THE ECONOMIC LINKS BETWEEN
KENYA, UGANDA AND TANZANIA

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By

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Abstract

This paper has been written as a chapter for Vol. 3 of the Oxford History of East Africa. It begins by describing the links between Kenya, Uganda and Tanganyika which provided them with a common market, a common monetary system and a number of common services including the railways, the post office and a number of research institutes. It then goes on to examine why Uganda and Tanganyika became increasingly dissatisfied during the 1950's with the way in which these links were operating, and examines the evidence for the allegation that both the common market and the various common services were operating more to the advantage of Kenya than of the other two. Finally it describes the steps taken prior to Independence to reconstitute the links so as to make them more acceptable to all concerned.
Geographical contiguity and the fact that all three East African territories were under British rule, made close economic relations between them natural. This chapter begins by describing some of these links, and how they came into being, and then goes on to examine why Tanganyika and Uganda in particular became increasingly dissatisfied during the 1950s with the way in which they were operating. Both Uganda and Tanganyika felt that the East African common market and the various East African institutions were operating more to the advantage of Kenya. Uganda was more concerned than Tanganyika because even though her economic links with Kenya were exactly analogous with Tanganyika's, it was Uganda which was land-locked by Kenya and therefore critically dependent upon Kenya's port and entrepôt position.

The three territories were associated with one another in a number of ways. In the first place they constituted a common market. There were no internal tariff barriers either on imported or locally produced goods, and there was free movement of capital and labour within East Africa. They also had a common external tariff, 'revenue-raising' rather than protective in intent, and as early as the 1920s were the subject of frequent disputes.
between the Kenyan and the other two governments, which felt they protected European produced goods in Kenya at the expense more particularly of African consumers in all three of the territories. Although the common market was perhaps the most important link between the three countries, it was largely the result of a pursuit of common policies and was not based on a treaty. There were, indeed, a series of agreements, but there was no institutional framework within which policies were agreed. Although each territory was free to fix or vary its own rates of import duty, as also of excise and income tax, there was in fact little divergence, if only because this would have at once led to attempts by businesses to re-arrange their affairs so as to ensure that only the lowest rate was paid. Since these three forms of taxation constituted three-quarters of the public revenue of East Africa as a whole, this policy of 'fiscal harmonization' constituted both an important element in the common market's structure and a serious limitation (albeit voluntarily imposed) on each territory's freedom of action. At no time did any one of the three territories alter their tax rates without first consulting the other two.  

1 The foundations of the common market were laid in 1917 when free trade between Uganda and Kenya was established and at the same time the customs authorities of the two territories were amalgamated. Tanganyika became part of the common market by stages; a common external...
A tariff was adopted in 1922, free interchange of products with Kenya and Uganda was inaugurated in 1923, and free transfer of imported goods followed in 1927.¹

The second form of association was the common currency and the common participation in the East African Currency Board. The currency board system was intended to provide absolute international acceptability to colonial currencies by making them freely convertible into sterling at par. Stability was to be maintained by having the currency backed pound for pound by sterling assets held in London. There were no restrictions whatever upon the movement of money and since, in addition, the commercial banks were all (with one exception) subsidiaries of British banks, the whole system could be viewed as in a sense part of the British banking system, with its apex in the Bank of England rather than in East Africa.

Thirdly, the three territories shared a number of common services which came to be administered after the Second World War by the newly created East Africa High Commission. Before the High Commission came into operation in 1948, policy decisions concerning common matters were taken at a Conference of Governors of British East Africa which met formally once a year but which was served by a small permanent secretariat. In 1947 it was decided to provide for the establishment or expansion of

jointly financed and operated services and to give these common services a constitutional basis by a setting up of the East African High Commission which was to be responsible to another newly established body, the East African Central Legislative Assembly. ¹ The High Commission was to be served by a permanent Secretariat in Nairobi.

The services which it came to administer were often classified into two categories according to whether or not they were 'self-contained', that is financed or not from their own revenue. Thus, the principal self-contained services after 1948 were the East African Railways and Harbours which for the first time administered the Tanganyika system jointly with that of Kenya and Uganda, and the East African Posts and Telecommunications Administration. Later, East African Airways was added to the list, and although it was not officially classified as a self-contained service under the High Commission it was to be operated on similar lines: the High Commission was to be responsible for financing capital expenditure, or at any rate their permission was required to raise loans abroad, whilst all recurrent expenditure was to be covered by current revenue.

The 'non-self-contained' services administered the collection of customs and excise duties and income tax, and included the provision of a number of agricultural, medical and other research services, including meteorological research. The

current cost of providing these services rose from about £1.6
million in 1943 to £4.75 million in 1950/1 and in the latter
year constituted about 5 per cent of the combined recurrent
expenditures of the three governments. One weakness of the
High Commission was that it had no independent source of
revenue. The greater part of its finance came to it in the
form of allocations voted by each territory's Legislative Council
each service being subject to a separate vote. Thus the allo-
cation of High Commission expenditure among all the services
under its authority was largely determined in the territorial
legislatures. Local dissatisfaction with any of the services
could result in a cut in the territorial contribution to the
general fund. This might cause the other territories to make
proportionate cuts in their votes so as to maintain their
relative shares, and the net outcome might be a fall in High
Commission revenue even to the extent of three times the ini-
tial cut. The only revenue which was independent of local
politics and rivalries was that derived in the form of grants
in aid of recurrent expenditure from the UK government. These
however, formed a small and declining share of rapidly rising
High Commission expenditure and by 1950/1 amounted to no more
than about 12 per cent of the total. Long range planning of the
sort now common in development programmes, say to build up the
statistical services or to concentrate on long-gestation projects
such as agricultural research, was made very difficult as a result.
It is against this background of institutions that we must now view certain aspects of the economic development that is described in the three country chapter, since it was the divergence in the way they developed which, towards the end of the 1950s, caused Tanganyika and Uganda to feel increasingly dissatisfied with the operation of the common market and the other institutions that linked them with Kenya.

Between 1945 and the early 1960s, Tanganyika almost certainly developed more slowly than the rest of East Africa. There was virtually no industrial development there as in Kenya, and after the disaster of the Groundnut Scheme, there was no agricultural development comparable in scale to the expansion of coffee- and cotton-growing in Uganda. Sisal benefited less than cotton and coffee from the favourable conditions in world markets for primary products in the 1940s and 1950s. In any case it provided neither backward nor forward linkages to promote further development, and suffered from all the well-known disadvantages of an 'enclave' industry. Coffee-growing was confined to a few thousand farmers around Mt Kilimanjaro and in the Bukoba area while cotton-growing was similarly confined to a small area adjacent to Lake Victoria where there happened to be a coincidence of favourable natural conditions and the availability of transport.

The view was commonly expressed that Uganda, too, was being left behind by Kenya but this is objectively less obvious.
Much depends on what valuation one places on the relative importance of economic growth and of the distribution of its benefits. In terms of the growth of GNP it is probably the case that, taking the period as a whole, Kenya's grew somewhat faster than Uganda's. Thus between 1950 and 1960 Kenya's national income appears to have risen from £63.7 million to £175.3 million whilst Uganda's increased from £47.6 million to £110.6 million. But in Kenya the benefits of economic growth were largely confined to Europeans and Asians: for the majority of Africans the standard of living increased only slowly. In Uganda on the other hand the benefits of growth were much more widely distributed, so that even if Europeans and Asians benefited disproportionately, the incomes of very large numbers of small African farmers, especially in Buganda and Eastern Uganda, increased very substantially. It was precisely this wider distribution of the growth of income which gave rise to such industrial development as occurred in Uganda, and which, if more modest than Kenya's — and less flashy — has always been grossly underestimated, more especially by the British administration in Uganda and Ugandans more generally. Tobacco and textiles apart the one characteristic which distinguished Uganda's industrial development from Kenya's was that much of it required a market no larger than Uganda itself possessed.

Meanwhile, Kenya's position vis-à-vis East Africa as a whole came increasingly to display three salient characteristics. First, more and more businesses coming to East Africa and intending to operate throughout the region, followed the precedent set by the large European and Asian export and import businesses.
and cited their head offices in Nairobi. Secondly, in its natural and processed form Kenya's agricultural produce found a growing market throughout East Africa; in milk and meat, for instance, and also in tinned peas, pineapples and jams; the market may have been confined to a fairly small elite, but its quantitative importance was not to be ignored.

Thirdly, Kenya was a preferred location for new manufacturing industries especially if they were branches of overseas firms or if they were established by locally domiciled European businessmen. With the exception of a textile mill and an enamelware factory built in Uganda, virtually all those new industrial enterprises which hoped to serve the region as a whole came to be sited in Nairobi or elsewhere in Kenya. The reasons, were threefold. First, Kenya had the advantage of the early start; there were external economies to be gained from a location in which others had already begun and were in close proximity to the headquarters of the principal import houses with their detailed knowledge of the East African market. Secondly, Nairobi and its environs with its large European and Asian population constituted the largest single concentration of purchasing power for manufactures in East Africa. Consequently, except in the case of goods for which demand was specifically African, such as textiles, enamelware, or bicycle tyres, and for which the region around Lake Victoria provided the greatest market concentration, Nairobi and some of the smaller towns of the White Highlands was the location which minimised transport cost. Thirdly, Nairobi and its environs had more 'high level
manpower'; this was, of course, mostly European and Asian but among Africans Kiinuyu and Kamba were regarded as displaying the greatest commercial and mechanical aptitudes in East Africa and they were close at hand as well. There was, of course, a fourth reason. Some of the industrialization took the form of the processing or canning of Kenyan dairy produce, vegetables and fruit. Since these products lose their weight and bulk whilst being processed, and are more fragile in their unprocessed form, the location of processing was bound to be nearer the farm than the market if there was a conflict - and the farms were in Kenya. In practice Kenya initially provided the largest part of the market so the location was never in much doubt. It was in any event the Kenyan farmers who initiated these processing industries.
The unequal rate of development, and especially of industrial development, was however the major reason why in the late 1950s Uganda and Tanganyika felt increasingly dissatisfied with the arrangements by which they were linked economically to Kenya and the common market. The advantage of the common currency was not at first questioned. There was indeed criticism as St. Britain lurched from one credit squeeze to another of the arrangements whereby East African bank credit was regulated not by economic conditions in East Africa but by those in Great Britain. The objection to the currency and banking system was not that it might favour Kenya but rather that it made variations in the supply of credit in East Africa depend upon economic conditions in Britain rather than in East Africa. It was argued that every time St. Britain had one of its periodic balance of payments crises, the East African branches of British banks were obliged to curtail credit and raise interest rates to borrowers so as to keep them in line with British Bank Rate. An independent banking system, it was argued, would have been more responsive to the East African need for variation in their money supply. It was also alleged that this 'dependence' precluded East African governments from pursuing active monetary policies aimed at promoting long term economic development. Both grievances manifested themselves in a demand for an East African Central Bank.
The objection that the system restricted the supply of money unnecessarily does not seem very well founded when it is remembered that there had been provision for a fiduciary issue since 1955 and that this was never fully taken up. The second grievance arose from a belief that was commonly held at that time by a generation who had grown up, and were still living, in the intellectual atmosphere of the 1930s and the New Deal, and who thought that underdevelopment was the result of an insufficiency of aggregate demand. Development seemed to them to need a priming of the pump by running a budget deficit. A liberal supply of new bank notes appeared all that was needed to cause the apparently intractable problems of underdevelopment to melt away like snow. In this extreme form the thesis is no longer tenable, though it is possible that the pendulum has swung too much the other way and that not sufficient attention is now given to the effect on aggregate supply of a buoyancy of demand, as witness all the new enterprises and services which sprung up in Uganda following the post-Korean boom in cotton and coffee, her principal exports.

The currency board and banking systems of course also facilitated movements of capital out of East Africa and between the three East African Countries. These movements are difficult to document. During the Mau-Mau period capital appears to have moved out of Kenya, as it was to do again shortly before Independence. Sometimes the movements were in both directions simultaneously, for instance when the Uganda marketing boards

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1 For an exemplary refutation, see A. Hazlewood, op. cit., pp. 111/2 and also P. Benjamin, Colombo Plan and Other Essays, London 1956, Chapt. 2.
transferred surpluses to London to be invested in securities which could be readily realized if need be, whilst at the same time British firms engaged in direct investment by setting up factories in Kenya. In this way an indirect transfer took place from Uganda to Kenya. It is however a mistake to infer from this that the Currency Board system in itself was responsible for these transfers. It in no way precluded the East African governments from applying exchange control had they so wished. If they did not exercise such control it was because they thought it might deter prospective foreign investors.

The major complaint, therefore, which both businesses and governments had against the monetary system was its close adherence to Bank of England policy, which was in turn dictated by economic circumstances in Britain and which often had the effect of aggravating the instability caused by fluctuations in export earnings instead of moderating it. The solution to this problem was thought by some to lie in the creation of an East African Central Bank; territorial independence of monetary policy was not at that time sought.

What was increasingly questioned was the benefit of the common market and of the High Commission. Let us consider each in turn:

As early as the 1920s there had been controversy between the territories on issues arising out of the operation of the Common Market. Kenya had taken the initiative in pressing for protective duties above the general tariff, and in 1924 a number of such duties were imposed on imported agricultural products
that competed with those grown by European farmers. There were strong and continuing protests from Uganda, and to a lesser extent from Tanganyika also. The protests abated in the 1930s after the revision of the tariff schedule and the introduction of freedom for each territory to impose or suspend duties on certain items; moreover the case for protection exerted a wider appeal in the years of depression than in the world trade expansion of the previous decade.

During the war of 1939 - 45 East Africa could not in any case have imported food and her self-sufficiency in a wide range of agricultural products which had received protection before the War was viewed as a blessing and for several years after the War prices for these commodities were lower than those obtaining on the world market. Meanwhile the main agricultural exports were enjoying a boom which reached a climax in 1951 but continued into the middle 'fifties. In these circumstances there was little ground for dissension on trade or fiscal questions and it was only in the later 1950s that there was a resurgence of conflict between the three territories over the question of protective tariffs. It is perhaps no coincidence that this should have happened just when Uganda and Tanganyika found their proceeds from exports stagnating instead of rising, and Kenya accordingly seemed to benefit, relatively, from her greater and more rapidly growing volume of manufacturing industry.

1 Raisman Report op. cit. p. 8
2 Raisman Report op. cit. p. 8
as well as commercial and financial activity. At this time, with falling revenue from export taxes, which were much more important to Uganda than to the other two, the policy of fiscal harmonization was seen in Uganda more as one of a "fiscal strait-jacket", for it prevented her from raising other tax rates since it was in Uganda alone that the fall in export taxes really mattered.\(^1\)

It is not easy to determine what effect the common market had on the growth of GDP in the three territories. The common market clearly mattered least if the recorded growth was the result of a growth of export earnings overseas, rather than to the partner states. In some years Tanganyika, for instance, experienced impressive rates of growth of GDP, but their source was the increase in earnings from the sale of crops overseas, and this would have occurred just the same if there had been no common market. In general, the effect of a common market on economic growth will be greater the more of each country's exports are destined to its partner states. One indicator of the importance of the East African common market might therefore be the growth of trade between the three territories. If one expresses locally produced exports to the rest of East Africa as a proportion of gross domestic product one finds that in the case of Tanganyika this never exceeded 2 per cent, except in

1957 when it was 2.7 per cent. In Uganda inter-territorial exports as a proportion of GDP fell from a peak of nearly 10 per cent in 1953 to an average of about 6 per cent in the years 1959 - 2. In Kenya, by the proportion of exports to GDP rose from an average of about 5 per cent in 1951 - 3 to about 8 per cent in 1960 - 2 and was to reach nearly 12 per cent in 1965.

Alternatively one may examine the relationship between the growth of inter-territorial and total exports. For Uganda and Tanganyika exports to the rest of East Africa were such a small proportion of the value of total exports that they are unlikely to have had any great influence upon the growth of their economies. Economic growth was for them much more determined by the growth of their exports outside East Africa. For Kenya the common market was much more important. The importance of inter-territorial trade to Kenya emerges even more clearly when one looks at exports to and imports from the rest of East Africa and compares these with their trade outside East Africa. Kennedy calculated the figures for 1957 as follows:

Table 1: Foreign Trade and Inter-territorial Trade, 1957

A. Exports

<table>
<thead>
<tr>
<th></th>
<th>Domestic Exports £ mn</th>
<th>Exports to R.E.A. £ mn</th>
<th>Total £ mn</th>
<th>Exports to R.E.A. as per cent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>26.4</td>
<td>11.4</td>
<td>37.8</td>
<td>31</td>
</tr>
<tr>
<td>Uganda</td>
<td>45.9</td>
<td>5.3</td>
<td>51.2</td>
<td>10</td>
</tr>
<tr>
<td>Tanganyika</td>
<td>39.5</td>
<td>2.9</td>
<td>42.4</td>
<td>5</td>
</tr>
<tr>
<td>EAST AFRICA</td>
<td>111.7</td>
<td>18.6</td>
<td>130.3</td>
<td>14</td>
</tr>
</tbody>
</table>
### Table 1 /contd

**Foreign Trade and Inter-territorial Trade, 1957**

<table>
<thead>
<tr>
<th></th>
<th>Foreign Imports £ mn</th>
<th>Imports from E.E.A. £ mn</th>
<th>Total Imports £ mn</th>
<th>Imports from E.E.A. as per cent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>72.0</td>
<td>4.5</td>
<td>76.5</td>
<td>6</td>
</tr>
<tr>
<td>Uganda</td>
<td>28.9</td>
<td>6.6</td>
<td>35.5</td>
<td>17</td>
</tr>
<tr>
<td>Tanganyika</td>
<td>39.3</td>
<td>7.7</td>
<td>47.0</td>
<td>16</td>
</tr>
<tr>
<td>EAST AFRICA</td>
<td>140.2</td>
<td>18.8</td>
<td>160.0</td>
<td>12</td>
</tr>
</tbody>
</table>

Note: Owing to rounding totals do not always correspond to the sum of the separate items.


The Table shows that by 1957 Kenya's exports to the rest of East Africa far outweighed the inter-territorial exports of Uganda and Tanganyika and had come to be nearly a third of her total exports, whilst in the case of imports from the rest of East Africa Kenya's only accounted for 6 per cent of her total imports, in contrast to Uganda which imported 17 per cent from the rest of East Africa, and Tanganyika 16 per cent. These imports came, of course, mostly from Kenya. Kenya's exports to the rest of East Africa had expanded steadily over the years, and although by the late 1950s it continued to take predominantly the form of foodstuffs, the statistics gloss over an important qualitative change. During the 1950s these exports had been in the form of unprocessed materials. By the late 1950s however most of them were processed, packaged and canned, and in addition,
something of the order of one third of her exports to the rest of East Africa took the form of manufactured goods other than foodstuffs.\(^1\) Throughout the post-war years Tanganyika and Uganda enjoyed persistent foreign trade surpluses but were in deficit on their balance of trade with Kenya. It was Kenya's trade surplus with the rest of East Africa which enabled her to finance imports from abroad far in excess of the value of her own exports outside East Africa. The common monetary and banking system then also had the incidental effect of facilitating transfers of funds from Tanganyika and Uganda to Kenya.

Kenya's success was resented in Uganda and to a lesser in Tanganyika. It was argued that Kenya's development of industries that were a substitute for imports was depriving the other two of revenue from import duties and that their own industrial development was retarded by having to compete with Kenya without the advantage of tariff protection. There was also resentment over the fact that the Kenya Marketing Boards sold some commodities in East Africa at prices higher than those it received on the world market, and at times refused to handle Uganda maize which was equivalent to restricting imports from Uganda.\(^2\) The system of railway freight charges was thought moreover to give further advantage to Kenya. Freight charges were based on the principle of low rates for exports and local produce and high rates for imports.\(^3\) This was felt to re-inforce customs protection.

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for Kenya's manufactures and help the competitive strength of her agricultural and dairy industries, especially in the Uganda market. At the same time there was resentment that African consumers should have to pay more for locally produced goods than they would have cost on the world market, especially when the benefit appeared to accrue primarily to non-African farmers and industrialists. New industries would, of course, generate new employment and perhaps yield increased revenue from income tax, but again the benefits would go to the territory in which they were located, namely Kenya.

It is probable, however, that these allegedly adverse effects of the common market were exaggerated. No doubt Kenya had a more rapid rate of industrialization and derived advantages from being the commercial capital of East Africa. But it is by no means clear that in the absence of the customs union the course of events would have been very different. Kenya always had the very real advantage of a large geographically concentrated European and Asian population (about a quarter of a million) with high per capita incomes which constituted both a sizeable market and a supply of enterprise and skill. But the 1963 Kenya Census of Production shows moreover that even then no more than 20 per cent of her industrial output was sold to Tanganyika and Uganda.\(^1\) It is of course very likely, as the Raisman Report said, that Kenya gained more from the common market than Uganda and Tanganyika; but, as Hazlewood has pointed out, this does not mean that they were actually made worse off by it, as was commonly believed at the time.

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Turning to the High Commission, Tanganyika's and Uganda's dissatisfaction against it were two-fold. First, it was argued that since its secretariat and many of the research institutes associated with it were located in and around Nairobi, Kenya gained disproportionately both from the employment opportunities which were thus generated and from the income and other taxes which were paid by those so employed. Secondly, it was felt that High Commission officials and research workers alike were more responsive to Kenya's needs than to those of the rest of East Africa. There was never any suggestion of deliberate favouritism. Rather it was regarded as natural that research workers, for example, should be more influenced by the problems facing the country in which they were located than by those of its neighbours. In practice, however, only four of the ten research centres were located in Kenya in 1960, although it was certainly true that other services were more preponderantly situated in Kenya. Although the non-self-contained services could hardly be described as vital to the total East African economy, they often became focal points for grievances with the Common Market in general. This was perhaps due in part to the fact that the Central Legislative Assembly afforded a convenient platform for airing these grievances. The persistent complaint was that Kenya was receiving a disproportionate share of the benefits of the Common Market and common services while Uganda and Tanganyika bore a disproportionate share of the costs. Irrespective of number or not these complaints are borne out.
by the statistics, they are important as a reflection of discontent with the concentration of economic activity in Kenya and particularly in the Nairobi area. The precise balance of gain and loss is difficult to determine. It has been estimated however that in 1957 nearly 70 per cent of the total income directly generated by the High Commission was paid in Kenya but that Kenya contributed just under one half of that part of the High Commission's revenue which came from the three territories' governments.  

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1. One partial attempt to make such estimates for later years, i.e. in 1964/65, after major changes had been made in the operation of both the common market and the common services, can be found in Arthur D. Hazlewood, 'Territorial incidence of the East African Common Services', Bulletin of the Oxford Institute of Economics & Statistics vol. 27, No. 13, Aug., 1965 pp. 161 - 176.

By the late 1950s both the common market and the High Commission had become the subject of heated controversy between the three territories and, Uganda in particular, felt that the cost to her of continuance exceeded the benefits. It was therefore decided to appoint an Economic and Fiscal Commission under the chairmanship of Sir Jeremy Raismen (a Governor of the Bank of England) and comprising also Professors R.C. Tress and A.J. Brown to investigate the allegations and to make proposals for reform.

Before considering the Raismen Report it is perhaps pertinent to ask why Uganda’s grievances should have been so fervently proclaimed at this time. To understand this, one must recall how much Uganda politics have always been dominated by a fear of Kenya, the country of settler domination that lay between her and the coast. This fear was probably much more potent than any ‘nicely calculated less or more’. So long as all three countries were under British hegemony, the fears and discontents could to some extent be contained. But as early as 1953 the crisis which led to the deportation of the Kabaka demonstrated the strength of feeling in Uganda against her association with Kenya. Large numbers of European workers engaged in the construction of the Owen Falls Dam had aroused the fear that Uganda, like Kenya, was to be dominated by white immigrants. A Colonial Secretary’s careless after-dinner speech interpreted (wrongly) by a local paper as indicating the British Government’s intention to foist political Federation on East
Africa proved to be dynamite in the prevailing atmosphere of suspicion. The Kabaka's stand, originally against Federation, soon turned into opposition to industrial development in Uganda. Yet a few years later it came to be Uganda's alleged industrial backwardness which was hurled against Kenya. These grievances, it is suggested, make sense only if they are set into a political framework.

Kenya, far from being intransigent, was in fact prepared to make important concessions to help Uganda's industrial development. When the Nyanaa Textile Factory was built, Kenya and Tanganyika not only agreed to give Uganda exclusive rights to manufacture but also eventually agreed to a rise in the tariff and even to quantitative restrictions on imports on imported textiles, to some very high specific duties. The new factory charged lower prices in Kenya and Tanganyika than in Uganda in order to forestall criticisms, but even so the prices of clothes for African consumers undoubtedly rose in all three countries. Similar protection was given to Uganda's enamelware products. None of Kenya's industries appear ever to have obtained comparable protection — at least not since 1924. ¹

The Haisman Commission had no easy task and in fact studiously avoided saying anything in their report which might be interpreted as a judgement about the merits of any particular case. They concentrated instead upon making proposals which were likely to improve the operation of both the common market and the High Commission services. The impending independence of Tangay-

nyika in any case called for new arrangements especially for the High Commission services.

Their Report strongly advised against the break-up of the common market and common services. It sought to demonstrate that no country was actually worse off as a result of the existing arrangements; but it implicitly conceded that the gains were unevenly distributed and suggested a number of steps to promote their 'equalization', as will appear.

At the same time, the Report recommended the replacement of the High Commission by an East African Common Services Organization (E.A.C.S.O.). This was implemented to coincide with Tanganyika's independence. The details of the way it differed from the High Commission need not concern us here, though it is pertinent to point out that since its headquarters were to remain in Nairobi, this did nothing to allay the suspicion that its work would continue to be excessively oriented towards Kenya's interests. This old concern continued to rankle. The executive authority of EACSO was now to be vested in the chief ministers of the three countries and there were to be four 'triangulates' of ministers from the territories, each responsible for a certain range of matters but for the rest the basic structure of EACSO was not to be substantially different from that which had previously obtained.

The major economic and fiscal change proposed by the report was the institution of a Distributable Pool. This was to

1 see Arthur Hazlewood, African Integration and Disintegration, loc. cit. pp. 72/3 for a summary.
have the dual object of fiscal redistribution between the
three territories and of providing an independent source of
revenue for the common services. Hitherto each of the
non-self-contained services had been separately financed by
the three territories by annual appropriations from their reve-
nuces. Instead the common services were now to be financed
directly from the Distributable Pool. A fixed percentage of
the receipts of income tax and customs and excise duties were
to be paid into the Pool. Half the Pool was then to be used
to pay for the common services, thus giving them an independent
source of revenue; while the other half was to be paid in equal
shares to the three countries. The objects of this device were
to make Kenya with its greater revenue pay a larger proportion
of the cost of the common services, and also to bring about a
direct fiscal transfer from Kenya to Uganda and Tanzania.
By 1963/4 Kenya was paying twice as much into the Distributable
Pool as Uganda or Tanzania, whilst the half that was
re-distributed accrued to the three of them in equal proportions.

The proposals of the Eaisman Commission were accepted
and implemented. For the moment it appeared that inter-territorial
co-operation which had been on the brink of collapse was saved
and given a new lease of life. Within a very few years all three
territories were to be independent and far from going their
separate ways the three independent countries looked to be moving
nearer to the 'Closer Union', which Sessional Paper 191 of 1945
had proposed, than ever before. The dream of East African
Federation proved in the event however to be short lived.