According to Mbilinyi, teaching methods and the administration of schools remained authoritarian, while large classes and shortages of equipment made it difficult to teach other than by rote learning:

"Teachers are as alienated as their students. They teach curricula which they do not design; and teach for examination which they do not set. Teachers and their Heads carry out directives from above, in a pattern of work relationship not unlike that between teacher and student. Genuine teacher complaints about over-stocked, irrelevant syllabi are ignored or else teachers are criticized as being incompetent. Lack of feedback from the classrooms to the curriculum developers not only frustrates teachers, but it also removes the chance for creative curriculum development through practice."

At the time of 1977, there was a women's lack of education relative to men, as we can see from figure 11.

---

**Figure 11: Level of education by sex in 1977.**

<table>
<thead>
<tr>
<th>Education</th>
<th>Male %</th>
<th>Female %</th>
<th>Total %</th>
<th>% of Female Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>None (Years)</td>
<td>23.6</td>
<td>52.5</td>
<td>37.4</td>
<td>67.1</td>
</tr>
<tr>
<td>Standards 1-4</td>
<td>21.7</td>
<td>17.1</td>
<td>19.5</td>
<td>42.0</td>
</tr>
<tr>
<td>Standards 5-8</td>
<td>35.9</td>
<td>22.1</td>
<td>29.3</td>
<td>36.1</td>
</tr>
<tr>
<td>Forms 1-4</td>
<td>16.3</td>
<td>7.6</td>
<td>12.2</td>
<td>25.6</td>
</tr>
<tr>
<td>Forms 5-6</td>
<td>1.2</td>
<td>0.4</td>
<td>0.8</td>
<td>25.0</td>
</tr>
<tr>
<td>University</td>
<td>1.2</td>
<td>0.0</td>
<td>0.7</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>


The greatest educational achievements were in raising the numbers trained. In 1969 in the Second Five Year Plan a target for universal primary education (UPE) was set for 1989, and in 1974 this target was brought drastically forward to 1977. Primary school enrolment in Tanzania (1969) as a proportion of children 15 years and below ranged from 50.7% in Dar es Salaam-Coast regions to 17.7% in Mwanza region, with a mean of 32.6%. Tanzania's 1975 primary rate, 59% was an average based on variations from more than 90% for Dar es Salaam, 88% in Ruvuma, 85% in Kilimanjaro provinces to 39% in Shinyanga and 42% in Mbeya provinces.

By 1977 probably 80% of the children of school age were in school, a remarkable achievement that would not have been possible without the villagization. And by 1982, Tanzania enrolled 90% of primary-age children in school and 98%, a remarkable achievement that would have been possible without the villagization.

The national school system was more homogenous in quality than in Kenya, and selected secondary students on a more regional basis, so as to make access easier for underprivileged areas. Yet government and private secondary schools in Tanzania are still concentrated in certain areas: Kilimanjaro and Mbeya regions have far more secondary schools than Lindi, Rukwa, Kigoma and Singida regions. However, Tanzania's emphasis on mass adult education has brought it closer to the goal of universal literacy. In five years, over 5 million people registered in literacy classes, 3.8 million of whom preserved for long enough to sit a national test.

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208 Though, some use of force or threats of force was sometimes needed, for there were a lot of parents who did not wish their children to go to school.
210 See also HAVNEVIK, K.J., Ibid, 57.
212 NAZIGER, E., Ibid, 168.
The share of the government’s expenditure on education seems to have begun declining somewhat earlier, in 1972, when 17.3 per cent of total government expenditure was allocated to that sector, a figure which had dropped to 7.2 per cent by 1985.\textsuperscript{213}

4.3.1.5. Water Supply.

One of the objects of the villagization was to provide social services available for every Tanzanian. One of these social services was water supply. In 1970 the government accepted a master plan for water supply by which every Tanzanian would be within easy reach of a clean water supply within twenty years. It depended on Swedish aid. The aid was untied, and allowed specific schemes to be designed after the agreement was signed, and funded subject only to the signature of a Swedish engineer in the water department’s office in Dar es Salaam. These arrangements however allowed technical consideration to overrule the wishes of the villagers for whom the schemes were designed. The ‘experts’ would not listen when villagers suggested an improved alignment, of no extra length or cost, for a proposed pipeline; they were reluctant to employ self-help labour until directed to do so by the government.

In the limited context of the programme of providing water supplies, the dominant ideology was that of the ‘experts’. The role of the peasants, if they are involved at all, was limited to some technical consultation and a contribution of unskilled labour under the experts’ supervision.\textsuperscript{214}

4.3.1.6. Conclusion: Some more numbers.

One of the aims of the Arusha–Declaration was to get social services available for all social classes. Up till the 1980s, social services did a good job, but from then on, parallel with economic and agricultural stagnation and furtheron regression, a negative trend was initiated. Life expectancy at birth increased from 42 to 52 years, then dropped to 50 years in 1985. Infant mortality rate fell from 155 to 103 and subsequently increased to 110. Population per physician fell from 21,000 to 18,500 (1977). In the mid–1970s about 40 per cent of the population had access to safe water while percentages of relevant age groups enrolled in primary schools increased continously from 28 (1960), to 70 (1976) and 87 (1984). Statistics made available in the early 1990s show, however, a drastic drop in primary school attendance rates during the 1980s.\textsuperscript{215}

4.3.2. Income distribution and labour division.

From figure 12, one can see that the minimum wage was raised substantially in 1973, and again until 1974 while, in 1973, the index of retail prices in Dar es Salaam rose 11 per cent, and in 1974 rose with 33 per cent.

The result was that both minimum wage earners and those receiving average wages in manufacturing were better off in 1973 and 1974 than they had been before, but by 1978 anyone unlucky enough to have been left at the minimum wage was getting only just over the real income he would have enjoyed ten years earlier.\textsuperscript{216}

\textsuperscript{213} HAVNEVIK, K.J., ibid., 54.
\textsuperscript{214} COULSON, A., ibid., 1988, 218.
\textsuperscript{215} HAVNEVIK, K.J., ibid., 54.
\textsuperscript{216} COULSON, A., ibid., 1988, 196.
Figure 12: Standard of living of minimum wage earners in Dar es Salaam 1965–1978.

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum wage (shillings per month)</th>
<th>Minimum wage Index (1969 = 100)</th>
<th>Retail price index (1969 = 100)</th>
<th>Standard of living index (1969 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>150</td>
<td>88</td>
<td>89</td>
<td>99</td>
</tr>
<tr>
<td>1966</td>
<td>150</td>
<td>88</td>
<td>89</td>
<td>99</td>
</tr>
<tr>
<td>1967</td>
<td>150</td>
<td>88</td>
<td>95</td>
<td>97</td>
</tr>
<tr>
<td>1968</td>
<td>150</td>
<td>88</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>1969</td>
<td>170</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>1970</td>
<td>170</td>
<td>100</td>
<td>104</td>
<td>99</td>
</tr>
<tr>
<td>1971</td>
<td>170</td>
<td>100</td>
<td>107</td>
<td>93</td>
</tr>
<tr>
<td>1972</td>
<td>240</td>
<td>141</td>
<td>119</td>
<td>119</td>
</tr>
<tr>
<td>1973</td>
<td>240</td>
<td>141</td>
<td>129</td>
<td>110</td>
</tr>
<tr>
<td>1974</td>
<td>340</td>
<td>200</td>
<td>169</td>
<td>118</td>
</tr>
<tr>
<td>1975</td>
<td>380</td>
<td>224</td>
<td>249</td>
<td>90</td>
</tr>
<tr>
<td>1976</td>
<td>380</td>
<td>224</td>
<td>307</td>
<td>75</td>
</tr>
<tr>
<td>1977</td>
<td>380</td>
<td>224</td>
<td>358</td>
<td>80</td>
</tr>
<tr>
<td>1978</td>
<td>380</td>
<td>224</td>
<td>419</td>
<td>53</td>
</tr>
</tbody>
</table>

Notes: retail price indexes are for minimum wage earners in Dar es Salaam; minimum wages are as at the end of the years concerned.

Sources: compiled from data on employment, annual wage bills, and retail prices in Economic Survey and Bank of Tanzania, Economic Bulletins.


Between 1969 and 1975 the urban labour force grew at more than 9 per cent per annum (see figure 13). Regular wage employment grew at 5.4 per cent, and there was a somewhat faster growth in the employment of casual labour. At the same time of this growth in employment in the industrial sector, total investments in manufacturing increased from 10–15 per cent to 35–40 per cent. (cf. supra). The rapid growth in non-agricultural employment was facilitated by a large fall in real wages. Real wage in both industry and government started to fall from around the mid-1970s, and by the late 1980s as much as 80 to 90 per cent of the real wage in 1975 had been lost.\(^{27}\)

Figure 13: Urban employment and unemployment 1969 and 1975.

<table>
<thead>
<tr>
<th></th>
<th>Average growth rate per annum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total urban labour force</td>
<td>219 600</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
</tr>
<tr>
<td>Regular wage employment</td>
<td>153 200</td>
</tr>
<tr>
<td>Casual employment</td>
<td>17 100</td>
</tr>
<tr>
<td>Low-income self-employment</td>
<td>26 900</td>
</tr>
<tr>
<td>Unemployed</td>
<td>22 400</td>
</tr>
<tr>
<td>Unemployed as a percentage of the labour force</td>
<td>10.2</td>
</tr>
</tbody>
</table>


\(^{27}\) HAVNEVIK, K.J, ibid., 53.
The majority of those people who moved to the towns either remained unemployed or joined the 'informal sector' of low-income self-employed, whose number increased from about 27,000 to about 78,000 in six years.

After independence, there was a significant increase in the number of African **women** migrating towards the towns. The migration immediately after independence was partly because of the removal of colonial urban influx controls. Women took advantage of the increased employment opportunities and wage increases which accompanied the removal of the 'colour' and 'gender' bans in the labour market and formal education. The migration was also the result of male migration. On the other hand this couldn't be the only reasons, for unmarried female migrants had increased from 13% of the female total in 1950-52 to 33% in 1970-71. Economic reasons seem to have been important, because young girls, especially girls with some education, had far less security of livelihood in the village than boys. In spite of the high rate of female urbanization, the majority of women remained at least part-time in the rural areas, whereas the majority of young men in many areas left home in search of employment.

Although this markedly increase in women’s migration in the past two decades, their presence in the wage labour force has shown no drastic change. The women of the urban working class are namely primarily found in earning incomes outside wage employment in petty commodity production, e.g. keeping chickens and selling the eggs or cooking small snacks to sell on the streets, ...

The majority of women came to the urban cities between the ages of 16 and 24. Personal hardships requiring a re-identification of the women’s role in her village, such as the incidence of divorce or the death of a parent, were often the reasons for migrating. In cases where women in rural areas were not in a position to provide for their widowed parent they would often be compelled to try to find a job in order to send money home.

Divorce, however, seems to be a far greater motivating factor for migration than a parent’s death. The proportion of divorced women in the urban areas is two times greater than in the rural areas whereas for men there is no rural-urban difference. This would mean that a very pronounced selective urban migration of divorced women is taking place. The most outstanding feature that distinguished the women workers were however husbandless. The reasons for this are that women without their husbands financial support have to find jobs, and that many married women are forbidden by their men to work if family economic circumstance allow. Coulsin also argues that women were often neglected or exploited of their husbands, and it was becoming more common for them to follow the Caribbean pattern and reject marriage in favour of the independence to earn money and bring up children as they liked.

Of course, women at work sheep the problem of care of pre-school children. As a result, the women left the grandmother in charge of the children. Otherwise the workers hired a nurse (ayah), or left their children in the care of a younger relative, or had an arrangement with neighbours.

Women’s job opportunities in the highly competitive urban job market are also very limited. Between 1965 and 1971, the unemployment rate for women, (excluding subsistence income earners), increased from 7% to 20%, whereas the unemployment

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30 The main reason for this is that a divorced woman's position in a village is precarious. After separating from her husband she may have the choice of returning to her parental home, but particularly in a case where the father has died the woman would be dependent on her brothers good will. In many areas, the traditional responsibility toward other members of the family no longer effectively operate to guarantee a divorced women's share in the land or the proceeds of the land. BRYCESON, D, ibid, 23.
31 COULSON, A., 1988, 204.
rate for men decreased from 7% to 6%. Reasons for this difference is sexual discrimination.\textsuperscript{222}

1) \textbf{Sexual Designation of Industrial Tasks.} Just as in peasant agriculture where men took over formerly female designated tasks when mechanization was introduced, the same pattern has emerged in industry.\textsuperscript{223}

2) \textbf{Employers' Notions of Female Labour Productivity.} Managers considered women workers far less productive than men due to absenteeism and/or reduced output caused by menstruation and childbirth. It is in the light of this that the 1975 Maternity Leave Act which legally entitles women, regardless of their marital status to a 12 week paid maternity leave every three years, (paid by the employer) has had adverse effects on women's employment.

3) \textbf{Women's lack of education.} (see figure WQ) This placed them in a disadvantageous position in the highly competitive urban job market. Moreover because learning to read and speak English were considered the most likely means to gain promotion.

During the 1970s, however, employers in many industries began to employ more women, which automatically reduced production costs because of the lower wage levels for women in all industrial branches.\textsuperscript{224}

Around 1978 women's earnings were less than men's both in self-employment and wage employment, although this tendency is much more pronounced for the self-employed (see figure 14).

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**TABLE II: DISTRIBUTION OF URBAN LABOUR FORCE BY INCOME AND SECTOR OF EMPLOYMENT**

<table>
<thead>
<tr>
<th>Income Group (shillings)</th>
<th>Wage Earners</th>
<th>Self employed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male %</td>
<td>Female %</td>
</tr>
<tr>
<td>1 - 25</td>
<td>.4</td>
<td>0</td>
</tr>
<tr>
<td>26 - 100</td>
<td>3.9</td>
<td>13.5</td>
</tr>
<tr>
<td>101 - 190</td>
<td>17.5</td>
<td>29.3</td>
</tr>
<tr>
<td>200 - 300</td>
<td>40.7</td>
<td>24.8</td>
</tr>
<tr>
<td>301 - 600</td>
<td>24.9</td>
<td>20.3</td>
</tr>
<tr>
<td>601 - 1000</td>
<td>5.9</td>
<td>6.1</td>
</tr>
<tr>
<td>1001 - 3000</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Over 3000</td>
<td>.6</td>
<td>0</td>
</tr>
<tr>
<td>Total in sample</td>
<td>1700</td>
<td>296</td>
</tr>
</tbody>
</table>

Source: BRYCESON, D., ibid., 1980, 22.

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The position in the rural areas is complicated by the problems of obtaining accurate data on agricultural production.

Between 1969/70 and 1978/79 the rise in prices paid by rural consumers for what they purchased from outside the rural areas exceeded by more than 25 per cent the rises in the prices they received for their crops. Purchasing power in the rural areas fell to only 73 per cent of its 1969 value by 1974, large falls in the income from export crops being partially compensated by increases in income from food crops.

Women outnumbered men in most rural areas, especially in the most economically active age groups.

There was a preferential of hiring women workers in agriculture during the period between 1976 and 1980. The rural sector remained the largest employer in 1980.

\textsuperscript{222}BRYCESON, D., ibid., 1988, 20-21.
\textsuperscript{223}A striking example of this was the Kibo Match Corporation where women composed 90% of the labour force before 1969. Then, the company mechanized its production process and women's employment plummeted down to 31%.
\textsuperscript{224}MBLINYI, M., ibid., 557.
As men entered the migrant labour system or grew export crops in colonial times, women intensified their labour in food production and worked as unpaid family labour in export crop production. After independence, labour migration to the South was stopped by the government, and a growing number of people found work in local enterprises and farms, but rising costs of production and reproduction forced people to intensify their labour in market-oriented work in the 1970s and 1980s. Men devoted more time to activities with higher cash returns for men, including export crop production and petty trade and casual employment. Women worked as seasonal casual waged farm workers on nearby plantations and peasant farms, and in off-farm informal economic activities like beer brewing, petty trade, and prostitution.

Contrary to generalization about ‘female farming systems’ in Africa, women and men spent about the same time farming in many areas, sometimes men worked longer hours on household farms. Their time was not always allocated to the same crops and tasks. More male time was spent on export crops and female time on food crops, but both were essential for family subsistence, though valorized differently in modern capitalist society.

Nevertheless, in the rural areas women did more than their share of the work in agriculture, water-carrying, and cooking. In some parts of the country men were responsible for the cash crops and women for food, though the women would certainly have to work long hours in the fields at times of the year critical for cash crop cultivation. Women's working day was twice as long or longer than men's in many households and villages because of female work in agro-processing, in transport by head-loads, non-farm market activities and unpaid domestic labour. If the collective production has been organised more successfully by women in all of the villages where co-operative farming had been developed, women complained that they did not have enough time to work on the women's farms. In Inyala, one said: “We go to the village shamba [farm], then to women's shamba, then to individual shamba.”

According to Bryceson, in contrast with the Western industrial societies, where work within the household was traditionally restricted to ‘housekeeping’ and childcare, reflective of the households function as a unit of consumption and reproduction and where productive work took place outside the home both physically and organizationally, (such production was mediated by the market), in the rural African context, domestic residences are units of production as well as units of consumption and reproduction. Work, especially women's work tends to be for subsistence, but also encompasses agricultural and non-agricultural production destined for the market. In the course of their working days, women are not confined to the house. Women's work providing the basic needs of household members for food, water, and fuel takes them far beyond the geographical perimeter of the house, into the village and surrounding countryside. Their work is what Bryceson calls a classic example of vertical integration. The domestic residences food, water and fuel supply are:

1) directly produced by the woman at its natural source in the field;
2) physically delivered to the living quarters by the woman;
3) processed, i.e. subjected to value-added production, by the woman, in other words, ‘transformation work’, before being
4) distribute to the household occupants for consumption.

African women marry young, and bear many children on their backs. To improve women's work conditions, a wide range of measures tailored to the availability of local resources, the agricultural calendar, average household sized and composition, etc. Emphasis should be placed on better management of the temporal and spatial

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226COULISON, A, ibid., 1988, 205.
228MBILNIVI, M, ibid., 1988, 573.
dimensions of women's work which would help streamline multi-tasking activities and the demands of childcare. Family planning which takes account of household labour needs should be included.\(^{230}\)

In relation to the law, in Tanzania there was, it was obvious that men were advantaged. In 1971 there was the Marriage Act, a fairly liberal piece of legislation with Christian influence, which provided polygyny, but only in non-Christian marriages, and if the first wife agreed. Women were allowed to own and retain property. Divorce could be obtained if it could be shown that a marriage had broken down for three years. The main weaknesses of the Act proved to lie in what followed divorce. Since property stayed with the spouse who had earned it, many wives were left dependent on unreliable maintenance payments from their ex-husbands to support themselves and any children they were bringing up. The Act provided that children should normally stay with their mothers until they were seven years old, but that then the custody could be reviewed, taking into account the wishes of the children and the customs of the area concerned.\(^{233}\) In practice this meant that fathers could usually recall their children when they were seven, a harrowing experience for women who lost their children after sacrificing and struggling to bring them through the difficult early years. Thus, in the way that the law is presently structured, women have more secure rights over their children if they are not married.\(^{232}\)

These customary or tribal patriarchal relations and practices pertaining to property, land tenure, marriage, and rights to the labour of wives and children and to the offspring 'paid' for by bridewealth, were reinforced by male bias in the provision of credit, crop payments, farm inputs and other resources. Villagization programmes used laws like the Village Act and customary laws and practices to reconstruct and strengthen patriarchal relations.\(^{235}\) Land was allocated to household heads on the basis of the number of 'dependants' in each household, and village governments defined women as appendages of men (as wives, daughters, widowed mothers).

However, villagisation has given many women more opportunity to engage in social interaction among themselves than was previously the case, there was e.g. the Umoja wa Wanawake wa Tanzania (UWT), the Party organization for women, was involved in social occasions. However, was often unsympathetic to demands for women's liberation outside the framework of the conventional family.\(^{234}\)

Though, women became more and more powerful to organise themselves and from 1980 on there were villages meetings for women in which they could speak without shyness or fear to regional, district and village leaders, husbands and fathers about the dramatically deterioration in their standards of living, and about the growing drudgery of their work.\(^{235}\)

According to the population census of 1978, there were one million economically active adults in towns and 6.8 million in rural areas. The majority of rural women and men and urban women worked as unwaged producers and traders (see figure 15). This contrasts with urban men, the majority of whom were absorbed in some form of wage employment. Only 24 per cent of women were wage-employed in the cities, although 55 per cent of women worked in the informal sector as producers or traders, compared to 28 per cent of men. Many women and men in the informal sector were actually wage-employed, usually on casual terms which meant they lacked any form of legal protection.\(^{235}\) Men outnumbered women in non-agricultural activities in rural areas. Women outnumbered men in the family workers category in both urban and rural areas.

\(^{230}\) BRYCESON, D., 1994, 61.
\(^{231}\) COULSON, A., ibid., 1988, 205.
\(^{232}\) BRYCESON, D., ibid., 1988, 25.
\(^{233}\) MBLUNYI, M., ibid., 1994, 172.
\(^{234}\) BERNSTEIN, H., ibid., 51.
\(^{235}\) MBLUNYI, M., ibid., 1988, 573.
\(^{236}\) MBLUNYI, M., ibid., 1994, 173.
Figure 15: Population by Sex and Employment Status (1978)

Table 2. Population by Sex and Employment Status (1978)*

<table>
<thead>
<tr>
<th></th>
<th>Permanent employment</th>
<th>Temporary employment</th>
<th>Casual employment</th>
<th>Own-account enterprise</th>
<th>Family workers</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural men (%)</td>
<td>6.1</td>
<td>3.9</td>
<td>1.6</td>
<td>8.26</td>
<td>5.1</td>
<td>0.2</td>
<td>99.5%</td>
</tr>
<tr>
<td>Rural women (%)</td>
<td>1.1</td>
<td>0.6</td>
<td>0.2</td>
<td>63.1</td>
<td>34.8</td>
<td>0.1</td>
<td>99.9%</td>
</tr>
<tr>
<td>Ratio men : women</td>
<td>82.6 : 17.4</td>
<td>84.0 : 16.0</td>
<td>85.8 : 14.2</td>
<td>53.2 : 46.8</td>
<td>12.3 : 87.7</td>
<td>55.2 : 44.8</td>
<td>46.5 : 53.5</td>
</tr>
<tr>
<td>Urban men (%)</td>
<td>53.6</td>
<td>12.8</td>
<td>3.5</td>
<td>27.7</td>
<td>2.1</td>
<td>0.2</td>
<td>99.9%</td>
</tr>
<tr>
<td>Urban women (%)</td>
<td>17.0</td>
<td>5.3</td>
<td>1.6</td>
<td>54.8</td>
<td>21.1</td>
<td>0.2</td>
<td>100.0%</td>
</tr>
<tr>
<td>Ratio men : women</td>
<td>84.1 : 15.4</td>
<td>80.2 : 19.8</td>
<td>78.3 : 21.7</td>
<td>45.8 : 54.6</td>
<td>14.1 : 85.9</td>
<td>66.9 : 33.1</td>
<td>62.0 : 37.4</td>
</tr>
<tr>
<td>Totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>254,246</td>
<td>148,769</td>
<td>58,789</td>
<td>4,945,370</td>
<td>1,454,848</td>
<td>10,342</td>
<td>6,852,364b</td>
</tr>
<tr>
<td>Urban</td>
<td>401,228</td>
<td>100,847</td>
<td>28,333</td>
<td>380,542</td>
<td>92,495</td>
<td>2152</td>
<td>1,005,697c</td>
</tr>
</tbody>
</table>

* Includes Zanzibar.

b 3,185,921 men; 3,666,443 women.
c 629,447 men; 376,550 women.


This usually refers to unpaid work which is structured by dependent and subordinated relations within family and household. Daughters, sisters, mothers and wives were often relegated to this segments of the labour force.237

The top income earners in the country were affected by the government wage policy. The ratio between the top salary in the civil service and the bottom narrowed from about 20:1 after tax in 1967 to 9:1 in 1976 and 4:1 in 1978. The Arusha Declaration and its Party Leadership Code prevented civil servants and parastatal managers from owning property for rental or shares in businesses, - technically, even the spouse of a party member could not have a private project238 - although these conditions were relaxed after the food crisis of 1975. Civil servants and managers also benefitted from the increased availability of fringe benefits and promotion to higher salaries scales.

However, most official salaries fell below subsistence levels with the deepening of the economic crisis, and as we stated just before, officials were obliged to adhere to the 1967 Arusha Declaration and Party Leadership Code, which declared that they could have only one income (cfr. supra).

There were however differences within and between the Government and the CCM, because the latter stuck to the main guidelines of the agreed strategy, whereas the farmer had been more responsive to popular pressures to loosen up restriction in this area. One indication of the came in May 1978, when the President said that since the Government could not afford to pay everyone an adequate salary, people should be free to engage in various income-generating activities to support themselves.

The disparities in the informal sector, however, were far greater. And, as far as it concerns women, women in middle- to upper-income households earned an average as much as 51,350 Shs., a month from their projects. This was almost ten times what the great majority of women made from their small businesses. Moreover the projects of the richer women differed dramatically from those of the poorer households, largely because of their access to greater capital. In addition, their higher educational levels

238 TRIPP, A., ibid., 621.
gave them more options in terms of having the skills necessary to operate varied projects. \(^{239}\)

In sum, Coulson argues that rural producers, urban workers, and upper income earners were all worse off at the end of the 1970s than they had been at the beginning, and that the effect of the Arusha Declaration measures had been to prevent income distribution becoming more unequal, but that fundamental improvements had not been made.

Real incomes of most Tanzanians declined, as did some of the most important services, such as transport, and at the end of the decade the war in Uganda meant shortages of food and consumer goods.

\(^{239}\) TRIPP, A., ibid, 61.
4.4. The bureaucratic class.

As we saw already, by 1967, the state announced the decision to move in the direction of ‘socialism’ and public control, prerequisites for a bureaucratic mode of production. The state, under the guise of socialism, has claimed to be the agent of modernisation and development.

As we have seen, the government announced nationalisations and took over the banks, the wholesale trade, the larger industrial enterprises and most of the larger plantations and farms. As a result to these nationalisations, the state became more powerful and the governing class could continue to expand its realm. These nationalisations lead even to major increases in the employment of middle and higher ranking Africans, and thus laid to the foundations of a major expansion of and African middle class.

Tanzania’s bureaucracy grew rapidly after the 1967 Arusha Declaration and moreover from 1972 on, when a decentralization took place, by which central government personnel in the regions increased. The total established posts in the Tanzania civil service rose from 65,708 to 295,353 during 1966–1980. The key to the survival of the bureaucratic class was control over the prices of the factors of production. This could occur only if both workers and peasants were not free to bargain for wages and prices respectively.

In the case of labour, the bureaucratic class implemented a variety of changes which removed the free status of workers. In 1962, as we have seen, the right to strike was banned by the Traders Disputes Act of 1962. In 1964, independent trade unions were consolidated into a single government controlled union, headed by the Minister of Labour. In 1967, the Permanent Labour Tribunal was established with the power of binding settlements, while, at the same time, a maximum of 5 per cent was stipulated as the ceiling for wage increases. After 1967, the central bureaucracy established regional development programmes, enabling to compete with local authorities in developing patron-client relations in rural areas. In the next chapter we will return to the subject of government’s control on economic distribution channels in general, and the edict of the Anti-Economic Sabotage Act and the Human Resources Deployment Act (1983) in particular as a step closer to the fall of the postcolonial model in Tanzania.

However, with the TANU Guidelines of February 1971 a positive step was taken concerning the rights of the workers. These Guidelines emphasised the vanguard role of the party and stated that “The time has now come for the Party to take the reins and lead all the people’s activities”, and at the same time it was argued that, “There must be a deliberate effort to build equality between the leaders and those they lead”. The Guidelines were used most spectacularly, however briefly, as a worker’s charter against oppressive and arrogant leaders of parastatal companies. From February 1971 to September 1973, thirty-one strikes directed mainly against the abuses of managers and bureaucrats were reported in the Press. But from August 1972, when government crushed a strike in Dar es Salaam by dismissing workers, and other employers followed suit, it was clear that the workers could not count on government support for such strikes.

In conjunction with the expansion of the public sector, the influence of private enterprise had diminished. Employment in the private sector decreased from 45 per

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240 FREYHOLD, von, M., ibid., 83.
241 HAVNEVIK, K.I., ibid., 43.
242 Besides, the proportion of African civil servants in the middle and senior ranks of the civil services was low, only 26 per cent of the posts were held by African citizens. But by 1974, this had increased to over 94 per cent.
244 HAVNEVIK, K.I., ibid., 45.
cent of the total in 1969 to 28 per cent in 1978. The public sector encroached further on
the domain of the commercial class since announcing plans in 1981 to eliminate private
participation in the retail distribution of commodities by the construction of 44 state-
owned shopping centres in major urban areas, each serving 20,000 people.

The policies of Nyerere’s regime discouraged individual initiative. The regime
contended that competition was antisocial and individual prosperity for the Tanzanian
“dangerous”. It set out to create multifarious institutions whose object was to prevent
the individual African from becoming prosperous. The nationalizations and the
encouragement of the public sector have suppressed the development of the middle
class, by discouraging savings and investments, especially by the Asian commercial
class. Once the Asian community, which was the first tier of middle-class strata in
Tanzania and comprised dynamic groups of artisans, shopkeepers, clerks and
accountants, was undermined, it retreated back to its closed communities and
communal ties, engaged in its own economy of affection. Many migrated to Europe.

The state has undertaken similar activities in agriculture. The first step to
squeezing the peasant income was to take over the marketing of crops from the
private sector. And at the beginning of 1973, the marketing responsibilities were
assumed by a parastatal organised for each major crop. A par-territorial price was set
for each crop by the Marketing Development Bureau of the Ministry of Agriculture, in
consultation with the Crop Authorities (cfr. supra), without the input of direct producers.

Other rights normally associated with small agricultural producers were removed
as the bureaucratic class moved towards the direct control of the productive
environment, undissociated through the market. Between 1969 and 1976, peasants were
reorganised into government villages, with increasing force. Private retailing shops were
abolished in the rural areas in 1977, leading to severe restrictions in commodities
available.

The mild hostility towards kulak and capitalist farmers which is expressed in the
Arusha Declaration was neither meant as a gesture towards the poor peasants who
had not yet developed such feelings and were not encouraged to do so afterwards
nor were they a sign of ‘progressiveness’ on the part of the nizers. The nizers simply saw
the kulaks as a possible focus of opposition against measures which affected
the peasantry as a whole. Where this was the case the kulaks had to be pushed aside in
the name of socialism. Kulaks who sided with the bureaucracy and were helpful in the
implementation of government directives had no problems and often became the
 undisputed leaders of ‘Ujamaa Villages’.

It is also important that the Arusha Declaration brought no disadvantages to the
bureaucratic class even if it thwarted the private ambitions of some of its members.
Apart from giving the nizers a stronger position vis-a-vis the workers it also legitimized
renewed attempts to bring the peasants into closer contact with the state and induce
them to work harder.

Though, there was some resistance of the bureaucratic class against the state,
more particularly when the government expanded upper parastatal salaries and
lowered bureaucratic salaries while freezing salaries and reducing housing, car and
domestic appliance benefits for upper bureaucrats.

High-level government servants argued they could not support relatives on
these incomes. Lower income and perquisites, together with shortages of vehicles,
operational supplies, and other physical support, contributed to the increased
embezzlement of public funds, unaccounted cash, nepotism, inefficiency, irresponsibility,
and negligence of civil servants during the 1970s. The constant reorganization,

246 SHOA, l, ibid, 95.
246 STEIN, H, ibid, 119.
247 FREYHOLD, von, M, ibid, 88.
restructuring, and launching of new operations without proper evaluation contributed to uncertainty adding to ineffectiveness.²⁴³

It is notable to say that the policy documents²⁴⁹ that were written and that legitimized the practice of the nizers were not meant to be a fraud. They were written by individual intellectuals among the nizers. Most of these intellectuals were imbued with a harmonistic dream of a society in which the interests of the class might be reconciled with the interest of all other non-capitalist classes and the more enlightened sectors of the metropolitan bourgeoisie. Whatever the intention of these intellectuals, they could not prevent the ‘Arusha Declaration’ and ‘Socialism and Rural Development’ from becoming the excuse for the expansion of state capitalism and the subjection of the peasantry under the villagization programme and minimum acreage regulations.²⁵⁰ The nizers as a class tolerated these intellectuals only because they helped to open up new fields for them and legitimized their actions.

In sum, the representations of the state in the post-independence period have their origins in the colonial period. The British-administered state concentrated on surplus extraction with little or no emphasis on developing the productive forces. Primordial conditions were inherited by the state with no significant capitalist class. The leaders of the independence movement, and later the country, were involved primarily with state or state-linked organisations, and were thus significantly influenced by its direction and machinery. The Tanzanian state is an example of the fact that even a progressive state have developed an urban-based civil service which dominates the direction of state policies and resource distribution.²⁵¹

The emphasis on ‘socialism’ and ‘self-reliance’ that evolved the Arusha Declaration in 1967 was consistent with the origins and nature of the bureaucratic class. ‘Socialism’ to this class was synonymous with the intervention of the state in economic affairs. It meant that the state was the only agent that could bring modernisation and development to the ‘backward’ elements of society. Development in the country became synonymous with the burgeoning of the state. The major asset of the bureaucratic class was its ownership of the expertise to organise production under the aegis of the state.

²⁴³NAFZIGER, E., ibid., 93.
²⁵⁰FREYHOLD, von, M, ibid., 88.
²⁵¹RAU, B., ibid., 75.
Tanzanian failed in building socialism partly because it could not cut the government servants’ ties to the rural economy. Selflessness and incorruption were difficult to instil in party leaders, when most had large numbers of extended family members and clients to support, especially in peasant agriculture.\textsuperscript{252}

The policies of the Arusha Declaration were meant to enhance the powers of the state even further and to make the state strong. This was done by:

- nationalization of local and foreign capital which changed the ownership of capital in Tanzania.
- pressure groups such as women, youths, students, workers organization were brought under the control of the party, which became the supreme organ and the institution of the country.
- the ideology of socialism stressing equality and egalitarianism, and which was used to legitimize the income distribution, low wages and salaries, the leadership code, nationalization and the policy of ‘ujamaa vijjini’.

Since Arusha, state officials have controlled channels of access and distribution in the economy, giving officials from the national to village level many opportunities for capricious and corrupt behaviour, ranging from dealing with large Multi National Companies to petty traders. Corruption especially damages socialist regimes like Tanzania by undermining their egalitarian principles of income redistribution, poverty reduction, and majority rule.\textsuperscript{254} As Amin states \textit{Austerity, the revolutionary effort to use new and less costly methods, has not resisted the appetites of the new bureaucracy}.

The state trading bodies were and still are intended to close avenues for individual self-improvement through trade, and the villagization program was menat to do the same in agriculture. These were the two sectors of the economy in which the African was once preponderant and which had provided real possibilities for people of hard work and initiative to forge ahead.\textsuperscript{253}

And although the ‘Ujamaa-policy’ was officially abandoned only in 1992, it seems to us that the reasons for failure of the ‘Ujamaa’ are already clear. We can explain it by reference to the role of the Tanzanian bureaucracy, which is categorized as a local bourgeoisie in partnership with metropolitan capital in the joint exploitation of the peasantry. Harrison concludes the entire Tanzanian leadership, including President Nyerere, was branded \textit{a class of African bureaucrats, intellectuals and traders... a clique consisting of a few bureaucrats that commands all powers, and below it a massive bureaucratic apparatus has been erected to ensure the total control and domination of the entire population}.\textsuperscript{258}

Villagization however cannot be said to have failed for the achievements in the field of social services also have to be taken into account.\textsuperscript{257} The government claimed success in literacy, primary education, water supply, and preventive medicine. Whereas in secondary education, or housing, there were entrenched interests, the policies were less successful. The country became much more conscious of authority, and this added to the insecurity of life. People became more careful about what they said in public places, while peasants did the minimum needed to keep on the right side of the

\textsuperscript{252} NAFFZIGER, E., ibid, 71.
\textsuperscript{253} HARTMANN, J., ibid, 224.
\textsuperscript{254} NAFFZIGER, E., ibid, 72.
\textsuperscript{255} SHOA, J., ibid, 95.
\textsuperscript{256} HARRISON, D., ibid, 139.
\textsuperscript{257} COULSON, A., ibid, 1988, 261.
authorities. The social order stressed innovation imposed from above and people waited for changes to come; they had little incentive to innovate for themselves.

\footnote{COULSON, A., ibid., 1988, 223.}
5. THE BREAKDOWN OF THE POST-COLONIAL MODEL.

This chapter analyses structural adjustment policies and their impact on agriculture, their degree of implementation and the actual outcomes with emphasis on the 1980s, within the broader view of the global crisis of the beginning 1980s. The Tanzanian economy grew at the rate of 5.4% per annum between 1973 and 1978. However, during the latter part of the 1970s, a series of external shocks combined with internal imbalances set the Tanzanian crisis in motion. Up to 1977 the World Bank and bilateral donors had provided substantial support for the post-Arusha, state-led Tanzanian development strategy. As the crisis unfolded, criticism of the Tanzanian development model began to emerge. The crisis developing from 1978/79 reflected adverse external developments and pressures, and most importantly, domestic structural imbalances (fuelled by external aid) and the increasing social divisions generated by statism. The nature and depth of the crisis entailed a breakdown of the post-colonial model. Developmentalism was discredited.259

5.1. Developmentalism discredited.

During the 1978/79–1983/84 period, which was marked by an average growth rate of GDP of only 0.4% per annum, internal and external forces moved onto the offensive against statism, pushing for a rolling back of the state, a stronger emphasis on the market, and privatization and liberalization of all sectors of the economy, without leaving any opportunity for social profile of development.

5.1.1. External shocks

Although the worsening of the world crisis at the beginning of the 1980s has had negative effects on the economic growth rate of both developed and underdeveloped countries, it had particularly devastating consequences for the African economies (losses of production and employment). Several countries have reported negative GDP growth in the 1980s, including notably ivore Coast which is usually regarded as a model economy by the IMF and the World Bank. The Tanzanian economy has been subject to both the great shocks experienced by most other primary commodity producers, and in addition has been affected by a number of other negative exogenous factors since 1979. According to IMF, the prices of primary commodities (other than oil) exported by primary producers fell in real terms (i.e. deflated by the prices of manufactured exports of developed countries) by over 30% over the period 1977–82. The low income African countries have fared particularly bad in this respect.

Therefore, a large number of the them have had to seek assistance and conclude conditionality agreements with the International Monetary Fund (IMF) and the World Bank to cope with the severe balance-of-payments problems which have resulted from the crisis and threatened bankruptcy.260 In the 1980s, the World bank broke new intellectual ground with its claim that developing countries could adjust

259HAVNEVIK, K., ibid, 56.

260From 1970 to 1984, the total external indebtedness of developing nations rose from $64 billion to $685 billion, and the proportion of that debt held by private banks rose from one-third to over one-half. WALTON, J. and RAGIN, C. ‘Global and National Sources of Political Protest: Third World responses to the debt crisis', American Sociological Review, Vol. 55, nr. 6, December 1990, 876.
macroeconomic conditions via measures to boost the supply side of the economy – 'structural adjustment' – rather than by the conventional, and damaging, method of deflating aggregate demand. It pioneered the ex-post evaluation of what freely admitted to be a gigantic experiment in developing policy.

The IMF has responded, both as a policy adviser and as a credit rating service, to balance-of-payments problems of debtor countries by negotiating the terms of their loans and rescheduling debt payments: once the IMF approves the stabilization program of a borrower country, private bank capital to refinance the debt follows. IMF certification of a borrower usually entails the imposition on the debtor country of various conditions affecting national economic policies. Increasingly, debt rescheduling has occurred through the IMF. As a result, the IMF has had a growing influence on the economic policies of Third World countries to discipline the latter in which inflation, price distortions, excessive demand, industrial protection, and profligate government spending are alleged to cause the debt problem. At the beginning of this expose, we find it more than noteworthy to summarize, in short term, which measures or 'shock treatments' the Fund's adjustment programme, aimed at market mechanisms to stimulate export production and increase the foreign exchange reserves of governments, has included, and thus which were the immediate (short and mid-term) prospects for the African countries in general and Tanzania in particular:

1. a large devaluation of the domestic currency (because currency devaluations make Third World exports more competitive in international trade).
2. a reduction of public sector borrowing requirement by means of reducing or eliminating consumer subsidies and many other social expenditures (because reduced public spending curbs inflation, saves money for debt repayment and helps to 'get prices right').
3. an increase in interest rates to raise domestic savings.
4. privatization, because this generates more productive enterprise and reduces public payrolls.
5. the elimination of protectionism and other restraints on foreign investment, which lures more efficient export firms, and
6. a reduction of money supply.

IMF emphasis is hereby on changing the 'inefficient' structure of these economies by measures such as favouring
- the production of export crops over that of food or manufacturing,
- private sector economic activity over the public, parastatal or cooperative production (implicitly aiming at a sharp reduction in the government budget deficit),
- the allocation of resources by market forces rather than directly by government.

In the above context, the case of Tanzania is particularly significant. As we will see, Tanzania has not accepted an IMF policy programme, despite protracted negotiations between the IMF and the Tanzanian government. Most of the differences between the government and the IMF were about the nature of the appropriate adjustment policies for Tanzania (cfr. infra).

27WALTON, J., and RAGIN, C., ibid., 877.
29WALTON, J., and RAGIN, C., ibid., 877.
30The IMF in its adjustment programmes in Third World countries does not appear to make the difference while analysing budgetary deficits between a cyclical deficit [when national production is below capacity, the government tax revenues will inevitably be reduced whilst at the same time government expenditure will be increased because of the need to provide greater employment and social security benefits than before, thus leading to a larger than normal budget deficit] and a structural deficit [the projected deficit at the current tax rates but at normal capacity utilization].
31SINGH, A., ibid., 425 and 431.
32A low Standby Agreement (cfr. infra) between Tanzania and the IMF was concluded in 1980 but was soon abandoned.
The important external shocks which set the Tanzanian crisis in motion worked at different levels.

1. The break-up of the East-African Community in 1977 meant that Tanzania had to establish new structures for civil aviation, harbour administration, railways as well as central services for posts and telecommunications. Investments in those areas increased imports, and the immediate effect was a near doubling of the value of imports between 1976 and 1978, resulting in a deficit of US $675 million (about 60% of total imports);

2. The doubling of oil prices in 1978/79 showed falling Tanzanian terms of trade. In general, the terms of trade of the low income African countries declined by 15% over the period 1973–6 and by nearly 14% during 1979–82, despite the fall in oil prices in 1982.

3. The problems of agricultural stagnation were accentuated by bad weather in the early 1980s. The overall result was an accumulated balance of payments deficit during the same period (cfr. infra).

4. The war against Idi Amin's Uganda (which commenced in Nov. 1978) caused further disruption in agricultural production and transport services and a large increase in the import of military equipment (up to 24.4% of the total government spendings in 1978/79)

5. Moreover, Green has estimated the total foreign exchange costs of these events to Tanzania to be US $1.5 billion since 1979. As Singh puts the figure in perspective, Tanzania's total annual export earnings (beginning 1980s) were normally of the order of US $500 million, while its imports of goods and services amounted normally to US $1 billion per annum, leaving a account deficit of around US $530 million during 1978–1981. Therefore the external sector constitutes an important immediate constraint on the economy, though not the only one. As Wuyts surveys, the unintended outcome of an investment strategy which eroded its own momentum, was even more important.

In view of these shocks and Tanzania's foreign deficit—which amount to the country losing three years of its exports earnings—and the fact that Tanzania is one of the world's poorest economies, a total collapse has been predicted of the economy within a few months from 1981 on unless there was an agreement with the IMF. Though, let us not overlook the overwhelming importance of the politics and the political institutions for a nation's economic performance. Evidently, because of Tanzania's political institutions and its political strength, the country, despite all the above cited faults and hardships, is still a functioning economy and polity. The rate of inflation in Tanzania has not sky-rocketed to Latin American dimensions, and the currency has not collapsed.

How was this deficit financed? By foreign aid? Contradictorily, the larger part (about 70%) of the foreign aid is project aid, given for the creation of new productive capacity (cfr. investment creates a demand for consumption). As Singh tries to explain the reason why Tanzania's economy, receiving more foreign aid per capita than most other countries (this means naturally not including all capital inflows), was yet in a desperate state:

"Here is thus a country with a crippling foreign exchange constraint, as a consequence of which only a small proportion of its existing productive capacity is being used. Yet, foreign exchange continues to be provided for creating new capacity, rather than helping to increase overall production by greater utilization of

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264 SINGH, A., ibid., 427.
265 HAVNEVIK, K.J., ibid., 56.
266 SINGH, A., ibid., 427 and 443.
275 SINGH, A., ibid., 427.
276 WUYTS, M., ibid., 168.
existing capacity. In other words, as long as aid donors are prepared to finance additional imports of capital goods in the context of project aid, domestic investment can go on unabatedly, never mind what happens to output and export volumes.

A significant implication of this analysis is that if the project aid was eliminated or reduced, Tanzania’s current account deficit should have been substantially reduced pari passu. Therefore, the Tanzanian government has tried to persuade their donors to shift aid from new projects to balance-of-payments support, because ‘debt has to be repaid’, but with very limited success.

5.12. National measures and international proposals for solution.

A major consequence of the world depression has been an enormous increase in the debt burden of most developing countries. But, within the overall context of the debt service ratio of the low income African countries which increased from 7.3% (1973) to 18% (1980), presented by Singh, Tanzania’s debt situation was not at all bad. The World Bank statistics on long- and medium-term debt show that in 1973, Tanzania’s debt service ratio was about the same (7%) as the average for the low income African countries as a whole. However, by 1980, Tanzania’s ratio was less than half (7.2%) that of the low income African average (18.0%)

The international context was exceptionally unfavourable for Tanzania. More specifically, being a small commodity-exporting economy, heavily dependent on imports, which finds itself in the midst of a world depression, the pressure put on the Tanzanian economy by the global overall economic crisis were, on the one hand, a declining overall growth of the economy and its terms of trade, although countered around the mid-1980s:

"...the country did not have available adequate foreign exchange to purchase from abroad the requirements necessary to keep domestic production at normal levels of capacity utilization, let alone for importing consumer goods."\(^{276}\)

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Figure 16: The import capacity of exports.

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Source: WUYTS, M., ibid., 167.

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\(^{274}\)SINGH, A., ibid., 443.
\(^{275}\)SINGH, A., ibid., 444.
\(^{276}\)SINGH, A., ibid., 428.
It is the evolution of the import capacity of export (figure above) which matters in assessing the evolution of the accumulation balance and its components in real terms. As we can see from the graphic, the import capacity declined steadily except during the years of the coffee boom (1976-77). The main contributing factor, however, to this steady decline was the fall in export volume, particularly from the mid-1970s onwards.

On the other hand there was the lower priority given to health and education. It was therefore an essential task of political leadership to dampen people's expectations in regard of an amelioration of the terms of trade, any growth of their incomes and standards of living, and to help them to appreciate the new longer-term economic constraints which the country faced.

1. Between 1979 and 1981 industrial production registered a negative growth rate of 10.2% (-9.9% in 1982/84), cfr. figure 4 columns three and four. This was because industry relied in part on imported raw material to produce consumer goods and a limited range of intermediary products and capital goods.

Figure 17: Manufacturing GDP

![Manufacturing GDP Graph](image)

Source: WUYTS, M, ibid, 182.

Also agricultural output declined, also mainly due to commodity scarcities of both consumer goods and basic inputs for production, like agricultural implements -even in cases where farm implements reaunched regional centres they could not be distributed to the villages-, before increasing during 1982-85 by 18% per annum. We can conclude that in a way agriculture and industry are connected to each other and therefore interact through two main mechanisms. First on the home market, both sectors exercise reciprocal demands for each other goods: mainly food in exchange for manufactured consumer goods. Secondly, agriculture supplies cash crops for exports which, among other uses, enable the country to buy raw materials and intermediary inputs to keep

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277 WUYTS, M, ibid, 166.
industry running. Manufactured output, Wuyts concludes, therefore, depends not only on available capacity, but also on the supply of imported inputs bought with export earnings derived from peasant production.\textsuperscript{278}

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{figure18.png}
\caption{Agricultural Export Volume Index, cashew/coffee/cotton/sisal/tea/tobacco}
\end{figure}

Source: WUYTS, M., ibid., 172.

Thus, although the crisis in Tanzania continued during the 1980s, available evidence suggests that the decline in the economy bottomed out in 1982 and that since then there have been the first signs of an upturn. Although industry continued to languish because of the foreign exchange position, in 1984 there was an increase in agricultural output for the first time since 1980, and in both 1983 and 1984 real GDP registered small increases. The foreign trade position had yet to be improved and inflation accelerated, but a further drastic decline in the real production economy was avoided. Since the ratio of debt to exports increased from 1974–78 until 1979–81 and then doubled to 513.1 in 1982–84,\textsuperscript{279} it became clear that the debt crisis could not be solved by an increase in agricultural exports alone, nor that it was the reflection of a short-term liquidity problem.\textsuperscript{280} Although the notion of structural imbalance was never made precise or explicit, the following analytic definition of the concept of long-term structural disequilibrium of the Tanzanian economy was formulated to clarify the essential nature of Tanzania’s economic problem:

"...the productive economy is unable to generate sufficient exports to pay for the required imports"

(i) at a socially desired rate of economic growth [at a low enough rate, Tanzania could have balanced conceivably its payments, but that was not what is socially desired];

(ii) at a socially acceptable exchange rate [at a low enough exchange rate for domestic currency, the account may have balanced or reached its ‘normal’ level,\textsuperscript{281}]

\textsuperscript{278} WUYTS, M., Ibid., 169.
\textsuperscript{279} HAVNEVIK, K.J., Ibid., 57.
\textsuperscript{280} This is implicitly recognized by the IMF, since they do not just recommend short-term financial measures but also propose major policy changes in resource allocation, income distribution and the system of incentives which they believe will bear fruit in the medium to longer term and thus help to correct the structural imbalance of the economy. SINGH, A., Ibid., 428.
however accompanied by socially unacceptable rates of inflation or patterns of income distribution] and

(iii) at a normal level of account deficit [according to Singh the normal or acceptable level of external deficit was something around 5% of the Tanzanian GDP; this is far less than the 11% in 1979, the 15% in 1980 and even the shrinkage to 8% in 1982, which has been accomplished largely by a reduction in essential imports which have adversely effected domestic production and capacity utilization].

In other words, at the 'abnormally' large payments deficit, which Tanzania was suffering from during the crisis of 1979–83, Tanzania was unable to achieve the minimum desired rate of expansion of national production. Both agriculture and particularly industrial production suffered heavily. For example, it was due to the inability to import industrial raw materials, spare parts, etc, that the manufacturing industry has been operating at only 20% of its capacity. As sales and excessive taxes on industrial production, and import duties, are a major source of government revenue fell, the disequilibria in both sectors in turn generated inflation and disequilibrium in government finances. Consequently, the balance-of-payments constraint was directly and indirectly responsible for the large budget deficits which Tanzania had been experiencing since the onset of the crisis. Though we have to keep in mind that, even if we argue that the budget deficit in a country like Tanzania was/is a direct consequence of the balance-of-payments constraint and that a relaxation of that constraint would/will improve the budgetary position the controversy unfortunately is not necessarily true. In the circumstances of the Tanzanian post-crisis economy and its institutional framework, it is most unlikely that a reduction in the budget deficit would automatically improve the external payments position. According to Singh, there are essentially two reasons for this:

- Tanzania is a small commodity exporting economy, so that it is domestic production rather than domestic prices which determine the level of its export receipts (as Tanzania is 'price-taker' on the international trade markets, export prices are set in the international markets and are independent of Tanzanian domestic prices), and
- the central bank of Tanzania controls the allocation of foreign exchange, and imports have been reduced to their minimum compatible with the existing level of production.

In view of these considerations, the IMF’s argument that the economic crisis of Tanzania (and other Third World economies) has been caused more by domestic mismanagement than by external factors is difficult to credit. As we have seen that the external payments deficit affects all spheres of the economy, and since the advanced countries also have experienced a large trend decline in their long-term rate of growth since 1973 and 1979 –rates of unemployment in the OECD countries were at their highest level, it becomes hard to believe that the overall economic slow-down was due to inefficient or inapt macro and micro management in each of these economies. Or did the super-efficient Germans suddenly become inefficient after 1973 or 1979 for their economy to have suffered such a large reduction in its rate of expansion? All this was merely due to the world economic crisis.

Moreover, to the extent that the world economic crisis was due to the deficiencies in the international trading and monetary arrangements –precisely an area where the IMF has the major responsibility–, we agree with Singh that the uncharitable might say that the IMF’s argument amounts to shifting onto others the blame for its own ‘mismanagement’ of the world’s monetary and financial institutions.

Be that as it may, even if the general argument that the Tanzanian economic crisis after 1979 was due largely to domestic economic mismanagement cannot be accepted, or if the economic crisis may have been caused by external factors beyond their control, the solution to the crisis lied in their own hands and economic and

SINGH, A., ibid., 428–429.
SINGH, A., ibid., 430.
SINGH, A., ibid., 432.
SINGH, A., ibid., 431.
political management in Tanzania thus needed to be improved to cope with those new realities so that in time, the country could resume the path of economic progress which was interrupted in 1979. A feasible pattern of planning and accumulation should take account of the fact that state action with respect to the scope of accumulation in industry and services in general, and within the state sector in particular, is limited by aid policy, by the conditions of world trade and by the need to maintain a meaningful and balanced exchange with the peasantry which concerns both the evolution of the internal terms of trade as well as the relative prices of food and export crops.

2. From the late 1970s onwards, health and education indicators reflect a worsening situation. Deterioration in the supply of safe water exacerbated this. An increasing number of water schemes were out of operation, and in 1984 probably less than 20% of the rural population is regularly drawing water from improved water sources. The quality of education deteriorated after the introduction of universal primary education in 1976/77 (cfr. supra). From the early 1980s onwards, lack of school books, pupil’s desks, teacher’s housing and poor scholls maintenance eroded much of what Tanzania had gained during its first two decades of independence. Also from the early 1980s most rural health stations had only a very limited supply of medicine offer, if any at all.

Rising unemployment, in particular among urban youth, and lack of opportunities for income generation posed a growing threat of political instability. In 1983, the state therefore took refuge in the use of extra-legal force which set aside the whole judicial system provided for in the Constitution, and enacted two major acts which gave the government the state powers to deal with tendencies of political instability and threats from social groups unincorporated within existing mechanisms of state surveillance and control:

- the Economic Sabotage (Special Provisions) Act which constituted the government’s campaign to fight hoarding, overpricing and other types of economic sabotage, and
- the Human Resources Deployment Act, which gave the Minister of Labour a free hand to deal with the problem of rising unemployment in cities and towns.

The former act which was primarily aimed at the commercial class led to the arrest of many residents found with even small quantities of goods meant for unofficial channels. Sales of market and agricultural products on unofficial markets are primarily boosted by the lack of sufficient price incentives for the producers, by costly subsidies used to keep food prices low for urban consumers, and by mismanaged and heavily subsidized marketing boards. This is why, to the extent that food producers shifted progressively towards parallel markets, the trend in officially marketed food output is not a good indicator for what happens to the total domestic marketed supply of food. The direct impetus for selling on parallel markets came from the growing discrepancy between food prices on official and parallel markets, due to the state’s inability to sustain official real producer prices of food crops from the early 1980s onwards which explain the dramatic fall in official food marketing. There are however more reasons suggested.

285 WUYTS, M., ibid, 170.
286 COULSON, A., ibid, 216 and HAVNEVIK, K.I., ibid, 57.
287 The Minister was permitted to take a census of all people, identify unemployed and non-productive labour and make arrangements which will provide for a smooth, co-ordinated transfer and subsequent employment of unemployed residents. The Minister could also arrange for the relocation of persons chargeable with or previously convicted of being idle and disorderly persons and rogues and vagabonds. SHVJ, LG., "Right to Life and Liberty in Tanzania: Selected Aspects", 1988, background document for HAVNEVIK Co., 1988.
1. The 'implosion thesis'\(^{269}\) considers peasant's behaviour under shortage resulting from government price controls and rationing. Consider a cash crop producing peasantry which sells its marketed output of export crops in order to buy manufactured consumer goods. Peasants hold cash balances in order to bridge the gap between selling their crops at harvest time and buying consumer goods at regular intervals throughout the year. Suppose next that, through price controls and rationing if the supply of consumer goods imposed by the state, the peasantry confronts goods shortages as supplies of consumer goods fall short of demand and, moreover, arrive irregularly and unpredictably. Consequently, the authors argue, peasants, at first, may even try to build up their cash balances by selling export crops so as to make sure they have sufficient ready cash available when consumer goods happen to be available. But soon, in the face of persistent shortages, peasant will cut back on export production to avoid merely accumulating more cash. The fall in export volumes will constrain the import capacity of the economy and, consequently, reduce the supply of consumer goods to rural areas even further, since either import of consumer goods decline or manufacturing output falls for lack of imported raw materials. Facing renewed and aggravated shortages, peasants react by cutting back export production even further. This leads to a vicious circle in which export volume and the domestic supply of consumer goods **implode** in an interactive process which grinds the economy to a halt. Hence, rationing coupled with price controls lie at the origin of the decline in the agricultural marketed surplus.

First, when applying this theory to the Tanzanian context, these authors completely discount the whole question of the relative price of food versus cash crops.

Secondly, export production fell long before shortages became a major problem in rural areas. The causal sequence ran the other way around: shortages accompanied by official rationing were the outcome of the collapse in import capacity which was principally induced by falling export volumes as well as by adverse movements in the external terms of trade.

\(^{269}\) WUYTS, M., ibid., 177–178.
Finally, the basic problem is that peasants find themselves with a surplus of cash and short of commodities is highly questionable. It is more likely that the operation of parallel markets centralised cash balances in the hands of private traders, transporter and larger food surplus producers in the better regions, while a significant majority of the peasantry probably found themselves with little cash or commodities, having to survive in as situation of rampant inflation in the parallel markets.

2. Given the structure of transport costs, there also was little incentive, except in years of bumper harvests, for producers in the regions near to urban centers to sell their marketed output through official channels.

3. Moreover, food producers have more options than export crop producers to sell their foodstuff on unofficial or parallel markets. The latter can do little more with their coffee, cotton, cashew nuts or tea but sell it through official channels, or perhaps, smuggling it abroad. Food producers in contrast, have various options: selling to official marketing agencies, using parallel circuits of trade, or disposing of their produce in local markets for local use. Consequently, the degree to which government can in fact keep food prices down is severely limited if official agencies wish to purchase any food at all.

But, other factors too—commonly ignored by international monetary and aid institutions, like the World Bank and IMF, both called IFs or International Financial Institutions

221, including differential access to production resources by rural people, massive poverty which requires many people to enter the (official) market at a disadvantage and popular interest in maintaining food security before catering to external benefits from production, are driving producers of officially low-priced products in the black market. As Rau states the main reason for this may well be that "farmers are unlikely to produce for the market if they are denied a reasonable return for their efforts"; a phenomenon occurring in many other places in Africa. People, selling less though official markets channels, are turning to 'unofficial' channels for the bulk of their sales—markets they themselves or private traders have created. Estimates, for example, indicate that during the crop season 1982/83, a year of severe food shortages, private sales and trading of maize amounted to about 250,000 tonnes, nearly 55% of the estimated total sales of about 460,000 tonnes. The price differentials between the parallel and official markets during this period led to enormous profits for the traders.

An estimated 92% of those arrested in the early stages of the campaign were either businessmen or 'licenced traders'. By July 1983, 816 private shops belonging to suspected 'saboteurs' had been shut down by the government and 1,139 persons of which 1,072 were businessmen. Massive violation of the rights of people belonging to these groups led consequently to a further breakdown in popular respect for the legal system in general. The implementation of these acts further exposed the authoritarian character of the Tanzanian state. Moreover, as Havnevik points out correctly,

220 WUITS, M., Ibid., 172-173.
221 HAVNEVIK, K.J., Ibid., 287.
222 The phenomenon of unofficial channels for the sale of many commodities leads us to another fact worth to mention. Official figures indicate decreases in sales of many commodities, but no attempt is made to account for the ever increasing levels of 'informal' sales that are not reflected in official statistics. Thus, it is not possible to assess levels of agricultural production effectively from the commonly used data, nor to claim a spreading crisis of declining food availability. RAU, B., Ibid., 104.
223 HAVNEVIK, K.J., Ibid., 296.
224 Some measures against this commercial class (mostly Asian) had already been taken in the early seventies with the formation of the state's Regional Trade Corporation (RTC), which assumed control of wholesale goods in the early 1970s. STEIN, H., Ibid., 120.
225 HAVNEVIK, K.J., Ibid., 59.
"...it soon became clear that the state would not allow the acts to be used against its own bureaucratic class. Higher government officials were exempted and those who were detained were released."

But, when popular pressure mounted for turning the Economic Sabotage Act against the state bureaucracy, the official campaign weakened and died, having a further loss of political legitimacy, an even more widespread opposition than anticipated, and a commercial bourgeoisie which was gaining in confidence and challenging the state to retreat in various ways as its only lasting results.

A new Cooperative Act was passed in 1982, but the party, not willing to let cooperatives become completely autonomous, launched the National Agricultural Policy (NAP) alongside the 1982 Structural Adjustment Programme. Together they opened the way for private ownership of land, an atmosphere more conducive to private investment in agriculture and the liberalization of various aspects of agricultural marketing. They also marked a clearly retreat on the part of the state, signalling a partial acknowledgement that excessive state intervention and control of the agricultural sector was one of the major causes for its dismal performance.

To improve the flow of external resources to fight the crisis, Tanzania entered into an agreement with the IMF for a standby credit in 1979 (cfr. Standby Agreement, 1980). As relation with IMF were broken in 1981 due to disagreements on credit ceilings and the inability of Tanzania to meet certain performance targets, Tanzania attempted to come to an agreement with the World Bank, without IMF involvement, which was rejected by the Bank in 1981. Tanzania was then offered an IMF structural adjustment programme (called Extended Fund Facility), which it rejected due to the lack of compatibility of the IMF conditionality with the Tanzanian development strategy. Though things went wrong between Tanzania and the IMF, the World Bank was somewhat sympathetic and understanding and offered Tanzania a more limited Export Rehabilitation Credit (ERC), approved in April 1981. Though, later in 1981 disagreements between the World Bank and Tanzania emerged regarding:
  - the development budget,
  - the relative importance of price and non-price constrain to agricultural development, and
  - the pace of implementation of certain measures. The Tanzanian/World Bank relationship was further strained when the latter revealed reluctance to go ahead with any further loan support before access to IMF's facilities had been resolved to Tanzania or prospects for an early agreement improved. The impact of this falling out with the international financial institutions during the period 1980–1986—it would take until 1986 that Tanzania would agree with the IFIs (especially with the IMF) on an agreement—was reflected in a decline in an overall flow of external assistance to Tanzania, from US $702 million in 1981 to US $487 million in 1985.

Because of its frustrations with the IFIs, the Tanzanian government then went about designing a series of solutions, one of which was its own National Economic Survival Programme (NESP, late 1981). This programme aimed at:
  * reviving agricultural exports and
  * increasing the utilization of capacity of industry. But as the targets were not realistic and because there was too little discussion even among politicians themselves so that it did not provide a coherent plan for mobilising resources and people, at the end of the period most targets of the NESP were not achieved. On the contrary, most

296HAVNEVIK, K.J., ibid, 58.
297HAVNEVIK, K.J., ibid, 287.
298HAVNEVIK, K.J., ibid, 287.
299Tanzanian/IMF relations soured to the extent that the Swedish head of the IMF mission was declared persona non grata and given 48 hours to leave the country.
300Cfr. Figure above. Foreign Aid disbursements to Tanzania, column 3: total aid.
of the variables (e.g. exports, industrial output) moved in the opposite direction to the one projected. Correctly Havnevik concludes that

"The NESP experience in one among many which shows that by the early 1980s the state had become incapable of mobilizing popular support for critical objectives."^301

A later attempt of the state to regain control over the crisis was linked to the work of the Technical Advisory Group (TAG) in early 1982, which had to prepare a national agricultural policy (NAP). World Bank President, McNamar, who had earlier shown sympathy for the poverty focus and social profile of the Tanzanian post-colonial development model, had together with Nyerere developed the idea of establishing an independent group of knowledgeable persons (TAG), acceptable and respected by both the World Bank and the Tanzanian state, to design a programme for structural adjustment. This report recommended three broad categories of policy changes:

1. the need for exchange rate-, producer-, and consumer price adjustments (e.g. an enormous increase in producer prices for export crops);
2. improvement of the institutional framework for agricultural through increased pluralism and support to private initiatives;
3. and the need to increase the share of foreign exchange going on to agriculture by correcting the budgetary imbalances between industry and agriculture and between productive and social services in the rural sector. ^302 The group suggested a.o. the acceptance of a large devaluation of the shilling, restrictions on fiscal deficit (cfr. infra), an increasing relative emphasis on government recurrent spending on basic needs (= social profile of the development strategy) and infrastructural rehabilitation at the expense, largely, of military spending, so that Tanzanian developments should be agriculturally led and that the role of the public sector should be reduced. Research of Singh shows a lot of scepticism concerning the consequences of devaluation policies as an instrument for correcting a fundamental structural disequilibrium of the economy. In general, the arguments against devaluation are particularly strong in a small, commodity exporting and centrally planned economy, because such an economy can sell whatever it is able to at internationally determined prices; a devaluation, other things being equal, will not, therefore, increase exports receipts. On the other hand, it is essential to the logic of an 'effective devaluation' that there should be a cut in real wages, by making imported goods more expensive in relation to workers' incomes (for example, in part 4.3, and part 4.4.2., we discussed respectively already the decrease in the real wages with 41% as a result of a 10% inflation between the early 1970s and 1980s, and the effect of increasing prices for rural consumers with 25% in relation with their earned incomes from export crops). Thus, an IMF programme of devaluation, credit restraint, tight budget, liberalization of domestic and foreign trade regimes would have two extremely important short-term effects on the economy: a cut in overall consumption and real wages, and a redistribution of income away from those who produce for the domestic market to those who are involved in production for exports or import substitutes. These might set off a chain reaction of price changes, wage demands and financial instability. ^302 A developing commodity-exporting country, like Tanzania, may nevertheless need to change the exchange rate depending on its specific circumstances if it empirically examines the short-term certainty of the dynamics of the above mentioned effects.

^301 HAVNEVIK, K.J., ibid., 60.
^302 HAVNEVIK, K.J., ibid., 288.
^303 The amounts proposed have varied over time but have typically involved declines in the shilling to one half to one quarter of its value with respect to the dollar. SINGH, A., ibid., 432.
^304 This has been precisely the outcome in many Latin American economies with the IMF-inspired devaluations; these countries have often ended up with the same structural balance-of-payments deficit as before the devaluations, except at a much higher rate of inflation and attendant economic and political strife.
According to Singh, in recommending a large devaluation for Tanzania, the IMF did not, however, provide systematic empirical information on these issues. Instead, they based the case for devaluation on the following general argument:

- devaluation will have a positive effect on the balance-of-payments even in the short term because it will (a) reduce leakages through smuggling, (b) discourage the parallel market in foreign exchange (cfr. supra) and thus diminish the loss of foreign exchange to the government through that channel; and (c) have a favourable impact on the manufacturing balance;
- devaluation will have a long-term favourable effect on the foreign balance;
- both in short and long-term, devaluation will help to restore the government’s budgetary balance; and
- devaluation is essential, since the rate of inflation in Tanzania has been much greater than the world rate of inflation.

First, to the extent of Tanzania’s manufacturing balance, despite the depressed level of world economic activity during the 1980s, there was still some scope for increasing Tanzania’s manufacturing exports. This objective, as we learned from the economic “success-story” of the South-East Asian Newly Industrialized Countries (NICs), could have been best achieved not by a general devaluation but instead by concentration on a small number of large exporting items, and by offering at the point of export differing amounts of subsidies on these products (= export subsidies), or, if necessary, by putting import duties on certain consumer goods or by letting all duties fall, for example, to create Free Trade Zones.

Even in the long run, in the circumstances of an economy such as that of Tanzania, a system of multiple exchange rates (operated through export subsidies and import duties) is economically more efficient than a single depreciated rate for the currency.

Secondly, the Fund’s papers do not provide any empirical estimates of how much foreign balance would be improved by reducing the smuggling and the unofficial/parallel market, and on closer inspection, these general arguments do not appear convincing. For example,

"...the main reason why a 'profit maximizing' Tanzanian coffee producer may sell his produce illegally and at higher prices in a foreign country is not so much because the Tanzanian shilling is over-valued, but because he (who is member of a section of the business community and other rich Tanzanians) can import luxury goods (hi-fi equipment, white goods,...) to which foreign exchange is not allocated for social reasons in Tanzania." Unless, therefore, Tanzania changes its social priorities (increased availability of infrastructural (e.g. transport) and other vital agricultural inputs (e.g. water, fertilizer, etc.) and allows importation of such luxury items by those who directly earn foreign exchange, this kind of producer will continue to export illegally even if the Tanzanian shilling is devalued. It is, therefore, unlikely that a devaluation alone will make a significant difference to the level of smuggling and parallel market activity. For the reasons of capital flight, experience from other countries suggests that a small devaluation in such circumstances is ineffective; on the other hand, a large devaluation is likely to make matters worse rather than better because of the inflation - wage demand - greater uncertainty-spiral, thus intensifying the pressures for capital flight through illegal channels.

Thirdly, since the Tanzanian rate of inflation has been greater than the rate of inflation among Tanzania’s trading partners, their is some plausibility for the IMF’s reasoning that shillings should be devalued to compensate for the differences in the inflation rates. Moreover, the IMF sees a devaluation policy as a possible solution to cure the government’s fiscal balance, though we have to take as reminder the fact that

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305 SINGH, A., ibid., 434-435.
306 With respect to manufactured imports, subsidies are not competing with domestic production, but at their current level they are an absolutely essential complement to it. DUHAMEL, A., and SCHAMP, T., ibid.
307 SINGH, A., ibid., 437.
inflation is not just a simple monetary phenomenon. Actually, throughout the 1980s, Tanzanian inflation kept increasing rather than decreasing as a consequence of devaluation. Inflation is embedded in the struggle over distribution of income, or it arises from inconsistent claims over the national income. 309. It may be argued that the rate of inflation will be reduced in the long run, but as the example of Mexican inflationary policy in the beginning of the 1980s has proved (cfr. below), this argument completely abstracts the fact that from the viewpoint of short-term dynamic considerations, somebody has to pay for it in real terms by a reduction in his or her current social benefits or an increase in his or her taxes. However, the IMF did not base their argument on the Mexican issue or other empirical evidence, but on the very old purchasing power parity doctrine [a theory which makes sense only if it is interpreted in terms of costs rather than prices], of which the application to a country like Tanzania is essentially valid only in relation to the 'domestic' element of the costs of primary products. But, surely not to the extent of inter-country studies, because there is a major problem of measuring parity in terms of costs if the relative costs of different commodities and services greatly differ as between one country and another. Therefore, it was argued that a multiple exchange rate (administered in the form of tariffs and subsidies) was preferable to a single exchange rate, and there may be a whole zone of rates rather than a single exchange rate which is equally desirable from the point of view of the balance of payments. In the case of Tanzania, the exchange rate became so over-valued that the customary standard of living of workers in the primary sectors was unduly pressed in relation to that of the other sectors of the population, with unfavourable effects on the production of export crops, so that an adjustment was called for (the IMF demand over 60% devaluation in terms of local currency and over 300% in terms of foreign currency). Since there has clearly been a fall in the standard of living of the producers of primary products since the late 1970s, as indeed there has been of all sections of the population, the Tanzanian government devalued the shilling -only- by 20% against the US dollar. But, there was less of an economic than a political case for devaluation. It simply indicated that to the bilateral donors and the international aid community that Tanzania was not opposed to a devaluation as a manner of political principle, but rather had extremely serious pragmatic and empirical objections to the IMF programme.

Again we can argue that, as a devaluation would mean that the real wages of -mainly- workers and government employees would have to be reduced in order to benefit the income transfer from the non-exporters to the exporters, a further fall (inflation) resulting from a large effective devaluation would inevitably lead to compensating wage demands. If the latter are not met, they would produce political

309 SINGH, A, ibid, 438.
309a A very similar argument had been advanced by the IMF and the Mexican Central Bank in support of a Mexican devaluation in 1981, i.e. that since the Mexican rate of inflation was greater than the US rate (the United States being Mexico's main trading partner), Mexico should devalue to compensate for this. For all the reasons outlined above, opponents of a devaluation (including myself, then acting as economic advisor in Mexico) argued that it would lead to a further divergence in the Mexican and the US rates of inflation, hence requiring a further devaluation, and this in turn will lead to a wage-price spiral, financial instability etc. In 1981, the Mexican rate of inflation was 28% per cent and the US rate was about 10% per cent, i.e. a difference of 18 percentage points. A devaluation of the Mexican peso in February 1982 set in train a sequence of events much as had been predicted: inflation, wage demands and further devaluation. As a consequence, the Mexican rate of inflation by the end of 1982 was about 100% per cent per annum, and the divergence from the US rate of inflation (5 per cent in 1982) had widened to 95 percentage points.

310 SINGH, A, ibid, 440.
310a SINGH, A, ibid, 440-441.
311 SINGH, A, ibid, 442.
conflict; on the other hand, if they are met, this would fuel inflation and thus require even more nominal devaluation and the process would then repeat itself. As Singh argues, it is no accident that the IMF programmes of devaluation in many developing countries have led to the worsening inflationary conditions and serious political conflict. Whether or not the budgetary balance will actually improve as a consequence of devaluation and associated measures will depend in a very important way on the rate of inflation. This in turn is a function of the degree of political consensus in the Tanzanian society about the proposed redistribution of income.

The IMF would inter alia also have liked to see much higher interest rates, and a liberalization of price controls. In return for the implementation of these policy proposals, the Fund would have provided Tanzania with foreign exchange resources in accordance with its normal entitlement. However, neither the Bank nor the Fund accepted the TAG recommendations, which were put forward by the Tanzanian government in a structural adjustment programme (SAP), because the proposal did not go far enough in meeting IMF conditions and exact effects. Consequently, as the World Bank was increasing subject to the IMF, the World Bank could not give Tanzania a satisfactory answer as to the minimum conditions for a structural loan.

So, the Structural Adjustment Programme of 1982 failed command sufficient external support for funding. Even as the Tanzanian government was to seek increased financial support from sympathetic donors, particularly the Nordic countries and the Netherlands, since aid was usually not tied to the harsh conditions set by the IMF, the Nordic countries - without any attempt to develop an alternative understanding of the Tanzanian crisis or identify measures which could help the country to ease or overcome it - also aligned themselves with the IMF conditions. Foreign aid continued to fall in 1983 and 1984 and reached a low point of US $487 million in 1985 (cfr. supra).

Hence the message was clear. Unlike the situation in the mid-1970s, there existed no external sources of support for a state driven development model with a social profile based on an empowered state sector in the early 1980s. External forces hence came to boost the domestic commercial bourgeoisie in its struggle against statism. As Kondo argues that certain reforms of the period 1978-83 represented a reduction in the span of direct centralized state control which had been built up during the 1960s and 1970s, the balance of power between state bourgeoisie and the private commercial bourgeoisie had tilted in favour of the latter. This created great room for manoeuvre for private capital at the regional level. Still, the major breakthrough for the commercial bourgeoisie came with the launching of the 1984/85 budget.

313 In this context the Kenyan case is of particular interest. The effects of the IMF policies on Kenya were that though the government of Kenya (was) 'rather conservative, pragmatic and generally market oriented' and the IMF principle of conditionality (was) not contested, three higher conditionality agreements between Kenya and the IMF have broken down. So that Dr. T. Killick, Director of the Overseas Development Institute in London, concludes that, 'If successful stabilization and good working relationships with the Fund are not feasible in Kenya, it is unclear where else in Africa they might be achieved.'

314 For example the proposal for a growth of the money supply was quite the opposite of what the IMF had proposed (cfr. supra) as a guideline to lower Tanzania's debt problem.

315 As an illustration, one immediate and dramatic effect of the programme proposed in 1982 on the Fund's own estimates, would have been to raise the price of sembe, the basic staple in Tanzania, from 21/50 shillings to 18 shillings a kilogram, a seven-fold or so increase. SINGH, A., Ibid, 433. As there was evidence from around the world that people have revolted over far smaller increases in the price of basic foods, the Tanzanian government was understandably reluctant to accept the Fund's programme without a thorough examination of all its consequences.


317 In the area of agriculture, the Nordic countries encouraged the revival of private large-scale farming, but not at the expense of the smallholders, which never have been given a chance to show their capacities.

318 In 1984 during a joint high level Nordic/Tanzanian governmental sponsored symposium, it was said that remarks closed the door to further bilateral aid, saying that, 'a basic assumption on the Nordic side at the outset of these deliberations, hence our working hypothesis, is that resources from our countries would serve to supplement, and not to be a substitute for, those emanating from an agreement with the Fund.'
- removal of parastatal subsidies on maize meal and other agricultural inputs and recurrent expenditure for agriculture was more than doubled from the 1983/84 budget,
- agricultural producer prices were raised significantly,
- a large devaluation of 26% against the US dollar was announced, as well as
- 'liberalization' for imports and the associated measures of price de-control for the imported items.  

The budget also considerably weakened the emphasis on social services and education. The “own-funded import scheme”, where residents were allowed to import freely on a no question basis if they could raise foreign exchange, was also introduced.

The budget incorporated a significant retreat by the state bourgeoisie and in essence it contained major concessions to the policies promoted by the IMF and the World Bank. Thus the budget signified a new path of development and the breakdown of the post-colonial model. The new Tanzanian policies opened the door for rapprochement between Tanzania and the International financial institutions which would reroute Tanzania’s development path along the lines of IMF/World Bank guided structural adjustment principles. This would on its turn lead to obtain substantial additional resources from the private capital market as well as from the official bilateral and other donors.

5.13. **Conclusion**

The post-colonial model promoted by Nyerere and the nationalist movement could not overcome the challenge posed by domestic prices and pressures as well as a hostile external environment. The developmentalism of the nationalist movement became discredited because of overt state regulation and control of a basically inefficient and undynamic character. The trade-off between developmentalism and the absence of democracy had not worked. In the end the people were left with neither development nor democracy. Though, people started to organize themselves through traditional organizations which sprang up in different regions of Tanzania but also, as indications are, through religious movements.

Perhaps the most significant development in the last years of Nyerere’s rule was the erosion of popular support for the continuation of any form of nationalist based development model. The state is unable even to mobilize support for a development strategy which includes priority for a social profile. Hence the post-colonial state has come to a point where it has become completely separated from its social base. This more then anything else, explains the breakdown of the post-colonial model.

This breakdown and the adoption of a new transitional development path also implied that there no longer existed a role for Nyerere. In 1985 he withdrew from the Presidency, but retained the chairmanship of the party until 1990 when he resigned (cfr. infra). His main function during those last five years was to see that the transition from the old to the -still undefined- new development model was peaceful. Although remains of the old struggles against the new policies of structural adjustment and the free market continued, it remains to see whether Tanzanian groups will be able to exert any influence on the future development model, which is likely to be a model beyond that of IMF/World Bank led structural adjustment: merely in respect of the speed of adjustment and the fact who bears the burden of adjustment (in casu more equally shared by all sections of the society through the system of taxation). As Singh suggests that

“there is reason to believe that increases in financial disequilibrium in 1984-5 (inflation, balance-of-payments deterioration,) are not unrelated to these changes in

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296 SINGH, A., ibid., 442.
297 HAVNEVIK, K.J., ibid., 289.
298 HAVNEVIK, K.J., ibid., 61 and 290.
299 HAVNEVIK, K.J., ibid., 62.
economy policy (in particular devaluation and liberalization), alternative policy options surely were considered within government, before taking further steps in this direction. As far as the private capital market is concerned, it was most unlikely that even with the IMF's good housekeeping seal, Tanzania would be able to tap additional funds (cfr. supra, probably also a structural loan from the World Bank), because:
- Tanzania remained a very poor country following a non-capitalist road; and
- the international financial markets were highly vulnerable during the 1980s.

Secondly, in relation to bilateral donors, the hope of more foreign aid from that quarter was also likely to prove unrealistic, this was because in most of these countries, public expenditure was being cut and the total available for foreign aid was being reduced.

Moreover, the benefits of new resources would be relatively small, far from adequate to even bring the industrial sector to its normal level of capacity utilization, and should have to be balanced against the immediate and enormous costs rising essentially from the large devaluation and reduction of subsidies and cuts in government expenditure. It was to be expected that the Tanzanian leadership would be determined to follow an independent national path, based on egalitarian socialist principles, and not to bow to the capitalist-oriented adjustment path ordained by the IMF. Tanzania therefore tried to answer positively on the question "Is there life without the IMF?", and underlined that there is more than one viable path for its economy, marked in the early 1980s by a shift towards the allocation of more resources to agriculture; within agriculture, export crops are being emphasized. A number of important institutional changes in the agricultural sector have been set in motion, for example the restoration of cooperatives in an orderly manner. As far as short-term economic management is concerned, the government has taken significant steps to cut parastatal losses and keep the fiscal deficit from increasing despite a depressed economy.

Even without the any economic assistance from IMF/World bank or bilateral donors, Tanzania would try to carry out its own adjustment programme. However, it has not come to that.

323 SINGH, A., Ibid., 446.
324 The donor countries, particularly the smaller North European nations, have a huge responsibility towards providing development assistance to Third World countries and towards the need meeting the basic needs of the poorest people in these countries.
5.2. The Mwinyi Era: the structural adjustment regime from 1986 onwards.

President Ali Hassan Mwinyi's government has had to seek new ways of statecraft to handle and manage some dissensions, conflicts and the growing demands of the different social groups. His personality as a non-confrontational person\(^{326}\), who believes in creating consensus and winning support in areas where this is possible rather than in creating antagonistic relations, has managed to steer the country from conflictual situations and has paved the way for a more favourable climate for the reforms, even though his *inclusionary pattern of governance*\(^{326}\) has had some setbacks for his own policies and has weakened its own support base, so that Mwinyi has become his own worst enemy at some times.

5.2.1. The Economic Recovery Programme.

5.2.1.1. The objectives

The policies which President Mwinyi adopted with the support of the party in the form of the *Economic Recovery Programme* (ERP) are important because they have been prepared during 1985/86 in close cooperation between the World Bank and Tanzanian authorities and was thereafter used as a basis for concluding negotiations with the IMF in August 1986\(^{327}\) and they created the conditions for the emergence of a more accelerated pace of social change. The main goals of ERP were

- to increase the output of exports and food crops,
- to rehabilitate physical infrastructure and raise industrial capacity utilization, and
- to restore external and internal balances through prudent fiscal, monetary and trade policies, by means of
  - raising producer prices by 5% per year in real terms or to the extent of 60–70% of the world market price whichever was higher,
  - adopting an active exchange rate policy removing the overvaluation of the shilling within three years,
  - further liberalizing external and internal trade by tightening of budget expenditure and the foreign exchange allocation system\(^{328}\).

5.2.1.2. The consequences

Tanzania embarked on the adjustment agenda and external donors responded quickly by increasing total disbursements of aid (excluding technical assistance) from a low level of US$ 487 million in 1985 to US$ 680 million in 1986. By 1989 the level of donor assistance reached US$ 850 million of which 1/2 was provided in the form of import- or balance-of-payment support\(^{329}\). World bank lending under structural included a *Multisector Rehabilitation Credit* (MRC), an *Industrial Rehabilitation and Trade Adjustment Credit* (IRTAC), which supported restructuring of the industrial sector and measures aimed at trade reform, like the *Open General Licence* (OGL) facility which was introduced in February 1988. This facility which strengthened the process of liberalization of trade was gradually expanded and from early 1992 allowed for all kinds of imports, including luxuries. During 1990, it accounted for about 10% of imports, but only 12-15% of OGL

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\(^{326}\) Hartmann, J., ibid, 228.

\(^{327}\) President Mwinyi's strategy of governance is based on *inclusionary patterns*. He has included in his cabinet and among senior government positions even those who may not share his views on policies. This inclusionary style of governance has the advantage of trying to reconcile dissensus and consensus, and of balancing stability with economic changes.

\(^{328}\) Havnevik, K.J., ibid, 290.

\(^{329}\) Havnevik, K.J., ibid, 290.
funds for the years 1988 and 1989 were directed to the agricultural sector, although the World Bank expected a substantial increase in OGL for 1992.

The cornerstone of the ERP was the adjustment of the real exchange rate. During the first years of reforms, most adjustment implementation was linked to economic liberalization, an area in which Tanzania had already initiated changes. In the area of internal trade, the policy liberalized trade from state monopolistic control and allowed the parallel market to function side by side with state trading structures. Trading activities have become an important employment for many young entrepreneurs, many of whom have benefited from Standard Seven education and Form Four education, while the informal economy is expanding rapidly in Tanzania. An important reform was the Retention Scheme which allowed export/import traders of specialized products to retain 50% of the proceeds of their exports in foreign currency. The money was then used to buy designated goods. Though much of these activities are not registered, but for those that have been, for the year 1987/8, small business licenses were granted to 6,082 out of 10,000 requests. So, business activities in the area of export-import have increased significantly, as in small hotels and restaurants as well as in manufacturing.

In the parastatal sector, steps were taken to liquidate nine parastatals, although government transfers of funds to the parastatals actually rose from 6% to 8.8% in the 1980s. Thus, structural changes in the industrial sector were modest. While the increase in commodity import support assistance contributed to raising the level of output in some industries, this recovery has not been accompanied by structural changes such as lowered import intensity or decreased production efficiency. Measures (ERP) have been driven by the objectives of modernization and output maximization in a static sense, in which consideration of technological learning over time is secondary, so that the improvement in manufacturing growth rates from 1987 onwards seems to be based mainly on increased availability of foreign exchange. In a year which saw the publication of the Bank's own assessment of the East Asian Miracle (1993) it is strange that its advice to African policy makers explicitly adjoins them to avoid the very use of trade policy as part of a performance contract that has been so successful in East Asia:

"In promoting exports, governments should not try to pick 'winners'. Because most African countries are small, the market segments they succeed in will be narrow. That makes it unlikely that governments (or international agencies) can identify those segments in advance. Governments can best help entrepreneurs discover and develop competitive exports by getting out of the way..."

Tell that the South Koreans!!! Tell that, more relevantly, to the government of Mauritius, Africa's only successful exporter of manufactures, where the average effective rate of protection, credit subsidy, and import duties exemption have been followed since the early 1980s.

In spite of the World Bank's claims that a significant restructuring in production has begun to take place, Havnevik says that no inefficient enterprise surveyed in 1984 had been closed down at the beginning of the 1990s. One reason for the slow pace of restructuring of the industrial sector, was the unwillingness of the government to withdraw grants and subsidies to state enterprises (cfr. supra). What thus emerges from an analysis of the industrial sector under the ERP is that to some extent, the state

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HAVNEVIK, K.I., ibid, 292.
HARTMANN, I., ibid, 228.
This pattern is the quite the opposite of the one we studied in our paper on the development of the South-East Asian NICs, mainly because of the two following reasons. The design and implementation of new projects are similar to that within the industrial rehabilitation programme and tend only to reinforce the same features of dependence and low technological learning observed during the earlier ill-designed industrialization initiatives. Structural change has also been inhibited because the administrative allocation criteria for industries in the programme for economic recovery were so general that they not exluded any industrial line or sector.
MOSLEY, P., and WEEKS, I., ibid, 325.
bureaucracy managed to protect its interests in the state enterprise sector, mainly by the increase in development assistance. In order to break the bureaucracy’s control, the World Bank urged donors to increase assistance through the OGL system.

Policies of devaluation and liberalization of trade by tilting the terms of trade in favour of the agricultural sector

(i) benefited the income of peasants by increasing producer prices because they were able to sell their crops in the open market (this point of view was expressed by the World Bank and will be considered more nuanced)\textsuperscript{334},

(ii) incorporated the role of the market since the interregional marketing of food grains by individuals was introduced in 1984,

(iii) encouraged private investments and commercial farming, and

(iv) supported the smallholder farmer\textsuperscript{335}.

By March 1987, all weight restrictions on such trade had been eliminated and private traders started to compete with the National Milling Corporation (NMC). From 1988/89 crop season, primary societies and cooperative unions were allowed to sell directly to private traders and in 1990 individual farmers were also given this option, hence competition between the parastatal/cooperative system and the private sector had become fully legalized\textsuperscript{336}.

First of all, the increased liberalization led to the rise of a new class of indigenous traders engaged in grain collection, wholesaling and retailing\textsuperscript{337}. Dramatic problems occurred within the 1982 new cooperative movement in terms of both conflicting objectives between management, members (80% male and 20% female smallholders) and financial control. This implied that whatever direct benefits filtered down to the producers, female farmers had less access to them. By the end of the 1980s, the movement was characterized by undemocratic rules and was in areas with an overdraft of about 25 billion Tanzanian shilling, which far exceeded the annual crop and input requirements of about Tsh. 15 billion\textsuperscript{338}. The growth of cooperative credits as well as those of the marketing boards, in particular the NMC, led to the government’s failure to meet the credit benchmark and targets of the ERP.

It took the government until April 1991 to pass a new Cooperative Act which incorporated provisions for voluntary membership in democratically-controlled societies and unions and economic viability as the principle for the establishment of operating societies.

Secondly, while the government finally bowed to pressure on the liberalization of grain trade, the single channel marketing monopoly for export crops continued throughout the 1980s. Export crops could only be purchased by the marketing boards. It was not until July 1990 that partial liberalization took place in this area when the cotton and cashew marketing boards ceased purchasing and sales, and ventured instead into the provision of various types of marketing services. Alongside this, cooperative unions also lost their monopoly on the purchase of export crops. So that "primary societies, farmers associations, private estates and licensed traders could sell crops directly through auction and tender systems in 1991, at the world market price"\textsuperscript{339}. It was

\textsuperscript{334} As late as January 1991 the World Bank reported that "...The measures being undertaken in the agricultural sector are already significantly improving the standard of living of the rural population through improved prices received for production". However, only about a year and a half later the World Bank spelled out that the ERP had not led to the anticipated overall rise in farmer's income through an improvement of their terms of trade.

\textsuperscript{335} HARTMANN, J. Ibid, 225.

\textsuperscript{336} HAVNEVIK, K.J. Ibid, 296.

\textsuperscript{337} The existence of a large number of private grain traders and transporters had already occurred in the major maize-producing areas in the Southern Highlands in the early 1980s. High levels of parallel trading was also observed in Hanang District, Arusha Region in 1983 and 1985.

\textsuperscript{338} Donor pressure and threats to withdraw support were instrumental in bringing about the new Act. So that the degree of autonomy to be enjoyed by the cooperative movement on the basis of the new Act, remains to be seen. HAVNEVIK, K.J. Ibid, 297.

\textsuperscript{339} HAVNEVIK, K.J. Ibid, 297.
however not clear if and how far these policies have been implemented. During the 1990/91 crop season the government finally stopped further financing of the NMC, which effectively eliminated it from the market, except for its responsibility for the 150,000 tonnes Strategic Grain Reserve.

Thirdly, a significant feature of agricultural terms of trade for export crops under the structural adjustment programme, unlike that of the previous period, was that those facing official marketing agencies and actual producers differed. With the onset of the devaluation in 1984/85 there was a reversal in the terms of trade for marketing boards which improved by more than 100% between 1984 and 1988. Terms of trade for producers rose by about 30% during 1985, but failed to improve in subsequent years. The result was that the marketing boards and the cooperative unions absorbed nearly all the benefits of the improved terms of trade. The major reason was a lack of full adjustment of agricultural producer prices to reflect movements of the exchange rate. One effect, also running counter the objectives of the ERP, was that the farmer’s share of the final value of major export crops dropped from around 80% in 1986 to only 35% in 1988. 1989 saw an improvement to around 50%. Yet, World Bank claims that “substantial declines in incomes and living standards of the pre-reform period have been arrested...[and] in fact have improved significantly”. This claim has been made in spite of the evidence that peasant cash incomes have not increased substantially during the same period.

Following the conclusion made for the period during the 1970s and the 1980s, the Mwinyi period too was marked by a positive correlation between the increased utilization of industrial capacity, rate of investments and liberalization of the external trade regime and the availability of consumer goods, on which they had a marked impact. The World Bank sees the increased growth rates in agriculture from 1984 onwards, as stemming mainly from this increased supply of consumer goods, called incentive goods. But, the implication that agricultural growth during this period had a once and for all character is not a sustainable process resulting from structural change. Agriculture’s share of GDP increased gradually from 52.8% in 1983 to around 60% in 1986, a level which was maintained until 1989 when it dropped to 59% and further to 52.2% in 1990 (cfr. figure T1). So, there has been a positive total agricultural growth per capita since 1984. This development has been aided by a reduction in annual growth rates of the population from about 3.3% in the 1970s to 2.8% during the 1980s. Manufacturing’s share, for instance, did not show a similar increase. It remained stable at around 7% from 1983 to 1987, was 8.5% for 1988 and 1989, then decreased to 5.1% in 1990. In spite of the focus of the ERP on the productive sector, the sectoral allocation of government development resources available to agriculture and livestock declined from 30.6% in 1986/7 to 20.1% 1988/9, while the allocation to industry remained around 10% during the same period.

340 HAVNEVIK, K.J, ibid, 298.
344 The relation which emerges is negative: i.e., a general increase in sales takes place in spite of real prices declining. For export crops a slow, but not continuous, growth of marketed production can be discerned ending in 1987/88 with an increase of around 20% compared to 1982/83. The real price only increased by around 10% during this period.
345 While the average producer price for, for example, cotton increased by 70%, the average prices of agrochemicals for cotton went up by 475% from 1985/86 to 1988/89. Instead of the producer price increasing in real terms, there was a decrease of 14.0%, HAVNEVIK, K.J, ibid.
346 Cfr. WUITS, M, ibid, 159-192.
347 HAVNEVIK, K.J, ibid, 293.
348 HAVNEVIK, K.J, ibid, 300.
349 HAVNEVIK, K.J, ibid, 294.
Table 9.1. Tanzanian GDP growth 1983-1990, percentage change over previous year

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</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2.9</td>
<td>4.0</td>
<td>6.0</td>
<td>5.7</td>
<td>4.4</td>
<td>4.5</td>
<td>4.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-8.7</td>
<td>2.7</td>
<td>-3.9</td>
<td>-4.0</td>
<td>4.2</td>
<td>5.4</td>
<td>9.7</td>
<td>7.8</td>
</tr>
<tr>
<td>GDP</td>
<td>0.8</td>
<td>4.4</td>
<td>0.7</td>
<td>4.7</td>
<td>4.0</td>
<td>5.1</td>
<td>4.4</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source: HAVNEVIK, K.J., ibid., 293.

But, estimates of total agricultural production are very uncertain due to the problems of estimating the amount of the production that is not sold and unofically marketed. Therefore, let us look at the official figures for export crops, which are probably more reliable as there are no alternative marketing channels for most of these crops (figure 11).

The statistics available show that official marketed export production increased slightly by 4.6% between 1983/84 and 1984/85, then dropped dramatically by 24% in 1985/86 mainly due to a decline in cotton and cashew nut production, but also other reasons are put forward associated with bottlenecks and the problems related to infrastructure, transport capacity, processing, limited ginning capacity, cooperatives not paying growers properly and credit. In 1986/87 production levels increased by 10.1% mainly due to cotton and remained fairly stable for the rest of the decade. The production levels of 1983/84 and 1984/85 were never again attained later in the decade.

Table 9.2. Officially marketed production of major export crops 1983/84–1990/91 (000 tonnes per crop year)

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>49.5</td>
<td>49.0</td>
<td>55.0</td>
<td>54.0</td>
<td>49.3</td>
<td>49.5</td>
<td>37.1</td>
<td>55.8</td>
</tr>
<tr>
<td>Cotton</td>
<td>47.0</td>
<td>51.9</td>
<td>32.5</td>
<td>56.0</td>
<td>66.3</td>
<td>63.3</td>
<td>42.1</td>
<td>52.0</td>
</tr>
<tr>
<td>Tea</td>
<td>11.9</td>
<td>16.8</td>
<td>15.5</td>
<td>14.1</td>
<td>13.8</td>
<td>15.6</td>
<td>20.1</td>
<td>18.0</td>
</tr>
<tr>
<td>Cashew nuts</td>
<td>47.0</td>
<td>51.9</td>
<td>20.5</td>
<td>17.6</td>
<td>24.2</td>
<td>18.9</td>
<td>16.5</td>
<td>22.0</td>
</tr>
<tr>
<td>Tobacco</td>
<td>11.0</td>
<td>13.4</td>
<td>12.5</td>
<td>14.0</td>
<td>7.4</td>
<td>10.7</td>
<td>11.0</td>
<td>11.8</td>
</tr>
<tr>
<td>Sisal</td>
<td>46.2</td>
<td>39.3</td>
<td>32.9</td>
<td>30.2</td>
<td>33.2</td>
<td>33.3</td>
<td>32.2</td>
<td>33.5</td>
</tr>
<tr>
<td>Totals</td>
<td>212.6</td>
<td>222.3</td>
<td>168.9</td>
<td>185.9</td>
<td>194.2</td>
<td>191.3</td>
<td>159.0</td>
<td>193.1</td>
</tr>
</tbody>
</table>

Percentage change (over previous year)

|        | 4.6% (24%) | 10.1% | 4.5% (1.5%)(16.7%) | 21.4% |

Source: HAVNEVIK, K.J., ibid., 300.

HAVNEVIK, K.J., ibid., 301.
Table PP shows production estimates for major food crops for 1981/82 to 1988/89. It appears that the total production of food crops increased by about 500,000 tonnes between the crop season 1983/84 and 1984/85 (mainly attributed to the rise of maize) and then remained at around 4 million tonnes for the rest of the decade. This pattern of increasing domestic production is also reflected in the simultaneous increases in the area planted and the yield per hectare and the declining imports of for instance maize. It dropped from 232,000 tonnes in 1981/82 to 138,000 tonnes in 1984/85 and to a negligible level of 26,000 tonnes in 1985/86.

### Table 9.3. Production estimates for major food crops 1981/82–1988/89 (000 metric tonnes)

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-production</td>
<td>1,402</td>
<td>1,740</td>
<td>1,712</td>
<td>2,013</td>
<td>2,671</td>
<td>2,787</td>
<td>2,429</td>
<td>2,527</td>
</tr>
<tr>
<td>-area (000 hectares)</td>
<td>1,294</td>
<td>1,232</td>
<td>1,230</td>
<td>1,412</td>
<td>1,576</td>
<td>1,626</td>
<td>1,675</td>
<td>1,669</td>
</tr>
<tr>
<td>-yield kgs/hect.</td>
<td>1,080</td>
<td>1,410</td>
<td>1,340</td>
<td>1,420</td>
<td>1,620</td>
<td>1,710</td>
<td>1,450</td>
<td>1,520</td>
</tr>
<tr>
<td>Sorghum</td>
<td>233</td>
<td>254</td>
<td>301</td>
<td>442</td>
<td>384</td>
<td>367</td>
<td>424</td>
<td>405</td>
</tr>
<tr>
<td>Millet</td>
<td>155</td>
<td>149</td>
<td>168</td>
<td>272</td>
<td>301</td>
<td>259</td>
<td>198</td>
<td>219</td>
</tr>
<tr>
<td>Faddy</td>
<td>509</td>
<td>255</td>
<td>328</td>
<td>276</td>
<td>418</td>
<td>566</td>
<td>792</td>
<td>768</td>
</tr>
<tr>
<td>Wheat</td>
<td>59</td>
<td>59</td>
<td>72</td>
<td>67</td>
<td>98</td>
<td>72</td>
<td>75</td>
<td>81</td>
</tr>
<tr>
<td>Total prod.</td>
<td>2,158</td>
<td>2,457</td>
<td>2,581</td>
<td>3,070</td>
<td>3,872</td>
<td>4,051</td>
<td>3,908</td>
<td>4,000</td>
</tr>
</tbody>
</table>

Source: HAVNEVIK, K.J., ibid., 301.

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### Figure 23:

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### Table 9.4. Indices of crops marketed and corresponding prices 1982/83–1987/88

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Maize sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Prices (real)</td>
<td>100</td>
<td>87</td>
<td>103</td>
<td>149</td>
<td>173</td>
<td>180</td>
</tr>
<tr>
<td>Rice sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Prices (real)</td>
<td>100</td>
<td>150</td>
<td>122</td>
<td>86</td>
<td>76</td>
<td>84</td>
</tr>
<tr>
<td>Export crop sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Prices (real)</td>
<td>100</td>
<td>101</td>
<td>102</td>
<td>90</td>
<td>119</td>
<td>121</td>
</tr>
<tr>
<td>All crop sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All crop prices</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: HAVNEVIK, K.J., ibid., 304.

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Though, as figure KK shows, the explanation of this pattern of increased marketing of agricultural produce in particularly food crops, cannot be explained by similar increases
of corresponding prices for the period 1982/83 to 1987/88, and has to be found elsewhere. Havnevik, discusses a series of possible contributory factors 348.

1. Improved weather and increased supply of consumer goods. In spite of uncertainties (cfr. the estimation of the volume of crops sold outside official channels), the statistics indicate that agricultural production started to increase around 1984 and continued growing between 4 and 6% annually at least up to 1989. On reason for agricultural growth, at least for some years, was improved weather conditions. Another important and often mentioned reason for the expansion of agriculture is linked to the increased availability of consumer goods as a result of economic liberalization, initiated by the Tanzanian government in 1984. The extreme shortages of consumer goods in the rural areas during the decline, fundamentally altered the relationship between prices and supplies of crops. Based on the idea that sales of crops are linked to the expectation that the resulting cash incomes can be spent on desired purchases, with less to buy, peasant households' need of cash income declined and fewer crops were sold. To understand peasant's marketing of crops as responses to change in the supply of consumer goods one cannot exclude smallholders' whole range of non-agricultural activities 349. It is possible that increased crop sales are not primarily a response to an improved supply of consumer goods, but could be a reflection of a declining relative remuneration for non-agricultural activities compared to agricultural production between the pre-reform and the post-reform periods.

Moreover, the reorganization of marketing as a result of the economic recovery programme could have had the effect of providing better marketing opportunities for peasants than those which existed under government control in the pre-reform era. But, this was not the case because official food purchases increased rapidly even during the post-reform period 350.

In spite of the lack of incentives in terms of improved prices, the peasants' response was to increase production and marketed output.

2. Agricultural inputs. During the crisis years in the early 1980s, agricultural production was also constrained by a critical shortage of tools. For example, hand hoes supply in the range of 11-16 million annually from 1980 to 1983, about 3 million in 1983/84, and a need of around 2.5 million in 1987, has narrowed in 1986/87 to the crisis years production level. As for ox-ploughs, the total average annual supply during 1979 an 1983 amounted to only 13,600 against an official annual demand of 75,000 for 1983/84. Distribution during 1986 amounted up to 25,000 per annum, while the national demand for ploughs was estimated to be 40,000, so bringing the gap down to around 15,000 units 351. A general improvement in the supply of other hand implements and spares and accessories for ploughs also took place during the 1980s. Overall this must have contributed to improving conditions for production when it comes to hand tool and ox-ploughs, essential to the major techniques employed in Tanzanian agriculture.

In 1987/88 fertilizer was applied on 10% of the total area cultivated and increased with the size of holdings (<2 hectares – <10% fertilizer application; 2-10 hectares – 18-27%; and >10 hectares – 48%). Fertilizer application is, therefore, very uneven between the farming systems and agro-ecological zones in Tanzania. The Southern Highlands had the most intensive use of fertilizer throughout the decade, nearly 70% of the total national consumption. Similar tendencies were recorded for the use of insecticides and advice of extension officers. The main reason for this pattern was that larger holdings enjoyed a regime of more intensive input use than smaller holdings. The implication is that farmers of medium and large holdings had access to and were using

348 HAVNEVIK, K.J., ibid, 304-313.
350 HAVNEVIK, K.J., ibid, 302-303, and 306.
351 HAVNEVIK, K.J., ibid, 306.
a greater share of agricultural inputs. This tendency was already recorded in field studies during the pre-reform period. The rising price of inputs in the reform period is likely to have made this differentiation more pronounced. The supply of fertilizers increased from a low base, in the pre-reform to the post-reform period. It was particularly high during 1986 and 1987 when it reached about 190,000 tonnes annually, about 100,000 tonnes above the average annual supply during 1981 to 1984. Reasons for this increase were:

- the increase in commodity import support in which fertilizer and agricultural inputs were given high priority, and
- fertilizer prices continued throughout the second half of the 1980s to be heavily subsidized. 352

Hence the policies related to inputs during the post-reform period not only favoured medium- and large farmers at the expense of smallholders (due to their greater access to heavily subsidized fertilizer and transport services), but the policies also had the effect of fostering regional concentration on food production, in particular to the Southern Highlands.

3. Increases in acreage, labour inputs and the land issue. The increase in food production in the post-reform period is also linked to an increase in the acreage planted. Many factors are likely to have facilitated that:

- in the early 1980s political circles silently acquiesced that peasants would not be forced back to the official villages once they had moved their homestead closer to their fields and hence reduced the walking time required for cultivation; but, this pattern created disputes on landownership between private an collective property, because the lack of clarity of demarcation and registration of village boundaries and titles 353;
- social services, education and water facilities in villages became run down;
- there was an increase of child labour in agriculture and petty trading, providing a net addition to the input of household labour in planting, harvesting and herding livestock, and for collection of water and firewood and other domestic chores.

Despite of the low world market prices for most agricultural export crops and the costs associated with cultivation, the land struggle seems to be intensifying. It is also a struggle for control of land in the future.

4. A shift of emphasis in agricultural techniques. The increased acreage planted may also be associated with a shift in emphasis on the techniques of cultivation. In the late 1970s the Tanzanian government estimated that 85% of the acreage was tilled by hand implements, 10% by ox-ploughs and the remaining 5% by tractors 354. It was assumed that the effect of the crisis would be a decline in the use of tractors for cultivation due to the problems of procuring imported spare parts and diesel but also of the steep rise of the costs in local currency and the decreasing availability of credit. Devaluation associated with the post-reform period may have made it very difficult for individuals to import tractors and farm machinery; a de-tractorization and de-mechanization effect being under way. Estimates show that the number of ploughs in the ox-ploughing regions almost doubled from the mid-1970s to the mid-1980s, from around 100,000 to 200,000 units. A major catalyst was the declining yields associated with villagization. The concentration of settlements and cultivated land led to a transformation of agriculture from an extensive farming system to a more

352 During the 1990/91 crop season the World Bank calculated that the level of subsidy was 80% for the Southern Highlands regions. On top of this, farmers selling to the national Millin Corporation received a considerable transport subsidy.

353 The National Agricultural Policy (NAP) of 1983 introduced the possibility of private ownership of land and gradually interest in land titles and investment in agriculture has increased. Land allocation and insecurity of land tenure will become increasingly critical issues in the 1990s as population growth and pressure on the land results in more land disputes between private and village or collective interests. Therefore the Tanzanian government established in January 1991 a Commission of Inquiry Into Land Matters to make recommendations on land and tenure policies and the resolution of land disputes. A process of establishing village titles was initiated in 1985, but in the early 1990s, only 20% of the 8000 registered villages had been demarcated.

354 HAVNEVIK, K.I, ibid, 309.
permanent cultivation of the same fields. Farmers in many regions tried to compensate for the lower yields associated with this change by extending the acreage cultivated through hiring or purchasing ox-ploughs. This pattern was though not uniform559.

5. Changes in diversification regimes of smallholders. The actual allocation of land, labour and capital in agriculture was influenced by the capacity of smallholders to use resources efficiently, which again was affected by both market and non-market factors. Competition for these public investment resources was influenced by mainly three types of diversification in agriculture:

- out of agriculture and into industry and construction,
- within agriculture, in particular in favour of food crops, and
- by smallholders into activities outside the traditionally defined and often state-controlled spheres.

Diversification of smallholder labour, which was channelled into informal activities was not officially registered or inadequately registered in national accounts in the pre-reform period, compared to the post-reform period (cfr. supra). Estimates of the magnitude of the hidden economy in Tanzania show a dramatic increase from 9.8% of GDP in 1978 to 31.4% in 1986(), including rapid increases in parallel maize marketing and channelling of peasant labour to uncontrolled clearing of forest land, for cultivating of fuel wood, fishing, and craft activities560. The question now raised is whether the magnitude of production in the hidden economy of smallholder labour, has changed. One objective of the adjustment policies has been to use exchange rate policies to merge the hidden and official economies. This is the area in which the adjustment policies have had the greatest success. The hidden economy adjustments are subsequently incorporated into the national and World Bank accounts, thought doubts appear with the value added in handicraft production is estimated to have fallen continuously through the pre-reform period. This means that the World Bank has not registered the important expansion of handicrafts which emerged as a survival strategy for the large numbers of the rural population, including farmers. The reverse occurred in the post-reform period as handicraft production rose with manufacturing production. Furthermore, no hidden economy adjustments were made according to forestry and fishing. It should be expected that the growth of the overall 'hidden economy' would be reflected in an increasing, and not, declining share of value added by forestry and fishing in relation to agriculture. Havnevik's hypothesis is that "real production changes in the parallel economy particularly in the pre-reform period have not yet been adequately reflected in official statistics. It would have increased smallholder production levels (non-agricultural activities included) in the pre-reform period and the economic gains associated with the post-reform period would have been reduced"567.

In sum, all the above mentioned policies have widened the opportunities for income-generating in the urban and rural areas and people are actively involved in the informal sector. Bureaucrats and the modernizing elites welcomed the policies because they signified attempts to reverse the trend towards economic decline, and to modernize and revamp the economy. Businessmen and professionals have become more active and more competitive. But this support may diminish especially when inflation continues ad the purchasing powers of the people become further eroded.

In addition, while those who can compete in the open market welcome these changes, many of the leaders and vanguards may not welcome these changes, which can marginalize the political leaders from the limelight and from controlling and influencing the economic processes.

559 A field study in three villages in Hanang District in Arusha Region shows that the number of tractors operated by capitalist farmers doubled from 11 to 22, between 1978 and 1985.
560 HAVNEVIK, K.J., ibid, 311.
567 HAVNEVIK, K.J., ibid, 312-313.
5.1.2.3. Conclusion

The structural adjustment programme and the conditionality associated with it have only to a limited and partial extent led to the fulfillment of its objectives.

1. The new ERP had some measure of success.

- after a decade of negative growth, GDP at 1976 prices grew by 3.6% in 1986 and by 3% in 1987.

- the value of exports increased by 122% in 1986/87 to US$ 354.5 million, and by another 9% in 1987/88 to US$ 388 million.

- attempts to contain the government budget have also shown positive results in these first two years; Governments borrowing from the banking system dropped from 5.6 billion Tanzanian shilling in 1985/86 to 1.7 billion in 1986/87.

- the policies of liberalization have allowed the build-up of imports which has helped to ease the 'goods famine' of the early 1980s and to provide the incentive goods and inputs necessary for the revival of agricultural production,

- the international financial institutions had a reason to be pleased with Tanzania as the observed real exchange rate had depreciated by more than 80% from 1985 to 1990. At the same time the ratio of the parallel to the official exchange rate dropped from 9.1 to 5.1.

Another indication of recovery is the confidence and improvements in expectations among the many sectors in the economy. Thus, not only peasants and traders have benefited but, through the recent liberalization policies, also the informal sector of the poor.

A major finding is that whatever agricultural improvement occurred, it has primarily been associated with food crops, not export crop production. The improvement in agriculture has only been recorded over a limited time span, indicating that production increases were not integrated in a sustainable process. Agricultural improvements was most closely linked to better weather conditions.

A more recent fast disturbing Agricultural Adjustment Credit was established in 1990 to support the measures for the reform of the agricultural marketing system. Over the fiscal years 1986–1990, total World Bank lending to Tanzania amounted to US$ 941 of which about 47% was related to adjustment lending operations. The sectoral allocations of the remaining loans was 28% for transport, 32% for agriculture, about 5% for health and nutrition and about 4% each for education and energy. The World Bank argues that there is a need to enforce the conditionality of the adjustment programme more strongly in order to restore the assumption of the neo-classical model and thus the 'normal' relationship between input and production responses. Though, the experiences from Tanzania show that actual outcomes in terms of agricultural production, changing diversification regimes of smallholders, ecological impact and differentiation instead cast serious doubts on the claims of the World Bank that it has identified a model for African agricultural development. These outcomes of Tanzania and findings of other case studies identify problems with the political economy assumptions of the adjustment model of the IFs. These assumptions do not reveal genuine understanding of the ongoing economic, social and political processes in Sub-Saharan Africa, but are instead manifested in the emphasis of adjustment programmes on debt repayment.

2. On the other hand, there have been major shortcomings within the ERP. With respect to industrial production, there is a high tendency towards import-dependency, which is so great that the economy cannot sustain it at reasonably high rates of capacity utilization, unless agricultural exports were to be restored to their old level. Even under the most optimistic scenarios of growth in agricultural exports and increase of import support, amounts of foreign exchange for the industrial sector, such as being projected by the World Bank, a US$ 360 million import inputs above the present US$ 297 million, will not be forthcoming.

356 HARTMANN, J, ibid, 225.
Moreover, the financial sector had not been restructured by the early 1990s. Both the public financial sector and the overall financial sector were still in severe crisis after a half decade of World Bank led structural adjustment which it considered itself as ‘five constructive years of positive per capita income growth and improved welfare – in sharp contrast to the previous decade’. Such unqualified statements, Havnevik argues, 

“...reflect the general character of World Bank analysis which miss underlying economic and social processes, including differentiation between local groups”\textsuperscript{359}.

The decline in real wages had been initiated around the mid-1970s and continued during the crisis of the 1980s. In real terms minimum and average wages dropped by 53 and 70% respectively from 1980 to 1986. Rapid devaluation, price increases and the abolition of consumer subsidies as a result of structural adjustment policies led to further erosion of the purchasing power of wages. For example, one effect of real wages in urban areas declining was to push women and children into money making activities in order to reduce the income gap for the household. Therefore, most rural African societies are strongly pro-natalist. Children are valued for economic and social reasons. Children’s labour is of considerable utility.\textsuperscript{360} In terms of access to credit and resources, however, women are discriminated against on the basis of gender and are harassed at workplaces. Therefore, self-employed women have developed counter-strategies including the establishment in 1989 of Business Association of Women, rotating credit arrangements, Upato, and a campaign against sexual harassment of women was launched.

The ERP focussed had no special programme aiming at the provision of social services. Real per capita expenditure on such services dropped by about 50% to Tsh. 25 million in 1986. 1987 saw no improvement, while re capita government expenditure increased to slightly above Tsh. 30 million in 1988 and 1989 mainly due to a rise in expenditure on health.\textsuperscript{361} Reasons for the decline of the real levels of social services are:
- the high costs in foreign exchange of some of these services,
- the rapid depreciation of in the value of the Tanzanian currency, and
- the spreading of resources thinly over a large number of activities.

Both the government and the donors expressed concern about the negative developments on the provision of social services under the ERP. The second phase, called the ‘Economic and Social Action Programme’ for 1989–1992 specifically aimed to rehabilitate social service provision, but no immediate results were forthcoming: messages were spread about appalling conditions in rural hospitals; social expenditures as a repsect of the total available budget had not yet increased; the provision of social services as well as the quality of education and water supply have declined further during the first five to six years of structural adjustment. This decline probably cancelled out some of the possible gains in welfare of the rural population that emerged due to an increased availability of incentive goods.

5.2.2. Case-study: Women and the changing household economy.

In 1971 only one-fifth of urban women were either working for wages (13 per cent) or earning their own sources of income (7 per cent). This differs enormously with the situation in the late 1980s with as many as 66 per cent in Dar es Salaam being self-employed. Although about the same proportion of women were in some kind of paid employment as during the previous decade, it appeared that since then many of them

\textsuperscript{359} HAVNEVIK, K.J., ibid, 294.
\textsuperscript{360} BRYCESON, D., ibid, 1994, 62–63.
\textsuperscript{361} HAVNEVIK, K.J., ibid, 299.
had been leaving their place of work to farm and to engage in small income-
generating projects.\textsuperscript{362}

As we have stated, this was a result of the decline of real wages and real
producer incomes, due to the economic crisis, which forced families and individuals to
seek additional or alternative source of income. In the early 1970s, most workers could
generally provide for their own families and also help additional relatives on their wages.
In contrast, in the 1980s, households were being increasingly supported by the ad hoc
income-generating activities of wage-earners and other household members, in
particular women, children, and even the elderly. The enterprises ranged in diversity
from crop cultivation and animal husbandry – like raising chickens, tending cows for milk,
and rearing pigs –, sewing, food-vending, shoe-making, carpentry, to hair-dressing and
other services.

As we have seen, the economic crisis has its origins in both internal and external
factors and manifested itself in various ways, including severe shortages of foreign
currency, poor performances in agriculture and industry, government budget and trade
deficits and declining standards of living for most ordinary citizens.\textsuperscript{363} Wage earners in
general suffered a 65 per cent decline in real wages from 1974 to 1988, while consumer
prices increased tenfold from 1976 to 1986.

This economic crisis lead also to changing household economy.
- One of the consequences of the drop in real earnings was the slow down of
migration to towns and cities.\textsuperscript{364} Urban life in Tanzania had already become too costly
for numerous households, and the inability to feed ones family on a meagre wage
meant that large numbers of women and children were going back to the countryside
to farm. It became less common for relatives from the countryside to come to
town and stay for extended periods of time, as they did in the past. And if the‘d come,
they had to contribute in some tangible way to the income of their hosts.
- Children and the elderly had also increased their involvement in the creation of
household income. According to teachers and principals, small family enterprises had
become the single most important reason for poor school attendance and unsatisfactory progress in the classroom.\textsuperscript{365}
- Whereas in the 1974 an inquiry showed that not more than 2–3 per cent of the
wives of low-income civil servants had any kind of self-employment, in 1988 this
proportion had risen to 49 per cent. Besides many women have given up their jobs as
secondary and vocational school instructors, nurses, accountants, and secretaries in
order to start their own enterprises or what they call miracles, or ‘projects’. The women
left primarily because of low pay and the desire to support their families with a higher
income, and because they can combine child-care at home while working on their
projects. Husbands generally remained employed.\textsuperscript{366} And according to a leading banker,
women became the largest private sector. Some men are even beginning to calculate
the value of a wife by her ability to manage a successful project.

Because of the paramount importance of mutual trust, micro-enterprises
frequently included members of the same ethnic group. This, however, was changing
during the 1980s, bearing in mind the increasing inter-marriage that was taking place
between the very many different ethnic groups.

\textsuperscript{362} TRIPP, A., "Women and the Changing Urban Household Economy In Tanzania.", The Journal of Modern African
Studies, vol. 27, nr. 4, 1989, 601

\textsuperscript{363} TRIPP, A., ibid., 606.

\textsuperscript{364} This migration contributed to an 8–9 per cent growth in urban population from 1970 till 1980. While between 1978
and 1988 the city’s growth rate lowered to 4.8 per cent, from which the 3 per cent annual birth rate accounted for
most of the increase.

\textsuperscript{365} Children might work late into the night selling fried fish, chips, peanuts, or helping their parents in brewing beer,
and they often came to school following day too tired to concentrate. Others believed that education would get
them nowhere, and so left after they had learned to read, write, and do simple arithmetic, knowing that they could
make money in the kind of informal jobs which they would en up doing in any case if they finished standard
seven.

\textsuperscript{366} TRIPP, A., ibid., 612.
Because of the economic crisis, many men began to accept that their wives need to be increasingly active in the informal sector and yet women received the more and more starting capital from their husbands. Though, the necessity of women earning money has profoundly challenged men's traditional views.

Womens involvement in small projects enhanced their decision-making powers with respect to household finances. Already in 1974 it was reported that 70 per cent of self-employed women in the capital controlled their own income, that 8 per cent decided how this should be spent jointly with their husbands, and that the remainder gave their earnings to their husbands or brothers. These patterns of financial control continued into the 1980s.

However, at the beginning of this trend, the Government was not that happy about this mushrooming of "off-book" activities and tried to resettle Dar es Salaams 'unemployed', 'loiterers', 'unproductive elements' into neighbouring villages in the 1970s and 80s. Usually, the majority returned to the city sooner or later, some only a few hours after being moved out.

In 1983, there was the lancening of the Nguvu Kazi campaign which stated that women who did not fall into the category of being officially married, -i.e. those that were single, divorced, widowed, or married in common law- could be suspected of being loiterers and 'unproductive elements'. Moreover, it assumed that husbands had custody of their wives. Wome were seen as 'unproductive' according to the states definition.

This policy was however quickly abandoned when it seemed that the Government could not provide work for all and could not repatriate the people in the countryside.

The policy had begun to soften by the time that Ali Hassan Mwinyi replaced Nyerere as President in 1985, and the Government started licensing and thereby officially recognising micro-enterprises. Peoples insistence on going about their own affairs, completely disregarding official policy, finally persuaded the nations leaders to recognise the basic right of both men and women to be selfemployed in work of their own choosing.

In sum, because of the rising cost of living and associated decline in real earnings of workers, women have been virtually forced into greater economic activity, and play a key role in their household economies. Though, there are some limitations that keep women from having as much real control over their lives as they might like. Their education and access to capital, their husbands who may be reluctant, and even the state has sought to control informal projects in ways that threaten peoples right to subsist. However, women have acquired greater independence as a result of their new economic importance, they are making decision on what they do with their earnings, creating new networks of friends and relationships and defying governmental policies that infringe on their ability to pursue a means of subsistence.

What we have seen above was the changing of an urban householding, while one can also speak of a changing rural householding.

Gender conflict appears to have grown during the 1970s over the distribution of farm proceeds and other income, as women's cash earnings became a growing proportion of total household income. Women were forced by patriarchal ideology to provide for household and family needs from their cash earnings, bound by patriarchal construction of 'motherhood' and 'wifehood'. Men were able and likely to prioritize

\[\text{References:}\]

TRIPP, A., ibid., 615.

MULINYI, M., ibid., 1988, 562.

TRIPP, A., ibid., 616.

\[\text{Note:} \]

Though, with the system of licenses there was a constraint on economic justice, for in many cases bribes had to be paid that were sometimes three or four times the cost of the licence itself. And in the case of women, those who earned money of the highest level in the informal sector, paid the same licence fee as a woman who made and sold paper bags in what could only be described as a low-capital, low-income project.
personal consumption desires, especially for alcohol and sex. As male incomes declined and women became significant ‘breadwinners’, their consciousness of gender oppression grew, leading to intense struggles over income consumption and distribution in peasant households.\textsuperscript{371}

The commoditisation of female labour increased women’s consciousness of gender and class oppression, and they rebelled along with male youth against patriarchal household heads.

In the late 1960s the World Bank and the state promoted small-scale tea production as a resolution to falling coffee prices and rising unemployment. In 1972, the World Bank loaned 16.5 million dollars to the Tanzanian government to consolidate smallholder tea production. Most of the green tea produced by peasants was sold to the Tanzanian Tea Authority (TTA), which processed it in its own factories and then exported overseas.

The pace and rhythm of the tea plucking is set by TTA timetables. The organization of the working week is fixed by the number of pick-ups per week, and its timing and rhythm. On the pick-up days, tea plucking takes precedence over all other household activities. However, the promotion of World Bank and government of small-scale tea production was given as one of the major reasons for dissatisfaction with the crop by growers in the early 1980s.\textsuperscript{372}

- Tea is a monocrop, and unlike coffee cannot be mixed by bananas. Many growers had converted all of their former food-farms to tea, and were forced either to rent or squat on land for food production. And because of this, regions that were in earlier times a food surplus district, began to import food staples during the mid-1970s food shortages.

- Growers complained about the low rate of return compared to other crops, which was compounded by ‘pay deductions’. Many growers were opposed to payment deduction for loans and claimed that they were not informed at the beginning of the tea scheme that they would be liable to repay the costs of farm inputs and other services.

- Growers were also dissatisfied with crops prices, which they considered low relative to the rising cost of living and which did not increase between 1976 and early 1981.\textsuperscript{373}

It was in one of the tea plantations that younger women escaped the low returns, drudgery and humiliation of unpaid family work by becoming seasonal casual labour on plantations and large farms. Even though casual workers lacked worker benefits like paid maternity leave and pension schemes, they were paid a higher wage than most family workers, if the latter were paid at all. Many local women workers only worked for two or three months each year on the plantation, in order to raise start-up capital for small ventures like home brewed beer manufacture or trade.

Male villagers in 1989 insisted that ‘the wealthy people are women!’ Women became active in long-distance trade in bananas and other foodstuffs, and in ‘down market’ smuggling and trade of manufactured commodities like sugar, soap, and second-hand clothing. They dominated home brew beer manufacture and sale, beer drinking being the major recreational activity in most rural towns and villages. The rural demand for prepared meals and snack foods was met by mini-enterprises situated in peoples homes and at the small tea- and food-stands set up in market places and on plantations and other centres of wage employment.\textsuperscript{374}

\textsuperscript{371}MBILINYI, M., ibid., 1994, 174.

\textsuperscript{372}MBILINYI, M., ibid., 1988, 566.

\textsuperscript{373}More than half of the border price was received in Tanzania was absorbed by TTA, mainly in transport, processing and overhead expenditures.

\textsuperscript{374}MBILINYI, M., ibid., 1994, 176.
Landlessness increased as poor growers sold their tea bushes and sometimes the land itself to richer growers. Growers were getting the more and more dispossessed from control over their land. The steady impoverishment of petty commodity producers has been worsened by ‘finance intensification’ in production. Finance intensification refers to the growing dependence on the market and finance capital for farm inputs, farm and processing equipment, labour, and land rent or land purchase.

Peasants households, including the marginalized kulaks, are increasingly unable independently to set in motion the means of production, including land, farm inputs, farm equipment, finance and labour.

This shows clearly that smallholders involved in tea production are gradually losing their character as independent producers and are becoming dependent on agribusiness both for inputs and for marketing. In nearly all cases the labour relations withing the household changed.275

1) The family lost its place as a major source of income
2) Labour outside the family farm became diversified in many direction, changing the sexual division of labour and leading to the feminization of both waged and unwaged agricultural labour.

Consumption levels were sustained by off-farms activities, and off-farm activities may become the new basis of household production and trade.

From the middle of the 1980s on, the World Bank changed direction and began to support large-scale agricultural farming in Africa. The promoting of smallholder production however, has led to the disintegration of these holdings, to the diversification of sources of income and to land concentration. Men left first the family farms, then agriculture. At the same time a shift from permanent to temporary/casual labour took place. These tendencies caused a shift in the sexual division of labour, with women's work becoming intensified. This is when the women began more and more to organise themselves. And in 1983 there were strike action against TTA initially led by women and infuriated by TTA agents' delays in collecting and weighing their harvests. A household member often had to stay at the buying station all night, waiting for the truck. In 1985 there was another strike when a new tax was levied by TTA without prior consultation with the growers. Women also joined the lowpaid casual labour force. However, if possible, they escaped either to independent, non-farming enterprises or to more industrially oriented jobs.

The organisation of the strike was one example of increasing women resistance against disputable events. As we have already stated, from 1980 on, women began more and more to speak in village meetings. A strategy women adopted to overcome gender barriers and acquire more control over productive resources was to organize themselves into separate women's groups and cooperatives. During the 'shortage' periods, women used cooperative consumer shops to acquire scarce commodities, the Tanzanian government allocated scarce goods as sugar, soap, cloth, maize, meal and cooking oil to women's shops and other cooperatives as first priority in the early 1980s, rather than to private wholesaler and retailers.276 This support of the government towards women was partly the result of pressure of Western feminism which have spilled into foreign donor programmes in sub-Saharan Africa, more particularly in Tanzania where programmes as Women In Development and rural development strategies were in working.

Youth economic groups (YEGs) have been promoting by government and donor agency efforts for over a decade. With restricted start-up capital, YEGs have nonetheless been successful in mobilising the labour of young people in both urban and rural settings. However, girls participation has been hampered by a number of factors primarily connected with their nubile status. Parents have had reservations about their daughters' involvement in groups containing boys and girls. Besides, because most girls

275Milibinyi M, ibid, 1988, 572.
276Milibinyi M, ibid, 1994, 176.
277Bryceson, D, ibid, 1994, 62.
marry young and, in patrilineal areas, move to their husbands home locality, their commitment to participation in the group is of limited duration.\(^\text{378}\)

In 1986 there was the forming of the Tanzania Media Women’s Association (TAMWA). This organisation has been publishing a magazine *Sauti ya Siti* (Women’s Voice) since 1988.\(^\text{379}\) It has been active in fighting for many causes relating to women’s and children’s rights and women’s hardships: health, abortion, AIDS, the effects upon women of environmental degradation, harassment at work, street children, the problems of fetching water and fuel, etc.

In 1990 *Sauti ya Siti* published a pamphlet entitled ‘*Ukatili dhidi ya Wanawake*’ (Cruelty against Women) which sets out women’s rights as well as providing examples of their suffering. In 1991 TAMWA had organised a Crisis Centre\(^\text{380}\) to take up the cases of women subjected to sexual harassment, violence and discrimination. This crisis centre heralded a new era for women in Tanzania taking into consideration the fact that they can discuss issues like rape, domestic violence and other forms of discrimination openly and that they have somewhere to go and seek help. Although media coverage on sexual violence has increased in the 1990s, public opinion has been to ignore the issue and if it is at all discussed, it is in relation to the victims ‘fault’ of ‘having asked for it’!

5.2.3. The continuing political competition.

Politics has been defined as a competition for access and control over resources; this competition became even more acute and almost irrational when the resources are dwindling and control became even more vital; remaining in office was almost a struggle for survival.

The year 1987 was crucial because of the party annual meeting which was to endorse the new party chairman candidate. Although all members themselves had supported the new economic policies, the changes and the mood in the country were calling for a different political character and they feared that they would be marginalized and probably dropped from office at a time when economic conditions were not very favourable. Nyerere was elected to continue with the party chairmanship and President Mwinyi to continue as head of the government. Nyerere’s speech at the party annual conference reiterated the same message that he made at Arusha in 1967 at the opening ceremony of the Arusha Declaration NEC meeting: peace and unity, no social differentiation, no ‘divide into classes’... The role of the private sector/capital in the ERP was mentioned as a ‘temporary measure’, thus indicating that the party had not changed its perspectives over private capital.

“It would seem that the party has not reformulated a new thinking, a new perspective which could conceptualize the new developments in a manner with which the new Tanzania can identify...”

[therefore,] the government’s liberal policies and the party’s socialist rhetoric have created a disjunction from the old political economy and the new emergent. It seems as if there are almost two political systems, which are juxtaposed against each other, creating contradictory processes and ambivalence in the political economy of the country.\(^\text{392}\)

The present conjuncture would indicate that there is a sort of political paralysis. The state, that is the party and the government, has failed to develop a new synthesis,

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378 BRYCESON, D, ibid, 1994, 64.
380 The primary focus which the Centre has adopted has been counselling and legal aid which serves as a broad outline of the clinics work. The Centre offers medical, legal and social services to women and children up to 12 years of age. It offers a wide range of expert advice on all matters including employment rights, property rights, child maintenance, as well as the main issues it has specifically vowed to address, that of sexual and domestic violence.
381 HARTMANN, J, ibid, 226.
382 HARTMANN, J, ibid, 226.
derived from the old and the new developments. The absence of such a perspective has inhibited the political redefinition of issues, has retarded cultural development and is having a negative effect on the ERP. For instance, the logic of the economic reforms demands a new model of development which is more open, efficient, accountable, cost-effective, and more competitive in general. Such a system would clash with the patron-clientelism, with control and security of tenure which is not related to work ethos. For example, some industries are hardly producing at all; but they have not been closed down because the political decision has not been taken. This situation indicates that political institutions in Tanzania lack consensus for change. The administration remains one of the most important instruments in the government in monitoring changes, implementing and maintaining infrastructural development, producing and training manpower through its educational system, in collecting taxation and revenues, in maintaining law and order. The process of re-interpretation and re-thinking of certain economic, social and political issues is not sufficiently articulated by the state nor is it reflected in the mass media. As a result, the empirical processes that are taking place are not properly understood and cannot be dealt with adequately, which leaves room in turn for misinterpretation, rumours, and mismanagement of social processes.

Much of the problems are been sustained by the limited cooperation between the party and the government. Dissent and conflict within the state, have prevented the development of a more cohesive normative structure from emerging, especially among the political and bureaucratic leaders. The lack of a cohesive normative structure creates the condition for the penetration of ethnicity, inter-ministerial competition, petty rivalries of the political economy of jealousy, and other forms of interests, all of which undermine the organizational goals, and erode the political objectives and reforms. Though this does not mean that there is no cooperation at all; for instance, on successive issues of devaluation the party chairman supported President Mwinyi, and even in relation to the ERP, with its great stress on the role of private capital and market forces, a most sensitive issue with the old vanguards, the party chairman has come to the support of the President.

In sum, while such support ensures collective responsibility and ensures that major policies are passed, to enable Tanzania to obtain the necessary grants, more cooperation is required to get the economy moving more rapidly, especially by the changes of rules, regulations, cultural attitudes, work and ethos, whose political parameters have not yet been spelt out.

383 For instance, the party has not taken on any major mobilization programmes which would support the ERP, f.l. in terms of self-reliance activities, mobilizing to provide school desks, clinics etc.

384 Many of these decisions are sensitive because they imply changes in the rights and duties, in the norms and behaviours that have become accepted and internalized as normal and natural. Changes in such intimate things, which are bound up with a person’s livelihood, become a very sensitive political problem especially during a period of crisis. For these reasons, a closer party-government relationship is important and a more united front is necessary to educate people to the necessity of these changes, so that they can understand the rationality of these changes.
5.3. Present developments and future trends

5.3.1. Socializing the society first

We could argue that in Tanzania we are now witnessing the emergence of a nascent civil society, but this process is not homogeneous. In fact, the development of the civil society in Tanzania is characterized by two contradictory tendencies:

- on the one hand, the development of civil organizations as an attempt to express themselves and advance their interests, and,
- on the other hand, stronger ethnic alliances and a revival of ethnic consciousness.

While Nyerere’s policies retarded the development of the civil society, his educational policies (cfr. through investing in high level manpower and the party’s policy of universal primary education) have created a reservoir of educated Tanzanians in all levels of the economy. African participation in the modern economy in jobs requiring managerial or entrepreneurial skills, or in professions such as teaching, and medicine, have increased. The problem facing the Mwinil government is to adequately employ the growing numbers of graduates, given the economic recession and the restraints that have been placed on development programmes and expenditures.

In addition, the liberalization policies led to more commerce and business activities, a new emerging social structure of the urban middle class and working class and peasants in the rural sector who are shedding their subsistence mentality. These processes are creating a more complex, socially differentiated society as new values and identities are being formed.

A new phenomenon in the nascent civil society is the development of different groups and lobbies, associations, which are beginning to constitute themselves in an attempt to promote and develop their professional interest. Recently, for instance, professional engineers and businesswomen formed their own association. There are also a greater number of magazines and a new newspaper. These are all indications that the state is loosening up, and second, that the emerging civil society is trying to organize itself and to articulate its interests.

A more conspicuous trend to downgrade, underplay and even ridicule the Swahili culture can be seen in Tanzania which has increased with the politics of liberalization, the Zanzibar issue, the revival of Moslem identity and religious consciousness, and a Coastal President, and needs to be further investigated.

Secondly, a wave of the peasantization of urban culture is taking place and can be seen especially in weddings and funerals, which has not led yet to a more urbanized culture.

Another important development is the revival of religious groupings and identities.

1. Most of the traditional Christian religions, from the Protestant and Catholic churches, have been losing their members to the evangelical groups that have sprouted up.

385 HARTMANN, J. ibid., 231-233.
386 HARTMANN, J. ibid., 228.
387 HARTMANN, J. ibid., 229.
388 HARTMANN, J. ibid., 229.

In traditional societies, weddings were celebrated by the whole village, which would also participate in bringing food and drink. This practice has now been incorporated in weddings in the urban setting and has imposed immense financial strains on the new bride and bridegroom so that special contributions by friends had to be made. According to Hartmann, the whole process indicates the transitional state of the urban social structure and the weakness of the urban social actors in succumbing to both forms of pressures. HARTMANN, J. ibid., 229.
2. Different forms of sects have developed in Tanzania with prayer groups talking in stange tongues, casting out devils, and miracles occurring.

3. A revival of Moslem consciousness has also occurred and greater emphasis has been given to the development of Koranic schools for young boys and girls. It is surprising, however, that more concern tends to be expressed over the Moslem revival than the Christian evangelic sects. This can only be understood, if we view this concern in relation to the political struggles and conflicts.

Ethnicity is concerned with politically organized interests which can effect different social forces and it functions primarily from particularistic interests rather than universalistic or national concerns. In other words, what ethnicity in Africa does is to utilize the political space to promote or protect its own interest against the common goods of the civil society.

In Tanzania, ethnicity plays a more dialectical role: while it weakens the state formation and the development of the civil society, it also helps to maintain the status quo in more than one way. First, conflicts and national problems are not confronted politically but are circumvented by seeking personal solutions to public problems. Secondly, because of the multi-ethnic nature of the Tanzanian society where no major ethnic group dominates, ethnic alliances and cooperation become an important political tool. Finally, no ethnic group could really benefit from the breakdown of law and order.

These factors may partly explain the difficulties which the system has in reforming itself, and also the stability and peace which the country has enjoyed, so that while things are not changing and not developing, they are not falling apart either...

As Hartmann argues that a lot more research should be done before concluding anything about possible relationships between different of the before mentioned variables, so far, we can only conclude that the acute economic conditions and difficulties which the people are experiencing have motivated them to look for support structures (to meet even the basic subsistence requirements for support). Politics tends to be mediated through these structures, and sometimes these relationships to certain ethnic, religious or economic/professional groupings overlap with each other, widening his or her social space and support system, augmenting them with witchcraft and appeals to supernatual forces. Under these circumstances the role of the state as protector, the issue of legitimacy of the state become threatened, as people erect and revive their own structures and belief systems to make their lives more meaningful and bearable. The state and all that it stands for becomes the victim of these processes, and development is, once again, sacrificed to the ancestral gods.

5.3.2. Current practices.

5.3.2.1. The Second Economic Recovery Programme.

In August 1990 Nyerere resigned from the party chairmanship and President Mwinyi took over the chairmanship of the party. As head of both the party and the government, and supported by his dynamic prime minister, Malechela, and the new party general secretary, Kolimba, Mwinyi is better placed to coordinate political and economic issues and to implement the "Second Economic Recovery Programme".

Though, the traditions of the past weight heavily upon the present and thought out of office Nyerere remains powerful. Brought up more as a technocrat, a believer in the modern rational manner of working, Mwinyi is confronted by with the tensions and crisis.

385Witchcraft and witch-hunting have become more important mainly up-country, with older women being killed as witches, though the phenomenon of witchcraft is also widely practised in the urban towns, indicating that the tensions and insecurities that people experience in the midst of social transformation characterized by extreme poverty and scare resources.

390HARTMANN, J., ibid, 231.

391HARTMANN, J., ibid, 231.
of Nyerere’s partimonal system, demands and expectations by the people for a new form of leadership, as well as with the Nyerere shadow government.

5.3.2.2. Tanzania introduces a Multi-Party system\(^{392}\).

The historic decision to make Tanzania a multi-party state was taken at the extraordinary national conference of the ruling Chama Cha Mapinduzi (CCM) held in Dar es Salaam on 18–19 February 1992, after hearing the recommendation of its National Executive Committee (NEC). The government subsequently issued constitutional proposals and amendments for deliberation by the Tanzanian Parliament in the session scheduled to start on 28 April 1992. The passage of these amendments will bring to an end CCM’s status as the sole legal political party and the supreme organization of state.

In February 1990 the CCM National Executive Committee discussed the political and economic changes then sweeping the Soviet Union, Eastern Europe and some parts of the Third World, including Africa. The NEC decided that there should be a public debate on a political system suitable for Tanzania. After a year of public discussion by symposia, interviews, workshops, and seminars President Mwinyi appointed a 20–person Presidential Commission on a One-Party and Multi-Party Political System to consolidate the many views expressed and recommended and appropriate political system to be adopted in Tanzania. Specific questions and problems issued concerned the collision of the public opinion, the recommendation of constitutional, legal and political ways to guard democracy and against political dangers and insecurity which may result from change, constitutional changes in the sections relevant to the Tanzania-Zanzibar relationship.

The Commission produced presented a 3-volume report of 420 pages of which the most important finding out was that

"...the majority (80%) of Tanzanians who gave their views (\(\ldots\)) wanted the present one-party system to continue in Tanzania\(^{393}\), though with modifications to strengthen democratic practices and behaviour in the Tanzanian polity. The main reasons why the Commission did, though, support its recommendation to change to a multi-party system were:

1. that there is a substantial minority in Tanzania which favours the introduction of multi-party political system and it is wise to involve them in the running of their country;
2. that although the majority of Tanzanians wanted the one-party system to continue, they proposed very many modifications, some of which, in the Commission’s view, could only be effectively introduced under a multi-party political system; and
3. that the need to consider the strength and wisdom of the different views expressed about change rather than simply what a majority did or did not want\(^{394}\).

Also, the current wave among the international donor community’s current stance to elevate political conditionality in their provision of aid funds to Third World development seems to have an important factor in its deliberations.

In its document to “Change the political system in Tanzania” (February 1992)\(^{395}\), the Committee gave some more reasons for adopting a multi-party system in Tanzania:

- the present political environment was changed from that of the 1960s\(^{396}\).


\(^{393}\) NGASONGA, J., ibid., 113.

\(^{394}\) NGASONGA, J., ibid., 113–114.

\(^{395}\) The 16-page long document prepared by the NEC was entitled Maelezo kwa Mkutano Mkuu wa Taifa kuhusu Pendekezo la Hatimashauri kuu ya Taifa la kubcadisha Mtumo wa Kisasa Nchini Tanzania or the report to the Extraordinary National Conference on the Recommendation of the National Executive Committee to Change the Political System in Tanzania, and was divided in four parts: 1. the introduction of one-party democracy in Tanzania, 2. the debate on mapezi, 3. CCM’s reasons for changing the current policy, and 4. its conclusions.
the CCM was a democratic party,
there was a need to ensure continuing peace, stability and national harmony,
there was no ideological conflict in pluralism, although some CCM members argued that the single party system was the most appropriate form for the ideology of socialism and self-reliance; still there was no section or sentence in the 1967 Arusha Declaration that carted the basic philosophy of the party and government, that indicated that one-party rule was a criterion for the construction of socialism in Tanzania,
the time to introduce a multi-party political system was opportune, and
the party's practice was to make important decisions in the interst of the country.

Yet, the current wind of change in the world had affected tanzanian politicians, but not through any forms of international pressure to adopt pluralism since
"...the arrogance and self-assertion of some imperialist countries of the North which command us to initiate a multi-party system [was to be ignored] with all possible contempt it deserves".

Both the President of Zanzibar, Amour, and Nyerere supported the NEC recommendation to change Tanzania's political system but proposed conditions for new political parties which the latter had to fulfil before registration. The Conference also directed the Union and Zanzibar governments to make necessary changes in their constitutions to permit multi-party practice, though without setting any specific timetable. The implications of the resolution being that multi-party elections would take place at the end of the life of the present Union Parliament and Zanzibar House of Representatives in October 1995.

While there was a national consensus on the one-party system during the 1960s, the current debate had demonstrated that this no longer existed. Moreover, whereas the one-party system was generally accepted all over Africa in the 1960s, the present direction in Africa and in the world was for pluralism.

This ought to be showed by the party's history (TANU, ASP, and CCM) which demonstrated a persistent commitment to, and respect for, democracy and human rights.

NGASONGWA, J., ibid., 115.

CCM has already made many profound changes in its structure, work and service practices, and regulations. Among them, for example, (i) party branches in the army and work places have been abolished, (ii) party chairmen from branch to national level will no longer receive salaries, party offices at all levels will be run by smaller groups of staff, the existing staff, who came either from the government or its parastatals, will have to go back to their former employers or have to be retired, (iii) proposals to change relevant sections of the Union and Zanzibar constitutions have been published and already discussed on the Union Parliament second session on 28 April 1992.
6. CONCLUSION

As market-oriented development strategies have become more popular in recent years, state-led development programs have been criticized for not producing efficient outcomes. The World Bank and the IMF have emphasized market-oriented adjustment to secure the repayment of international loans. Though, in the wake of the "lost decade" of the 1980s, many argue that a turn away from the state is essential to revive the engine of growth and development. Liberalization allows factors of production to flow more freely, while privatization places productive enterprises in the hands of actors, some of whom may be responsible to market forces and in a position to make more efficient decisions. But, as Costello argues, using efficiency as the sole criterion for a successful firm, however, blinds us to the reason parasitats or public enterprises and the accompanying state-centric model of social and economic development were established in the first place. Before declaring the Tanzanian experiment a failure and repudiating the interventionist policy, it would not hurt to review the origins of development policy, to examine the goals it was meant to serve and to evaluate Tanzania's situation in terms of them:

- where the state's ideology specifies the role the industry is to play in the nation, in particular a transformative role, public enterprise should be extensive;
- public enterprise will emerge in sectors which produce public goods, because although there are social gains to be reaped there is no private incentive to invest;
- where domestic capital and factor markets are thin, or where technology acquisition by private actors is prohibited, the state is expected to use its low-risk position to act as entrepreneur, effectively substituting public enterprise for private entrepreneurial behavior. These analyses do see a role for some state intervention in Tanzania the factors which led to the declaration of African Socialism as the major development goal closely resemble the conditions under which public enterprise is a rational choice.

Moreover, in the eyes of the dependency theorists, the reliance on developed countries for markets, capital and technology can lead to underdevelopment and international exploitation. To overcome these consequences developing states must either exit from relations with the developed world or achieve a level of development which allows them to bargain as equals (cfr. Amin,...). To achieve this rarity it is said, industrialization must occur, more, as the economic success-story of the South-East Asian NICs shows, it must occur in the most technologically advanced sectors in order to create an industrial plant which is competitive.

Following independence, the state in Tanganyika took an active role in developing the economy. Armed with a World Bank report on Tanganyika's development potential, the state sought out foreign investors willing to establish import-substituting industries in the country. Because the United Kingdom invested mostly in Kenya, Tanzania began its life as an independent nation with little industry. Capital accumulation by Africans was meager because of the Asian commercial class which was drawn from Asia. During the years 1955–1961 some investment did occur, though not of the Tanzanian Asian class, but from Great Britain and the Kenyan Asian class.

By the time of the independence, Tanganyika still had very meager industrial resources and little hope of getting more. Foreign Investors, who were attracted by the Tanzanian government, were not anxious to to risk capital in Tanganyika because of the small market, possible instability and uncertain returns. Besides Kenya was much more attractive to invest because of its larger market and existing industrial base. As

403 COSTELLO, M.I., ibid., 1512.
404 COSTELLO, M.I., ibid., 1513.
this development strategy was failing, facing the limitations on the availability of investment capital, the state responded by adopting a more active role both as investor and as partner to new foreign investors. In 1965, the National Development Corporation was reformed to seek out foreign investors and guide development as well as to gain a role for the state in joint ventures, usually as a minority partner for foreign firms. Also measures like the creation of the Bank of Tanzania increased foreign private investment into Tanzania and moderately limited the extent of capital outflows: GDP growth during 1965–72 was 5% per annum; manufacturing value-added grew at about 10% per annum during the same period, while capital formation grew from 15.8% of GDP to 25.2%.

The Arusha Declaration of 1967, advocating self-reliant, socialist, rural-based development, did little to change the direction of general economic development save to increase further the state’s role in development. Although Arusha called for greater focus on rural development, the share of funding allocated for agriculture fell from the First Five-Year Plan (1964–69) to the Second (1969–74). “Arusha” was designed to achieve four goals:
1. to provide essential social services,
2. to establish quickly domestic productive capacity in order to improve the standard of living of the Tanzanian people,
3. to reduce dependence on foreign capital, and
4. to forestall the development of class inequalities in Tanzania.

Self-reliance meant primarily national autonomy for Tanzania. Industrial development fuelled by domestic capital formation would bring Tanzania to a position of relative parity with the developed countries. However, we mentioned already before that the statements on self-reliance identify dependency as a problem, although they do not eschew foreign aid. The pragmatic approach is clearly evident in the continued openness to foreign capital. It is also evident in later statements where the desire for a mixed-economy is made explicit: Tanzania might gain greater access to the international market by following the interventionist policy, while also gaining the ability to direct investment into the desired sectors. Also investment capital which would have been obtained largely from the efforts from the existing industries, and this meant the products of agriculture. Correct or not, the government embarked on a massive state-led industrialization programme. Usually in partnership with foreign capital, the state invested heavily. But, the state-led strategy had been unsuccessful at alleviating the conditions of dependency in the industrial sector. In fact, the importance of foreign capital to Tanzanian development increased markedly during the 1970s and by 1983 the external contrition was 79%. So, state intervention did allow Tanzania greater access to the international capital market, but, it increased also Tanzania’s vulnerability to the vagaries of the international economy and decreased the government’s ability to direct investment resources.

Moreover, taking the relatively easy road of consumer goods import substitution, the state has not been able to reduce the economy’s reliance on foreign capital and technology. In fact this reliance may have increased as the parasitist sector now relies even more heavily on foreign inputs than it did 20 years ago.

The limitations posed by the continued reliance on foreign inputs has been compounded by a series of government actions that have negatively affected Tanzania’s export potential. The program of rural mobilization and cooperative production espoused in the Arusha Declaration was abandoned in 1973 for the forced villagization of rural producers. This program relocated an estimated 13.5 million peasant during 1973 and 1978 with little concern for agricultural productivity. Declines in agricultural output resulted, leading to the need to import foodstuffs. The states attempt to gain control of agricultural resources prompted the replacement of producer cooperatives with state marketing boards and pricing policies that did not favour

40This was mainly due to 1. declining export earnings, 2. limitations on the ability of the government to obtain funds internationally, 3. an industry operating at roughly one third of its capacity during the 1980s, and 4. an overwhelming import depending industry.
producers. Many producers evaded these channels entering the second economy or reducing outputs. These policies undermined agricultural production, reducing export earnings and exacerbating the foreign exchange limitations; thus, policy which aimed to develop the home market through investing in import substituting industrialization ended up by eroding the most critical component of the home market: the exchange with the peasantry. As the crisis deepened, official pricing policies sought to achieve an aim, sustaining real producer prices, without taking account of the effects of the tightening foreign exchange constraint on the supply of manufactured goods. As a result the state lost control over rural markets. Consequently, state planning became crisis management in a situation where the state had effectively lost control over the mechanisms by which it could determine the terms of exchange with the peasantry.

Thus, as far as we have seen, the motivation for interventionist programme seems to have been a rational choice based on the conditions prevailing at the time. These conditions included a weak domestic capital market, unwillingness of foreign investors to risk capital in Tanzania and an apparent diplomatic isolation from major investor countries.

We have also seen that the programme has strengthened the capital market, although the government monopolized that capital. In recent years however, as the government has had to scale back its programmes, private investors do seem to have been willing to risk investments in Tanzania. Although studies consistently show that Tanzanian public enterprises suffer from inefficiency, a high degree of bureaucratization, low capacity utilization, high subsidization and bureaucratic venality, the figures during the period 1965–1969, 1975–79 show that Tanzania did very well in terms of capital formation. 1970–74 and 1980–85 were times of severe crises brought on, in part, by factors outside of Tanzanian control (drought and escalating food imports, major increases in the price of oil and recessions in the North, reducing Tanzania's export earnings and the state's discretion in the use of these earnings). Thus, these figures do mitigate the degree of criticism which can legitimately be lodged against the interventionist policy. Evidence of this we find in the study on economic and industrial development policies of high ranking investment expectations edicted by the governments of the South-East Asian NICs. Conceivably creation of industrial capacity in Tanzania was a necessary prior step to generating private sector interest in investing. But, where there is little expectation of investment and, where the conditions of private sector investment appear weak, the state may have a role to play in strengthening the market and in providing initial investment.

As for our concluding remarks upon the function and realizations of the international financial institutions in the Tanzanian development process, we can point out the following: in its three Reports on adjustment, in 1988, 1990, and 1992, the World Bank, with exemplary candour and objectivity, laid bare not only the successes, but many of the difficulties being experienced with this new mode of adjustment. One of these was a tendency for adjustment to be associated, and possible to cause, lower levels of productive investment in material and human capital; another, has been a tendency for structural adjustment programmes in Africa to be much less successful than elsewhere else. Though, the Bank's 1994 Report is not built on the Bank's earlier insights on the adjustment process; of the three Reports mentioned above, the first two do not even make it into the bibliography of this study. Rather, the Bank retreats its into a macro–fundamentalism not previously associated with the Bank, by asserting that what is required for sustainable development in Africa, as elsewhere, is simply better stabilization policy:

"Better macroeconomic policies have already turned growth around in Africa. Avoiding overvalued exchange rates and keeping inflation and budget deficits low might sound like a boring recipe, but it works. It has worked in East Asia and it will work in Africa.\textsuperscript{408}

The problem with this approach, though, is not that it is boring, but that it is wrong. To sustain its conclusion, the World Bank does not compare the performance of ‘adjusting’ African countries with the rest, nor does it compare the performance of ‘strong’ with ‘weak’ adjusters; rather it picks out those six countries whose ‘adjustment policies’ improved most between 1981–6 and 1990–91 (\textit{in casu} Gambia, Burkina Faso, Nigeria, Zimbabwe, Ghana, and Tanzania\textsuperscript{409}) and compares their performance with that of the rest. Quality of adjustment policy is a weighted average of performance in respect of three policy instruments: the public sector budgetary deficit, the rate of inflation, and the competitiveness of exchange-rate policy. The Report establishes that the six countries with the largest improvement in macroeconomic policy also had an average the largest improvement in performance in the sense of growth in per capita GNP. But, for some reasons (presented us by Mosley and Weeks) all the between sample comparisons emerge as statistically insignificant:

1. it is possible to reject, at the 5% or even the 10% level of probability, the hypothesis that the superior growth performance between 1987 and 1991 of those African countries which adopted what the Bank characterizes as ‘better’ macroeconomic policies arose from pure chance;

2. judgements of increasing budget deficit, in inflation and the protection of industries as being ipso facto evidence of “deterioration of policy; cannot simply be made without reference to the objectives which the government is pursuing and the initial position of the economy; and

3. no valid conclusions can be drawn from a partial equilibrium analysis of these factors. For example, it may have been a pyrrhic victory for Tanzania to squeeze the domestic economy in order to put their budgets into surplus, although it earns then star ratings from the World bank. So that...

“...there is very little ... to tell us what proportion of any improvement in growth or distribution,..., was achieved by all this adjustment effort, what proportion was achieved by international capital flows, and what proportion was determined by elements of ‘luck’ such as weather (cfr. Havnesvik) and world trade\textsuperscript{410}.

4. The key point is that where the fundamental problem of African economies is diagnosed as deficiency of supply, effective adjustment requires that the full range of macroeconomic policies, and not simply stabilization policy instruments, need to be deployed to increase aggregate supply.

First, investment rates in human and material capital are low because of the capital market is imperfect and confined to establish business people with collateral. As we already stated before the bulk of national support for (especially agricultural) production is given to the larger producers, and it is estimated that only 3% of the small farmers in Africa are able to borrow from institutional sources, by contrast with 24% in Asia and 23% in Latin America. Thus, in such an environment the right solution is to attack imperfections in the capital market by channeling small savings, and aid funds where available, into institutions capable of making small loans to poor farmers and business people without collateral. This new strategy should be more concerned with decentralized natural resource management by farmers and communities that will ultimately decide the strategy’s appropriateness and success. Moreover, the creation of a socially desirable and sustainable allocation of productive and environmental resources will only be possible if other requirements are met:

1. the responsibilities and entitlements of farmers and rural communities,

\textsuperscript{408}The World Bank, Ibid, 184.
\textsuperscript{409}MOSLEY, P., and WEEKS, J., Ibid, 320.
\textsuperscript{410}MOSLEY, P. and WEEKS, J., Ibid, 323.
2. Commodity prices must reflect as much as possible the full environmental costs of given resource use, besides providing adequate incentives to producers, and 3. once governments have provided the infrastructure to ensure market access and have set appropriate environmental standards and taxes on discharges to protect public goods, government intervention should be kept to a minimum so that markets can function efficiently. So, if the green revolution ever comes to Sub-Saharan Africa, it will be only on the basis of the ability of small farmers to buy new seeds and fertilizers, an ability which will not exist as long as they are unable to borrow. Though, by the words of a former minister of Tanzania:

"We must not forget the old myth that our development will about as a result of massive inflow of external resources. We have been hoping for that to happen ever since independence, instead there is a catastrophic outflow of wealth from Africa to Europe of more than $100 per day. The inflow is less than one-third of this. In other words, every dollar that comes in extracts three dollars from the continent. This kind of relationship... has devastating effects on our economies for which we pay the penalty of permanent poverty..."402.

Thus, a second best way of delivering green revolution inputs into the hands of small farmers, is subsidies on fertilizers, irrigation equipment and other such inputs. As we can conclude from Havnevik’s district studies in Tanzania, in times of a decreasing rate of economic growth accompanied by raising commodity prices, a larger supply of hand hoes and ox-ploughs would be a well-considered preservative measure. This should be seen simply as an interim method of boosting agricultural supply until proper lending institutions are available (for instance for the commercialisation of tractors and spare parts), and the benefit from such a supply increase should be weighted against the financial cost. In this context it is strange to see the removal of fertilizer subsidies, which are considered as an unambiguous sign of progress, in the Bank’s report, based on the reasoning that fertilizer subsidy, like various other micro interventions designed to compensate for market imperfections, contributes to the macro budget deficit, which should be as small as possible, but without any supporting empirical argument for this.

The problem with the 1994 World Bank Report is that (i) effective adjustment in Africa requires little more than stabilization of a conventional kind, which the Bank’s own figures demonstrate to be based on statistically insignificantly calculations403, and that (ii) the exclusion from the discussion of the kind of policy measures required to remove barriers to the expansion of aggregate supply in Africa (this is because the Bank only supports adjustment programmes which have as the ultimate objective to lower the national budget deficit of debtor-countries). This is why it has more the outlook of an IMF Report.

We have seen that under Mwinyi the Tanzanian civil society has politically, socially and economically begun to develop towards a more pluralistic society and that this development has also penetrated the state:

- the separation of the party from the government, replacing the homogeneity and consensus which had characterized the Nyerere’s state by political fractionalism and competing ideologies of development;
- a greater social differentiation in terms of ethnicity, class and religion, etc.;
- though, Nyerere’s cillanes based on patrimonial patterns still exist.

The state has now much more become part of the society, it is not longer protected from society! But, while the social forces that are developing—class, religion, ethnicity and political fractionalism—are demanding changes in the nature and direction of the state, the state needs to articulate new values and a vision which can provide an orientation to this emergent society. Analysis have shown that this is not taking place. But in answering the "threat to political stability [which] will arise as society becomes

403 MOSLEY, P., and WEEKS, J., ibid, 326.
more stratified and interest groups emerge which can no longer find satisfaction within the single party structure, the state, for example, needs to find ways to make a multi-ethnic society function, it needs to regulate tribalism and condemn tribalist behaviours, especially in educated people, whose education and position in society should provide them with a concept of public good.


HEIJNEN, J.D., Tanzania, Romen Bussinx, 1976, 190.


2. ARTICLES


