3 The Irrelevance of Ideology in the Public Sector: A Comparison of Kenya and Tanzania

Chapter 1 drew attention to the similarity in the technological behaviour of public enterprises in the industrial sector of various African countries. This observation is striking because it does not conform to what one might have expected on the basis of the highly disparate development strategies that were adopted in countries such as Kenya and Tanzania. One might have expected instead that the capitalistic orientation of the former and the (African) socialism espoused in the latter would have produced a correspondingly diverse pattern of technological behaviour on the part of the public enterprises concerned. For, to the extent that these enterprises can be considered as being essentially an extension, or 'creature' of the state, their technological behaviour ought presumably to reflect the divergent goals of the countries they represent.

The purpose of this chapter, accordingly, is to explain these somewhat paradoxical findings using data obtained mostly from a detailed study of how technology decisions were actually made in a sample of publicly owned firms drawn from the manufacturing sectors of Kenya and Tanzania. It is contended that in general these decisions seem to be dominated by a single objective which the parastatal holding companies are able to pursue almost entirely unimpeded by countervailing pressures from either the macro-environment or from other agencies of government and that this objective predisposes managers to search for investment projects in which, through various mechanisms and with varying degrees of directness, developed country patterns of scale, factor intensity and product characteristics are invariably closely reproduced.

The first part of the chapter describes and compares the data that bear on the technological characteristics of public enterprise in the two countries. In the following section a framework is proposed to explain these observations and thereafter, in the third section, the framework is applied to the chosen sets of case-studies. The concluding fourth section considers the main policy implications of the findings.
THE TECHNOLOGICAL CHARACTERISTICS OF PUBLIC ENTERPRISES IN MANUFACTURING IN KENYA AND TANZANIA: AN OVERVIEW OF A COMMON PROBLEM

Reflecting perhaps their differential prominence in the manufacturing sectors of the two economies, parastatals in Tanzania have been subject to a far greater degree of analytical scrutiny than in Kenya. With respect to the technological aspects of the behaviour of these enterprises in particular, the two major studies of the Tanzanian experience - by Clark\(^1\) and Perkins\(^2\) - are substantially more extensive in coverage than the corresponding evidence for Kenya. As a result, the assertions based on these studies, shown juxtaposed in Table 3.1, differ in the degree to which they can be said to characterize accurately the manufacturing sector as a whole. But such comparative data as do exist strongly suggest the interesting paradox that is common to the experience of both countries, namely, that the essentially unplanned character of the technological behaviour of public enterprises coincides with, and is indeed largely produced by, the systematic tendency for large-scale and (often inefficient) capital-intensive technologies to be associated with each other and with excessively sophisticated products. It is this seemingly paradoxical combination of features that appears to underlie the striking similarity of what has occurred in Kenya and Tanzania and to an understanding of which this chapter is designed to contribute, beginning, in the following section, with the elaboration of an analytical framework.

THE ANALYTICAL FRAMEWORK

According to Gillis, the traditional view in economics is that managers of public enterprises are 'cosmic maximisers'. That is, they are 'motivated solely by a desire to maximise a clearly defined measure of social welfare, as defined by the parent government, under conditions of perfect information on all shadow prices, externalities and risk.'\(^3\) It is apparent even from the brief description of the common problem presented in the previous section, however, that this idealized model (which assumes not only that government is able to provide the firm with an unambiguous set of goals but also that managers actually seek to maximize according to them) will not do. For in both Kenya and Tanzania what has to be explained is precisely why the (very similar) technological behaviour of public enterprises diverges so sharply from what appear to be many of the most important objectives of the respective governments. What is required instead, therefore,