THE CONTINGENCY PERSPECTIVE: MNC-PERSONAL RULE RELATIONSHIPS
IN
SUB-SAHARAN AFRICA - THE CASE OF LQNRO

By
KIMBERLEY LYNN THACHUK
B.A., The University of British Columbia, 1985

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS

in
THE FACULTY OF GRADUATE STUDIES
(Department of Political Science)

We accept this thesis as conforming
to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA
April 1989
© Kimberley Lynn Thachuk, 1989
In presenting this thesis in partial fulfilment of the requirements for an advanced degree at the University of British Columbia, I agree that the Library shall make it freely available for reference and study. I further agree that permission for extensive copying of this thesis for scholarly purposes may be granted by the head of my department or by his or her representatives. It is understood that copying or publication of this thesis for financial gain shall not be allowed without my written permission.

Department of Political Science
The University of British Columbia
Vancouver, Canada
Date July 4, 1989

DE-6 (2/88)
This thesis attempts to reveal the relationship between multinational corporations and the personally ruled states of sub-Saharan Africa. African politics are based on private power, where individual loyalties and fear compliment a system of material incentives in replacing institutions of effective government. Because individuals in a position of power rather than being guided by rules of office are motivated by expediency and the pursuit of personal and factional aggrandizement, they must often be courted, cajoled, convinced, and even bribed to agree to circumstances or procedures that are generally institutionalized processes in many industrialized states.

Where effective rules for political behavior are lacking, it is difficult to predict with any accuracy in what circumstances and by what standards of conduct individuals will be governed. Thus, the most successful MNCs to operate in black Africa are generally those which are able to adapt their investment strategies readily and quickly to meet these probabilistic and changeable conditions.

The hypothesis of this thesis is that rather than being deterministic relationships as dependency theory suggests, MNC-Personal rule relations are non-zero-sum, apt to alter, and therefore, based on contingency. This thesis takes one step beyond dependency theory by revealing the factors of the
MNC-personal rule relationship that make it unpredictable and contingent on the vissitudes of individual human interaction. Contingency theory seeks to account for these factors by describing such relationships as a "Tango" in which parties associate with one another in order to advance their respective interests. This thesis presents the case of Lonrho corporation, and its President, Tiny Rowland thereby revealing contingency theory to be a plausible explanation for the nature of the MNC-personal rule relationship.

It is almost impossible to do business in black Africa without being attuned to politics; for in these states, politics is business. By having an uncanny ability to change strategies quickly, Rowland has demonstrated a keen perception of the nature of personal rule. Toward that end, he has expended great effort in cultivating private links and friendships with heads of state. The case of Lonrho illustrates that the inevitability of politics is the single most salient feature of commercial life in sub-Saharan Africa, and excellence at maintaining political contacts, the most important skill of successful companies.

This thesis is thus an alternate way of approaching a problem that has been dealt with by other more recognized theories. And while the evidence presented is not conclusive, it does provide a useful starting point for a better understanding of how such relationships function and in what circumstances they flourish or fail.
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>ii</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>iv</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>v</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Chapter One: The Problem</td>
<td>6</td>
</tr>
<tr>
<td>Personal Rule in Sub-Saharan Africa</td>
<td>13</td>
</tr>
<tr>
<td>Chapter Two: From Dependency to Contingency</td>
<td>25</td>
</tr>
<tr>
<td>Contingency Theory</td>
<td>37</td>
</tr>
<tr>
<td>Chapter Three: The Evidence - Lonrho</td>
<td>56</td>
</tr>
<tr>
<td>Conclusion</td>
<td>119</td>
</tr>
<tr>
<td>Sources</td>
<td>123</td>
</tr>
<tr>
<td>Notes</td>
<td>127</td>
</tr>
<tr>
<td>Bibliography</td>
<td>147</td>
</tr>
</tbody>
</table>
Acknowledgements

This thesis is dedicated to my grandfather Nicholas Tkachuk who gave me the inspiration to seek knowledge and truth, rather than "Houses of Gold"; and to my Uncle Paul Barlow, who gave me the inspiration to strive for, above all else, peace and happiness -- may you find now what you never had. I wish you both Godspeed ... until we meet again.

I would also like to thank the following people for their invaluable contributions of information for this thesis: Sonja and Jim Buchanan, Mr. G. Wiz, Aaaron David, Norman Thachuk, Patrick Murray, and also, the "friends" I share with Tiny Rowland.
In addition, I would like to thank Professors Jackson, Mauzy, and Tennant for their hours of help and patience!
Lastly, I would like to thank my Father for his support in bank-rolling this latest effort!
INTRODUCTION

The primary goal of this thesis is to reveal the relationship that exists between multinational corporations and the personally ruled states of sub-Saharan African. Due to the special nature of personal rule, the relationship developed between these two entities appears to be characterized by the vicissitudes of personal human interaction and encompassed by personal and factional aggrandizement, corruption, coercion, uncertainty, and instability. This thesis is concerned with determining how such relationships operate and in what circumstances they flourish or fail. The case of Lonrho Corporation and its president Tiny Rowlands shall be used primarily, in an attempt to reveal what transpires in the MNC-personal rule relationship.

Dependency Theory appears to be the only school of thought that attempts to interpret this relationship. It is of major importance to this thesis in that it provides the springboard from which to commence investigation. Although inadequate for a more detailed analysis, it does lead the way for a more thorough examination of the topic. It is sufficient to state for the moment that the ideas of realism in human relations which Machiavelli espoused, more closely describe the MNC-personal rule relationship. This is due, in part, to the nature of politics that currently exist in sub-Saharan Africa.

Indeed, many facets of the personal rule-MNC relationship are contingent on the highly uncertain and probabilistic nature of personal rule. As systems of personal rule, the politics of black
African states do not conform to any set of prescribed Western norms, traditions or customs of governance. Notions of participation, voting, candidacy competitions, and the like, are virtually unknown. Rather, these politics have no established precedents or regulations by which the "game" may be played. Coercion, violence, corruption, and an outright state of lawlessness may often go unchecked for want of established institutions. The result is a more personalized, unrestrained form of politics in which the struggle to survive is bitter and the general climate of apprehension and uncertainty is pervasive.

In systems of personal rule, the state is, in a fundamental way, the personification of one man. His will alone virtually dictates internal state policy, for the ideas, the values, and especially the operation of the laws of his country are largely his imperative. The relations of the personal ruler with multinational corporations are therefore highly contingent upon the person of the ruler himself, and as such are not governed by norms or standards of procedure and the rule of law, usually found in other international relationships.

The need for foreign investment to stimulate modernization and to fuel the spoils system, inevitably causes the African state to foster relations with multinational corporations which have the requisite technical expertise and capital. The activities of multinational corporations, not unlike those of institutionalized states, are based on a hierarchically organized structure and guided by proceedings and conventions, rules and regulations, in
their business relationships. However, when such corporations undertake to invest in personally ruled states, they must alter their "company procedures" or strategies for investment. Indeed, as these states have developed since colonial times, so too have their government bureaucracies. "Private" interests rooted in personal ambitions and patron-client ties of African officials have intruded into the states' relations with foreign enterprises. Administration has in essence become "commercialized" as officials engage in the sale of their authority. Increased state involvement in the economy has reduced or pre-empted private enterprise, but has not necessarily increased public economic control. Thus, political economy in the states of black Africa is based mainly upon "spoils", in which corruption has become the modus operandi of government. Multinationals must, therefore, realize that due to the uncertain nature of personal rule, there is no standard strategy by which they may be guided. In fact, those MNC's with the ability to adapt to the ever-changing circumstances of personal rule, may be the most successful in their relations with these states.

It is these emergent relationships of extreme opposites in sub-Saharan Africa that this thesis attempts to disclose. The central questions are: how does a well-structured, hierarchical and highly-organized business entity with very strict rules for procedure deal with an arbitrary, disorganized, byzantine personal regime? And, what is the character of such associations that enables the players to achieve their ends?
The hypothesis that emerges to answer these questions is that rather than being one-sided and deterministic relationships as dependency theory suggests, such relationships are non-zero-sum, apt to alter, and therefore, based on contingency. In other words, due to the arbitrary nature of personal rule, the most successful MNCs to operate in black Africa are those which are able to adapt their investment strategies readily and quickly to meet probabilistic, uncertain and changeable conditions. In so doing, multinationals devise many strategies, such the use of inducements of gifts and services to obtain contracts or access to natural resources or protected markets. Alternatively, to avoid direct involvement in such Machiavellian activity, MNCs often employ a trustworthy third party or "comprador" to handle the transactions with the personal regime. The invaluable contribution of dependency theory in introducing this idea through this concept cannot be overlooked. The idea of the comprador has been expanded upon in this thesis to include anyone, foreign or local, who operates as a facilitator, middleman, or intermediary on behalf of the MNC as an agent or representative to advance its business interests. Due to the tenuous nature of personal rule in sub-Saharan Africa, the intermediary who has contacts in the ruling regime and who understands host country business practices, laws, languages, cultures and the political situation, may be invaluable to the foreign corporation.

Finally, the continued success of multinationals lies in their ability to operate simultaneously in several states. The
current international system provides even the weakest states with the ability to block such access. Thus, multinational interests are contingent to a great degree on the ability of rulers to exercise their juridical sovereignty. And in the context of sub-Saharan Africa this takes on added meaning, for all policy is largely determined by one person. Successful MNC business activity in black African is therefore highly contingent on many aspects of personal rule. The unique and unconventional relationship which arises from this meeting is what is of interest to this study.
CHAPTER ONE
THE PROBLEM

In most developing countries, governments play a prominent role in the economy. This is true even in many states that are generally considered to have relatively open economies. There are several reasons for strong government participation in the economies of developing countries. An important goal in many states is to achieve national economic independence by reducing the dependence on foreign capital, technology, enterprise, and markets characteristic of the colonial period. At the same time, most Third World states recognize that they cannot modernize without foreign capital investment, the transfer of technology, and MNC participation. There is also the widespread belief that market forces alone, including world market forces, would not lead to the desired rate and pattern of national economic development. Furthermore, in most developing countries, in the absence of an adequate local entrepreneurial class to attempt such development in the private sector, the national government may be the only agent powerful enough to undertake the task. State intervention is thus considered necessary to ensure rapid growth, industrialization, the satisfaction of basic needs, employment creation, the development of the local market and of a local entrepreneurial class, and a host of other economic, social, and political objectives.

Multinational corporations play an extensive role in the
present international arena and as such their success is contingent on securing access to more than one state. The same multinational may have investments in South East Asia, Latin America and Sub-Saharan Africa simultaneously. However, in each case their relations with the states involved are different. This difference in relationships is due not so much to the fact that multinationals may undertake different strategies for investing in different states, as it is to the differences in the style of leadership, and social and economic conditions of the states involved. To illustrate, it may be asked why, even though the same multinationals have invested simultaneously in states of Southeast Asia and Sub-Saharan Africa, only the states of Southeast Asia have demonstrated rapid development as a partial result of foreign investment? The answer seems simple. Asian governments have pursued a different tack in their relations with multinationals. States such as Taiwan or Singapore have turned their relationships with foreign investment to their benefit by harnessing the technology, capital and expertise that multinationals have to offer. African states, on the other hand, have not managed to derive the same benefits from their relationships with these very same companies. This indicates that there is a fundamental difference in the societies, economies and politics of sub-Saharan Africa, especially with regard to their relations with multinational investment. This chapter shall attempt to disclose the conditions which exist in sub-Saharan African affairs that affect its relationships with multinational
corporations. While it is beyond the scope of this thesis to compare those differences with other areas of the developing world, it may be helpful to bear in mind that corporations, like institutionalized governments, are limited by partly self-imposed and partly home government rules and procedures, and thus alter their investment policies little from country to country.\textsuperscript{1}

Though management structures vary from company to company, decision-making for corporations tends to be centralized and policy control emanates from the parent company when the international aspects of a firm’s business become important. A multinational corporation has proceedings and conventions, personal dealings and mutual understandings, the securing of unity and assent, and the use of diplomacy in conflict which, if not true political activities, are exceedingly like them. Multinationals draw chiefly upon the cohesion that comes from interests, pragmatic and utilitarian in the main, devising such purposes for themselves as profit or expansion, or lucrative employment. Due to the static nature of these corporations, their respective policies towards foreign investment, therefore, may be in the form of ‘standard operating procedures’ or company policies that will generally guide their approach to investment from state to state.

When investing in a foreign country, an assessment is usually made by the corporation to determine what degree of economic and political stability exists, since it is not taken for granted that the market will be safe from changes in politics and economy.
These are but two of the risks. It is not difficult to think of other areas where political developments some time in the future may upset commercial decisions which were sound enough at the time they were made. The specific opportunities for projects in states are often based on a "shopping list" of investment opportunities that discloses the government's development plans and the variety of opportunities available there. One of the major considerations for multinationals, however, is the role that governments play in creating policies and procedures for foreign investment and for the economy in general.

As industrialization is part of most development plans, it is generally recognised that foreign investment has a major role to play. Foreign capital and expertise derived, not from government to government aid funds, but from the private sector, are important to most developing economies. The country bent on industrialization usually has to adopt a realistic attitude, knowing that investment opportunities in other countries are not lacking and that the investor has to be attracted by the prospect of a fair return on the capital he puts at risk and the sort of attitude and conditions that will make this possible. Hence, the country seeks to attain a "competitive edge". This follows a generally broad pattern, often expressed as incentives, some of which are of a positive nature and others no more than the removal of disincentives, and all designed to create the conditions necessary for a successful enterprise.

Such incentives often include an undertaking of freedom to
repatriate both capital and profits, perhaps the first essential. Direct encouragement is frequently afforded by legislation providing exemption from taxes on profits for a specific industry over a period of years, with at times some assurance of exclusivity for the first to start a particular industry, possibly in the form of an agreement not to grant the tax holiday to others. Then land may be preferred, sometimes, though by no means always, on very favourable terms, frequently in a newly developed industrial area complete with roads, light, power, water and drainage. Another facility may be access to part of the required capital through loans from a development corporation.

Such incentives are not offered lightly to all corporations but each case is different in social and economic advantages, the effect on the balance of payments, the net gain to the country after offsetting such factors as the cost of imported raw materials, dividend payments, technological aid fees, remittance of savings by expatriate employees, and loss of revenue duty on finished goods that will no longer be imported. All are carefully weighed.

Thus, when an MNC considers an investment possibility in a given underdeveloped country, it is concerned with both the short-term and the long-term. Whether the company seeks new markets for its particular product or new sources of raw materials or agricultural products, its first consideration is the investment climate. In such situations, the investment climate for a foreign investor comprises all the aspects of doing business within the
country which will affect his ability to realize a sizeable profit, repatriate the profit, and eventually withdraw capital.

While the investment climate is composed of the economic climate, the social climate, the administrative climate and the political climate, for the purposes of this thesis the political climate is of major importance. The political climate is the climate not so much of politics in a given state, as it is those machinations of government which heighten the risk and/or costs of doing business in that particular country. Such risks and costs as nationalization or expropriation, being forced out of business by deliberate government action, forceful government participation in the capital of the company, the risk of future direct competition from a publicly-owned sector, being excluded from certain sectors of the economy, transfer of new or relevant technology, inclusion and training of local top-level managerial staff are all included. The risk of change of government is high on the list in many states, and uncertainties about government stability discourage many multinationals from committing their capital.

In black Africa the political risk for foreign investment appears to be high. As systems of personal rule, the politics of black Africa do not conform to any set of prescribed Western norms, traditions or customs of governance. The result is a more personalized, unrestrained form of politics in which the struggle for existence is bitter and the general climate of apprehension and uncertainty is pervasive.
The political risks of doing business in a byzantine and arbitrary arena of politics cannot be overstated. Business success can be achieved in such an environment, but only with the correct use of strategy. Of course, it may be difficult for companies to devise a plan of attack when investigations as to the climate of favourable and unfavourable factors are so influenced by the politics of uncertainty. Because personal rule is based on roles and relations rather than rules and regulations, it may be difficult to reach conclusions as to the degree of risk to the company. In the end, the success of the company may lie in its ability to adapt to change. "Gut feeling", intuition and the like, may be the basis for assessing political risk, but usually only in the short-term.

The fact that there have been some highly successful companies operating in sub-Saharan Africa suggests that, although the climate of politics is highly uncertain, it is possible to invest in these countries and realize a profitable return. And while the strategies of these companies in such a climate are seldom discussed, the continued presence of MNCs in black Africa is testimony to their success there. There is surprisingly little factual information about the exact dealings of multinational corporations and governments, especially in sub-Saharan Africa. Why this is so is not clear, but it may be speculated that much of the activity does not follow Western norms for business dealings. In view of the extensive corruption that accompanies personal rule, it is not surprising that different standards of business
conduct exist. Indeed, doing business in these states implies not only facing the concerns of a developing economy’s government, but negotiating with a government one of whose priorities is the personal aggrandizement of the political elite and their attendant patrons and clients.

PERSONAL RULE IN SUB-SAHARAN AFRICA

In *The Prince*, Machiavelli outlined personal rule as a method by which an individual might attain and maintain power. Machiavelli assumed that the Prince was a self-serving, rational individual who was not concerned with promoting the welfare of the population of the principality; the population was not a mobilized group of citizens upon whom he was dependent for his legitimacy. Rather, the principality was virtually the private property of the Prince, and as long as he allowed the people to live in peace and remain largely unexploited, they did not demur.

In their book *Personal Rule in Black Africa*, Jackson and Rosberg describe personal rule in this age to be similarly a system composed of the privileged and powerful few against whom the majority of the people remain relatively powerless. The system props up the ruler, his allies and supporters, via a complex chain of patron-client relationships. An elitist arrangement, interaction among leaders and factions within the
political class constitutes the entire sphere of politics. The politics of personal rule is thus primarily asocial insofar as there is a general indifference to concerns of social strata beyond that of the political class. Power is held in precarious balance in this realm, sustained only by a network of patronage, corruption and, quite often, fear and coercion.

The reason for the existence of this precarious balance is inherent in the system, for personal rule does not rest upon established constitutional rules and norms that regulate the activities of the ruling class. Rather, political institutions are largely absent from regimes of personal rule; individuals are not guided by the fear that a failure to comply with the rules will result in the loss of office, or worse. Instead, the politics of expediency and necessity prevail where offices are bought or given in the form of patronage. Norms that do affect political action are not state institutions but rather, they are friendships, affinities, relations, kinships, factional alliances, connections, ethnic divisions, transactions, and strategies. States are virtually the private instruments of those powerful enough and indeed manipulative enough to juggle the support of key political elites. In the absence of any operative procedures for governance, the ruler's movements are hampered only by the resources at his disposal, not by any obligations of the office he occupies.

The basis for personal rule thus lies in the transactions between those who wish to bargain for and purchase position and
those who have achieved position and wish to remain there. Power may be said to play the same role in the political dimension that wealth plays for the economic, and thus may be called a political currency. In the final analysis, it is naked power which prevails and financial resources constitute the means by which this power can be secured. When personalities begin to clash and there is a breakdown in bargaining, coups, plots, conspiracies and the like, occur. If enough of the mercenary clients of one leader can be persuaded to sell out and invest in another personality, a leadership struggle will ensue, frequently accompanied by societal chaos and lawlessness. When this occurs, the ruler must fall back on naked force or the threat of force in order to secure his position. Politics in the realm of personal rule thus boils down to only one real issue—who will capture power and distribute the benefits? Every other consideration is secondary.

Whose wealth is being used for this political entrepreneurship? The answer to this question lies in the state of underdevelopment which exists in black Africa. Bribery, corruption, nepotism, and clientelism are usually so ingrained in every agency of government that the capacity of the state is severely undermined. The pursuit of personal and factional enhancement so dominates the political arena as to be the method by which public organizations have become the instruments of the elite. Stanislav Andreski has appropriately termed this condition "kleptocracy" or government by compulsive theft. "What we normally get in politics is a pretence of paternalism, and the
common relationship is analogous to that of a shepherd who keeps on fleecing his sheep..."³ The essential characteristic of this form of government in Andreski's eyes, "...is that the functioning of the organs of authority is determined by the mechanisms of supply and demand rather than laws and regulations..."⁴ In all societies wealth tends to flow towards power as well as vice versa and, in the absence of institutions to regulate the use of public office to acquire wealth, the abuse of power goes largely unrestrained. Thus what develops is not simple control of political power, but control over a majority of the wealth and resources of the state as well.

Such an environment feeds on itself and fosters the decay of state institutions. Political institutions such as the executive, the parliament, the party, even the judiciary, lose whatever public esteem they commanded. People begin to scoff at politicians who demonstrate concern about unity, hard work and sacrifice. Indeed, as citizens grow accustomed to bribing officials in even routine matters, corruption becomes the norm. Bureaucratic institutions also become ineffective and lose their technical rationality. Nepotism and patronage glut the bureaucratic ranks with incompetents and time-servers. Those civil servants who are capable and honest are demoralized by the graft, fraud, and theft of public property. Indiscipline and lassitude thus paralyse the bureaucratic apparatus.

The historical context of African politics, especially as it emerged from colonialism, has given a different character to
African conceptions of citizenship than those found in the West or Asia. Peter Ekeh claims that modern African states lack a common moral foundation between the private realm and the public realm, which have a peculiar Western connotation. And this point explains much about the presence of systems of personal rule in sub-Saharan Africa. That is, in Western society, what is considered morally right in the public realm is also considered morally right in the private realm, and vice versa. In Africa, however, the private realm is differentiated from the public realm in terms of morality. The individual sees his duties as moral obligations to benefit and sustain a primordial public of which he is a member — in most of Africa it tends to be composed of ethnic groups or tribes. The African fulfills his duties as a member of this public by giving materially to his community, in return receiving intangible immaterial benefits in the form of identity, status, prestige and psychological security.

The nature of citizenship in what Ekeh terms the "civic public" is historically associated with the colonial administration and has become identified with popular politics in sub-Saharan Africa. It is based on state structures: the military, the civil service, the police, and so forth. Its chief characteristic is that it has no moral linkages with the primordial realm. While many Africans zealously attempt to benefit and sustain their primordial publics, they seek only material gain from the civic public. And they feel no moral compulsion to give back to the civic public in return for their
benefits. The apparent result of such a conflict of interests is the acknowledged robbery of the civic public for the purposes of sustaining the primordial public.  

Thus, personal rule is comprised of complex social, psychological, and political factors. Such factors have great bearing on the development of these states and the course they pursue in both internal politics and in external relations. The impact of personal rule on the relationships that a state has with international actors such as multinational corporations, therefore, cannot be understated.

The corruption that accompanies personal rule involves, in part, bribery and buying the co-operation of those in authority, just as it was employed from the earliest days of colonial expansion to secure the collaboration of traditional rulers. Multinational corporations have likely continued to seek relationships with those African leaders and organizations which seem most likely to secure and enhance their commercial and political interests. In recognizing that this potentially profitable situation exists, it is precisely the role of intermediary that both African petty bureaucrats and businessmen have found their most clearly articulated identities in terms of relations with foreign corporations. In colonial times, African businessmen were largely excluded from manufacturing and processing and thus found their most lucrative role as traders, distributors, and middlemen linking peasant production with European export companies, and linking importers with the growing
urban elite. The post-colonial state has grown apace and the activities of burgeoning bureaucracies intrude at many points in the lives of ordinary people. Oppressive and intrusive bureaucracies in turn engender a need for intermediaries and brokers who can ease or deflect the pressures of government. It seems evident that the overriding demand in African politics, business, and administration is for go-betweens, fixers, and agents with the relevant and necessary connections to intercede on behalf of those seeking government favour, exemption or support.

In many areas of the world today, the intermediary plays a vital role in business dealings. Fundamentally, he is someone who can aid a foreign corporation to obtain business interests in a given domestic market. His help consists of providing the company with an advantage over its competitors by securing the co-operation of someone with power and influence to promote its interests. Often, an intermediary is himself a foreigner, but he has the ability to persuade a personal ruler, or someone very close to him, to favour one company's interests over others in return for a payment/commission which is shared by himself and his political mentor.

Is intermediary activity wholly corruption, and therefore to be condemned? To many Africans it appears to be a perfectly acceptable part of business life, an extension of traditional attitudes toward money and society. To the strict business ethos of the West, it would appear to involve bribery. Yet, both sides play the game. How the game is played is another matter. Tactics
vary with every deal, and the rules are dictated by, for example, the size and nature of the contract, and the company—its product, its expertise, its national origin.

In addition, the spheres of power and influence in the West are institutionalized ones, guided by laws which largely determine the behaviour of companies and individuals. They begin at the government level, but change as they move down the line because government involvement in the everyday conduct of business is often limited by the laws of the land and, in many cases, by the commitment to a free enterprise system.

These laws can prohibit involvement in intermediary-type activity; this is particularly the case in the United States, with its anti-corruption laws, Security and Exchange Commission investigations, and general policy of monitoring and checking questionable payments. The laws in the West exempt no one, not even Prince Bernhard of Holland or former Premier Tanaka of Japan. Even the British Prime Minister's son, Mark Thatcher, has been hounded by the press. Like African systems, Western ones are an extension of social and cultural attitudes. Standards of decent dealing still exist, to be upheld or ignored.

In the instance of sub-Saharan Africa, the intermediary's relationship with the regime of personal rule is primarily a business one. He is the expert on multinational corporate activity, who not only produces the right company for the right job, but secures an agreement from that company, vouches for its reliability to honour the agreement, and treats the deal with
confidentiality. "He is the "hard-hearted charmer" who entices corporations into signing away small percentages which eventually become big money - from 2% of $1,000,000 to 4.5% of $11,000,000,000."³

In the Middle East, especially, the intermediary may take on an added dimension in that he becomes the discreet keeper of his master's secrets. Saudi super-intermediary, Adnan Khashoggi assumed responsibility for all the Saudi misdeeds connected with the notorious Lockheed scandal.⁴ He protected his royal mentors, which endeared him to them. Rather than having a damaging effect, the scandal elevated him and made him a loyal associate of the princes.

In dealing with a multinational corporation, the intermediary becomes the sophisticated international businessman with special knowledge of how contracts are won and lost, in this case, in sub-Saharan Africa. This is of major importance to the corporation, for the culture gap is perhaps one of the greatest obstacles to doing business in sub-Saharan Africa. Most non-Africans simply do not appear to understand enough about the people and their politics to succeed there. Thus, the more adept the intermediary is at understanding and working in a climate of personal rule, the more profitable it will be for the corporation and himself. In cases where laws and regulations forbid a company to bribe an intermediary and his political contacts, schemes must be devised to circumvent such laws. Because U.S. Government laws forbid bribes or anything resembling a pay-off, at home or
abroad, the intermediary and the company may call such payments 'consultancy fees'. When West German laws forbid the sale of arms to Libya, intermediaries dealing with German arms manufacturers allegedly prepare paperwork indicating that the arms are destined for another country, and may either divert them enroute or reship them upon arrival.

To sum up, an intermediary has to contend with an elaborate structure of influence on both sides of the transaction. There is the personal ruler, his control of money, resources, markets and the like, and his relationship to the intermediary, which is superimposed upon the body politic of the country and the need of the ruling classes to perpetuate their control. Then, there is the attitude of the Western government, its laws, the inherent national attitudes and the corporate constraints, likes and dislikes. In all, it makes for a daunting set of barriers which few people can master. Certainly, there is more to being an intermediary than people may think, and the demands upon that person's talents become more stringent every day.

An illustration of how intermediaries operate in black Africa has been related by an accounting consultant hired to audit the Tennessee Oil Company's (TENNOCO) Gabon operations. TENNOCO allegedly used what was termed "Brown Paper Payments" in order to secure an Oil and Gas production-sharing contract with the government of Gabon. These payments were made to certain of the country's customs officials who did not recognise the government agreement (UNIAC) that listed the company's equipment as
duty-free. In addition, "good will" was established with a number of officials and petty bureaucrats, such as the local warehouse superintendent, in order to ensure the safety of the company's property.

The official TENNOCO policy was that no bribes were to be paid, as this is prohibited by U.S. law. The transactions were thus conducted by a Dutch intermediary who was hired by the company on a strictly consulting basis in which capacity he would represent TENNOCO as its unofficial ambassador. He was paid a high commission, upwards of $U.S.17,000 per month to carry out his duties. For this fee he was expected to attend all important social as well as business functions, manoeuvring himself into strategic relationships with ministers, military officials and petty bureaucrats who, acting as local intermediaries, could facilitate the activities of TENNOCO in Gabon. He attended all of the important funerals, weddings and official receptions in the state, always representing the multinational. Yet, strictly speaking, he was not a "TENNOCO man". This served two functions. First, if he fell from favour, or the regime changed, or he made a blunder that somehow became public, TENNOCO would simply deny his link with the company, or perhaps point out that he was merely a consultant and not a member of the corporate ranks. Second, there would be no evidence pointing to the company of its paying bribes or eliciting favours from public officials.11

Surprisingly there exist few theories which attempt to explain the relationships of multinationals in the developing
world, and especially in light of those personally ruled states of sub-Saharan Africa. Of major importance to this thesis is the notion of the Comprador Class as outlined by Dependency Theory, which offers perhaps the only explanation of how such relationships function, leading the way for a more thorough examination of the topic.
CHAPTER TWO

FROM DEPENDENCY TO CONTINGENCY

In recent years, a popular theory has evolved that purports to explain why so many Third World states in Latin America, Africa, and Asia have been unable to develop. This point of view is espoused by those who see the world in a global context within which states and other actors interact. Sometimes called "Globalism", this theory stresses the importance of historical analysis in which the defining characteristic of the system as a whole is capitalism. This economic system is considered to be of benefit to some individuals, states, and societies, but to operate at the expense of others. Furthermore, this view of international relations assumes that particular mechanisms of domination exist that keep Third World states from developing and contribute to uneven development globally. Finally, "Globalists" assume that economic factors explain the evolution and the functioning of the world capitalist system and the relegation of Third World states to a subordinate position.

One of the more popular versions of the global political-economy approach is known as "dependency theory" which emerged as a school of thought to explain why Latin America and other Third World regions were not developing as anticipated. This approach, built on the work of Prebisch, Frank, Baran, Galtung, Myrdal, Furtado, Girvan, Brewster, Sunkel, Cardoso and others, has
emphasised the unequal trade and investment relationships between core areas of the international economy, where industrialization first developed and is still concentrated, and the peripheral areas of Asia, Africa, and Latin America which were drawn into serving core regions as sources of raw material and markets for industrial output. These unequal international relationships are viewed as stunting economic growth and limiting the economic capacity of peripheral areas. Moreover, these relationships lead to the establishment of institutions in peripheral areas (such as the semi-feudal land tenure arrangements in much of Latin America) that allegedly distort the potential for future development. Furthermore, the ongoing impact of external ties is conceived as powerfully shaping social relations within peripheral countries — maintaining the dominance of social classes that are dependent on their external links with centres of the international capitalist economy.

Thus, dependency theorists are concerned not only with external factors (such as foreign states, multinational corporations, international banks, multilateral lending institutions, foreign control of technology, and an international bourgeoisie) but also increasingly with internal constraints on development (such as patterns of land tenure, social structures, class alliances, and the role of the state.) These internal factors reportedly tend to reinforce instruments of foreign domination. It is argued, for example, that the inability to break out of a dependent situation is often promoted by a
privileged few citizens who benefit from the economic dependency of a country on foreign actors at the expense of the country as a whole. This so-called "comprador class" or sections of a national bourgeoisie, even aids in the exploitation of its own society. Allied with foreign capitalists, its self-serving policies are said to encourage the expansion of social and economic inequality, which may take the form of an ever-widening rural-urban gap. Although limited growth may occur in a few urban centers, the countryside stagnates and is viewed only as a source of cheap labour and raw materials. These "exploiters" have more in common with the elites of the center countries than they do with their fellow citizens of the periphery.

From the dependency perspective, multinational corporations (MNCs) are the primary embodiments and perpetrators of unequal relationships between core and peripheral countries. They are also a critical element in deepening the internal social impact of external links on the peripheral countries. Sunkel, in particular, has emphasized that the MNC is an agency of "transnational integration and national disintegration." This twin process, he claims, incorporates minority segments that are associated with MNC industry in a peripheral country into a dynamic transnational economy, in which rapid communication, continuing technological progress and transfer, and high-level consumption demands interact to spur considerable economic growth. At the same time, however, the majority of the population in the dependent country is excluded and unable to share in the dynamic
growth. They are left without the benefits of technological progress to expand output of necessities, (often) lack secure jobs, and are increasingly unequal in income and power in relation to those elites integrated into the transnational community. In short, MNC expansion is viewed as deepening and perpetuating technological and social segmentation in the economy, reshaping class relations in the periphery by integrating those elements (including a segment of well-paid industrial workers) into the transnational community and excluding others. Those being incorporated become, in turn, the social forces defending the existing inequalities of the local political economy. Thus, according to the dependency argument, in conditions of economic dependence, political independence is deemed illusory and military and civilian rulers alike are judged prisoners of international economic circumstance rather than masters of their own destinies. The implication is that a more comprehensive incorporation of certain peripheral social groups into the international economy occurs and this arguably explains why periphery political economies do not usually restructure themselves to challenge their place in the international economy. Moreover, unless and until the chains of international capitalism are broken, political independence will remain more rhetorical than real.

The dependency argument, then, is not that MNCs necessarily undercut growth rates in general in less-developed states, but that they help to make more unequal and more polarized the distribution of economic gains within them. This is similar to
Hymer's position: "At most, one-third of the population can be said to benefit in some sense from the dualistic growth that characterizes development in the hinterland. The remaining two-thirds, who together get only one-third of the income, are outsiders, not because they do not contribute to the economy, but because they do not share in the benefits."  

Following this line of reasoning, a major consequence of the presence of MNCs in developing countries is the encouragement they give to inappropriate patterns of consumption. This is sometimes discussed in terms of attitudes, values, life-styles, forms of artistic expression, social organizations, technological developments, consumer culture, or transnational interconnecting production structures and consumption patterns. In other words, MNCs are accused of transmitting to under-developed countries certain preferences and desires which are unsuitable to indigenous socio-economic needs. Many of these arguments have their intellectual roots in the works of Karl Marx on the class nature of ideas—those who have the means of production at their disposal control the means of preferences and desires of consumers.  

Although there is a broad consensus among dependency theorists that MNCs foster the development of comprador classes, there is disagreement over the composition of these groups of elites. Latin American writers, for example, tend to stress a general "internal structural fragmentation, involving many different strata: the comprador bourgeoisie, consular
bourgeoisie, some middle-class groups, military groups, intellectuals, and some working-class sectors." Each of these groups arguably may be affected and influenced, because MNCs link them to the international economic system. Africanists, on the other hand, tend to make distinctions between wage and nonwage sectors, since class structures are said to be less salient in Africa. Those involved in the wage sector, including semi-skilled, skilled, and high-level manpower, comprise a labour aristocracy allied with multinational firms.

MNC's are also said to reduce the political capabilities of under-developed countries and to increase the propensity for conflict. According to dependency theory, this is done in a number of ways. First, by the displacement of indigenous production and local entrepreneurs, a strong group which would otherwise foster development is eliminated. The loss of this group is much resented by intellectuals who view such collaboration as the undermining of independent decision-making in political, social and economic realms of the developing country. Second, the capital-intensive activities of MNCs serve to increase unemployment, which stunts the development of important industrial skills. This introduction of capital-intensive production also has major social consequences in which an upper class of skilled labour is favoured over unskilled labour, fostering class disputes between an ever-widening gap of wealthy and poor. Ironically, MNCs are also criticized for using labour-intensive techniques and not investing in costly technology.
Some critical theorists even believe that the more successful corporations are in instilling in the local elite an identification with company interests rather than national interests, the more that conflict will arise between the goals of the MNC and national development. This growth of vested interests increases the MNCs' influence over the economic, social, and political policies of the host state. Thus, MNCs might be expected to articulate policies that stress the indispensability of political and social stability, discourage nationalization, and in general maintain the status quo. These policies in turn may lead to a crisis in leadership as the development of groups with vested interests transforms the bourgeoisie into a private, self-serving technocracy that allegedly loses legitimacy as a ruling class.8

The development of this particular group within the host country is often considered instrumental in maintaining the dominant position of the MNC. A number of critics cite the importance of this link between elite groups in the underdeveloped nations as the key factor by which post-colonial ties are maintained. This is often called neo-colonialism. The late Kwame Nkrumah of Ghana argued that MNCs treat African investment opportunities with an attitude similar to that of their colonial predecessors, the difference being that post-colonial direct investment is of a different form and structure. Nkrumah characterized this exploitation as a "neo-colonial" situation in which a state, theoretically independent and sovereign, was
externally directed, both economically and politically. 9

Colin Leys employs the idea of neo-colonialism as a central concept in his book *Underdevelopment in Kenya*. He speaks of it as a form of political, social and economic life - of class struggle, in "certain" ex-colonies. Those certain ex-colonies, he explains, are ones in which decolonization permitted the transfer of political power to regimes with self-serving interests that were closely allied to the foreign interests which had been embodied in the colonial state. Leys, unlike Nkrumah, views neo-colonialism as likely to transform itself into other stages of imperialism, which will ultimately perpetuate underdevelopment.

All these views of the underdeveloped world depict the ruling groups as parasitic and coercive. If Third World governments are ultimately subservient to international capitalism, it comes as no surprise that corruption is explained as a product of such intimacy. In particular, MNCs are charged with intervening in the domestic political process of the host state. They are said to employ their resources in both legal and illegal political activities in host countries. They reputedly engage in "subversive" activities such as: making illegal contributions to political parties; offering bribes to local officials; refusing to comply with host laws and regulations; using such vehicles as international boycott to blackmail unco-operative governments; and promoting the foreign policy interests of their home governments by means of espionage. 11 The host country elites are thereby manipulated into serving as guardians of foreign economic
interests, who enrich themselves whilst impoverishing their nations. Arguably for these reasons, numerous states have barred foreign firms from political activities. From this perspective, the political participation of MNCs in host countries carries the connotation of a threat to national sovereignty of that particular state.

The critics' case against MNCs is a compelling one, but it is not without its flaws. To treat multinational investment as a monolithic phenomenon is an oversimplification. Firms may have different managements, nationalities, and internal policies. They may also have differences in their form and degree of investment. States too may vary in their forms of leadership, policies on foreign investment and patterns of social and ethnic attitudes. Furthermore, many critics' arguments are rather rigid and unidirectional, interpreting possible sources of conflict as zero-sum, asserting a nearly total incompatibility of interests between MNCs and host countries. The course that the politics of the underdeveloped world has taken in recent years clearly indicates the need for more detail to be accounted for in these models. There are several facets of the MNC-host government relationship that are not satisfactorily explained by these theories, and, for the purposes of this thesis, especially in light of the politics of African personal regimes. Finally, many of these rather deterministic assessments of MNCs fail to acknowledge feasible alternatives, or possible complementary theories that may serve to complete the entire picture of MNC-host
government relationships.

It is therefore necessary for the purposes of this study that the ideas espoused by dependency theory be expanded upon to accommodate more fully the actual experience of foreign business practice in host countries, especially in the context of systems of personal rule in black Africa. The chief significance of dependency theory and its incorporated ideas of the comprador lies in the fact that it is a widely held theory which helps to explain, in part, the relationship between MNCs and host country regimes. As the role of the comprador is that part of dependency theory which focusses on the more specific elements of human interaction which this thesis is attempting to disclose, it is necessary to arrive at a more specific definition of the term.

For the purposes of this thesis the specific definition of comprador will be that originally derived from the Portuguese word for "buyer". The word is ordinarily reserved for use in discussions of trade as in the neo-Marxist definition where anyone who participates in business deals is classified as a comprador. However, here it shall refer specifically to those professional intermediaries or agents who organize the access of foreign corporations to local markets. The value of this term lies precisely in its application to local interests dependent on external capital, which can usefully be distinguished from what Christopher Clapham in his book Third World Politics calls a "bureaucratic bourgeoisie" dependent on its control of government, and a "national bourgeoisie" supplied by indigenous capital.12 In
many ways, local managers and professionals employed by MNCs are the functional equivalent of compradors in the "investment activities" of those firms. In Nigeria, for example, the bulk of the managerial positions open to indigenous personnel in the MNC are in the personnel, marketing, and advertising divisions of the firm. Thus, Nigerian managers arrange the access of the MNC to the local market by organizing the personnel and labour necessary for local production and by providing the advertising and marketing techniques essential for success in the local market.13

The presence of a local comprador elite is much more apparent in the commercial activities of multinational corporations. MNCs have participated in the construction of an extensive comprador structure in which middlemen or commercial intermediaries organize both the access to, and the trade of, foreign enterprise in domestic markets. The MNCs are by no means completely responsible for this structure, but it could not exist without their active participation.

This structure is likely rooted in systems of pre-colonial trade, which established a group of middlemen who provided European traders with slaves, palm oil, gold, ivory, and other commodities in exchange for beads, cloth, guns, and other imported goods that they traded with their primary suppliers located in outlying regions. The advent of colonialism saw the displacement of indigenous trading firms, although "many expatriate firms were quick to realize that they could not afford to disrupt the indigenous distributive system completely."14 By 1960, the year
of independence for many African states, the dominant trading firms of the colonial era retrenched and began to invest in import-substitution manufacturing. This enabled the indigenous commercial sector to assume once again its intermediary role which yet survives.

The comprador structure exists for many products, including consumer durables, such as electric appliances and automobiles, tinned food, books and so forth. Local entrepreneurs compete with each other to obtain monopolistic or quasi-monopolistic trade agreements with MNCs to act as agents for the corporations' products in the home market. Once the concessions are obtained, the multinationals have marketing agents and distributors for their products. The comprador importer has a monopolistic or quasi-monopolistic control over the product, which enables him to manipulate prices at will. Thus the consumer gains a new product, but it is often sold at exorbitant prices.15

The concept of the comprador is thus an important one. However, this study will examine not only the role of the comprador, but something more: that particular relationship which exists between those who hold the instruments of power -- mainly juridical sovereignty over their African states -- and MNCs who wish to invest their requisite technical expertise and capital in these states with the purpose of realizing sizeable returns. The personal rulers of sub-Saharan Africa do not assume the role of intermediaries between governments and MNCs, for they are the governments. Of particular interest, is the role that these
persons in power in black African states play in relation to those who represent powerful MNCs — corporations that may even outrank them on a world scale in terms of Gross National Product. A personal ruler requires many things to remain in power, much more than is involved in the matters of simple economic transactions. Therefore, he cannot be as easily manipulated by MNCs as a comprador who depends on his relationship with that MNC for his existence.

**Contingency Theory**

Multinational corporations have become major actors in the international economic arena. Their success, however, is contingent on their securing access to the territory of more than one state. The fundamental attributes of sovereignty provide even very weak governments with the ability to block such access. To more fully appreciate the complexity of the relationships between multinational corporations and the personally ruled states of sub-Saharan Africa, some important distinctions must first be made. Imbedded in the very definitions of these actors lies the key to their relationships, the cornerstone of which is a common interest or at least a partial coincidence of objectives. Definitions of an MNC differ, but converge on the notion of a business enterprise organized in one state but which operates in several states thereby crossing international boundaries — hence the term "multinational." The distinctly political nature of the
term "multi" reveals, in part, the topic of this thesis. For if the corporation did not have the occasion to conduct business with a number of states there would be no reason to interact with personal rulers. Because the personal ruler possesses juridical sovereignty over the state which he rules, he may or may not deny the multinational corporation access. Further, he has a vested interest in the outcome of whatever decisions he makes because these directly affect his personal and factional aggrandizement.

As entities that operate simultaneously in a number of countries, multinational corporations run up against the barrier of sovereignty at the boundaries between states. MNC success is ever contingent upon securing access to states. And due to the present international legal order which guarantees the system of sovereign states, they cannot simply push their way across borders, or walk into an area and proceed to build a factory. Sovereignty is upheld by the world community of states, especially as embodied in the United Nations, whose egalitarian international norms are universally accepted. It is the existence of international law which allows international society to live and which governs both the interaction of states with each other and their interaction with other international players.

Statehood is determined by the possession of territorial power, sovereignty is a manifestation of that power, and recognition by the international community upholds the tradition. Sovereignty is therefore the basic constituent principle of the international regime. Alan James defines sovereign statehood as
the "constitutional independence" of other states. "All that constitutional independence means is that a state's constitution is not part of a larger constitutional arrangement." 16

In many industrialized countries, as a result of institutionalized processes, the relationship between a multinational corporation and a host state would likely generate a mountain of legal paperwork in which government bureaucrats cite state laws and regulations to a bevy of the multinational's corporate lawyers. Business would be conducted by way of applications to the host state's designated ministries for permission to enter the state and do business. Civil servants would process these applications considering the legal, economic and social ramifications for the state. Contracts would be drawn up and documents signed by both parties, with the multinational agreeing to observe all of the laws of the host state and the host state, in turn, promising to grant the multinational access to certain areas of its territory and economy. The national leader may become involved if the contract is large enough to have bearing on the national economy, otherwise the process would be left to bureaucrats to operate within current government legislation. In this way, business would proceed along a set of well-tried guidelines, likely reaching a natural and orderly conclusion. 17 However, in the realm of personal rule a more probabilistic course is likely to ensue, one that is contingent upon the decisions, whims, greed, and constraints of the precarious position of the ruler.
In cases of personal rule, the ruler takes a pecuniary interest in his state, to the point where he treats his country as if it were his own business enterprise. And it is at this point where the relationship of the MNC and the state takes a decided departure from more conventional forms, throwing them into the realm of personal whim, corruption, greed and power struggle. The corporation must now deal with one person, or those who work on behalf of that person, no longer merely employing lawyers to interpret host state foreign investment laws, but more often intermediaries or "compradors" who understand personal rule and its accompanying practices of authoritarianism. The personal ruler, then, is not necessarily the pawn of, or subservient to, external capitalist domination, as dependency theory would suggest, but rather, the sole author of his and his country's fortune - or misfortune, as the case may be.

Personal rule thus departs from the determinist comprador relationship as explained by dependency theory to the extent that the relationship is not based on subservience but on contingency, as will be explained below. At the same time, economic malaise is not necessarily the result of external interference in state functions, but internal malfunction caused by an abuse of power. The personal ruler undertakes to enter into a relationship with a multinational corporation because his country is underdeveloped and the resources required for him to remain in power must be converted into the currency of regime maintenance. He needs the multinational only to the extent that the company can help him to
exploit his state's resources and markets. It is his decision alone as a sovereign ruler whether and for what purposes a multinational may enter his country. Thus, despite the asymmetry of economic power that can exist between corporations and states, host country governments do have effective leverage. The success of the multinational is ever contingent on securing access to the territory of states. The fundamental attributes of the current international legal system provide even very weak governments with the ability to block such access. Therefore, the relationship of the multinational and the sovereign ruler is determined by their mutual need of what the other has.

In the realm of personal rule, therefore, the formalized processes and international legal methods for interaction between multinational corporations and sovereign states are distorted by the properties of personal rule, becoming simply and most basically, human relationships. Created in the course of living, human relationships contain a degree of uncertainty or contingency that cannot be explained satisfactorily by scientific theory. And although such sociological entities as "centres", "peripheries", "classes" and so forth are obviously important, it is individuals who are the actors in the realm of personal rule. This is especially true of the politics of sub-Saharan Africa. African politics are based on private power, where individual loyalties and fear compliment a system of material incentives in replacing institutions of legitimate government. It is this arbitrary and uncertain scenario that a multinational corporation faces if it
wishes to conduct business in an African state, not constitutional regulations, rules and procedures. Most often, persons of power in black Africa must be courted, cajoled, convinced, and even bribed to agree to circumstances or procedures that would probably be far more institutionalized processes in many other countries.

James McPherson in his book *Battle Cry of Freedom: The Civil War Era* evaluates historical events from a contingency perspective. He states that "everything that happens is contingent on other things that happen, and we must understand the cause-and-effect relationships among these events." McPherson reportedly differs from other historians who choose to explain events in terms of "large impersonal forces" by taking into account the importance of individuals, and the "caprice of history". The course of history, therefore, is in tenuous balance, contingent on critical relationships and events.

McPherson's theory is important in that it views events as involving capricious personal relationships. However, rather than viewing relations as "what if" in reference to history, the approach here is to focus on arbitrary and unpredictable personal relationships as the key variable in the interaction between states and MNCs in black Africa. The business relations of multinational corporations with black African states are ultimately transactions between individuals; individuals who have their own interests, risks and opportunities. In *The Prince* Niccolo Machiavelli wrote of the relations of individuals as being in the realm of expediency, uncertainty, risk and adventure. In
human interaction there was no certain outcome, only that which an individual could work towards if he knew well how to manipulate men and circumstance according to his desires. Opportunity is always contingent to some degree on fortune—an "accident" of fate; no one has ever been able to predict the fortunes of individual men with any degree of scientific accuracy. "...(M)en may second Fortune, but cannot oppose her; they may develop her designs, but cannot defeat them."19

Michael Oakeshott describes the most rudimentary form of human relationships as being "transactional associations" in which "two or more agents are related solely in seeking and, perhaps obtaining, the satisfaction of their different current wants..."20

These wants, he claims, may be spoken of as "ends" to be achieved or as "interests" to be promoted; it is a purposive relationship. Furthermore, this association may be defined in terms of power: the actors are known to each other solely as seekers of satisfaction, obtainable only in response to the other's preconditions. Such conditions are used as vehicles by which each person may attempt to wield power over the other in order to achieve his chosen end.

In almost every association people attempt to define the bounds within which they will operate, to have their actions governed by some form of rules. Since the relations between MNCs and personal regimes are transitory, apt to alter rapidly and without notice, rules, practices and routines are displaced by instrumental conditions for association. The corporation and its
representatives are guided by the prudential concerns of satisfying shareholders and therefore are attentive to security of both investment and profit. The conditions established by a personal regime, meanwhile, are not so easily defined. Personal rule may take a variety of forms and may range from "benevolent dictatorships" such as that of Lee Kuan Yew of Singapore, who being highly moralistic, strikes bargains only of benefit to his country as a whole, to "Kleptocracies" in which leaders such as Mobutu Sese Seko of Zaire bargain solely for personal and factional aggrandizement. The boundaries set by personal rulers in their relationships with MNCs are limited only by their ability to satisfy the demands of a long line of clients, and of course, the extent of the natural resources, markets, services and so forth with which they may bargain. Thus, the associates are not bound by recognition of rules of conduct or by laws of procedure in their interaction. They are related solely in terms of seeking to satisfy substantive wants and interests.

In the arrangements between MNCs and host states, each has its own resources which the other requires. Investment, jobs, capital, technology and expertise head the list of those attributes of an MNC which a host state seeks. The actors on behalf of the African state, by conspiracy or sheer luck, have been accorded juridical sovereignty which gives them the exclusive right to bargain with MNCs concerning access to the natural resources, markets, goods and services that lie within their recognized territory. Those states possessing key raw materials
or non-renewable and scarce resources such as oil, are in a particularly strong position. This is especially true when foreign corporations are competing with one another to gain concessions in a state. And in the realm of personal rule, those companies which represent the highest gain for the ruler will likely win the competition.

For his part, the ruler likely knows that he must compete with other less-developed states for multinational investment, and therefore he might grant as a "sweetener" such concessions as favored tax treatment, export subsidies, "localization grants" within the context of regional policies, subsidized training of local labour, prohibition of strikes, preferred access to local credit, and protection against imports. This demonstration of serious commitment may help to induce the company to invest and, the greater the incentives, the further the firms will tilt toward complying with the requests of their host.21

"Investment codes" which are designed to attract foreign capital, technology and expertise into particular industries by offering a variety of guarantees and concessions, are one of the greatest attractions for MNCs. In particular, these codes provide a guarantee against nationalization without fair compensation. On paper the codes are impressive. MNCs require stronger guarantees, however, especially the promise that these contracts will be honoured if political power were to suddenly change hands. Flagrant violations, such as Idi Amin's expropriation of Asian assets following his Ugandan coup in 1971, discourage would-be
investors, demonstrating that institutionalized processes in the realm of personal rule rarely survive considerations of expediency. And uncertainties lead to short-term return of investment projects, which are rarely the kind of investment a country needs to modernize.

As previously stated, governmental power in black Africa is based, for the most part, on funds required for position-maintenance. Because most African countries are poor, these funds are not usually available in any great quantity within the country. Second, governmental power draws on the ability to dispense or to control benefits, ranging from lucrative contracts -- a major form of political patronage -- to employment opportunities for individuals. The severe financial constraints of one country can only stretch so far before the funds for position-maintenance must be sought externally. Under these circumstances, the sovereign or his negotiators may be willing to grant substantial privileges or favours in order to secure the promise of foreign investment. Such inducements as concessions, licences, authorizations to establish a business, or permits may be tendered which would not normally materialize. By virtue of personal rule, such regimes may effectively disregard any notion of governmental policy regarding foreign investment in favour of expediency -- in effect bending public regulation to their private will.

In sub-Saharan Africa, as in many other regions of the Third World, a governmental job is a much sought after, frequently
purchased, and jealously guarded commodity. Public office assures not only a supplemental income, but access to the national treasury as well. Such branches of the public service as customs offices, public works departments, excise and tax offices, loan agencies, and foreign exchange control boards in many developing states overflow with examples of corruption. The administrative personnel of these agencies, vested with wide discretionary powers, are well-situated to dispense valuable privileges or gifts. Ironically, in the regimes in which legal systems offer tenuous security for business enterprise, the existence of a corrupt bureaucracy, amenable to pecuniary blandishments, may be the only means for obtaining relative stability in business-government relations. Payments made to, or extorted by, a corrupt bureaucracy can enable a socially chaotic system to function.

However, the politics of personal rule can also undermine efforts to attract and monitor foreign investors. On the one hand, an uncertain political climate definitely discourages foreign firms from committing their capital. On the other hand, malaise, administrative corruption, incompetence and the like, enable foreign corporations to evade an African state's regulatory efforts. State decay, therefore, has a negative impact in economic terms; it limits foreign investors' interest and the local benefits that would otherwise have been derived from them. The exigencies of global competition compel investment in such resource-rich countries as Nigeria and Zaire -- despite their
instability. But investments in manufacturing and services are more sensitive to political conditions. Those countries without large domestic markets for manufactures must construct favourable investment climates to entice manufacturing transnationals. The fact is, that compared to the rest of the Third World, investment in black Africa is relatively low. Many corporations view personal rule as highly detrimental to business proceedings and do not wish to become embroiled in a state that may cause them to lose their investments due to instability.

For multinational corporations operating in the environment of personal rule, it is often difficult to distinguish between business and politics. Foreign businessmen in developing sub-Saharan Africa seem inclined to take a short-term view regarding interests there. The primary reason for this attitude in this setting "is politics; when political favour matters so much to success, a businessman will milk his temporary contacts for all they are worth. Next year he may be as devoid of influence as his contacts may be of power." Second, the existing cultural and political structure of black African states often renders attempts at reform useless. A state's top politicians who are used to exacting benefices will not alter their habits willingly. Often it requires the pressure of international agencies such as the International Monetary Fund to impose stringent dictates before there occurs any noticeable change, and even then, government disorganization and corruption may thwart such measures.
Politicians could do much to encourage economic growth in black Africa, and a good starting point would be to slash "red tape." In terms of bureaucratic red tape, African regimes have an overabundance, popularizing it by way of proposing it as a shield against MNC "exploitation." In this regard, African governments have followed many strategies vis-à-vis MNCs. First, they have announced numerous economic regulations controlling transnationals. Second, they have instituted indigenization laws to exclude foreign capital from certain sectors and compel local participation in large undertakings. Third, some foreign assets have been wholly or partly nationalized, vesting control in joint (public-private) ventures or wholly public corporations. Rarely do these programmes work as intended. Ironically, often the reverse, for regulations designed to improve the public scrutiny of corporate activities often simply promote corruption. Typically, before engaging in many business activities, companies must first obtain various licences, permits and certificates. Inevitably, these controls create bottlenecks which, in turn, invite corrupt dealings; indeed, this may have been the original intention. The result of regulation, then, may be further entrenchment of systemic corruption.

For their part, foreign firms eager to engage in lucrative ventures display great vulnerability to blackmail or coercion by key officials and political leaders—although these costs may be simply written off as business expenses. Corporations, salesmen and investors are frequently willing to offer inducements to
obtain contracts or access to natural resources or protected markets in Africa. These corporations receive a high return on the "commissions" paid to public officials or their agents. For many MNCs, bribery and other forms of "persuasion" such as gifts or opportunities, have become necessary business practices in some states of black Africa. Indeed, "free enterprising" officials preoccupied with the politics of venality will be hard-pressed not to prompt such transactions.

In countries such as Nigeria, strategies for dealing with the personal regime are not always easily recognised. Labelling a payment as a bribe often gives it an unsavory connotation, even though there may be no impropriety in fact. For example, does a donation become a bribe when it is made by a multinational sales agent to the favorite charity of the wife of a defense minister?

Similarly, multinational companies make contributions to local community projects, either voluntarily or under pressure, to preserve host country good will. Depending on the perspective of the reviewer, such payment may be hailed as an example of social responsibility or it may be damned as corporate interference with host country decision-making. Black's Law Dictionary defines a "bribe" as "any valuable thing given or promised, or any preferment, advantage, privilege or emolument, given or promised corruptly and against law, as an inducement to any person acting in an official or public capacity to violate or forbear from his duty, or to improperly influence his behavior in the performance of his duty."
The forms of the inducements may vary, but they are usually proffered for one or a combination of purposes such as: obtaining advantage; influencing politicians; avoiding harrassment or red tape or supporting the political process. Cash payments are the most expedient form of influence, but are often too recognizable as bribery, thus non-cash inducements may be made. These might include such things as: gifts of watches, jewelry, oil paintings, negotiable securities, objets d'art, paid vacations, home rentals, gift certificates, scholarships for children, country-club dues, automobiles and aircraft. But, because payments in property are visible and are often as open to discovery and criticism as payments in currency, gifts of services are the popular mode of payoff. These can be as varied as are the wants and the ingenuity of the person.

Some examples of gifts of services include:

1. Privileges: use of chauffeured automobiles or piloted aircraft, unsecured loans, dummy brokerage accounts, special discounts;

2. Special opportunities: buying from businesses run by relatives, placing indigent relatives on the payroll as consultants, rigging of company contests so relatives can win;

3. Other gratuities: paying for auto rentals, free samples, unlimited use of credit cards, free shopping sprees.

Entertainment is another ingenious way in which a company may bribe a public official. It is a possible method of obtaining influence without incurring the disadvantages of covert political
payments. Moreover, entertainment is sanctioned under the laws and mores of the West. Thus, when an African ruler and his entourage are provided with gambling chips to spend in an evening's divertissement at a Monte Carlo casino, or a luxurious yacht and a bevy of international "poules de luxe" are placed at their disposal for a weekend, it is not considered outright bribery.31

However, to avoid direct involvement in such Machiavellian activities, multinational corporations often employ a trustworthy third party to handle the details of the pay-off, if not the entire business transaction itself. In addition, it may be hazardous for a company to become involved in a foreign environment if it does not fully understand host country business practice, law, language, culture, and the political situation. As a matter of course, foreign corporations may hire middlemen. Referred to as "compradors" by dependency theory, such people are given a variety of names such as facilitators, intermediaries, fixers, agents and so forth. Their unique occupation is largely dedicated to facilitating transactions between MNCs and ruling regimes. They may have personal acquaintance with the state's petty bureaucrats and government officials, perhaps even the ruler himself, and as such may perform services of great value. They can expedite business operations and shorten the time-span between initial investment and returns from it. They can arrange introductions and meetings, supply information, make local market studies, and conduct involved negotiations leading to business
agreements, usually obtaining favourable decisions. These people are often businessmen rather than government employees, but may serve as conduits for the transmission of funds to government employees. There is, of course, nothing improper about the mere employment by an MNC of agents or representatives to advance its business interests. In most countries of sub-Saharan Africa this is desirable and, in some, essential.

Usually there will be more than one of these intermediaries. In fact, there are two or three "fixers" who make deals down the line until the ear of the public official is reached. In addition, MNCs may also employ a "consultant" who may or may not be African, but who will understand the complexities of personal rule. He will act as a "good will ambassador" on behalf of the corporation by attending all state ceremonies, funerals and weddings, hosting dinners, sponsoring athletic activities and so forth. Officially, this consultant is not a member of the corporate ranks, so that if he happens to make a political "faux pas", the corporation will simply explain that he was hired on a temporary basis. If a representative of a multinational can recognise the priorities of a "Prince", as Machiavelli recognised the priorities of Medici, he may strike a very profitable settlement for himself and the corporation.

In terms of compensation, such representatives are usually paid a contingency fee, generally a percentage of the value of sales they have negotiated. When transactions range into hundreds of millions of dollars, the commissions may range into millions of
dollars. These large payments give rise to the suspicion that, if
earned from sales to the government, the agent has bribed
officials to get the order. This is usually the intention of
paying unusually large commissions -- a share of it should be
turned over to third parties who allegedly aid the company in
securing the contracts. Many companies justify their "sales
agents" as a matter of good business practice, since opening a
permanent branch office in each country in which the company
wishes to operate is prohibitively expensive. Indeed, such agents
are a very versatile breed of entrepreneur, especially in the
uncertain black African context. They only profit from expediting
transactions, and thus know to whom to go for what kind of
service. They have contacts, and they maintain these contacts by
personal favors. Although their strategies may vary, they are the
experts in African politics and know what is required and through
which channels inducements must flow in order to arrive at the
optimum bargaining position. In the end, it is likely due to
their ability to be versatile and adaptable to the ever-changing
circumstances of personal rule that they win their rewards.
Indeed, their behavior and approach to the bargaining appears to
vary, for each new situation is unique, contingent on the
circumstances and arbitrary nature of personal rule.

It is thus through intermediaries or sales agents that MNCs
have perhaps had the most success in attempting to do business
with black African states. These people are the channels through
which the MNC may establish itself and conduct business in states
where many of the present practices of personal rule are beyond the comprehension of most Western businessmen. "The inevitability of politics is the single most significant feature of commercial life in...[sub-Saharan Africa,...and excellence at maintaining political contacts is the most important skill" of successful companies.36

The relations between MNC's and black African states, therefore, are not satisfactorily explained by dependency theory whose arguments are rather rigid, deterministic and unidirectional, citing possible sources of conflict as zero-sum. Rather, such relationships are characterized by highly uncertain, probabilistic factors, all contingent on the vicissitudes of individual human interaction. Each party has its own strengths and weakness which may be manipulated, and success is more dependent on adaptability and inventiveness than on pre-determined methods, customs, and established legal norms. Even so, the bargaining is as between two relative equals, each requiring something the other has. It is something akin to a tango where at times the partners move fast and furiously, and at other times they move slowly and warily. Invariably, the moves of the tango become provocative, suggestive of a scandalous and clandestine love-affair.
CHAPTER THREE
THE EVIDENCE - LONRHO

The case of Lonrho corporation will now be examined in order to reveal the aspects of contingency theory discussed in Chapter Two. Lonrho, with its President Tiny Rowland, is an excellent example of how a multinational corporation fosters favourable political relationships with host country regimes. MNCs may use any number of methods to ingratiate themselves with those who hold the reins of power in host states, from proffering a variety of inducements to hiring an intermediary or comprador, who, by using his contacts and intimate knowledge of the laws, language, and culture of the host state, may facilitate the corporation’s business. By disclosing such activity, this case demonstrates that the relationships of MNCs with black African regimes are largely contingent on arbitrary and unpredictable individuals and circumstances that comprise systems of personal rule.

This chapter has been divided into seven relatively brief country-studies. It is not my intention to delve into the individual complexities of each country, rather, I aim to examine only those relations that Lonrho enters into in the course of doing business in these states. Furthermore, by studying several states, it may be illustrated how circumstances vary, and how skillful MNCs must be attuned to the erratic method by which the
foreign investment "game" is played. Finally, by using the case of Lonrho, it may be illustrated that although dependency theory explains a great deal about such relationships, it is rather rigid, unidirectional, and zero-sum in its assumption of an incompatibility of interests between MNCs and host states. Indeed, dependency theory does not succeed in disclosing the many facets of the MNC-personal rule relationship, one which is ultimately based on the uncertain, arbitrary, and unpredictable nature of individual human interaction.

In order to expand his company's investments in sub-Saharan Africa, Tiny Rowland, the President of Lonrho Corporation, has chosen to operate in overtly political ways. In 1973 Rowland alluded to his influential contacts: "When I'm abroad, I am entertained, and do business with Rulers, Presidents and Prime Ministers, who entertain me and look after me."¹ It is indeed the African statesmen whom he seems to know best, for he has not been very successful in other regions, such as the Middle East, or his native England. In recounting Rowland's personal attributes, some of his supporters have exclaimed at how quickly and effectively he has established private links and friendships with heads of state in black Africa. "He [Rowland] relies on the ignorance of many African leaders, or his own flair for pacifying those who do feel uneasy. He has had plenty of compensation to offer them, and has made some unlikely conquests."² Should he retire, friends and opponents concur, Lonrho would inevitably lose the greatest part of its African business.³
The name "Tiny" which Rowland prefers for himself, has become synonymous with Lonrho corporation. As chief executive officer of Lonrho, he has been the mastermind behind the company's celebrated success. Born in India in 1917 of a German father and a Dutch mother, Rowland became a British citizen in 1939. He worked in various capacities in England until the late 1940's when he emigrated to Southern Rhodesia. There he set up his private holding company, Shepton Estates, which later held franchises in Rhodesia (now Zimbabwe) for Mercedes-Benz, interests in gold and copper mines, and a share in an oil pipeline deal. Having allegedly worked as a "broker" or intermediary for a number of mining companies in sub-Saharan Africa, such as Rio Tinto in the late 1950's, Rowland joined Lonrho in 1961.

In 1961 Lonrho was on the verge of fading into obscurity. It had been incorporated in 1909 as the London and Rhodesia Mining and Land Company Ltd. for a number of functions, including "to purchase, take on lease, or otherwise acquire, any mines, mining rights and metalliferous land in Rhodesia, South Africa, or elsewhere in Africa, and any interest therein, and to explore, work, exercise, develop and turn to account the same." The company might also farm, acquire property, construct roadways and factories and engage in wholesale and retail trading. In the early 1960's Lonrho operated or managed a handful of gold mines and owned nearly seven-hundred thousand acres of land, on which it raised some of the largest herds of cattle in Rhodesia.

Rowland joined Lonrho at a time of increasing uncertainty
about the future of the Central African Federation, with Zambia (then Northern Rhodesia) and Malawi (then Nyasaland) pushing for its dissolution and their own independence. In Southern Rhodesia, African nationalism in the form of strikes and riots, was unnerving to European businessmen. As one African country after another gained its independence from colonial rule, the feeling grew among shareholders in Britain that this was the time to "quit Africa" as they had India two decades previously, before their investments became non-existent. Rowland remained undaunted, however. Within six months of his joining Lonrho he concluded the takeover of Willoughby's Consolidated Company Ltd., an old British firm which had similar interests in Southern Rhodesia (now Zimbabwe) to Lonrho. Rowland's subsequent schemes soon convinced many observers inside Southern Rhodesia that he was a man to be watched.

As Lonrho began to secure important contracts, the conviction grew among the white Rhodesian business community that the company was seeking to establish itself in key economic sectors of the Central African Federation for political purposes. This fear finally culminated in the July 1962 call in the Southern Rhodesian legislature for a government inquiry into Rowland's dealings. In fact, the Rhodesian business community was incorrect in its assessment of Lonrho's activities. Rowland was not a threat because of his friendships; his interests, far from being substantially political, were motivated almost solely by profit. He had developed such associations, and continued to do so, only
because he apparently foresaw the way in which the power configurations in Africa would soon swing. He likely felt that Lonrho could gain directly from future political changes if he cultivated the right people beforehand. True to his premonitions, Lonrho began to make great headway in several black African countries simultaneously, as one African colony after another gained independence.

**Malawi**

Malawi was perhaps one of Rowland's greater successes. It was a country where African aspirations, personified by Dr. Hastings Banda, were rising. Banda was extremely eager to participate in schemes that would aid in the development of his country. In fact the importance of private investment as a symbol of Malawi's economic and political self-sufficiency seems to have enabled Rowland to establish excellent relations with its leader.

It appears that Rowland did not have to exert himself inordinately to establish a good rapport with Banda. Rowland's strategy seems to have been to cultivate a relationship with the leader prior to Malawi's independence in 1964. It was likely Rowland's display of confidence in Banda that endeared the entrepreneur to the leader, since it appeared to him a demonstration of Rowland's opinion that blacks should have self-rule. Rowland's simple strategy appears to have been successful, for having won Banda's confidence and friendship, he
proceeded to establish Lonrho in key sectors of the Malawi economy. Indeed, several months prior to independence, Rowland had already begun negotiations with Banda for what was to become the country's most impressive agricultural investment project, a large-scale sugar operation.

Compared with its neighbouring African states, Malawi lacks the natural resources that usually draw foreign investment and competing multinationals. Apart from deposits of coal and bauxite, the country has no substantial mineral resources, and it failed to attract the spin-off of infrastructural development that should have accompanied the increase in mining operations in Zambia. The northern portion of Malawi, in particular, remained economically backward and remote. Hence, if Rowland recognized opportunities in the country, they were certainly not in the resource sector.

After independence in 1964, Malawi's potential fortune was in its agriculture and the foreign exchange to be earned from exports of tobacco, tea, ground-nuts and other crops. Being a land-locked country, however, the availability of cheap and efficient transportation was of crucial importance but was as yet beyond the grasp of Banda. Therefore, requiring foreign currency and foreign investment to develop needed infrastructures, it appears that Banda was quite willing to grant multinationals access to Malawi. Indeed, it may have been the case that the leader actually courted MNCs for their investment, jobs, capital, technology and expertise, by granting, as a demonstration of serious commitment,
such concessions as favored tax treatment, preferred access to local credit, prohibition of strikes, and subsidized training of local labour. This seems evident in light of the fact that from 1962 Lonrho had held one of the most lucrative contracts in the country - the appointment as Local Secretaries and Consulting Engineers to Malawi Railways Ltd. and its wholly-owned subsidiary, the Central African Railway Company.\(^9\)

Even today, attempting to do business with Malawi’s leader is not an easy feat, however. Rowland’s investment in Malawi is not as one-sided or exploitive as dependency theory might suggest. In fact, much of Lonrho’s success in Malawi seems to be contingent upon Rowland’s intuitive assessment of what motivates Banda; the entrepreneur appears to have tailored his investment strategies on the odds that they will appeal to the statesman’s idiosyncracies. Enjoying the title of Life President since 1970, Dr. Banda dominates the affairs of his country like a European dynastic ruler of the past. Reigning like a monarch, he has been the author of all of his country’s policies, involving himself personally in their implementation. He is an autocratic personal ruler who makes everything his business, even if he is unable to bring everything under his control.

Presidential patronage is a central feature of the regime, and Banda handpicks all officials. However, the ruler lives in perpetual fear of plots against him and thus appoints, dismisses and rotates cabinet ministers frequently so that they are unable to form a power base. The least sign of disloyalty on the part of
members of the governing elite brings ruthless suppression; even Banda's closest associates are not immune. The ruler's position to date has remained unassailable, and various exiled opposition groups remain largely ineffectual. No realm of the state has been excluded from his supervision, and even the National Assembly has been reduced to sycophantic impotence. Dr. Banda is the state and he is therefore the only person with whom Rowland need deal in Malawi. He is no "push-over", however, for he is very concerned with protecting his state from the "decadent" influences of the West. He has not been receptive to foreigners, especially in terms of moral practices and dress. Yet, due to the fear of competition for power that is characteristic of personal rule, Banda is, at the same time, hostile to and distrustful of African-educated professionals, ministers, and senior civil servants. Instead, he prefers to rely on expatriates for expert advice, likely because they have no separate interest in power or clients to satisfy.10

Banda's preference for expatriate allies served Lonrho's interests well, situating the company to expand its business activities in the country. In fact, Lonrho and any other company that was willing to conduct serious business with Malawi were welcome so long as they avoided meddling in affairs that were not their concern.11 At this juncture, Rowland may have predicted future lucrative opportunities, for it appears that he began to seek contacts who had Banda's "ear", and to manoeuvre his "friends" strategically into positions of importance within the
government of Malawi. "Dr. Banda has encouraged foreign investments in Malawi...most notable of these being the powerful Lonrho...A senior member of Lonrho is employed by Dr. Banda's cabinet in an advisory capacity..."12 In addition, Lonrho had another powerful friend in the Banda administration. Sir Peter Youens, a senior colonial official, became Secretary to Banda and the Malawi cabinet after independence. When he retired in 1967, he became a Lonrho director. Gerald Percy, the managing director of Lonrho (Malawi), at the same time, was appointed to the board of the Government-owned Malawi Development Corporation. Whether these people acted as intermediaries on behalf of Lonrho is not certain, although judging by their company interests they were in positions to act as its agents. Whether they expedited or facilitated Lonrho's business operations, or supplied information, or conducted negotiations or acted as conduits for the transmission of funds to bureaucratic officials, remains largely open to speculation. However, based on the nature of the regime that rules Malawi, any or a combination of the above remain distinct possibilities. Judging by the success and ease with which Lonrho began to establish businesses in Malawi, it is safe to hypothesize that from their relatively strategic posts in the Banda regime, these people were in positions to advance Lonrho's business interests.

However, in 1966 something or "someone" led Banda to reach the conclusion that Lonrho was too successful in its continuing control over such a strategic part of the economy as the main
export route to the sea. Lonrho was thus dismissed as the consulting manager for Malawi Railways Company. Why Banda made the decision he did, is not certain. Whatever the factors, it seems that he chose to exercise his personal will as a demonstration to the multinational that while he required its technical expertise and foreign investment, he was still at liberty to exercise his sovereignty. For his part, Rowland was not deterred and proceeded to re-establish confidence in the ruler by forcing the Lonrho directors to submit their resignations, thereby prudently safeguarding the remainder of company holdings in Malawi.

By this time, it was not a major loss to Lonrho for the railway had served its purpose in that it had enabled the company to obtain other interests. Starting in 1963 the company had diversified inside Malawi into tea and sisal (hemp), sugar and textiles, garages and car dealerships. In setting up the first locally registered building society in partnership with the government, it helped to promote the development of state participation schemes. In October 1963, it set up a joint venture with the French multinational Total Petroleum to distribute oil and gas throughout Malawi. In a special radio broadcast that same year, Banda announced that a cane sugar project was under way. Lonrho was revealed to be the sponsor for the £4 million investment. In the 1970s sugar was to become Lonrho's leading agricultural profit-earner. For Banda, the sugar project was a landmark in the struggle for Malawian economic independence. In
1965 an agreement was signed between Rowland and Banda, under which Lonrho was to supply Malawi with its entire requirements of sugar, present and future. The Great Elephant Marsh in the Shire River Valley was cleared, and within two years the first sugar produced by Lonrho's wholly-owned subsidiary, the Sugar Corporation of Malawi, was being marketed under its trade name, SUCOMA.13

Thus, the relationship of Lonrho and Malawi has been an interesting one. Occurring in the realm of personal rule, and guided by two such prominent personalities, it has taken on the nature of a transaction as between two individuals with personal interests, rather than a juridically recognised state and a hierarchically organized multinational. It appears that certain formal institutionalized rules for business practice, largely observed in many industrialized countries, are overlooked in the relationships of Malawi with its foreign investors. Rather, the evidence reveals that strategies for corporations such as Lonrho to operate successfully in Malawi must, at times, be as unconventional as the methods of the ruler.

Whether Banda has exacted personal benefices or favours from Lonrho, and whether on behalf of Lonrho, Rowland has proffered them, is uncertain. What may be concluded from this brief sketch of their association is that Lonrho has not been the primary embodiment and mechanism of an unequal and exploitive relationship in Malawi, as dependency theory might suggest. Rather, Lonrho's success in Malawi has been contingent upon both Banda's exercise
of juridical sovereignty and, more importantly, his rather idiosyncratic and arbitrary use of power. What may be deduced in light of the evidence, is that Rowland has had to be not only flexible and adaptable in his approach to Malawi’s leader, but perhaps a little innovative as well. This includes what appears to be a strategic placement in the Banda regime of people who, acting as compradors, might serve Lonrho’s interests. Conclusive evidence is lacking, however, that indicates whether this is the case.

Prima facie, Banda’s needs seem fairly clear. His concern for presiding over his country as a supreme monarch does not seem to obstruct his goal of developing his country — in fact the reverse. Banda seems to recognise that the shortest route to realizing that end is to court multinationals who have the requisite finances, technology and expertise. As Malawi is not a country endowed with resources over which multinationals would fiercely compete, Banda is not in a position to be choosy about which MNCs he allows to invest in Malawi. His position as a sovereign ruler, therefore, is strong in terms of having the ability to decide which, if any, multinationals are allowed to operate in Malawi, but may not be quite the bargaining chip he would hope for. However, being an idiosyncratic personal ruler, Banda is still a person toward whom foreign investors such as Rowland must take a more unconventional approach. Rowland has chosen to invest Lonrho’s capital and expertise in Malawi only, it is assumed, because he feels that there will be a substantial
return on the investment. Due to the nature of personal rule, therefore, he must cultivate a relationship with the ruler and those close to him, in order to realize success.

The major point that may be derived from examining this relationship is that it reveals business practices rather different from those which occur in more institutionalized societies. It appears that a different tactic must be used by MNC's in their business transactions with black African countries such as Malawi where personal rule is the norm. In the end, what seems to be occurring is a relationship between individuals who play roles in a game of Machiavellian bargaining and out-maneuvering. In this case, however, who is out-maneuvering whom is not entirely clear.

During the five years after the break-up in 1960-61 of the Central African Federation, Lonrho expanded rapidly into newly independent Africa, and by the end of 1967 it had offices in fourteen countries. Numerous ex-colonial companies were acquired, adding to already diverse interests. Breweries, autos and transport, newspapers and publishing, sisal, tea, cotton and sugar, warehousing and packaging were all readily acquired in what appeared to observers as a complete lack of pattern. In short, "anything that had a willing seller found a willing buyer." One acquisition that was to play an important role in the relationships that Rowland later sustained with African leaders was the Mystère jet. Indeed, having extended the corporation's
interests throughout Africa, the aircraft became useful in Rowland's strategy of forming good relations with those in power by proffering inducements not recognizable as outright bribery. Gifts of services such as the use of a piloted aircraft are a method of obtaining influence without incurring the disadvantages of covert gifts of property or cash. Indeed, one of the first uses of the Mystère jet was to carry Dr. Kenneth Kaunda, president of Zambia, for talks with President Julius Nyerere of Tanzania. This move, it appears, was made in the hope that, as in Malawi, friendships with African leaders would be relied on to facilitate the company's expansion into new countries.

Zambia

Introduced by his leading intermediary and right-hand man, Gerald Percy, Rowland met Dr. Kenneth Kaunda in 1962. Rowland worked hard to forge a relationship with Zambia's ruler, who later allegedly became one of Lonrho's most loyal friends in Africa. One of the first favours that Rowland reportedly elicited from Kaunda was a letter authorizing Lonrho to make a feasibility study for the building of a railway linking Northern Rhodesia with Tanganyika (now Tanzania) -- and ultimately with the Indian Ocean, 1,200 miles away. (When the People's Republic of China finally committed itself in the early 1970's to the Tanzam line, as it was called, it cost approximately £3 billion, and took five years to complete -- making it one of the greatest aid projects of its
Although it appears that at the time such an immense project was well beyond the financial limits of Lonrho, Rowland preferred to submit the proposal to Kaunda. In this regard Rowland demonstrated part of his Zambian strategy which, it seems, entailed finding a reason to strike a relationship with the leader. By bidding on a project he knew was beyond the limits of Lonrho, he innocuously achieved his end. It seems reasonable to believe that Rowland had prior knowledge of to whom the contract would be awarded, for if Kaunda had accepted Lonrho's bid, Rowland would have clearly been discredited.

Kaunda has been called a "political saint forced to become a Prince." He has professed his faith in humanistic values and, at one time believed he could achieve the creation of a democratic one-party state. However, his opponents and their ethnic associates thwarted this attempt, being more interested in securing state patronage and political profits than bringing about a genuine democracy. Thus, Kaunda was forced to impose his own leadership in a one-party dictatorship in 1972. The fall in world copper prices -- the backbone of the Zambian economy -- left Kaunda to contend with not only a stagnating economy, but the general discontent of a government full of bureaucratic entrepreneurs for whom he lacked patronage for distribution. At the same time, due to its strategic location, Zambia was becoming entangled in the southern African racial conflict, which had the potential to destroy his reign. Kaunda managed to withstand these complications, however, with a strategy of realism, political
intelligence and -- some good fortune.

Because of the unilateral declaration of independence by Southern Rhodesia, Kaunda was required to seek alternate trade routes to the north. Initially this retarded still further the production of copper. However, the resultant diversification of trade away from the south provided scope for the development of import substitution and, in conjunction with the eventual boom conditions produced by higher copper prices, led to rapid growth in the manufacturing sector. The added investment by multinationals of requisite capital, expertise, and technology helped to foster this growth.

Thus, Rowland's strategy in fostering a relationship with the ruler soon became Lonrho's advantage. While Lonrho was not awarded the railway contract, other lucrative Zambian ventures were added to the company's portfolio. Amethyst mining, newspapers and brewing were the largest Zambian interests. In particular, the Chibuku Breweries, originally owned by the Heinrich Syndicate, were acquired by Lonrho in 1964. With the Heinrich Syndicate came one of Lonrho's first senior African executives and compradors, Tom Mtine, who was at the same time the Mayor of Ndola. Ndola was a prosperous town on Zambia's copperbelt, and Mtine had the ear of many important Zambian leaders. His valuable connections evidently became Lonrho's gain, for Mtine was soon invited to join the board of Lonrho's Zambian subsidiary. Not long afterward, he was appointed its chairman; he was at that time also on the boards of a number of other companies
including Rothmans, a South African-controlled company.

Mtime played a very important role in Zambia as an intermediary for Lonrho. He reportedly helped the company to secure projects, sidestep paperwork and gain access to areas which might otherwise have been beyond its grasp. It was likely due to his excellent connections gained through his position, that allowed him to operate on behalf of Lonrho in this way.

Heinrich's Syndicate also owned two newspapers in Zambia, the *Zambia News* and the *Zambia Times*. With an alleged scheme to secure a monopoly over all of the newspapers in the country, Rowland appointed Kaunda's first secretary, Dunstan Kamana, editor of the *Zambia Times*. Rowland may have been rather transparent in this manoeuvre, for it would appear that he hired Kamana feeling that being so close to Kaunda he had the ruler's ear and could serve as an intermediary for Lonrho. Companies often employ such strategies as hiring local middlemen who have personal acquaintance with powerful people in the ruling regime. Such people often perform services of great value by expediting business transactions, arranging introductions, supplying information and generally facilitating the relations between corporations and host governments. However, it was probable that Rowland had more than the profits from newspaper subscriptions in mind when he attempted to control the press in Zambia. To wit, Lonrho's African papers have been criticized for at times rather suspiciously reflecting the company's interests: "Clearly Lonrho's astute Mr. Rowland fully appreciates the value of a press
mouthpiece..." 18 Rowland likely felt that the newspapers would serve as a perfect conduit with which to curry favour with Kaunda, perhaps by printing flattering stories about the ruler. The plan backfired, however. The government opted out of the proposed partnership with Lonrho, and in early 1975 the Lonrho papers in Zambia were nationalized.

The nationalization came as a severe slap on the hand to Lonrho. In December 1974 the Times of Zambia was castigated by Kaunda for releasing details of recent diplomatic moves for a Rhodesian settlement, contrary to his own instructions. The President stated that negotiations were at a delicate stage and that "I personally requested editors of our newspapers to co-operate with the Government and I further made a special appeal that nothing should be published on the Rhodesian issue." 19 In an attempt to mollify Kaunda, Rowland retraced his steps and fired Kamana, replacing him with another of the leader's supposed darlings, Vernon Mwaanga. Surely much to Rowland's relief, Mwaanga was later appointed as Zambia's Foreign Minister. Thus, Lonrho finally found a person to facilitate its relations from within the Kaunda regime.

Despite his exercise of personal power over the Lonrho newspapers, Kaunda apparently continues to be Rowland's firm friend. In an attempt to remain in good standing with Zambia's ruler, Rowland has reportedly employed a combination of strategies, not the least of which has been almost excessive flattery. The entrepreneur has also allegedly proffered numerous
valuable inducements to Kaunda, most of which comprise gifts of services. For example, Kaunda and his wife have reportedly been flown aboard the Mystère jet to London where they stay in a luxurious Lonrho apartment, are chauffeured around the city in a Lonrho limousine, and shop in fashionable shops, carte blanche on the Lonrho account. And, Rowland evidently ensures that photographers are on hand from the Lonrho-owned London Observer to photograph the Kaundas in these various activities. In short, it appears that he treats the Kaundas as if they are royalty.

It is likely that Rowland exploits Kaunda's apparent love of prestige, and public acclaim. It appears that to Kaunda a link with British royalty is more important than money, and Rowland seems to capitalize on this. However, like many personal rulers, Kaunda has a long line of clients to satisfy, and is, therefore not necessarily immune to the seduction of affluence. In fact, the reverse may be true, for the possession of immense wealth, which often guarantees free passage into the drawing-rooms of society, apparently has him captivated. Kaunda is well liked by the Queen (it is rumoured) and Rowland is allegedly on a first name basis with members of the Royal Family. Indeed, it might be suggested that the entrepreneur goes so far as to inflate his affinity with the Royal Family in order to ingratiate himself further with Kaunda. Angus Ogilvy, who was a long time director of Lonrho, is married to Princess Alexandra -- a cousin to the Queen.

To Rowland appearances seem to be the key, and he perpetuates
this image with an assumed Oxford accent, aloof yet charming attitude, intensely private personal life, and Saville Row clothing. Kaunda, being a vocal and well-known member of the Commonwealth, is made to feel more important by the skillful entrepreneur who reportedly addresses him as "Your Grace" and refers to Zambia as "Your Domain"—as if the leader were an emperor of a great empire. Described as being well-read, Rowland obviously remembers that "Gloria" to Machiavelli was very important: "...above all a prince must endeavour in every action to obtain fame for being great and excellent." Kaunda, being a scholar himself, obviously forgot the chapter in The Prince entitled: "How Flatterers Must Be Shunned". Naturally it is not mere flattery that wins points with Kaunda; however, combined with Rowland's other strategies for operating in Zambia, it has become the formula for success.

Indeed, the success of Lonrho in Zambia cannot be overstated. As early as 1968 Kaunda announced that it was unacceptable for the Zambian economy to be directed by foreign companies. He criticized the mining and other foreign-controlled corporations for their gross under-capitalization, excessive local borrowing, and expatriation of huge profits. To correct the situation, the President limited both borrowing by foreign companies from the banks, and the remittance of profits abroad. He declared that no more than fifty percent of profits could be exported, and "invited" twenty-seven companies to offer the government a fifty-one percent stake in their enterprises. At the same time,
the political elite was consolidating its position as a ruling class by progressively bringing more foreign companies into state ownership. His position tenuous due to lagging support of the elite, the President next announced that all mineral rights would revert to the state. These "Zambianization" measures served to reaffirm his position with his supporters.

Of great interest is the fact that while these nationalization procedures transpired, Rowland was not fighting to maintain the position of his companies. Rather, he appears to have been in the process of securing an agreement with Kaunda for the services of Mr. Andrew Sardanis — the person who had masterminded the Zambianization scheme. Indeed, aside from the nationalization of the two Lonrho newspapers and a chain of cinemas, Lonrho's massive interests in Zambia were left largely unscathed by Kaunda's move. There is no evidence of any formal deals being concluded by the President and Rowland for this obvious "oversight" on the part of the ruler. However, according to testimony by Angus Ogilvy to the British Department of Trade in 1975, Lonrho was not above making "special payments": "I was not against the principle, or would not be against the principle of bribery, because I think it has probably got to be done in certain countries; it is part of doing business like paying a Merchant bank an underwriting fee."26

By whatever methods employed, whether through his connections with the British Royal Family, or through strategically planted intermediaries, outright bribery, or his long-time personal
friendship with the President, Rowland somehow managed to, and continues to, sidestep the many high risks of doing business in this personally-rulled black African state. To wit, Rowland seems to have put great effort into fostering good relations with Zambia's ruler. This may suggest that in his relationships with multinationals, Kaunda has some strategies of his own. In fact the ruler may well be capitalizing on his position as a sovereign by encouraging Rowland to pay handsomely for his favours.

The above evidence thus discloses that rather than being a deterministic relationship in which Lonrho dominates an ultimately subservient Kaunda, as dependency theory might suggest, theirs is a relationship based on contingent interaction. Much of Rowland's strategy with the ruler, if the above evidence is an indication, appears to be tailored to Kaunda's personal preferences and particular style of leadership, strategy employed to remain on good terms with the ruler. The entrepreneur has not only hired intermediaries who are associated with the ruler and who may facilitate Lonrho's business in Zambia, but has also allegedly proffered inducements to Kaunda in the form of valuable gifts, mainly in the form of services. Indeed, he has even been reported to employ outright flattery to win the leader's approval. All of these efforts have evidently been successful, for Lonrho has continued to invest heavily in Zambia. Yet as in Rowland's relationship with Dr. Banda, it is difficult to speculate as to who actually has the upper hand. It may appear, at first glance, that Rowland is the ultimate schemer, however, the great effort he
has put into fostering good relations with Zambia's sovereign leaves some doubt as to who has more cunning.

Kenya

Tiny Rowland has in the past been involved in some unseemly relationships and associations in sub-Saharan Africa, but none quite as scandalous as those in Kenya. Initially the friendships Rowland cultivated with members of the Kenyan regime elevated Lonrho to a very advantageous position in that country. Indeed, by fostering relationships with persons in powerful positions, multinational corporations may effectively sidestep official harassment while at the same time gaining such advantages as contracts or licences that might not otherwise be readily available. However, as Rowland perhaps learned in Kenya, systems of personal rule are marked by inherent uncertainty; there is always the possibility for fate or fortune to alter circumstances so that the ruler who is firmly in control one day may not be the next. The ruler is the key point of vulnerability, for his welfare and fortune are critical to those who are dependent on him for their power and fortune. Thus, if he falls, his friends, relatives, lieutenants, clients and followers also may fall. Such ties are always conditional, contingent upon the persons in the relationship and ordinarily cannot outlast them.

Thus Rowland cultivated some very strong ties within the ruling Kenyatta family which initially proved profitable for
Lonrho. However, when President Jomo Kenyatta died, his associates and relatives, whose fortunes had been bound with his, found themselves without a power base in the new Moi regime. Rowland too, found himself to be not only without powerful friends, but due to his past associations, largely out of favour with the new ruling regime.

In 1967 Lonrho East Africa was formed in Kenya to provide services for the company in Kenya, Uganda and Tanzania. The Kenyan government's policy of encouraging foreign private enterprise provided Lonrho with ample scope for expansion and by the end of 1972 the company had some fifty subsidiaries there. However, by the early 1970's, there were some in Kenyan government who were not happy with Lonrho's burgeoning economic power. In 1972, Mr. J.M. Kariuki, the Assistant Minister for Tourism and Wildlife, in fact launched a Parliamentary debate about the "dangers" of the multinational in terms of its political and economic interests in Kenya. Finally, Mrs. Gecaga, a member of parliament, intervened to point out that her son, Udi Gecaga, was managing director of Lonrho in Kenya, and that there were "very many big companies in Kenya, much bigger than Lonrho, that [did] not have African managing directors or even directors." She then asked: "Why has Lonrho been discussed in this House for the last ten days? Is it because there might be a friend or friends of someone in this House who wanted this managing directorship in Lonrho but failed to get it?" Her question elicited no response. However, it seems plausible that she unearthed the source of the controversy.
Her statement may reveal more than appears, for by asking such a question, Mrs. Gecaga may have acknowledged the possibility that some people in the ruling regime were gaining personally from their association with foreign enterprise.

Indeed, the evidence points in that direction. Udi Gecaga was a well-connected person in Kenya who later became the first African to be appointed to Lonrho's main board in London. His uncle, the Foreign Minister Dr. Mungai, was a nephew of President Kenyatta; his mother was a member of parliament and the sister of the Foreign Minister. After receiving three degrees from prestigious Western universities, he became an executive with the Bank of America and the National Bank of Kenya, until he was recruited for Lonrho by one of the company's most important African connections -- Gil Olympio of the Ivory Coast. Shortly after joining Lonrho, Gecaga married a daughter of President Kenyatta, thus further strengthening his and Lonrho's ties with Kenya's ruling family. In addition, one of Gecaga's uncles, Ngethe Njoroge, was High Commissioner in London in 1973, when Lonrho's dissident directors and Rowland's supporters brought their dispute before an English High Court in the famous "Boardroom Row". Udi Gecaga, thus, likely became indispensable to Rowland in Kenya. With his family connections in the ruling regime, Rowland did not have to employ the services of other intermediaries to help curry favour with the government, nor did he have to ingratiate himself with too many people to promote Lonrho in Kenya. By becoming a direct partner with a member of
the ruling family in Lonrho’s lucrative ventures, Rowland ensured that it was in their interest to expedite paperwork, overlook regulations and generally promote Lonrho in the country.

Kariuki had correctly feared that Lonrho’s well-positioned connections might influence government policy, and he complained that the company rather than injecting capital, was borrowing locally and not repatriating profits. Lonrho, at the time, had been taking over as many firms as possible, including tea companies and farms. In this regard there appears to have developed somewhat of a scandal in terms of a conflict of interests which involved both Lonrho and Kenya’s ruling family. Those members of the ruling elite involved probably used their arbitrary power to silence the scandal, thus the alleged "cover-up" was never exposed in its entirety. What is known about the incident, however, helps to reveal the nature of the relationship that Rowland cultivated with the Kenyan personal regime.

In 1975 Rowland began a project to establish a commercial vehicle assembly plant in which Lonrho’s subsidiary, Kenya Motor Holdings Ltd., played a role in partnership with the government, the Industrial Development Bank Ltd., Inchcape Mackenzie Corporation, and Associated Vehicles Assembly Ltd. Reportedly, Gecaga and other members of the Kenyatta family were heavily involved in Inchcape Mackenzie. Kariuki, perhaps learning of this scheme that would be lucrative for those government officials involved, foolishly trumpeted this knowledge. In addition, it was
also uncovered by Kenyan M.P. Mr. Wichira, that the Nairobi Chibuku Company -- distributors of Chibuku beer -- was owned by Lonrho, and that both Udi Gecaga and his uncle, Nyioke Njoroge, were involved in the company. However, Wichira evidently understood the "virtues of prudence" and did not endeavour to make this knowledge too public.

In March 1975 Kariuki was found murdered. He had been widely regarded as the leader of the unofficial Parliamentary opposition and had been particularly vocal in his criticism of the President and his family on a variety of issues. He continually questioned practices of corruption and nepotism and was critical and condemnatory of foreign business enterprise, in essence, challenging the way the "game" was being played. Lonrho was entangled by virtue of its powerful Kenyan connections. For in attacking Lonrho, Kariuki had inadvertently, or purposely, once again criticized the ruling family.

The report of the commission of inquiry which investigated the murder accused the Nairobi police of "a massive cover-up operation". And while other newspapers published the report in full, the Lonrho-owned Standard omitted vital sections implicating top police personnel. Kariuki's elimination likely reflected the political fact that the regime would not tolerate outspoken public rivalry or even criticism to its ruling oligarchy, and the economic fact that members of the government were indeed engaged in the pursuit of personal aggrandizement. Kariuki's murder caused a serious political crisis in Kenya because of his popularity --
part of which was due to his outspoken criticism of the increasingly close relationship between government and big business.

When President Arap Moi inherited power after the death of Jomo Kenyatta in 1978, Rowland hastily severed all ties to the late President's family. However, this obvious strategy did not appear to enhance Lonrho's position with Moi a great deal, as Rowland was to learn later. Reportedly, there had been a scandal which involved an attempt by Gecaga to keep Vice-President Moi from succeeding Kenyatta. And although Gecaga had protested his innocence, he was the chairman of the Standard — Lonrho's daily newspaper in Kenya. Moi accused the Standard of acting as the mouthpiece of the conspiracy against him. Rowland promptly fired Gecaga and demoted several other known "Kenyatta" men. The entrepreneur explained his strategy as a matter of prudence: "Even if your man out there is doing a first-class job and he falls foul of the government, then he must go."34

By this time Lonrho was earning approximately one quarter of its African profits from Kenya alone, which probably made Rowland feel desperate about the unexpected turn of events. Moi approached the ruling of Kenya in a different manner from Kenyatta, who had personified the state and dominated its political life practically from its inception. While Moi initially stressed continuity, he later shifted the long-standing positions of many persons in the regime, determined to stamp out nepotism, corruption, and other legal abuses.35 Although Rowland
hastily adapted his strategy to suit the new power configurations, it would be difficult to match the benefits that Lonrho had derived from its relationship with the Kenyatta family. According to observers, he has not quite been able to gain the leverage and strength with the Moi regime that Lonrho once enjoyed in Kenya.36

During the Kenyatta era, the success of Lonrho's ventures in Kenya seems to have been largely due to the relationships that Rowland fostered with the ruling family. By entering into partnership with these people, Lonrho was assured a steady and uninterrupted flow of business in that country. Such associations were lucrative for all concerned, and their stability was thereby ensured. However, as in the change of leadership of any personally ruled state, power configurations alter, often to the detriment of those who had relations with the former regime. Rowland found it difficult to detach himself from his close ties to the Kenyatta regime, thus his relationship with Moi began on the wrong foot.

However, because such relations are conditional, contingent on individuals and circumstances for their survival, Rowland's new strategy has likely been one of re-orientation and adaptation. In order to adapt, he has likely cultivated new relationships and established new ties, perhaps with the help of intermediaries or facilitators. Instability is simply a fact of operating in such an environment. Indeed, an artful entrepreneur must take advantage of his favourable position today, for tomorrow he may be as devoid of influence as his contacts may be of power. Rowland
evidently recognised his vulnerability in this regard too late, and found that Lonrho's survival was largely contingent on his ability to adapt to the change in men and circumstance. Thus, for multinational enterprise, the disadvantage of fostering relations with those in regimes of personal rule is disclosed by cases such as this. In the instance of sub-Saharan Africa, it appears that the Darwinian scheme of the rule of nature applies. Indeed, only those business enterprises which best adapt will survive in the ever-changing environment of personal rule.

Ivory Coast

In the late 1960's Lonrho turned its attention to West Africa, expanding into Zaire, Ghana, Nigeria and the Ivory Coast, among others. One of the first countries in the region that the company invested in was the Ivory Coast. In this small state, Rowland's scheme appears to have been to expand his sugar empire, from the growing of the cane to its refining. The plan was met with opposition from existing French concerns, who already had long-established relationships in that country. Thus, in order to gain a footing in the Ivory Coast, Rowland's strategy appears to have been to form a partnership with the Ivorian regime. In this way, Lonrho managed to secure some very lucrative contracts. The first came in 1969, in which Lonrho and the government had, respectively, 40 percent and 60 percent interests. This was the Société Ivoiriéenne d'Exportation S.A. (SOCVEX), which was set up
as a commodity marketing enterprise. By 1972 it was exporting about 5 percent of the country's cocoa and 4 percent of its coffee. In February 1971 Rowland's diligence paid off, for Lonrho was finally awarded a sugar contract. Based on a partnership with the government, the state sugar corporation, SODESUCRE was formed. The scheme was to include an irrigation system covering 12,000 acres of cane, and possibly a dam. It was on a scale to render the Ivory Coast independent of imported sugar.

Much of Lonrho's success in the Ivory Coast and its entree into francophone Africa was apparently due to Rowland's relationship with Gilchrist Olympio. "Gil" Olympio was a son of the late Sylvanus Olympio of Togo, who in 1963 had achieved the sorry distinction of being the first head of an independent African country to be assassinated while in office. Gil Olympio was an international intermediary, selling his services as a facilitator for MNCs in certain black African states. It is often hazardous for a company to become involved in an environment in which it does not understand the customs, cultures, languages and political climate. Therefore, such intermediaries are often invaluable to multinational corporations. Through their personal acquaintance with the state's businessmen and government officials, perhaps even the ruler himself, they can perform services which may expedite MNC business by way of arranging introductions and meetings, supplying information, making local market studies, and conducting involved negotiations. Indeed,
Olympio's connections were impeccable for Lonrho's purposes: besides being the second son of the late President of Togo, he had a younger brother, Élpiedo, who was married to the daughter of the Ivorian President, Houphouët-Boigny. He was originally recruited by Lonrho from the International Monetary Fund to become their new West African manager. Reportedly, it was the Olympic name that enhanced Lonrho's lustre in West Africa. In Nigeria, where his late father had once worked for Unilever, "'Gil' was able to sweep Rowland through the financial jungle to the centres of patronage and decision."41

In a country that is run almost entirely on the agencies of the state bequeathed by the French, Houphouët-Boigny has relied on its bureaucratism. In addition, the ruler depends on the management, technical, and business expertise (as well as investments) of the French expatriate community. Steady economic growth has served Houphouët-Boigny's interests well by giving him resources with which to prop up the extensive system of patron-client relations. However, because the stability of the regime is contingent, to a great degree, on its ability to redistribute benefits, a decline in the economy could make it vulnerable to political uncertainties.

Because the rewards of a civil service appointment, once a prized position, began to fall short of the benefits derived from management and executive positions in foreign multinationals, the government found it expedient in the late 1970's to introduce an extensive "Ivorianization" of the private as well as the public
sectors.\footnote{42} The tide once again turned and more technical and political advisory bodies were created for the ruler. The increased presence of technocrats, all appointed by the President and all personally dependent on him, is consistent with the autocratic view that the government is Houphouet-Boigny, rather than an arena to settle political differences and formulate policy. Technocrats in the Ivory Coast are facilitators rather than deliberators, agents rather than representatives. It should have thus come as no surprise to Rowland that Olympio would sell out to the highest bidder, especially in a country in which economic considerations are placed before those of politics, rendering the state largely apolitical.

Rowland's break with Olympio was, according to Thomas Kanza, a former Congolese diplomat, the result of Olympio calling Rowland a racist.\footnote{43} But, for both, money was the prime consideration — more important than words. While investigating the Lonrho operation in the Ivory Coast, the United States Securities and Exchange Commission (SEC) uncovered a more probable reason for the discord.

In February 1971 it was announced that Lonrho had won the SODESUCRE deal. However, a few weeks later it emerged that the decision had been reversed and that the contract for the proposed refinery had gone to Lang Engineering, the Florida subsidiary of a large Texan corporation. The SEC found that Lang had paid more than one million dollars to its Ivorian "management consultant" Olympio, who concurrently working on behalf of Lonrho for the same
deal, had requested that Lang deposit the money in a Swiss bank. Olympia claimed that the money was for services rendered, and not a payoff. At this sign of alleged treachery, Rowland probably refused to pay Olympia for the work he had done on behalf of Lonrho. This is revealed by the fact that several years later, Olympia sued Lonrho for undisclosed claims. Lonrho was ordered by the High Court in London, in March 1984, to pay Olympia, who by then lived in Paris, a substantial sum to settle all claims made by him. If Olympia was as cunning as his duplicity indicates, he likely informed Rowland that he would tell the British press the nature of the work he had done for Lonrho in the Ivory Coast. This would, of course, have caused more than a public scandal, for the British government expressly forbids its multinational corporations to pay bribes in host countries. Soon after the court judgement was handed down, Lonrho withdrew its counter-claim for fraud.

This served as another lesson to Rowland about the uncertainties of Machiavellian politics in the realm of personal rule. In order to curry favour with the Ivorian regime, he entered into a comprador relationship that was based on nothing but pure profit. Loyalty can be purchased, but sustained only if there is no one offering a higher price. Olympia, it seems, made his fortune by taking advantage of the situation, using his valuable connections in the Ivory Coast. This allowed him to sell his services as an intermediary, with the ear of high government officials, to the highest bidder. However, if this case is an
indication, there exists no code of ethics for such agents. Indeed, Olympio was certainly not above acting as a representative for two competing parties, even when it required that he sell one of them out. Where institutionalized rules for business conduct are lacking, companies such as Lonrho must simply take their chances and hope that they out-bid all other competitors for the favours of those in power.

Thus, while it is through intermediaries or compradors that MNCs have perhaps had the most success when attempting to do business in black African states, those relationships too are contingent on circumstances and individuals. Intermediaries, being the experts in personal rule, likely know well how to manipulate men and circumstance for their own benefit. And, the conditions, subject to change in these types of relationships, are influenced not so much by loyalties and affinities as they are by pure profit.

Zaire

Rowland had encountered some strongmen in African politics, but he was perhaps not prepared sufficiently for the antics of President Mobutu Sese Seko. To be sure, Rowland was not highly successful in his manoeuvring in Zaire, for Mobutu has even duped such heavyweights as the World Bank. It is evident that Mobutu understands how well the protection of sovereignty can work for him, and has abused his right to it quite blatantly. For his
part, Rowland never managed to obtain a firm foothold in Zaire, either through the use of compradors or his own charm and cunning.

Since Mobutu Sese Seko came to power in 1965, the former Belgian colony has been subject to a rather severe and rapacious despotism. Mobutu has been called "a bloody thief" by a minister of a neighbouring African country, and not without justification. Zaire is governed almost exclusively by personal-familial positions of "royalist style" patronage, characterized by self-aggrandizement, venality, and extreme corruption. In the orbits closest to him, a dozen members of the presidential clique occupy the most sensitive and lucrative government positions. Mobutu demands absolute personal allegiance and, in return, grants access to power and illegal opportunities to accumulate wealth. His displeasure guarantees personal ruin, if not imprisonment. There exists in Zaire an elaborate system of patron-client relationships whose most distant members are thousands of petty bureaucrats, army officers, and university personnel. Meanwhile, the mass of the population is excluded from the spoils and subject to repression. Mobutu maintains a program in which the image of himself and the image of the Zairean state become increasingly indistinguishable: the cult of "Mobutuism" is matched by the program of Zairean "authenticity." The Zairean ruler has a keen sense of Machiavellian statecraft and "is in many ways the African Prince." He relies ultimately on scheming, cunning, calculation, and strategy to retain power; notions of constitution and institutions of governance are set aside by
considerations of political expedience.

Lonrho became involved in Zaire in 1968 when it acquired a share in the third largest multinational there, Cominière -- a Belgian multinational corporation. Like Lonrho, Cominière's interests were diverse, ranging from the supply of water and the distribution of electricity, to timber plantations, a minor railway, car dealerships and insurance.

In 1966, President Mobutu had nationalized Zaire's copper interests, owned by the giant Belgian multinational corporation Union Minière. This company, however, continued to hold the management contract for the mines and to control the shipment of the metal to refineries in Belgium (where its stockpile of copper constituted supposed bargaining power with the Zairean government). Compensation terms for the nationalization were still under discussion, together with the renewal of the company's management contract. Apparently, as long as these issues were pending, no company was willing to become involved in the Zairean mining industry; nor was the World Bank willing to advance loans for economic development in the country. Rowland likely saw this stalemate as his opportunity to make a profit, perhaps in the hope that he could wrest the management contract from Union Minière.

Rowland initially attempted to strike an accord with Mobutu by offering (allegedly on the advice of Cominière's president Martin Thèves) to carry out a free survey for a railroad stretching from Katanga province to the coast. This link was
important to Mobutu for political, economic and strategic reasons since it would offer an alternative route to the Benguela railway through Angola for Zaire's copper. Rowland allowed Thèves to conduct the negotiations since he had allegedly established a "business" relationship with the Foreign Minister, Justin Bomboko. Lonrho's bid was rejected, however. Union Minière's tenure was renewed as part of the general compensation terms. This failure was likely due to the fact that Lonrho, through Thèves, had backed the wrong political horse. In August 1969 Bomboko was dismissed by Mobutu, and Lonrho lost its most important political contact in Kinshasa.

From the start it appears that Lonrho was confident that it would secure the government contract. This is revealed by the reported purchase by Lonrho of the Watergate Steam Shipping company with the intention of using its cargo vessels to carry Katanga's ore to European markets. Early in 1970 the railway feasibility study was presented to the Zairean government. Evidently confident that their "friends" were in place, Lonrho director Alan Ball was reported by the Financial Times on June 23 as stating that a protocol would be signed shortly between the Zairean government and Lonrho.

This display of confidence evidently annoyed Mobutu. But, according to observers, what bothered Mobutu still further, were the rumours that were circulating around Kinshasa. It was speculated by some that Lonrho was pursuing not only the mining management contract, but the secession of Katanga. "After all,
Lonrho was a Rhodesian company — and was it not Rhodesia which had most openly encouraged Moise Tshombe, the arch-secessionist, to make his breakaway attempt some eight years earlier? Such talk was enough to provoke Mobutu's suspicions. He issued a sharply worded statement denying that the contract had been awarded to Lonrho and that the MNC had tried to subvert the 1969 discussions between Kinshasa and Union Minière on the management contract for mines. In addition, Lonrho's Times of Zambia had never viewed Mobutu favourably, even commenting unfavourably on Zaire when Mobutu was visiting Lusaka — Mobutu, evidently, had a long memory.

A few weeks later, Mobutu ordered the assets of Lonrho-Cominière be placed under "government supervision" — it was denied that this move amounted to nationalization — so as to safeguard the country's interests whilst Lonrho and Cominière fought out their now great differences. After Lonrho's fall from favour, Thèves was also allegedly under pressure to reassert Cominière's independence from the British company. Not to be outdone, Lonrho purchased the controlling shares of Cominière in July 1971.

Mobutu, like all personal rulers, has his problems. Most pressing is his need to guard his authority jealously. No potential challenger is allowed to form a power base. Frequently, he reshuffles his cabinet, often without explanation. He appoints faithful followers as provincial governors, but only to provinces outside their home areas. The bureaucracy is kept in a state of
chaos; everyone is kept off balance. His contemporaries must all vie for his patronage. The game belongs to Mobutu, and all of the rules are for him to make or discard as he sees fit. Of course, in an atmosphere of such intense suspicion and intrigue, the ruler can become paranoid, not sure of who among his entourage of sycophants might betray him. It is, thus, not surprising that Mobutu would suspect Rowland, long known for his own manipulative qualities, of engaging in an intrigue against him.

In 1973 Mobutu decreed that large sectors of the economy (mainly foreign) were to be "Zaireanized." In this bid to demonstrate his will and his authenticity, he re-defined property rights, arbitrarily transferring title to favoured friends and relatives of the regime. The economic dislocation that ensued created severe shortages (mainly foodstuffs), and rampant inflation. By 1976 the decree was recognised as a mistake. Even with the restoration of 60 percent of the assets to the foreign owners (the remainder going to Zairean partners), the damage could not be repaired.56

In matters of policy, a corruption-ridden and personally appropriated government such as that of Zaire cannot be an effective instrument of the ruler's will for progress. The dismal failure of many of Mobutu's policies bears witness to the fact that while a personal ruler may adopt, effect, or decree policies, he may not able to ensure their success. This is due to the deficiencies inherent in a government such as Mobutu's, for even clever policies are difficult to implement without
institutionalized rules, bodies, and processes, especially economic and business policies.

By February 1976 Rowland had managed to regain a majority of the expropriated Lonrho holdings in Zaire, with the exception of Cometrik, the electricity company. This was no easy feat. Mobutu, already a suspicious person, was evidently not amenable to protestations of innocence. Rowland was finally forced to seek the help of the exiled former Congolese Foreign Minister, Thomas Kanza. He suggested an interview with a Belgian journalist whose work Mobutu seemed to admire. In the resulting article, the Belgian reported that Lonrho had been innocent of any wrong-doing and had been "led astray by Thèves", who "after all, knew the Congo much better than Rowland." 57

When the story was published, Mobutu relented. The majority of the £10 million in Lonrho assets were unfrozen. There were terms attached, however. The President's uncle, Mboti Litho, was duly appointed to the board of the Lonrho-Zaire holding company. For Rowland, it must have been a mixed blessing. Litho was one of the richest men in Zaire, after Mobutu himself. Often described as an "evil genius", he was widely regarded as the President's business agent and closest adviser. His influence was extensive, and he acted as the intermediary between foreign investors and Zairean enterprises. After a political career during which he served as Minister of Finance and Minister of Agriculture, he procured a "family food store" and founded the Société Générale d'Alimentation which was responsible for the distribution of
foodstuffs. He owned what was said to be the largest supermarket anywhere in Europe or Africa. Lonrho, it was rumoured, helped him to stock his supermarket (which was the size of six full-sized football fields); his portrait was also hung in Lonrho's London boardroom. Eventually his undoing, Litho was reputedly too fond of whisky, and is said to have commandeered the Lonrho jet to fly around the distilleries in Scotland whenever he visited Europe. Theves, for his part, died of a heart attack while vacationing in Nice -- likely after reading the interview with Rowland.

Thus, what is disclosed by this case is that business relationships, and, indeed, business success in the atmosphere of personal rule is highly contingent upon the person of the ruler. This case serves to demonstrate that deterministic, zero-sum explanations of relationships in which multinational corporations dictate self-serving policies to host states thereby rendering them subservient, as dependency theory might suggest, do not adequately describe the relations of Mobutu and Lonrho. Rather, theirs is a contingent relationship, governed by the hazardous uncertainty of the highly personal and arbitrary politics of personal rule. Thus, Rowland found that, rather than influencing the Mobutu regime with Lonrho's potential investment, he was at a disadvantage, and only just managed to save the majority of Lonrho's assets in Zaire. This situation only serves to confirm the power that accompanies the position of a sovereign in today's international state system. Rowland, it seems, underestimated his bargaining power with such a sovereign authority. For although
multinational investment is important to Mobutu, he alone has the authority to decide which, if any, multinationals operate in Zaire. And the game is played by Mobutu’s rules because he has all of the state’s resources with which to bargain. Of course, the ruler’s position is particularly strong due to the immense supplies of copper in Zaire. Thus, he knows that if one multinational does not play his "game", there will be several others who will be willing replacements.

In addition, it seems that Rowland misjudged Mobutu, perhaps thinking him an easy conquest due to the leader’s blatant abuse of authority and unchecked pursuit of self-aggrandizement. In this way, the entrepreneur appears to have rather conceitedly overestimated the value and importance that Mobutu placed on Lonrho as a potential profit-earner. From the beginning their relationship was plagued by pervasive uncertainty largely as a result of Mobutu’s personality. In addition, rather than helping Lonrho, Rowland’s choice of intermediaries hindered whatever headway he managed to make in Zaire. Indeed, Rowland continually chose people whom the ruler was in the process of discarding. And getting stuck with Uncle Litho was an uncertain blessing. For although he had Mobutu’s "ear", he was so corrupt that the benefits of having him on the Lonrho board were dubious. It is the case that the placing of indigent relatives on the company payroll is a form of inducement, employed as a strategy by corporations for obtaining advantages with host governments. However, hiring Mobutu’s uncle, it seems was not so much a choice
as a necessity, likely done to ensure the safety of Lonrho's assets in Zaire, if not to save them completely. Thus, this case serves to underscore the fact that relationships of MNCs with personal rule are so highly contingent on the individuals and circumstance of personal rule that they may be ultimately detrimental to the interests of corporations.

Sudan

Meanwhile, on the other side of the continent in the Sudan, Rowland acquired some influential friends who were at this time helping him to gain a foothold in the Middle East. Sudan was an ideal transition point for Lonrho, since it straddled both black Africa and the Moslem world. Rowland had long considered the Middle East as a potential area for Lonrho expansion. To aid him in this goal, was his friend and international comprador, Khalil Osman, a Sudanese millionaire. In the Sudan, an intermediary can be especially useful, mainly because the country differs from many other states of sub-Saharan Africa in that it is divided by economic and cultural differences between North and South. The North is Arabized, wealthier, and as such, greatly influenced by the customs, culture, and religion of the Middle East. The South is African, a Christian and pagan region that is largely underdeveloped. It is, for the most part, in the north where the capital city of Khartoum is located, that most international business transpires. However, due to the Arab influence,
negotiations can be very slow and methodical, fashioned by the
tendency to become well-acquainted with a potential business
associate over endless cups of tea and meals where the only
discussions are those of family and religion. The Arabs cannot
apparently be hurried, believing that "Inshallah" -- if Allah
wills it -- the business shall be concluded. In such a culture,
an MNC may be well-advised to seek the services of an
intermediary, for the negotiations and discussions leading to the
business deal must be done by someone who understands the
subtleties of the Arab way of thinking, in particular, and the
Arab culture, in general. For example, in assessing the
inducements that might be made to influence decisions, it is
necessary to distinguish between reality and expediency. In the
Middle East, words do not always mean what they appear to say.

For a company such as Lonrho, attempting to expand its
African business into the Middle East, Khalil Osman was the
perfect intermediary. Khalil had made his fortune in Kuwait,
where he had formed a friendship with the Emir, Prince Sabah Salim
Asabah. This had given him access to funds from a Kuwaiti
investment company, Gulf International, and allowed him to build a
business empire in his homeland of Sudan. Khalil appears to have
been well suited to Rowland's style of business; based -- as ever
-- upon intimate dealings with the "man at the top" in any country
where Lonrho had ambitions. The new Sudanese ruler was Colonel
Jaafar Nimeiri, and Khalil had quickly made himself the leader's
personal advisor on handling foreign firms interested in the
Sudan. Khalil's scheme was to build a sugar empire in the Nile River valley. Lonrho was well equipped to offer advice, since it by this time controlled plantations in Malawi, Swaziland, South Africa and Mauritius.

Lonrho, virtually unknown in the Arab world, stood to gain the necessary prestige if it could build the size of project that Rowland and Khalil envisioned. Khalil would act as the intermediary and would be depended upon to raise the capital from the Gulf. Reportedly, their scheme was to produce 300,000 tons of sugar a year, dwarfing any other plantations in Africa. The Lonrho share would be 51 percent. The project succeeded -- but at a price.

Rowland was evidently not used to doing business in the Middle East. For him the negotiations were tortuously slow, and he appears to have been incapable of adjusting to the Arab way of thinking. The capital needs for the project at Kenana, some 95 miles down river from Khartoum, eventually reached US$700 million, and it was 1985 before the 300,000 ton target was attained. By this time, the Lonrho involvement had dropped to a mere 0.46 percent.

Rowland became involved with much more than a sugar operation in the Sudan, however, and as a result the profits of Lonrho were guaranteed in that country for many years to come. On July 19, 1971 a Communist coup saw President Jaafar Nimeiri arrested by leaders of an army faction called the Free Officers Movement. Until the previous day, a Sudanese trade delegation had been in
London, with the Defence Minister, General Hassan Abbas, at its head. The delegation was seeking a £10 million loan from the British Government — with the help of Khalil Osman and some Lonrho officials. By coincidence, the man who was chosen by the coup leaders to succeed Nimeiri, Colonel Babiker el Nur, was also in London. The negotiations over, the group with the exception of Khalil and Halim (Industries Minister), flew to Belgrade to discuss investment possibilities with the Yugoslavs. It was there that they learned of the coup. With the likely encouragement of Khalil, Rowland sent the Lonrho jet to Belgrade. From there it flew Abbas and his colleagues secretly to Cairo, and by July 21 they were in Tripoli. Over Libyan radio, Abbas ordered troops loyal to Nimeiri to stage a counter-coup.

That evening, before boarding a commercial airline bound for Khartoum, Colonel el Nur announced to a press conference that he was returning to the Sudan to take charge. While flying over Libyan airspace, the plane was ordered to land. Colonel el Nur and his aide were arrested. Nimeiri was placed firmly back in power, executing his enemies and praising the role of Defence Minister Abbas. By rushing Abbas back to the Middle East in time to organize the counter-coup and to consult with the Libyans about forcing down the BOAC plane, Lonrho played a small but crucial role in helping Nimeiri to remain in power in the Sudan. Thus, a very strong and close relationship developed between Rowland and Nimeiri, one that was imminently profitable for Lonrho. Khalil was still an important element in the relationship, but Rowland
103

had succeeded in demonstrating his loyalty to a ruler who was so suspicious of foreigners that he required them to have regular contact with the police while in the country.

President Jaafar Nimeiri was an archetypal "strongman". After his successful coup in 1969, he held the reins of power in the Sudan. He maintained that power by adhering to the formula of rewarding the faithful handsomely, and severely punishing the disloyal. However, Nimeiri's power was tenuous, for he was ultimately forced to use repression, thereby alienating one group of allies after another -- from the Communist left to the Islamic right -- narrowly surviving numerous coup attempts. As his paranoia regarding supposed plots against him increased, so did his repression, and his prisons soon became full of political prisoners. He attempted to cover all bases; his personal jet always on standby as insurance against the inevitable day of his regime's overthrow.67

The political potential of the military is great, especially to those leaders such as Nimeiri who grabbed power via the army. In sub-Saharan Africa there is, for the most part, no clear distinction between military and political elites, especially in their participation in formal organizations, such as political parties. And in those states where position does not mean colorful medals or elegant uniforms so much as firm and secure economic status, the only way by which the military could be insulated from political control is to assure them independent economic supply lines. This is of course highly impractical and
improbable. The problem of military regimes is not one of how they gain power, but how they use it and keep it. The dilemma that Nimeiri faced was just that -- how to maintain his tenuous power. Certainly, the formula for this would have been to first command obedience on the basis of more than coercion, for a certain degree of political organization is necessary, even if legitimacy is not. A military dictatorship that rules solely on the basis of fear and coercion is likely to break down and be overthrown in the same manner that it came to power.

For his part in the averted coup attempt, Rowland forged a fifteen-year friendship, only broken off when Nimeiri was finally overthrown in March 1985. Rowland, by this time, had withdrawn many of the Lonrho holdings from the country, perhaps foreseeing the future without Nimeiri. The high point of their relationship came when Nimeiri made time between his official engagements on a visit to Britain to visit Rowland's country home at Bourne End. His entire Cabinet went with him.

For Lonrho, the friendship was very lucrative. Evidently, it must have been Nimeiri's way of rewarding Rowland for his continued support. On September 1, 1971 Lonrho was appointed by Sudan "as sole agent for state purchases of capital and semi-capital goods in the U.K." Lonrho also agreed to act as purchasing agents for the Sudanese government in other countries. It was never disclosed, however, just what services Lonrho was rendering. In the past, the buying of British goods had been done through the Sudanese embassy, whose purchasing department
performed this service at a cost which was said not to exceed 0.2 percent of the value; Lonrho’s charge was fixed at 2 percent of the total, plus bank interest charges for the financial services involved in the transactions.\(^2\)

A new law was passed in Khartoum in 1972 that exempted companies whose production was based on local raw materials from profits tax for the first five years of operation and reduced their obligations for further periods. Such concerns also enjoyed other privileges, including freedom from customs duty on imported machinery and raw materials, lower electricity charges and favourable leasehold terms for land. Repatriation of profits was to be free of tax, as was withdrawal of capital. Not surprisingly, this coincided with the announcement of the joint production of sugar with the Sudanese government, Lonrho and Khalil’s company. As well, another deal for a textile factory with the same three partners was pending. By making such incentives, Nimeiri was perhaps attempting to attract MNCs to the Sudan, likely in the hope that they would invest in the volatile country, effectively supplying him with more money for position maintenance. Or, perhaps he was attempting to demonstrate that his government was legitimate in some form of practical economic policy, thereby making the country eligible for foreign aid and loans from the International Monetary Fund. Or, was it the case that he had similar partnerships to that of Lonrho with other foreign corporations?

The exact extent of Lonrho’s elevated position in the Sudan
was only revealed, however, at a press conference in London where, Khalid, the Foreign Minister, was asked to explain his government's relationship with Lonrho in the light of the Organization of African Unity's (OAU) attitudes to apartheid. Khalid, as a former Sudan ambassador to the United Nations, likely knew of Lonrho's origins in Southern Rhodesia and of its operations in white-ruled African countries. He replied, however, that he was "not aware" of the company's operations in South Africa or Rhodesia. This was even more surprising in light of the publicity that the company had received as a result of its interests in white-ruled sub-Saharan Africa. What is more likely the case was that the Sudanese regime was aware of Lonrho's activities -- especially as a detailed dossier on Lonrho was delivered by them to the OAU in February, 1973. This fact is of considerable importance because of the role that Sudan played during 1973 and 1974 in the events which led to the appointment of Lonrho to the OAU as economic advisor on oil matters.

Rowland's probable scheme of making Lonrho oil consultant to the whole of black Africa, via working through the OAU, never reached fruition. The company would have been the sole agent for buying, shipping and distribution. However, after Idi Amin drew the attention of the OAU to Lonrho's links with South Africa, Rowland was forced to cancel the contract he had signed with the organization; its secretaty-general, Nzo Ekangaki, resigned in disgrace. The common ground between members of the OAU was their opposition to apartheid and the white minority regimes of southern
Africa; if little else, there was full accord on questions of racialism, foreign exploitation and neo-colonialism. Such bad publicity damaged Lonrho considerably, likely convincing Rowland that he must always appear to be on the side of black nationalism (while quietly securing a deal with Western Platinum or other South African concerns).

The relationships that Rowland fostered first with Khalil Osman and later, Nimeiri proved profitable for Lonrho. Rowland somehow managed to be "in the right place at the right time" where Nimeiri was concerned. The fact that he was able to aid Nimeiri to return to power, albeit through a minor role, only serves to demonstrate how relationships of MNCs and personal rule are contingent upon individuals and circumstance. No strategy that Rowland could have devised would likely have placed him in a better position with the Sudanese ruler. Rowland's strength, in this case, lay in his ability to act quickly in a crisis, by recognising his potential to benefit if he employed the correct strategy. The entrepreneur seems to have recognised that Nimeiri's position was tenuous, and when the opportunity for him to demonstrate his devotion to the ruler arose, he did not hesitate. Others were not so willing to play such a dangerous game as to align themselves so closely with a military dictator, knowing that the day of his violent overthrow was inevitable. Indeed, tying Lonrho's continued success so closely to someone in so precarious a position underscores the fact that Rowland is quite a gambler. The continued success of Lonrho in the Sudan
was, indeed, contingent upon the continued will of Nimeiri. If he had been suddenly overthrown, with little or no warning, the results might have been disastrous for Lonrho. As it was, by the time the leader was eventually deposed in 1985 in a military coup d'état, Rowland had withdrawn the major part of Lonrho’s investment from the Sudan.

**Zimbabwe**

In Zimbabwe, Rowland went to a great deal of trouble in terms of posturing, currying favour and eliciting friendships in order to place Lonrho in a propitious position. However, rather than assessing the political climate for doing business in Zimbabwe, Rowland attempted to manufacture his own, tailoring it to Lonrho’s needs -- much to his eventual detriment. In the end, his excessive meddling only created more obstacles. In fact, this particular case discloses much about just how contingent in terms of timing, circumstances, and personalities MNC-personal rule relationships actually are.

As in Malawi, Rowland rightly forecast that the power configurations in Zimbabwe would change drastically in the coming years, and thus set out to cultivate the person whom he felt would eventually lead the country. Unlike Malawi, it seems he did not have a grasp of the entire picture of Zimbabwe, at least in terms of with whom strategic relationships should be fostered. In fact, the reverse, for his carefully orchestrated plans crumbled one
after another as he trod on the toes of all of his would-be partners and found himself stumbling in a frantic shuffle rather than gliding through a fluid "tango".

Rowland began on the right foot, however. He seemed convincing in his regard for black nationalism, appearing tirelessly to pursue a settlement in Rhodesia. In truth, Lonrho's interests were at stake -- especially its oil pipeline which ran from the Mozambique port of Beira to Salisbury (which could not operate as long as United Nations sanctions were in force against the illegal regime in Rhodesia.)

As in the 1960's, Rowland once again recognised that it would be prudent to support an up-and-coming black ruler. In fact, when Prime Minister Ian Smith's power began to waver, Rowland's apparent strategy was to simultaneously back several promising black nationalists, thereby bettering the odds on his bid for a favoured position. He allegedly tendered as inducements, such gifts of services as airline tickets, hotel suites, and medical examinations -- "whatever was required." "So great was his enthusiasm that he did not seem to discriminate, and Lonrho funds were showered in turn upon Bishop Abel Muzorewa, the Reverend Ndabaningi Sithole, and finally Joshua Nkomo." It was Nkomo in whom Rowland placed his highest hopes, however. Twice the Lonrho jet made trips across the Zambezi River, taking Ian Smith from Salisbury to Lusaka. The first time was in November 1977, when Smith and ten officials were flown to meet Kaunda. "Their aim was to find a formula by which Joshua
Nkomo could be brought into a national government.\textsuperscript{79} When this news was leaked, there were recriminations on all fronts. Robert Mugabe, who maintained an uneasy alliance at the time with Nkomo, was led to believe that Nkomo had attended the meeting, and thus believed (rather astutely) that this was a conspiracy to undermine him.

Rowland’s second initiative occurred a year later, when he did fly Smith to Lusaka for direct talks with Nkomo. There they made plans for further meetings, this time to involve Mugabe. Mugabe declined to participate upon learning that Smith and Nkomo had already met without him. All of this so-called diplomacy did not help matters much -- in fact the reverse. The animosity and suspicion between Nkomo and Mugabe only intensified. And as it turned out, there was little chance for Smith and Nkomo to come to terms either, for a group of the latter’s guerrillas, armed with a Soviet ground-to-air missile, shot down a civilian jetliner near Victoria Falls. Thirty-eight died in the crash; of the eighteen survivors, ten were summarily “executed” by the freedom fighters.\textsuperscript{80}

Rowland made many valuable contributions to the “Nkomo cause”; according to Nkomo himself, the most valuable being airline tickets. Nkomo in his personal memoirs claims that Rowland’s help was personal, not political, and that “Rowland did not appear to want anything in return, or to be planning for me to take high office after independence.”\textsuperscript{81} Although rather naïve, Nkomo’s account would be acceptable if not for the fact that he
had mentioned politics. What would the President of one of the more successful multinationals operating in Africa, largely due to the strength of its excellent ties there, be doing if it were not to cultivate political allies? Rowland was not, and never has been in the business of charity. Indeed, there is no mention of some of the "gifts" that Rowland reportedly gave Nkomo -- like the gold watch.82 It is more likely the case that Rowland was steadfastly preparing for the day when the country became Zimbabwe, securing his position (and Lonrho's) with those people who might be in power after independence. Nkomo, at the time, was regarded as 'sure' to become the national leader. According to Nkomo, Rowland was very close to him: "I regarded him as a son-in-law, what we call the 'mkweenyana', one of the family by marriage."83 In return, Rowland called him by the nickname "Lloyd", a kind of "nom de guerre when they talked on the telephone."84 Indeed, at this point, the situation must have looked very favourable in terms of profitable business alliances for Lonrho.

Unfortunately for Rowland, his strategy backfired; as it turned out he had once again backed the wrong political horse. During the post-independence election campaign, early in 1980, Lonrho reportedly "donated" to Nkomo's ZAPU party approximately £150,000, as well as electioneering material (hastily printed in the U.K.) and a campaign helicopter.85 Despite this, Mugabe's ZANU party won fifty-seven seats to ZAPU's twenty. Surprisingly, in his strategic assessment of possible new power configurations,
Rowland neglected to note the tribal alignments in Zimbabwe. For if he had, he would have realized that Nkomo could never win. Yet Rowland did not abandon his candidate for some time.

There are two major tribes in Zimbabwe. These are the Ndebele and the Shona (popularly known as the Matabele and the Mashona). Mugabe represented the larger Shona population with his Zimbabwe African National Union (ZANU), while Nkomo led the Matabele with the Zimbabwe African People's Union (ZAPU). An uneasy alliance was formed between the two leaders long enough to hold the election in February 1980, only to finally break down with claims and counter-claims about the responsibility for the mounting civilian casualties of guerrilla activities in rural areas. The guerrilla activity which continued between ZANU and ZAPU was perhaps the long overdue materialization of hostilities that had manifest itself between the two tribes under colonial rule.86

Nkomo was finally forced to flee the country, frightened by Mugabe's Fifth Brigade troops who had broken into his Bulawayo home while he was hiding elsewhere; failing to find him they had shot three people. He eventually turned up in London requesting Rowland's aid. His hotel and sundry expenses were reportedly paid for by Lonrho, but by this time Rowland had realized that he had backed the wrong person, and any further aid to the ZAPU leader was sure to have dire consequences for Lonrho's interests in Zimbabwe. This became embarrassingly apparent when Nkomo gave a press conference endorsing the report released by the Catholic
Bishops in Zimbabwe about atrocities in Matabeleland. As soon as the first reports of his press conference were publicized, "one of Rowland's aides was on the telephone to tell him [Nkomo] that from now on there would be no more financial help available from Lonrho." Nkomo declares that despite the let-down in the "darkest moment of my life", he is grateful to Rowland for his support in earlier days. Judging by the kind words Nkomo had for Rowland, it would seem that even at the time of writing his autobiography, Nkomo may still have clung to the vain hope that Rowland, due to his rather uncanny ability to manipulate political events, could still place him in a position of authority in Zimbabwe. Otherwise, finding himself suddenly without Rowland's support would likely have elicited acrid criticism of Lonrho's President.

In the case of Mugabe, Rowland found himself in a less than favourable position; Zimbabwe was still the main centre for Lonrho profits. One of the first attempts he made to ingratiate himself with Mugabe was to replace the Lonrho-owned London Observer's Africa Correspondent, Richard Hall, with an associate of Mugabe's, Godwin Matatu. Matatu was a Zimbabwean journalist who had previously been the political editor of Africa magazine. He was reportedly given a large salary, a Lonrho car and a house in Harare. This resulted in yet another political miscalculation on Rowland's part, however. Matatu was, first, an inexperienced journalist, and second, he fell from favour with Mugabe soon after he was hired by the Observer.
Undaunted, Rowland attempted a new strategy in an effort to foster good relations with the new Zimbabwean leader. In a move that reportedly almost precipitated the loss of all Lonrho’s holdings in Zimbabwe, Rowland decided to manipulate the press in his favour, presumably to use it as a "mouthpiece" to ingratiate Lonrho with Mugabe. He thus orchestrated the interview of Robert Mugabe by the editor of the Observer, Donald Trelford. Once again Rowland appears to have misjudged his political influence, especially over a principled journalist. He likely felt that because Lonrho owned the Observer, Trelford would write a flattering story about Mugabe, thereby furthering Lonrho’s interests in Zimbabwe. However, the fact that Lonrho owned the Observer apparently mattered little to Trelford. Presumably, Rowland only understands matters of expedience, otherwise he would never have allowed the interview to transpire.

The interview was scheduled for April 11, 1983. It would have been cancelled by Mugabe if not for the interference once again of Rowland, who persuaded him to keep the appointment. At this same time, there appeared stories from Roman Catholic missionaries about atrocities committed in Matabeleland by Mugabe’s Fifth Brigade. Trelford learning of this, held a perfunctory interview with the ruler, then set out on a midnight journey to Matabeleland to learn the truth. In the ensuing article that was published, Trelford spared no feelings in an account of "grisley murder in the bush", with only a brief mention of Mugabe as a sardonic and ruthless personality.
Rowland is said to have reacted violently. He threatened to close the paper if the story was published, but it was a fait accompli by then. The entrepreneur was now in worse trouble despite his costly efforts to curry favour with Mugabe. (For instance, he had reportedly "donated" about £1 million to educational projects in Zimbabwe, and had given a few select ministers free vacations at a Lonrho hotel in Mauritius, likely attempting to influence anyone that might be closely associated to Mugabe.)

Because of Trelford's story, all of the Lonrho holdings in Zimbabwe were in peril, especially in light of the nature of personal rule that allows mere whim to govern the status of a company or an individual. In fact, Mugabe himself took the opportunity at a public rally to make an attack on the mendacity of the Western media. Likely envisioning absolute disaster for Lonrho in Zimbabwe, Rowland promptly telexed an abject apology.

In his message to Mugabe, Rowland maligned his own editor calling him "discourteous, disingenuous and wrong" in publishing the account of the Matabeleland conflict. Mugabe did not hesitate to make this letter public, as he had been invited to do. It supported his claims that the Fifth Brigade was not doing anything wrong in its "search and destroy" missions into Matabeleland. Rowland called the article "sensational", stating that Trelford had "taken advantage of his position as editor" to print a story which would not have been published if written by a mere reporter. Trelford responded that the letter had been ludicrous, defamatory and inaccurate, stating further that "Mr.
Rowland is simply acting to protect his business interests. He went still further and ridiculed Rowland's charge that he had been discourteous to Prime Minister Mugabe: "I wonder what he thinks about the discourtesy of the Fifth Brigade in Matabeleland who have been bayoneting people and torturing them with electric shock treatment." Their dispute was finally resolved with conciliatory statements written by Trelford, and endorsed by both.

Rowland continues to do business in Zimbabwe, presumably profitably. In retrospect, it seems puzzling that Lonrho did not become the target of Mugabe's reprisals after Rowland's numerous political blunders in the country. Again, as some of the previous cases demonstrate, the relationships of foreign investors and personal rulers are often contingent on the whims and personality of the rulers. Thus, to attempt to anticipate Mugabe's possible course of action with any degree of accuracy is almost impossible, for individual whim cannot be calculated using scientific methods. Obviously, Mugabe is as astute a businessman as he is a politician, for he recognises that he requires the foreign investment that the British multinational brings with it. He is evidently not preoccupied with the relations he has with Lonrho, or its President, as long as it provides what he requires. Money, is one probable motivation -- to avoid the strong rivalry for his position by supplying political patronage to his associates, and to fund the campaign he wages with other Front Line States against the white minority regime of South Africa.

Thus, the strategy that Rowland has pursued in his
relationships in Zimbabwe have not been altogether successful. It appears that such relations are contingent on so many personalities, and events as to be almost unpredictable. As Machiavelli stated in 1512: "I conclude then that fortune varying and men remaining fixed in their ways, they are successful so long as these ways conform to circumstances, but when they are opposed then they are unsuccessful." Rowland, has likely had to alter his strategies with Mugabe in order not to lose the greatest part of Lonrho's African business. Indeed, by manipulating something as public, and supposedly unbiased as the press, Rowland has revealed exactly to what lengths he will go in order to safeguard Lonrho's interests. This is something of a novel case in that it is such blatant evidence of how multinational corporations might attempt to circumvent the problems of the uncertainty of personal rule.

Roles can change at any time, this Rowland probably counts on, and he appears astute enough to realize why Mugabe did not nationalize all of Lonrho's assets when given the justification. For the time he plays the part, but is likely at the very moment currying favour with persons close to Mugabe in order to benefit Lonrho. It seems that both men now know exactly where the other stands in terms of strategic interests, and although their relationship is not on close or friendly terms, they recognize that they shall both benefit if it continues.
Sub-Saharan Africa has proved at times to be a rather frustrating experience for Rowland. But due to his uncanny ability to manipulate political events there, he has managed to land on his feet and to prevent Lonrho from disappearing into the hands of the private power brokers. His keen understanding of personal rule has aided him in these successes. He has made some mistakes in his calculations, it is true, but by at once aligning his excellent sense of business with his knowledge of personal rule, he has managed to turn seeming disasters into successes. Some observers say that Africa has become too small for Rowland and that this is evidenced by his recent bid for Harrods, London's largest department store. However, Africa seems to be his first love. Such a keen understanding of African politics would surely be wasted in the orderly and institutionalized countries of Europe. It is in the realm of uncertainty, personal aggrandizement, patronage, tribalism, and personality cult that Rowland is in his element. His formula for the successful dealings of a multinational with a personal regime has been one of the most notable and durable.
CONCLUSION

Attempting to define human relationships by purely empirical activity may become a misleading endeavour. Human interaction is often powered by self-interested activity in which there is no certain outcome. By attempting to assign scientifically-generated hypotheses to activity that is contingent upon the vissicitudes of individual human interaction and more so, upon capricious circumstances, is to narrow the scope of possible change. It is difficult to predict with any scientific accuracy the precise manner the conduct of affairs shall take, especially when they fall within the realm of expediency, uncertainty, risk, and adventure. Opportunity can be manufactured if a person knows well how to manipulate men and circumstance to his desires. However, opportunity is always contingent, to some degree, on fate or fortune -- the fortunes of men have never been predicted with any degree of scientific accuracy.

This thesis has disclosed, in part, some of the relationships that exist between multinational corporations and the personally ruled states of sub-Saharan Africa. Personal rule in black Africa is characterized by ramshackle regimes, in which institutional authority and organizational capability are largely deficient. It is a system of rule in which the self-serving ruler holds power in precarious balance via a network of patronage, corruption and,
quite often, fear and coercion.

When a hierarchically-organized multinational corporation guided by proceedings and conventions, rules and regulations, in its business transactions, is faced with such a byzantine scenario, the major question arises as to how it operates. This thesis has revealed that, just as in individual human relations, MNC-personal rule relationships rather than being zero-sum and unidirectional as dependency theory suggests, are conditional, highly contingent on the arbitrary nature of personal rule. As the case of Lonrho demonstrates, the most successful companies in black Africa are those which have the ability to adapt to an environment where business and politics are synonymous.

The strategies of adaptation are numerous, although not always easily recognized. MNCs may undertake to proffer inducements for a variety of purposes, such as obtaining advantage or avoiding harassment. Inducements may be in the form of gifts or money, although these are often viewed as under-handed and corrupt. The employment of relatives, free airline tickets, or vacations are more ingenious methods of influence, and less recognizable as such. Still another tactic may include enlisting the aid of a reliable comprador or intermediary who, through his understanding of the host country or influential connections, may negotiate and perhaps proffer inducements on behalf of the corporation. This strategy appears to be easier and less hazardous for the MNC, as it allows the company to distance itself from incriminating activity that violates home government laws,
yet still pursue its business interests.

Tiny Rowland of Lonrho has pursued numerous strategies vis-à-vis personal regimes in sub-Saharan Africa. He has enlisted the aid of compradors, proffered money, gifts, and services of all forms, in order to either establish or maintain good relations with those who hold the reins of power. His strategies have been, at times, Machiavellian, and while they are somewhat transparent, they are often effective. In other instances, however, his carefully orchestrated schemes have backfired, leaving Lonrho in a vulnerable position.

Contingency theory thus fills the gaps left by dependency theory in its explanation of the relations of MNCs and personal rule in black Africa. Indeed, while dependency theory is a point of departure for such investigation, it fails to account for the uncertain and arbitrary nature of personal politics where individual interests supercede those of the state. Contingency theory reveals a distinctive pattern of behavior in such relationships. It is a pattern in which business success depends as much on striking personal relationships with powerful individuals as it does on investing in certain sectors of the economy. Fostering and maintaining such relations requires different strategies in each case, for each individual has his own interests and motivations. Thus, while Rowland employed bribery, flattery, and a measure of deceit to court Kaunda, he used an intermediary and quick thinking to ingratiate himself with Nimeiri. In Zimbabwe he went too far in attempting to manipulate
the political situation for business advantage and was forced to try to make ammends. In Zaire, Mobutu wielded his juridical sovereignty like a weapon, and Rowland was virtually forced to hire the ruler's not-so-sobre uncle in order to safeguard Lonrho's interests.

Thus, politics in sub-Saharan Africa intrude virtually on every aspect of society, and business is not immune. Indeed, in sub-Saharan Africa, politics is business. And as Rowland doubtless knows, and the case of Lonrho reveals, business relationships in black Africa, like human relationships, are highly unpredictable, provisional, conditional, arbitrary, and non-zero-sum, each contingent on the vissicitudes of individual interaction and the ever-changing circumstances of personal rule.
"If a man will begin with certainties, he shall end in doubts; but if he will be content to begin with doubts, he shall end in certainties." So said Francis Bacon in his work *Advancement of Learning*. What Bacon said, to a point, is true, for few research endeavours can unmask the truth with a complete degree of accuracy. Indeed, were there no doubts, research would not need to be undertaken at all. There is always a so-called margin of error that is recognized, even in the most scientific experiments. This thesis too, is not without its margin of error. Its sources were a mixture of testimonial evidence and published works, neither of which should be judged more or less truthful simply because of their form.

The published sources used in this thesis appear in the bibliography, and therefore need no further discussion. The testimonial evidence, however, needs to be explained for those who are not comfortable with the extent of the endnotes. Numerous people were interviewed in the course of writing this thesis. Each individual's contribution was important in that it helped to piece together the puzzle that this thesis set out to disclose. Chapter Three, in particular, is based more on interviews with people, than on published sources. Surprisingly, "none are so fond of secrets as those who do not mean to keep them," and much information for this study arriving completely unsolicited. Many people offered to contribute what they considered relevant to the
topic from their experiences. Several who were interviewed know Tiny Rowland personally, either through doing business with him, or through long-standing personal relationships. Others had worked for agencies in sub-Saharan Africa and related anecdotes about their experiences. Still others had, and do, work for multinational corporations and were able to substantiate many of the ideas that were born as theory in Chapter Two.

People such as Mr. G. Wiz (his alias) and Mr. Aaron David both worked in sub-Saharan Africa, the latter, as an accountant for Tennoco Petroleum, and the former, both for himself and as a pilot for Chevron Petroleum. Mr. David was seemingly open and straightforward about his information, even correcting spelling errors made during the course of the interviews. With typical German reserve, Mr. Wiz, on the other hand, often said much without saying anything. Each meeting with him concluded with more unanswered questions, causing speculation and careful comparison of all previous interviews to see where he had filled in the gaps of a prior meeting. His help was not without value, however. He went so far as to correct a draft of the case of the Sudan, and the information about the work of intermediaries (especially those who operate in the Middle East).

The Buchanans kindly proffered as much information as they could. They seemed eager to be given the opportunity to discuss their experiences in Zambia, many of which left them quite bitter. They spoke highly of Rowland, whom they resignedly state bought their home and business in Zambia so that they would not lose
everything when Kaunda claimed their assets, allegedly for Zambia. Zambia had been their home, and the home of their parents for decades, and they were most unhappy to be forced to move, leaving behind their life-savings in the Bank of Zambia. They even provided documents from the Bank which detailed how their money had been redistributed. Thanks to an introduction by the Buchanans, the two people referred to as the "friends" of Rowland, came to be interviewed. (They are all good friends, and meet one another socially quite often.)

The "friends" of Rowland know him and his immediate family on a close, personal basis. They met him when they entered into a partnership with him for the Beira Pipeline deal in Mozambique. Although the deal eventually collapsed and they now reside in Vancouver, they still meet him at least once a year. They know his personal lawyer as a friend, as well as the pilot of the Mystere jet, and many people connected with the British Royal Family. They have, of their own volition, created numerous opportunities to advance information to me about Rowland and his dealings in sub-Saharan Africa, provided pictures and articles, and even telephoned occasionally with new pieces of information that have come to mind. Their unwillingness to have their names used seems to be based on the wish not to destroy their friendship with Rowland. However, at times they have been reluctant to be specific about names, dates and amounts, which has had the effect of leaving gaps in the information, filled only by searching endlessly through newspaper articles.
Indeed, many things that the above people, and others, said during interviews and conversations, have been corroborated by newspaper articles, and small references in books and periodicals. Often, a simple name has led to new research and further substantiation of facts. Indeed, if it had not been for the help such people, my research would not have become so in-depth. Their helpful ideas, and perhaps even unconscious hints, led to a snow-ball effect that is even now difficult to stop. Indeed, "[a] cruel story runs on wheels, and every hand oils the wheels as they run."

I wish to assure the reader that I have made every effort to verify the information that I have gathered and that I will discuss its reliability in further notes where relevant.
NOTES

Chapter One


2 John Montgomery "The Quest for Political Development" in Comparative Politics January 1969, p.286.


4 Andreski, op.cit., p.109.


6 Both Prince Bernhard of the Netherlands and Prime Minister Tenaka of Japan were implicated in the famous Lockheed Scandal. See Note # 7, this chapter.

7 Interview with Mr. G. Wiz who worked as a "entrepreneur" in sub-Saharan Africa for seven years as well as South America and the Caribbean. He has related numerous incidents of how intermediary work is done -- and especially events in the Sudan which required his "expertise" in military matters. He is presently in the same line of business, but only undertakes jobs that pay over U.S.$10,000.00/month cash. Series of interviews beginning November 1987;

The Lockheed Scandal, as it was called, involved the payments from 1972 to 1974 by A. Carl Kotchian, president of Lockheed Aircraft Corporation, of millions of dollars to Japanese "sales consultants" (compradors) and government officials at their request in order to facilitate the sale of Lockheed's TriStar passenger plane to All Nippon Airlines.

At the time of this incident, the paying of foreign consultants and government officials in order to secure business abroad was a widespread and longstanding practice. Lockheed itself was involved in Japan, Germany, Italy, the Netherlands, Indonesia, and Saudi Arabia from the late 1950's to the mid-1970's.

Lockheed's accounting procedures during this period of time were termed "highly unusual". What, in memos and correspondence, appeared to be generous contributions to a Widows' and Orphans' Fund in Indonesia proved to be payments to the Indonesian Air Force. While conducting the 1972 audit, William Findley of Arthur Young and Company was surprised to find a receipt which read: "I received One Hundred Peanuts." As it turned out, "peanuts" represented one million Japanese Yen. When the scandal broke in Japan, souvenir handkerchiefs were sold which said, "I received One Hundred Peanuts." A record, "I Also Would Like Peanuts," made the popular charts.

In Italy, the Italian government purchased C-130's for their Air Force from Lockheed because key persons in Italian politics could get payoffs from Lockheed. Rather than buying Italian planes, more suited to their needs, they bought Lockheed's because that multinational was willing to make payoffs while Fiat was not. In Germany, Lockheed made payments to a Bavarian Political Party, the Christian Social Union, in order to win a contract to sell the West German government the same planes as had been sold to Italy. Prince Bernhart of Holland was also allegedly involved in the scandal.

Saudi super-intermediary Adnan Khashoggi also was involved. He was responsible for introducing Saudi royalty to Lockheed officials which resulted in the sale to that country of Lockheed's F-104 Starfighter.

In the U.S. press, Kotchian and other Lockheed officials were accused of bribery. A court battle ensued ending with a new precedent being set in which the Foreign Corrupt Practices Act was signed into law in 1977 by U.S. President Jimmy Carter.

Although due to the constraints of length of this paper, every transaction between Lockheed and its consultants cannot be detailed, the bulk of them were carried out with compradors or intermediaries who repeatedly represented officials of foreign governments engaged in purchasing planes for military and domestic purposes.

Bribery is prohibited by the U.S. Anti-trust Law, and the Clayton and Sherman Acts which consider it dangerous to free competition in trade and commerce any acts of conspiracy — which include such illegal practices as bribery of officials, creation of trusts to induce officials, and monopolies for the sake of private or official gain. In addition, in 1977 President Carter signed into law the Foreign Corrupt Practices Act (see footnote 8, above). This Act makes it a criminal offense to offer or pay money to foreign government officials (or those who will pass on such payments to foreign government officials — such as compradors) for the purpose of obtaining or retaining business. The Act, however, does allow payments to officials whose duties are essentially ministerial or clerical, for example, nondiscretionary.

Interview with Mr. G. Wiz who has been involved in similar forms of operations on behalf of any country willing to pay his fee for orchestrating such a deliberately deceptive transaction. August, 1988.

In addition, some Middle Eastern states such as Saudi Arabia and Kuwait have legal requirements making the employment of local agents mandatory for all transactions with the governments of the two countries. Among the seven desert sheikdoms on the Persian Gulf-Arabian Peninsula (formerly known as the Trucial States), a foreign company for all practical purposes will be unable to do business with any of these regimes unless it retains one of the Middle East’s wealthiest and most influential middlemen, Mehdi al Tajir.


Chapter Two


C. Furtado Development and Underdevelopment (Berkeley, 1964); N. Girvan The Development of Dependent Economies in the Carribean and Latin America (New York, 1973)

3 Sunkel, op.cit., p.28.
4 Hymer, op.cit., p.581.


8 Sunkel, op.cit., pp.22-23.


10 Colin Leys Underdevelopment in Kenya (Berkeley: University of California Press, 1975)

11 The Chile-ITT (International Telephone & Telegraph) Case in the early 1970’s is perhaps one of the most famous to be cited in this regard. From 1970 to 1972 ITT actively sought, first, to prevent the election of Salvador Allende as president of Chile and, once Allende was elected, to seek his overthrow. In the process, ITT not only resorted on its own to illegal or extralegal activities, but also sought to involve the U.S. government in both open and clandestine activities against Allende and was solicited by the U.S. government to serve as an agent of its policy. ITT’s principal investment in Chile and the main reason for its political intervention was Chiltelco, a profitable telephone company. The Marxist candidate Salvadore Allende was on a nationalization campaign that would have resulted in great losses for the multinational. In September 1973, Allende was overthrown in a military coup and replaced with the military dictator General Augosto Pinochet who was sympathetic to foreign multinational corporations.

An account of this episode appears in Anthony Sampson The Sovereign State of ITT (Greenwich, Conn.: Fawcett Publications, 1973) chpt. 11.

12 Christopher Clapham Third World Politics (London: Croomhelm, 1985) p.103.


17 See footnote number one, Chapter One for list of sources concerning MNCs.


22 Idi Amin seized power in Uganda by military coup in January 1971. His conduct was bizarre and unpredictable throughout his rule. In August 1972 Amin ousted from Uganda all Asians, regardless of whether they were Ugandan citizens or not. Almost all the Asians' property was appropriated by government officials and the armed forces.


In sub-Saharan Africa, the major concentrations of foreign capital are in Nigeria, Zaire, Gabon, Liberia, Kenya and the Ivory Coast. Other significant investments are in Zimbabwe, Zambia, Senegal, Ghana and Cameroon. Beginning from a small base, foreign investment grew rapidly in Botswana, Gambia and Somalia in the sixties and seventies. Negligible foreign capital has flowed to a number of countries, mainly landlocked ones with small populations and no significant mineral resources, such as Burundi, Chad, Equatorial Guinea, Lesotho, Mali, Rwanda and Upper Volta.

24 Interview with Mr. Jacques Bedard of CIDA, October, 1987. Mr. Bedard worked for the Canadian International Development Agency (CIDA) in several states of sub-Saharan Africa. He now runs
the Indonesia Programme for CIDA in Hull, Quebec.


28 These ideas are reflected in the book Pay-Off by Said K. Aburish, op.cit.

29 Interview of July, 1988 with Howard Wilson, who worked for The Canadian International Development Agency (CIDA) in Nigeria approximately ten years ago.


32 Aburish, op.cit.

33 This was recounted by an ex-executive of Shell International who was involved extensively in the operations of that multinational in a number of Third World countries. Interview July, 1988.

34 Interview with Aaron David, former consulting accountant for Tennoco in Gabon, July, 1988.

35 Boulton, op.cit.


Chapter Three


3 This quotation and a number of others in the body of this
paper may be attributed to a succession of interviews with friends of Tiny Rowland. These people were involved with Rowland on a number of projects in Mozambique and Zimbabwe, and they presently remain his close personal friends. They feel that some of the information they have revealed is not in the best interests of friendship. They also wish to remain anonymous for personal reasons, some of which involve concerns for relatives still in Africa. They shall henceforth be referred to as "friends" of Rowland. Interview, October, 1987.


6 *Department of Trade* op.cit., pp.7-8.


8 At this time Zambia was beginning to develop what would eventually be her fortune - copper. Several projects were begun that year. The Japanese finance ministry announced approval of two Japanese companies to raise loans in London and Europe for the development of copper in Zambia. The companies, Mistui and Mitsubishi offered a US$70 million loan to the mining giant Anglo-American Corporation (Central Africa). In return Anglo-American would guarantee to supply Japan with one-hundred thousand tons of finished copper annually for ten years. The loans were to be used for two specific projects: the Nchanga Mine in Chingola and the development of the Anglo-invented Torco process for treatment of refractory ores.

Other developments were announced by Roan Selection Trust to increase the capacity of the Mufulira Mine, the second largest underground copper mine in the world. The same company also opened a new copper mine, the Kalengwa Mine. Rhokana Corporation also launched development plans to produce some 90,000 tons per year by searching old, dried up mines - for example the Mkubwa Mine outside Ndola was being readied to be re-opened by 1970. A final agreement was also reached for establishment of a copper fabrication plant in which the Zambian government held a 51% interest (49% went to a Swedish-US consortium).

9 Originally called "Nyasaland Railways" and changed at independence.

10 Richard Hodder-Williams "Dr. Banda's Malawi," in *Comparative Politics* 12, 1, 1974, p.96.

11 Banda declared:
You can make all the money you want and take as much as you like to London but after I have taxed you... I won’t restrict you at all. But here if you try to make this country a Banana Republic or a Sugar Republic, then you will learn from me and my people....These men have said to me ‘we are businessmen and not politicians’. That is good...I shall judge Lonrho by its activities.


15 Interview of November 1987 with Sonja and Jim Buchanan, formerly of Zambia. According to the Buchanan’s they first encountered Rowland when they sold their business and home to him in the mid-1970’s. In order to recover their investments (no more than the equivalent to US$100 was allowed to leave Zambia at the time), they sold their business (a real-estate firm) and family home to Rowland on the basis of good faith. Rowland paid them in British pounds upon their arrival in England several months later.

16 The Tanzam railroad project was said to be the largest single foreign aid project in Africa’s history. The Chinese (People’s Republic of China) railroad project cost US$1,056 million. They offered to undertake this project in 1965 during Tanzanian President Nyerere’s visit to China. Kaunda and Nyerere signed the agreement in Peking in September 1967 in which China committed itself to financing and building the railway. After lengthy negotiations, in July 1970 China agreed to an interest-free loan of US$406 million to cover its construction and costs to be paid over 30 years beginning in 1983.


18 Property and Finance as cited in Cronje op. cit., p.279 ft.nt #12.

19 Michael Norris Terrorism (Cape Town: Howard Timmins, 1971)p.150.

20 Interview with "friends" of Rowland, November 1987.

21 ibid., December 1987.
Interview with Sonja and Jim Buchanan, November, 1988.

Machiavelli, op.cit., p.82.

The Buchanans went into some detail on what had happened to the assets of whites in Zambia. They supplied documents from the Bank of Zambia to illustrate their points. All of their assets that were not sold to Lonrho - with the money to be paid to them upon arrival in London - were seized without compensation. Almost ten years later they received a statement from the Zambian government telling them that their money in the Bank of Zambia had been redistributed. This came after several dozen attempts by Mr. Buchanan to get his life savings returned.

On April 15, 1968 an economic programme was outlined that was designed "to achieve its goal of economic independence under Humanism." President Kaunda said that economic activity in Zambia had been dominated by Europeans and Asians, many of whom had "one foot in the country to take advantage and the other outside ready to jump out when it suited them." From now on, he claimed, only organizations whose shareholders or partners were Zambian citizens would be allowed to make unrestricted borrowings from local institutions; only Zambian enterprise would get certain areas where they could operate without competition from expatriate businessmen.


Testimony of Mr. A. Ogilvy to the British Department of Trade inquiry into Lonrho's activities in 1976. In this inquiry, Rowland was castigated by the committee for making "special payments made in the development of the group's (Lonrho) business outside the U.K." During his testimony, Rowland refused to disclose the names of the recipients of the payments. He made most of the payments via his personal bank account. However, later testimony and documents revealed that he owed Lonrho L836,499 which he claimed were payments made by himself and later reimbursed as "expenses" by Lonrho - although to give Rowland his due, he made a further L57,000 in "special payments" that were never reimbursed by Lonrho.

Department of Trade op.cit., pp.638, 400-401, 403-404, Appendix 15 (p.8).

One major exception to this was Captain Stefan Klein. In his testimony in the same investigation, Rowland attempted to justify "special payments" to Klein by stating that they came from his personal account. The sums totalled L39,800 to Klein, L5,000 of payments to other named recipients and L12,200 in cash to unidentified recipients. When questioned about Klein's role, and why he wrote letters and inter-company memoranda on Lonrho's notepaper, Rowland replied that he only dealt with Klein personally. "I have known Klein for 25 years. He is not only a friend of mine but is a very able man; he knows everybody. If you wanted to meet Onassis or Niarchos or the late Duke of Windsor,
Stefan Klein could arrange it." Later in his testimony he stated: "He [Klein] is the sort of man who could be useful to any company, Guest Keen Nettlefold, Leyland or Lonrho. He is multilingual." The Examiner replied: "But is he employed by Lonrho?" Rowland then stated: "He is employed as a commission agent by Lonrho, if and when! ... but not only by Lonrho. He has had commissions from me personally .... It is difficult to say what he is. He is certainly not a regularly paid employee of Lonrho, no, with pension rights and so forth, because he does not believe in pension."

Department of Trade op.cit., pp.586-586.; See also p.340 for background.


30 The "Board Room Row" as it became known was the bid by eight of Rowland’s fellow directors in April 1973 to dismiss him from his position as Chief Executive Officer. The board was split almost evenly between those who felt he should be ousted and those who felt he should not. The anti-Rowland faction was led by Sir Basil Smallpeice, a non-executive deputy chairman, and Gerald Percy, Rowland’s right-hand man and deputy managing director of Lonrho for over a decade. In the May court case which Rowland brought to stay an injunction already granted, Smallpeice said that Rowland’s preoccupation with the long-term future and his highly egocentric approach to business and management, coupled with his lack of interest in the day-to-day management, was creating a situation detrimental to Lonrho’s future. In the end the board of directors elected not to dismiss Rowland. Their reasons are not altogether clear but the facts may be presented:

From the beginning Rowland was supported by some of his senior African executives. Tom Mtine, Udi Gecaga and Gil Olympio signed a statement backing him shortly after the row became public. A senior Lonrho executive in French-speaking West Africa (Brian Chapman) also intimated that Rowland’s dismissal might not be acceptable to the company’s Ivorian associates. In the May court hearings, a number of African executives gave evidence for Rowland. Tom Mtine said in his affidavit that he had been authorized to speak on the behalf of the Zambian Government, and that if Rowland were to be removed from office, the company’s whole operation in Zambia would not only be in jeopardy, but would cease. He claimed that the Zairean Government would follow any course which Zambia took. Khalil Osman claimed that it would be difficult for Lonrho to find new projects in the Sudan, while existing ones would be in danger. It was also suggested that Ghana would take action if Rowland were removed. Rowland himself stated that the Zambian government would freeze Lonrho’s assets in
that country, stop the transfer of funds to London, not pay bills, and likely nationalize the company's assets.

31 Interview of October 1988 with "friends" of Rowland.


The former Police-Chief of Nairobi presently lives in Vancouver, and he has made it known on several occasions that he does not wish this matter to be discussed, although it is almost fifteen years after the fact. It may be speculated that the reason for his leaving Nairobi is based on this incident.

33 In May 1983 Charles Njonjo was named by Moi as a 'traitor' to the government whom 'unnamed foreign powers were grooming to take over the presidency.' Njonjo was subsequently suspended from his position in the government. Interestingly enough the person who pointed the finger at Njonjo was Elijah Mwangale, then Minister of Tourism, soon elevated to the position vacated by the hapless Njonjo of Foreign Minister. Mwangale had been chairman of the committee set up to investigate the murder of J.M. Kariuki. "His report was widely regarded as not being a very convincing white-washing job."

Njonjo, 65, had long cultivated the image of an English gentleman to the extent that most of his countrymen referred to him as "Sir Charles" or the "Duke of Kabete-Shire" and made fun of his three-piece suit and gold watch chain. His visits to Britain and his contacts there were the subjects of frequent gossip. He was reputed to be a "close" friend of Tiny Rowland. It would have made sense for Rowland to cultivate him because of his access to those in power and steadily increasing wealth which enabled him to wield enormous influence through patronage. To have lost him must have been another blow to Rowland who, at the time, was probably desperate for "friends" in an increasingly hostile atmosphere.

34 In addition, at the same time as his dropping Gecaga, Rowland fired another of Kenyatta's nephews, Ngengi Muigai, from the board of Mackenzie (Kenya) Ltd. "The Lonrho drop of Gecaga was seen as a shrewd play by Rowland to keep in with the new Government and try to recover some of the ground lost when the Standard came under the bitter attack from Attorney-General, Charles Njonjo.

Gecaga later sued Lonrho for over L38,000 (640,000 Kenya Shillings) which he claimed had not been paid to him after his dismissal. Lonrho, repudiated the claim.

35 Jackson & Rosberg, Personal Rule in Black Africa op.cit., p.107
These people were former civil servants in the colonial administration and 'pieds noirs' from Northern Africa who could not, or would not, return to France. They began to develop interests in the Ivory Coast between 1958 and 1965 and helped to initiate what was to become the country's so-called 'miracle' development. These, together with old-timers, such as the wealthy French entrepreneur, Blohorn, placed their confidence in Houphouet-Boigny: during the crucial days of independence they sided with Houphouet against the French government. Theirs was not only moral support, but considerable political influence in Paris as well.

Their power cannot be measured solely by the fact that they control more than eighty-five percent of local business-commerce and industry; they also exert considerable political power with the Ivorian regime. The old-timers form a type of exclusive 'mafia' acting against new businessmen attempting to enter the country. They are united against all foreigners, but especially against British and Israeli entrepreneurs.

The difficulties encountered by Lonrho in its bid to construct a Sugar production complex in the Ivory Coast, is a case in point. (The negotiations for the contract were conducted by Gil Olympio.) Although there was no French counter-proposal, it required eighteen months of negotiations to obtain the contract for an overall investment of L16 million signed with Lonrho engaged only in a supervisory and managerial capacity. Opposition to Lonrho's bid was never overt. It appeared in the form of purely 'technical' queries and further inquiries.

This special relationship between the circles of Frenchmen and the Houphouet 'old Guard' is bound to change with the departure of the leader. A younger generation of Ivorians have neither the nostalgic nor the material attachment to the French old-timers.

Hopes for this project were high at the time and it was stated: "The country (Ivory Coast) will be self-sufficient in sugar by 1974 as a result of a management contract signed with Lonrho."

Gil Olympio and his brother Bonito were sentenced to death in absentia in 1977 by President Eyadema of Togo for their alleged plot to overthrow him.

In an interview with James Fox of the Sunday Times (London), November 24, 1974, Olympio stated that "Before I was related to my wife by marriage, I was related to her by blood." Olympio's brother married Marie Houphouet-Boigny on June 22, 1968. He is now...
divorced and retains an address in Abidjan.

41 Hall, op.cit., p.70.

42 Jackson & Rosberg *Personal Rule in Black Africa* op.cit., p.147.

43 Hall, op.cit., p.69.


45 There is no evidence of this suit in the English Law Reports, which leaves the event open to speculation. These are the facts which may be interpreted a number of ways: 1. It is not possible to keep the report of a court case out of the English Law Reports, especially a Supreme Court case -- a court case is public knowledge; 2. Therefore, the case was a) disguised by "piggy-backing" it on another case (which is possible to do), or b) Olympio disguised it by using the name of one of his holding companies and suing one of Rowland's holding companies - difficult for the press to trace.

What is likely, judging by the speed with which Rowland dropped his counter-suit is that Olympio attempted to extort money from Rowland by threatening to make public the work he had done for Rowland in the Ivory Coast. Rowland probably would not be bribed and told Olympio to get lost. Unfortunately for Rowland, in providing documents to the Department of Trade inquiry of 1975, he (probably) accidently left a payment of £5,000 made out to G. Olympio on October 27, 1971 in his statement of expenses. (He wiped out all other names in the statements) This was likely evidence enough for Olympio to prove that he had done some kind of work for Rowland -- no matter how dubious.

Olympio then proceeded to sue Rowland on the grounds of something like "failure to pay compensation for work" or "breach of contract". Keeping in line with his extortion scheme, Olympio sued Rowland using obscure holding company names so that it would not be evident to the press or maybe even the courts who was actually involved. Thus, Rowland lost, and knowing that Olympio was not afraid of the consequences of disclosing their past relationship, dropped the counter-suit for fraud.

It is an interesting event in that it demonstrates that once entered into, this type of relationship is never entirely forgotten. According to G. Wiz, a prudent person will never use such a blackmail technique with such an important person unless he is very desperate.

Interview G. Wiz, January, 1989; *Department of Trade* op.cit., p.488.

46 British Law regarding bribery in foreign countries has been explicit since August 4, 1906. This particular act known as *The Prevention of Corruption Act* states in sub-section 2 that:
"Every person shall by himself or by or in conjunction with any other person corruptly give, promise, or offer any gift, loan, fee, reward, or advantage whatsoever to any person for the benefit of that person or of another person, as an inducement to or reward for or otherwise on account of any member, officer, or servant of any public body... doing anything in respect of any matter or transaction whatsoever, actual or proposed, in which such public body as aforesaid is concerned, shall be guilty of a misdemeanor."

Then, with respect to foreign jurisdictions, British law states in section 31 of the Criminal Justice Act of 1948 that:

"Any British subject ... who commits, in a foreign country, when acting or purporting to act in the course of his employment, any offense which, if committed in England, would be punishable on indictment, shall be guilty of an offense ... and subject to the same punishment, as if the offense had been committed in England."

It is interesting to note in the Prevention of Corruption Act that the bribe cannot be for the advantage for a person directly or indirectly. Thus, British law is very clear in not distinguishing between a direct pay-off or one to (or through) an intermediary or comprador.

47 According to Robert Jackson in his article "Sovereignty and Underdevelopment: Juridical Statehood in the African Crisis" in Journal of Modern African Studies 24, 1986, pp.1-31. The potential of international aid to enhance the development of African states is limited by their juridical statehood and the ineffectiveness of their governments. He cites the relationship of the International Monetary Fund and the World Bank with the government of Zaire and gives the example of how Erwin Blumenthal, a representative of the IMF, was seconded to the Bank of Zaire and the Ministry of Finance to ensure that the Mobutu regime complied with the terms of its western loans. He and his team were frustrated and thwarted by the regime and concluded that the mismanagement and fraud in Zaire destroyed all attempts to ensure the recovery of the economy. Jackson states that presumably future creditors are now forewarned about their limited capacity to intervene if sovereign governments are either unable or unwilling to co-operate.

48 This person has requested that he remain anonymous for his own protection. He did cite several examples of Mobutu's immense wealth: "When I was in Geneva I saw a five-star hotel that belonged to him (Mobutu).... He robs his country so that he and his friends can live a life of luxury." Interview, October, 1987.


50 Jackson & Rosberg Personal Rule in Black Africa op.cit., p.171.

51 Foreign aid by international organizations and various
foreign governments plays an important role in the economy of Zaire. But the volume has been reduced considerably during the past ten years and the pattern has changed radically. In 1971 the United Nations Development Programme, the World Bank and European Development Fund channelled large amounts into Zaire. By 1979 the Paris Club had met to discuss Zaire’s outstanding debt of $2,300 million and agreed that payments of interest and repayments of principal due the three years from 1978 to 1980, amounting to $1,000 million, should be rescheduled over 10 years.

Most countries have been dilatory in giving aid to Zaire because of its precarious political situation. They have also insisted that Zaire accept the discipline of the IMF before they pour any more assistance "down the Zaire drain."


One clerk characterized the re-arranging of the finances of Zaire to be like "Re-arranging the deck chairs on the Titanic."


52 Hall, op.cit., p.63.

53 The "friends" of Rowland stated that they knew as a fact that Rowland, along with other companies, had attempted to help "factions" in Katanga Province to break off from the rest of Zaire. They don’t know (or refused to say) how much money was involved, however. Interview, November, 1987.


56 Mobutu justified these radical measures by stating that he wished to "prove to those vultures of international high finance that the Republic of Zaire is not going to be milked like a cow and that the wealth of Zaire must benefit first and foremost the people of Zaire."

Africa Contemporary Record 73/74 op.cit., p.B610.

Zairianization, which allowed individual Zairians to take over the shops and farms formerly owned by foreigners, was a disaster. It was difficult to find citizens experienced or rich enough to buy out businesses, which ranged from all firms which exported, imported and sold a wide range of commodities, including building materials, cotton, rice, matches, cloth, shoes, drinks, flour, tobacco, and also which included larger wholesaling and trading enterprises. Frequently, the state was forced to set up special corporations or agencies of its own to take over. As a result of the sudden take-overs, considerable dislocation occurred. Shops frequently ran out of certain lines of stock or sometimes closed down altogether as the new Zairian managers tried
to rebuild links with traditional sources of supply.


57 It seems rather impossible judging by Mobutu's character, that he would be swayed by a simple newspaper story. Indeed, it would seem more likely that the ruler gained in some way, — maybe an entree for one of his nephews into an exclusive Swiss school or perhaps through Rowland's placing Uncle Litho on Lonrho's (Zaire) board of directors? It would have been unaffordable for Rowland to pay him monetarily, as Mobutu is already very wealthy. Whatever the scheme was, it will probably never come to light.


Mboti Litho died in Paris in 1981 of "undisclosed causes".

59 The extent of Lonrho's investments in Zaire at the time were rather substantial, especially after gaining controlling interest of Cominiere in 1971. They now comprise a minute percentage of the company's assets in sub-Saharan Africa according to an article published by *The Sunday Times* on 25 September, 1988 (p.D3). This suggests that Rowland finally gave up trying to do business in Zaire.

In December 1978, Zairean commercial banks received from Dr. Bluementhal (the Belgian financier who was hired by the IMF to help Zaire with its debt crisis) a report which singled out fifty individual businessmen and corporations to whom further credit was to be denied. Virtually all names appearing on the list belonged to members of Mobutu's closest circle of political associates. The Bluementhal circular singled out as the worst offenders two corporations owned by Uncle Litho. He was said to have amassed a considerable personal fortune via questionable means - using methods such as import licensing and currency exchanges to procure his millions. In March, 1977, Litho, was said to have been detained at the Franco-Swiss border for a routine car check which led to the discovery of some fifty million French francs in the trunk.


Uncle Litho, it would appear, was becoming bothersome to Mobutu (he was reputed to be a "lush"), however, being his uncle (on his mother's side), he could not simply be exiled as others had. Knowing that Rowland was likely to do anything to safeguard Lonrho's assets, Mobutu "killed two birds with one stone" and got back at Rowland for some real or imaginary wrong by foisting his unwanted uncle upon Lonrho's president. Thus, while having Uncle Litho in his camp gave Rowland an "in" with Mobutu, his value in terms of the image which Rowland wished to portray to his shareholders, on the other hand, left something to be desired.
Much business in the Middle East is based on the premise of "Inshallah" - if God Wills It. Most devout Moslems believe that there is no need to hurry through a transaction because everything is ruled by Allah (God) and therefore, if and when the business shall be concluded, depends on His will.

Lanning, op.cit., p.250-251.

In December 1984, "in an attempt to reach a political settlement with the SLPM (Sudanese People’s Liberation Movement) - a guerrilla movement dedicated to overthrowing the Nimeiri regime, Nimeiri once again enlisted (or accepted) the help of the multinational tycoon, 'Tiny' Rowland, the chief executive of Lonrho, to act as a go-between."


According to Mr. G. Wiz, in an interview in February 1989, "Saudi Arabia told Nimeiri that if he brought in Shari’a Law they would give numerous concessions to the Sudan. To sweeten the deal, they threw in an old 707 airplane. After he was deposed, Saudi Arabia told Nimeiri to give back to the people what was theirs - and not to forget the jet." Terrified of plots against him, Nimeiri had the jet on standby all the time and, "if the Presidential jet moved, no other air traffic was allowed clearance. I once even tried to land by declaring an emergency and they told me that they’d blow my ass out of the sky."

Christopher Clapham & George Philip (eds.) The Political Dilemmas of Military Regimes (Sydney: Croomhelm Ltd., 1985)p.32.

Nimeiri was finally overthrown in March 1985. According to observers, what finally brought about his demise was the introduction of Shari’a Law in September 1983. Near the end of March 1985, the violent demonstrations by Muslim leaders was taking its toll. Despite evidence of increasing discontent and no doubt living in a fantasy world of his own popularity, Nimeiri left the country for a private visit to the United States. Evidently, because there was so much violence due to his misrule, his supporters told him to go on a vacation and they would "clean up." To make examples of so-called dissidents, they "flogged people, committed cross-amputations, and killed a spiritual leader by first hanging and beating him then dumping him out of a helicopter in the desert. They killed about 2500 people, and
simply bulldozed them into a pit."

The people were in a state of riot by this time, because their main staple, sugar had once again risen in price. By now cane sugar was being burned in the fields because the opposition forces had blocked all of the main trucking routes to Kenana and other sugar refineries, although the trucks would have been unable to deliver anyway for want of fuel. The Sudan was unable to pay their membership to the United Nations that year, and all communication in the country was at a standstill because its telephone bill had not been payed.

"Upon trying to return to the Sudan, Nimeiri made it as far as Egypt because the pilot refused to land in the Sudan at night." He was never able to return, for that night he was overthrown.

"People in some of the multinational oil companies knew that he would not be returning even before he did. We lived right beside the military barracks."

Nimeiri had exhausted all of his political options, and had run out of allies and in so doing had created a multitude of enemies. He was not left short of money because he had been channeling funds into U.S. banks for years. "His wife made deposits in Southern Alabama Banks of about US$7 million (cash). Nimeiri bought currency on the market from so-called money traders, then took it out of the Sudan on the pretense that he needed it for expenses such as landing fees in the countries he visited."


72 ibid.

73 The OAU's attitude to Apartheid is referred to in its African Charter on Human and Peoples' Rights. It differs significantly from other human rights documents by virtue of the fact that it incorporates the words "peoples' rights." That the African Charter uses the word "peoples'" is a reference to the right of self-determination in sub-Saharan Africa being the right of Africans to have governments of their own race -- or according to Ali Mazrui, Africa must be dominated by black Africans.

74 Cronje, op.cit., p.192.


76 UDI was the Smith regime's Unilateral Declaration of Independence from Great Britain on November 11, 1965. The British Government regarded Rhodesia's independence to be unconstitutional and illegal, and no other country formally recognized it. In the ensuing years, Britain publicly ruled out the use of force to
quell the rebellion, and relied on progressively increased economic sanctions to produce a negotiated settlement and a realignment of political forces among the whites.

77 Interview with "friends" of Rowland, November, 1988.
78 Hall, op.cit., p.130.
82 Telephone interview of October 1987 with "friends" of Rowland.
83 Nkomo, op.cit., p.184.
84 Hall, op.cit., p.132.
85 "The entire election was rigged by Great Britain to get Nkomo in, however, the people (whites) really had to pack their bags when Mugabe got in."
88 The Economist March 5, 1983, p.32-33.
90 Nkomo, op.cit., p.244.
91 The Economist April 21, 1984, p. 56.
92 Interview with "friends" of Rowland November 1987.
93 The Economist April 21, 1984, p. 56.
95 ibid.
96 The Economist April 28, 1984, p.65.
97 Machiavelli, op.cit., p.94.

98 Lonrho's assets in Zimbabwe not listed as subsidies of operations elsewhere, are approximately £110 million of a total of £2.25 billion world-wide.


Sources

BIBLIOGRAPHY


Callaghy, Thomas M. "Africa's Debt Crisis" in *Journal of International Affairs*, 38, 1984, pp.61-79


Clark, Dick *U.S. Corporations in Africa* Report to the Committee on Foreign Relations, U.S. Senate Sub-Committee on African Affairs of Committee on Foreign Relations, 1981.

Committee on Foreign Relations, Staff Report, U.S. Senate, July 1982.


Hodder-Williams, Richard "Dr. Banda's Malawi" in *Comparative Politics* 12, 1, 1974.


Huntington, Samuel "Political Development and Political Decay" in *World Politics*, 17, April, 1965.


Iliffe, John *The Emergence of African Capitalism* Macmillian


Lemarchand, Rene & Keith Legg "Political Clientelism & Develop-
ment: A Preliminary Analysis" in Comparative Politics 4, 2, January, 1972, pp.149-78.


Norris, Michael *Terrorism* Howard Timmins Ltd., Cape Town, 1971.


Vernon, Raymond *Storm Over the Multinationals* Harvard University Press, Massachusetts, 1977.


Young, Crawford "Zaire: The Unending Crisis" in Foreign Affairs 57, 1, 1978.

Newspapers and Journals

African Affairs
African Contemporary Record
African Development
Africa Report
Comparative Politics
Comparative Studies in Society & History
Daily Mail (London)
Daily Telegraph (London)
The Economist
The Financial Times (London)
Foreign Affairs
International Affairs
International Organization
Journal of International Affairs
Journal of Modern African Studies
Manchester Guardian
Review of International Studies
The New York Times
The Observer (London)
The Sunday Times (London)
The Times (London)
West Africa
World Politics