

ORGANIZATIONAL FORM AND CONTROL OF PARASTATALS IN TANZANIA

By

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1. — INTRODUCTION

Parastatal organizations have been at the center of the debate on organizations in Tanzania. No doubt this is partly due to the important place they have assumed in the economy of the country since the Arusha Declaration of 1967 and the consequent nationalizations. The immediate reason for their projection into the lime-light however, has been their performance which has been far below expectations. Consequently, central to the debate have been the attempts to account for this disturbing performance in the hope of arresting the trend. Among the factors pointed out as possible causes of bad performance are two related issues: — the organizational form of these parastatals, and financial control in these organizations.

Many people have taken issues with the Holding System of organization which characterizes many parastatals in the country. Several things have been at issue here. *One* has been the utility and necessity of this form of organization. Is it an asset or an expensive, obstructive and irrelevant ploy to its mother ministry and its subsidiaries? While MWAPACHU (1977: p.8) maintains that «holding corporations have a definite role to play in the economic development of Tanzania and as a form of institutional management they can be geared to meet our national requirement», MUSHI (1976: p.12) laments the turning of these holding corporations into employment pools. *Two* and connected to the above, has been the usefulness of having a large concentration of personnel in the holding corporation serving only a handful of subsidiary companies. Here it has been queried for example, whether «the National Development Corporation needs an establishment of 300 people to give advisory service to twenty subsidiary companies». (MUSHI 1976); in this regard MRAMBA (1977: p.18) notes that :

«a lot of 'control personnel' operating through the various departments of holding parastatals should be sent to the companies to run the show there instead of their present roles as «errand boys» with no decision making authority or powers, to say nothing about their actual technical competence».

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And MUSHI (1976: p.10) rounds off with a categorical statement that:
«The choice is between 'autonomy' (of subsidiary companies from Holding corporations R.S.M.) and competence on one hand or 'control' and inefficiency on the other».

There has been the question of the division of power and responsibilities between the sectoral parent Ministry and the holding corporation on the one hand, and between the holding corporation and its subsidiaries on the other. Important here has been the search for a balance between effective centralization and autonomy for the subsidiaries, and how the apportioned power and responsibilities ought to be exercised.

While according to the Presidential circular No. 2 (PACKARD 1979: p.201) «each parastatal should be responsible to one ministry», the relationship between the two has not been an easy one. According to GREEN (1975: p.234).

«On the one hand, the relationship is too formal and too detained, and on the other it is inadequately formulated and not close enough».

The problem is compounded by secrecy and adversary approach in their relationship. As a result, he says their relationship is characterized by «far too much detailed interference with and/or inordinate delay with serious implications for the efficiency of the parastatal and the ministries alike». MWAPACHU (1977: p.9) however, lays squarely the blame on the Ministry by maintaining that :

«It would appear that the delegation of authority to the Board of Holding Corporations is inadequate and unclear... An excessive centralization of authority, absence of delegation and a way of doing business by means of directives has emerged. When Holding corporations had resisted this bureaucracy, they had been branded as non-cooperative».

He therefore advocates a system of

«federal decentralization to functionally organized activities».

With MRAMBA (1977: pp.16–19) however, Holding Corporations don't come off so easily. While he envisages a role for them in the initial set up of a subsidiary company, he is of the view that they should withdraw as soon as a subsidiary is on its feet, just like a hen does after laying the eggs, hatching them, and nursing the chicks until they can look after themselves. Thereafter, Holding corporation's control on the subsidiary should be «selective» rather than 'comprehensive', «within a system of management by exception exercised mainly through the Board and through periodic audits». MRAMBA thus advocates «company autonomy» (his emphasis) and/or operational autonomy for the subsidiary company. Excessive control in any case is impossible, he says, because: «We lack the quality and numbers required to police the system».

Apart from the organizational form, the other issue which has been given equal prominence is the state of financial control in these organizations. After equating financial control in an organization to the nervous system of a human body, «as it governs all operations and policies and keeps them within practicable performance ranges», SENKORO (1977: p.7) laments the fact that :

«out of 350 public corporations in the country in 1977/78, only 30 % follow sound financial controls and maintain proper books of accounts. 10 % have very poor financial controls and their books of accounts cannot be relied upon; the remaining 60 % are in between».

It is within this perspective that JAMAL (1979:pp.4–5) maintains that:–
«without audited accounts it is a journey in the wilderness or worse still in the dark. There can for the most part be disaster ahead, if indeed it has not already occurred».

In fact Kighoma MALIMA (1978: p.2) informs us that even «in the case of Government funds allocated to parastatal projects, the financial controls are even much less stringent».

This debate has had several weaknesses, foremost of which, has been its ambiguity. MWAPACHU (1977: p.13) for example has cautioned against «excessive centralization» and advocates Decentralization of authority at all levels, without telling us when centralization is excessive and more importantly without specifying issues on which authority ought to be decentralized, and lastly, how the residual centralized authority ought to be exercised. MRAMBA (1977) too suffers from this deficiency for what concerns the calls for «selective» rather than «comprehensive» control of subsidiary companies by Holding corporations without putting forward a basis for the selection. His call for management by exception also suffers from this weakness as he does not provide us with the basis of exception (unless he takes crisis to be the basis). Furthermore, his use of the terms company autonomy and operational autonomy is also confusing. We are not told if they mean one and the same thing or not.

The second weakness lies in the treating of the two major issues i.e. Holding form of organization and financial controls separately without for example posing at some point and wondering whether the confusion in the division of powers and responsibilities between ministries, holding corporations and the subsidiary companies could be due to their poor financial control and consequently considering the possibility of using a much improved financial control system as a solution to the problem.

Last but not least, is the historical treating of these issues. The holding form of organization is treated as given, criticized and even believed in, (in the case of MWAPACHU), without trying to see why this particular form of organization is in vogue not only in Tanzania, but indeed the world over, since, as we are informed, Tanzania copied the system from elsewhere (MWAPACHU 1977). In the same way, financial control is presented as the nervous system of the organization without telling us if this has always been the case, that is if for example, cooperative groups in the primitive mode of production had to resort to the tool, (if not why now) and thus settling once and for all, the debate on «alternatives». This essay looks into these two main issues first in a global and historical perspective in part two, and then within the Tanzania context in part three. The conclusion is in part four.

2. – THE HISTORICAL AND GLOBAL PERSPECTIVE

Unlike the Bourgeois state which was an outgrowth of the feudal one, the capitalist business organization was not an adoption of their immediate predecessors, the big chartered companies of the merchant capitalists like the British East India company, the Africa company, the Spanish company etc. Chartered companies, formed and run on the mercantile principle of «buying cheap and selling dear» are all dissolved when that principle is thrown overboard as merchant capital burst asunder and are replaced by Industrial capital, making profit at the level of production. Consequently, capitalist workshops and factories come into the limelight and these are the ones which later grow up into the big Transnational corporations we have today.

The transformation from workshop/factory to the transnational corporations is definitely a long process, but its watershed is the capitalist crisis of the 1870's. Not only does this crisis usher in a new phase of capitalism: the finance capital or monopoly stage, but it also consequently changes the capitalist organizational form and management.

2.1 – Organizational Form

The «Holding system» of organization, the essence of which consists in the fact that: «The head of the concern controls the principal company (literally the 'mother company'), the latter reigns over the subsidiary companies ('daughter companies'), which in their turn control still other subsidiaries ('grandchild companies')» etc., (LENIN 1970: p.47) proves to be the most reliable and enduring of the several forms used in the earlier stages of concentration and centralization of capital, which includes Gentleman's agreements, cartels, buying or selling syndicates, mergers, trusts and concerns. This is more so since even those concerns which do not use the system in the sense of possessing subsidiaries may and do use the system in managing their departments and branches. Admittedly the distinction is not very crucial as almost all concerns worth the name, given the centralization and concentration of capital in the capitalist mode use the system in both meanings. There are only a few that use it only in the second sense. Thus, contrary to D.W. NABUDERE, (1977: p.104), who says that mergers are the most solid and lasting form of concentration, they too, whether horizontal or vertical, had to resort to the holding system if only to make the huge conglomerates manageable.

Concentration and centralization also lead to the concentration of banking in fewer hands, and to the Industrialists' increased reliance on Banks for credit, a need which contributes to the emergence of joint stock company, which not only facilitates the merger of industrial and bank capital leading to Finance capital and to the reign of the financial oligarchy, but which also came to assume a central place in the consolidation of the holding system. The export of capital to other countries now fully divided up among the capitalist powers also further intensifies and elongates the Holding system as subsidiaries are set up in these countries, transforming hitherto National companies into International ones.

The crisis of the 1870's therefore transforms those capitalist production units which survive the crises at first from mere workshops and rarely factories into national joint stock corporations. This is done within the framework of the holding system, with subsidiaries and/or branches as marketing points, production workshops, etc., throughout the country in their struggle for a firm grip on the home market. Later on, due to many developments in their activities, the corporation's Headquarters is broken down into departments like finance department, personnel department, operations department and marketing department among others. Finally and especially after the first World War, many corporations led by General Motors and DUPONT are divided into several divisions beginning with a foreign division and a domestic one; later on, the two functions are combined and regarded as one and divided into several divisions (HYMER 1976: p.120). The corporation thus had several departments, divisions, subsidiaries, branches etc., all held together through the holding system, and with a presence throughout the world. Within this perspective, LENIN (1970: pp.47-48) is completely correct when he points out that:

«*The holding system should be made the cornerstone of the whole movement towards monopoly*». (our emphasis)

2.2 – Organizational Management

The above mentioned changes in the capitalist mode of production have also profound consequences for organizational management. This consists in the fact that *Financial methods* assume prominence over all other tools of management. LENIN observed (1970: p.27) that:

«*The development of capitalism has arrived at a stage when, although commodity production still «reigns» and continues to be regarded as the basis of economic life, it has in reality been undermined and the bulk of the profits go to the 'geniuses' of financial manipulation*». (our emphasis).

This observation is borne out by facts.

First and foremost, the whole movement of concentration of capital relies heavily on financial tools. The holding system which as we have argued above, was the 'cornerstone' of the whole movement is built up through financial means, involving the concentration and integration of capital belonging to various firms, and then dividing it up into small units which then serve as the 'core' of the subsidiaries. Moreover, the consolidation of the various holding companies does not rely on defeating competitors through such methods as producing goods of better quality etc., but principally through over-pricing or under-pricing; crowding competitors out of markets for raw materials or finished products; financial manipulation of a competitor company's stock either through over-selling or over-buying, among others.

Secondly and equally important however, is the reliance of the capitalist on the financial means: principally financial planning (budgeting) and control, to manage the resultant huge holding enterprises. Not only

does the joint stock company – which as we have argued, was at the heart of the holding system – lead in the words of De VROEY to: «The passage from individual capitalist ownership to socialized capitalist ownership», but, as a consequence, it also ushers in the separation of ownership from actual control/management of the firm. As Karl MARX puts it in «Capital» vol. 3 part 5, chapter 23:

«Stock companies in general – developed with the credit system – have an increasing tendency to separate the work of management as a function from the ownership of capital, be it self-owner or borrowed... The mere manager who has no title whatever to the capital whether through borrowing it or otherwise, performs all real functions pertaining to the functioning capitalist. As such, only the functionary remains and the capitalist disappears as superfluous from the production process».

This development has definite consequence for the management of capitalist organizations. First and foremost, the actual owners are reduced to monitoring the circulation of their capital. At the end of the scale, the lone individual owner, completely powerless given the dispersion of stock, has nothing more to do about his money, except by keeping record of what he had invested in a particular enterprise, and keeping his fingers crossed, waiting for the declaration of dividends at the end of the company year not co-incidentally officially known as the *Financial year*. At the head of the scale, however, you have the Institutional owner – mostly Banks – but also various individual holdings consolidated in blocks. These definitely do more than the lone capitalist but only in magnitude, for, in essence, they also rely on the financial tools (1) for keeping themselves abreast of the activities of the companies in which they have investments and (2) in affecting the course of running these companies for greater profits. Among other things, the banks especially, are in the words of LENIN (1970: pp.34–35):

«... enabled – by means of their banking connections, their current account and other (note R.S.M.) financial operations – first, to ascertain exactly the financial position of the various capitalists, then to control them, influence them by restriction or enlarging facilitating or hindering credits, and finally to entirely determine their rate, determine their income, deprive them of capital, or permit them to increase their capital rapidly and to enormous dimensions etc.» (emphasis original).

Apart from this, institutional owners are in most cases represented on the Boards of the various relevant companies which enable them to participate in the broad determination of the investment policies of the companies. They thus are in a better position to monitor and affect the course of their capital. Finance is therefore not only the source of their power, but financial methods are the main tools of keeping themselves abreast of the destiny of their finance.

Financial Methods however, are also the most critical tool relied upon by the Management of the huge holding enterprises. In the earlier period of competitive capitalism, the capitalist owner manages and controls his workshop/factory alone, though at times with the help of the members of his family, and/or a few trusted employees. In the words of HYMER (1972 : p.118): «He saw everything, knew everything and decided everything». The movement into the monopoly stage of capitalism which – as we have seen – ushers in socialized capitalist ownership and the formation of big corporations changes all this. The breaking down of the corporation into Headquarters and Branches and subsidiaries is of fundamental importance. While the latter serve as operating units, the former plays the role of coordination of their activities. As CHANDLER and REDLICH (1961) correctly point out, this distinction was of crucial importance because: «It implied that the executive responsible for a firm's affairs had, for the first time, to supervise the work of other executives».

This supervisory role increases with the further breakdown of the corporation into departments, divisions, and the proliferation of branches/subsidiaries. Now, there were several levels of management within a single corporation, each with a different function. At the base, there was the management of the various subsidiaries and branches, dealing with the day to day operations of each of the corporations, operating units within the guidelines set by the higher organs. In the middle there was a management whose role was clearly coordinational, integrating and streamlining the operations of the subsidiaries in each of the Departments and Divisions as directed by the Headquarters. Finally at the top, there was the Headquarter's management whose functioning was principally that of planning, which includes (a) deciding on the objectives of the organization, (b) deciding on the resources to be used to reach these goals and lastly, (c) deciding on the policies that are to govern the acquisition, use and disposition of these resources. This activity although generally called corporate planning, its most central aspect is *financial planning* as (b) and (c) above clearly indicate.

The second most important activity of Headquarter's management is assuring that the resources are obtained and used effectively and efficiently. This is generally called corporate control, but again with planning relying heavily on *financial control*, as its chief component. These two activities, coupled with the control over the organization structure, including the appointment and dismissal of key corporate personnel are the major tools with which headquarter Management runs and controls the whole corporation.

This control actually boils down to the control of money (as capital) by the Headquarters. As Sidney ROBBINS and Robert STOBACH (1973: p.11) put it: «The system can be viewed as a network of operating units linked to one another by the movement of money» which is sanctioned, monitored, and controlled by the Headquarters. Thus, since the operating units cannot function without money, they have to fulfill all the requirements set by the Headquarters to obtain it. But within this perspective, Alcon Steel's President Nathanael V. Davis' brag (TUGENDHAT 1971: p.103) that: «We sure have it on financial control» is not an empty one at all.

At this juncture, it must be emphasized that this control over subsidiaries is *very tight*. As a treasurer of one firm based in San-Francisco says (ROBBINS and STOBAUGH 1978: p. 41–95):

«Even where we have sophisticated local management, both long-term and short-term financing is determined in San-Francisco, and not just left to the discretion of the local management. We work very closely with our financial managers and we expect them to follow very closely our policies and procedures. We consult with them. But when something critical comes up, we'll send out a cable directing them immediately they are to hedge such as such... I don't like to say that our companies don't have any leeway. They are part and parcel of our team and we like to use their brains just like they were sitting right here, and we try to operate on this basis. But someone along the line has to say 'this is what we do' and that's San-Francisco.

Indeed even the internal day to day affairs of the subsidiaries are conducted on the basis of the guidelines in their rule books or «Bibles» from Headquarters. These are:

«In the form of standard procedures, sometimes consisting of several volumes, that specify such items as the limit of local borrowing, standard terms of payment on inter company accounts, and standard rates for management fees».

Christopher TUGENDHAT's (1971) analogy comparing the Transnational Corporation's Headquarters and how it relates to its subsidiaries, with an Army's general headquarters and its relations with its Divisions, Brigades, Battalions, etc., is very apt indeed.

Finally, as a consequence of the corporations Headquarters' reliance on Financial Methods to run its subsidiaries, most of the corporations are characterized by huge financial accounting divisions.

3. – THE CASE OF TANZANIA

Should the above be expected of organizations in Tanzania, a small underdeveloped country aspiring to build socialism? The answer is definitely yes. Since 1884, Tanzania has been integrated into the global capitalist system like all other colonies, and capitalist organization principles have been imported, applied, and relied upon to manage all the organizations in the economy, which is essentially capitalist though perverse (RWEYEMAMU, 1973). The attempts to build socialism have not yet fundamentally changed the mode of production to the extent that these organizational principles do not apply. (In fact, ideally, socialist construction ought to involve thorough, comprehensive, centralized planning and control (SWEETZ and BETTELHEIM, 1972).

The dominant use of the Holding System in Tanzania is not surprising in the light of the above. As Table 1. below shows very well, of the total government shares in public organizations in 1974, almost two thirds were invested in Holding corporations. Indeed, as Table 2. further demons-

Table I – Government Investments in Public Organizations in 1974

(In Millions – Tsh.)

Total Govt. Shares in Public Organizations	TREASURY		HOLDING CORP.	
	Amount	Total	Amount % of	% of Total
1099	368	33	731	66

Source: Compiled from T.P. Mushi «*The Problems and Prospects of the Public Sector in Tanzania*», in *Rasilimali Vol. 5*, January 1976.

Table II – Government Profits from Public Corporations

(In Millions – Tsh.)

Year	Total Govt. Profits from Public Corp.	TREASURY		HOLDING CORP.	
		Amount	% of Total	Amount	% of Total
1966	14.7	3.7	25	11.0	74
1970	16.2	4.2	25	12.0	74
1973/74	91.0	19.0	20	72.0	79

Source: Compiled from T.P. Mushi «*The problem and prospects of the Public Sector in Tanzania*» in *Rasilimali Vol. 5* January, 1976.

trates, roughly three quarters of Government profit from public corporations are realised from Holding corporations. Moreover, the presence of the Holding System in the country is further reinforced when one includes those concerns which-though devoid of subsidiaries, use the system in managing their departments and branches. In this case, one would include such giant (in the Tanzania perspective) concerns like the National Bank of Commerce, the National Insurance Corporation, the National Provident Fund, the Bank of Tanzania, among others.

The Holding System has been resorted to in Tanzania, as indeed the world over, because: *One*, given the advent of the joint stock company, it reduces immensely the amount of stock necessary to wield effective control over a large number of companies, through techniques like water-fall share-holding or cross-share holding – *Two*, it facilitates rational management of huge concerns through breaking them up into subsidiaries, branches etc. Thus, while the subsidiaries can draw upon all the advantages of economies of scale arising from their belonging to a «big family», they retain at the same time the advantages of «smallness» in terms of their ability to respond quickly to changes in the environment. For poor countries like Tanzania, the system is even more appealing not only because it reduces the quantity (not the quality) of the managerial and directional manpower needed to run the diverse public sector, which is very welcome given the shortage of

such manpower, but more importantly it organizes the public sector into a few huge concerns. This facilitates coordination and planning which is deemed necessary for socialist construction from the centre. It must however also be said that such big concerns are created as 'counter-parts' to the Transnational corporations, who need 'big' concerns to 'do business' with. At this juncture, one can hardly avoid the conclusion that T.P. MUSHI's thesis of doing away with the Holding System in Tanzania is a frantic cry of the out-maneuvred small owner of *Laisser faire* capitalism, non-gently shoved to the corridors of the museum by the monopoly forces of capitalism.

It has also been shown in the previous section that for the working of the Holding System, a system of corporate planning and control with financial planning and control as its core has been developed and that it is fundamental to the efficient running of these organizations. It must actually be mentioned at this juncture, that in fact the «Istituzione per la Ricostruzione Industriale (IRI)», the giant Italian State Corporation, with several banks of its own, still uses six financial holding companies – the «Finanziaria» – to control its various companies by sectors (PONER and WOOLF, 1967). Financial Planning and control, within the overall corporate planning and control – is therefore relied upon not only by the Financial Oligarchy but also by management to run the various concerns. Indeed it is central in the Headquarters control of the subsidiaries and branches, for the operations are what is decentralized, and finance is what is centralized. This is the basis of «selection» or 'exception' which neither MRAMBA nor MWAPACHU provides.

F. SENKORO is unfortunately correct when he says that Financial Methods are not very well developed, let alone appreciated, in Tanzania. As Table 3 below shows very well, in the four financial years considered, an average of only 32 % of all public corporations bothered to submit their books for audit, follow sound financial controls and maintain proper books of account; 10.8 % have very poor or no financial control and their books of accounts are highly unreliable; and the rest, about 58 %, are in between. Furthermore, an average of 29 % of all public corporations do not submit their books of account for audit at all.

It is our considered view that the preponderance of the Holding System and the lack of financial control are the major causes of the organizational crisis in the public sector in Tanzania. Our corporations are, to use HYMER's analogue, *dinosaurs*, big in frame, but small in brain, and, as a result, you get slow, poorly coordinated and crude response to stimuli both from within and without, or even none at all, and the results are not hard to imagine.

First, internal control within the concerns inevitably became lax and the result is loss. In the case of the liquidated National Road Haulage Company, its chief executive (KAVANA, 1977) confesses that: –

«In the absence of accounting and financial controls, NRHC Headquarters had no way of knowing how much money it could expect from the use of its vehicles. The only communication NRHC Headquarters received from its field managers was mainly related to demands

Table 3 — The Accounts of Parastatal Organizations in Tanzania audited by the Tanzania Audit Corporation

Year	Total No. of client	Total of sub- mitted ac- counts	Not sub- mitted		Obtained clean audit certificates		Qualified cert.		No. Opini- on		Made Losses	
			No.	%	No.	%	No.	%	No.	%	No.	%
1975/76	270	198	72	26	70	35	111	56	17	8	Not	available
1976/77	300	212*	56	18	76	35	113	53	21	9	75	35
1977/78	320	228	92	28	76	35.5	122	53.5	30	13.2	Not	available
1978/79	329	247	100	30	76	30	138	55	33	13	81	32

* Some parastatals submitted accounts of two years or more.

Source: Compiled from Tanzania Audit Corporation Annual Reports. Dar-es-Salaam.

for dispatch of urgently required spare parts. While the vehicles toiled, it appears very little money tickled to Dar-es-Salaam from field operations».

The problem however did not only lie with the branches as the General Manager would like us to believe. As Table 4 below shows, thefts also occurred at the Headquarters. Indeed, according to the liquidators of the company, the NRHC did not have even a proper record of its creditors and debtors. Thus, while according to the management, only Tshs. 5,079,133.80 were owed to the company and only Tshs. 2,581,158.45 were owed to its creditors, liquidators have now proved that in actual fact, the correct amounts are Tshs. 20,247,063.65 and Tshs. 10,885,650.95 respectively (Daily News 9th June 1980).

Table 4 — Thefts in the NRHC (T. shs.)

Head Office	186,027.00
Mwanza	368,359.25
Dodoma	41,805.00
Arusha	8,365.30
Mtwara	135,005.00
Songea	26,785.00
Sumbawanga	70,531.00
Mbeya	15,004.05
TOTAL	851,881.60

Source: Compiled from Daily News, 9th June 1980.

Although the NRHC case is an extreme one, it is by no means an isolated one. Going back to Table 3, it can be seen that during 1976/77, 35% of all the audited parastatal organizations registered losses. In 1978/79 the figure was 32%. To use LENIN's words, profits were going to the geniuses of financial manipulation!

Secondly, the relationship between the concern and its subsidiaries on the one hand and between it and the sectoral ministry and other higher organs on the other, given poor financial methods, is bound to be tricky. For one, lacking the basis of 'selection' or 'exception', attempts are made to intervene or rather interfere in each and every activity of the lower organs. Backstairs pressure, dinner table instructions and MRAMBA's errand boys virtually became the mode of monitoring the activities of lower organs. Secondly, and as a result, the managers of the organizations at the various levels, wary of doing anything out of step, and with the higher-ups breaking down their necks, become reluctant to take any big decisions without the blessings from the higher-ups. The game of «passing the bucket» characteristic of government bureaucracy inevitably develops so that as El NAMAKI (1979: p.204) correctly observes:

«When examined closely, one discovers an inclination on the part of these firms to bundle all policy issues together and throw them to the government».

Thirdly, the situation is further complicated by the proliferation of control organs; ranging from the Chama cha Mapinduzi (CCM) Central Committee's Sub-committee on parastatal organs, the President and Parliament; through the sectoral Ministry and the Mass Media; to the Chama cha Mapinduzi and Juwata branches in the corporations both at Headquarters and branches. Without a clear demarcation and division of duties and responsibilities and lacking proper control methods, there is: «complacency and corresponding reliance on the fact that there are many other sources of control and that eventually one of them will do the required job» (El NAMAKI 1979: p.253). This gives rise to a situation where control is triggered off by either a crisis or a near crisis situation, leading to the preponderance of «Management by crisis», and as El NAMAKI (1979: p.252) correctly points out:

«delayed identification of the symptoms of failure leads to hurried and mostly unstudied corrective action largely directed at mending the immediate damage and not the introduction of a well founded remedy».

a fact which is also the result of the fact that in such times of crisis, the various organs in the light of all the above, push, shove and step on each others toes in their frantic search for solutions and apportioning of the blame.

4. — CONCLUSION

In conclusion, it would seem to us in the light of the foregoing arguments, that the best way of tackling the problem is to first and foremost realize that the Holding System of organization and the Financial tools of management are like «Siamese twins», and that the former cannot do without the latter. Therefore, the task should consist in the construction and weaving of the Holding System around the financial mechanism and depending on them as the most fundamental tools of managing

the organizations and regulating the relationships between the various relevant organs. It appears to us that the problem is not the «Lack of the quality and numbers to police the system», (MRAMBA, 1977: p.19) but principally, the lack or ignoring of the best way to «play policeman». We should start with the appreciation and realisation of the fact that the Holding System and financial tools go together, and then secondly, tackle the problem of manpower. Hopefully, MRAMBA's «errand boys» and MUSHI's «employment pools» would undoubtedly go a long way in solving the problem of manpower.

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RESUME

Bien que les pays en voie de développement aient eu recours et même créé plusieurs organismes parapublics dans le cadre de leur lutte contre le monopole du capital et pour la libération de l'économie nationale, la performance de ces organismes a beaucoup laissé à désirer. Prenant comme exemple le cas de la Tanzanie, l'auteur cherche à expliquer les raisons de cette faible performance et à suggérer quelques solutions à ce problème.

Dans la première partie, il discute quelques arguments qui ont été avancés pour expliquer cette anomalie. Il trouve que la plupart de ces arguments sont ambigus, faibles et n'ont aucune valeur historique.

Dans la deuxième partie, l'auteur dresse un tableau de l'évolution historique de ces organisations dans le mode de production capitaliste. Il y montre que c'est le stade de monopole du capitalisme créé par la crise capitaliste de 1870 qui constitue la ligne de démarcation entre l'ère des petits ateliers et usines du capitalisme industriel et celle des multinationales que nous connaissons aujourd'hui. Il montre aussi comment cette crise a conduit d'une part, à la création du Holding System considéré comme la forme la plus rationnelle et la plus efficace pour la gestion des gros conglomerats, et d'autre part, à la confirmation des méthodes financières comme instrument important de gestion et de contrôle. Dans le reste de l'article, on voit comment ces jumeaux siamois ont été au cœur de l'organisation et de la croissance capitalistes.

C'est dans cette perspective qu'il a montré dans la dernière partie de l'article consacrée à la Tanzanie, et à l'aide de faits et données, que bien que le Holding System ait eu plus de succès, les méthodes financières n'ont pas eu toute l'importance qu'elles méritaient — Cela constitue un atout dans les mains des forces néo-coloniales qui continuent à sucer ces organisations, emportant même le peu qui aurait pu rester au pays après que les «éternels» intérêts sur les prêts, la surfacturation, les frais de consultation et autres aient été payés.