the different ways in which peasant labour has been subordinated to the state, plus the resultant wrestling match, see Mueller, 1979 (a); Raikes, 1975, 1978, 1980; Coulson, 1977.
 - 16 For a similar point with respect to Kay (1975), see Bernstein, 1976.
 - 17 Cowen, 1977, n.d. has repeatedly made this point in discussing the historical development of various forms and periods of capital in Kenya.
 - 18 For discussions of primitive accumulation as it relates to Tanzania, see Bryceson, 1979 and Williams, 1979, pp. 23-32.
 - 19 It should be pointed out that households are forced to act as if they possessed 'relative autonomy' because the state's policies of backward capitalism effectively force them in to such a position, not because they are 'traditional', etc. Unlike Hyden, 1980, the suggestion here is that the problem lies with the state rather than with the peasantry. As Kautsky noted, 'the peasantry may suffer less than other agricultural classes from a shortage of hired labour, but it suffers much more from usury, tax, oppression, the irrationality of the economy, soil exhaustion, excessive toil and underconsumption. The fact that not only agricultural labourers, but even children of the peasants flee to the towns is a clear refutation of optimistically minded petit-bourgeois economists' (Lenin,

- IV, p. 97).
- 20 Bernstein, 1977, has termed the squeeze put on household producers 'the simple reproduction squeeze'.
 - 21 In general, the Marketing Development Bureau in Dar es Salaam has noted, 'For the most part, returns to the peasant producer are extremely low when compared with minimum rates, despite the significant price increases of the past 3 years' (MDB, Vol. 1, August 1977, p. 5). In 1979/80, farmers received only a third as much in real prices as they had eight years before (MDB, Annex 11, September 1980, p. 6).
 - 22 The MDB in fact reports, 'In the last season, world market fertilizer prices were at levels close to the subsidised value of fertilizer produced at the Tonga fertilizer factory. One could therefore argue that instead of receiving subsidy, tobacco farmers are paying a subsidy to the fertilizer factory in Tanzania' (MDB, Vol. 7, September 1978, p. 22).
 - 23 Concerning output per hectare, the MDB reported that 'yields are only satisfactory in Tabora district where over 10,000 smallholders obtained an average of 890 kg per ha in 1975-6; in most other areas [excluding the large estates] yields are below 700 kg per ha (MDB, Annex 7, September 1978, p. 13).
In discussing tobacco production in Tabora and Urambo between 1964-5 and 1976-7, Boesen notes, 'Throughout the period there has been a steady growth in the number of tobacco growers, at a growth rate of app. 18% per year, and a corresponding growth in population up to 1973-4, while in the last three years, since villagisation, total production has remained 20% lower than in 1973-4 and production per grower has fallen to less than 50% of that year's figure (Boesen, p. 2).
The production per grower in kilos decreased from 700 in 1964-5, 740 in 1973-4 to 360 in 1976-7. The latest report from the Marketing Development Bureau notes that there has been a 45% fall in tobacco yields between 1972 and 1977 and that Tanzanian yields are far below those in other African tobacco producing countries. (MDB, Annex 11, September 1980, p. 8.)
 - 24 Furthermore, in some cases the government prohibited the hiring of wage labour.
 - 25 See Williams, 1979 and Olle and Schoeller, 1977.

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