

THE UNIVERSITY OF HULL

DEVELOPMENT POLICY-MAKING  
IN TANZANIA 1962-1982:  
A CRITIQUE OF  
SOCIOLOGICAL INTERPRETATIONS

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This thesis uses documentary and interview data to advance a new interpretation of the development policies of the Tanzanian state. These policies are not a function of the interests of bureaucratic or other social classes acting in a context of national 'dependence', but rather the product of political-institutional factors which encourage beliefs that development problems are fundamentally 'political' and that external constraints are the principal causes of policy failures.

The new explanation combines an analysis of Tanzania's political institutions in terms of a tripartite system of policy-making (Party, Government and Presidency) with an analysis of the policy-makers' conceptions of development. Three themes are investigated: - the relationship between Party and Government, the views of development held in the three organs of the state, and the consequences of a 'political' approach for the development process.

Part One examines the emergence of two opposing views of development and the changing arrangements for policy formulation and policy implementation during the period 1962-66. It is argued that the division of labour created by the 1965 Constitution introduced great uncertainties into the development process.

Part Two analyses the complex and changing relations between the three elements of the tripartite system during the years since 1967. In one sub-period (1969-74) the three organs of the state adopted views of development which had a common underlying theme, giving greater emphasis to political goals than to present economic constraints.

Part Three investigates three major policy-areas: private capital, internal trade, and agriculture and rural development. The findings illustrate various ways in which Government and Party operated at cross-purposes with the Presidency alternating its support from one organ to the other. The practice of formulating policies without reference to economic considerations is shown to be a frequent cause of policy failure.

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Jeannette Hartmann  
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TANZANIA 1962 - 1982: RISE AND DECLINE OF AN  
AFRICAN MECCA

In the 1960s 'African Socialism' emerged as the most popular political philosophy of the newly independent African countries. Though interpreted in diverse and contradictory ways, it was adopted by the governments of countries as far apart as Senegal, the Ivory Coast, Kenya, Guinea, the Congo and Tanzania. As Ahmed Mohidden aptly states:

To be an African Socialist or to espouse  
'African Socialism' during that period was  
one of the most respectable things for any  
African leader to do.

(Mohidden, 1981: 13)

Nyerere's Ujamaa - The Basis of African Socialism, written in 1962, can be seen as part of this early post-independence euphoria.

It was not until 1967, when Nyerere proclaimed the policy of Socialism and Self-Reliance in the form of the Arusha Declaration, that Tanzania's socialist policies began to be taken seriously by the outside world. The policies of the Arusha Declaration (AD) excited both the interest and the imagination of Western radicals. Various reasons account for this Tanzaniophilia.

First, the Arusha Declaration was followed by the immediate nationalisation of the major sectors of foreign capital in the country. Secondly, its egalitarian ideals were implemented in the Leadership Code which aimed to reduce the gap between the leaders and the led. This showed that the Tanzanian leadership was serious about socialism. Thirdly, Tanzania's expressions of self-reliance and its elaboration in the policy of Ujamaa Vijijini (rural socialism) stressed the need for a type of development that was rural-based and derived its dynamism from internal sources and communal production by peasants. Development would be

spearheaded by changes in the rural areas, the most impoverished sector of the country. This rural emphasis was a revolutionary idea in the mid-1960s. Its novelty lay in its timing. There was disillusionment with both conventional and Marxist ideas of development which had emphasised heavy industrialisation (Killick, 1978). China's success in rural-based development indicated that Tanzania's own attempt was not a practical impossibility; indeed, it was the logical solution for a poor country to adopt given extreme shortages of capital, technology and trained manpower.

Other elements of the international context help us to understand why Tanzania became an 'African Mecca' for the western intellectual left. Mao's China was an inspiration to many intellectuals the world over, and Ho Chi Minh's struggle against the USA showed that poor Third World countries could win against imperialism. The 1968 student 'revolution' which swept western Europe was a further product of the radical wave which was sweeping the world. The interest that has been focussed on Tanzania by the left can be seen as part of this 'radical' wind of change. It was an age of idealism and optimism in which it was natural to believe that poor countries could break their chains by their own efforts.

The adoption of the Arusha Declaration also coincided internationally with a revolution in the theories of the left about development. In the mid-1960s theories of development shifted from their concern with 'internal' economic and social obstacles towards a greater preoccupation with externally-imposed constraints and the operation of the international economic system (Streeten, 1977). Within this broad shift in interest, the dependency theory of underdevelopment argued that dependency on international capitalism actively 'underdeveloped' the peripheral

countries - that is, progressively impoverished their economies. As far as the left was concerned, Gunder Frank (1967) was the principal exponent of the new paradigm of dependency.

There were certain broad similarities between the ideas expressed in the Arusha Declaration and those of the dependency school. Both put forward socialism as a means of developing Third World economies. Both emphasised social objectives in development such as the need to reduce inequality, to increase social services and to bring about even and internally-orientated development. Finally, both called for reliance on national as opposed to 'foreign' resources. The similarities of these ideas may explain why a neo-Marxist dependency framework came to dominate the analysis of Tanzania's development after the Arusha Declaration (Coulson, 1979; Saul, 1973; Rweyemamu, 1973; Shivji, 1976; Von Freyhold, 1979).

It was not only the radical left that was attracted by Tanzania's new development path. Despite its relatively economic and strategic insignificance within the global economy, Tanzania's development since 1967 has generated immense interest with a wide and diverse audience ranging from liberal and radical academics, to social democratic and Communist governments, as well as with multilateral aid agencies such as the World Bank. However, this interest grew from extreme optimism to progressive disillusionment within a time-span of less than 10 years.

There were various distinguishing elements in the Tanzania's 'development experience'. First, the Arusha Declaration had emphasised agricultural development, stressing self-sufficiency in food and socialist rural development; and second, it had adopted a policy of self-reliance, social equality and socialism. Between 1969 and 1973 more and more radical policies were passed which appeared to extend the

'revolution'. In the agricultural sector, the policy of promoting voluntary ujamaa villages was replaced by the collectivist principles of ujamaa established by the Presidential Circular 1/69; this policy stated that 'kulak' farmers were to be discriminated against so as to give poor peasants a chance to organise and develop themselves under communal production. In 1971 the policy of Mwongozo (Guidelines) was passed which gave workers powers to control their production processes and gave them security of employment. In addition, various redistributive measures were passed to alleviate the poverty of the masses.

These policies were accompanied by a strengthening of the Party, which became the main agent for implementing socialism. A vast campaign of mobilisation was undertaken by Party leaders in the regions, in the districts and in the villages to implement the policy of Ujamaa Vijijini. Party branches were established in factories and other work-places to mobilise workers to produce more. Meanwhile various research projects and seminars were conducted by the University of Dar es Salaam and other colleges to see how best the policies of socialism and self-reliance could be implemented and schools began to experiment with the policy of education for self-reliance. The period ushered in a new hope that the problems of poverty might be solved through political education, ideological development and mobilisation.

However, Tanzanian socialism did not live up to all the expectations of its supporters inside and outside the country. By the mid-1970s it became obvious that the class structure had not been radically transformed. A society that was class-less and based on the rural sector had not emerged. The very policies creating socialism had led, instead, to the creation of a huge bureaucratic apparatus. The poor were still weak and the strong were even more powerful. Furthermore,

Tanzania was still dependent on international capitalism both for her export outlets and aid. In fact, Tanzania was more dependent on aid for her internal development in 1975 than she had been prior to the Arusha Declaration. Thus, the aid component was 24.4% of total development expenditure in 1967, but 32.5% in 1970/71, and 62% in 1975/6 (Hartmann, 1977). These features in the Tanzanian development process began to create serious doubts in the minds of academics and other interested parties. Further events appeared to confirm these doubts and led to increasing disillusionment.

Between the mid-1970s and 1980 the Tanzanian economy was gripped by two very severe economic crises (1974/75 and 1979/80) manifested in severe balance of payment problems. During the same period there were reversals of major policies, usually followed by counter-reversals within a short period.

In agriculture ujamaa was replaced by a policy of Villagisation in 1974, and around five-and-a-half million people were physically resettled in the space of three years. Force was not excluded (Mwapachu, 1976; Coulson, 1977; Nyerere, 1977: 42). Tanzania did not achieve her aim of self-sufficiency of food and in 1974/5 she was struck by a drought, which forced her to import food grains. High world prices of oil during the mid-1970s and imports of food grains led to a balance of payment crisis. A massive mobilisation campaign, 'Kilimo cha kufa na kupona', was spearheaded by the Party to increase production and avert starvation. The food situation improved and so did foreign exchange availability thanks largely to the coffee boom of 1976. During 1976-1978 there were moves to encourage foreign as well as local private investments in Tanzania. Mwongozo was brought to a halt and modified by a Bill, introduced in 1979, designed to restore managerial authority



and labour discipline, and improve productivity in the factories. Radical academics viewed these policies as a sell-out; Raikes (1975), Mihyo (1975), Saul (1974).

But two years later Tanzania was gripped by another severe balance of payment crisis. The 'liberalisation' policies of 1976-78 which had favoured private capital were revised between 1979 and 1980/81 in favour of greater control by the state of the tottering economy. Another drought, the collapse of the East African Community and the invasion by Idi Amin all contributed to a depletion of foreign exchange reserves. The net level of reserves fell from US\$234 million at the end of 1973 to minus US\$286 million at the end of 1980 (World Bank, 1981: 55). The effect of the balance of payment crisis was both total and devastating, as the following quotations taken from the Daily News (Tanzania) illustrate. The economy was slowly grinding to a halt: Muhimbili faces water shortages (the national teaching hospital at Dar es Salaam)

The hospital was also experiencing a serious shortage of electric bulbs. Special batteries for vital services including the operating theatre had long since gone defective.

(Daily News, 17 July 1980)

#### Projects lag behind

The Parliamentary Committee which toured 11 regions to inspect development projects, found that many projects were delayed - because of financial backing from the Government, parastatal and regional authorities.

(Daily News, 24 July 1980)

#### Motex lays off 600 workers

The Moshi Textile Mill (Motex) has laid off its 600 workers after it failed to secure an import licence from the Bank of Tanzania to order thread, the major input into production.

(Daily News, 3 October, 1980)

4,000 tonnes of Coffee pileup in Mbinga  
(Daily News, 25 June, 1979)

TFC halts production

The Tanzania Fertilizer Company stopped production last month due to scarcity of raw materials.

(Daily News, 14 June, 1979)

Drastic Cuts on Imports Imposed

(Daily News, 22 June 1979)

This situation was summarised by the Minister of Finance in the following manner:

For the oil importing developing countries the issue is survival itself. They face collapse if their minimal needs are not met urgently (Daily News, 2 October 1980)

Economic problems aggravated by inflation and higher prices as a result of chronic shortages of basic consumer goods have led corruption, demoralisation and an 'informal economy' to develop, thus rendering ineffective the mechanisms of control of the economy by the 'state'. While central authority has become increasingly ineffective (Pratt, 1979: 229) and the economy has collapsed under the strains of the economic crises, life continues. But different forms of economic activity, new relationships and new values and norms are being formed, creating a society which is very different from Nyerere's dream.

What has happened and how can we account for such drastic changes within the time-span of less than a generation? A first step towards answering this awesome question is to examine the various interpretations that have been offered to explain the Tanzania development experience.

### SOME LEADING INTERPRETATIONS

We can distinguish three main types of academic explanations of the Tanzania experience. First are those of the radical left, who have written most profusely on Tanzania's experience. The most important of these writers are Cliffe and Saul (1972, 1973), Saul (1979), Shivji (1976), Raikes (1975) and Von Freyhold (1979). Their explanations of the rise and failure of socialist policies typically focus on class structure and the inability of those in power to eliminate Tanzania's dependency on international capitalism. These writers have been greatly influenced by the neo-Marxist dependency approach towards development as well as by generic Marxist ideas about the state. Although they come from different professional backgrounds and mostly are not trained sociologists, nevertheless their approach could be considered 'sociological' in the sense that political and even economic issues are analysed in terms of social structure.

The second type of analysis that has emerged is what may be called the 'pragmatic dependency' approach. Particularly associated with the writings of Reginald Green, it involves taking a dependency view of Tanzania without, however, embracing class analysis, Green (1974a, 1974b, 1970, 1977a, 1979).

The third type of approach is distinguished by a focus on political institutions and is dominated by political scientists. Most prominent has been Pratt's Critical Phase (1976), which explains policies largely in terms of Nyerere's moral values. But other political scientists such as Samoff (1970), Hopkins (1968, 1971), Tordoff (1967) and Bienen (1967) have focussed more closely on political structures. These writings are extremely useful in illuminating Tanzanian political structures, but

typically stop short of investigating their effects on development. One political scientist, Hyden (1980), is to some extent an exception in that he has gone on to examine policies of development in relation to political arrangements.

The major weakness of the approach of the radical left is the tendency to study the Tanzanian experience through an imposed class-analysis framework, while both the radicals and the approach of Green share weaknesses derived from the dependency approach. The studies by political scientists are more useful but their findings about political institutions need to be 're-interpreted' in relation to development problems following the lead of Hyden. After reviewing at greater length the contribution of the three approaches identified here, I shall explain further the argument that they all suffer from significant weaknesses.

In the light of this critical review, the thesis will propose that it is essential to study the Tanzanian experience in terms of the process of policy-making itself. Policy-making in Tanzania has been shaped fundamentally not by the interests of social class forces but by political-institutional arrangements, particularly the emerging division of labour between Party and Government. Given this institutional framework, the competing conceptions of development held by those involved in policy formation play a significant role in their own right.

#### Development as class struggle under conditions of dependency

Unlike many African Universities, Dar es Salaam University in the mid-1960s attracted a core of young and dedicated intellectuals who supported socialism. They built up a much needed literature on Tanzania's socio-economic development. They viewed the policies of the Arusha

Declaration as a serious attempt by the 'state' to initiate a socialist development process. For instance, Saul (1968: 168) stated, "Tanzania is increasingly carrying on the debate about socialism at a high level of sophistication". Their analysis was characterised by two major elements. They saw development in terms of the politics of the class struggle, and they conceived the latter in terms much influenced by dependency theory.

These early radicals placed great emphasis on the role of ideology and political action as instruments of socialist construction (Cliffe & Saul, 1972a:1: 323). Their work was partly concerned with 'charting' out possibilities for political action. Idealism and a belief in the role of sheer political will in solving development problems were central features of their approach. This was the case, for example, in relation to planning. According to Saul, socialist planning required a 'political' strategy, because it involved 'political economy'. Planning under these conditions could not be viewed as simply technical or administrative. It should involve three factors. First, it should represent an ideological challenge to vested interests; secondly, if meaningful policies were to be undertaken it should establish a popular base (political challenge); and thirdly, it should be given sustained and progressive institutional expression (organisational challenge). Before such planning was undertaken, political changes were necessary to enable power to be allocated in such a manner that it supported the necessary changes (Saul 1971: 24).

Development problems were analysed mainly in class terms: the key questions were to identify which forces were likely to hinder socialist development. Such an approach was necessary because it enabled writers to work out strategies and tactics for socialist transformation. In relation to the implementation of the policy of Ujamaa, for example,

Cliffe (1973: 2: 209) stated quite explicitly that: "a vast army of cadres will have to be recruited and trained and put into action". Cliffe argued that Ujamaa should be promoted throughout the country; that the villages should in particular be a focal point around which to mobilise poorer peasants against wealthier ones; and that coercion would be required against wealthier peasants if the policy was to succeed:

Specifically, confrontation of the emerging class structure may involve the identification of any large farmers who may have to be expropriated, prevented from employing a regular labour force, temporarily excluded from ujamaa groups, or at least eliminated from decision making.

(Cliffe, 1973: 2: 203)

As a result of this approach towards the analysis of the policy of Ujamaa, most of the radical academic research conducted during this early period was orientated towards uncovering the exploitative role of the 'kulak' farmers.

Thus Attems (1968) showed that in parts of Usambara 20% of work was provided by hired labour. In Bukoba, Friedrich (1968) showed that 6% of such work was provided by hired labour. John Sender (1974) writing on the Usambara and Awiti (1973) showed the existence of classes of wealthy African farmers based on the employment of wage labour. Most of these authors argued that the existence of these wealthier farmers showed that capitalist social relations of production were operating in Tanzania. As a result of this, Ujamaa could not be implemented voluntarily; as Cliffe states, "some elements in the rural population might be fundamentally opposed to the ujamaa policy, and so work against it or try to distort it to their own ends ... because their interests are threatened" (Cliffe, 1973: 2: 198).

Most of the early radicals were clearly influenced by dependency

ideas which had argued that in order to develop it would be necessary to opt out of international capitalism. Saul's criticism of the Dar es Salaam School of History illustrates the role of dependency ideas:

This means that as economic growth takes place its cumulative effect will be the further sub-ordination of the colony to the requirements of metropolitan Europe and the creation of an increasing dependent economy.

(Saul, 1972: Vol. 1: 66)

Rweyemamu (1973: 91) argued that during the colonial period political power was used to create a dependent economy:

These developments created a dependency relationship between the colonies and their mother-countries: dependency on their markets, ... dependency on imports of capital goods, ... dependency on foreign entrepreneurs....

These conditions, Rweyemamu argued, led to the creation of perverse capitalist development.

Dependency theory argued that it was only through the elimination of links with metropolitan countries that development could occur in countries like Tanzania:

The logical policy for Tanzania is to make herself as independent as possible from the rest of the world, to develop her own internal industries, her own internal market, and her own internal transportation and distribution system.

(Yaffey, 1972: 81)

In order to attain socialism Rweyemamu argued that:

First and foremost it is necessary to eliminate Tanzania's present underdevelopment in order to establish an internally integrated and self-reliant economy.

(Rweyemamu, 1973: 1976)

The influence of the dependency approach on the analysis of Tanzania development is found not only in these writers, but also in Shivji.

It is not surprising that the first challenge to Cliffe & Saul's idealisation of Tanzania's socialist development came from a Tanzanian, Shivji. Using a similar dependency theoretical framework Shivji argued that the Arusha Declaration, far from representing a step towards socialism, incorporated the Tanzanian economy even more into international capitalism. The petite bourgeoisie, through the policies of the Arusha Declaration, had created and strengthened its own class base (Shivji 1976: 79).

The appearance of this explanation at Dar es Salaam University only three years after the Arusha Declaration had a major impact on explanations of Tanzania's socialism. A major part of the Provisional Council for Social Science Conference of East Africa (1970) held at Dar es Salaam was devoted to answering Shivji's interpretation.

Shivji operated within the same basic theoretical framework as Cliffe and Saul. But Shivji inverted the problem. Cliffe and Saul's theoretical preoccupation in the mid-1960s was to chart out a path of socialist construction because they had accepted the policies of the Arusha Declaration as a serious, if vague, attempt by the state to implement socialism. The obstacles on the road towards socialism, as they saw them, were not the state or the social class in power, but the kulaks and foreign capital.

What Shivji did was to focus attention on the nature of the social class in power at the national level and, as a result, to question whether the policies associated with the Arusha Declaration aimed to create socialism. The policies of the Arusha Declaration were re-examined in a dependency framework. Shivji explained the failure to achieve the elimination of capitalism in terms of the class interests of the dominant groups and the nature of the state. After Shivji, most



radical interpretations were strongly influenced by his basic position.

The influence of dependency ideas on the analysis of Tanzania's socio-economic development remained strong in the work of Shivji and his followers:

It appears to me that these theoretical developments of underdevelopment theory are fully applicable to the African countries.

(Shivji, 1976: 16)

And:

Liquidation of underdevelopment - poverty, ignorance and disease - therefore requires a social-political struggle against existing relations of production, which are responsible for throttling the development of productive forces.

(Shivji, 1976: 18)

Von Freyhold argued that it was Tanzania's dependency on the world market which was the cause of her underdevelopment:

Conditions of stagnation were most obvious in those regions which had the longest history of trading with the world market and in those which had still only marginal links with it.

(Von Freyhold, 1979: 6)

Socialism became identified with the establishment of an 'independent economy', that is, independent from international capitalism. Any policies which fell short of eliminating dependency were implicitly condemned. The very rationale for the idealisation of Tanzania by early Marxists in the late 1960s was now used by Marxists in the 1970s to judge and condemn Tanzania's failure to achieve socialism and self-reliance. Disillusionment with Tanzania had begun.

Saul lamented the failure of a self-reliant strategy in the following terms:

Too often the rhetoric of self-reliance has not become the reality of a self-centred economy,

an economy which would be based upon production for mass needs, upon the development of a locally based and wholly relevant technological capacity. Too often the tyranny of the demand concept has carried the day - the investment of surplus often being directed first towards such immediately profitable domestic spheres as luxury consumption goods and towards immediately effective earners of foreign exchange as tourism, rather than towards structural transformation.

(Saul, 1979: 207)

Raikes stated:

Neither need one doubt that nationalisation was expected, in 1967, to lead to some degree of dis-engagement from the international economy.

(Raikes, 1976: 19)

Shivji's main argument was that the Arusha Declaration policies did not disengage Tanzania from capitalism: rather they increased her integration into capitalism. The policy of Ujamaa attempted to make peasants produce cash crops, thus integrating them with the world capitalist system (Ibid:106) while nationalisation led to new forms of relationships with multinational capital (Ibid: 165). Raikes (1975: 35) argued that Tanzania's "maintenance of a dependent export-dominated structure of the economy makes almost impossible the transformation of production within the rural economy". Tanzania's failure to eliminate links with the world market was explained by Shivji and his followers in relation to the class interests of those in power. The study of the state was mainly a by-product of this interest in the nature of the social class in power. According to Shivji, the petty bourgeoisie (intellectuals, teachers) formed an alliance with peasants and workers to overthrow colonialism and took power (constitutionally). They then used state power to expropriate the 'commercial bourgeoisie'. The Arusha Declaration policies, argued Shivji,

Constitute the first open attempt on the part of the bureaucratic sector of the petty bourgeoisie to carve out an economic base for itself.

(Shivji, 1976: 79)

It is a dependent bourgeoisie, and it has created itself an 'internal economic base'.

(Ibid: 85)

Von Freyhold's analysis of the state followed the same approach:

Seen over a longer period the socialism of the nizers was in practice a set of strategies which expanded their power vis-a-vis the submerged classes, gave them the means to build up an intermediate class which supports them and put them into a position that made them a viable partner of the metropolitan bourgeoisie.

(Von Freyhold, 1975: 17)

Walter Rodney argued:

The petty bourgeoisie intended to maintain their hegemony over the state apparatus. Indeed after 1967 they used the new policies as a means of reproducing themselves as a class.

(Rodney, 1975: 11)

What is of significance is that these writers explained the 'socialist' policies of the Arusha Declaration in terms of the class interests of the petty bourgeoisie who used state power to create their class base. Thus the 'state' was merely a vehicle for extending and consolidating their class interests.

Saul (1975) had seen the state bureaucracy as a "plastic" category, largely 'petty-bourgeoisie'; by virtue of its role at the junction between the local economy and foreign capital, it was exposed to contradictory influences - national, working class and peasant class interests confronting those of foreign and domestic capital in the mode of operation of the state (also cited in Leys 1976: 40).

For Shivji, however:

With the Arusha Declaration, the state and state institutions (including parastatals) became the dominant actors in the country. Thus a new and more important wing of the bureaucratic bourgeoisie was created. Political power and control over property had now come to rest in the same class.

(Shivji, 1976: 85)

Von Freyhold took a similar view, emphasising the external aspect:

Having already become a partner with international capital in this manner, the state in Tanzania moved one step further and commanded a controlling share of the enterprise whose profitability it ensured, a demand which was easily conceded by investors who could continue making their profits on the supply of equipment and intermediate goods, on management contracts and sales commissions and on various kinds of loans.

(Von Freyhold, 1979: 119)

The approach to the Tanzanian experience in terms of dependency, the social class interests of those in power and the state, provides one kind of framework for explaining how particular policies came to be adopted. Thus, Shivji's group saw the change of policy from Ujamaa to villagisation as a confirmation of their suspicion that the reality behind the Arusha Declaration was more complex than had been assumed by Cliffe and Saul. Von Freyhold, for instance, explained the failure of Ujamaa in the following terms:

They (bureaucrats) did not contradict him (Nyerere) openly, first because they needed him to appease workers and peasants and secondly, because they expected that in practice the whole campaign would look quite different - as indeed it did. Eventually the bureaucracy managed to turn the slogan of Ujamaa into a tool which could be used for its own purpose.

(Von Freyhold, 1979: 120)

Reginald Green: pragmatic dependency

The view that Tanzania was not a socialist country because of its failure to eliminate its dependency relationship with international

capitalism was challenged in the 1970s by writers who may be seen as members of a more pragmatic school of thought. These writers accepted the dependency idea that the creation of an independent national economy was the ultimate goal, but they saw that exports and other links with the world market were necessary in order to finance development, especially the creation of manufacturing industry. Green was one of the main exponents of this view.

Central to Green's conception of development was the notion of an independent national economy, which was equated with socialist economy. For Green, government policies were instruments for creating such an economy:

The creation and maintenance of meaningful political independence requires the attainment of national political economies. A state whose economy is characterized by concentrated external dependence can hope to have neither a significant degree of control over the rate of growth and nature of allocation of domestic resources nor a high level of external credit-ability from which to bargain.

(Green 1970.: 273)

How does a Third World country achieve a national political economy? In the above article Green (1970) listed the elements of a strategy to bring about economic independence. This strategy presumed that countries like Tanzania must take the capitalist world market system as given and operate from there, because exports from agriculture were necessary to obtain the foreign exchange with which to buy capital and intermediate goods.

First, national self-reliance was a necessary policy, but this must not be taken to involve 'autarchy', which would defeat the goal of gaining foreign exchange. According to Green, self-reliance was really only "the awareness that only the citizens of an African state are

primarily concerned with its welfare and progress" (Ibid: 293). Secondly, the state must increase taxation because it was only by this means that government revenue and domestic investible surplus could be obtained. Thirdly, industrialisation should be encouraged, followed by state control of institutions at the apex, leverage over other financial institutions, trade and industrial licencing, and control over exchange and imports (both as to levels and sources). Fourthly, there should be public sector involvement in productive activity.

Green added three conditions to this strategy. First, "the political system which seeks to pursue these goals must demonstrate by example even more than by word, its commitment to austerity for itself and to an equitable distribution of benefits" (Ibid: 284). Second, manufacturing activities must be "orientated either to basic consumer goods or to simple construction materials and which are able to utilise largely local materials" and that outside capital was necessary but only to "help bridge the domestic savings-domestic-investment requirements as well as the foreign exchange gap" (Ibid: 285). This perspective led Green to take a relatively indulgent view of Tanzania's development experience. According to Green, Tanzania had used its policies as instruments for achieving a socialist national economy. The nationalisations that occurred and the subsequent development of the parastatals amounted to the 'replacement of foreign by nationals' and hence the beginning of creating a "national economy" (Green, 1977a:236). National economic integration was being pursued at every level, thus:

During the period 1972-75, most new projects were concentrated on consumer goods, with low import content (textiles, sugar), pre-export processing (sisal twine, leather, cashew-nuts) paper and metal products (bicycles, light engineering), basic iron and steel. They therefore fit into this strategy of enhancing

internal linkages and reducing external dependence.

(Green, 1979: 32)

Again according to Green:

In simplistic terms the transition to socialism in Tanzania could be said to be nearly accomplished. Large scale economic activity is at least 80% in the public (or public majority) sector and will be 90% there by 1981.

(Green, 1977b: 24)

Tanzania's various policies for creating socialism had also been successful, according to Green. Thus the policy of Ujamaa was viewed as generally successful as late as 1974. Green states (1974a: 27) that "by the end of 1974 at least 7.500 ujamaa villages grouping about 3 million people (30% of the agricultural self-employed) will be in existence compared to a handful as late as 1970" (Ibid: 27). In addition, exploitation had been eliminated and an egalitarian policy implemented, through a series of progressive taxation on the one hand, and by increasing wages for the lower income groups on the other hand (Green, 1974a).

Finally, in Green's view:

Tanzania has been able to pursue an energetic strategy of advance towards economic independence as an integral part of its overall development strategy, without massive evidence of resource misallocation, stagnation or basic social and political contradictions.

(Green, 1970 : 323)

Most of the problems which Tanzania has encountered are explained by Green as temporary ones, mainly the result of implementation:

Inconsistencies and delays do exist in reconciling projects and programmes with the strategies and goals, but these are specific weaknesses, not evidence that stated goals are not seriously meant or not related to key planning and management decisions.

(Green, 1977a: 215)

Thus Green's basic position in relation to Tanzania is that the fundamental problems facing the country are extrinsic to the main lines of government policy. What are seen by other analysts as costly failures reflecting the class nature of the state, appear in Green's work as incidental weaknesses due to problems of implementation or accidental factors.

#### The contribution from political science

The third type of approach to Tanzania has come from political scientists. Their interest was initially attracted by the unique political conditions existing in Tanzania after independence: the political stability which the country enjoyed and the attractive personality and political ideas of the President, Julius Nyerere.

Both left-wing and liberal political scientists made early studies of the Party, Tanu. Friedman (cited in Hopkins, 1971: 65) argued that the Party had become a focal institution, an institution which pervades and dominates all other institutions. Bienen (1967) argued that the Party was "under-centralised", with the centre having little power to affect decisions or behaviour at the local level or in national institutions. Cliffe (1972b) attributed the Party's weakness, however, not to organisational problems, but to a lack of ideological clarity. This view was supported by Saul (1973) who re-emphasised the absence of ideologically-minded and progressive Party members as its weakness.

Later political scientists, mainly Tanzanians, documented the ascendancy of the Party towards supremacy (Msekwa: 1977) while Mwansasu (1979) has shown the attempts made by the Party to rectify its organisational weakness through the recruitment of qualified manpower and through a greater emphasis on ideological training. The strengthening



of the Party, both organisationally and ideologically, has been considered crucial in enabling the Party to perform its functions under conditions of Party supremacy. Mfupe (1976) has looked into the debates of the Party Annual Meetings to assess the degree of democracy in the types of questions asked between 1967-1975.

Political scientists have also studied the Government (Pratt, 1976; Tordoff, 1965; Hopkins, 1971, 1968). In The Critical Phase in Tanzania Pratt writes about Government mainly from the point of view of the political actors, notably, Nyerere. Earlier, Tordoff analysed Government structures as well as the major policies of the pre-1967 period, and Hopkins studied Parliament. He analysed the types of questions that were posed and found that there were more debates prior to 1965 than afterwards (Hopkins, 1968: 55). Rweyemamu and Hyden (1974) and Belle Harris (1965-67) have provided useful documentation on how the administration functions under conditions of the centrality of the Party in development. An interesting point which emerges from a review of early political science studies is the recurring theme of conflict between the Party and Government. This evidence of conflict indicates that the 'state' was not a homogeneous entity as neo-Marxist radicals and the pragmatic dependency theorists have assumed.

A few political scientists have also studied policies (Collins, 1971; Hyden, 1979, 1980). For instance, Hyden (1980) attempts to relate policies which were formulated by the Party to the type of developmental consequences they generated. On two major policies, Ujamaa (1967) and Mwongozo (1971), his writings offer a useful alternative to the Marxists' explanations of the Tanzanian experience. Since Hyden's writings relate significantly to the position held in this thesis, I shall summarise his book extensively.

In Beyond Ujamaa (1980) Hyden sets out an alternative explanation of the Tanzanian experience. He makes two major propositions. Firstly, he argues that capitalism failed to develop African economies. Capitalist policies were based on the market-economy, which aimed to integrate peasants into a wider socio-economic context. But the existence of the peasant mode of production and the 'economy of affection' is, argues Hyden, evidence of the failure of capitalism to develop African economies. Peasants remained autonomous from the state in the sense that they were not dependent on the state for their livelihood, education etc. (reproduction). This leads him to his second major proposition.

Hyden further argues that the failure of policies based on the market-economy necessitated the introduction of a different policy-style, one which is based on a political-market. Generally speaking, policies based on a political-market are formulated primarily from the point of view of achieving the aims of the state. More specifically however policies were made by politicians who were "more inclined to start from the peasant premise". They formulated policies which embodied the point of view of the peasants, that is, to receive benefits without having to give a return in terms of producing more. This created a situation whereby economics fed politics:

The political market-place, unlike the economic market, is a typically pre-modern institution. Many of the deals that are entered into are expensive, at least as seen from the perspective of the capitalist or socialist mode of production. There is no emphasis on efficiency. In that respect politics in Africa is not sub-ordinated to the demands of the relations of production. It is this pre-modern articulation that makes it possible to claim that in Africa economics feed politics, as opposed to capitalist and modern socialist societies where economics breeds politics.

(Ibid: 30)

But the consequences of such a process for development invariably include the breakdown of production, upon which the modern economy is dependent. Hyden uses the policies of Ujamaa and Mwongozo to illustrate this second proposition. In the case of the policy of Ujamaa the state gave peasants free social amenities in the hope that they would join Ujamaa villages. The state's attempts to alleviate peasants' 'exploitation' by removing poll tax, providing schools and dispensaries and water free of charge, providing subsidies and access to loans (which peasants were unable to repay) and relaxing by-laws regarding agricultural production, all worked against the state's rationality in the sense that these initiatives did not facilitate the state's aim of integrating the peasants into the modern economy. Instead, they helped the peasants to maintain their 'autonomy' vis-a-vis the state, because they could obtain benefits without giving anything in return. As Hyden states:

The officials 'gave away' some of the policy instruments that over the years had served to make the peasants more dependent on other social classes.

(Hyden, 1980: 124)

The crux of Hyden's argument is that the state's needs for foreign exchange and sources of food are dependent on the peasants, but the latter are not dependent on the state for their reproduction.

The second reason for the failure of Ujamaa stemmed from the peasant mode of production itself. The peasant mode of production was not capable of increased production:

The problem is that they (peasants) are unwilling, and usually unable, to achieve it (high rate of production) at a pace and to the extent that other social classes demand of them.

(Ibid: 125)

Hyden concludes that:

Ujamaa as a radical strategy of development at a national level could not be reconciled with its objective of promoting development from within the peasant mode.

(1980: 117)

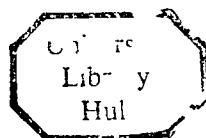
Hyden finds similar problems with the policy of Mwongozo, which gave powers to workers vis-a-vis the management. Thus, although social amenities were given to the workers - for example, transport, cafeteria services, time-off to visit sick relatives etc. - workers did not work harder. "Their sense of socialism was that they would have more time for themselves and their families" (Ibid: 161). As a result of this, Mwongozo only managed to undermine the discipline, authority and economic criteria of evaluation which were all identified with modern organisation. According to Hyden, in effect the two policies, Ujamaa and Mwongozo, failed because the needs of the workers and peasants were incompatible with the needs of the state.

Hyden then sets out his third major proposition, namely that in order to develop a socialist economy it is necessary to break down peasants' autonomy and make them dependent on the state for their reproduction. This proposition enables him to explain the recent coercive measures by the Party to make peasants increase their production. According to Hyden, the failure of Mwongozo and Ujamaa does not signify the redundancy of the political-market. The political-market is defined thus:

It is an approach in which the political ends of the regime are employed by the leaders to justify the use of the state machinery regardless of what the formal rules and regulations prescribe.

(Ibid: 220)

In this way Hyden sees the new approach of the Party as the 'correct' way to modernise the economy as a prelude to socialist construction;



that is, the increasing reliance on coercion and intimidation is the only 'socialist' option left.

Hyden argues that the emphasis which has been put recently on the building up of a strong leadership, and the process of militarization of leaders in the Party which has taken place, have been in the hope that 'military discipline and organisation' will lessen the demands of the economy of affection. The material incentives which have been given to Party leaders making them at least 'one step above the highest paid state officials at equivalent rank' (Ibid: 171), were to enable Party leaders to act as <sup>a</sup> socialist managerial elite. Hyden's main argument is that it is necessary to strengthen the political machinery in order to break the autonomy of the pre-capitalist economy of affection.

Hyden's study is a path-breaking attempt to study policies in relation to the political context. His approach focusses attention on the shortcomings of policies themselves rather than invoking extrinsic issues to explain their failure. In this way, Hyden's work has given us a new understanding of why the policies of Ujamaa and Mwongozo failed and had to be reversed.

## THE CASE FOR A FRESH APPROACH

### Crises of dependency theory and the inadequacies of class analysis

We have seen how the writings of the radical left on Tanzania typically explain political-economic changes in terms of the class-analysis and Tanzania's dependence vis-a-vis international capitalism. I believe this approach has serious inadequacies.

In the first place writers on the Tanzania scene have not incorporated into their analyses now standard critiques of the dependency perspective. Secondly, the hypothesis<sup>e</sup> derived from a class analysis of development policy in Tanzania do not stand up to close inspection. I shall begin with the first point which calls for a brief digression.

The origins and development of dependency ideas have been well documented by various authors (Booth, 1975; Cardoso, 1979; Palma, 1978). From the analysis of these writers we can discern three major intellectual influences on the development of the dependency ideas. These were Marxist theories of imperialism, the Prebisch thesis and the Cuban Revolution.

First, the Marxist-Lennist tradition on imperialism had argued that during the different historical epochs of capitalism, metropolitan countries had exploited the periphery. During the earlier stages of capitalist development in the centre, exploitation of the periphery took the form of plunder which provided the primitive accumulation of the centre's industrial development. The second type of exploitation, reflecting the maturation of capitalism at the centre, was characterised by the export of capital, competition for raw materials and monopoly. The third type of relationship between the centre and periphery involved a more complex post-colonial relationship of dependency in which foreign

capital and technological dependency went to create obstacles to the genuine development of the periphery (Sutcliffe, 1972). These ideas of imperialism influenced the general theoretical approach of the dependency school, which viewed centre-periphery relationships as exploitative.

The second major influence on dependency ideas was the Prebisch thesis. Raul Prebisch worked from the late 1940s with the UN Economic Commission for Latin America. The Prebisch thesis argued (in a period when conservative ideas about development, which emphasised the naturalness of concentrations on primary production, were very popular) that the relationship between the centre and periphery created obstacles for the latter's development, especially its capacity to accumulate capital. He identified as the principal obstacle . . . adverse shifts in the terms of trade. This factor affected the capacity of the peripheral country to accumulate capital.

It is important to note that during this period Prebisch was still working with economic variables such as capital accumulation, prices and productivity. Secondly, he did not call for the elimination of centre-periphery relationships; rather he called for an inward-directed development strategy, and for foreign investment.

Prebisch's thesis was criticised by both the Left and the Right. The Left was influenced by theories of imperialism and new ideas about neo-colonialism, notably expressed in the work of Baran (1957). Baran's major argument was that the political structures of peripheral countries had to be radically altered in order to allow economic growth and social progress. It was necessary to break down the alliance between the feudal landlords, 'industrial royalists' and the capitalist middle classes.

Although there were differences between Prebisch's and Baran's

ideas, there were also certain similarities. This was in relation to internal obstacles. Both agreed that the 'feudal-imperialist alliance' constituted a major obstacle and both attacked the centre. Both agreed that their removal was a necessary factor in creating the conditions for development (Cardoso, 1979: 62-3).

During the 1950s and 1960s most Latin American countries did adopt Prebisch's inward-oriented development strategy based on import-substitution and foreign capital. This process was facilitated because foreign capital had changed its emphasis, moving away from mining and agriculture, and beginning to invest in manufacturing industries (Chilcoffe and Edelstein, 1974; Bodenheimer, 1971). But by the 1960s the inward-directed development strategy adopted by Latin America was experiencing problems. There were adverse terms of trade conditions, which affected the foreign exchange balance; profit repatriation was taking place on an alarming scale; and the process of social marginalisation that industrialisation set in motion was becoming acute. These conditions were analysed in the 1968 UNECLA Report, which argued that development in Latin America was 'perverse development'. The line of argument which was used drew attention to the "structural distortion and social malaise" which was taking place. This emphasis, however, was still situated within the centre-periphery theoretical framework of the Prebisch thesis. This new emphasis became known as the structural dependency conception of development (Furtado, 1970; Sunkel, 1969). Among these writers there was no argument that periphery countries should opt out of the capitalist world market system. A more radical tendency was expressed in the work of Gunder Frank (1967).

Gunder Frank, who had also worked with the UNECLA, added a new element to the structural dependency arguments. This was that it was



necessary to opt out of the global capitalist system if the countries of the periphery were to achieve development. He argued that capitalism actively underdeveloped the periphery. This new political emphasis, breaking away from international capitalism, can be traced to the influence of the Cuban Revolution and to a revival of the Leninist theory of imperialism. The achievement of development became a political struggle against capitalism and imperialism.

As a result of this, the definition of development also changed. Development became equated with an autonomous type of socialist development, because dependency on international capitalism created underdevelopment. Mere economic growth was not considered to be development; as Samir Amin, succinctly pointed out in relation to the 'miraculous' performance of the Ivory Coast, "it was economic growth without development" (Amin, 1973: 66). The idea of development changed from a focus on economic growth and technical considerations to do with savings, capital accumulation, foreign exchange, prices and production, to a broad and often moralistic vision, which incorporated ideas of national autonomy, even development and social equality (Dos Santos, 1973; Cockcroft et alia 1972; Cardoso, 1972).

Although these ideas appeared to explain many of the problems of Third World countries, nevertheless, a critical re-examination of dependency ideas shows that they were dangerously flawed. A common flaw is generalisation from limited evidence and drawing far-reaching conclusions on the basis of specific and short-lived situations. It has been argued (Palma, 1978) that in elaborating his theory of imperialism, Lenin generalised from limited and short-lived situations. A similar mistake was also committed by structural dependency writers in the 1960s. According to Cardoso (1979: 66) writers who analysed the

development process in Latin America during this period, mistook "the recession circle which began in early 1960s for a law implying the difficulty if not impossibility of development on the periphery". This mistake was raised to a theoretical level, that of the inability of capitalism to develop peripheral economies. As a result of this, critics then began to make a moral distinction between growth and development. As Cardoso states:

The fragility of such a formulation consists in its mistaking the socialist critique of capitalism, for the inviability of capitalism

(Cardoso, 1979: 66)

The flaw of formulating theoretical generalisations from limited empirical and historical evidence is compounded by the tendency for the dependency approach to compete with its rivals on a political rather than a theoretical basis. Empirical situations tend to be fitted into a fixed set of categories even if the latter do not explain the former; attempts are not made to revise the categories themselves in order to reach new theoretical understandings (Friedman, 1976). In other words, the political takes precedence over scientific rigour (with the obvious risk that conclusions derived will be wrong and any political action based on it misdirected).

The inadequacies of dependency ideas emerge even more clearly when they are re-examined along the lines of Lall (1975). He states that if dependency theory is to be used as an explanation of underdevelopment, then it must fulfil two criteria. First, it must lay down certain characteristics of dependent economies which are not found in non-dependent ones. And secondly, these characteristics must be shown to affect adversely the course and pattern of development of the dependent countries.

Lall finds that the dependency perspective does not generate systematic differences between 'underdeveloped' and 'advanced' economies. Belgium and Canada are more dependent on foreign capital and technology than India and Pakistan. The argument that Third World countries are forced to specialise according to static comparative advantage in the export of primary products or simple manufactured goods does not hold true either. Many Third World economies with MNC capital export manufactured goods and attempt to integrate their economies with world capitalist markets. Lall is therefore forced to conclude that:

That the concept of dependence as applied to less developing countries is impossible to define and cannot be shown to be causally related to the continuance of underdevelopment.

(Lall, 1975: 808)

Ray (1973) also criticised the dependency argument by questioning the causal relationship between dependency and underdevelopment. According to Ray, the dependency argument that underdevelopment<sup>is</sup> brought about by the domination of the centre on the periphery is a fallacy. He points out that domination of a weaker economy by a powerful one is not restricted to capitalist societies but is also found in socialist countries. Ray's second point is that dependency writers tend to homogenise all effects of foreign capital and fail to differentiate between investments in different sectors of the economy, which may have different effects on economic development. Finally, Ray argues that there is an implicit or explicit assumption in all dependency arguments that there is an alternative type of development which is non-dependent. Ray argues that this assumption is fallacious. Market relations also operate in socialist countries, because all countries need to trade; thus a country will sell what other countries need to buy. In such a situation, a

country must re-structure its economy to its external market needs. This is true whether a country is socialist or capitalist. Weisskopf (1976) also finds that there is no causal relation between dependency and underdevelopment, although the latter has been characterised by inequality, high unemployment, enclave-type industries, etc. He states:

My main point is that these aspects of underdevelopment [inequality, unemployment, waste and lack of popular sovereignty which do indeed characterise dependent nations] cannot simply be attributed to dependence per se, for they are inherent in the operation of the capitalist mode of production whether or not it takes a dependent form.

(Weisskopf, 1976: 21)

And that, "in the contemporary world situation dependence appears neither in theory or in fact to be a major independent obstacle to economic growth or industrialisation" (Ibid, 1976: 13). Thus we can see that dependency arguments do not stand up to serious re-examination of their basic causal propositions. Other objections have been made concerning the conceptual structure of the theory.

According to Bernstein (1979) the dependency school, despite its radical ideology, took its underlying model of development from the modernisation school. It was a model of an idealised version of capitalist development portrayed as autonomous and self-centred with full employment and social services. This picture was taken as a 'norm' with which underdevelopment, a dis-norm, was contrasted. Bernstein (1979: 91) states:

That world economy is as much a condition of existence of advanced capitalist economies as of underdeveloped ones; that the bulk of international capital flows and trade takes place between the advanced capitalist countries; that production for the international market has been important throughout the history of industrial capitalism; that the internationalisation

of productive capital, the interpenetration of capitals, and the internationalisation of production processes, they increasingly entail, are of central importance to the advanced capitalist economies; that, in short, they are no more 'autonomous' than the underdeveloped economies - all this is lost at the moment of making self-centredness the distinguishing attribute of 'development'.

(Bernstein, 1979: 91)

Phillips has also suggested that dependency arguments rest on "a contrast between development in the (underdeveloped countries) and an idealised version or type of development ... an ideal type of 'normal capitalist development' which serves as a measure by means of which we can recognise underdevelopment, an ideal type which ... does not correspond to the actual process of development in most of the advanced capitalist countries" (Phillips, 1977: 11). Because of this elementary mistake, the dependency school condemned capital because it was not sufficiently 'national' (Ibid: 19). Equally, one might add, exports were often viewed with contempt because they were taken as a mechanism of dependency on international capitalism (Cardoso, 1972).

These criticisms of the dependency conception of development are very useful because they have shown what was intrinsically wrong with the theory. Notwithstanding this, writers on the Tanzanian scene have continued to work with conceptual schemes derived from dependency theory and have not thought through the implications of its critique. For instance, Von Freyhold (1979), Shivji (1976), Saul (1979) and Coulson (1979) have persisted in analysing Tanzania's policies in terms of either its efforts to eliminate dependency or its failure to do so. When the Tanzanian government under the strain of the economic crisis of 1974/75, was forced to find solutions, critics again argued in terms of the failure of the state to implement socialism (Raikes & Boesen, 1976; Tschannerl, 1976) rather than in terms of the failure of their own theories. For the radical writers theoretical advance appears to

have slowed down, with the interesting contribution of Mueller (1980) coming from a very different, anti-dependency perspective.

I would argue that it is wrong to approach Tanzania's development experience in terms of the 'need' to break with dependency and/or failure to achieve this goal. As a second point, I would argue that the pattern of Tanzanian policy before and since the Arusha Declaration is incapable of being explained in class-interest terms.

In the first place the radical writers do not succeed in explaining away apparent contradictions between the types of policies pursued and what one would have thought to be the class interests of those in power. In order to explain such 'progressive' policies as those of the Arusha Declaration and Mwongozo, not only Saul but also Von Freyhold and Shivji have to go 'outside' their own methodologies. Thus, while Saul identified a 'progressive wing of the petty bourgeoisie' (1975: 18), Von Freyhold is forced to distinguish between "nizers" and "individual nizers" (1975: 18) and Shivji resorts to 'a few progressive and revolutionary leaders' (cited in Saul, 1975: 21). When it comes to explaining the failure of the Arusha Declaration policies to eliminate Tanzania's dependency there are other contradictions. Shivji (1976) and Von Freyhold (1979) argue that the state has become a partner of international capital. But it is far from clear what those in power have gained from this alliance, given Tanzania's chronic economic problems and stagnation.

Secondly, the explanation of policy changes and reversals in terms of class struggles is unconvincing. For instance, Shivji explains the demands to replace private trade with co-operatives in terms of the "class-struggle between the commercial bourgeoisie and the petty-bourgeoisie". The decision to dissolve the co-operatives in 1976, after having replaced private trade, is also explained by Shivji in

terms of the class interests of the bureaucratic bourgeoisie, because it enabled the latter "a further penetration of the economy" as a prelude to creating its class base on the foundation of state ownership (Shivji, 1976: 74-76). But how would Shivji explain the reversals of these policies in 1982, when the very same bureaucratic bourgeoisie re-instituted the co-operatives? The methodology of class-interests fails to offer an adequate explanation.

Thirdly, examples of mis-management of public funds, corruption or the inability of Government to take necessary action are given an artificial aura of rationality so that they can be explained on the basis of class-interests. Svendsen's (1977) description of Phillip Raikes's analysis of Tanzania aptly summarises the point. Raikes

... presents a model whereby irrational action in Tanzania can be explained by the interests of the state bureaucrats in increasing its income, career opportunities and power and control over the population. What appears to be odd and incompetent behaviour of officials turns out to be rational action as it strengthens the position of the bureaucratic class.

To take another example, Resnick (1981: 169) outlines various types of abuses which have taken place in the Government:

Some ministries failed to keep adequate records and at one point one ministry did not know on what it had spent more than \$5 million over and above its original allocation, more than one year afterwards.

The Ministry of Finance labelled the orgy of spending 'recklessness and negligence' and warned that the deficits created would, at the very least, endanger the internal and external economic positions ...

Still the ministries refused controls, and some of the disasters of the mid-1970s must be laid at their doors.

The means of control and sanction existed, but neither the ministries with such power, nor the cabinet, nor the president, were willing to exercise them.

These examples are used by Resnick to illustrate how the "privileged classes continued to exploit peasants and workers after 1967 ... this took many forms, including industrial acts for direct personal gain, institutional manipulation, and the use of power by relatively large groups to advance, consolidate, or avoid the erosion of their privilege" (Ibid: 166). Resnick thus gives a 'rational', class-interest explanation for the inability of the Government to assert its control but such an explanation ignores the fact that the Government's inaction creates the conditions for its own loss of legitimacy and in the long run may lead to its downfall. Plunder is different from the rational pursuit of class interests. While the latter creates conditions favourable to political stability and economic growth, the former leads to destabilisation and economic stagnation.

The explanations offered by the intellectual left - to conclude - have failed to explain a number of issues which they themselves identified as central. An incorrect formulation of the nature and causes of Tanzania's economic backwardness had led to a concentration of the wrong problems and the proposing of unrealistic solutions. By postulating development as a necessarily independent and autonomous process, and seeing this as a potentially achievable alternative, these writers have deflected attention from real problems.

Secondly, their stress on class-interests in analysing the adoption and ultimate failure of Tanzania's radical policies also produces inadequate explanations. Nowhere is a convincing account given of the link between class interests and policy decisions. In fact, the examples chosen to illustrate this link fail to explain what they are supposed to explain. On this basis I would argue that radical writers have been unable to extend our understanding of the Tanzanian situation, and that they have failed to increase our knowledge of both



developmental and theoretical issues. As Whitehead pointed out:

The main evidence that a methodology is worn out comes when progress within it no longer deals with main issues.

(cited in Moore, 1958: 111)

Reginald Green: analysis as apologia

While the radical intellectuals may be accused of naivety in their analysis of Tanzania's development, no such accusations can be levelled against Green. We saw that although Green accepted the dependency definition of development, equating it with the creation of an independent national economy, he nevertheless differed from the radical writers who argued that it was necessary to break off links with international capital. Green argued that the export sector was necessary to Tanzania because of its capacity to earn foreign exchange. Without foreign exchange, Tanzania could not buy the intermediate and capital goods needed to expand local manufacturing. There is, however, a major defect in this type of development strategy. This is that recurrent balance of payment crises are inherent within the strategy itself. This can be explained in the following manner. In the Tanzanian context, a development strategy based on agriculture for foreign exchange and taxation for local revenue to finance import-substitution type industries catering for the domestic market means that essentially weak sectors of the economy are made to finance demanding and expanding sectors of the economy.

In relation to taxation, a limit can be reached very fast in a country with a very narrow tax base owing to the large size of the subsistence sector. Relying on agriculture as <sup>the</sup> source of foreign exchange and government revenue is dangerous, because of its dependency on world-

market fluctuations and unstable weather conditions. Tanzania's export crops are also weak in terms of their purchasing power on the world market. Finally the low technological level of Tanzania's predominantly peasant agriculture precludes a very rapid increase in the agricultural surplus.

The second type of weakness associated with financing a process of import-substituting industrialisation from the export of cash crops is outlined by Schydrowsky and Wicht (1978: 27).

A central tenet of import substituting industrialisation is that industry must grow at a faster rate than the primary sectors of the economy. Since industry requires imported raw materials as an input, its rapid growth means that the demand for imported inputs and hence for foreign exchange, will also grow very rapidly. The supply of foreign exchange, however, is provided by the primary sectors, which grow more slowly. For a time this divergence in rates of growth of the demand and supply of foreign exchange is sustainable. In part this is so because industry grows from a much smaller base than the primary sectors, and in part because of the foreign exchange savings which the import substitution process itself generates. The time comes, however, when the level of demand of raw materials has become such that the fast rate of industrial growth completely outstrips the ability of the primary sectors to supply the foreign needs thus generated. At that point, a balance of payment crisis arises and the industry must stop growing.

According to Schydrowsky and Wicht, the self-limiting nature of this type of development strategy is also self-perpetuating. Since the central policy element in the strategy of import substitution is protection, the prices of industrial products are above those in the international markets and are often not of good quality. The more mature the import substitution process the higher the industrial cost level of the industrial system becomes compared to world cost levels. When the balance of payments crisis occurs as the result of the divergent growth

rates, the country finds it difficult to export its manufactured goods, since costs are too high.

Thus Green's broad development strategy carried within it serious problems. A second major type of weakness in Green's analysis of Tanzania's development process is his tendency to hide and therefore obscure serious defects. We can see this in various of his writings.

Green views problems as extrinsic to policies. Thus, economic problems tend to be viewed as having external origins. The drought of 1973/74 is treated as a 'natural' disaster, and no attempt is made, for example, to investigate the effects of low prices on production (1974a: 44; 1977a: 251). Inflation is also treated as a wholly and unexpected factor (1974a: 44; 1977a: 251). It is difficult to see how Green, given his commitment to import-substitution, can regard imported inflation as exogenous to national policy considerations. As a result of this methodology of viewing problems as external to policies, Green is unable to predict crises (1977b: 13, 23). For instance, in 1977 Green wrote:

Public finance and domestic savings are to pose continuing difficulties but no major crises over 1976-81.

(Green, 1977b: 23)

In 1974/75 Tanzania experienced her first major economic crisis. Green explained the crisis in terms of external factors. Thus:

External events in late 1973 and 1974 combining to create a major crisis for Tanzania.

(Green, 1974b: 44)

Green has found it increasingly difficult to explain away problems with external constraints arguments. He has been forced to acknowledge that certain problems may be derived from policies. For instance, he has

noted that political policy decisions (on major national issues) are often taken without official (ministerial) participation and this leads to low output. But such an approach, we are told,

Must be weighed against the failure to overcome inertia and to achieve any serious dynamic of development which is likely with pure incrementalism.

(1979: 22)

Green has to accept that inefficiency has become a chronic problem. But he argues that efficiency is definable only in relation to a set of goals. When these are not complementary, efficiency cannot be evaluated without taking into account gains and losses in respect of each goal, and often as well without looking at a set of institutions and policies together. Green states:

Tanzania has not been efficient in raising exports: to the extent this has reduced its capacity to mobilise surplus and has increased its dependence on foreign funds, it is relevant inefficiency; to the extent it was the price of re-orientating productive structure towards domestic ones, it is not.

(1979: 40-41)

If the price of re-orienting productive structures towards domestic funds is the stagnation of all other economic-social development, then might one not have expected Green to have questioned the wisdom of the goal itself?

Green also resorts to blaming particular groups of people for policy failures. The 1971 mini-crisis is explained by Green in relation to "foreign-consultant-designed restructuring" (1980: 14). He does not blame rising consumer-goods prices on scarcity of goods, but argues that "the egalitarianism has led many retailers to leave, and the others to feel that they should raise margins to make money while they could" (1974a: 42). The tendency to explain essentially economic problems

of development in socio-political terms deflects attention from the study of those problems and therefore of their solutions. Finally, Green argues that implementation is the major cause for policy-failures (1974a: 31; 1977b: 25). Again, implementation problems are viewed as extrinsic to policy-making.

Thus as late as 1979 Green could argue that Tanzania's problems "are problems of success and not of failure" (1979: 42) and that:

Tanzania's record of progress towards its goals, and of overall efficiency in achieving that progress, needs no special apologies or rationalisation.

(Green, 1979: 42)

Green can write the above passage without being able to grasp the irony of self-recognition. His methodology of viewing problems as extrinsic to policies is unable to explain Tanzanian reality. This situation has forced him to rationalise faulty and defective policies.

#### From political institutions to development problems

The work done by political scientists has been more valuable in comprehending the Tanzanian development experience than work done by other social scientists. Most of their analyses are of relevance in understanding crucial problems of development in Tanzania. For instance, most political scientists writing in the early 1960s highlighted the conflict between the Party and Government (Pratt (1976), Hopkins (1968) and Leys (1972: 187-195)). This conflict was serious enough to warrant constitutional changes. These works show that the state in Tanzania was not homogeneous. Unfortunately, these findings have been ignored by other social scientists, especially the radicals who have continued to portray the state as a unitary entity. However, one of the weaknesses of the early political scientists has been their general inhibition about

studying the implications of the political system for development itself.

The Tanzanian political scientists (Msekwa, 1977; Mwansasu, 1979) have continued the tradition of studying the Party to its fruition of supremacy. But they have failed to look into the more intricate problems of how the Party formulates its policies, and to look into the relationship between Government and Party under conditions of Party supremacy. These writers have also failed to assess the Party's capabilities in performing its full functions and the types of problems it is confronted with. Most of the analyses, though important because of the information they contain, tend to be descriptive rather than problem-orientated. In this way, they have remained of little theoretical or practical value to enable us to understand the problems of the Party.

Hyden's study (1980) has been a great contribution to the understanding of the Tanzanian experience. I am sympathetic to most of Hyden's explanations, which are similar to the position I hold in this thesis. Our positions vis-a-vis the Marxist class analysis of the Tanzanian experience appear to be similar. Hyden's argument that it would be fruitful to understand the Tanzanian experience from "an analysis of the actual policy experience" (Hyden, 1980: 123) is similar to my position - as my criticisms of the radicals show.

The second similarity between Hyden's study and my own is that he analysed two policies, Ujamaa and Mwongozo, and showed the consequences of wrong policies for development. I have attempted to use the policies on internal trade and private capital, as well as Ujamaa, to illustrate the consequences of policies which ignore economic considerations.

But there are also divergences of view between Hyden and myself.

Hyden's major theoretical and empirical weakness rests on his argument that capitalism failed to develop the African economies, especially Tanzania. This argument is crucial in Hyden's thesis because, as we saw, it forms the premise upon which he builds up his whole thesis, namely the emergence of policies based on the political-market. And yet it is here that his arguments are weakest. Hyden sees the failure of capitalism to develop African economies in the continued existence of the peasant mode of production, which is self-sufficient and independent of the wider socio-economic system. As a result the peasants are autonomous from the state, they do not need the state because peasants can satisfy their needs independently of the state, while the latter is dependent on the peasants for foreign exchange and food. The relationship between the two has been characterised as a tug-of-war, with the state trying to integrate the peasantry into commodity production, and the peasants resisting.

But historical evidence on Tanzania has shown that peasants were producing very effectively for the market (Coulson, 1982: 167 ). Although Hyden accepts this improvement in agriculture, he dismisses its relevance to his own arguments by stating that "the petty-capitalist farmers were the main beneficiaries of the improvement approach" (Ibid: 81). I would argue that it may be more fruitful to explain the existence of the peasant mode of production in Tanzania in terms of the specific historical factors rather than as evidence of the failure of capitalism to develop the economy. As I hope to explain in Chapter One, the lateness of Tanzania's integration into the world market, aggravated by the interruptions of historical events, hindered the process of integration of the peasantry into commodity production. In fact, it was only between 1950 and 1960 that commodity production could develop properly.

It would appear that Hyden did not make a distinction between the more specific experience of Tanzania and the idea of capitalism in general. Despite his opposition to the tendency of western analysis to impose their historical experience on theorisation about Africa, Hyden expects that capitalism should have the same effect in Tanzania in particular as it did in Western Europe, that is, to eliminate pre-capitalist relations. I would argue that Hyden's explanation for the failure of capitalism to eliminate pre-capitalist social relations in Tanzania defeats his own methodological principle that:

We cannot presume a 'defined' reality a priori as a guide for our understanding of the African development problems because our models are built on different historical experience.

(Hyden, 1980: 259)

I would argue, therefore, that Hyden has not given convincing reasons for speaking of the failure of capitalism to develop Tanzania. This weakness affects his other arguments as we shall see.

The second major weakness in Hyden's work is his failure to look into the struggle between the Party and Government. Hyden argues that the change of policy from reliance on the market to use of the political-market place was brought about through the difficulty of getting at the peasants through market forces. According to Hyden:

African politicians have tried to replace the market forces with a political market-place.

(Ibid: 30)

The replacement of policies based on economic considerations by those based on political considerations was brought about, not by the failure of capitalism as Hyden argues, but rather by the conflict between the two organs of the state. Hyden fails to focus attention on this crucial relationship between the Party and Government, and appears to



have ignored previous writings by other political scientists on this subject. Although Hyden correctly points to the consequences of Ujamaa and Mwongozo, which led to the breakdown of the modern economy, he does not give sufficient weight to the institutional arrangements of policy-making in Tanzania and the specific way in which the Party formulates policies. By ignoring his earlier writings (1979) Hyden isolates the political-market context of policy-making from institutional arrangements.

A final reservation which I have about Hyden's approach is the following. We saw that most radical writers have emphasised ideology, mobilisation and the creation of political cadres as instruments for creating socialism. Hyden, on the other hand, argues that these instruments are ineffective because the peasants are autonomous from the 'state': they can satisfy their basic needs independently of the 'state'. This situation forces the 'state' to approach the peasants in the context of a zero-sum game (Ibid: 229) and, argues Hyden, it has forced the Party to adopt coercive and authoritarian measures to reach the peasants. In fact, Hyden states that "unless they apply coercive measures to change the premise of peasant action" (Ibid: 225), peasants' autonomous existence will continue and will defeat the development to a socialist or capitalist economy.

But authoritarianism as a policy measure must surely be seen as evidence of failure rather than as a means to success. It is not clear what levels of state violence might not be justified in these terms. Moreover, policies which tend to justify unpopular means by the ends could well undermine the political legitimacy of the Party, and hence alienate the very people the Party aims at supporting. Hyden's attempts to legitimise coercion as an option in development strategy should cast

grave doubts on some of his ideas.

### Conclusion

In concluding this section we can say that the failure of Tanzania's post-Arusha policies to attain their objectives has not been satisfactorily explained. The argument of the radicals that Tanzanian socialism was sabotaged by the state bureaucracy is unconvincing in that it appears to imply that officials deliberately promoted the decline in the country's economic growth rate in the 1970s. In addition, the assumption that the bureaucracy and/or the state as a whole has a unitary 'character' seems difficult to sustain in the light of analyses by political scientists.

The explanation offered by Green (1974a; 1974b; 1980, 1979) that Tanzania's pursuit of socialist and self-reliant goals was hindered substantially by 'external' factors of various kinds is only superficially convincing. Tanzania is indeed dependent, as other countries are, on external factors such as the price of oil and other imported inputs. Together with strictly fortuitous factors such as the prevailing weather conditions, difficult international conditions played an undeniable role in Tanzania's recent development. However, this line of interpretation appears to ignore clear evidence suggesting that the main external constraints on Tanzania's development plans came into effect as a consequence of the policies pursued domestically.

Hyden's explanation that the failure of policies based on economic considerations led to the adoption of policies based on political considerations is not very convincing. His argument that the policies of Ujamaa and Mwongozo failed because they were mistaken is correct but provides an insufficient basis for understanding the Tanzania experience. The persistent pursuit of inappropriate policies by rational and

intelligent policy-makers itself has to be explained and is of sociological interest.

A common feature of the radicals' and Green's interpretations of Tanzanian development problems is that all rely on explanatory considerations which are extrinsic to the basic policy options. Thus, in one form or another, the writers referred to take for granted the consistency and viability of dependency-influenced policies as instruments for creating socialism. Hyden has attempted to rectify this theoretical deficiency by arguing that the failure of Ujamaa and Mwongozo were the result of intrinsic weaknesses in the policies. However, he adds that these were specific failures rather than signifying the failure of a particular policy-making style, which might bring him under the same criticisms. All these writers exempt key elements of the theoretical basis of Tanzanian policies from critical scrutiny. All also ignore the effects of the political system on the development process. Herein lies the case for a fresh approach. I would argue that the particular type of institutional arrangements evolved for policy-making and implementation introduced chronic difficulties into the Tanzanian process of development.

THE THESIS: ORIENTATION, SOURCES AND STRUCTURE

Orientation

A major preoccupation of this thesis is with how social scientists have interpreted the Tanzanian development experience. This is of obvious interest because it can lead on to new interpretations and understandings of the Tanzanian experience. At the same time, a re-examination of the standard explanations becomes a theoretical problem to the extent that more general bodies of concepts and propositions inevitably come into play. The aim is to weld together empirical inquiry and theoretical concerns, and to subject theoretical propositions to critical scrutiny in the light of empirical data.

The thesis seeks to identify the causes underlying the Tanzanian experience, and more specifically confronts three questions. First, which body, the Party or the Government, formulated the different policies at each stage between 1962 and 1982? Second, what conditions, including what theories or conceptions of development, influenced the formulation of these policies? Third, to what extent can the failure of policies be attributed to the conflict between the Party and the Government and to the conceptions of development each supported?

The thesis will thus pursue three major themes in relation to the period under investigation 1962 and 1982. First, it will focus attention on the relationship between the Party and the Government. This line of enquiry will help to evaluate the hypothesis that the state in Tanzania is not the homogeneous and omnipotent entity which it has been assumed to be by most of those who have sought to construct theories on the subject (Goulbourne, 1979a).

The second theme is the views of development prevailing in Party

and Government circles between 1962 and 1982. For the period up to 1965, emphasis will be placed on how the Government formulated policies in major areas of the economy, and the Government's conception of development will be described. Government-formulated policies were criticised by leading Party members, especially the Regional Commissioners who dominated both the Party and Parliament. The view of development underlying these criticisms will be outlined. This line of enquiry will enable me to show that policies, as well as policy demands, were determined by the beliefs and understandings about developmental problems held by different groups policy-makers, but that they did not correspond to the class interests of those in power as has been commonly assumed.

The third theme I propose to investigate will be the socio-economic consequences of the implementation of such policies. I hope to illustrate empirically the types of problems that are generated as a result of an institutional arrangement of policy-making after 1965 which separates policy-formulation from policy-implementation and tends to exclude economic considerations from the former. This line of enquiry will enable me to show that the problems Tanzania is experiencing are not merely the result of implementation difficulties, of exogenous constraints or of class-sabotage, but that they are inherent within the policies themselves.

At one level, these three themes form a critique of the various academic explanations reviewed in the last section. At another level however, they form an alternative explanation of the Tanzanian development experience. The three themes are logically interrelated because each theme creates the conditions for the emergence of the next. As a result, all three themes appear in varying degrees throughout the three Parts into which the thesis is divided.

The first theme - relations between Party and Government - leads on to a consideration of the opposing views of development held by the Party and the Government respectively. The latter's view, I shall show, took economic considerations as the principal inputs into policy-making. The former based its conception of development on redistributive goals and objectives relating to control of the economy. I argue that the co-existence of these two views of development created an ambiguous situation in Tanzania development policy despite the efforts of the Government to create a development consensus.

The conflict between Party and Government which existed immediately after independence was resolved constitutionally in the 1965 Interim Constitution, which made the country a One Party State. The Constitution, however, created conditions in which the Party over the years, increasingly assumed powers to formulate policies. This emerging institutional arrangement lent weight to the Party's view of development and to its tendency to regard economic constraints and implementation problems as secondary. In the decade after the introduction of the Interim Constitution, I show, this attitude hardened, and was elevated into a consistently 'political' approach to development.

This leads directly to the third theme, that of the consequences of a style of policy-making which ignores economic considerations and implementation problems. This style came into the fore especially between 1969 and 1974, when the Party increasingly took responsibility for formulating policies and adopted an increasingly 'political' approach. It was consolidated by the growth of the Party to a de jure supremacy in 1975. As I shall show in detail, Tanzania's development experience and its problems are best understood in relation to these facts. Hence, the economic crises of recent years are the result of these internal

problems as well as of external ones, while what are commonly considered mere implementation problems are properly seen as the result of faulty policy-making.

### Sources

The major sources which have been used for this investigation include policy statements from the Government and the Party (1962-1982), and Presidential statements about the relative roles of Government and Party. From these two sources the differing positions of the Party and the Government, and the official responsibility of each organ in policy-making, have been ascertained in a preliminary way.

However, the interpretation of these statements and the conditions underlying them have been investigated further by looking at the records of various official bodies which discuss policies. These include the Parliamentary debates (the Hansard), some minutes of the National Executive Committee of the Party and those of the Central Committee of the Party, the Annual Conference of the Party and various Government bodies (including individual ministries). Most of this material is in Kiswahili and had to be translated into English.

In addition, some 25 interviews were obtained with high-ranking Party and Government officials. The time spent on each interview was not less than three hours. The major theme underlying most of the questions was the relationship between the Party and Government in relation to policy-making. Some of the information gathered in this way cannot be directly attributed to individuals because of commitments to confidentiality. Therefore references have been given using a form of words which indicates the approximate location and responsibilities of the interviewee without endangering his or her anonymity. A list of interviews and

their corresponding dates is contained in the appendix. Newspapers, The Nationalist (1962-1969) and The Daily News (1975-1981), as well as secondary sources have been used to fill in some gaps and check interpretations.

### Structure

The thesis is divided into three major parts. Parts One and Two make a thematic and chronological analysis of the Tanzanian experience from 1962 to 1982. Part One looks at the period before the Arusha Declaration when development policy-making was chiefly the province of Government; and Part Two covers the period 1967 to 1982 when policy-making was effectively in the hands of the Party. Throughout the two parts an attempt has been made to trace out consistently the three major themes: the relationship between the Government and the Party; the views on development held in the Party and in the Government, and how these influenced the types of policies pursued; and the types of problems that were generated by policies based essentially on 'political' considerations.

Part Three contains case-studies of three major policy-areas, private capital, internal trade, and agriculture and rural development. In each of the case studies an attempt has been made to show the types of problems that are generated by a policy-making style which ignores the consideration of implementation problems. This sector-by-sector approach highlights in relation to specific policies and relying heavily on empirical materials the themes traced out in Parts One and Two, the relationship between Party and Government, and the contrasting views on development of the two organs of the state. In this way, Parts One and Two are reinforced by Part Three, and the latter is explained by the



first two parts.

The Introduction has examined the three major scholarly interpretations of the Tanzanian development experience, namely, the radical neo-Marxist position, the 'pragmatic dependency' approach and the work of political scientists. The argument has been that these interpretations have failed to give a satisfactory explanation of the Tanzanian experience and that there is a need for a fresh approach. The remainder of the thesis sets out the argument that the Tanzanian experience is best understood in relation to political-institutional arrangements and the contrasting views of development held by those responsible for policy-making and implementation.

Part One, entitled 'Party and Government Roles and Conceptions of Development Before the Arusha Declaration', is divided into four chapters. Chapter One, 'Colonial Economic and Social Policies', provides a short review of major policies highlighting the features which were to affect the relationship between the Party and Government after independence. Chapter Two is entitled 'Political Institutions and Conceptions of Development', and it examines the institutional arrangements for policy-making and the conceptions of development prevailing in the different organs of the state between 1961 and 1963. Chapter Three, 'The First Five Year Plan and the Deepening of an Ambiguous Situation', expands on the theme of a conflict between Party and Government expressed in opposing views of development. This chapter looks at how the Government argued for the acceptance of the First Five Year Plan (1964-1969) in Parliament and how members of the Party in turn criticised the Plan. The chapter also examines the 1965 Interim Constitution of the One Party State and its consequences for Party-Government relations and views of development. The fourth chapter, entitled 'Outcomes of Policies Before

the Arusha Declaration', outlines the successes and failures of Tanzanian development policies between 1962 and 1966 and sets out the argument that policies of development which were implemented as a result of political pressures were already creating immense problems by 1966.

The second part of this thesis is called 'Development Policy-Making since Arusha: Party Ascendancy and Chronic Economic Crisis', and is divided into four chapters. Chapter Five, 'General Principles of Policy: The Arusha Declaration', analyses the various policies formulated as part of the Arusha Declaration. An attempt is made to examine the policies in terms of the President's, the Party's and the Government's views of development. It is argued that all three organs of the state were able to reassert their interests at different stages of the policy-making process.

Chapter Six, 'The Primacy of Politics in Development, 1969-1974/5', considers the growth of the Party from de facto to de jure supremacy in 1975 and the subsequent subordination of the Government. The most salient feature of this period is the adoption of a 'political' approach to development by all of the three organs of the state. A number of policies are analysed to illustrate this trend, implying the displacement of economic considerations from policy-making in new ways. The chapter argues that the real 'revolution' in Tanzanian policy occurred during this period and not with the Arusha Declaration as has been commonly assumed.

Chapter Seven 'The Failure of "Political" Policy-Making and the Economic Crisis of 1974-1975: Analysis of Academic Explanations'. This chapter looks at the outcomes of major policies such as Ujamaa and Mwongozo as well as at the economic crisis of 1974-1975. The chapter is concerned with the changes of policy that took place during this period and examines

the academic and non-academic explanations that have been offered for these changes and for the economic crisis itself. The chapter advances the argument that the failure of major development policies as well as the economic crisis can be largely accounted for by the nature of policy-making in Tanzania, which does not give due attention to economic problems.

Chapter Eight is entitled 'Party Supremacy and Chronic Economic Crisis 1979-1981/2'. It examines the 'liberalisation' type of policies pursued by the Government at this time and later reversed by the Party. It also looks into the period of economic crisis which began in 1979 and reviews the external-versus-internal-constraints arguments put forward by officials in Tanzania and the multilateral financial agencies respectively. For the latest period, the argument is that the conflict between the Party activists and Government still exists but that each organ of the state is now pursuing its own policies independently of the other and in different sectors of the economy.

Part Three is entitled Policies on Private Capital, Internal Trade and Rural and Agricultural Development 1967-1982, and looks into three major areas of development policy between 1969 and 1982. The analysis of these parts is relatively detailed and empirical. However, the depth of analysis achieved is necessarily rather uneven, and the discussion on agricultural and rural development policies relies substantially on the secondary literature.

This Part is divided into three chapters. Chapter Nine looks into the 'Policy on Private Capital' from 1967 to 1982. The chapter attempts to show that there has been a conflict between the positions of the Party and the Government on the role of private capital in Tanzania. The President alternates his support between one position and the other. The lack of a consensus has led to conflicting measures being pursued and has created a de-stabilising situation.

Chapter Ten: 'The Policy of Nationalisation of the Internal Trade System: 1967-1982' examines policy on internal trade from 1967 to 1982. The three themes of the thesis are analysed in relation to specific policy changes which occurred during this fifteen-year period. The chapter looks at the nationalisation of foreign import-export trade and the creation of the State Trading Corporation in 1967; the Presidential Circular which nationalised wholesale and sub-wholesale trade in 1970; and the 'socialisation' of the retail trade four years later. Each section is followed by an empirical analysis of the types of problems the policy generated in terms of its implementation.

Chapter Eleven, 'Agricultural Growth and Rural Development', examines this sector of the economy from 1967 to 1982 paying particular attention to the three themes developed throughout the thesis. Finally, the case is made out that today the two organs of the state, the Party and the Government, are pursuing policies independently of each other.

The findings of the thesis are summed up in a Conclusion.

PART ONE

PARTY AND GOVERNMENT  
ROLES AND CONCEPTIONS OF  
DEVELOPMENT BEFORE THE  
ARUSHA DECLARATION

As has been indicated in the Introduction the main concern of the thesis is with the interpretations of the failure of socialist policies initiated in the 1967 Arusha Declaration. However, the conditions which this thesis is examining as possible major contributors to this failure, that is, the conflict between the Party and Government and the conflicting views of development held by these two organs of the state developed before 1967 and particularly in the period between 1961 and 1967. It is this period with which this Part is concerned.

CHAPTER ONE

COLONIAL ECONOMIC AND SOCIAL POLICIES

This chapter is not an attempt to give a thorough socio-economic history of Tanzania before independence. Rather, it attempts to highlight certain socio-economic and political developments which occurred and which created the conditions in which differing views of development competed after 1961. Briefly, as a result of certain historical interventions, Tanzania was less integrated into the international commodity exchange system in 1961 than many other Third World, including African, countries. The most salient feature of the low level of development was manifested in <sup>a</sup>very low economic growth rate. Two views of development emerged, one based on re-distributive ideas and control of the economy, and the other on economic growth based on private capital. These two views of development co-existed and competed for control of policy making. The analysis in this chapter is directed solely to show the conditions which led to the creation of the two views on development.

When we examine Tanzania's historical economic development in the light of sociological theories of development four major factors assume significance. Firstly, the relatively recent movement of the Tanzanian economy into commodity production based on exchange; secondly, historical interruptions of both economic and political natures which affected the process and smooth development of commodity production; thirdly, a vast territory comprising 343,000 square miles of land making communications and administration difficult and finally, a harsh environment, associated with the prevalence of tse-tse fly and unreliable rainfalls in which agricultural activities took place.

As late as the 19th century when Egypt, Latin America and India were involved in production for the world market as well as in internal trade, Tanganyika, as it was then known, was still involved in trade based on plunder of ivory and slaves. Furthermore, the people of Tanganyika were still producing basically for their own subsistence and were divided into tribal groups. These facts do not deny that internal trade was beginning to develop (Roberts, 1969). But the process of peasantisation, that is, of producing for external and internal markets in a nationally defined territory, had not been established. This process only began in the 20th century but it was retarded by the intervention of global political and economic changes.

In the 19th century the Omani dynasty of Zanzibar controlled Tanganyika's trade of ivory and slaves but its political control of the mainland was weak. The Omani presence in the country was brought to an end when Britain allowed Germany to take over the mainland in the Anglo-German Treaty of 1886. This treaty formally introduced Germany's colonialism into Tanganyika, and the country became known as Deutsch Ostafrika.

Germany's first priority was to break the Arab monopoly of trade and assert its rule over the territory. Various economic policies were adopted by the Germans to replace the Arab influence, among these the replacement of the Zanzibar rupee by the German rupee, and the development of Dar es Salaam and Tanga ports to replace Bagamoyo. These measures were successful in isolating Zanzibar from its former trade activities. For instance, in 1911 Germany took 59% of the exports and Zanzibar only 10% compared with 22% in 1897 when 72% went to Zanzibar (Yaffey, 1970: 45).

Arab interests in the mainland did not accept Germany's administration

because it undermined their trade links with Zanzibar. A rebellion known as the Abushiri rebellion 1888 and 1889 developed, which was crushed. But between 1889 and 1895 there were nine further revolts against the colonial administration by the peasants, which culminated in the Maji Maji War 1905-6. Thus from its colonisation to 1906, it took Germany nearly twenty years to merely establish its rule on the territory, and even then, problems of finance and manpower hindered total administrative control of the territory (Iliffe, 1979; Coulson, 1982; Coupland, 1938; Yaffey, 1970; Rweyemamu, 1973).

#### German colonial economic policies

The economic aim of Germany's colonialism was to make the colony self-financing so that the latter would not require imperial subsidies for its development and would at the same time contribute to the metropolitan economy. Self-financement of the economy meant that the territory had to generate its own revenue, local as well as foreign. This principle in economic development meant that the economy's production had to change from subsistence to production based on exchange. Furthermore, in order to obtain foreign exchange with which to pay for imports, the colony had to produce crops which could find value on a foreign market. This process meant that the composition of crops, direction of trade as well as organisation of production had to be changed to meet the requirements of a foreign market, which, under German colonialism, was metropolitan Germany. As a result, products which were required by the Germans - sisal, rubber, gold - were in turn developed in the territory. Likewise, the colonial Government had to introduce taxation both as a means of revenue-generation and as a method of forcing peasants to produce for exchange. Thus in 1897 the German colonial



administration imposed a Hut Tax which could be paid in produce, cash or work and in 1905 a Poll Tax was introduced.

From 1906 onwards the colonial administration tried to develop commodity production by promoting peasant-based agriculture activities. Rechenberg, for instance, the German Governor in Tanganyika (1906-1912) advocated the development of market infrastructure and trade as well as fair returns to the producers as a means of making peasants produce for the market. This policy was more successful than the experience of white settlement farming had been. Although by 1913 543,124 hectares of the best land had been alienated (Rweyemamu, 1973: 16), by the end of German rule, the territory had a diversified economy based on cash crops including sisal, coffee, cotton, tobacco, rubber, tea, vanilla and groundnuts. Apart from sisal which was a plantation crop, most of the crops were grown by peasants.

To facilitate the development of commodity production heavy investments were required in infrastructural development. Between 1897 and 1912 exports ranged from 36.4% to 63.0% of imports, indicating roughly the importance of the capital inflow which took place because of railway buildings (Yaffey, 1970: 43-45). For instance, the Northern Line served the sisal estates of the Tanga region and was extended to Moshi to serve the coffee producing areas in 1911. The Central Line from Dar es Salaam to the central region began, and aimed at exploiting peasant groundnut production. It reached Kigoma in 1914, and offered links to Rwanda and Burundi, which were then parts of Tanganyika, over to the Congo (Yaffey, 1970: 46). Apart from railway construction there were various other development activities which took place. For instance, Coulson (1982: 41) states that, "there was considerable investment. Maps were drawn, roads were built, towns were laid out, the country was explored for minerals,

schools and hospitals were opened, and important advances were made in medical and agricultural research". There were also a number of industries established ranging from small-arms ammunition, mines, spices, blankets, spinning wheels and important drugs and vaccines, soap and candle making. A dock was constructed in Dar es Salaam. ( ibid 72-73; Yaffey, 1970: 46).

Germany's colonial aim of making the territory self-financing was successful. Yaffey for instance states:

As the colony developed and tax and custom revenues expanded, the imperial subsidy stagnated. A development budget relying substantially on local revenue emerged.

(Yaffey, 1970: 43)

German rule created the need for local administrative staff especially since finances limited the employment of German officials. There was never more than 79 European administrative staff in the districts. This forced the German administration to emphasise education, both literary and technical, for Africans (Coulson, 1982: 41).

The significance of German colonialism of Tanzania was that it involved a traumatic experience for the peasants who resisted colonialism. The fact that it took Germany over twenty years to pacify the population testifies to this. From an economic point of view, however, it meant that it was only between 1905/6 - 1912, a period of only seven years, that commodity production based on market incentives could develop under conditions of relative colonial stability. But the fact that a development budget was evolved which relied mainly on local revenue also signified to the success of the economic policy.

This success, however, was short-lived. World War One interrupted the developmental process. Commodity production was changed and became

geared to food production to feed soldiers since the War was also fought in the territory. Some of the consequences the War had on the population and overall effects on production has been documented by Iliffe. For instance:

For civilians the primary emotion was fear. ... Danger existed for the civilian because his labour, food and local knowledge were needed by two armies (British and German) both determined to commit him to their side but neither able to guarantee the protection which made commitment safe.

(Iliffe, 1979: 251)

Requisition and drought produced famine and by November 1917, 'the worst famine in human memory occurred' (Iliffe, 1979: 269).

The dislocation of colonial central authority created problems. There was an outbreak of smallpox, which could not be controlled and the tse-tse fly spread to four regions and much cultivated land reverted to bush. It was only as late as 1924 that the colony's external trade regained its 1912 level (Iliffe, 1979: 263-270). Tanzania lost ten years of development initiative.

#### British colonial economic policies

The economic aim of British colonialism (1919-1961) which began when Tanganyika was handed over to Britain as a mandate of the League of Nations did not differ fundamentally from that of Germany in attempting to make the colony self-financing as well as to make it contribute to the metropolitan revenue. Britain relied on the market and taxation to increase the development of cash crop production and hence its revenue. This approach, however, was not always consistent because again, global economic and political factors intervened to lessen its effects on development. Secondly, Britain's economic policies were influenced by its attitude towards the territory. Unlike Germany, which aimed at making Tanganyika independent from the surrounding British territories.

Britain's policies aimed at linking Tanganyika progressively with Kenya on unfavourable terms.

Between 1920-1924 the colonial Government concentrated on re-establishing administrative control and getting the infrastructural facilities to function again. By 1924 the railways began to operate and exports attained their pre-war levels (Stephen, 1968: 41). Although there was a short term post-war prosperity based on high prices in the world market for cash crops, it was shortlived. The world depression from the late 1920s and 1930s led to loss of revenue for government. Revenue fell, for instance, from £2.0 million in 1929/30 to £1.7 million in the following year and to £1.5 million in 1931/32 (Yaffey, 1970: 55). The intervention of World War Two also affected commodity production:

... rural Africans had tended to move away from the cash economy back towards a subsistence way of life. Restricted export outlets, inadequate supplies and high prices of consumer goods, had discouraged a comparatively self-sufficient peasantry from making such effort to obtain cash. By 1945, the development of a cash economy was probably even less advanced than it had been in 1938.

(Ehrlich, 1966: 8)

Thus global economic and political events again disrupted Tanganyika's economic development. We could argue that between the 1930's depression to the after effects of the Second World War Tanganyika again lost more than ten years of development initiative. These problems were further aggravated by Britain's policies towards the territory.

Britain preferred to view Tanganyika as part of her East African territories and measures were undertaken to integrate her with Kenya on <sup>an</sup> unfavourable basis especially in relation to her infrastructural development. For instance, the policy of equalisation of freight rates between Kenya and Tanganyika ensured that goods went through Kenya thus

incurring revenue loss to Tanganyika's railways and ports. As a consequence derived from this policy, Kenya's railways and ports were further developed and improved, while those of Tanganyika were not (Yaffey, 1970: 57-58). Likewise, the customs union between Kenya/Tanganyika border from 1923-1967, caused Tanganyika to lose revenue to Kenya (Coulson, 1982: 73).

A similar pattern can be seen in relation to industrialisation and the role of private capital. Britain reversed Germany's policy of promoting industries in Tanganyika but allowed Kenya to industrialise as early as 1923 (Coulson, 1982: 73). The political ambiguous status of Tanganyika also created uncertainty for private foreign capital. Thus during the inter-war period the status of Tanganyika as a mandated territory of the League of Nations made it a risk area for British capital investments. These uncertainties were increased even more before the Second World War when handing Tanganyika back to Germany became a real possibility (Yaffey, 1970: 37, 52). Thus it was only between late 1940s and 1950s that a limited amount of foreign investments occurred in the country. Tanganyika's economic development occurred mainly through official grants and loans (Yaffey, 1970: 53). This meant that there was an interventionist role of the state in development.

The period from 1945-1960 was important in Tanzania's economic development because it brought in a new set of conditions which allowed for an annual economic growth rate of about 5%. (World Bank, 1961: 25). Various factors account for this 'upturn' in the economy. First, in 1945 the first Development Plan was drawn up. It was based on a ten year period 1946-1956 and emphasised infrastructural development. Secondly, the Korean <sup>war</sup> boom in export prices (1949-1951) helped to increase

funds for development. Thirdly, for the first time there was an emphasis on the policy of developing industries based on local raw materials for export to neighbouring countries. Both European and East African Asian capital was invested in Tanzania during this period.

The major emphasis given in the Plan was to develop the infrastructure, which would enable more rapid economic growth to take place. As the report of the Development Commission states:

... prime consideration has been given to the basic requirements upon which the economic development of the country must depend. Emphasis has been given, therefore, to communications, water supplies, and the development of natural resources.

(Stephen, 1968: 80)

There was also greater emphasis given to improving peasant agriculture and cattle practices. The Plan had about 40 schemes designed to arrest soil deterioration and improve productivity. The largest projects were in Sukumaland, Mbulu, Usambara, Pare and Uluguru. The character of the schemes varied but required culling of excess cattle, changing cultivation practice, bush-clearing and provision of water supplies (Stephen, 1968: 85). The aim was to improve peasant production.

The emphasis on the manufacturing sector also began to attract foreign capital though on a limited scale. Liebig Extract of Meat Ltd. and Metal Box were some of the examples of the few that invested in this area (Yaffey, 1970: 63; Coulson, 1982: 79). From 1959 onwards Asian capital began to invest in Tanzania diversifying from Kenya and Uganda so as to spread the risks. Such families as the Madhvani which had factories in Kenya and Uganda began to invest in Tanzania. A Tanganyikan Asian who began to invest in industries was Chandes, who built up the grain-milling and oil crushing industries in Tanganyika (Coulson, 1982: 170). The manufacturing sector was thus developed by private capital.

By 1961 the Tanzanian economy <sup>however</sup> was still dominated by agricultural activities. Forty per cent of money incomes was derived from exports, and 80% of export earnings came from the agricultural and livestock products against 13% of minerals (Plan 1961/2 - 1963/4: 2). Subsistence activities, however, predominated in the agricultural sector. About 40% of the Gross Domestic Product was represented by the subsistence activities. This reflected the economic backwardness of the country since it was outside the monetary sector. Government was deprived of its produce, labour, revenue as well as market. The following table illustrates this:

TABLE 1.1

	<u>GROSS DOMESTIC PRODUCT</u>					£'000
	1955	1956	1957	1958	1959	1960*
Gross Domestic Product - Monetary	81,760	89,335	92,941	97,945	106,231	113,860
Gross Domestic Product - Subsistence	64,984	63,085	69,414	69,147	70,881	71,551
	146,744	152,420	162,335	157,092	177,112	185,411
Domestic Product-Monetary as per cent of Gross Domestic Product	55.8	58.5	57.1	62.3	60.0	61.4*

\*Preliminary Estimate

Source: Plan 1961-63: 4.

The final characteristic of the economy was the interventionist role in development taken by the colonial government. About one third of total capital formation was made by the public sector (including the East Africa High Commission) and the remaining two thirds by the private sector. This is illustrated by the following figures:

TABLE 1.2

<u>GROSS CAPITAL FORMATION AT MARKET PRICES</u>							
SECTOR	1954	1955	1956	1957	1958	1959	£ '000 1960*
<b>A. PRIVATE</b>							
Building & Construction							
Monetary	5,408	4,323	4,888	5,825	5,350	4,328	4,904
Subsistence	4,203	4,266	4,330	4,600	4,681	4,751	4,841
Machinery & Equipment	6,133	9,426	9,073	9,274	8,887	9,438	11,434
TOTAL PRIVATE	15,744	18,015	18,291	19,699	18,918	18,517	21,179
<b>B. GOVERNMENT</b>							
Building & Construction	6,807	7,101	7,404	7,798	7,187	7,032	7,004
Machinery & Equipment	3,407	3,803	1,919	2,036	1,296	1,028	1,180
	10,214	10,904	9,323	9,834	8,483	8,060	8,184
GRAND TOTAL	25,958	28,919	27,614	29,533	27,401	26,577	29,363

\*Preliminary estimates

Source: Plan 1961-63: 4.

Public investment was mainly concentrated on the building of infrastructure while private capital formation took place mainly in plantation agriculture, manufacturing, building, industry, transport and distribution (trade). The role of private capital, though limited in comparison to Kenya, was nevertheless crucial.

The economic conditions of Tanzania in 1961 and her economic history was likely to affect attitudes to development after independence. The salient feature was that almost 40% of GNP came from non-monetary sources



in 1960, capital investment came largely from public sources and Tanzania had suffered disadvantages both in the world and East African markets. The Tanzanian experience would be likely to create fairly widespread suspicion - or at least not encourage easy acceptance - of conventional views of economic development.

### Colonial social policies

The social policies of the British colonial government were dominated by the racial division of Tanzania. The tables gives the population of Tanganyika divided into the major racial categories:

TABLE 1.3  
POPULATION OF TANGANYIKA  
SELECTED YEARS, 1910-1965

(thousands)

Year	African	Asian	Europeans
1910	4,700	8.7	3.7
1920	4,900	9.7 <sup>a</sup>	5.3 <sup>a</sup>
1931	5,800	32.0	8.2
1940	6,500	34.0 <sup>b</sup>	9.1 <sup>b</sup>
1950	7,730	76.8	14.9
1961	9,400	102.4	22.3
1965	(est) 10,450	120.5 <sup>c</sup>	21.1 <sup>c</sup>

- a: 1921 figure
- b: 1938 figure
- c: 1963 figure

Source: Stephen, 1968: 31.

But despite the African preponderance and despite the terms of the Mandate which stated that Britain was

... to promote the political, economic and educational advancement of the inhabitants of the trust territories, and their progressive development towards self-government or independence as may be appropriate to the particular circumstances of each territory and its people ...

(Stephen, 1968: 76)

British social policies were governed by the principles of racism, which structured the allocations of funds. For instance, the Holmes Commission on the civil services of the East African territories had recommended and the Governor of Tanganyika had accepted the principle that junior and senior branches be differentiated by race (Stephen, 1968: 195). Until 1955 Government salaries for Africans were three-fifths those paid to Europeans, regardless of the job performed (Ibid). As a result of this discrimination, Europeans occupied the higher administrative positions of government as well as in the commercial enterprises and plantations, Asians occupied the middle positions as traders and clerks, while Africans were at the bottom of the strata consisting of workers and peasants. Racism thus came to consolidate the class structure that was already present.

Equally, discriminatory wages and salaries as well as racism determined the composition of residential areas. There were European, Asian and African residential areas. The latter were characterised by over-crowding and lack of basic amenities, such as roads, drainage, and water supplies (Stephen, 1968: 103).

Policies based on racial discrimination also affected the allocation of resources in education. For instance, when the colonial government divided funds derived from the sale of German property confiscated during World War Two equally among the three main races for their respective

educational system, Nyerere pointed that 'equality' meant:

720 shillings for each European child, 200  
shillings for each Asian child, and only  
2 shillings for each African child.

(Stephen, 1968: 128)

A similar principle was also used in the nomination of the unofficial members of the Legislative Council and Executive Council. The principle of parity of representation of the three racial groups was applied for the unofficial members of both Councils despite the predominance of Africans (Taylor, 1963: 135).

Although the colonial government had accepted in principle that Tanganyika was to develop along the West African model, nevertheless, land alienation occurred. By the end of 1951 for instance, the total area alienated to non-Africans, including companies and missionary bodies, was 2,284,434 acres. Of this area, 1,333,487 acres were held in leasehold and 950,947 acres in freehold (Taylor, 1963: 116). Furthermore, the alienated land was usually the most fertile.

While the economic development of Tanzania in the colonial period did not encourage widespread acceptance of conventional views of the means of achieving economic growth, colonial social<sup>and</sup> political policies created the conditions in which there could be a strong emphasis on redistribution of wealth and opportunities at the end of colonial rule. The racially biased distribution of social benefits and political power in colonial times created the conditions for pressure for Africanisation not only of power but of social benefits.

Various quasi political associations emerged before 1954 such as the Tanganyika African Civil Servants Association (1924), the Tanganyika African Welfare and Commercial Association in the 1930s, and the Tanganyika African Association (TAA). Most of these associations were

formed by teachers, junior civil servants and attempted to fight for better re-distributive policies. The TAA, for instance, became increasingly politically orientated. It rejected the idea of closer union with Kenya because it feared that it would lead to the domination by Kenya and white settlers. It was also involved in the Meru Land Case (1951) a fight against further land alienation to settlers. In 1954 the TAA was transformed into TANU, Tanganyika African National Union, which aimed at bringing about independence under African majority rule.

But the first Constitution of Tanu in 1954 reflected the concern with redistributive policies. It stated:

Tanu will work to encourage co-operatives and trade unions; urge that producers get the best price and that consumers buy in the best market; help Africans establish an increasing share in the running and owning of business; establish a minimum wage and a system of assisted farming; and oppose the alienation of land.

(Bienen, 1967: 218)

This view continued to have strong and continuing support after independence even though the implementation of elements of the policy (by some interpretations) could be in conflict with aims to achieve economic growth.

In concluding this chapter, we can put forward the argument that the historical development of Tanzania determined to a great extent the major pre-occupations and priorities of the Government and the Party. While on the one hand the Government, given its institutional functions was involved with the problem of generating revenue through the expansion of productive activities and called for the growth of private investments, on the other hand, the Party, because of its

institutional functions, was calling for redistributive measures to change the racially underprivileged position of Africans. As a result, it attacked the Europeans and Asians who represented private capital and who had access to resources.

It is important to note here the recurrence of development experience which occurred in Tanganyika. First, Tanganyika's integration into the world system carried with it both economic benefits and dangers, both of which had national impact on the economy. When world market prices rose Government's revenue would equally rise; when they fell, Government's revenue would fall. This rise and fall of revenue in turn determined the development budget. Thus the economic advantages and disadvantages were both inherent within the system. Second, when there was a break-down or drastic changes in the internal political and economic systems peasants reverted to the subsistence economy. This took place after the Two World Wars. Third, the country's economic development was mainly undertaken by the state rather than by private capital. Finally, the country suffered from political uncertainties as a result of its historical development. These trends in the development experience of colonial Tanganyika may explain why Tanganyika was still characterised by a predominantly subsistence economy when she achieved her independence in 1961.

CHAPTER TWO

POLITICAL INSTITUTIONS AND CONCEPTIONS OF  
DEVELOPMENT 1961 - 1963

At the time of independence political power was concentrated in the Government. Tanu had a relatively sub-ordinate role. Between 1961 and 1963, however, Tanu's influence on policy formulation increased and with this its impact on the dominant conceptions of development. The establishment of a Presidential system of Government in 1962 created a third force, which mediated between the Government and the Party. This however, led to a more ambiguous situation in the struggle between the two organs of the state over the control of policy formulation.

THREE POLITICAL ORGANS INVOLVED IN POLICY-MAKING

Tanzania had a Parliamentary system of Government. A cabinet of ministers, each in charge of a Ministry and headed by a Prime Minister, had executive power but were responsible to Parliament (Bunge), which was elected by universal suffrage. The provinces of Tanzania each had administrations headed by provincial commissioners who were civil servants. Provinces were divided into districts administered by civil servant district commissioners responsible to the provincial commissioners.

The Party, Tanu, had no constitutional standing in Government; however, from 1961 all Ministers and the vast majority of MPs were Tanu members.

The Party was organised at regional and district levels with chairman and secretaries at these local levels. Local branches elected members of the Tanu National (Annual) meetings. The National

meeting elected a National Executive Committee (NEC), which proposed Tanu policies to be ratified by the National Meeting. Day to day affairs were dealt with by the Central Committee (CC).

### The position of Tanu in policy-making

Within seven years of its formation in 1954 Tanu, under the leadership of Nyerere, was able to lead the country into independence. Moreover, Tanu won the pre-independence elections of 1958-1959 and 1960 with such overwhelming majorities as to make Tanzania a de facto one party state.

This strength, however, concealed its weakness. Tanu was a poorly organised party. It lacked organisational capacity to mobilise the population. For instance, in the 1960 general elections only half the number of persons who were estimated as potentially eligible to register, actually voted (Taylor, 1963: 191; Bienen, 1967: 56). The Party lacked <sup>skilled</sup> manpower as well as funds.

This organisational weakness of the Party has been noted by political scientists. Leys writes of Tanu that "it was in some respect a less reliable and well established organisation than its extremely rapid success and impressive organisational apparatus suggested" (Leys, 1972: 189). Mwansasu makes a similar point in a different way when he shows that Tanu annual meetings prior to 1967 were often without procedures or prior knowledge of the agenda:

... there was no accepted order according to which delegates could acquire a right to address the conference. As a result, very often there was a great commotion after a delegate had finished speaking - there was a general rush to the microphone since the first to arrive received the right to speak.

... As a result, sustained debate was often not forthcoming.

(Mwansasu, 1979: 183)

The weakness of Tanu's capacity as an administrative and organisational organ has been investigated by Bienen in his Tanzania: Party Transformation and Economic Development (1967). Bienen's argument was that Tanu's overwhelming success despite its weak organisational capacity was the result of the existence of favourable conditions, which did not pose serious challenges to Tanu's growth. First, after 1958 colonial policy changed from hostility to acceptance of Tanzania's political independence. Second, unlike Kenya and Southern Africa, Tanzania's whites and Asian minorities did not represent a sustained and unified threat because they were ethnically fragmented and were numerically too weak. Likewise, the absence of dominant tribes in Tanzania prevented the emergence of super-tribal politics as occurred in West Africa. The position of tribal chiefs had been weakened by the 1951 system of Local Authorities.

The absence of organised opposition was responsible for both Tanu's strength and its weakness:

The elections revealed that Tanu would win any contest but that it had not organised the population to support it overwhelmingly at the polls. Its organisational strength had never been tested by a vigorous opposition party which could seriously threaten it in a contest for votes. Because of the nature of the opposition and the nature of its own growth, Tanu's electoral dominance was deceptive: it did not illustrate Tanu's great strength; in fact, it reflected an organisational weakness.

(Bienen, 1967: 58)

Also:

... since a major organisational effort was not required to defeat the opposition to Tanu in the elections of 1958-1959 and 1960, respectively, it is not surprising that by 1962 Tanu was still unable to call out even a majority of the potential electorate.

(Ibid: 65)



Tanu's weak organisational capacity was both caused and aggravated by the shortage of manpower. At independence most of its high leadership were taken to form the Government. We shall analyse the composition of the Government later on. As a result, the Party was left with a weak leadership, the majority of which was composed of people who had not received a post-secondary education.

Various political scientists have given us insights into the social characteristics of the leadership. For instance, they were farmers and traders (Tordoff, 1965: 37), primary school teachers, transport entrepreneurs, lorry drivers and secondary school teachers (Bienen, 1967: 46), police constables (Coulson, 1982: 119), taxi-drivers and shoemakers (interview, July 1981). Generally speaking, they lacked a professional training. We can make a further distinction within this category, between those who did possess a secondary level education and had become primary school teachers, and those who did not have such an education. The former generally became provincial secretaries during the independence struggle while the latter became provincial chairmen. The distinction is important because the provincial secretaries became Regional Commissioners after independence and entered national politics, while the provincial chairmen were confined to 'regional politics' at district level (Bienen, 1967: 97).

Tanu's power was strengthened significantly in 1962 when an Act created political officers as regional and area commissioners each to be assisted by a civil service administration. It was party members who filled these new political roles. The aim of creating political heads in regions was to give the Party a role and also to allow the Party to consolidate its organisational structures in the country (Bienen, 1967: 120-1). Tordoff argues, however, that the aim was to establish the

authority of the central government throughout the country and that the Party was to be the main agent used by Government (Tordoff, 1967: 98-99).

The Regional Commissioners were recruited from the Tanu provincial secretaries and secondarily from the provincial chairmen. For instance, Wambura and Mwakangale were provincial secretaries who became regional commissioners in the 1962 appointments, while Mtaki was a provisional chairman who became an area commissioner and then a regional commissioner. They were also MPs who had been elected to the National Assembly in the General Election of 1960. By 1964, six Party secretaries at regional level had become regional commissioners and three area commissioners. Two local party chairmen became regional commissioners and five area commissioners (Bienen, 1967: 134-137).

Until 1965 the Regional Commissioners were ex-officio regional secretaries of Tanu. They were delegates at the Annual Party Conference and members of the NEC. Some of them, such as Wambura and Mtaki were also elected Members of Parliament during the 1960-1964 period. The Regional Commissioners therefore were in a strong position to compete politically in national politics. Pratt describes<sup>e</sup> this group of party activists which came to dominate politics at the national level after independence thus:

Political office was very likely the only way in which many of them (political leaders) were able to earn a significant income. Few had professional or technical skills which would have made them easily employable within the government service and there was no large private sector capable of absorbing them in any number. For many, therefore, a loss of political office would have meant an eventual return to peasant farming.

(Pratt, 1976: 185)

Despite their professional handicap, Party activists were able to

constitute a strong pressure group on national policy formulation whose opinion could not easily be ignored.

### The Government

The Cabinet was a powerful government body because it was responsible for policy formulation and implementation of policies. Likewise, Parliament was also important because it was the representative and legislative institution to which the Government was constitutionally responsible. As Pratt describes the government, "... each Cabinet Minister was individually responsible to Parliament for the administration and for the detailed policies of his ministry; the members of the Cabinet were collectively responsible to Parliament and to the country for the major policies of the Government" (Pratt, 1972: 226).

All the Ministers were strong and active supporters of Tanu and had composed its higher leadership during the struggle against colonialism. This is true of the African Ministers; Jamal (Asian) and Bryceson (European) did not join Tanu until after independence when the constitution of Tanu was changed to admit non-Africans. But they had been effective supporters of the Party and had helped Tanu actively by mobilising for its support (Coulson, 1982: 119). Thus, one can see that the Cabinet was composed of men who had contributed in one way or another to the building of Tanu. There appeared to be no basis for conflict, therefore, between the Government and the Party.

The first cabinet consisted of men whom Pratt refers to as 'administrator politicians' because they were mainly concerned with 'the improvement of the social services and the economic development of the country' (Pratt, 1972: 234). All of the Ministers had had post-secondary education; some such as Jamal, Nyerere, Bryceson and Fundikira

were holders of degrees. All of them had held responsible positions either with the co-operatives (for example, Bomani was the founder of the Victoria Co-operative Federation) or were teachers in secondary schools (Eliufoo, Swai, Nyerere). Bryceson was a substantial farmer, and Jamal had strong links with family mercantile traditions. The first Cabinet incorporated men with experience of finance or wider development problems as well as in administration. This fact is important because, as we shall see, it may account for their common approach to Tanzania's economic problems.

#### Conflict between the Party and Government and the emergence of an Executive President

The relative power of Government vis-a-vis the Party was undermined from 1962 by the creation of an Executive Presidency. The President had powers above both the Party and the Cabinet and could in fact tilt the balance between one organ and the other. This situation obscured the conflict between the Party and Government.

One of the chief characteristics of Tanzania since independence has been its political stability. The explanations offered for this remarkable achievement have centred on the absence of major ethnic conflicts, absence of a strong indigenous middle class, a fairly homogeneous culture and language of Kiswahili, the popularity of the political party, Tanu, and finally, the good leadership of the President, Julius Nyerere (Hoskyns, 1972: 97; Taylor, 1963: 223-4).

The stability of the state in Tanzania however was belied by an intense struggle for power which began to develop as soon as the government was formed in 1960. The struggle emerged from an effort by the Party to control the Government, and particularly its policies. Various

political scientists have discussed this conflict (Pratt, 1976; Tordoff, 1967). Leys saw the resignation of Nyerere as Chief Prime Minister in 1962 as an attempt to avert a split between the Party and Government:

In short, Nyerere's resignation prevented any kind of a show-down with the radicals which might have led to a counting of heads and it placed him in a position to prevent any further splits developing between the middle leadership of the party and the senior leaders of government.

(Leys, 1972: 19)

The conflict between civil servants and politicians was, in fact, a common experience in most African countries during this period (Hyden, 1974). But the struggle assumed importance in Tanzania because policy-making procedures were not clarified and adhered to. The Government had the de jure right to formulate policies but the Party continued de facto to formulate policies while Nyerere as President had powers to override both organs.

We have seen that Tanzania had achieved its independence within a governmental system in which the central policy-making institution was the Cabinet. Nyerere supported the system. In 1960, as Chief Minister, he issued a Circular that said among other things, "I would remind you, that policy is decided by the central government and not by local party representatives" (Pratt, 1972: 226) and again, "I repeat that the responsibility for carrying out Government's policies lies with the civil service" (Ibid). In 1961, in his independence message Nyerere repeated the same point:

It is the job of the government to work out an overall policy plan and to check the direction in which we move just as the Tanu National Executive in the past worked out the tactics of the struggle ... It (Tanu) is an organisation of the people. Through it the people can and must express their desires and worries to the Government. Through

it the Government can and must explain to the people what it is doing and why.

(Mwansasu, 1979: 174).

But in that same year (1961) Nyerere, in defining the relationship and therefore the relative power of the Party and Parliament, argued that the former's role was the formulation of policy, while the latter's was its implementation:

At the NEC, we are deciding in broad terms what the Party's policy shall be, whereas in the National Assembly, members are discussing the question of exactly how, when, in what order of priority and so on, the agreed policies shall be put into effect.

(Msekwa, 1977: 14)

This elaboration of the Party's role in policy-making by Nyerere helps us understand why major policy decisions continued to be taken by the Party during this period and not by the Government. For instance, at the NEC meeting of January 1962, it was decided to make Tanganyika a republic:

For it was at that meeting that it was also announced that Tanu had recommended to the Government that Tanganyika become a republic as soon as possible, and the Government had accepted that recommendation.

(MacAuslan, 1964: 504)

Another meeting of the NEC held from 10th to 14th February, 1963 decided to adopt a One-Party Democracy, and authorised the President to set up a Commission which would consider and make suggestions for the appropriate structure and procedures of the Government and the Party which would give effect to the system of one-party state. This decision was endorsed by the Annual Conference of Tanu meeting on December 16, 1964. The decision was never sent to Parliament. As the President pointed out to the Parliament:

The decision has already been taken by the Party. The task of the Commission is merely to make recommendations on the form, structure and procedures of the one-party state which will be established.

(Msekwa, 1977: 21)

According to Msekwa this decision introduced a change in the decision-making process whereby it was the Party which directed Government:

... no motion was introduced in the National Assembly inviting the Government to present proposals for appropriate changes in the constitution to make the country a one-party state; instead, the assignment was given to the Government by NEC; and when the proposals had been formulated by the Presidential Commission, they were debated only by the Party Organs, the task of the National Assembly being limited to giving legislative effect to what was agreed and decided by the Party.

(Msekwa, 1977: 21)

The contradictory statements which Nyerere issued on the Party and the Government, supporting each organ's responsibility for formulating policy, created a confused situation, which led to a decline in the effectiveness of the Cabinet. The second factor which also undermined Cabinet's effectiveness was the increasing tendency of Nyerere to take policy-decisions without reference to it (Pratt, 1972: 236). A case in point is the breaking off diplomatic relations with Britain and Germany (1964/65); the President took this decision without consultation with his Cabinet, even though it affected the funding of the development plan (1964-1969).

One explanation which has been offered for the decline in the effectiveness of the Cabinet has come from Pratt. He argues that "neither the Presidential system (of an Executive Head) nor the One Party system directly undermined the role of the Cabinet" (Pratt, 1972: 231). Rather a number of secondary influences were important, including,

first, the different decision making styles of the Party and the Government. The latter was based on a literate culture, while the former was based on informal face-to-face discussions. Nyerere favoured the latter. Second, ministers did not adhere to decisions taken at Cabinet level; they often reversed them. Third, Nyerere favoured political activists and ministers who were strongly tied to the Party at the expense of ministers of other backgrounds:

Nyerere attached more importance at that time to holding within the Party the leaders of several possibly divergent movements than he attached either to a more united pursuit of the policies of his government or to a more loyal and honest acceptance of Cabinet decisions and governmental procedures ...

... the persistent reluctance to discipline members who ignored the most obvious rules necessary to the smooth running of a cabinet must have increased tensions within the Cabinet and lessened its efficiency.

(Ibid: 232)

Although Pratt has proposed convincing causes for the ineffectiveness of the Cabinet, he does not realise that these causes have themselves to be explained. In fact, it is precisely in the relationship of conflict between the two organs of the state that we can find the explanation for the decline of the Cabinet. Pratt's over-emphasis on individual inter-relationships tends to obscure the conflict that existed between the Party and the Government.

It is therefore difficult to sustain Pratt's view that the Party did not threaten the Cabinet. According to Pratt:

None of the three central institutions of the party - the Central Committee, the National Executive Committee, or the Annual Conference - threatened the Cabinet as the main policy-deciding body.

(Ibid: 299)



And again:

There was no serious ideological obstacle to the continued reliance upon the Cabinet as the primary instrument of policy making.

(Pratt, Ibid: 231)

As I have attempted to illustrate, the control of policy-making was unclear. While the Cabinet had the constitutional right to formulate policies, the Party equally had a de facto right to do so. Nyerere gave contradictory statements, which supported in turn each of the organ's claims to primacy in policy-making and he had the power to override both. It is therefore difficult to sustain Pratt's arguments that such a situation could not have undermined the Cabinet's effectiveness.

The Party formulated two major policies during the period 1962-64. These were that Tanzania become a Republic and that Tanzania become a One-Party State. Was there any instance where Nyerere took a major policy proposal in that period (1962-64) to the Cabinet and by-passed the Party? In fact, the Union between Zanzibar and Tanganyika in 1964 was dealt with solely by the Government. At no stage was the issue of the Union discussed by the Party's National Executive Committee. Moreover, when Nyerere presented the Agreement of the Union in Parliament on 25th April 1964 he re-emphasised the absolute supremacy of the National Assembly (Msekwa, 1977: 19). How, then, does Msekwa explain this discrepancy in policy-making and the relationship between Parliament and the NEC? Msekwa argues that:

The reason for there being no necessity to refer the matter to the NEC would appear to have been that of the general principle of the desirability of Tanganyika's Union with other states of Africa has always been the declared policy of the Party. Indeed, there is a provision in the Party's Constitution which states that one of the principal aims and objects of the Party is 'to see that the Government co-operates with other states in Africa

in bringing about African Unity.

(Msekwa, 1977: 22)

This explanation is weak. If everything that was in the Party's Constitution was to be left to be implemented by Parliament then this meant that policy formulation did reside with Parliament. If we are to follow Msekwa's logic, then the two policy decisions passed by the Party between 1962 and 1964, would have had to be taken by Parliament.

I would argue that Nyerere took the Union issue to Parliament and by-passed the Party because the issue was so sensitive and required such delicate negotiations that only very highly qualified and experienced people could handle it. Nyerere himself dealt with the Union matter. According to Tordoff (1965: 86), "it seems unlikely that more than a handful of ministers were consulted in advance over the union between Tanganyika and Zanzibar".

The President also took other major policy decisions without consulting the Party. The decision to resign as Prime Minister was taken unilaterally by the President. According to Msekwa:

As a result of this development, which obviously had been unexpected and unknown to the NEC, it was decided to postpone discussion of most of the remaining items on the agenda until the next morning.

(Msekwa, 1977: 24)

Nyerere's style of switching either to the Government or to the Party is itself a reflection of the confused state of policy-making that existed during this period. The contradictory statements he gave in relation to the responsibilities for policy-making are also an indication that he was sandwiched between the pressures emanating from the two organs of state.

But Nyerere also made use of the confusion in policy making. It offered him a greater degree of manoeuvrability between the two organs

of the state. He would take a policy issue where he thought it would stand the greatest chance of being accepted without major modifications, challenges or being mis-handled. He also took major decisions with reference to neither the Party nor the Government because the 1962 Republican Constitution allowed him to do so. As he himself acknowledged during the 1962 debate in Parliament on the Republican Constitution "I have enough powers to make me a dictator" (Hansard, 1962: Col: 1105-6).

This analysis shows that Pratt and Msekwa have tended to de-emphasise the conflict between the Government and the Party in Tanzania. I have shown that the state of policy making in Tanzania was complex. Tanzania had a tripartite system of policy making in the sense that all three organs of the state formulated policies on different bases. Furthermore, the Party's insistence on formulating policies was the result and reflection of its conflict with Government. We can see this conflict when we examine the different views of development held by Party activists on the one hand and Government on the other.

#### CONCEPTIONS OF DEVELOPMENT 1961 - 1963

The conflict between the Party and Government over the control of policy formulation was given greater importance for the development of Tanzania because each organ had different basic views and their elaboration between 1961-1963 should be examined in the context of the power struggle dealt with previously.

The Government's conception of development in this period followed conventional theories of development, which viewed economic backwardness in terms of the limited extent of production based on <sup>an</sup> exchange economy. Agriculture based on commodity production had to be fully developed so as to generate government revenue and to form a domestic market.

Production was viewed as a primary concern, because development was conceived primarily in terms of economic growth. The achievement of economic growth was seen to be essential because it created the capacity for financing social services. Government policies during this period were also operating within the framework of conventional ideas about development.

The Government's major aim in the First Three Year Plan was to expand the agricultural and industrial sectors as rapidly as possible and at the least cost to its budget by relying mainly on private capital. Since economic growth played such a dominant role in the Government's thinking, Government placed emphasis also on other economic criteria such as efficiency in administration, low and efficient services to the consumer, the need to minimise Government recurrent expenditure and the need to generate a surplus. These concerns were given priority over socially-orientated types of values.

The second major reason why Government placed emphasis on economic growth and on economic criteria was the result of its institutional responsibility. As a Government, in charge of a national economy, it had to operate in terms of recurrent and development expenditure, foreign exchange earnings, consumption, savings, etc. In other words, its institutional responsibility as government forced the Government to operate with conventional concepts of economic development.

The Party activists on the other hand pressed for policies of redistribution. They attacked the Asians and Europeans whom they identified as exploiters and called for policies of Africanisation and co-operatives, to replace European expatriates in the administration and Indian traders respectively. As a result, they showed hostility towards private capital.

Party activists' opposition to Government policies was therefore a

reflection of the traditional concern of the Party to redress inequalities in the country. Political independence had to be accompanied by economic opportunities, albeit politically created. The Party activists were expressing the legitimate concerns of the Party, which had always fought for: equality and re-distributive measures to alleviate poverty. They were pressing for re-distributive policies to be incorporated as part of the process of development itself.

The conflicts between the Government and Party in policy making did create instability in terms of developmental strategies. The struggle between the Party and Government can be seen in the different type of development policies which the two organs of the state offered. Here, too, Nyerere gave contradictory statements which supported both the Party and the Government's views of development.

Nyerere's contradictory views on a development strategy are important because they created the condition whereby both organs of the state could legitimately use Nyerere's speeches to oppose the arguments of the other. Equally, each organ of the state could use Nyerere's speeches to legitimise its own position.

The conflict within Nyerere sprang from the tension between the need to maintain a stable society without gross inequalities and, on the other hand, the recognition of the limited capacity for capital formation that existed within the country, which necessitated the encouragement of private capital. At another level, this tension reflected Nyerere's institutional position in society, first as President, and second, as Head of both the Party and the Government.

When Nyerere addressed Parliament in 1962 he elaborated a broad development strategy which Tanzania was to follow. As the following extract indicates, the speech rejected a capitalist

development strategy:

It is Government's intention to extend the co-operative into every town, every village and every hamlet in Tanganyika, and to enable these societies to undertake every kind of enterprise which can be run by co-operative effort.

If our aim were to go into competitive business for profit we could set up together in partnership with private business to form commercial companies, which would be much easier and far more profitable than the co-operative method.

A much better word (for co-operative) is 'ujima' for ujima means living and working together as a family. A way of working for the benefit of all. 'Ujima' is indeed the instrument of ujamaa, just as the commercial company is the instrument of capitalism.

All of us have agreed that we must establish a true socialist society in Tanganyika. Two very important instruments we shall use for this purpose are the Government itself and the Co-operative Movement.

(Hansard, 1962: 17-20)

Party activists used the above speech of Nyerere's to criticise and oppose the Government's policies, which rested on the need to encourage both foreign and local private capital to invest in the economy. The Party pressed for redistributive types of policies, such as Africanisation and the expansion of the co-operatives to replace the Indian trader. These will be discussed later when we consider the Party's views on development.

But Nyerere also gave speeches which clearly indicated that private capital was needed to develop the economy, and that African socialism did not preclude investments by private capital. Nyerere's speech to the Association of Chamber of Commerce in East Africa formulated the problem of African Socialism in terms of distribution and not in terms of ownership. Thus:

We are committed to a philosophy of African socialism and the basis of it is human equality: the important question is how can we deal with income inequalities ... First we must energetically pursue policies which will increase the amount of wealth produced in the country. Second, we must not allow the present income differentials to be sacrosanct.

(The Standard, Feb. 11, 1963)

The Government often used the above speech to legitimise its position and policies vis-a-vis the Party (see Plan 1964-69: 13). Throughout the period from 1962 to 1965 various statements by Nyerere clearly showed that he supported the Government's views on development and thus by implication, its policies. For instance, Nyerere supported Government concern for the need to maintain qualified manpower in the form of expatriates in the Administration and was opposed to rapid Africanisation. As Nyerere stated in February 1961:

I have no intention of risking the good name of the government of the country just for the sake of Africanisation.

(Tordoff, 1967: 195)

The Prime Minister Kawawa also gave contradictory statements on the role of private capital vis-a-vis African Socialism. In a Parliamentary debate of 1962, Chief Mhaiki asked: "Will Government give the authentic explanation of Tanganyika Government being socialistic?". Kawawa reflects the uncertainty of the period:

My Government is committed to the principle of African Socialism, that is, it is committed to fostering an attitude of co-operation between the people on the basis of individual equality. It is opposed to the exploitation of one man by another, it is opposed to discrimination of any kind.

(Hansard, 1962, 257 [NO:175])

But in the same debate of that year he also did not deny the role of

private capital in the country as his speech illustrates:

Sir, the private sector is already here. It is a small sector, of course, but it is already here, and it is the only one which has the technical know-how. The Government is not going to be the sole agency for building this country. We can only build this country through a joint cooperation between the people and their government.

(Hansard, 1962: 232).

In this speech Kawawa argued that private capital was essential for the development of the country.

None of the three political institutions, responsible for policy-making, that is, the Government, the Party and the President, attempted to clarify and resolve the dilemma between, on the one hand, socialism and on the other hand, the need for private capital. The failure to resolve this dilemma theoretically also meant that the conflict between the two organs of the state remained politically unresolved. Despite issuing contradictory developmental strategies, both organs of the state could legitimately identify their positions as those of Nyerere and use this to counteract the other. A fuller analysis of Government and Party views on development will illuminate this conflict further.

#### The Primacy of Economics in Government's conception of development

An analysis of the Government conception of development is important for this thesis not only because it explains the types of policies pursued but also because it illustrates an approach towards economic problems which contrasts with that of the Party activists. Most radical writers have tended to dismiss early Government policies rather than subject them to investigation, because they were considered 'capitalist'. Such criticisms fail to extend our knowledge of development problems



since they fail to explain why and how 'capitalist' policies were adopted, as well as to assess their validity in terms of alleviating developmental problems.

The Government's conception of development was primarily determined by its institutional functions as Government. This took two major forms. First, as Government, one of its major responsibilities was to develop the economy on the basis of the types of resources it had or could muster. Secondly, it had to operate within certain pre-defined economic parameters in such matters as investments, savings, consumption, balance of payments issues, employment, etc. This is true of all governments, given their role as caretakers of national economies.

A third major influence on the Government's conception of development was no doubt the economic theories current during that period. The more progressive wing of economic development theory during this period was what I shall refer to, as the conventional view of development. Writers such as Nurkse (1953), Myrdal (1957) and Rosenstein-Rodan (1964) focussed attention on 'obstacles to growth' in Third World countries. Writers of this school emphasised various obstacles. For instance, Nurkse saw the limited capacity that existed in Third World countries for capital formation as <sup>an</sup> obstacle to growth. There was insufficient savings to match the requirements for investments. Myrdal, on the other hand, emphasised limited markets as an obstacle and only an expansion of productivity would create a market. This school therefore called for capital injection into the manufacturing sector, the modernisation of agriculture, which would create backward and forward linkages (Hirschman, 1958) and the expansion of employment opportunities. They argued that the economy would then be transformed because the processes would involve a change in the structure and composition of output and employment:

balanced growth would be achieved.

The main aim of these writers was to achieve economic growth in both the agricultural and manufacturing sectors. Social goals such as health, housing, were not identified as part of the process of development but rather as an outcome of development. On the other hand, education was seen as a component relating to economic growth because of the need for skills. For instance, Lewis (1955: 1) states the case for seeing development in these terms quite explicitly: "First, it should be noted that our subject matter is growth, and not distribution".

These ideas were influential enough to influence the World Bank's policies, which changed from an emphasis on infrastructure to production, from projects to sectors. The Bank also began to see the necessity for the state's involvement in the tasks of national development, and it began to finance education because of the need for skills. Like the school of thought by which it was influenced, the World Bank also did not consider re-distributive policies (Adler, 1972). This almost exclusive focus on growth was to predominate for more than a decade (Morawetz, 1977).

These new views on development were used as theoretical approaches in analysing Tanzania's economic development. Notable cases in point were the World Bank's The Economic Development of Tanganyika (1961) and the Arthur D. Little study, Tanganyika Industrial Development (1961). These studies formed the basis for the First Three Year Development Plan 1961/2 - 1963/4, but they were also endorsed by the Government. It will only be necessary to give a short exposition of the World Bank and Little Reports, since the Three Year Plan will be analysed fully below.

The World Bank Report began by identifying the predominant role of agriculture in the Tanzanian economy. The average annual rate of

growth of gross domestic product during the previous six years was calculated at 5%. The Bank pointed to the significance of agriculture in national development because 80% of export earnings came from agriculture as against 13% from minerals. Development of the economy would have to come from the agricultural sector. The Report recommended a combination of what it called 'transformation' and 'improvement' approaches. The former was to deal with the subsistence peasants by attempting to re-organise their productive activities, while the latter was to assist the 'progressive' farmer who was already producing for the market through credit and extension services (World Bank, 1961: 5-8).

The Little Report also reflected the prevalent ideas on economic development. It emphasised the development of the manufacturing sector, which was to be financed by private capital. The Report stated:

The Government of Tanganyika recognises the importance of industrial development in furthering the economic progress of the country. The Government recognises also the significance of the role of the private investor in this development, and aims to encourage such investment.

(Little, 1961: 2)

The Report stated that private investment was essential because of 'Government's limited resources'. It thus recommended that 'a favourable climate for private investment' should be maintained (Ibid: 3). Little's industrial strategy reflected the concern with economic growth. It had three major components. First, industrial strategy should be orientated towards agriculture, thus forming forward and backward linkages in the economy. The manufacturing sector was to serve as a market for agricultural produce, provide tools and materials to agriculture, and increase the incentives of producers by improving the availability of consumer goods and therefore creating a national domestic market.

Secondly, manufacturing was to reduce imports and therefore conserve foreign exchange. Thirdly, the manufacturing sector was to process raw materials for increased exports in order to earn foreign exchange. The Report stated:

The drive for rapid economic development, which will increase with the country's independence, will seriously strain its foreign purchasing powers. Industrial processing, by up-grading the level and price at which raw materials are exported, and by substituting in part for increasing imports, can help keep the country's trade in balance and minimise the drain on foreign exchange and credit available in the country.

(Little, 1961: 24)

Finally, it also pointed to the obstacle posed by the lack of technical and management skills "to carry out industrial operations" (Little, 1961, 30) and called for the establishment of business education (Little, 1961: 34). These ideas were in line with the economic theories of the period. Viewed in the context of the 1940s and 1950s, these ideas were 'progressive', because they were against the ideas which argued that Third World countries should specialise in merely producing cash crops. We can now see how these ideas were translated into the first economic development plan 1961/2-1963/4.

#### The Primacy of Economics in Development Plan 1961/2-1963/4

The Government's conception of development was primarily determined by the need to expand the rate of economic growth. As the objectives of the 1961-63/4 Plan stated:

The problem facing Tanganyika now is that of laying firm foundation for (sustained economic growth). The same problem can also be seen in its many aspects of expanding the base of the economy, affecting a more rapid transition from subsistence to monetary economy, increasing

production, increasing the incomes of the people, improving the infra-structure and providing training and educational facilities.

— The crucial choice before the Government was between the sort of development plan which would lay foundations for a more rapid growth of the economy and a plan which would cover a very much wider field at the expense of slowing down the rate of growth. The first choice implied a concentration on economic projects which would yield the quickest and the highest returns in the near future, whereas the second choice meant distribution of scarce resources over all competing sectors alike. The Government's view and also the view of the World Bank Mission was that at this stage of Tanganyika's development the first choice is the right one.

(URT, 1962: 7)

As the above quotation illustrates Government made a deliberate choice for uneven development in order to maximise economic growth.

This choice was determined by the state of the economy's development. What was this stage? Firstly, over two-thirds of Tanzania's population were still at subsistence level mainly producing for their own consumption, though an increasing number had also began to market some of their crops for goods and services. But the pre-dominance of the subsistence sector meant that the economy was deprived of their revenue, labour and produce as well as of a market. Thus only one third of the population was producing 60 per cent of the gross domestic product (Stephen, 1963: 158). This posed problems for capital formation. The country had a small taxable capacity and the Government had to depend mainly on revenues from import duties, excise duties, and income taxes. As a result, the Government could only contribute 4% towards the £24 M required for the Plan (Stephen, 1963: 58). It was this low capacity for

capital formation that forced the Government to consider economic growth as its primary objective, with emphasis on projects which were likely to 'yield quick returns' in terms of output and income (United Republic of Tanzania, 1962: 13).

In line with this objective of achieving a high rate of economic growth, 60% of the £24 M required in the plan was to be allocated for economic development while social services accounted for 20%, and the other 20% shared between the army, police, foreign services and others (URT, 1962: 13). Consistent with the emphasis on growth, agriculture and infrastructural development received the highest fundings. This was followed by education, which was considered as an input into economic growth because of the need to develop skills. Africans occupied only 26% of the senior and middle level civil service posts in 1961 (Stephen, 1968: 160) and there was a dire shortage of technical manpower in such fields as doctors, engineers, teachers, agriculturalists, chemists, etc. (Pratt, 1967: 93-4).

In order to cope with the shortages of manpower and capital, the Government evolved policies based essentially on private capital for agriculture, industry and trade. Government hoped that private capital would invest in production and maintain its traditional role in trade thus alleviating the shortages of resources in these crucial areas. Private savings rather than the taxation of labour was supposed to bear the brunt of investment.

We shall now turn to how the Government argued for the acceptance of its economic policies in Parliament, where Party activists were also present. Particular emphasis will be given to the three policy areas of agriculture, trade and manufacturing because they were integrated into a consistent strategy of development.

An analysis of official documents of this early period shows a very clear and direct emphasis on the need to expand production and productivity as a means of raising revenue and living standards generally. The Government's conception of development in fact centred on production as a process which required the investment of such economic assets as capital, manpower and technology.

Bomani, Tanzania's first Minister of Finance, illustrated the relationship between increased production and incomes very succinctly when he presented his 1962/63 Annual Estimates in Parliament:

We should always remember that a nation like a business or an individual can only spend what it earns. It earns by selling what it produces and it is, therefore, important that we should produce more, and that what we produce should be of good quality, and that we should be properly equipped to sell; for unless we sell, we cannot earn the money which keeps the nation alive and its services expanding.

(Hansard, 1962: 45)

Thus not only was production emphasised but also trade, which was seen as a twin-sister of production. Without trade (both internal and external) the effects of production would be limited.

Bomani also drew attention in the same speech to the fact that ~~the~~ availability of finance would have to determine to a great extent the adoption of projects:

In the past our development planning, our choice of projects and priorities, and the order in which we executed them proceeded relatively independently of financing. From now, on, the reverse will be the case, and a *new approach* will have to be adopted.

(Ibid)

Thus the idea was that the availability of finance would have to be considered a crucial input into policy-making. Finance for development was important and crucial because 'no nation can develop without capital

investment'; Bomani continued:

A limit will be reached beyond which no progress can be made without capital investment. In the end there must be more capital formation each year to secure a satisfactory rate of economic growth.

(Ibid)

This idea led him to the problem of capital shortage in Tanganyika:

In Tanganyika, we must face the plain truth that we simply haven't got enough resources of our own for such capital investment, and the only way to achieve a faster rate of economic development is to obtain capital from abroad.

(Hansard, 1962: 45)

These ideas were taken up by various Ministers in their various capacities; but their arguments were similar, namely that in order to expand *production rapidly it was necessary to have private capital.*

#### Policy towards Internal Trade: 1961/62 - 1963/4

The Government's policy towards internal trade was to maintain the existing system based on private trade, which was dominated and controlled by Asians. In 1962 officials of the Ministry of Commerce and Industry and the Treasury had requested the London Economist Intelligence Unit to conduct a survey of the wholesale and retail trade in Tanganyika. Its findings may have been a contributory factor in the Government's decision to maintain private trade.

We can distinguish four forms of trade which took place within the distribution system in Tanganyika during this period. This distinction is important because, as will be illustrated later, various policies at different times attempted to deal with the different sub-sectors of trade and distribution in order to eliminate the private trader.

First there were the importers who were mainly foreign companies



such as Dalegty, Intrata and Wigglesworth, who were involved in importing capital and intermediate goods as well as cars into the country. The second form of trade was wholesale trade which was mainly involved in buying goods in bulk and re-selling to retailers, sub-wholesalers, industrial or commercial companies, institutional organisations or other wholesalers acting as agents in buying and selling merchandise to such persons or companies. Third were the sub-wholesalers who were mainly involved in buying from the wholesaler and packing in small units and selling to retailers. Retail trade, finally, covered the re-sale of these goods to the final consumer.

The Economist Intelligence Unit's research (1962) found that the distribution system was very flexible because it was made up of thousands of private traders, stretching from major towns to the remotest villages. It pointed to the dominant position of the Asians in trade but also to an increasing number of Africans who were becoming traders:

Non-African retailers were mainly in Lake Region, Dar es Salaam and Tanga Region, very few were situated in the Southern, Southern Highlands and West Lake Regions. Just under a third of all non-African retailers were located in the 12 largest towns. The rest were widely scattered. On the other hand, over a fifth of all African traders were in the Lake Region, where 7,820 were licensed in 1961. The smallest number 2,088 is in the Central Region. Very few African retailers are located in townships.

(Economist Intelligence Unit, 1962: vii)

Thus although Asian traders were still holding a strong position in towns, African traders had also begun to participate in trade. Regions which had strong co-operatives had already pushed the Asian trader out of business.

The report found that the system of trade that existed in the four tiers ensured that remote villages were also reached:

Sometimes, retailers in rural areas buy their supplies from sub-wholesalers in the local trading centres, who also sell retail. The transport of such goods is usually done on the local bus.

(Ibid)

In very remote villages where there was no retail trade the report discovered:

Of the 16 districts with the fewest number of regular traders, there were 10 with over 100 licensed itinerant traders. Hawkers provide the consumer with a very useful service, particularly in remote areas, and they should, especially in these areas, be encouraged.

(Ibid: ix)

The report showed that those who supplied the rural market worked on a very small gross <sup>profit</sup> margin, normally only 3 to 4 per cent. This sector of the trade was the most competitive in the whole distribution system since it serviced the low-bargaining purchasing power of the peasants. The report stated that the financial viability of both wholesale and retail trade was heavily dependent on credit: "A large part of traders' supplies are obtained on credit, and the amount of working capital employed by most traders is small" (Ibid: xxi). The report also found that where there was intense competition in both wholesale and retail trade, prices were kept down; but where there was little competition in both wholesale and retail trade, as in the Southern Region, prices became higher.

The report showed that the system of trade which existed was extremely low-cost especially if one took into consideration the vastness of the territory and the poor infrastructure:

Tanganyika has a low-cost distribution system.  
This is mainly because wage levels are low,

distribution is a very labour-intensive industry, and because most traders manage to keep their overheads to a minimum. Most businesses are family concerns, and members are prepared to work long hours, paper work is minimal, advertising almost non-existent, premises are inexpensive and few services are provided for the customer.

(Ibid: xxiv)

It also added:

The overall gross margin obtained by traders in Tanganyika is not high. Considering the difficulties of distribution, distance, small markets, seasonal fluctuations etc. the average cost of distribution is remarkably low.

(Ibid: xx)

The report thus found the system of Tanzania's internal trade to be efficient, low-cost and providing a useful service to consumers. It also helped in the process of development by integrating subsistence peasants into the monetary economy:

Every encouragement should be given to its (the distribution network's) expansion, as its existence is essential in the process of change from subsistence agriculture to cash crop production.

(Ibid: vi)

The findings of the report was that private trade in Tanzania was cheap and efficient and that it was providing a useful development function to the economy.

#### Policy on agricultural growth and rural development

Between 1962 and 1966 there were two diverse views of development pertaining to the agricultural section in official circles. On the one hand was the Government view of agricultural development which was determined by its concern for economic growth. This view was translated into the policy of encouraging the 'progressive farmer' and maintaining

commercial farms. On the other hand, there was Nyerere's view of development which was expressed in a policy of village settlement. This approach involved the resettlement of peasants in villages so that social services could be made available to them. We shall consider these views and policies in greater detail and emphasis will be given to how Government attempted to reconcile these two views and policies.

The aim of Government was to increase agricultural production without increasing its own share of costs. But such agricultural expansion had nevertheless to take place within the context of capital accumulation. The Minister of Agriculture, Bryceson, explained why it was necessary to have capital investments in agriculture:

We have the land, we have quite a lot of energy, we have the knowledge but we do need the capital to allow us to take the best advantage of the very promising combination.

If we go ahead without it, and this we certainly can do in a good year, we shall be able to put a little aside for development, but in a bad year we can lose that little, and perhaps slip back again. In that case it will take considerably long time to develop, and the standards of living, the education of our children and the health of our families will all suffer as a result.

(Hansard, 1962: 284)

Bryceson's speech illustrates very clearly Government's view of development, namely that the development of social services was a product of economic growth, and secondly, that capital was necessary in order to achieve a higher and faster rate of economic growth. Government's policy to achieve these aims were two-fold, first, commercial farms were to be maintained, and secondly, progressive farmers were to be encouraged through extension services, community development and access to credits. Furthermore, by encouraging the social class that was best equipped to

invest and organise production, Government hoped that it would minimise its own subsidies.

In relation to the subsistence peasants, Government hoped that they would be gradually drawn to produce for exchange through trade.

Jhaveri<sup>, an MP and</sup> a supporter of Government's view of development, voiced this idea when he stated:

In order to produce more, Sir, the people must have an incentive. Unless their needs arise, unless their wants increase, they may not have any incentive to grow more, and therefore they must be induced to increase their standards of living.

(Hansard, 1962: 255)

Government was relying primarily on market incentives to integrate peasants into commodity production. It was approaching the subsistence peasants as consumers. For instance, the Minister of Agriculture, Bryceson, rejected the idea of enforced agricultural practice which would force peasants to produce according to certain acreage (Hansard, 1962: 435).

The President on the other hand had an idea of rural development which he expressed in 1962 at his first speech to Parliament. Nyerere stated:

If you ask me what our Government intends to do in the next few years, my answer is very simple. In the next few years, the Government will do everything possible to enable the peasants of Tanganyika to live together in village settlements. If you ask me why the Government wants the peasants to live in village settlements, my answer is equally very simple: without living in village settlements they cannot get the essential modern facilities.

(Hansard, 1962: Col:7)

Nyerere's ideas of rural development were mainly focussed on the subsistence peasants who were living in isolated homesteads and who formed the majority of the people. Its view of development was based on the idea

that it was necessary to re-locate peasants into nucleated villages in order to make available social services. This view thus incorporated the idea of re-distribution and re-location of peasants residence.

The initiative for early settlements came from Party activists (Hyden, 1982: 72). Joseph Nyerere was the Head of the Youth Wing and was a strong supporter of village settlement schemes. The aim was to channel the youth enthusiasm into constructive national building activities (interview, July 1981). Thus, we can conclude that the President's idea of re-allocation of peasants' residence and re-distributive policies were supported by the Party.

We can, therefore, see that Government kept separate policies which dealt with separate interests, namely those which dealt with agricultural growth (improvement approach, 'progressive farmers') and those which dealt with rural development problems (transformation approach, scattered homestead peasants). By maintaining separate policies Government aimed at minimising conflicts as well as safeguarding its policy on economic growth, especially since it was not enthusiastic about the transformation approach (Tordoff, 1967: 93; Leys, 1973: 2, 7).

#### Policy on the manufacturing sector

Government's policy towards the manufacturing sector was to mobilise investments from local and foreign private capital. Again, this policy was a continuation of the colonial policy pursued in the 1950s. Both the Little Report and World Bank's report had recommended the encouragement of private investments in manufacturing sector. Kahama, Minister for Commerce and Industry when presenting a motion in 1961 of the Annual Estimates, 1962/63 spoke of the benefits of private capital to the economy of Tanzania. Such benefits, he argued, accrued to the government in the

form of taxation, it provided plants and building as well as giving people employment. He ended by saying:

... And so an investor will only invest where he will be assured of the most favourable overall return. And if we are to get our share of this private investment we must compete with the other capital importing countries in offering favourable terms. And as far as these terms are concerned those who have money to invest will not find the government of Tanganyika ungenerous ...

To the world I say, then, that the government of Tanganyika welcomes the direct investment of foreign capital and that its policy is to create conditions which will stimulate the flow of capital into the country.

(Hansard, 1962: 448)

Thus, to conclude this section, the policies in Agriculture, *Manufacturing and Trade* sectors which Government pursued in the first three year plan were all based on the promotion of private capital. Saul argues that this was contrary to the Party's socialist ideology announced at independence, and calls the policies, 'a Trojan horse within a socialist professing state' and that there was a 'rhetorical commitment to neutral policy tools and a practical achievement of capitalist results' (cited in Botting, 1978). But Saul ignored the types of problems which faced the Government during this early period. As already noted, three major problems were man power capital and technology. Government lacked the resources to expand the economy. The encouragement of private capital was viewed as solution to these problems.

Secondly, Government policies were quite consistent with its view of development, which saw that economic growth was the pre-condition to development. This was in line with the conventional idea of development. Thirdly, the policies were also consistent with Government analysis of

economic backwardness in Tanzania, which was viewed as a result of limited development in the manufacturing and agricultural sectors. The problem as it presented itself to Government was to expand production. The fastest way to achieve this was through private capital because it would relieve the Government of a commitment to heavy financial subsidies.

But the Government's conception of development as well as its policies were criticised by Party activists. Criticism against Government policies took place in Parliament, where both Party and Government officials met to discuss development plans and the budget. It is now necessary to look into how Party activists criticised Government policies because the criticism also shows the view of development of the Party.

#### The Party's view of development

The Party's view of development was based on the <sup>re</sup>distribution of social benefits to Africans and on control of the economy. These two concerns are reflected in the major policies proposed by the Party as well as in its criticisms of Government policies.

The Party's pre-occupation with <sup>re</sup>distribution and control of the economy was affected by the historical development of colonial Tanzania. We saw in Chapter 1 that during colonial time Africans had been discriminated against in all sectors of the economy - in the civil service, education, credits, loans, health, residential areas in favour of Europeans and Asians. The major aim of the Party therefore was to redress the racially un-balanced monopoly held by Asians and Europeans. This objective was enshrined in the Party Constitution of 1954.

The hostility of Party activists to Asians was more intense in the middle-level leadership of the Party. After independence, this group felt threatened because of their lack of professional training. Many



of these, however, became Regional Commissioners as we have seen and others were appointed as principal secretaries and Ministers during the 'Kawawa interlude' (Pratt, 1976: 121-6).

Despite these efforts by Government, however, the hostility against Asians and Europeans remained. Pratt explains this behaviour in the following manner:

The frustrated officials and the unrewarded activists sought their status and asserted their sense of their own importance by a continuing indulgence in the rhetoric of anti-colonialism, interspersed on occasion with a racist hostility to the Asian and European minorities.

(Pratt, 1976: 109)

Although what Pratt says may be true for certain personalities nevertheless, it is also true that the Party had consistently emphasised re-distributive measures as part of the process of development, in contrast to the Government, which saw them as an outcome of development. Both the 1954 and 1961 amended Tanu Constitutions emphasised distributive measures. The hostility shown against Europeans and Asians by Party activists was precisely because of their economically superior positions in society. In addition, precisely because Party activists knew that Africans could not compete on a professional basis with non-Africans, they pressed for policies of re-distribution such as the policies of Africanisation, and of the replacement of the private traders by the co-operatives - to be included as development objectives themselves. The improvement in the socio-economic conditions and living standards of Africans were development objectives in the same sense as a higher rate of economic growth was for Government.

This position of the Party can help us understand why the Party became so concerned with problems of distribution to an extent of ignoring

production problems, why it pressed for Africanisation of the economy irrespective of consideration of problems of manpower and capital.

The Party pressed for policies which would reverse the concentration of income and resources <sup>in the hands of</sup> previously privileged groups. As a result, it identified the Asians as the exploiting group in the country.

The Party's concern with distribution can be seen, for instance, in the 1963 NEC meeting, which expressed opposition to private traders:

NEC meeting expressed great opposition to the current practice of allowing experienced capitalists to compete in trade with young wananchi (citizens) trading organisations, as a result of which these young organisations got utterly discouraged and failed.

It was necessary to stop this competition in order to encourage those wananchi who are ready to co-operate.

(Msekwa, 1977: 26)

A similar concern as that expressed above appears again in 1963 NEC meeting held between 10-14th January; on its agenda was the following item, "The problem of food shortage in the country".

It was recorded that the meeting specifically directed the Government to make suitable arrangements which would enable Wananchi (citizens) to get their foodstuffs at a reasonable price without being exploited by those individuals who are engaged in the trade of foodstuffs. For that reason it was directed that the Government alone should undertake the purchasing and selling of foodstuffs throughout the country through COSATA.

(Msekwa, 1977: 28)

These two meetings with their emphasis on distribution are indicative of the Party's concern with trade matters. They also illustrate other important factors of the Party's attitude towards policy making. First, the Party did not look into problems of

production as a cause of food shortages. Secondly, the Party did not make any form of assessment as to whether COSATA was capable of organising the distribution of food nationally. Thirdly, the Party's concern with trade led it to view profits as a form of exploitation. The costs of maintaining trade by <sup>the</sup> private trader was often not considered. This led to the belief that state organisations could undertake trade without costs, or if it did have costs, somehow these would not be passed on to the consumers.

We shall now examine Party activists' criticisms of Government policies based on the 1961/2-1963/4 Development Plan. The Party activists used the ideas of African Socialism, first en<sup>u</sup>nciated by Nyerere in 1962, to oppose the Government policies, which were based on private capital. Most frequently, Party activists ideas were expressed in terms of distribution of social and economic benefits:

But deputy Speaker, Sir, how many Africans in this country own sisal estates? None. If we want to make this a socialist country and at the same time be very democratic, I think, Sir, we must consider how we are going to cause our national economy to be shared more equally between the haves and have-nots.

(Hansard, 1962: 256)

The poverty of the masses was often taken to be caused by the capitalist and petty traders and the belief prevailed that if the wealth were to be distributed then it would solve the problems of poverty. These ideas can be seen when we look into how the activists criticised each of several main areas of government policy from 1962-1963/4.

#### Party activists' attitude towards the policy of internal trade

The Party activists opposed government policies of maintaining the private trader. As we saw, the policy of internal trade

was seen by Government as an integral part of its policy of production. An efficient and inexpensive system of internal trade was necessary in order to create a domestic market as well as to boost production. Government was therefore against a rapid expansion of the co-operative system because of the lack of manpower.

Party activists however pressed for the elimination of the private trader in favour of the co-operatives. They pressed for price-control, they favoured the confinement of goods to the co-operative as an attempt to push the private trader out of the market. Mtaki, called for the co-operatives to replace the private trader:

The Government has already decided that the policy of Tanganyika would be socialism ... if there is any team of middle men who would try, whether it is an individual middle man or group of middle men, trying let down the Government policy of co-operatives, we should have strict measures ... I mean that property of these middle men should be seized and also they should be deported.

(Hansard, 1962: 898)

Throughout the period 1962-1963/4 there were pressures exerted on the Government to control private shops. Most frequently expressed was the demand for price control and withdrawal of licences to private shopkeepers. (Hansard, 1962, 1963, 1964).

Party activists therefore criticised government policy of internal trade on all fronts: the policy itself, which encouraged private trade to compete with the cooperatives<sup>and</sup> the idea of price control which opposed the idea of a market economy. The Party activists were pressing for the co-operatives to replace the private trader. These ideas, as we have seen, had been discussed in Party meetings of 1963 which indicate the strong feelings of the Party activists towards the private trader.

Party activists' attitude towards the policy of private capital

The reaction of the Party activists to the role of private capital in the economy was initiated when the Minister of Commerce and Industry, Kahama, spoke of the benefits of private capital when he presented his motion in Parliament in 1962. This motion provoked an intense and contradictory type of debate on the role of private capital.<sup>1</sup>

It is interesting to note that the two most vocal members of the Party, Wambura and Mwanjisi (the Parliamentary secretary to the Prime Minister's office) blamed the Asians for not investing their money; the language used, at the same time, illustrates the antagonism against the Asian. Wambura had this to tell the Asian community:

I think the time has come when our friends who form almost a hundred percent of the private capital formation in this country have got to tell us where they stand. If they think that our government has not been able to make its policy clear, then they had better say so. If they think Tanganyika is not a place for them, and the place where they are going to live for ever, they had better say so. It is time for them to decide where they are going to live.

... They should straight away now start investing it and those who are not prepared to invest it must make up their minds and go, Mr. Speaker, Sir.

(Hansard, 1962: 202)

While Mwanjisi echoed similar view:

Do these communities (Asian) need more assurance than those given to them for the last eight years? Do these people think that it is a good thing that the economic fortunes of 10 million souls should depend upon the caprice of 100,000 people? Do they think that this Government will continue to pay attention to the sentiments and fears of 100,000 who have all the money and all the education, and leave uncared for the fortunes of 10 million people who have all the ignorance, poverty and disease?

If they cannot give the money free, it must be taken away from them. Socialism demands that a man must

contribute to the development of his country according to his ability.

(Hansard, 1962: 174)

More serious questions however were posed by Baghdellah in relation to foreign capital:

One of the dangers Sir, is if the Government or the people themselves in the form of a co-operative is in partnership with foreign investment there is always the likelihood of the country's economy being dictated to in the way these foreign investors might wish ... then it is quite easy for both the prices to go up and up and the investors to claim or to force government to continue giving them safeguards.

(Hansard, 1962: 452)

While Tunze asked the Minister of Commerce:

How can you have big business without economic colonialism?

(Ibid: 457)

#### Party activists' attitude towards manpower policy

The Party pressed for the policy of Africanisation of the civil administration. This policy was extremely sensitive because on the one hand, Government needed to maintain the efficiency of the administration and on the other hand, there was mounting political pressure to Africanise the civil service as fast as possible (Tordoff, 1967: 97-98; Pratt, 1976: 124-6).

Nyerere in 1960 as Chief Minister before independence, attempted to clarify the dilemma between the need for Africanisation and the need for manpower when he laid down in a parliamentary debate in October of that year the policy of the Government. First, that every vacancy should, if possible, be filled by an appointment made locally. Secondly, that in the case of new appointments African candidates of Tanganyika

should have prior claim to consideration. And thirdly, only if no suitably qualified Tanganyika African candidate was available would other candidates be considered (Hansard: 36 Session, 19.10.1960).

But the disparity between non-Africans and Africans in employment were very real. In 1960, the non-Africans, with 4 per cent of all salaried employees, accounted for 37 per cent of the total annual wages bill and still held 2,700 of the top 3,800 civil service posts (Stephen, 1968: 152). Since most of the middle level politicians as well as other Africans, could not qualify on the basis of qualification, the problem remained, and mounting pressures by Party activists were exerted to Africanise the administration. For instance, the demand to Africanise the civil service was formulated by Mwakangale, a Regional Commissioner, in the following manner:

We want other Ministries (as the Ministry of Home Affairs had africanised the top positions) to do the same without delay. We are being told that there are no people to take such posts. Do you really think that an African with Standard 10 or more years experience cannot act as Commissioner of Police or Prisons? Do you mean that he cannot really do the job? These are the tactics which were used by the imperialists or colonialists ... I would just ask the Government to try and africanise all the top-most posts.

(Hansard, 1962: 220)

In conclusion, these speeches by the Party activists in their criticisms of Government policies illustrate the Party's view of development, which was based on the idea of <sup>re</sup>distribution and the identification of groups who had privileged access to resources.

Party activists showed strongly-held convictions concerning social justice and the dignity of the common men, but they also showed highly simplistic notions of social and economic change and an optimistic self-

assurance of their capacity to bring about changes. Thus most of the speeches implied that if the wealth owned by Asians were redistributed, poverty would be eliminated. Finally, the strongly held convictions of Party activists on issues of redistribution and socialism often prevented the discussion of production problems and of the need for manpower and capital. On the few occasions when attempts were made to direct the debate into this crucial area, the debate regressed into emotionalism.<sup>2</sup> Thus the opportunity was missed when both Government and Party could have come to grips with the problems posed by, on the one hand, Party's demands for redistributive policies and the idea of socialism, and on the other hand, Government's need for manpower and private capital, for economic growth.

The opposing views of development held by the Party and Government led to an ambiguous situation, which in turn came to affect Government policies based on private capital. This situation will now be discussed.

#### THE CREATION OF AN AMBIGUOUS SITUATION

The conflict between the Party and Government over the role of private capital in developmental strategy led to an ambiguous situation, which affected the rate of investment. This situation was mentioned by the Minister of Finance as early as 1962:

Although the main reason for the shortfall of indirect taxation (a shortfall of £300,000) is to be found in the natural disasters we have suffered, it would be unwise not to admit that a lack of confidence and a feeling of uncertainty has contributed also the slowing down of our economic growth and the fall in our revenue.

And:

One of the tasks to which the Government must



address itself is how to resolve these uncertainties - and in this task it will need the help and co-operation of all persons in responsible positions.

(Hansard, 1962: 46, emphasis added)

The Minister of Finance's speech provoked an intense debate as to the causes of 'a lack of confidence'. This debate is illustrative of the Party and Government views on development. Supporters of Government development policies explained the lack of confidence in terms of the Party activists' attitudes towards private capital. Party activists on the other hand offered other types of explanation.

Hodgson, a supporter of government development policies, elaborated on the potential amount which was lost due to the lack of confidence:

I approached the Management Committee of Dar es Salaam Chamber of Commerce, who I thought, would be the most likely people to have access to figures of this kind, through their association with other Chambers of Commerce and other bodies of <sup>his</sup> nature. Although, of course, they said they could not give exact figures - exact figures could not be obtained - but a reliable estimate, if I can describe it as that, is that since from the loss of capital leaving the country has amounted to £5m, and the loss of potential investment which might otherwise have come in, totals about £15m, so that it is a matter that I know the Minister of Finance regards as a serious one.

(Hansard, 1962: 305)

Hodgson ended his speech by saying that investors would wait and see 'until it was established by actions clearer than words exactly what Tanganyika's policy is and that policy is endorsed by all the people of the country' (Hansard, 1962: 311).

Vasey, the Economic Adviser to the Government, put himself in the shoes of a private investor and stated that:

I then wonder whether indeed the moment I am in (as an investor) and I begin to make a

profit, I am going to be accused of exploitation, and I am going to be threatened with nationalisation.

(Hansard, 1962: 478)

Hodgson also commented on certain anti-capitalist speeches made in Parliament in the following manner:

Sir, that certain speeches on Friday and Monday would be interpreted overseas, almost at any rate, as venom against expatriate capitalist exploiters. That Sir, does not encourage the capitalist to invest his money in a country like this. But I think (those speeches) might be described as either ill-advised or ignorant or inexperienced or irresponsible or in some quarters a mixture of all four.

(Hansard, 1962: 310)

Supporters of the Government's view of development thus saw the lack of confidence by the investors as a result of the party activists' attitude towards private capital. Kapilima, for instance, a strong critic of Government's view of development, admitted during a debate that "Government has been telling us all the time not to make irresponsible speeches because the would-be investors would be scared" (Hansard, 1962: 486). Chief Mhaiki was more blunt:

Now what sort of socialism do we want to introduce into this country. To make all goods, all things, all property in this country common? Naturally, people who have money of their own, must be afraid of bringing it here.

(Hansard, 1962: 234-244)

Hodgson re-emphasised the same point:

If there is any sense of uncertainty, people are not going to bring in such capital until complete confidence is restored ...

(Hansard, 1963: 310)

These arguments from supporters of Government policies were opposed by a number of Party activists, who offered a different explanation of the

'lack of confidence' shown by private capital.

Wambura, for instance, explained that the lack of investment was quite natural. It was 'mere hesitation' by foreign capital rather than an indication of 'lack of confidence'. He continued:

Now, even if I were a businessman, I would naturally hesitate during this transitional period.

(Hansard, 1962: 198-200)

Various political changes have occurred, he explained, among these were that in 1960 responsible government was achieved, in 1961 independence, and possibly in 1962 a republic. The Prime Minister, Kawawa saw the 'lack of confidence' as a result of the 'gross misinterpretation of our nation by some people and their flat refusal to accept our explanations for them' (Hansard, 1962: 226).

Minister Bryceson, however, pointed out that whether the 'lack of investment' was the result of 'mere hesitation' or 'lack of confidence', there was not much difference:

The fact is (he said) call it what you like, we are not getting the investment that we need in order to help us develop our economy ....

(Hansard, 1962: 284)

Laxman, another Government supporter, came up with suggestions asked for by the Minister of Finance in his speech, which would assist in resolving the uncertainties. He proposed that the state must intervene in the economy; secondly, the government must demarcate lines between private, co-operative and state capital: and fourthly, there must be a Ministry of Economic Planning. Laxman stated:

Above all, we must do one thing and that is to demarcate the role which private capital is to play and the way private capital is to fit in our image of African Socialism. Private enterprise and private capital, the moment these are

mentioned they bring to different people different connotations. It is important, therefore that the Government should make it clear as to how and where private enterprises fits in the economic fabric of this country. Even more than that we must make it quite clear as to where co-operative effort on the part of the people of this country ends and where private enterprise takes over.

What I would like to see is the formulation of a policy by government which puts out in no uncertain terms, the reliefs, the advantages and the aid and assistance which this government would give to outside capital.

(Hansard, 1962: 162)

Laxman's suggestions are important because they were taken into consideration by Government. As the Prime Minister, Kawawa answered:

As I have said, Government is delighted with the suggestion of the Hon. Member (Laxman), and we are going to consider this matter quite seriously, so that our people should know where we are going.

(Hansard, 1962: 230)

The Government attempted to ease the ambiguous situation by evolving policies between 1962-1963 which would satisfy the needs of Government in terms of economic growth and which, on the other hand, would accommodate Party activists' pressures and demands. This can be seen in the very careful manner in which Government formulated its policies. Government gave in to Party pressures in two major areas, namely on Africanisation and on the co-operatives; but it held firm on the issue of private foreign investments.

### Africanisation

Government initiated the Africanisation Commission and its Report (1962a) advised the government that the feelings in the Party shared by some members of the Government was that the racial imbalance in the public

service arising from historic factors should be redressed by giving preference to Africans (Tordoff, 1967: 195).

The Commission's findings therefore tended to support the Party activists' view, namely that re-distributive policies in the form of Africanisation should be incorporated as part of developmental objectives. The process of Africanisation was also greatly expedited by the resignation of Nyerere as Prime Minister in 1962. Expatriate resignation jumped from 15 percent to 40 percent (Stephen, 1968: 160). By 1964 the issue of 'Africanisation was no longer a political problem' (Tordoff, 1967: 202).

#### Co-operatives: 1963

We have already seen that another major area of contention between Party activists and senior Government officials was in the area of internal trade. Party activists pressed for the expansion of the co-operative system to replace that based on private trade, in order to remove Asian control.

To accommodate these political pressures, the Government changed the Co-operative Societies Ordinance in 1963 so that the Registrar of Co-operative Societies "no longer had the final power to refuse to register a co-operative because he was not satisfied as to its viability; in the future such decisions were to be subjected to reversal by a Minister carrying out a political policy" (United Republic of Tanzania, 1966: 15).

As a result of this change in the ordinance, registered co-operatives increased from 657 in 1961 to 1,533 by the end of April 1966. (Ibid: 15). In the urban areas government formed a consumer co-operative known as COSATA, which was a step towards replacing the Asian shopkeepers.

The Government therefore changed two major policies during this early period in order to accommodate political pressures, emanating from Party activists. Government sacrificed efficiency and manpower, both in the administration and in the co-operatives, for political stability and in order to bring about a consensus on development policies.

#### Foreign Investment (Protection) Bill: 1963

But the Government did not give in to political pressures on the issue of foreign investments. In 1963 the Government issued an Act which was to protect foreign business in the case of eventual nationalisation. This Act was an attempt by Government to allay the fears of private foreign capital over nationalisation so as to make them increase their investments.

Government passed the Foreign Investment (Protection) Bill (FIPA) in 1963, which gave guarantees to foreign capital. Section 6 of the Act states that in case of compulsory acquisitions:

The full and fair value of such enterprise or property shall be ascertained and the holder of a certificate relating to such enterprise shall be paid a proportion specified in his certificate as the approved proportion.

The Bill also allowed for the repatriation of profits after taxation in an approved foreign country and at the prevailing official rate of exchange. It also stated that the Minister of Finance is empowered to issue certificates to foreign nationals who invest foreign assets (or re-invest their profits) in Tanganyika, if he is satisfied that the object of the investment will benefit the country (URT, 1963: 2). Government therefore did not give in to Party pressures on the issue of foreign private investments. Government's views on development which was

centred on increasing and expanding production saw that foreign capital was essential in achieving this aim. Government did not therefore compromise its development aim on achieving a high rate of economic growth.

The nature of the three policies discussed here - Africanisation, policy on the Co-operative and the policy on foreign investments - as well as their timing (between 1962-63) clearly indicates that the Government wanted to remove the tensions which existed between itself and the Party. This tension, as already illustrated, was expressed in terms of opposition to Government's development policies. By appeasing political demands in the policy of Africanisation and Co-operatives, Government hoped that a developmental consensus, a pre-condition for stability and effective development planning, would be reached.

We shall explore further the Government's attempts to resolve conflicts in development strategy between itself and the Party when we consider the First Five Year Plan 1964 - 1969 in Chapter 3.

An implication of my analysis is that, although the Party was not constitutionally involved in the formulation of development policies during this period, nevertheless, the Government did accommodate political demands into policy-making. In two crucial areas, on the policy of Africanisation and on the Co-operatives, Government gave in to pressures from the Party.<sup>3</sup> This would indicate that Rweyemamu is not correct when he argues that since Tanu was not involved in the formulation of the First Five Year Plan (1964-1969), the Plan did "not address itself to any political changes" (Rweyemamu, 1973: 51).

These concessions to the Party can be seen not simply as a long term and stable compromise but as creating the conditions firstly for continuing conflict over the power to formulate development policy between

the Party and the Government and secondly for serious contradictions to emerge in these policies. Either the Party would use the concessions to try to make further inroads into the power of Government, or else a Party policy on Africanisation and on the Co-operatives would co-exist with a Government policy on private investment. Since the policies of the Party and the Government were based on fundamentally different (and possibly conflicting) views of development a serious contradiction could emerge.

### Conclusion

In 1962 Tanzania had a tripartite system of policy making operating under a Tanu umbrella. There was the Tanu Government which was able to formulate policies on a de jure basis, the Party which formulated policies on a de facto basis and the President of both the Party and Government who had powers to supersede both organs and formulate policies independently. Notwithstanding the unchallenged position of Tanu in the country, the Party and Government were involved in a conflict. Although the President was sandwiched between the two sides in this conflict, he often used his position to mediate between them by alternating his support between the two organs and thereby maintaining stability, because each organ could identify with the President.

The conflict between the Party and Government found its most vocal expression in opposing views of development, the Government's view of development was similar to the conventional view of development which saw the economic backwardness of the country as the result of the limited extent of production for exchange. Its major concern was to achieve economic growth. Government evolved policies in major sectors of the economy such as trade, agriculture, manufacturing which relied on private



capital, both foreign and local. Government hoped by these policies to achieve a higher rate of economic growth which would enable it to improve living standards and meet other social goals. The Government's conception of development was consistent with its institutional functions as caretaker of the national economy.

Party activists criticised Government policies because they promoted capitalism and also because they strengthened social classes that were already in privileged positions, namely, the Asians and Europeans. They called for re-distributive policies, for Africanisation, and for the replacement of the Asian trader by the cooperatives. In articulating these demands, the Party activists were also expressing a view of development which was based essentially on re-distributive ideas; re-distributive measures were seen as central to, if not the essence of, development. The President's position on the other hand, while accepting the Party activists' demands for re-distribution did not exclude him from supporting the Government's policy on private capital.

The conflict between the Party and Government created uncertainties in development, since it appeared that the Government lacked the political support of its Party. Moreover, the Party was constitutionally weak, nevertheless party activists constituted a strong pressure group, whose criticisms and demands could not easily be ignored. Thus between 1962-1963, Government gave in to Party pressures on the issue of Africanisation and modified its policy on the Co-operatives, but it stood firm on the role of private capital, which was considered essential to the achievement of economic growth. It passed the policy of FIPA to encourage foreign investment by offering protection in case of nationalisation.

FOOTNOTES

1. Ernst Vasey, the first Economic Adviser to the Government attempted to show that all countries, whether capitalist or socialist required capital to develop:

What indeed do you mean by the word capitalist?  
What do you mean by the word, capital?

(Hansard, 1962: 468)

He went on to elaborate:

Capital is used and needed as much in any communist system as in a capitalistic system. You may give it a different name. It may take a different form. But capital is that part of our expenditure which is essential for development but which does not constitute recurring expenditure. And I would suggest to the Hon. Members of this House that they should, in fact, re-think, or at any rate, not use these slogans until they have thought as to what is the basic factor involved.

(Hansard, 1962: 471)

He continued:

Capital is not something to condemn. In the modern sense even in the socialistic sense, capital plays a necessary part with labour in the production of wealth and one without the other cannot be effective. This is the lesson of the modern world. This partnership of labour and capital is just so essential a part of the creation of wealth and important indeed that we need it in this country.

(Ibid)

He mentioned that the eastern bloc were not advanced as the capitalist countries. It was this point which appeared to infuriate the party activists, such as Kapilima and Wambura who rose up to challenge Vasey's speech. Unfortunately, they only managed to focus on Vasey's motives of trying to discredit socialism. In other words, they failed to bring forward arguments which could have proven Vasey's statement wrong. This necessitated the intervention of the Deputy Speaker to remind the members that Standing Order 59, Section 9, did not allow a member to impute motives to any other Hon. Member, and finally that Standing Order 19 does not allow a member to dispute the decision of the Chair. Wambura continued however to challenge the Deputy Speaker in Parliament, whose decision is always final. This in turn led to the intervention of the Minister of Justice. (Hansard, 1962: 476-493).

The significance of this debate is that party activists were angered

by Vasey's speech because it argued that capitalist societies were more developed than socialist ones. This statement was taken to mean, notably by Wambura and Mtaki, an attack against socialism. But they were unable to criticise or formulate a thorough counter-argument against Vasey. Their inability to do so is reflected in their continuously falling back on the motives of Vasey, which in turn necessitated the intervention of the Deputy Speaker since it was contravening Parliamentary rules. But the crucial question which was posed by Vasey, the difference between capitalists and capital within the context of Tanzania's economic problems, was not discussed at all.

2. e.g. The episode discussed in Note 1.
3. In addition, beginning from 1962 a fair progressive taxation was adopted. The Poll tax was abolished and replaced by a personal tax system, under which people with an income of less than Shs 2,000/- per annum were exempt from tax ... (cited in Rweyemamu, 1973: 50). These measures do show that Government between 1962-63 did incorporate a limited degree of re-distributive measures.

CHAPTER THREE

THE FIRST FIVE YEAR PLAN AND THE DEEPENING  
OF AN AMBIGUOUS SITUATION

In the last chapter we saw that there was a conflict over development strategy between the Party and the Government. We saw that the Government's development strategy was based on the need to expand production by encouraging local and foreign capital as well as to maintain efficiency in the administration by maintaining expatriates. Initially, these policies received support from the President. But Government policies were attacked by the Party activists on the grounds that they ran counter to the policy of African Socialism. The conflict over development strategy between the two organs of the state created an ambiguous situation which was discussed in the 1962 Parliament. In response to this situation, the Government attempted to resolve the uncertainties by evolving policies which would meet both Party demands and Government needs.

The same aim of attempting to achieve a consensus over development policies between the Government and the Party also structure the principles governing the first Five Year Development Plan, 1964-1969. Government attempted to strike a balance between on the one hand, the Party activists' demands for control of the economy and redistributive measures, and on the other, Government's needs for economic growth and manpower considerations.

But Government failed to appease political demands. The Party activists continued to criticise Government's policies on the grounds that they were not socialist. The struggle between the two organs of the state was not resolved.

The conflict between the Party and the Government was only resolved constitutionally with the enactment of the 1965 Interim Constitution which separated the functions of policy making from its implementation. The new Constitution gave powers for policy-making to the Party and the responsibility for their implementation to the Government. It weakened the Government and strengthened the Party.

#### GOVERNMENT: AFRICAN SOCIALISM WITHIN THE CONTEXT OF PRIVATE CAPITAL

Party activists criticised Government policies 1961-1963 because they were based on the encouragement of private capital and therefore contrary to the ideas of African Socialism. But in the 1964-1969 Plan the Government was arguing for the acceptance of its policies on the basis of African Socialism. How then did Government interpret the idea of African socialism? Some insights can be gained by the various speeches of Ministers.

Most senior members of Government when presenting the First Five Year Plan (1964-1969) to Parliament defined socialism in terms of distribution and not ownership. The Minister of Finance, Bomani, when presenting the first Budget of the First Five Year Plan stated that African Socialism was "concerned with the people's need to control the development of their country through the constitutional means available to their Government". He explained further that control of the economy could be exercised by government through the various indirect mechanisms such as taxation, regulation of the monetary system, encouragement of co-operatives and economic planning. Such mechanisms could assist the government to achieve the distribution of wealth and provision of increased social services. Bomani then stated:

Socialism is not only concerned with the

control of economic development and with the distribution of wealth. It is also concerned with the expansion of wealth, with the growth of output, with the raising of incomes, with the increase of welfare.

And here we must be utterly realistic and completely frank with ourselves. We must recognise that throughout the five year period of the Plan and for many years ahead we must as a nation concentrate all our endeavours on the investment of effort and savings, on investment in industry, on investment in roads and railways, in education and health of our children.

(Hansard, 1964: 24)

Bomani was thus emphasising the need to expand productive activities. But in order to achieve such investments in terms of capital, machinery, expertise, Tanzania, he explained, would require the assistance of "development finances from our friends in overseas countries" (Hansard, 1964: 24).

The Minister for State in the President's Office, Jamal, argued that Socialism meant the expansion of production:

What we must constantly tell ourselves is that revolutions ought to have clear objectives and there should be a definite course set for attaining these objectives. To have revolutions just for the sake of having them is to commit a deception on our people. They will never forgive us for it. Let us always remember that.

He then went on to emphasise the need for production:

In the highly technological and competitive world of today our objectives must enable us to stand on our own, not merely as a technicality through membership of the United Nations or recognition by other sovereign states of the world, but in reality. This means production and more production at prices which internally lead to real and ever-increasing savings for further investment and, externally, enable us to pay in the most effective way for all that we shall need to import to revolutionise our economy.

Jamal then pointed to three economic factors, which he said would "determine our success and will demonstrate whether we understand the enormity of the task which we have undertaken ahead of us". These three factors were, the magnitude and extension of production, the cost of such production and the size of savings for investment in schemes and projects leading to further production. Jamal then warned that:

To attempt to produce without regard to cost of production can be self-defeating and retrograde effort. To produce to the maximum extent at the lowest possible cost and then not to save for further investment will be equally frustrating and could lead to stagnation.

He continued:

This is not a matter of Eastern or Western ideologies and 'isms'. These are stark economic facts staring us in the face. Ignore them if we will, it can only be at our own peril. Every single activity, every attitude, every approach of ours must be determined by the recognition of these realities. We are not the only struggling developing country in the world nor are we the most gifted and favoured of them all.

(Hansard, 1964: 69)

Thus Jamal's speech clearly pointed to the need for economic production and the necessity for its expansion. Chief Fundikira in the same Budget speech also explained the idea of African Socialism in terms of the needs of an exchange economy, which required that everyone must make a contribution towards production. He pointed to two ways in which wealth could be distributed under conditions of African Socialism situated within the context of an exchange economy. These were firstly, to allow opportunities for employment and fair wages to all workers and to pay fair prices to the primary producers and secondly, to distribute wealth through the welfare services.

Fundikira also pointed to the dangers of confusing African Socialism with African Communalism. The latter referred to a situation whereby a number of people do not contribute extensively to the exchange-economy but "expect to share equally in the wealth which is produced by those who are more actively engaged in economic activities" (Hansard, 1964: 247).

These speeches indicate that Government's position in terms of development ideas was modified to accommodate Party pressures on redistribution. By 1964, redistribution was considered by Government to be important and it was incorporated into the Development Plan. This is in contrast to the 1961/62 Plan where the primary aim was on economic growth at the expense of redistributive policies. However, Government still maintained its traditional concern over the need to expand production as well as the need for private capital.

The major aim which structured the First Five Year Development Plan 1964-1969 was an attempt to maintain a balance between redistributive measures and the need to expand production. The Plan attempted to define the spheres of activities of public and private sectors in the commercial and industrial areas. The objective was to accommodate Party requirements, especially regarding the role of the co-operatives vis-a-vis the Indian traders, and to "ensure the equitable distribution of wealth in the country" (URT, 1964: 14). On the other hand, the Government maintained the role of private local and foreign capital in the 1964-69 Plan but it was down-graded from 60% (1961/2 - 1963) to 47% of total capital expenditure. Thus while in the First Three Year Plan, the public sector undertook only 40% of development expenditure, in the 1964-69 Plan it was to undertake 52% of public expenditure.

Nevertheless private capital was considered to be crucial in



development. The Private sector was supposed to finance £116 million towards development. Government's reliance on the private sector (48%) was seen to be essential by government precisely because of its recognition of the economy's limited capacity to generate and expand production through reliance on its own internal resources. Tanzania lacked manpower, capital and organisational experience. By encouraging foreign and local capitalists to invest, government hoped that the burden of generating the necessary revenue would come from private investment rather than from individual labour through taxation. It was held that only through capital investment in production could a higher rate of capital formation be achieved which could finance the infrastructure of health, education, housing which were orientated towards supporting labour since the majority of the population fell into that category.

The main objectives of the Plan were defined <sup>by 1980</sup> as:

- a] to raise per capita annual income from £19.6s to £45.
- b] to be fully self-sufficient in trained manpower requirements.
- c] to raise the expectation of life from between 35 to 40 years to 50 years.

These objectives illustrate that there was an emphasis on health and education. But the need to expand production as a means of overcoming the problem of poverty was overwhelmingly stressed:

The paradox of Tanganyika is that it is a country of 10 million people, possessing not inconsiderable natural resources, enjoying climatic and health conditions that are not abnormal for Africa and yet, in terms of average per capita incomes (under £20) it finds itself amongst the poorest of the nations in this continent.

(United Republic of Tanzania, 1964: 7)

What were the causes of this poverty? The Plan identified as the first problem, the absence of a manufacturing base and the predominance of the

subsistence sector. Thus, "during the years 1960-62, 80 percent of non-food consumer goods purchased by Tanganyikans were imported and 80 percent of foodstuffs consumed did not pass through any market economy" (URT, 1964: 7). Secondly, the weakness of the distributive and transport sectors hindered the creation of a domestic market (Ibid: 11). The absence of a domestic market was further aggravated by the existence of the subsistence peasants:

80% of Tanganyikan consumers are peasant farmers and it is their effective demand for consumer and producer goods which sets the limits to the scope and diversity of the domestic market and, consequently, sets the pace for the expansion of the non-agricultural sectors.

(United Republic of Tanzania, 1964: 12).

Another major obstacle to accelerated economic growth was the lack of manpower especially in education and in the technical training of the people. For instance, the Plan pointed that in 1963 only 1.7 percent of the school age population attended Form 1 to IV (1964-1969: 12). Finally, the Plan pointed to the necessity of changes towards greater equality in the income structure, and stated that economic growth should be used by government to contribute to a more equitable distribution of income in society.

The major solution to the problems outlined by the Plan was increased production, which would require private capital because:

... there is an upper limit to the investment capacity of the Government, owing on the one hand to the low level of domestic resources and on the other to constraints upon its ability to service overseas borrowings, the economy of the country will continue to rely to an appreciable extent upon the private sector to accomplish the necessary accretion of capital.

(Ibid: 13)

The Plan envisaged a form of mixed economy where "the private sector will

be given all reasonable guarantees for carrying out its business in conditions sufficiently attractive to induce the re-investment of profits in Tanganyika and an inflow of new investments from abroad" (Ibid: 14).

In order to ensure the equitable distribution of wealth within the country, the Plan envisaged the "expansion of the co-operative movement and the promotion of Government participation in industry and commerce in the form of joint ventures (Ibid: 14)".<sup>9</sup> Furthermore, the Plan demarcated the spheres of activities of each sector. Thus the co-operative\$would take 40% of trade leaving 60% to private trade, while that of the manufacturing sector would rely mainly on the initiatives of private capital. We shall examine more closely the individual policies later on

Thus basically, Government attempted to add a re-distributive measure and partial state ownership on top of the conventional ideas of development, which emphasised economic growth and private capital. How the Government applied its general conception of development to specific sections in the Five Year Plan will now be examined.

#### Internal trade

Government's policy on internal trade was to expand the network of retail trade into the remotest areas by encouraging Africans to participate as traders. In 1964 there were 45,000 retail licences issued, and over 35,000 were held by Africans (Hansard, 1964: 624). The plan aimed also to have the co-operative movement secure 10% by volume of turnover of retail trade by 1970 and later on 30% to 40% of the total volume. Once this was achieved, Government hoped that retail trade would revert to free competition. Sixty percent of the trade would

still be in the hands of private traders. Likewise in the wholesale of consumer goods, Government hoped that COSATA, a co-operative consumer society would secure 10% of total turnover by 1970. COSATA was also to be given distributive rights over consumer goods made and sold locally by industries in which there was government participation. Government's aims therefore was for a gradual transfer of trade to the co-operatives, because it considered organisational capacity crucial in implementation.

The Minister of Commerce and Co-operatives when presenting the Annual Estimates for 1964/65 on Commerce and Co-operative Policy emphasised the importance of commerce to the economy:

The urgent call to our nation is, therefore, for increased production at home which will raise the people's standard of living, whilst increased trade to foreign countries - instead of pleading for aid from them - will enhance our national dignity, personality and prosperity.

(Hansard, 1964: 623)

This view was consistent with the Government view on development which viewed trade as an integral aspect of development because it integrated subsistence peasants into the exchange economy and because of the need for foreign exchange. The Minister also expressed full support for the co-operative, COSATA: but he added:

I must make it quite clear that as the Minister responsible I am here to encourage the establishment of successful co-operatives only, and not just a mushroom of hay-wire prestige co-operatives.

(Ibid)

He explained that some people accused the government of not having greater ambition, that the target of securing 10% of the retail trade by co-operatives within the next five years was too modest. But he argued:

I wonder, Sir, if Hon. Members are fully aware of the scale of operations required to achieve even this figure; are they aware, for example, that there were 45,000 retail licences issued in this country, 35,000 of which incidentally have been issued to Africans? Allowing for a thrice times turnover no less than 4,000 co-operative shops would be needed to secure 30% of trade. The small turnover and scattered nature of existing small shops make rural coverage of co-operatives most difficult as overheads cannot compete with family management.

(Ibid)

He continued:

Rapid as has been the expansion of our co-operative movement since independence, it is only fair to inform the House that less than half of the secretaries of our primary societies have received any co-operative training whatever, and quite a number of them have either seen a jail sentence or are still there cooling their castle building ambitions!

(Ibid)

It would appear that Government was against a rapid take-over of trade because of the weakness within the co-operatives themselves:

Maybe, this is somehow revolutionary, but it is dangerous to do such a thing. It was even dangerous to the masses. We have got to remember that when a human being wants sugar, he wants to get sugar, if he wants to buy a piece of soap, he wants to get a piece of soap. Now if perhaps we just confiscate things and then announce to the masses that they should have them buy from our people, while our people are not experienced then maybe things will be scarce; the masses will be the first to complain, saying you merely brought us problems.

(Hansard, 1964: 630)

By incorporating implementation problems in policy thinking Government hesitated to replace the private trader by the co-operative. These fears were again expressed by the Minister:

It is Government's policy to have a lot of things sold through Cosata and other co-operatives for

the benefit of the masses. But we do not have enough manpower.

I want to remind you that if we undertake to do something very rapidly we can fall.

(Hansard, 1964: 207)

Government was, therefore, against rapid nationalisation of trade because of its realisation that, given the absence of implementation capacity, the policy might cause more problems. Government feared that a disruption of trade might affect production since peasants would have no incentive to produce for exchange. Failure in production would in turn undermine the policy of economic growth, upon which Government's major objective were based. Finally, private trade was considerably cheaper for the state coffers since the expenses involved such as transportation, insurance, storage and administrative overheads were borne by private capital itself and not by the Government. Given all these reasons, Government considered it rational in terms of Tanzania's economic interests to maintain 60% of retail trade on <sup>a</sup> private basis.

#### Emphasis on external trade

As already illustrated, the Government's conception of development emphasised external trade as an important factor in development because of the need for foreign exchange. Thus the 1st Five Year Plan maintained the Marketing Boards for the individual cash crops. This was a recognition of the need to have specialised and efficient export organisation. The emphasis on external trade was, in fact, emphasised by the Plan:

In selling to the world market the produce Boards will have to be competitive with sellers in other countries and contracts with individual buyers that have already been established. Here they will be able

to appoint as their agents organisations which have the necessary expert knowledge of world market terms and conditions and adequate resources to carry out their operations. It will also explore possibilities of non-traditional markets.

(United Republic of Tanzania, 1964: 42)

The emphasis given on exports can also be seen in its proposal to form an Exporter Association (with an Export Promotion Council) covering Tanganyika's exports and comprising representatives from Government Ministers, industry, the produce boards and other commercial organs, "as part of the general policy of intensifying export promotion" (URT, 1964: 22). We could argue on this basis that Government had an export policy.

#### Agricultural policies: 1964-1969

In agriculture, the Plan adopted policies which did not differ greatly from those of 1961-1963. The major and overriding aim in this sector was to increase production.

First, the 1964-1969 plan allowed for the continuation of commercial farming of large-scale estates, which had been established during colonial times. Many of these were owned by foreigners, who constituted less than one percent of the total population, but as the President pointed out:

They account for some forty percent of the value of our exports.

These estates have both the capital and the technicians that are needed to increase output, and we need increased output, and we need an increase from them.

(Ibid: X)

The significance of their numbers is that they did not pose any political

threat because it was easier to control them but at the same time, their contribution to the national economy was significant.

Furthermore, the Plan expected the private sector to invest over £8m in primary rural activities. The expansion of the rural sector's monetary output during the five years of the Plan was expected to proceed at an average annual rate of about 7 percent per annum which was expected to raise the value of its output by over £40m between 1960-62.

The Government also maintained its 1961 policy of the improvement approach which encouraged the progressive farmers through extension services and access to credits. Subsistence peasants on the other hand were considered to be an obstacle because they were not fully integrated into the exchange economy. The Plan thus aimed at discouraging the self-sufficiency of the subsistence peasants by encouraging them to specialise in one or two cash crops. The Plan envisaged that the subsistence sector's contribution of about 32% of GDP in the years 1960-62 would shrink to 22% by 1970 and to a mere 14% by 1980 (Plan 1964-69: 22).

Government relied on trade to integrate subsistence peasants into the money economy. But it was also directing the transformation approach onto this category of peasants. Its goal was to introduce technical, social and legal systems of land tenure which allowed the exercise of 'modern agricultural techniques based on relatively high productivity'. Nyerere outlined his vision of the transformation approach:

Volunteers coming to these new areas will be becoming modern farmers in every sense; they will use machinery and perhaps irrigation because the land tenure will be such as to ensure areas permanently large enough to justify the investment; they will have to follow laid-down crop rotations; and they will live in villages, going daily to their shambas.

(URT, 1964: x)



The Rural Settlement Commission (RSC) (1963) was given charge of this policy. It was administered by the Ministry of Lands, Settlement and Water. The RSC evolved pilot schemes to implement the transformation approach which aimed at breaking with traditional farming . (Wood, 1965).

#### Policy towards the manufacturing sector

The 1964-1969 Plan placed great stress on the development of the manufacturing sector. The manufacturing sector provided a crucial linkage with the agricultural sector and a mechanism through which peasants would be integrated into a domestic market. Government thus gave a high priority to this sector because it was also an area which could generate a higher rate of capital formation:

It is estimated in the Plan that more than £50 million will be invested in manufacturing and processing industry between now and 1970 and that output in the industrial sector will grow by almost 15% per year.

We intend to stimulate the whole pace of economic and social change by building up an industrial base which will not only process our exports of agricultural commodities, but will provide a much wider range of manufactured goods for the benefit of consumers in this country. If we are to reach the ambitious targets which we have set ourselves, we shall continue to require plant and equipment, finance and technical assistance from overseas countries.

(Hansard, 1964: 29)

The policy for developing a manufacturing base in Tanzania was based on establishing firstly, industries to process agricultural produce and secondly import-substitution projects such as assembly plants for trucks and consumer goods. The aim was to minimise the transportation bottlenecks which existed in the country and increase the consumption of consumer

goods, which would integrate peasants into the monetary economy. The development of the manufacturing sector was to be spearheaded by private capital.

#### Policy towards private capital

Government policies relied substantially on the role of private capital both in agriculture, trade and in the manufacturing sector. In the latter sector, private capital was to play a substantial role in its development. In order to achieve the implementation of the manufacturing development, Government envisaged that three quarters of investment in industries would be undertaken by private agents, both local and foreign. About £116 million was expected to come from the private sector if the Plan was to be achieved.<sup>1</sup>

Although the Government supported private foreign capital it was nevertheless prepared to assert greater control to check the outflow of capital. In 1965 the Exchange Control was introduced which was successful in curtailing the outflow of capital (Yaffey, 1970: 81). This strongly indicates that Government did not adopt a laissez-faire attitude towards foreign capital at the expense of national interests. A special department, the Sectoral Relations Committee, was set up early in 1966 in the Ministry of Economic Planning to co-ordinate the affairs of government and those of private capital as well as to instil confidence in private capital:

Its membership includes Development Plan (which provides the Secretariat), representatives from the private sector and all ministries connected with the private sector.

The idea in setting up this committee was to facilitate easy communication between the private sector and the Government so that

Government could constantly be kept informed of the progress taking place in the private sector as well as its problems.

It was hoped that frequent contacts with the private sector would sustain a favourable investment climate because the problems arising between Government and the private sector would be solved mutually.

(Ministry of Economic Affairs and Development Planning, 1967).

Another kind of encouragement given to local capital by the Government was the formation of a Local Production Promotion Council, whose objective was to give "priority support to local manufacturers, processors and traders whenever purchases are to be made". The Principal Secretary to the Ministry of Commerce and Co-operatives explained further:

To demonstrate the practical nature of the Government's interest in the setting up of the local Product Promotion Council, the Minister of Commerce and Co-operatives proposes to allocate up to £1,5000 towards the costs of the Council's Activity during the current financial year.

(The Nationalist, October 27, 1965)

The idea of the Council was approved by about 60 representatives from private industry and commerce and from Ministries and Government bodies (Ibid). Government's initiative to boost the morale of local private capital was well received by the business community, as remarks by the President of Dar es Salaam Merchant Chamber, Diwani, showed:

My Chamber would be prepared to co-operate with the Government in this kind of work and I am sure this statement will be received well in local business circles.

(The Nationalist, March 5, 1965)

These institutional mechanisms are an indication that Government considered the investments from private local capital to be crucial and that it arranged to coordinate private capital activities with those of national development. By 1964 Government was systematising its policy towards

private capital which had begun in 1962 and <sup>was</sup> clarified in the 1963 FIPA Investment Act.

### Policy on manpower

Another area in which Government re-asserted itself vis-a-vis the Party was in its policy on manpower. In this case the policy of Government won out because of Nyerere's intervention. It was estimated that in the Government sector alone - excluding all teachers, police and nurses, there was a need of 1,002 qualified people in various fields (URT, 1964: 86). When Nyerere addressed the General Assembly when the new budget was presented, he explained Government policy in the following manner:

I know that this recruitment from outside is unpopular with us. None of us like it, and we have in fact lost many experienced administrators and technicians because we desired to Africanise our civil service.

... We have now passed the stage when it was a matter of national pride just to see an African in a high position; now we are able to take pride in this only when the officer concerned is doing efficiently the job we want done.

(URT; 1964: xii)

Nyerere supported Government policy. In 1964 the President redefined the policy of Africanisation (Pratt, 1972: 236) to mean localisation, that is, the recruitment of Tanzanians irrespective of their ethnic origins. This was an attempt to meet Government's needs for manpower. A year later, in 1965, a policy statement was issued which explained the policy of localisation. Its arguments show an attempt to balance the political demands expressed by the Party activists on the one hand and those of Government in the other, in its economic demands for manpower and capital.

The policy statement on localisation began by stating that it was Government's determination to control - the economy: "There can be no compromise on our national aim to get real control of the Tanzanian economy by the people of this country"; it then went on to state that the virtual monopoly of business and commerce which was now held by foreign monopoly of business and minority communities would have to be broken. But the statement continued:

It must be broken not by destroying what exists but by the policies adopted in our expansion. These must be such that we gradually extend the collectively-owned sector of the economy and thus ensure both growth itself and the capability of the economy to serve the national interests at all times.

(The Nationalist, March 16, 1965)

In this way, the policy of Africanisation was supposed to allay the fears of private capital and manpower. The policy warned against the dangers of attempting to Africanise management with untrained people. It stated:

This would be as disastrous to the economy of the country as the Africanisation of hospitals with witch doctors would be to the health of the nation.

(Ibid)

The policy statement then pointed to the bottle-necks which were hampering economic development. These were the "shortage of manpower, skills and experience, local finance to cover the local costs of a productive investment or commercial undertakings". The statement specifically argued that these factors were available in the Asian community. "Tanu, the government, the parastatal organisations, and the co-operatives", the statement continued, "should now quite deliberately take advantage of this existing local managerial and technical know-how and this local

finance". The statement ended with the following words:

We must emphasise this need to throw our  
bucket where we are in our search for men  
and money in our war against poverty.

(The Nationalist, March 16, 1965)

The way in which the policy statement argued its case clearly showed that it was attempting to maintain a balance between the economic needs for capital, manpower and the political pressures from the Party. Secondly, it also attempted to allay the fears of private local capital and manpower by arguing that there was still a place for them notwithstanding Africanisation. It is pertinent to note the comments of the leader of the Nationalist Paper:

The policy statement, however, makes it clear that the Government does not intend to stifle private investment in this country. The evidence of this fact remains in the guarantees and other safeguards offered for private investments by the government.

(The Nationalist, March 16, 1965)

The policy statement can, therefore, be seen as an attempt to assist Government policies of development ... by removing the restrictions which had been imposed by the policy of Africanisation. This policy, however, did not emerge from the Cabinet. Nyerere, according to Pratt, issued it independently without the Cabinet's knowledge (Pratt, 1972: 236). This fact indicates two important points. First, that the Presidency was an institution of policy-making and as such, the President could issue policy independently of both the Cabinet and the Party. Secondly, this function gave him a balancing role between the two organs of the state. In other words, he could 'tip' the balance towards either organ. In this case, the policy of localisation tipped the balance towards the Government in 1965 since it reflected its major concerns for capital and manpower in

economic development. Finally, the policy reflects also the view of development which Nyerere held during this period and which was similar to that held by the Government.

It is worth noting in passing that at this time the President also gave support to the Government's policy on private capital as well as its overall emphasis on economic growth. Thus:

We shall achieve this increased prosperity if we expand our production of goods. We shall become more wealthy by producing more wealth. By no other means.

(URT, 1964: ix)

And on private capital, Nyerere stated:

Private investors can provide this quantity of money. They will do so only if they believe that they can make a profit and that they will be allowed to export their profit if they wish to do so. These conditions we must accept; we can do nothing about them. The question we must ask ourselves in every separate case is whether we also benefit in proportion. When we benefit - by increased employment opportunities, by increasing government revenue, by the increase of wealth produced locally and so on, then we should welcome private enterprise as much as we welcome loans from friends abroad.

This is one of those matters about which we must start with the world as we find it. To be truly revolutionary we must be absolutely realistic and use what opportunities the world provides.

(Ibid: xiv)

Equally so, Nyerere supported Government's policy on exports:

No country owes Tanzania a living, we have to earn it for ourselves. Sentiment will not make people buy our goods if they do not want them, it is our responsibility, to find, and to supply every possible market.

(The Nationalist, February 2, 1965)

Nyerere's speeches firstly illustrate that he supported Government's

policies and priorities. But more important, the speeches also illustrate that Nyerere was operating within the conventional view of development. We could argue that both Nyerere and Government used a similar approach towards analysing development issues.

#### PARTY ACTIVISTS' CRITICISM OF THE 1964-1969 PLAN

##### Plan not Socialist

Party activists criticised the Plan because it was not socialist. While some party activists focussed on the issue of equality others focussed attention on the need of the state to control the economy. Thus, the Plan, party activists argued, did not foster equality:

Sheikh Thabiti Kombo:

Our attack throughout these years has been because of the masses and our life conditions ... We can no longer stand and see individuals benefit at the cost of others, we want to see the masses benefit.

(Hansard, 1964: 13-14)

Diwani:

Mr. Speaker, I would like to mention that a socialist policy in a socialist country aims many times at raising the standard of those who have none. The danger in our country today is that there is no equality within the country, 96% out of 100% of our people are poor.

(Ibid: 133-4)

Mtaki:

The basis of socialism states that the means of production must be in the hands of the state or the masses.

(Hansard, 1964: 89)

Siyovelwa:

Now if you think of our policy here, all the



means of production should be ours as a whole.

(Hansard, 1964:150)

Party activists used the term Socialism and African Socialism interchangeably. Siyovelwa, a Party activist remarked on this issue:

There are those others in African countries who believe in scientific socialism, and those who believe in African socialism. Most of us, most of the MPs are confused, our brains are in turmoil ... One advocates scientific socialism today, and tomorrow he advocates African Socialism.

(Hansard, 1964: 789)

The inter-changeability of these terminologies indicates therefore that the problem of socialism had not been clearly defined by the Party, the President or the Government. Nyerere's Ujamaa: the Basis of African Socialism (1962) had referred to African Socialism and not to scientific socialism. While one can argue that those who used the term African Socialism to criticise Government policies derived their legitimacy from Nyerere's ideas of 1962, it is difficult to argue likewise for those who criticised the plan on the basis of scientific socialism, which was equated with state ownership of the means of production.

What is important, however, is that Party activists' criticism of the Development Plan clearly shows that they failed to take into consideration the type of problems which Government was attempting to solve. It would also appear that Government's attempts to explain these problems to the Party activists when the ministers were presenting their policies failed to impress the Party activists. We can appreciate my arguments further when we see how Party activists criticised the individual policies.

#### Party activists' attitude towards private capital

We saw that Government policies relied substantially on private

capital especially in the manufacturing sector. Party activists criticised this policy on many issues, ranging from profit-loss accruing to the country. exploitation and national loss of control of the economy. These ideas were expressed in various forms by party activists:

Siyovelwa:

What I want to ask is, where does this profit go to? We benefit from the taxes imposed and collected by the government from these people. But where does the remainder, after all taxes, go to? Who owns these industries? The owners are abroad and own shares in these industries. All the profit acquired after all taxes are expropriated, go abroad as dividends among those who own shares and they get enormous profits.

(Hansard, 1964: 152)

Sheikh Thabiti Kombo:

Capitalists thrive - on the sweat of the masses. In the industrial sector I stress that the capitalist should not be left free (laughter) - to install a plant for his own benefit.

(Hansard, 1964: 181)

Mtaki pointed to the dangers of loss of national control of the economy as a result of foreign capital:

This allows the expropriation of large amounts of money abroad - this is dangerous, because it removes the economy from our control and usually the cure is only one, that is, to close down all insurance companies, to remain with only one, which belongs to the state of Tanganyika.

(Hansard, 1964: 211)

Diwani, another strong Party activist also emphasised the same point of

loss of national control of the economy:

... (that) the 60% of investment will be held by private sector and owners will be ruled by their own aims and targets, and these targets may not be to the advantage of the nation ... All the industries, Sir, must of necessity serve the national goal, and if this is the case, then it is essential Sir, that the Government is in a position to hold the chain of destiny of these industries. And I suggest that the Government both control the profit margins as well as the targets of production.

(Hansard, 1964: 126)

Mtaki voiced the same idea:

All the existing insurance are foreign, they are company insurance. In a country like this, aspiring for socialism, such foreign insurance, many times are against socialism ...

... I could request that all Banks in Tanganyika today have got to be nationalised, instead there should be the National Bank.

(Hansard, 1964: 210-211)

Party activists articulated a strong hostility towards foreign capital. They feared that it would lead to the loss of control of the national economy as well as lead to profit-repatriation, thus depriving the nation of investable surplus funds. This same concern with control and an anti-profit attitude were again voiced in the form of criticisms against Government's policy on internal trade.

#### Party activists' criticisms against the policy of internal trade

As we have seen, Government policy on internal trade allowed up to 40% of retail trade to be conducted by co-operatives leaving 60% in the hands of private traders. Government had opposed a rapid replacement of private trade by co-operatives on the grounds that the latter were not

well equipped to handle trade nationally. This policy was criticised by Party activists:

Wambura:

We are allowing competition between private and co-operatives. I personally think that this is not fair because if we have opted for socialism, it is not enough to be mere idealists, it is better to be full socialists, we should agree to be 100% socialist - why should co-operatives compete with individual enterprises?

(Hansard, 1964: 73)

Mbogo:

It is obvious that most of the enterprises even today are still being held by Indians and their sub-ordinates. Perhaps it would be better to request them, if not possible to force them, to hand over some of their shops to the masses, to enable them to start co-operative shops for their benefit.

(Hansard, 1964: 117)

Sarwatt:

Is it still the government policy to eradicate the 'petty bourgeoisie' in trade, that is, the middlemen, and to stabilise the co-operatives?

(Hansard, 1964: 559)

P. Mbogo:

These people are great thieves, this is why they have been able to build storey houses, shops, cars etc. Prices have got to be controlled.

(Hansard, 1964: 647)

Thus the hostility against the Indian trader was still present, though it was couched in ideological terms. Party activists still pressed for the total replacement of private trade by the co-operatives.

The criticisms by Party activists of Government policies 1964-69 illustrate that they were still expressing the same ideas in 1964 as they had done in 1962, with the qualification that antagonism against the Asian trader was increasingly expressed in socialist ideological terms. Party activists were still arguing for re-distributive policies on the basis of equality as well as for the need to control the economy. These two major ideas constitute the traditional concern of the Party activists.

The persistence of these ideas up to 1964 shows that, unlike the Government which had modified its policies to accommodate Party demands, the Party activists did not modify their ideas so as to accommodate the Government's preoccupation with economic growth. The criticism of the Party activists of Government policies illustrate a singular lack of concern regarding problems of production, capital, manpower, expenditure in development processes. By pressing for re-distributive policies and control of the economy irrespective of their economic consequences, the Party activists acted as if they were an opposition Party rather than a Party whose Government was in power.

Finally, Party activists' criticisms clearly showed that the Government failed to appease political pressures and that the conflict between the two organs of state had not been resolved. This conflict could only be resolved constitutionally, to which we shall now turn.

## THE 1965 INTERIM CONSTITUTION OF THE ONE PARTY STATE

The One Party State Constitution was enacted on 10th July 1965. One of its major aims was an attempt to resolve the conflict which characterised Government and Party relations from 1961. That the conflict between the two organs of the state posed a serious political problem was reflected in Nyerere's instructions to the Presidential Commission on the One Party State: "Should the Bunge and National Executive Council both continue to exist? If so, what should be the relationship and the division of powers between them?". The Commission was directed to find a "working relationship between the Party and Government" (Hopkins, 1968: 18).

The Presidential Commission on the One Party State recommended, first, that Tanzania should be a de jure One Party system under Tanu; secondly, that the nomination to Parliament must be a member of Tanu; and thirdly, that two members, nominated by the Party should stand for election in Parliament. Voters <sup>in each constituency</sup> have a choice of two people to represent national policies. What is important for our thesis, however, is the relationship between the Party and Government.

The Commission gave the Party the basis upon which it strengthened itself over time. This occurred by recommending that the Party be able to continue its traditional role of formulating broad political guidelines of a policy nature, while the National Assembly continue with its legislative functions.

In order to enhance the role of the Party in policy-making, the Presidential Commission on the One Party State also recommended that the National Executive Council of the Party be given powers of summoning witnesses, taking evidence and requiring the production of documents to be presented to the NEC, as well as be given the powers to penalise anyone for disobeying the Party's summons. These recommendations were enacted in the Constitution under the legal provision Act No. 49 of 1965. Previous to this, such powers and privileges had been granted only to Parliament. The 1965 Constitution thus not only made Tanu the only political Party, but it also made it more powerful than Parliament. Bienen comments on this change:

If anything, the NEC has become a more important organ than it was before 1965, its scope and power have increased, and it has begun to function in Government capacities.

(Bienen, 1967: 198)

How can we explain this change especially since we know that there was a conflict between the Party and Government? Who were the members who constituted the Presidential Commission? Pratt gives us an insight<sup>m</sup> to the members of the Commission:

Nyerere selected the members of the Commission extremely carefully. The Commission was chaired by Kawawa and included four other African Members of Parliament, including Oscar Kambona, the Secretary General of Tanu. The other members were an Asian and European Member of Parliament, four senior African civil servants and Roland Brown, the trusted expatriate Attorney-General. One of the civil servants, Amon Nsekela, was named by the President to serve as Secretary

to the Commission. Nyerere had not excluded those in the party who had wanted an oligarchic pattern of rule but he had been careful to establish a Commission which would not be dominated by them.

(Pratt, 1976: 203)

In the Commission therefore there were two strong Party 'men', Kawawa and Kambona, but the latter, according to Pratt 'stopped attending the Commission meetings and did not sign the final report' (Pratt, 1976: 203). Although Kawawa was a strong Party man and was the Commission's chairman, it is difficult to attribute the strengthening of the Party to him alone, since the Commission had also very strong minded civil servants.

We must remember that there were various interrelated problems which the Commission WAS involved in. Two major ones were the mechanisms of a de jure one party, and the second the relationship between the two organs of the state. The sub-ordination of government did not occur as a result of a de jure one party state but on the second account. According to McAuslan, the Presidential Report in fact wanted to make the Parliament a 'strong, vital, questioning and articulated' organ but that 'it unwittingly gave more powers to the NEC' (McAuslan, 1972: 206).

The *emerging* solution of dividing the functions of policy-making and implementation between the Party and Government respectively *began to*



resolve after a fashion the conflict between the two organs of the state.  
By <sup>beginning to</sup> separate their functions the two organs of the state could now .

function as a homogeneous entity since the tensions that characterised their relationship 1961-1965 were removed. Nyerere expressed this intention when he stated:

Under the new constitution the integration of Tanu and Government machinery makes it possible for clear co-operation to develop without the danger of over-lapping. By our new system we have demonstrated finally that the conflicts between Tanu and the Civil Service, and between Tanu and the institutions of central Government, are out of date.

(Nyerere, 1965: 4)

Nyerere repeated the same point about unity between the two organs of the state when he said:

There can be no room for difference or division - This is our time of emergency and until our war against poverty, ignorance and disease has been won, we should not let our unity be destroyed by a desire to follow somebody else's 'book of rules'.

(The National Ethic in One Party  
cited in Hopkins, 1968: 48 )

The Party, Tanu, was powerful by 1965 not only because it was the only political party allowed but more important because it had legal powers to formulate policies. In turn, the Government was weakened. As Pratt also noted, "by 1965 the Cabinet no longer occupied a central position within the government system as it had occupied during the period 1962-64" (Pratt, 1972: 233).

However, the institutional arrangement of dividing policy-making from its implementation also strengthened the Party's traditional position of not considering problems of implementation or of economic growth in policy-making. These problems were now formally considered to be the

concern of Government. The Party's position of disregarding economic requirements was now legitimised and consolidated by the Constitution. The problems of implementation which, under the Constitution, became the concerns of Government, were not considered to be the problems of the Party. This institutional arrangement of policy-making was also accompanied by the strengthening of the Party activists' view of development.

The Presidential Commission on the One party state gave recommendations on development, which reflected Government's views of development. For instance, the Commission recommended that the Tanu Constitution should require members to support a government devoted to, among other things:

encouraging private enterprises where this  
is directly towards the benefit of the  
whole country.

(cited in Bienen, 1967: 256)

But when the Constitution was adopted in 1965, this clause was dropped and among others, there were added:

That in order to ensure economic justice the  
State must have effective control over the  
principal means of production.

and:

That it is the responsibility of the State to  
intervene actively in the economic life of the  
Nation so as to ensure the well-being of all  
citizens and so as to prevent the exploitation  
of one person by another or one group by  
another, and so as to prevent the accumulation  
of wealth to an extent which is inconsistent  
with the existence of a class-less society.

To see that wherever possible the Government  
itself directly participates in the economic  
development of this country.

(Bienen, 1967: 256)

The major concerns of the Party activists, namely the ideas of control of the economy, redistributive policies, which had been expressed in Parliament between 1962-1965 and which were used to oppose Government views of development, were now incorporated and became part of the Constitution of Tanzania.

The Party, as we have seen, had since its very existence fought and pressed for re-distributive policies to improve the socio-economic position of Africans in society. These demands led to modification in Government's policies and re-distributive aims were incorporated in the 1964-1969 Plan as part of the process of development. But Government continued to maintain the role of private capital both in the trade, manufacturing and agricultural sectors because it was unwilling to compromise its policy on economic growth. Nyerere's early ideas on socialism showed more concern with problems of inequality and saw the necessity for re-distributive policies. But his position allowed him to support Government policies especially on the role of private capital and on the need to recruit efficient manpower. Thus the inclusion of re-distributive ideas into the Interim Constitution by 1965 reflected the general agreement of the three major political institutions, namely, the Party, the President and the Government.

But the situation is more complex when we look into the ideas expressed in the 1965 Interim Constitution which called for the state to control the means of production. As we have seen, the arguments of senior Government officials opposed a total and rapid assumption of control over the economy because it argued that the Government lacked the resources to sustain and manage state expansion of economic activities. Nyerere's arguments and position also appeared to support Government's stand on this issue. It would appear, therefore, that the major influence for

for the inclusion of ideas of state control over the economy came from Party activists. The exclusion of the clause on private capital from the Constitution (which Bienen cites) further indicates that senior members of the Government did not have the sort of influence with the Party in 1965 that they had at the time of the framing of the 1961 Tanu Constitution. In this way, Government's view of development was undermined further. But more crucial and significant for our thesis was that the problem posed by the Government's need for economic growth and for manpower on the one hand and the Party's demands for state control of the economy on the other, was never resolved.

What seems strange in the light of the last paragraph is that there is no evidence to suggest that ideas about state control of the economy and its implications for development were at all discussed at Party meetings after independence. Party activists appear to have reserved socialistic ideas merely for criticising Government policies in Parliament. Particularly surprising, the subject of state control was not discussed in the 1965 Party meeting (the year in which the Interim Constitution was drawn up), which was held on 20th September at Msimbasi Community Centre, Dar es Salaam (Tanu, Minutes: 1965).

The evidence suggests, then, that the problem of development posed by the idea of state control of the economy within the context of chronic problems of shortage of capital and manpower had not been seriously considered. This argument would appear to be substantiated by the following event - in 1966 Nyerere was going to appoint a Commission of Enquiry to study the whole issue of socialism and its relation to development (Hopkins, 1968: 100). That the President wanted to appoint the Commission in 1966, that is, a year after the Interim Constitution, strongly suggests that the clause on state control of the economy (and

by implication, the exclusion of private capital in development) raised very serious difficulties for Government. The Commission never took place because it was pre-empted by the Arusha Declaration.

### Conclusion

In concluding this chapter we can state that the Government failed to appease political pressures and to win support for its policies from the Party activists - despite the concessions it had made in the 1964-1969 Development Plan. The Party activists criticised Government policies because they were not socialist. They called for the control of the economy and the replacement of the private trader by the co-operatives. Government was against the premature replacement of private trade by the co-operatives because the latter lacked the capacity to undertake trade nationally.

On the last point, it is worth stressing that the Government's reluctance did not rise from opposition to the co-operatives or from class interest. In fact, the Cabinet during this period had Ministers such as Bomani and Kasambala who had been strongly identified with the co-operative movements and it would have been to their class interest to replace the private Asian trader. Equally important, Government was against the rapid expansion of the state sector which the Party activists were demanding because it lacked the resources to manage a centralised state economy. Ironically enough, Government does not appear to have seen state control of the economy as an opportunity for it to strengthen its own position and increase its own bureaucratic powers and status. And on the other hand, the Party, which was demanding the control of the economy and therefore the growth of the bureaucracy, had in fact very little to gain in material terms. Thus in different ways both the Party

and the Government might be said to have been arguing against their respective self-interests.

This must throw doubt on Shivji and Von Freyhold's contention that Party and Government were united in seeking to consolidate themselves as a bureaucratic class based on the extension of state control over the economy. In seeing the state as a homogeneous body, Shivji and Von Freyhold overlook the clash of policies between the two main organs of the state, namely, the Party and Government. In representing the interests of the different actors as those of an emergent bureaucratic class, they oversimplify the preoccupations and perceptions involved on both sides.

\* \* \* \* \*

The conflict between the two organs of the state was only resolved constitutionally by the 1965 Interim Constitution, which gave powers to formulate policies to the Party, making the Government responsible for policy-implementation. This separation of functions between policy formulation and its implementation also placed an institutional wedge between 'politics' and 'economics' of policies, the longer-term developmental consequences of which will be analysed in Part II.

FOOTNOTE

1. G. Kahama, Minister for Commerce and Industry spoke of the need to encourage foreign capital (Hansard, 1964: 526-7). He stated that:

But here Mr. Speaker, I must offer a word of explanation to our own people: when we have a positive policy of Africanisation; and when we are desperately anxious to develop our own resources; and when we fully appreciate the dangers of political pressures resulting from the injection of foreign funds; it may strike some of my non Friends in this House as frustrating that we have to rely on foreign investment at all.

He then pointed to the three things which "the people of Tanganyika must realize - and which must be fully grasped and understood" -

The first one is that the expectation of a reasonable rate of return is an absolute necessity if foreign capital is to be attracted.

The second is that the earning of a reasonable rate of return by an investor costs this country nothing, and third is that the Government can impose conditions which will safeguard our people from exploitation, or alternatively can, through our Development Corporation or the Tanganyika Development Finance Company, insist upon some form of financial participation by the Government which will give us the power to see that such industrialisation is developed upon the lines of our own choosing.

(Hansard, 1964: 526-527)

CHAPTER FOUR

OUTCOMES OF POLICIES BEFORE THE ARUSHA DECLARATION

In this chapter we shall examine the outcomes of the policies pursued by the Government during the half-decade starting in 1962. These policies, we have seen, were challenged on political grounds by an increasingly powerful party. The political struggle between the Party and Government in terms of policy-making was resolved in 1965 in favour of the Party. Likewise, the Party was able to assert its view of development, based on redistribution and state control of the economy, in the 1965 Constitution. By 1965 therefore the Party was in a much stronger position vis-a-vis the Government than it had been in 1961. Nevertheless, an examination of Government policies in this period shows that they did achieve a certain degree of success in economic terms despite the difficulties under which it was operating.

The Cabinet during this period was also operating under difficult conditions. Pratt (1967) has analysed some of the problems in economic planning. There was the initial problem of inexperience among the Ministers in their new tasks. There was a lack of basic information and statistics pertaining to new socio-economic conditions which made policy-making difficult. In addition, there were manpower problems, instability of world market prices, adverse weather conditions and the effects of the 1964/65 foreign policy crisis, which led to the withdrawal of aid upon which the Plan depended.

The 1964/65 foreign policy crisis affected the Government's development strategy, which had been based on promised aid. Tanzania quarrelled with West Germany over the Hallstein doctrines; with Britain on the latter's handling of the UDI crisis in Rhodesia and twice with



the USA, once when Tanzania believed the USA to be involved in a plot against her and again when US diplomats were deported over America's policy towards Vietnam. These disputes led to a loss of aid which affected the fundings of the *First* Five Year Development Plan 1964-1969 (Hartmann, 1977; Nyerere, 1967). A second setback was a drought in 1965 which affected production of various crops. In addition world market prices for sisal, cotton and coffee fell in 1965 (Pratt, 1967: 41). A third setback was the Arusha Declaration which affected the inflow of private capital.

Thus there were serious problems which created obstacles to the full implementation of the Plan; but there was also economic success in areas where Government policies were adhered to in implementation. Government's policies were most successful in agriculture and in the manufacturing area. The success of its policy on private capital was curtailed by political events. Before we consider the individual outcomes in these areas, it will be best to consider the overall outcome of the 1964-1969 Plan.

#### SUCCESS OF ECONOMIC POLICIES

Although the Plan had aimed for a 6.7% economic growth rate the actual rate achieved was only 5%. This, however, was not a mean achievement if we bear in mind the conditions under which the Government was operating during the Plan's (1964-69) implementation. Secondly, when foreign funds were not forthcoming, Government was able to mobilise 65% of development funds from internal resources. As Nyerere explained:

We forecast that about 22% of the Central Government expenditure and about 48% of the total investment expenditure would come from local sources; for the rest, we were relying on external assistance. In fact, however, out of a total expenditure only slightly smaller

in money terms than that planned, more than 65% of the Central Government capital expenditure was financed from domestic sources, and something like 70% of the total investment spending came from within Tanzania.

(URT, 1969: x)

Nyerere's acknowledgement of the success of the First Five Year Development Plan (1964-1969) is reflected in the following statement:

In particular we discovered at the end of that Plan that we had been pursuing a policy of self-reliance long before we officially adopted it.

(Nyerere, 1970: 5)

Attempts by radicals to argue that the 1962-1967 'capitalist' policies failed are not supported by evidence, either on overall economic performance or in regard to particular sectors.

#### Agricultural production

With the exception of sisal and groundnuts, there was an increase of cash crop production. The Minister of Finance had this to say in relation to the marketed cash crops:

Since 1960/62 the growth in marketed agricultural output has risen to around 6% per annum, compared to 3.5% in the 1954/61 period.

(URT, 1969: x)

Thus the growth in marketed agricultural crops was higher during the First Five Year Plan (1964-1969) than it had been during colonial times. The decline in sisal production was the result of a fall in the world market price. In the case of groundnuts the price was so low that producers switched over to other crops, incidentally showing that peasants did respond to market prices as the Government had argued. (URT, 1969: xiv, 15).

The achievements in the area of agricultural production in this period cannot be separated from Government policies to encourage the progressive farmer and commercial farming, since these sectors were making major contributions to marketed production. As Nyerere noted:

In the First Plan we talked only in terms of increased production and our efforts were directed at encouraging greater output, even when this meant helping individual peasants to become employers of labour.

(URT, 1969: ix)

The Government's approach to achieving higher agricultural production was therefore successful in economic terms.

#### Manufacturing sector

If we consider that Tanzania had begun with a very low manufacturing base, which accounted for only 4% of G.D.P. in 1960/62, then the achievements of this sector during this period were not negligible. Most of the industries were of a processing type or linked to import-substitution. Of the 569 establishments employing 10 or more persons in 1965, only 18% were established before 1946. About half of the total establishments (48%) were begun between 1946-1960; and over one-third of the total were begun after independence (Rweyemamu, 1973: 112). Both Asian and multi-national capital invested in the manufacturing sector (Coulson, 1982: 172). As a result, industrial growth was over 10% per annum, after allowing for price increases, which compared to the growth of 5.8% per annum in the period 1956-61 (URT, 1969: 15)

#### Foreign private capital

The outcome of Government's policy on foreign investment was very much influenced by the political climate and events. As the figures

in Table 4.1 illustrate, the inflow of foreign investment was haphazard.

TABLE 4.1  
Gross profits outflows and net inflows of private  
capital 1961-1968

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Year	Profit outflows (Million shillings)	Capital inflows (Million shillings)
1961	71.2	50
1962	73	58
1963	123	155
1964	93	79
1965	110	-6
1966	114	138
1967	159	-66
1968	114	76
TOTAL	857.2	484

Source: J. Rweyemamu, 'The political economy of foreign investments in the underdeveloped countries', African Review, 11 (1971), 115.

quoted in Coulson, 1982: 174.

The limited capital inflow which took place in 1962-63 was the result of the 'uncertainties' which were discussed in Parliament in 1962 and which were resolved by the enactment of the Foreign Investment Protection Act (1963). As a result, capital inflows exceeded outflows by the margin of 32 million shillings. The period 1964-65 was characterised by a greater outflow which can be accounted for by the foreign policy crisis and the mutiny of 1964. The situation, however, improved

in 1966, when a higher capital inflow occurred, because<sup>of</sup> the Government's evident success in stabilising the political situation in the aftermath of the mutiny. However, this situation was again reversed in 1967 and 1968 as the result of the Arusha Declaration.

#### DIFFICULTIES IN IMPLEMENTING PARTY ACTIVISTS' DEMANDS

Other policies which were implemented between 1962 to 1966 failed and had to be abandoned. Yet others generated problems which could not be solved. We shall examine three such policies, namely the Village Settlement Programme (VS ); the policy of rapid expansion of the co-operatives and the policy of Africanisation. A major theme underpinning these three policies was the political pressures made by the Party for their implementation by the Government.

#### The failure of the Village Settlement Programme

We saw that initially<sup>elements within</sup> the Government had expressed doubts about the VS programme because of the high costs of funds it would require but that they acquiesced. By 1966 the policy of VS had to be abandoned because it was a failure. The scheme failed, as Government had anticipated, because of its over-capitalisation. The high capital overcost of £150,000 per settlement was too much for Government, the policy of mechanisation was un-economic and the scheme failed because it also bred an over-dependence on government resources (World Bank, 1977: IV: 15). The Second Vice President, Kawawa, also emphasised the scheme's highly capitalised nature as a reason for its failure (cited in Hyden, 1980: 74).

A British Mission report, the Ross Report explained the failure of the VSS programme in the following manner:

One contributory factor to the failure of the settlement programme was the inadequacy

of the technical organisation responsible for the execution of the programme.

(cited in Georgulas, 1967: 3)

Georgulas (1967) has given us an insight into the types of problems the Rural Settlement Commission Agency experienced while implementing the VSS programme. Georgulas found that there was intervention by politicians when the policy was being implemented and that politicians frequently ignored technical and administrative constraints involved in the process of implementation. Thus, "often, politicians and administrators were not aware of each other's needs" (Georgulas, 1967: 3); and again:

It is reasonable to assume that the politician's lack of formal education and their limited relevant working experience inclined them towards a rationalism which was not necessarily orientated towards scientific and empirically based reasoning.

(Ibid: 122)

Politicians viewed village settlement as part of the development drive and they pressed the administrators to increase the numbers of village settlements. For instance:

In October 1963 the Agency was requested by the Vice President to increase its initial programme to 150 and to provide assistance to 80 other schemes. By November the same year, the agency was asked to increase these to 200 and 160 respectively for the same five year period. Later in early 1964 these instructions were revised and the number of proposed settlements were first reduced to 60 and subsequently increased to 74.

(Ibid: 130)

Politicians pressures to expand village settlements faster than what had been planned for by the Agency was explained in the following manner:

The politician's ignorance of the technical limitations to development coupled with their lack of appreciation for these limitations, as well as with their fear of political capitulation, frequently perpetuates drives which aim to attain development goals which are difficult, if not impossible, to achieve.

(Georgulas, 1967: 128)

The pressures to increase village settlement schemes were not accompanied by further allocation of funds nor were there any explanations to the RSC agency for the departure from the original policy, which had been based on the consideration of technical and economic constraints. Thus when the agency attempted to reduce costs of building houses by using temporary materials (so that it could stretch the funds to more settlements), the President rejected the idea. The Agency then had to adopt a different formula where it would provide houses, frames and a permanent roof and the settler was expected to build it. The settlers rejected this formula (Georgulas, 1967: 134).

Georgulas' analysis of the failure of the VSS programme does throw light on the intervention of political factors in the process of development. However, the failure and subsequent abandonment of the VSS programme did not affect production mainly because it was marginal to production. Moreover, the practice of evolving different policies to cater for different sorts of agricultural producers helped to minimise the risk of policy failure from the point of view of the agricultural economy as a whole.

#### Problems in the co-operatives

We have seen that the Government, in order to appease political demands, changed the Co-operative Societies Ordinance in 1963.

Co-operatives could be registered for political reasons rather than simply on the basis of viability. The change in the Ordinance removed the restrictions and co-operatives increased from 657 in 1961 to 1,533 by the end of April, 1966. The aim of the Party in exerting these demands was to replace the Asian trader with the co-operative system.

But by 1965 the co-operatives had immense problems and the President instituted a Presidential Committee of Enquiry into the Co-operative Movement and Marketing Boards. The Report began by investigating the complaints of the peasants about the co-operatives. It quoted these:

We complain of the continuous economic plunder which we endure from the corrupted employers and committeemen of the Co-operative societies and Unions whose behaviour no person on earth can long tolerate.

(URT, 1966: 13)

The Report suggested that co-operative inefficiency and corruption were the direct result of a political decision to expand the co-operative movement without taking into consideration manpower problems: the Government's co-operative development division found it difficult to train people as fast as the expansion was taking place:

There were 157 men in four grades in 1960, and by 1st May 1966, their numbers had grown to 331 in 7 grades; but of this total only 137 were fully trained. 12 were wholly untrained and 57 had had no more instruction than a 14 week course. Nevertheless, this partly trained Division was spread thinly, one man for each 9 co-operatives in 1966, compared with one for 6 five years earlier. The difficulties of supervision were compounded by inadequacy of transport.

URT, 1966: 29)

The Report also stated that it was extremely difficult to train a



society secretary rarely with "more than Standard VIII education and sometimes only Standard VI, in such matters as the handling of book-keeping, weighing and storage facilities etc.". The Report continued:

Often the secretary is completely new to the concept of employment and to the handling of other people's money.

(Ibid, 29)

One of the major causes of the failure of the co-operatives was political interference:

... final basic defect is the susceptibility of the co-operative movement to political interference. We have already mentioned the political decision to accelerate the growth of the co-operatives, this decision, however, sound in intents, has been misinterpreted so as to justify exaggerated demands for the premature registration of societies, a root cause of the present problems. Political interference is also manifested in the deployment by commissioners of the scarce personnel and scarcer vehicles of the co-operative Development Division.

(Ibid: 51)

Similar problems affected the urban consumer shops, COSATA, which party activists had called for to replace the Indian retail shop-keeper. The Report found:

It will be noted that a defect with respect to COSATA is the same defect we have observed in the case of many of the newer agricultural societies: the formation of a co-operative as a result of a policy determination from above without adequate demand for the society on the part of those expected or required to use its service.

A consequence of this defect is inadequate interest in the society, a higher costs which must be passed along to the public one way or another (i.e. through higher prices or a public subsidy). This is no boom to the farmers, to the urban consumers, or to the co-operative movement, and is a practice which should be resisted.

(Ibid: 184)

It is pertinent to note that the reasons for the failure of the co-operatives as a result of over-expansion regardless of economic considerations had been anticipated by senior Government officials as the parliamentary debates between 1962-1965 illustrated.

### Africanisation

We saw that Government gave in to political demands for rapid Africanisation and within four years, it was no longer a political problem. Government accepted the inevitable drop of standards that was involved in such a rapid process of Africanisation. Nyerere, for instance, regarded any attempts to ensure that Africans were as qualified academically and professionally as the Europeans and Asians before they were appointed to senior posts as "misapplied idealism" (Abedeji, 1971: 17).

The lowering of standards manifested itself in the educational background of the members of the administrative service and staff grade officers. Only 18% of the principal secretaries and administrative officers had received a university education. Eighty percent of them had no post-secondary education at all. Most of the principal secretaries had less experience than the Ministers whom they were advising (Abedeji, 1971: 19). By 1967 the problem of inefficiency in the administration was a cause for concern. An Ad Hoc Committee was established to review the selection, recruitment and training arrangements for the administrative service. It referred to the unsatisfactory experience of admitting officers to the Administrative class from the Executive class and concluded that it was unrealistic to expect such officers to perform successfully (Establishment Circular, No. 15, 1968 cited in Abedeji, 1971: 19). The Government, therefore, sacrificed efficiency in its own administration and came thereby to limit its own

effectiveness. As Abedeji (1971: 20) states, "Tanzania will have an administrative service which will be a hindrance to economic development. One of the basic requirements of public administration is competence".

To sum up this section, the three major policies - the Village Settlement Programme, the policy of Africanisation and the policy on the Co-operatives - failed to achieve their ends because they were transformed by the Party's intervention in a way which negated their economic rationale and functions. There has been a tendency by radical writers to criticise policies which consider economics as 'capitalist' or 'apolitical'. Saul's (1966) criticism of the Report on the Enquiry into the Co-operative Movement is symptomatic of this type of analysis. For instance, Saul states:

In strongly urging the isolation of the co-operative movement from any political influence, it is not too much to say that, for better or worse, the Committee members have written a profoundly apolitical even anti-political document.

This is perhaps surprising in a country like Tanzania which has chosen as a strategy for development, to unite relevant groups and agencies in a 'development front' this being postulated upon joint and co-ordinated efforts under the leadership of a political party.

(Saul, 1966: 4)

Radical writers tended to view a 'political' approach as implying the non-existence of economic considerations. Their analyses have taken 'politics' as a substitute for economic understanding. But as will be shown throughout the thesis, politics complements but can never substitute for economic understanding in development.

CONCLUSION TO PART ONE

We can conclude that between 1962-1965 Tanzania had a tripartite system of policy-making. This system created uncertainties in policy-making because each organ of the state - the Government, the Party and the Presidency - was able to formulate policy on a different basis. Constitutionally, while the Government was more powerful than the Party, the Presidency was more powerful than the Government. This state of policy-making was made more complex by the conflict between the Government and the Party, which was expressed in two opposing views of development. The Presidency attempted to maintain a balance between the two organs of state, sometimes favouring one, sometimes supporting the other.

The Government's view of development, which had similarities with the conventional conception of development, called for investments from private local and foreign capital to expand production because of shortages of capital and manpower within the country. The major aim of the Government was to achieve economic growth. This view of development, however, was opposed by the Party activists, who called for policies of re-distribution and for state control of the economy. Although Nyerere supported Government's position, nevertheless the latter modified its aims to incorporate the Party activists' demands in an attempt to create a consensus in development thinking, a pre-requisite for development planning. These attempts by the Government failed and the conflict between the two organs of the state remained. Thus the state in Tanzania was not the homogeneous entity some writers have presented it as, and the stability it appeared to enjoy concealed an intense struggle between the two organs of the state.

The 1965 Interim Constitution was partly an attempt to solve the conflict between the Party and Government. However, by confirming the

Party's traditional role of formulating broad political guidelines of a policy nature, while the National Assembly retained its legislative powers, it gave the Party the basis on which it strengthened itself over time. A relationship began to emerge in which the Party was seen as responsible for policy formulation while the Government retained responsibility for implementation.

This institutional arrangement for policy-making and implementation, however, introduced a de-stabilising element into Tanzanian development. It created conditions whereby the Party could formulate policies taking into consideration only 'political' factors - that is, taking the economics of the policy to be the responsibility of Government by virtue of the latter's responsibility (duty) for implementation. The Party would attribute policy failures to poor implementation, while the Government would blame the Party for faulty policy-making. A fuller analysis of these problems will be considered in Part II.

Part II

DEVELOPMENT POLICY-MAKING SINCE  
ARUSHA: PARTY ASCENDANCY AND  
CHRONIC ECONOMIC CRISIS

This part has two themes. First, policies from the Arusha Declaration onwards will be analysed. The consequences of Party supremacy in policy formulation will be examined in the ways that the Arusha Declaration was interpreted and extended from 1967 and in the outcomes of these policies in the 1974-1975 economic crisis and the crises at the end of the 1970s. This element of the analysis will be a continuation of the approach taken in Part I.

The second theme is the examination of the explanations that have been offered for the economic crisis of 1974-1975 and the later crisis in the light of the policy-making analysis that has been undertaken in this thesis.

The two themes cannot be separated easily. The analysis of explanations follows immediately on the description of the outcomes of policies leading to the 1974-1975 crisis in Chapter VII since it is on this crisis that so many of the interpretations have focussed. Events after 1975 are then considered in Chapter VIII as a means of further evaluating the explanations offered in this thesis and in other interpretations.

However, a more continuous analysis of policies in particular areas for the whole period up to 1982 will be undertaken in Part III.

CHAPTER FIVE

GENERAL PRINCIPLES OF POLICY: THE ARUSHA DECLARATION

Most writers on Tanzania's political economy have recognised that the 1967 Arusha Declaration constituted a watershed in her development. The nationalisation of foreign capital together with the Leadership Code have been recognised as important in Tanzania's policies of socialism. Interpretations of these actions by the early radicals, who viewed these policies as 'socialist' differed from those of the later radicals, who argued that they created an economic base for the bureaucratic class to consolidate its powers. However, while interpretations of the Arusha Declaration have differed, recognition of its importance in Tanzania's history has not been disputed.

The Arusha Declaration also has significance in terms of policy-making in Tanzania. It shows that Nyerere was an independent agent of policy-making, not simply responding to pressures from either the Party or Government. Nyerere could be considered as an initiator, himself acting independently of both organs of the state. At the same time, he could also support both organs. The intricate and complex policy-making roles of Nyerere can best be illustrated by an investigation of the process by which the Arusha Declaration was in turn conceived, accepted, formulated, passed, discussed and clarified.

An investigation of this complex process will also help to bring out the different concerns and priorities of the Party, the Government and the President himself. It will be argued that although Nyerere's priorities in the Arusha Declaration were different from those of the other two organs of the state, nevertheless, the outcome of the

Declaration in January 1967 led to the further strengthening of the Party's position and view of development vis-a-vis that of Government.

It will also be shown that the same year, Nyerere was attempting to explain the Arusha Declaration in the light of the Government conception of development as well as to re-assert the Government's major priorities. This apparently contradictory position on the part of Nyerere indicates firstly that he was attempting to maintain a balance between political and economic needs, and secondly, that Nyerere had not totally abandoned his conventional view of development.

My position therefore differs from that of those Marxists who have explained the policies of the Arusha Declaration in terms of class interests (Shivji, 1976). I also differ from Pratt's explanations which have over-emphasised Nyerere's moral principles (Pratt, 1976). Nyerere's overriding concern was the maintenance of political stability. This will be shown in this chapter.

#### THE SIGNIFICANCE OF THE ARUSHA DECLARATION

##### The origins of the Declaration:

##### Nyerere as an independent organ of policy-making

The Arusha Declaration was drafted by Nyerere himself, though it was sent to the Party for discussion and acceptance in accordance with the 1965 Interim Constitution which made policy-making the responsibility of the Party. The Government was not consulted over the new policies and was concerned over the manner in which <sup>the</sup> decision on nationalisation, for instance, was taken. As Pratt illustrates:

At a single, hurriedly called Saturday Cabinet meeting on 6 February 1967, Nyerere sought Cabinet approval for a substantial number of nationalisations.



And:

All of this occurred without any detailed planning by the relevant Ministries, without any full Cabinet discussion based upon a detailed briefing and without any proper legal preparation.

(Pratt, 1976: 238)

And:

They (Jamal and Bomani) were very uneasy about the hasty and unprepared way in which the nationalisations were done but they were not basically hostile to them. They greeted the proposals as Nyerere later recalled 'not with horror but with concern'.

(Pratt, 1976: 241)

Therefore we can see that the ideas of the Arusha Declaration did not originate from Government. Did they then come from the Party? This would have been a more logical source because Party activists had criticised Government policies because they were not socialists. But Msekwa, for instance, notes that the 1967 agenda of the NEC did "not have on it the policy of socialism and self reliance" (Msekwa, 1977: 38), while Mwansasu comments thus:

even on an issue of this magnitude members received no advance notice; they went to these meetings without having either thought about the issues or discussed them in local party circles.

(Mwansasu, 1979: 184)

Therefore we can conclude that the pressures for the Arusha Declaration did not originate from the Party. It is therefore necessary to look to the President, the third policy-making institution.

We have seen that no organised political force was the source of the Arusha Declaration. There was also no foreign exchange crisis. As we saw in the last chapter, foreign capital did begin to come in after 1965 and local capital was being invested in the manufacturing sector.

But inevitably class inequalities were beginning to emerge. There was a proliferation of Mercedes-Benz bought on loans by Ministers and their parliamentary secretaries, as well as the building of houses for rental purposes (Pratt, 1976: 235). There was a tendency towards conspicuous consumption. The material benefits for workers and peasants on the other hand were not as rapid. There was public disillusionment because not everyone was getting richer (interview with senior Government official, June, 1981).

The student crisis (1966) was another factor which had a profound impact on Nyerere's mind. In October of that year 400 students from the University of Dar es Salaam marched to the State House to protest against the newly established National Service scheme, which required secondary school and university graduates to undergo five months of military training followed by 18 months in which they would work at their jobs but receive only 40% of their salaries (tax free) (Coulson, 1982: 181). Nyerere was angered by the stupid arrogance of this newly educated social group. Foremost in his mind was the question "What kind of a country are we building?" (Pratt, 1976: 234). The students were expelled.

A final crisis which had an impact on Nyerere and led to the Arusha Declaration was the foreign policy crisis of 1964/65 which led to withdrawals of aid. It illustrated that dependency on foreign sources was dangerous since it could be withdrawn at any time. Both these circumstances - increasing distance between leaders and masses, and the vulnerability of the economy's dependence on foreign capital - were seen as potential sources of political instability.

The 1960s was a period of intense political instability in Africa; no fewer than 26 of the 35 African States experienced some form of military

intervention. During 1965 and 1966 there were nine military coups in Africa (Jacob, 1971: 169); Nyerere was greatly shocked when Nkrumah was overthrown. He stated:

What is happening in Africa? What are the coups about? The last four months have seen changes of governments in many African countries. The latest has been in Ghana. What is behind all this ...

(The Nationalist, March 1, 1966)

And Nkrumah writing from exile cautioned African leaders of the dangers of foreign intervention to political stability:

Wherever we turn, we are in trouble  
... If we stand up against foreign  
intervention we are assailed ...

If we receive foreign aid and investment  
we are liable to come under their  
domination and control. If we welcome  
foreign intervention and assistance they  
bring in their wake confusion and turn  
our people against us.

(The Nationalist, March 9, 1966)

In an article of March 4, 1966, Minister Babu, writing under the pseudonym of Pressman, pinpointed the dangers of political instability threatening Africa:

In Africa we are helplessly watching Smith, Verwoerd and Salazar and now the army take-overs, adding to making the confusion worse confounded.

What are we to do? Are we to sit back and let unfavourable events overtake us without lifting a finger to influence them to our favour?

(The Nationalist, March 4, 1966)

Babu was a close confidant of Nyerere's and an acute observer of political events. We can assume that the danger of political instability facing Africa in general, as well as their relevance to Tanzania, were discussed

since both men were interested in political and foreign policy issues. The problem of political stability was foremost in Nyerere's mind. His concern over inequality and class conflict was also part of this greater concern for political stability,<sup>95</sup> an analysis of the newspaper, The Nationalist, during the period 1966-67 indicates. This is illustrated by Nyerere's speech in Mafia island where for the first time the President used a class analysis of exploitation. This speech marks the beginning of Nyerere's radicalism. Because of its significance I quote at length from the newspaper summary of the speech:

Mwalimu said Tanzania would not tolerate seeing its people being divided into exploited and exploiter classes. Mwalimu said that Tanzania had chosen to pursue socialist policies in order to bring equality among her people. "Each and every individual must toil to earn his living and not simply exploit others" he said. Dividing people into exploiters and exploited classes was very dangerous and in fact had brought many problems and troubles in other parts of the world, the President explained. Speaking about leadership, Mwalimu said that leaders should never use their positions to benefit themselves. "Sterner measures will be taken against any leader found using his position to acquire wealth".

(The Nationalist, February 7, 1966)

The Arusha Declaration was conceived. By January 1967, and before the policy was sent to the NEC meeting for discussion, it was evident, given the following statements, from the newspaper, The Nationalist, that the higher leadership had already accepted the policy of socialism:

'Nyerere Hits at Exploiters' - The Nationalist, January 9, 1967.

'Its Time for Take-Over' - Kambona, the General Secretary of the Party. - The Nationalist, January 20, 1967.

Although Nyerere was preoccupied with problems of political instability and foreign policy concerns, he was also very worried about economic

development. He was concerned about the effects of the withdrawal of aid on the development of the First <sup>FIVE</sup> Year Plan. Two informants who were closely associated with Nyerere during this period, emphasised that after the crisis had occurred, Nyerere apparently posed himself the question - Now what? A number of development projects had been abandoned; Nyerere was afraid of losing the momentum of development. According to these two interviewees, Nyerere had to arrest the problem - a shock treatment was required (interview with former Government official and Party official, June, 1981). For Nyerere, the Arusha Declaration was to be among other things a development strategy, which would be based on mobilisation of the people.

President's Opening Speech and final Party document

At the 26-28 January 1967 meeting of the NEC held in Arusha, Nyerere gave an unpublished opening speech in which he outlined broadly and in popular language the ideas of socialism and self-reliance, which were to form the basis of the Arusha Declaration policies. His pre-occupation with foreign-policy issues, political stability and the use of labour to counteract the effects of lack of capital were expressed in his opening speech.

The President posed the question: Is Tanzania really independent? He said that in the country there were many economic linkages with countries such as Germany and America and that it was these 'linkages' which led to exploitation. He stated:

It must be Tanu's and the Government's policy  
to reject exploitation nor do we want  
Tanzania to exploit another country.

(Tanu, NEC Minutes, 1967)

The postulation of the problem of exploitation in terms of economic linkages

between foreign capital and Tanzania brought the President closer to the ideas of the Party activists. He re-emphasised this point again when he posed the questions:

How about money coming from outside Tanzania?  
We must not depend on money to bring us  
development.

(Ibid)

The rejection of capital as an active catalyst in development brought him to emphasise labour instead:

The progress of a country is brought  
about by the people, not by money. Money  
is the result, not the foundation of  
development.

(Ibid)

The mobilisation of labour required the participation of the Party and Nyerere spoke of the need to strengthen the Party as a development agent.

Nyerere also stressed that there should be no exploitation within the country. His definition of exploitation was based on the employment of labour which allowed the generation and appropriation of profits (Ibid). Nyerere reinforced his arguments on exploitation by arguing that income differentials were not necessary because man's basic needs did not differ from one to another: Nyerere stated that pay differentials were not consistent with the policy of socialism (Ujamaa) (Ibid). This moral justification for the attack on income differentials brought him to the Leadership Code. He stated:

One works and one gets a fair pay.  
The ability to work must not be turned  
into a marketed commodity, it must be  
that one is serving the state and the  
state pays one a subsistence income plus  
a bit more for purchasing cigarettes.

(Ibid)

He ended his speech by stating that it was possible for Government to

stop exploitation:

The Government should be called upon to act for we now enter the path of Ujamaa. I know the Government will accept this call and will fulfil it as well as observing any problems that will emerge.

(Tanu, NEC Minutes, 1967)

Nyerere developed his ideas consistently, and used both political and moral arguments to convince his audience to accept the policy of socialism and self-reliance. Socialism was equated with the idea of elimination of exploitation, and self-reliance was implied in the idea of activating labour in development. But Nyerere's major concern underlying these ideas was to create political stability. He wanted to avoid the development of gross income inequality in Tanzania, as happened in West Africa. We can see this further when Nyerere himself explained the significance of the Arusha Declaration.

Nyerere used nationalisation of foreign capital, which he knew was popular with the Party activists, to pave the way for their acceptance of the conditions for leadership:

Nationalisation, well very little - what is there to nationalise in Tanzania!

I think it (nationalisation) has prepared the mood for everything. It is very difficult after nationalisation to oppose self-reliance or to oppose the conditions of leadership ...

(The Nationalist, March 6, 1967)

Nyerere saw the policy of self-reliance and the conditions of leadership as the most important factors; nationalisation was secondary, 'although it got more publicity than the other ingredients of the Arusha Declaration' (Nationalist, March 6, 1967). For instance, Nyerere again re-emphasised his point that the biggest challenge in the policies of the Arusha Declaration was not nationalisation but self-reliance (Tanu, Dar es Salaam,

1967: 15). Nyerere saw the need for an uncorrupted leadership and equality between the masses and the leaders as pre-requisites for political stability. The fact that Nyerere did not consider nationalisation as the most important factor indicates that he was still working within a conventional view of development. Nyerere's priorities as Head of State were concerned more with stability than with either redistributive questions or economic growth per se.

Nyerere's priorities and concern with political stability nevertheless strengthened the Party's position vis-a-vis that of Government. First, Nyerere's call for nationalisation of foreign capital and egalitarian policies added weight to the Party's view of development. Secondly, Nyerere's emphasis on mobilisation strengthened the Party's role in development.

The President's Opening Speech also paved the way for Party activists to super-impose their ideas on development onto Nyerere's concern for political stability. We can see this when we compare the Arusha Declaration and Nyerere's ideas in the Opening Speech.

The Party's position was strengthened by the Committee of Eight which was appointed by the NEC meeting at Arusha to study the President's speech and gives its recommendations to the NEC (Tanu Minute No. 77, 26-28 January, 1967). This committee appears to have influenced the final published form of the Arusha Declaration. The chairperson of the Committee of Eight was Barongo who was Regional Commissioner and at one point also a junior minister to the Ministry of Agriculture. The Agenda was divided into three parts; the first part dealt with the policy of Ujamaa (Socialism), the second part with the policy of self-reliance, and the third part with the strengthening of Tanu (Tanu Minutes of the NEC, Arusha, 1967).



The Committee of Eight's discussion of Nyerere's ideas is important because of its influence on the ideas of the Arusha Declaration as we have come to know them. We shall see how a development strategy was evolved from Nyerere's concerns of political stability. We can do this by comparing Nyerere's ideas given in his Opening Speech and the final form of the Arusha Declaration policies. These will be analysed under different headings, because they also illustrate the conflict with Government's policies and concerns.

### The policy of socialism

The final published version of the Arusha Declaration begins with a definition of socialism:

A truly socialist state is one in which all people are workers and in which neither capitalism nor feudalism exists. It does not have two classes of people, a lower class composed of people who work for their living, and an upper class of people who live on the work of others. In a really socialist country no person exploits another.

(Nyerere, 1968: 233)

The definition of socialism was explicitly given in terms of classes based on ownership of the means of production. In this sense it was definitely at variance with the conception of African Socialism based on re-distributive policies which had been upheld by the Government, some Party members and most importantly, the President.

The Party's definition of socialism in terms of ownership led to the policy of nationalisation as its logical conclusion. Under socialism:

The major means of production and exchange are under the control of the peasants and workers.

(Nyerere, 1968: 233)

Thus the Party gave greater emphasis to nationalisation than Nyerere had done. By doing so, the Party was able to undermine Government's view of development which was based on private capital. We can see this further when we analyse the Arusha Declaration policies towards foreign private capital.

The policy statement of the Arusha Declaration towards foreign capital was explicit; it rejected it although accepting that it was needed for economic growth:

It is true we need these enterprises. We have even passed an Act of Parliament protecting foreign investments in this country. Our aim is to make foreign investors feel that Tanzania is a good place in which to invest because investments would be safe and profitable, and the profit can be taken out of the country without difficulty.

(Nyerere, 1968: 240)

The above quotation directly refers to Government's view of development and its concern for economic growth. The Party rejected this position of Government because of profit-repatriation:

Could we agree to leave the economy of our country in the hands of foreigners who would take the profits back to their countries?

(Ibid)

This view directly reflects Party activists' concern with profit repatriation. But the document went on to assert political arguments also. Thus:

How can we depend upon gifts, loans and investments from foreign countries and foreign companies without endangering our independence? ... The truth is that we cannot.

(Ibid)

The rejection of aid, loans and private investments reflected closely

Nyerere's foreign policy concerns as expressed in his Opening Speech. Finally the document rejected the use of foreign capital because it would endanger not only independence but also the creation of socialism:

The policy of inviting a chain of capitalists to come and establish industries in our country might succeed in giving us all the industries we need, but it would also succeed in preventing the establishment of socialism.

(Ibid: 241)

Thus the establishment of socialism was postulated as an anti-thesis to foreign capital.

The Arusha Declaration gave a higher priority to agriculture and down-graded the manufacturing sector. This aspect of the new development strategy was absent in Nyerere's Opening Speech, suggesting that it can be attributed wholly to the Committee's recommendation. It was also an explicit attack on the Government's policies which since 1961 had consistently emphasised the development of industries (see Three Year and Five Year Plan). The Arusha Declaration stated:

The mistake we are making is to think that development begins with industries.<sup>1</sup>

(Nyerere, 1968: 241)

Two reasons which are interrelated can explain this policy shift. Firstly, the chairperson of the Committee of Eight was Barongo, who had been a junior minister for Agriculture. The heavy bias towards agriculture at the expense of the manufacturing sector may perhaps be attributed in part to his influence. Secondly, the Party had always shown more interest in the agricultural sector because it was in this sector that the majority of the population were involved, and because Party administration and structures were established in rural areas. Thirdly, since the Arusha Declaration had rejected the policy of encouraging

foreign capital investment, it was logical to de-emphasise manufacturing since this was the sector which was most dependent on private capital.

### The policy of self-reliance

The policy on self-reliance, unlike that on socialism, was completely based on Nyerere's ideas given at the Opening Speech. There was no modification but nor was there any form of elaboration, especially in its methods of achieving a self-reliant economy.

The Declaration began with the assertion that the aim of self-reliance was "to move the people from a state of poverty to a state of prosperity". But this process must not depend on money. The attitude that "money is the basis of development and that without money we cannot develop is wrong" (Ibid: 235). It was wrong because Tanzania was a poor country and it did not have money, which were the weapons of the economic powerful countries. The policy paper further argued that calling on the Government to spend more money without increasing taxation was equally wrong:

demanding for more milk from a cow while  
insisting that the cow should not be  
milked again.

(Ibid, 1968: 237)

This argument took the Government's concern of lack of resources into consideration for the first time in this document. On the other hand, foreign private capital was rejected because:

Independence means self-reliance. Independence  
cannot be real if a nation depends upon gifts  
and loans from another for its development.

(Ibid: 239)

All these ideas drew their roots from Nyerere's Opening Speech. The policy paper then outlined a strategy of development which was based on

the assets which Tanzania possessed, that is, the people, land, good policies and good leadership. It also emphasised hard work and intelligence. But again, these ideas were put forward by Nyerere in his Opening Speech.

Not only this but those concerned with the agenda on self-reliance failed to reformulate Nyerere's ideas into a development strategy. The document merely restated Nyerere's ideas without studying or elaborating their implications in developmental terms.

### Strengthening of the Party

The third part of the Agenda dealt with the strengthening of the Party. Nyerere's idea of a self-reliant economy was based on the idea of mobilisation of labour. Although Nyerere did not elaborate very much on this idea nevertheless it was implicit in his notion of a self-reliant economy. If there was no capital, then labour, the only other alternative, had to be used to generate wealth.

In a meeting of the Regional Commissioners held at Arusha on 24th January 1967, just prior to the NEC meeting, Nyerere had explicitly stated that Tanu must step up political education and orientation for its leaders, party cadres and party members (The Nationalist, January 24th, 1967). Two days later but before the NEC meeting, Pressman sketched out a development strategy based on mobilisation:

Our approach to National planning will accordingly be transformed. Instead of emphasising foreign investments and private capital, we shall emphasis mass mobilisation and self-reliance.

In order to make this policy effective, the masses i.e. the workers and peasants must be in a position of leadership in the party and state organs so that the party

and state reflect the interests, the experience and the feelings of the masses.

Hence, training of cadres from among the masses becomes the first priority in our National Planning.

(The Nationalist, January 27, 1967)

But there was no policy document which emerged from the Party on how to strengthen the Party in order to enable it to undertake mobilisation as a developmental instrument. A month later we have the first statement on how the Party was going to be strengthened:

Party branches are to be set up in all government Ministries, Local Government bodies, industries and organisation in order to enable the people to get a thorough teaching of Party's ideas as outlined in the Arusha Declaration.

When already established, the Party branches will study the Arusha Declaration, its implications and how "it can be effectively implemented - in the Ministries, Local Government, industries and organisations throughout the country".

(The Nationalist, February 5, 1967)

The second paragraph of the above quotation clearly illustrates the failure of the policy at the NEC level. Partly as a result of this deficiency, the Party Annual Meeting held in Mwanza in September-October 1967 emphasised that attention should be given to political education.

Minute 90 stated:

NEC should create a department of political education in the Party's Headquarters in order to train leaders, party members and the people in general on political education.

(Tanu, Party Annual Minutes, 1967)

We could argue on this basis that the Party failed to evolve a policy on how to strengthen the Party in order to implement mobilisation systematically

and constructively. The emphasis on party branches and political education was not a sufficient condition for a self-reliant strategy capable of meeting the Government's need for economic growth.

Finally, the Committee of Eight also failed to elaborate further on the notion of 'good leadership', which was closely related to the notion of mobilisation and strengthening of the Party. Nyerere's definition of good leadership which meant that leaders should not have more than one salary or income was considered sufficient (Nyerere, 1968: 249); other factors such as a leader's capacity to mobilise people (without coercion), to instill confidence in the Party or to solve practical development problems, were not considered.

We can therefore conclude that the Committee of Eight and the NEC meeting at Arusha in 1967 were able to strengthen the Party activists' position in areas which Nyerere had not given a very high priority (i.e. in the matter of nationalisation) but did not elaborate on areas which Nyerere had considered crucial, namely, policies of self-reliance, of good leadership, and of strengthening the Party in order to undertake mobilisation. The rejection of an industrial development policy in the Arusha Declaration also shows that policy-makers had not seriously considered the implications of a development strategy which was merely based on agriculture.

These deficiencies within the policies of self-reliance, socialism, mobilisation, made the policy of the Arusha Declaration unworkable. For instance, the failure to find a consistent policy on mobilisation affected the policy of self-reliance which made the policy of socialism unworkable. For example, the Party failed to evolve a development strategy based on mobilisation which could contribute revenue or contribute towards expenditure and thus make the economy self-reliant and socialist. The Party merely criticised Government's policies of

obtaining funds from private sources but did not elaborate on how it could obtain these from internal sources - apart from taxation, which it criticised. The statement that self-reliance is based on the land, the people, good leadership, intelligence and hard work is a tautological statement rather than a development strategy. The latter must be based on the assumption that land, good leadership, people, intelligence and hard work existed in the first place! Thus the weaknesses of the Party activists was shown by their inability to consider development as a process which required economic inputs. This oversight hindered the formulation of a viable strategy in the Arusha Declaration.

#### The policy of Ujamaa

Ujamaa has been traced to Maoist influences on the basis that Nyerere returned from China in 1965 greatly impressed with Mao's rural-based development (The Nationalist, February 26, 1965). Mapolu (1973) has also pointed to similarities between Nyerere's Ujamaa and Robert Owen's Villages of Cooperatives. Musti (1978) argues that the experience of the Ruvuma village schemes was influential. To acknowledge these influences is not to deny that Nyerere himself had also always been preoccupied with problems of rural development; and the policy of Ujamaa can be seen as a logical development of his own ideas, matured by wider experiences, which helped him to see 'old' ideas in a new light.

An important question which I wish to pose is why Nyerere did not adopt the policy of Ujamaa until September 1967. The policy of Ujamaa has always been seen as part of the Arusha Declaration package but as we have seen, it was first mooted at the Mwanza meeting, not at the Arusha NEC meeting.

It can now be established that Nyerere did not have in mind the



policy of Ujamaa <sup>socialist</sup> (rural development) in January 1967 when he was at the NEC meeting. There is no evidence of the policy of Ujamaa <sup>socialist</sup> (rural development) in his Opening Speech, nor is there evidence to suggest that the NEC discussed the ideas of communal production as a means of achieving self-reliance. Second, the ideas of communal production in agriculture were equally not discussed at the Party Special meeting held at Dar es Salaam in February-March 1967. As we shall see later in this chapter, district members of the Party argued that the prohibition of recruiting labour as a result of the leadership code, would make it difficult for rural-based Party leaders to undertake agricultural activities and this would in turn constrain agricultural growth. In the discussion of this issue I argued that Nyerere's answer avoided the problem posed by the District Party leaders. On this basis, I would argue that Nyerere had not thought of communal production as a solution to the political requirements of the leadership code and the economic requirement for increased production at this meeting. This solution in the form of Ujamaa policy only crystallised between April - August, because he first outlined the policy at the Party Annual Conference September 1967, held at Mwanza. As we shall see, moreover, the President's speech on the policy of Ujamaa showed a certain tentativeness; it was more of an expression of associated ideas rather than an exposition of a systematic approach towards policy. It raised more questions than it could answer.

In September 1967 at the Party Annual Conference in Mwanza, Nyerere outlined the policy of Ujamaa: <sup>socialist</sup> rural development. He stated:

Our aim is to make sure that, people in Tanzania should live together and work together communally, to the extent that every family co-operates with another for the nation's benefit.

The only difference between people's income in these communal villages, will be a result of his own efforts and not through exploitation.

(Tanu, Mwanza, 1967: 49)

The aim was to develop rural life on the principles of equality, co-operation and democracy. The objective was to organise rural life on a village basis and on the principle that the land would be 'our land', the crops 'our crops', and the herd 'our herd'. Living in a village, he re-emphasised, would also enable the development of social services to take place (Tanu, Mwanza, 1967: 50). But Nyerere stressed that ujamaa had to be voluntary:

For we are not simply trying to organise increased production; we are trying to introduce a whole new way of life for the majority of our people. This can only be done once the people understand its purposes and voluntarily decide to participate.

(Ibid)

Since the policy was voluntary, it did not appear to overtly clash with Government's interests and priorities.

#### Debates over the Arusha Declaration in the Party and the Government

Although the President could be considered an independent organ of policy-making as well as an initiator, Nyerere took the Arusha Declaration proposal to the NEC, the highest policy organ of the Party. The Arusha Declaration therefore came out as a policy document of the Party.

The second major important organ of the Party which discussed the

Arusha Declaration was the Special Annual Conference held at Dar es Salaam on February 27 to March 3 1967. Members of the Annual Conference included nominated district and regional Party secretaries, members of the NEC, MPs and Central Committee members. Another meeting of the Annual Conference was also held in September of that year in Mwanza, at which further elaborations on the Arusha Declaration were made.

The Arusha Declaration was also discussed by Parliament at its sessions of 1967. We have records of the discussions at the two Party Annual Conference and of the Parliamentary discussions, but have no written record of the discussions which occurred at the NEC and in the Cabinet, since these meetings were not public. In these two areas I have therefore relied on interviews to see how the Arusha Declaration was discussed. An examination of the types of questions raised in these discussions may throw light on how major development issues were posed in Tanzania.

Two major pre-occupations appear to have predominated in both the discussions held in the Party circles and those in Parliament. These were the effects of the Leadership Code on the personal welfare of the leaders, and demands for further nationalisation, especially of local capital. A major characteristic of these discussions both in the Party and in Parliament was that the new policies were not debated thoroughly or systematically evaluated, especially in terms of their implications for development strategy. When an important issue on policy implication was raised, there was a tendency for the person to be either rebuked or ridiculed. This occurred both in Parliament and in the Party meetings.

Discussions at the NEC were mainly debates which were held in camera.

It would appear from an interview conducted by the author with one of the leading members of the Party who was present at the NEC meeting at Arusha, but who was not part of the Committee of Eight, that discussion of the President's Opening speech was very lively and Party members discussed all its political and economic aspects and implications. It also appears that Party members expressed an overwhelming conviction and confidence in the peasants' and workers' enthusiasm to generate development, and in the possibility of sustaining economic expansion on the basis of the state sector (interview, June 1981). According to the interviews, senior Party officials at the NEC were aware of the problem of shortages of manpower and other economic constraints, but it was argued that socialism was a political decision, which had to be made. The economic problems that derived from this decision, as well as the intricate problems of management etc., would be confronted during implementation phase. Party officials argued that if Tanzania had waited until all her economic problems were solved, then the Party would not have been able to take any major political decisions, least of all, taking the country's independence (two interviews with high ranking Party officials, June 1981).

Under the 1965 Constitution the Cabinet was responsible for the implementation of policies. How was the Arusha Declaration discussed in the Cabinet? According to a former minister interviewed by the author:

The Arusha Declaration interrupted Commerce, it brought confusion, private capital stopped investments.

And:

The discussion at Cabinet in relation to private capital and its role in development was general. Nobody knew what to do. One

minister tried to establish government's statement on private capital but was stopped by the President.

(interview July 1981)

According to another source:

No preparations were made over the running of the Banks - it could have been disastrous ... but helped by Indian managers and some people from the University who rushed to assist ....

(interview with senior Government official, June 1981)

In an interview with a senior official of the Ministry of Economic Development and Planning:

The AD introduced a strong element of uncertainty because there were undefined criteria in terms of the role of private capital in Tanzania.

(interview, July 1981)

On the policy of Ujamaa and its relationship to agricultural development:

Nobody knew what it was ... it was never discussed at Cabinet level ...

(interview with former minister, July 1981)

It would therefore appear that the Arusha Declaration created uncertainties for Government's policies, especially those which relied on private capital to achieve economic growth. Most ministers were left to manage as best they could and to wait for the situation to clarify itself.

We have seen that in two major organs of the state, the National Executive Council and the Cabinet, the discussions of the Arusha Declaration as a development strategy were one-sided, in different ways. The NEC discussed in only a very restricted way the economic implications of the Arusha Declaration, whereas in the Cabinet the discussion was cut short because of the 'political' status of the document. How were these

problems then discussed at the Annual Meetings of the Party and in Parliament? Since these organs showed similar pre-occupations, I have examined them together.

The participants in the meetings could be divided into three groups in terms of their responses to the proposals. The first group showed greater interest in the effects of the Leadership Code on their personal welfare. These were mainly district Party secretaries. But the same attitude was also present in Parliament. The second group, presumably the more 'radical', pressed for the nationalisation of local private capital. This concern was expressed both in Parliament and in the Special Meeting of the Party. The third group, containing the more educated and higher-ranking officials of the Party, focussed attention on the contradictions between policies of the Arusha Declaration and the goal of socialism.

The first group were mainly composed of the lower hierarchical officials of the Party who were district secretaries. Since most of them were in villages, they had farms and were thus affected by the conditions of Leadership, which stipulated that leaders should not have an income, other than from their salaries. The second factor which also concerned these leaders was the idea that recruitment of labour was a form of exploitation. When Nyerere opened the Special Annual Conference at Dar es Salaam he returned to the theme of his Arusha speech, making an explicit relation between recruitment of labour and exploitation:

What is exploitation? We explained. First we said exploitation is depending on others, that is on the sweat of others to earn your living. For example you have a shamba which people cultivate, at the end of the year you get a due, but you don't cultivate; or you have cars working there, at the end you get a due, but you don't drive them yourself ...

One group is that of capitalists, then there is that of the bourgeoisie who own land and buildings.

(Tanu, Dar es Salaam, 1967: 4)

S. Hassani (Geita) appeared to voice the concern of many when he stated:

Mr. Chairman, this question of exploitation is cracking our heads. We have been unable to define it exhaustively, since we are not told, how many people a plantation owner is allowed to have on that plantation or whether he should work on it alone.

(Tanu, Dar es Salaam, 1967: 36)

Another delegate tried to circumvent the problem of exploitation by arguing:

Mr. Chairman, you could develop 200 acres or more, sow seeds, when the time to weed comes, and you have to finish weeding in a week's time - can you (then) use the labour of the youth around to do the job, youth who will be employed by someone else when they are through with your work? Is it allowed? (applause) ... No one could say 'I have my employees', not at all.

(Ibid: 68)

It is interesting to see how the Chairman, Nyerere, answered these questions:

What does he want to be told? Whom do you want to help you for six months .. (laughter) i.e. he stays for six months on your land, why shouldn't he work on his? (laughter). And you are the leader, you are obliged to urge the people to better their lives, how do they do this, if they are to work six months for you - picking your tea? (laughter).

(Ibid: 70)

Nyerere concentrated on the personal interests which were involved in such questions. He commented:

I thought you'd come here to discuss about ujamaa policy, but you have come here to talk about your farms and your houses and

your water supplies. (laughter).

(Ibid: 70)

He then pointed out that the condition of being a Tanu leader was that the person had either to be a peasant or a worker. A peasant, Nyerere pointed out, was not a farmer, who employed labour:

A peasant is a person who cultivates land with his own hands: A Tanu leader must be a 'peasant', one who works on land oneself or a worker.

(Ibid: 75)

But Nyerere failed to offer an adequate explanation of how the cycle of agricultural production could be undertaken without recourse to the recruitment of labour. A few attempted to formulate the problem in terms of agricultural production generally. Thus, Rajabu Saleh Tambwe (Tabora) had this to say:

You say yourself that, 'peasants should expand agriculture', How do we do this? We can plant, can we harvest? (applause).

(Ibid: 49)

Meanwhile, John Mhaville, a delegate from North Njombe pointed out that even on an acre of tea a man and wife need labour to harvest. (Ibid: 80).

The serious implications of the prohibition of labour for agricultural growth were not pursued at this Meeting because the policy of Ujamaa in Agriculture had not been formulated at this stage. Not until the Mwanza meeting in September of that year was the policy approved. What is important to note, however, is that Party members in the rural areas were concerned about the prohibition of recruitment of labour because they were more knowledgeable about agricultural conditions.

Members of Parliament also raised issues on the direct effects of the Leadership Code on their welfare. These questions, however, were



written down, submitted to Nyerere for reply, and then published with the replies (The Nationalist, July 1967). But unlike those of the district Party officials, these questions related mainly to the idea of personal monetary investments:

How can a man guarantee education for his children in the event of his death or loss of job if he cannot invest his savings?

If a man sells his second house, what does he do with the money if he is not allowed to invest it and enjoy the income from the investment?

How can a man make provision for his old age when he is too old to farm?

An interesting fact about these questions is that not one question was posed in relation to the implications the Arusha Declaration would have on economic growth. This is in contrast to the Party district secretaries who at least attempted to relate the problems of agricultural growth to the policy of the Arusha Declaration.

We have seen that throughout the period 1961-66 the role of private local capital was criticised in Parliament. Both in Parliament and at the Special Meeting of the Party, demands were made to nationalise private trade, which was mainly in the hands of the Asians. There were demands expressed for the nationalisation of the wholesale trade. Kasella Bantu, for instance, called for the nationalisation of houses (Tanu, Dar es Salaam, 1967: 91). The demands to nationalise private local trade were made again in Parliament in that year (for instance, Kwilasa, Hansard, 1967: 446), while Ali Migeyo asked the Minister of Industry:

If Tanzania is a republic and has decided to nationalise industries it should nationalise all of them.

(Hansard, 1967: 228)

Masaha suggested that the Ministry of Industry should not only promote

industries but also own them itself (Ibid: 222), and Mtauca stated:

People made processions that day because they knew fully that if the economy is in the hands of the masses who reside in that country, they will benefit. Masses believed "that they will get a benefit in trade."

(Hansard, 1967: 79)

As we have seen, nationalisation of local capital was one of the major traditional concerns of Party activists. Many members thought that state trade would lead to greater material benefits, for the consumer. Thus for instance, in the discussion of the Insurance (Vesting Interests and Regulations) Bill, 1967, Rusimbi called for uniform pan-territorial prices. He explained that differential prices were the result of transportation costs, but he argued that the geographical location of remote areas was the result of God; he therefore expressed the hope that the Arusha Declaration would rectify differential prices (Hansard, 1967: 51). In the discussion of the National Agricultural Products Board (Vesting Interest) Bill, 1967, Magotti told the House that because private business was taxed, it had resulted in higher prices, but since these industries were now nationalised, they would not pay taxes, and the price of products would, therefore, be low (Hansard, 1967: 65). This brought the Minister of Finance immediately to his feet to inform the House that there was no reason why state organisations should be exempted from taxation (Hansard, 1967: 67).

The third group was mainly higher-ranking Party officials who focussed attention on the discrepancies between the policies of the Arusha Declaration and the goal of socialism. One contradiction was that while the Leadership Code of the Arusha Declaration prohibited leaders from accumulating wealth, it allowed non-leaders to do so. The

second contradiction was that the Arusha Declaration conceptualised socialism as 'faith', which meant that people who did not believe in socialism could opt out of its demands. Thus, for instance, Siyovelewa argued:

It has been advocated that we as leaders should begin, doing what? We have all agreed to a socialist policy, we want to give up all our property, what do we do with those who are outside? - those who are not leaders? You cannot argue with a rich man, in front of a hungry man.

(Tanu, Dar es Salaam, 1967: 55/66)

He continued:

We claim that socialism is faith, an individual faith. If this is so, there is no need for us to hold discussions for faith is undefinable. Faith is personal and it differs.

(Ibid)

Meanwhile Mhando stated:

That no country in the world which after its ruling party had decided that the policy of the party and the government would be socialism the people were left to volunteer on the matter. Everywhere it was through force.

(Tanu, 1967 DSM: 57)

By raising the problem to a theoretical level, this group was also able to expose the contradictions within the Arusha Declaration, namely on the one hand, its policy of socialism and on the other hand, the fact that it left local capital unnationalised. It was thus an implicit criticism of the limited nature of the Arusha Declaration, especially in its relation to private local capital.

For different reasons, therefore, the discussions held both at the Special Meeting of the Party and Parliament of that year concentrated

on matters other than the developmental implications of the policy of Socialism and Self-reliance. How do we account for this situation where major new policies are not thoroughly discussed? First, the policy of Socialism and Self-reliance had already been formally approved by the NEC before the discussions were held in the other forums. This limited the type of debates that could take place. On the other hand, the continuous demands expressed for the nationalisation of private local capital would indicate that it was not a major practice of the Party activists to give sufficient weight to economic constraints and implementation problems in policy-making and discussions.

However, a more critical approach towards the discussion of policies may have been limited by the fear of being ridiculed. This applied both in the Party and in Parliament. Attempts to raise serious development implications in relation to the policies of the Arusha Declaration were very few. Two instances occurred, one in Parliament and one in the Party meetings, and both were defused. We shall first consider the type of issues that were raised in the Party.

After the President had outlined the policy of Ujamaa at the Mwanza Annual Conference, Chief Fundikira raised issues about the relationship between communal production and the exchange economy. He explained that communal production occurred in a traditional society because the economy was based on subsistence. He explained that the nature of subsistence economy where food was based on use-value enable people to share the food. Likewise, houses were not made of materials which cost money but only labour was needed to build a simple house. Subsistence economy enable people to work and live together communally (Tanu, Mwanza, 1967: 125).

Fundikira pointed out that the economic conditions governing social life had changed. Money now characterised the economy. For instance,

building a house required specialised knowledge, as well as differentiated skills, for the different components of the house. Everything had a monetary cost. Food, cash crops or cattle also had monetary value. A labourer would need to be paid with money because it offered him a greater degree of flexibility compared with payment in kind. Fundikira argued that Africa was late in developing because of the existence of the subsistence economy:

We have been left behind by people of other nations maybe because they had changed their methods of farming; of course exploitation played a part but then, that is a different matter since it relates to the distribution of actual income, but I am referring to the creation of wealth itself.

(Tanu, Mwanza, 1967: 128)

Fundikira then spoke of the entrepreneurial characteristics of a progressive farmer, who was able to employ labour, pay them and would have to wait a year for his harvest. Within that period the rains may not have come and he would lose. But labourers would prefer to have a steady income rather than take risks. He added that the government could take further measures to protect the labourer against the entrepreneur by safeguarding their wages.

Chief Fundikira's speech illustrates the conventional view of development, that economic backwardness was the result of <sup>a</sup> subsistence economy; that exploitation was a result of the absence of redistributive policies rather than a matter of ownership and that the major problem was to expand production. But its major significance is that it attempted to discuss the implications of the policy of communal production as propounded by the policy of Ujamaa within the context of an exchange economy. This speech was criticised by the Second Vice President Kawawa.

The Second Vice-President pointed out Ujamaa would be different from traditional communal production; but unfortunately he did not elaborate further on the nature of the differences. He merely stated that:

The policy of Ujamaa is that we are all brothers, if you all can agree that we can live together, then we have already become brothers.

(Tanu, Mwanza, 1967: 139)

Kawawa rejected Fundikira's idea that bourgeois farmers were necessary in order to produce a surplus and hence develop. He also rejected Fundikira's explanations of the causes of Africa's backwardness and said that it was the result of capitalist exploitation (Ibid: 140). Finally he argued that discipline was indeed necessary and that:

Several meetings have set up laws of minimum acreage, of about an acre a person. You have got to work. Development cannot be a matter of personal choice only.

(Tanu, Mwanza, 1967: 142)

Kawawa's arguments relied mainly on moralism and convictions and expressed what might be termed a 'political' approach to development.

In Parliament a similar tendency can be observed to deflate criticisms or attempts to examine developmental implications of policies. Senior government officials in Parliament reminded the Members of Parliament of the need to discipline themselves. For instance, Minister Bomani specifically called for self-restraint among the MPs "to prevent imperialist press from exploiting disagreements between Parliament and Government, thereby sowing confusion among the public" (The Nationalist, June 27, 1967).

An MP stated that the failure of COSATA, the urban consumer co-operative, in 1966 was the result of lack of manpower and expressed

the hope that a similar experience would not befall nationalisation (Hansard, 1967: 49). The Minister of Commerce, Trade and Co-operatives admonished those who questioned how nationalisation was going to help the peasants and workers:

We are busy shouting, we have instituted the Arusha Declaration, we have demonstrated and held meetings at Arnautoglu, and today we come here and ask each other "Well, how would this matter benefit us?"

Mr. Speaker, I fail to understand this logic nor do I think any Tanu delegate - and they are all Tanu delegates - can ask such questions because this matters comes from Tanu ...

The very delegate who came from Arusha comes here today and asks "But, how would this help us?".

(Hansard, 1967

As the Minister implied in the above speech, such questions should have been discussed by the Members in Arusha where the policy was passed. This clearly indicated that Parliament was no longer the forum for the discussion of policies. It also shows that top members of the Government gave their support to Party policies in Parliament and did not encourage any criticisms to emerge.

Although Government did not allow members to pose embarrassing questions which could not be dealt with anyway in Parliament, nevertheless, they themselves were aware of the problems. For instance, the same Minister of Commerce, Trade and Cooperatives when presenting the State Trading Corporation (Establishment and Vesting of Interest) Bill to Parliament (as the result of the nationalisation of the import and export firms), pointed to the need to maintain efficiency in the light of manpower problems. He stated:

We are quick in shouting that we will build socialism, we are quick in saying

that we should nationalise certain things, but the administering or running of these things is the greatest problem.

And in other socialist countries, that have passed similar actions as ours, passed a law to the effect that anyone given these jobs in trade by the government to administer, if found to carry an illicit trade or involvement in bribery, is to be shot. Why? Because the capital involved is not an individual's nor that of a rich man, if you steal, you steal from the whole country, the whole nation, and a poor nation such as ours!

(Hansard, 1967: 42)

Thus implicitly the Minister of Commerce, Trade and Cooperatives was drawing attention to the problems of management.

#### REASSERTION OF GOVERNMENT'S PRIORITIES OF ECONOMIC GROWTH

We saw that the policies of the Arusha Declaration conflicted with Government's concerns for economic growth, especially in relation to private capital and manpower. The Party and Government discussions did not consider the economic implications of the policy of socialism and self reliance within the context of problems of capital and manpower. At the same time, members in both Parliament and in the Party Annual Conference held at Dar es Salaam pressed for the nationalisation of local capital. When certain individuals did attempt to raise issues of economic growth, they were rebuffed.

Nevertheless, the Government's concern for economic growth had not yet lost its influence with the President. In February 1967 there were further clarifications on the policy of socialism and self-reliance which were meant to resolve the conflict between political needs and economic requirements. Whether or not the result of a direct intervention by members of the Government, the arguments reflected the Government's



conception of development and its priorities. This suggests that Nyerere had not abandoned totally conventional ideas on development, and that he was still attempting to maintain a balance between the Party and Government.

It is not surprising that the first policy paper to clarify the Arusha Declaration policies of socialism and self-reliance was on the role of private capital. The policy paper Public Ownership in Tanzania stated that its aim was to "make clear the areas where public ownership and control are required, and the areas where private investment is, and will be, welcomed". (Nyerere, 1968: 27). It began by stating that the list of firms which was affected by the Arusha Declaration was small:

It is small because, in the words of Norman Manley, 'You can't nationalise nothing'. The potential of Tanzania is still undeveloped; our real task is to develop it. For this we need hard and intelligent work, and some capital.

(Nyerere, 1968: 254, emphasis added)

This clearly illustrates the Government's conception that the major economic problem was to expand production and that capital was necessary. The policy paper then continued:

Does this imply that Tanzania is no longer interested in receiving capital aid from abroad, or in receiving private investment - either foreign or local? It is obvious that it does not mean that ... We shall not depend upon overseas aid to the extent of bending our political, economic or social policies in the hope of getting it ... But we shall try to get it in order that we may hasten our economic progress, and that it may act as a catalyst to our own effort.

Similarly with private enterprise: we have rejected the domination of private enterprise; but we shall continue to welcome private investment in all those areas not reserved for Government in the Arusha Declaration.

(Nyerere, 1968: 254, emphasis added)

In this way, Government was able to intervene and forestall further nationalisations by arguing that private investment was still needed. The policy paper Public Ownership in Tanzania then outlined three categories of ownership. First was wholly government-owned enterprises, including ~~the~~ banking, insurance and <sup>the</sup> import-export sector. These had been nationalised under the Arusha Declaration. Second was joint ownership ventures between Government and private investors and third was enterprises based entirely on private investment.

The second major area in which Government reasserted its interests was manpower. The same policy paper argued that ownership did not imply management, which meant skilled staff:

But policy has to be implemented. This is done by management and staff together, and taking an industry under Government ownership or control does not eliminate the need for skilled work and astute commercial expertise. We shall be asking the existing managers to continue in their present work ...

(Nyerere, 1968: 256)

Thus Government was able to reassert its concerns on the need for private capital and manpower in development. As a result of this, the FIPA Act was not repealed. The President accepted Government's position because the policy paper on Public Ownership in Tanzania became a policy statement and was included as part of the Arusha Declaration, although it was written a month after the NEC Arusha meeting.

As a result of this policy clarification of the role of private capital, the Government was able to make a public announcement in order to allay the fears of private capital. The Minister for Commerce, Industry and Cooperatives, whose ministry was most involved with private investors, addressed a meeting of the country's Chamber of Commerce in Dar es Salaam and stated:

It will perhaps help to clear the air (he said) if I repeat the categorical assurance already given by the President and re-iterated in Parliament, to the effect that the limited nationalisation programme undertaken by the Government has now been completed. No more nationalisation will take place: full and fair compensation will of course be paid to all concerned.

He stated that he was therefore able to say that all remaining channels of distribution, i.e. wholesale, sub-wholesale, and retail distribution outlets will not be affected and "there is no need for any further speculation whatsoever regarding their future".

(The Nationalist, February 21, 1967)

A month later, Government granted full rebates on custom duties on imported raw materials for local industries; this was a bid to encourage local industries to export their products but it can also be seen as an attempt to instil confidence in private capital (The Nationalist, March 12, 1967).

#### Nyerere's explanation and re-interpretation of the Arusha Declaration

In 1967 Nyerere was against the nationalisation of local capital and his arguments reflect his conventional view of development which supported Government's position because it took problems of implementation and capacity as inputs into policy-making. For instance, in relation to the policy of nationalising internal trade Nyerere pointed out at the Dar es Salaam Party Annual Conference that the country lacked the capacity to handle and distribute internal trade on a national basis; secondly, private wholesale and retail trade offered a valuable service to the consumer (Tanu, Dar es Salaam, 1967: 71). Nyerere stated:

... these middlemen do work ... in spite of the commission they get - even if the

shops were government controlled still you will need to get these people who will take the goods to the consumer.

If you touch distribution at this stage, the supply/circulation of goods will cease: if you touch these distributors who have the expertise - for every occupation has an expert, we have several tribes in our country ... The Sukuma are proficient in cotton cultivation; the Chaga and the Haya specialise in coffee; the Masai are skilled in raising cattle ... and our Asian tribe are experts at running shops ...

An Asian in a shop is equivalent to a Masai in raising cattle (laughter). Now to move an Asian and ask him to raise cattle and a Masai to run a shop (laughter) you will only do that for self-amusement - but it is not a constructive way of running things.

(Ibid: 104/5)

Nyerere argued that if the state were to nationalise internal trade there would be demonstrations, not to congratulate the state but to demand, 'where is bread?' because nationalisation of internal trade would create congestion of goods (Ibid: 71).

In his arguments against rapid nationalisation Nyerere made a distinction between realism and idealism. He argued that to have idealism without realism is stupidity. He stated:

A true idealist is one whose one eye aims in the direction of his journey and the second eye is aimed at the path, it sees mud, thorns, ant-hills and hills.

But the idealism of a distant vision only is blindness for you can fall in a pit.

(Ibid: 96)

Nyerere said that the Arusha Declaration was a policy of intent, Tanzania was not a socialist country but it showed a vision of where Tanzania was

intending to progress. The road towards socialism had to be negotiated through the reality of the present situation. In this speech Nyerere was attempting to point to the practical problems of development in such areas as capital and manpower shortages which prevent rapid nationalisation. Nyerere reiterated the same point, that of considering the problems of capacity in policy making, when he said that, in the formulation of the Arusha Declaration it was necessary to pose the question, "How much can we do, how far can we go?". He then asked "Why did we not go full-speed and nationalise everything? We cannot go full speed, where are the lieutenants of full-speed socialism?" (Ibid: 99). Nyerere further argued that to have gone 'full-speed' would not have been revolutionary but it would have become adventurist and opportunist (Ibid: 100). He then went on to elaborate the method of assessing capabilities or reality and the difference between scientific socialism and adventurism or emotionalism.

One thing I am not at variance with those who call themselves scientific socialist is their method of investigating the reality, in that you do not do something because you fancy it, no not at all, except because that action is predicted by the state of affairs; its determined by prevailing circumstances, the prevailing situation: then that prevailing situation is the determinant of your action. You simply do not decide to act because of your imagination. That is not science, that is emotionalism or it is adventurism or it is opportunism, but it is not scientific socialism.

If you are to study things scientifically you have to say, I have studied and seen the conditions as such, those I have studied and seen as such, although my beliefs suggest so and so, facts suggest otherwise, I therefore choose this action on the basis of facts not on the figment of my imagination.

That's one thing ... that I would like honourable

Tanu members to learn, the purpose of wanting to know the facts, - facts, facts, do not ignore facts and make a decision intuitively.

(Ibid: 103, emphasis added)

In the Mwanza conference, Nyerere's Opening Speech emphasised Tanzania's poverty and the need to expand production. Tanzania's economic backwardness and problems were viewed by Nyerere in this speech as the result of limited production rather than in terms of exploitation or profit appropriation.

Nyerere stated that Tanzania was a poor country and the problem of distribution of wealth was like sharing one rabbit between 10 people:

The reason for the poverty is that we do not produce enough, to enable all of us to live a respectable life. We are like 10 hunters who seek to divide one tiny rabbit ... There is no way in which to increase our wealth except by increasing our production.

The Government could, since it is very easy, order the Bank of Tanzania to print lots of bank notes and to give everyone a whole sack of notes annually, however, this would not be able to increase our wealth at all. You do not increase wealth through an increase in printing notes ....

(Tanu, Mwanza, 1967: 40)

Nyerere here was directly speaking to the Party activists, who did not share Government's view of development, because Nyerere continued:

Tanu leaders should realise the extent of our poverty ... At times, people get carried away when they see a few driving their cars and they begin to believe that there is great wealth in certain parts of the country and that the poverty that exists, is due to its unequal distribution or exploitation ....

(Ibid: 41)

Nyerere then stated that:

If all the wealth of this country were to be collected together and then equally divided to each and every Tanzanian then everyone would get things worth 525/- only. And the payment of this sum would not be each month either.

(Ibid: 42)

Thus even if we were to divide our resources our poverty would remain the same.

There is no way we can increase our wealth without first increasing our produce.

(Ibid: 41-42)

This speech clearly sets out the argument that redistribution of resources would not eliminate poverty because what was to be redistributed was very little. Improvements in living standards could only come from economic growth. As we have seen, this view and its arguments had been held by the Government consistently since 1961. Nyerere's speech therefore is an implicit criticism of the Party's view of development which was wholly based on redistribution of resources and control of the economy.

Nevertheless, Nyerere had incorporated a limited idea of redistribution, which he had imposed on his conventional ideas of development, as can be seen in his arguments for nationalisation and progressive taxation:

But the real problem in Tanzania is not redistribution between the rich and the poor, but a fair distribution of wealth, of contribution to national expenses, between the very poor and the poor, between the man who can barely feed himself and the man who can barely clothe himself.

(Ibid: 43)

Nyerere's Opening Speech in Mwanza therefore shows that he was still operating within a conventional view of development though he had added an element of redistributive ideas onto it.

At the Mwanza meeting, Nyerere also made an important clarification on the question of self-reliance. Certain people, he said, thought that self-reliance meant self-sufficiency in manpower and financial resources. It meant nothing of the kind. "Self-reliance meant that the country had to make the maximum use of available resources" (The Nationalist, October 18, 1967). Nyerere stated:

The Arusha Declaration suggested that our aim should be to build a self-reliant socialist state. It didn't bring self-reliance nor socialism on its own. We will only achieve that goal by working intelligently and hard. The AD did not bring miracles, nor was it a miracle itself, it did not aid our productivity nor bring rain when we needed it. It did not educate people nor did it better our situation through miracles.

(Tanu, Mwanza, 1967: 31)

He then defined a self-reliance development strategy thus:

It means to choose a different path of development independent of people of foreign nations. It means to agree to cooperate with other countries and to be prepared to give and receive aid. It means to accept that foreign aid can enhance the progress of our projects. But it also means that our (development) path must be the one which we Tanzanians can afford.

(Tanu, Mwanza, 1967: 36)

In relation to the need for foreign manpower, Nyerere stated:

We should ask ourselves, if it is logical to have inexperienced Tanzanians just because they are Tanzanians, rather than have foreign expatriates.

To employ an inefficient person just because he is a Tanzanian when the job he has to do is crucial for our development, is not self-reliance it is stupidity.

(The Nationalist, October 18, 1967)



In relation to foreign aid Nyerere stated that the Arusha Declaration was not against aid (Tanu, Mwanza, 1967: 33).

But Nyerere was against private commercial farming and was responsible for undermining Government's policy on this matter after the Arusha Declaration. The Minister for Lands and Settlement had discussed the problem of large-scale capitalist farms at the Cabinet and it was decided that they were not to be nationalised but that attempts should be made to integrate them into the national economy by making them contribute to the building of satellite village/farms and co-operatives around their farms. The Tanganyika Farmers Association agreed to assist in the development of these satellite villages in terms of expertise and to act as marketing agents as a means of reducing transportation bottlenecks and infusing into village farms good husbandry methods. It appears that this proposal was discussed and accepted in principle by the Cabinet after the Arusha Declaration had been passed (interview with former Cabinet Minister, June 1981). This would indicate that firstly, Government was still attempting to maintain commercial farms because of their contribution to GDP, although the Government was attempting to integrate commercial farming, which were enclaves, into the wider agricultural communities, by making them contribute towards the peasant economy. But Nyerere went to Tanga and told the Tanganyika Farmers Association that there was no room for private farming (interview with same). Since the policy of Ujamaa was not discussed at Cabinet level, the Minister of Agriculture continued to emphasise its traditional policy of encouraging cash crop production for foreign exchange based on the progressive farmers: this policy was consistent with the policy of Ujamaa because Nyerere's policy was not antagonistic to small-scale capitalist farmers (Tanu, Mwanza, 1967: 51). He stated:

We must seek their co-operation, and integrate them into the new socialist agriculture by showing them that their best interests will be served by this development.

For energy and initiative such as these farmers have displayed will be very important to our progress. We need these people, we must not (arrest the trend) by persecuting the progressive farmers!

(Ibid)

To conclude this section, the clarifications issued on the policies of the Arusha Declaration show that Government was very successful in persuading Nyerere to prevent the Arusha Declaration policy becoming too extreme, particularly in relation to the role of private local and foreign capital, and manpower. Government was successful partly because the Party failed to take the initiative in elaborating a consistent policy on self-reliance based on mobilisation, and it offered no solution to the problem of shortage of manpower. Government's success was also the result of Nyerere's own acceptance of some of the Government's main preoccupations. It confirms that Nyerere had not totally abandoned the idea that economic considerations were important in development policy-making.

## CONCLUSION

The analysis of the Arusha Declaration in this chapter raises a number of theoretical issues which are of relevance to the Tanzanian debate. In order to understand these issues it is best to view them within the context of the theoretical discussions reviewed in the Introduction.

We saw in the Introduction that Shivji explained Tanzania's policies in terms of class interests. He argued, for instance, that the Arusha

Declaration policies "constituted the first open attempt on the part of the bureaucratic sector of the petty bourgeoisie to carve out an economic base for itself" (Shivji, 1976: 79). Shivji's arguments rest on the Marxists' theoretical approach which views the state as omnipotent and homogeneous.

My analysis and investigation, however, indicates that the Arusha Declaration was more complex than Shivji's propositions allow. In the first place, it was not an act but a process. There was a tripartite system in which Government, Party and President were involved in various ways in policy-making, had different concerns and were able to exert different influences on the process. These organs were pre-occupied with different problems and priorities, and, as the analysis of this chapter shows, each was able to super-impose and re-interpret the Arusha Declaration at different stages of its development. Nyerere's Opening Speech was chiefly concerned with political stability and he accordingly gave greater emphasis to the policy of Self-Reliance and the Leadership Code. The Party, however, during its discussions at the NEC, gave nationalisation a greater emphasis because it expressed their major interest, control of the economy. When the policies of Arusha were clarified, the Government was successful to some extent in restoring the centrality of problems of economic growth. This process illustrates that the state was not functioning as a homogeneous entity but rather as different entities which were able to intervene at different stages with different priorities in the formulation and clarification of policy.

Von Freyhold (1979), Shivji (1976) and Saul (1979) have attempted to explain certain policies, such as the Leadership Code which curtailed the material interests of the bureaucratic bourgeoisie, in terms of the actions of a few progressive leaders. In other words, finding certain

policies to be inconsistent with class-interest explanations they have sought to explain them in terms of individual actions. My analysis of a tripartite system with each organ having different priorities offers a better explanation of such complexities because it can account for the contradictions involved in policy-making more rationally and consistently.

As a second major point, my investigation has shown that the Arusha Declaration policies cannot be understood in terms of class interests. The two organs of the state held conflicting views of development. The organ which sponsored the policies of nationalisation, namely the Party, had in fact very little to gain in terms of class interests; and the organ which opposed <sup>the</sup> Party's policies had more to gain from the creation of 'an economic base for itself'. This being the case, it is more fruitful to try and understand policies in terms of the view of development a particular organ of state was sponsoring.

Throughout the analysis, I have attempted to illustrate that the two major organs of the state held contradictory views of development. The Government's conception of development was based on economic growth, which was viewed as a necessary component of the process of development. Government's major concern was to expand production, and it evolved policies of development accordingly. It also considered implementation problems as inputs into policy-making. Party activists, on the other hand, thought that re-distributive policies and control of the economy should be considered as central developmental objectives, and they pressed for such policies. The Arusha Declaration offered them their unique chance to have nationalisation incorporated as a central element in socialist development. Party activists criticised the limited aims of the Arusha Declaration and pressed for the nationalisation of local capital.

But the President supported Government's pre-occupation concerning

capital and manpower and this prevented a further radicalisation of the policy. Thus despite the 1965 Interim Constitution which stipulated that the Party was responsible for policy-making, Government was able to exert its influence on policy-making. This was made possible through the President. This indicates that the Presidency held an important mediating role between the two organs of the state and that his institutional functions as head of both organs enabled him to maintain a balance between Government and Party's demands.

Various political scientists have tended to over-simplify these complexities of the Tanzanian political system, either by de-emphasising conflicts (Msekwa, 1977) or by over-emphasising Nyerere's moral principles (Pratt, 1976). My analysis shows that Nyerere was primarily a political animal, able to assess political situations and to act independently of the two organs of the state. The contradictory speeches Nyerere gave, for instance at the NEC in Arusha, where he emphasised the problem of exploitation, and at Mwanza in that same year, when he emphasised the need to expand production, show both his dilemma and his ability to maintain a balance between the two organs of the state. By attempting to reduce such a complex political situation to one actor - in the case of Msekwa, the Party and in the case of Pratt, Nyerere - these authors leave us with an over-simplified picture of the process from which the Arusha Declaration emerged.

FOOTNOTE

1. As with <sup>the</sup> argument that the adoption of a rural-based strategy was principally Nyerere's doing and was a reflection of Maoist ideas on him, if these ideas had been that influential he would have incorporated them in his opening speech. Thus although Nyerere had always favoured a rural bias, during 1966 and 1967 his major preoccupations were mainly with political stability.

CHAPTER SIX

THE PRIMACY OF POLITICS IN DEVELOPMENT 1969-1974

According to the standard view of recent development policy-making in Tanzania, the Arusha Declaration is the principal watershed leading to the adoption of more radical policies. I would argue that while the Arusha Declaration represents an important departure, a more important turning-point comes in 1969 and 1970/71. In 1969-1974, I would argue, there was a break from the principles underlying Tanzania's policies during the whole of the period 1962-1968. The new period can be understood in terms of the principle I shall call the primacy of politics in development.

This new approach saw development in terms of class struggle: the more class struggle there was, the more socialist development was achieved. This proposition had two major corollaries. The first was that the Party came to be seen as the major agent in implementing socialist development; the second was a tendency to formulate policies of development without adequate regard to economic constraints. In this chapter we shall see how the Party was strengthened to assume leadership in socialist development and how it evolved an approach to development policy-making which systematically underrated the importance of economic variables.

A second major element characterising the period 1969-1974 and distinguishing it from the whole of the previous period, was the progressive adoption in Government circles of a new view of development in terms of removing dependency on international capitalism. This view of development received support from the President and these shifts in the Government and the Presidency complemented the Party's orientation and the overall

move towards a more 'political' approach to development.

In this chapter we shall see how the conventional view of development of the Government (1962-1968) progressively changed and became a minority view within the mainstream of official thinking. This group was no longer able to influence Party policies through the President because the latter had changed his ideas. Together with the overall adoption of a 'political' approach to development, this was reflected in the types of policies pursued during this period as well as in the principles structuring the Second Five Year Plan (1969-1974).

#### POLITICAL-INSTITUTIONAL ARRANGEMENTS AND THEIR IMPLICATIONS

We saw in Chapter Two that the Party was a weak institution when Tanzania achieved its independence. Bienen concluded that Tanu

does not provide an institution which can transform the economy and make itself more effective in the process; it is too weak and too loose and has too few material and human resources to tackle development problems.

(Bienen, 1967: 407)

Most of the radicals would have argued also that socialist reconstruction required

a strong centralised party capable of unerringly directing Government agencies and the people towards a socialist goal.

(Cliffe, 1972b:267)

Cliffe and Saul, for instance, emphasised the need for clarity in ideological orientation of the Party because 'politicalisation' was viewed as a necessary instrument in implementing socialist development:

... politicalisation has appeared to be an important aspect of the solution to many problems of the development front, and it is



also clear that the political party must be the major vehicle of that politicalisation.

Such a party must be characterised in turn by an effective organisation and ideological coherence if it is to accomplish its twin tasks: to engage and involve the mass of the people, while simultaneously raising their level of consciousness - educating them, that is, to a heightened awareness of the context of imperialism and 'historical backwardness' within which the development effort must take place.

(Cliffe & Saul, 1972a:323)

The same authors in the same article argued that:

... it is again evident that there is a parallel need for further institutional creativity - with respect, in particular, to consolidating and clarifying Tanu's role as an agency with responsibilities for education, planning and implementation, as a force for socialism, and as a framework for popular participation, and as the core around which a more effective front can be structured.

(Ibid: 324)

The great stress given to the strengthening of the Party by the radical writers was because of the types of policies they were advocating. As we have seen in the Introduction, radical writers called for policies based on the class struggle; the more class struggle there was, the more socialist development the country achieved. Cliffe for instance, called for more wide-ranging and radical policies than the initial ones of the Arusha Declaration:

If they are to contribute to an overall strategy of socialist development, new policies will have to be worked out for the financial, trading and manufacturing sector.

(Cliffe, 1972b:268)

The Party was seen as a logical agent for implementing policies based on

class struggle. The analysis of the radicals as well as their emphasis on the need to strengthen the Party appeared to be supported by political events which occurred between 1969-1974.

The consolidation of the Party 1969 - 1974/75

We have seen that the 1965 Interim Constitution had turned the country into a One-Party State and it had given the Party powers to formulate policies. In October 1967 the NEC was given new powers to expel Party members. In 1969 an amendment to the constitution of Tanu was effected which provided for the establishment of Tanu branches in work-places where there were more than 50 Party members, or in Ujamaa villages. These mechanisms gave the Party means of ensuring compliance by Party members in work-places, complementing the cell system (1965), which ensured compliance at the point of residence. Thus by 1969 the Party had means of controlling the population's behaviour at the most strategic points of social existence - at work and in the home. Running parallel to this strengthening of the powers of the Party, the structures of the Party were extended down to the cell (1965) and branch (1969) levels. Unlike in 1961, the Party by 1969 and 1970 was strong, with a growing bureaucracy. Kjekshus commented on the development of the Party structures in the following manner:

The net effect will be the expansion of the Party bureaucracy (paid party secretaries) to the branch level and in the industries. This means that the central bureaucracy of the Party, which has so far been numerically modest in the extreme (Msekwa: 1967) will continue to expand into the localities. Along with the decentralised state personnel (which may reach the ward level through the extension services) this will add up to a formidable bureaucratic presence. The extensive re-organisation of settlement patterns in large parts of the country

through Ujamaa and villagisation policies had made the bureaucratic presence a bigger reality at the grass roots and this may emerge as the most decisive element in Tanzania in the 1970s.

(Kjekshus, 1976: 2)

Finally, activities of such groups as Women, Youth, and Workers were also placed under the Party's auspices.

In 1971 the Party issued the Guidelines (Mwongozo) which clarified the Party's aims and role. The main aim of the Party was defined as establishing its presence at all levels within the society. Paragraphs 12-14 defined the functions of the Party in the following way:

1. defining the national goals as well as issuing directives and guidelines of implementation.
2. politicising, organising and mobilising the people.
3. overseeing and supervising the work of all public institutions charged with the task of implementing the policies laid down.
4. reviewing the record of performance of these institutions.

(Mwongozo, 1971: 4-5, emphasis added)

The Party also had control of security in the form of the proposed People's Militia (Mwongozo, 1971: 8). Thus by 1971 the Party had assumed considerable powers and functions in addition to those allowed by the 1965 Interim Constitution. These new functions included directing the implementation of policies and the supervision and control of government institutions; and the Party penetrated into matters of security by establishing a people's militia. This created a situation of de facto Party supremacy.

Three years later in November 1974 at the National Executive Meeting at Musoma, the NEC declared Party Supremacy and Parliament gave legal backing to this declaration. Parliament passed the Interim Constitution

of Tanzania (Amendment) Act No. 2, 1975, the relevant clause of which read, "The functions of all the organs of the State of the United Republic shall be performed under the auspices of the Party" (cited in Mwansasu, 1979: 170).

The increasing intervention of the Party in public life led many people, including the Party members themselves, to think that the Party would replace the Government. Nyerere explained the issue thus:

There are people who think that if the Party governs it would be strong but I say that it is not true. Should the Party and Government merge into one, it is the Party which gets transformed and becomes the Government. The Government would never be transformed and become the Party. What is transformed is the Party and not the Government. The Government has one characteristic, it never gets transformed ... It is possible for a country not to have a party; but you cannot have a country without a government.

(Mwansasu, 1979: 176)

Between 1970 and 1974 the Party was unusually active in formulating policies. New policies were formulated for sectors ranging from the nationalisation of local capital, to education, industry and agriculture. Common themes expressed in many of these policies, particularly with respect to the decision to nationalise local capital were to achieve greater social equality, to increase the role of the state, to lessen the use of market criteria and to make the Party the implementor of socialist transformation. The conception underlying these themes was the Party's attitude of viewing socialist development as essentially a 'political' problem.

It could be argued that the formulation of the political policies of development as well as their implementation during this period showed that the Party was successful in replacing Government's conception of

development as well as its priorities. The emphasis and priorities in development moved away from problems of revenue generation, savings, manpower considerations to class struggle, state control of the economy, mobilisation and ideology.

#### The subordination of Government

The Government was affected by the process which culminated in the establishment of Party Supremacy in a number of ways. First, the role of Parliament was downgraded and it ceased to become a forum for debating policies. Second, since the Party was increasingly active in policy formulation the role of Government in policy-assessment was also made redundant. Policies came to be accepted and implemented by the Government because they were 'political' and therefore above resource considerations. Thirdly, by making the Party supreme vis-a-vis the Government, it eroded the political authority of the Cabinet, making it more difficult for Government to exercise control over its own agencies. This factor has been complicated because supervision is supposed to be vested in the Party.

Parliament: A number of political scientists (M. Auslan, 1972; Tordoff, 1965; Msekwa, 1977) have documented the change that had already occurred in Parliament as a result of the 1965 Interim Constitution. Kjekshus describes the consequences of the subordination of Parliament thus:

... disagreements have been muffled, criticisms softened, and efforts made generally to keep the parliamentary arena open for compromise and accommodation, with a clear expectation that MPs should adjust to the Party's lead.

(Kjekshus, 1974: 28)

Kjekshus (1974b: 79) noted that Parliament changed from a vigorous and

assertive institution to one which was "restricted to an august replay of consensus themes worked out in the process of Party deliberations of policy measures".

A few members of Parliament voiced their concern at the whittling away of the powers of the legislature. For instance in 1968 Chogga insisted:

I am telling this House that it is Bunge  
which is supreme, and not Tanu ...

(Hansard, 1968: 34)

Meanwhile Ali Migyo stated:

For sometimes, I see that it is the Government  
which is leading Tanu, and at other times,  
I see that Tanu wants to lead the Government.  
Therefore, when the mover of this motion  
gets up to reply, I would like him to help  
me understand this matter: which institution  
is leading, Bunge, the Government or Tanu?

(cited in Msekwa, 1977: 48)

The Second Vice-President, Kawawa replied that "in a One Party democracy the Party is supreme all the way" (Msekwa, 1977: 48).

In 1968 the Party expelled a number of its members. Those expelled automatically lost their seats in Parliament. Hopkins explained:

Among those MP's who were most critical  
according to the analysis of speeches in  
1965-1966 period, by December 1968 nine  
had lost their Assembly seats for political  
reasons, either by virtue of being expelled  
from the Party or because of political  
detention or exile.

(Hopkins, 1971: 147)

This action by the Party, noted Hopkins, had a "sobering effect on others and marked the eclipse of Parliament" (Ibid). Van Velzen (1973: 263) concluded that the expulsions illustrated that "the Party had made it abundantly clear that it would not tolerate any challenge to its supremacy";

while Kjekshus (1974: 32) stated:

The expulsions demonstrated that the political elite was under the absolute control of the Party, now the ultimate judge of popular representatives. They also confirmed that the Party was the sole policy maker, and that the Bunge had a sub-ordinate and technical role as a legislature.

In 1971 the subordinate and technical role of Parliament was confirmed by the Party's Guidelines (Mwongozo) which defined the role and duties of Parliament:

1. Enacting laws
2. Supervising the Government's implementation of various development plans;
3. Asking questions and making queries over government and public corporations in Parliament;
4. To deliver the masses' view to Government, and to communicate to the citizens the Government plans and ideas;
5. To discuss and affirm the annual government budget.

As Goulborne (1979: 22) states, Parliament's tasks were now "restricted to rubber stamping decisions taken elsewhere because it is still, in legal terms, the body responsible for effecting legislation of a certain type".

The supervisory role of Parliament was also taken over by the Party. For instance, in 1971, there was a great public outcry against shortages of goods and a Select Committee was appointed by Parliament to investigate these problems. But since then, Select Committees have not been used - despite the magnitude of problems which people have had to endure in many fields of life. In an interview, a senior official in the Parliament office explained that "this activity (of supervision/investigation) has now been taken over by the Party" (interview with official in Parliament Office, July 1981).

The Cabinet and its relationship to the Party: In principle, the Cabinet is the nerve-centre of Government. The Cabinet is the mechanism which allows for the co-ordination of activities within the Government and is responsible for the implementation of the policies of the Party as well as those formulated by the Government itself. Within the Cabinet there is an Economic Commission of the Cabinet (ECC) composed of the most strategic ministries such as those of the Ministers of Finance, Agriculture, Economic Development and Planning, and Industry. The chairman of the ECC is the President.

Since 1965, the Cabinet has been required to report to the Party through the Central Committee and the National Executive Committee; if there are any problems in a particular portfolio, then the Minister concerned is called to explain in the Central Committee and these explanations reach the National Executive which in turn gives guidance (interview with senior civil servant, June 1981). In 1970 this mechanism of communication was strengthened when the Party decided that all major government decisions and all Cabinet papers must be sent to the Chief Executive Secretary of the Party (interview with Party official, July 1981). Thus, by the early 1970s the Party had the right to interview senior government officials over specific issues, to have access to official documents and to see Cabinet papers.

The Government on the other hand, had no reciprocal rights vis-a-vis the Party. It could not question or discuss policy-making with the Party:

No Government view is represented in the Party. If a Minister happens to be at policy level, and gives his opinion, he will do so as an individual, not as Government.



Government as such cannot have a view which is separate from the Party; this would be a contradiction.

(interview with senior Government official, June 1981)

The increasingly real separation of functions between policy-making and implementation between the two organs of the state effectively isolated the Government from influencing policy-making in Tanzania during 1969-1974. This meant that the agent which was most knowledgeable about the economy was, in fact, excluded from policy-making. While Government might have limited influence over those policies which reached Cabinet for discussion in terms of planning their implementation (Hyden, 1979a:100) it had no control whatsoever over policies passed and implemented by the Party but which affected production.

Finally the form of 'consultation' conducted by Party officials with individual senior Government officials over specific issues was often resented by the latter because it was often carried out as if it were an interrogation (interview with senior Government officials, July 1981). This method of 'consultation' was also ineffective from the point of view of the Party. According to a Party official, the Government official consulted over a certain policy would not give a true picture of the implications involved because of fear of opposing a powerful Party individual who might be sponsoring that particular policy (interview with Party official, July 1981). We can conclude that while the Cabinet's effectiveness was greatly reduced as the result of the new arrangements, the types of co-ordination between the Party and Government based on 'interviews' was ineffective for both organs of the state.

The effectiveness of the Cabinet as an institutional mechanism for evolving policies as solutions to problems, for co-ordinating and planning

policies in relation to expenditure and manpower considerations, and for considering the very complex issue of timing within a political, social and economic context, had been made virtually redundant. Furthermore, not all Party policies reached the Cabinet for discussion even in terms of implementation. Thus the policies of Ujamaa (1967), Villagisation (1973) and Politics is Agriculture (1972) were not sent to the Cabinet for discussion at all. Universal Primary Education (1976), the Socialisation of Trade Policy (1967-1979) and Mwongozo (1971), on the other hand, were sent to the Cabinet for discussion and implementation. In the case of Mwongozo (1971) the policy went to the Cabinet because of the legal aspects of establishing a people's militia. There were no firm criteria. It appears that if a basic policy had complicated implications in terms of finance, law or manpower requirements, then it would go before the Cabinet. But the discussion of those policies which did go to the Cabinet would not focus on the principle involved in the policy but rather on the logistics of its implementation in relation to the How, When and Where inputs (interview with State House official, June 1981). This meant that the Government could not influence the principle of the policy even though it might conflict with problems of implementation. It also meant that since policy formulation was outside the control of Government, the Government was unable to conduct research as a prelude to policy changes or to evaluate the validity of the policy in terms of the problem to be solved.

The Cabinet and its relationship to Government agencies: The normal procedure under which the Cabinet operates in relation to its responsibilities for sub-policy-making, is that a particular ministry which is concerned with implementing a policy or sub-policy drafts a three-page paper outlining

the problem and how the particular policy sets out to alleviate it. The draft has to outline the financial requirements of the policy. This draft is then submitted to the ECC Secretariat 14 days prior to the meeting of the Cabinet. The draft is also circulated to all the ministries for comments prior to being discussed at the Cabinet meeting. This procedure allows for the views of the other ministries as well as comments from the ECC Secretariat to be taken into consideration at the Cabinet meeting (interview with senior Government official, July 1981). This method allows for the co-ordination of policy-activities, expenditure allocations and planning of resources.

One of the main roles of the Cabinet is its supervisory functions over ministerial responsibilities. Once the Cabinet has made a decision, the ministry concerned has to implement it and inform the Cabinet of its progress. Equally, each ministry which is a parent to a parastatal organisation has the duty to inform the Cabinet of the progress or problems of the parastatal. In this way, the Government knows of the exact progress and problems of each policy and of each sector of the economy.

It would appear, however, that this procedure was not adhered to. According to a well-placed source, many ministries failed to inform the Cabinet of the progress of their parastatals, or a specific policy or project which was adopted by the ministries themselves. Another common problem was the tendency of certain ministries to jump the procedure of obtaining approval from the Cabinet and seek support for their policies from the President. As most policies have financial implications, the practice has come to defeat the whole principle of planning because it allows for the mushrooming of resources from left, right and centre in an uncoordinated, unchecked and unplanned fashion. This practice has come to reduce the value of the Cabinet as a coordinating mechanism in

development.

The Cabinet had also changed its methods of policy-consideration.

The following interview illustrates the change that has occurred:

- Q. What factors are decisive to make the Cabinet reach a decision.
- A. Let us give the Minister a try. It also depends on his presentation and ability to answer questions ... so the meeting decides.
- Q. Can you give me an example of such Cabinet decisions?
- A. Yes. Before 1971, we had Marketing Boards, which were mainly involved in only one activity, namely the marketing of cash crops for exports abroad. In 1971 the Minister for Agriculture and his Principal Secretary presented a Cabinet paper which argued that it would be a good idea to have one organisation which would deal and specialise with all aspects of a particular crop, that is, from its research on seed development, to production and marketing.
- The Cabinet thought it was a good idea and the Marketing Boards were dissolved and Crop Authorities were instituted.

(interview with senior Government official, July 1981)

Discussions of major policies as well as the actual policy-decisions were not made in the context of resources or capacity-considerations, but were taken on the basis of personal convictions. Another example which may fall within this category is the policy of the Village Training Programme for Village Management (1976). The policy-recommendation argued that one of the major causes for village economic problems was the absence of expertise at the village level. Villages suffered from skill-deficiencies, because expertise was located mainly at the centre, regions and districts. The draft paper outlining the policy argued that there was a need to bring expertise to bear on production, which is located at village-level.

According to a well-placed official, most of the strategic ministries

concerned with revenue-generation such as the Ministries of Agriculture, Treasury, Industry and Mines and the State House, voiced their concern because the programme involved increasing the bureaucracy and increasing expenditure. These twin problems had become acute enough during this period for the Director of Planning to have instructed all ministries to cut down their expenses. But despite this recommendation, the programme was adopted. Such practices have made it difficult for the Government to reduce recurrent expenditure in order to increase development expenditure. Thus the Cabinet itself appears not to have been exempt from the practice of formulating sub-policies in isolation from the concrete capabilities of the nation.

One explanation which may account for this weakness is that the Cabinet as a Cabinet is no longer a powerful institution even vis-a-vis its own agencies. A second reason is that there is a tendency for policies to be identified with particular personalities and there has been a switch from a collective form of decision-making based on research to personalised debates. This has weakened the Cabinet's authority. Under the new situation there is a lot of lobbying for a certain policy, thus turning sub-policies into 'political' issues. It would appear that ministers who have reservations about policy proposals are afraid of speaking their minds more forcefully for fear of creating ill-feelings among their colleagues; they may give their professional advice as to the likely consequences of a policy but they are unlikely to fight or oppose a policy to an extent of having it reversed (interview with senior Government official, July 1981).

We can therefore conclude that the Cabinet during this period was not an effective institution and it lacked the powers and authority to assert its control and discipline its own governmental agencies. Ministries

and other government agencies do not consider that the Cabinet is an institution with powers to discipline them.

Sub-policies changed by Government to accommodate Party's ideology: occasionally the Government attempted to change previous policies and practice to accommodate the political guidelines defined by the Party. For instance, in 1974 there was a resolution by Government for a multi-purpose agricultural staff, to bring it in line with the ideology of the country as propounded by the Musoma Declaration.

Our curricula and our training system as a whole should respond to changing needs and changing circumstances in our country.

Our curricula should particularly respond to changes in our rural setting and rural development strategies. Following the Arusha Declaration, Musoma Declaration, for example changes had to be made in our curricula to take account of the new policy changes.

(Kilimo, 1980a)

Under the previous system of training in extension services for agricultural students, 80% of the content of the curriculum was devoted to basic agricultural science. It was based on a two year training programme.

This system was changed to one which combined Agricultural and Veterinary courses into one combined course, the 'Agro-Vet' Service course. As a result, the teaching materials for each course were severely reduced so as to combine two separate disciplines into one course. But the training period for the new course remained the same as in the previous system. The aim of the two combined subjects was meant to simplify the work of the extension worker in a manner which would enable him/her to cope with all agricultural and livestock problems. It was also hoped

that such an inter-disciplinary approach would help the peasants by reducing the burden of making him contact so many specialised extension officers. (Kilimo, 1980a).

The decision to rationalise through amalgamating developmental functions calls to mind the arguments used for the creation of the Crop Authorities. It stems from a view of development which gives little importance to specialisation of functions and to professionalism as well as economic concerns such as efficiency and capacity.

#### Party attitudes towards policy-making

The consolidation and growth of the Party during this period was accompanied by an increasing role of the Party in policy-making. The policies of the period were aimed at solving a variety of problems; nevertheless a common feature was the 'political' character of the policies, in the sense that 'political' considerations were given predominance over economic ones.

Rapid Nationalisation: We have seen that immense pressures were exerted by Party activists in favour of the nationalisation of local capital. In 1967 Nyerere had rejected the policy of rapid nationalisation because of implementation problems (Tanu, Dar es Salaam, 1967: 114). But the bitter attacks against the Asians continued to be expressed by the Party activists throughout the 1969-1971 period as shown in both Party meetings and in Parliament. Thus:

Kassella Bantu: The Indians exploit us too much  
and you are afraid of the Indians.

(Tanu, 1970: 184, cited in Mfupe, 1976)

Mhando: It is better to disturb one's wound  
than to have it disturbed by somebody  
else.

(Tanu, 1970: 180, cited in Mfupe, 1976)

Similar attacks against the Asians were also voiced in Parliament. For instance, Kwilasa called for the nationalisation of wholesale trade and of houses (Hansard, 1969: 92).

By 1969 the President appeared to have accepted the principle of rapid nationalisation. Thus:

Wholesale trade will be nationalised and retail trade too will be under co-operatives in villages...

These co-operatives will gradually take over retail trade (applause) after proving that they have the ability to serve the people well.

(Tanu, 1969: 38)

A year later in 1970 wholesale trade was nationalised. The President explained the nationalisation of wholesale and sub-wholesale trade in terms of "preventing a small group of people from controlling a large section of the economy on which people depend" (The Nationalist, February 6, 1970). Between 1971 and 1974 citizen-owned industries and rented buildings were nationalised.

Mwongozo: 1971: Although Mwongozo did emphasise the importance of economics in such issues as conserving foreign exchange, and savings (Mwongozo, 1971: 10) nevertheless, its greatest impact was on workers relations vis-a-vis management. In 1971 the Party passed the policy of Mwongozo which superseded the Workers' Council established in 1969. The aim of Mwongozo was to give workers rights and powers to control their own production process. Para. 28 of Mwongozo illustrates the emphasis given to 'political' considerations:

For people who have been slaves or have been oppressed, exploited and disregarded by colonialism or capitalism, 'development' means 'liberation'. Any action that gives



them more control of their own affairs is an action for development, even if it does not offer them better health or more bread. Any action that reduces their say in determining their own affairs or running their own lives is not development and retards them even if the action brings them a little better health and a little more bread - if development is to benefit the people, the people must participate in considering, planning and implementation of their own development plans.

(T.A.N.U. Guidelines, 1971: 9, emphasis added)

One of the major reasons for Mwongozo was to replace economic criteria in production with a political approach. The Party aimed to achieve this through the workers. As Hyden states, "the party leadership were in the position of forcing the managers to obey political instructions or otherwise be exposed and forced to quit". (Hyden, 1980: 1959). It is worth noting in passing that Saul saw Mwongozo as a crucial document in crystallizing worker consciousness and in legitimizing, even demanding, the unleashing of popular pressures against oligarchical tendencies on the part of wielders of state power ("leaders") (Saul, 1979: 186). Shivji too saw Mwongozo as the product of the most left-wing members of the Party who were able to push through officially radical policies (Shivji, 1976: 125).

Decentralisation, 1972: The policy of Decentralisation was initiated by the President as Head of the Government rather than by the Party. Decentralisation was a popular idea in the 1960s because of the need felt by many African countries for a new system which would have a greater capacity to solve problems (Rweyemamu & Hyden, 1975: 150). In 1960, the President instructed Nsekela, a senior civil servant, to make a study of the possibility of introducing decentralisation in Tanzania. The recommendation

given by Nsekela was against decentralisation. But the idea was again revived in the 1970s and this time the Government commissioned the US McKinsey Corporation to undertake the study. They were given different terms of reference and the consultants recommended decentralisation (interview, senior Government official, July 1981).

There were basically two major reasons for decentralisation. The first was the concern for solving local problems which were made difficult in a vast territory with poor infrastructural facilities:

The centre of power and supervision was in Dar es Salaam and these could not supervise local problems efficiently. In addition, when you went to Dar es Salaam to consult over a problem ... it was also a problem, because you had to consult different ministries, Maji (Water), Kilimo (Agriculture) and there was no centre as such but rather centres of power, which again aggravated the problem of implementation. Accountability should also be closer to the people.

(Interview with Regional Commissioner,  
July 1981)

The second reason was to enhance the effectiveness of the Party in development. Hyden explains that "in Zambia and Tanzania the problem was tackled by allowing stronger party control over the administration at the regional, district or local levels" (Rweyemamu & Hyden, 1975: 150). The aim was to enhance the capacity of the political leaders to implement development; "for the first time, there was a strong, well-paid party bureaucracy at regional, district, divisional, and ward level" (Coulson, 1982: 254). The Regional Commissioners had access to the technical know-how of the representatives of the technical ministries who were now based in the regions. A Prime Minister's Office was created to co-ordinate all decentralised planning and administration in the regions. The ministries based in Dar es Salaam were excluded from regional development. Government

therefore changed the administrative structures to enhance Party leaders' roles in development.

Politics is Agriculture, 1972: At the NEC meeting in Iringa the Party adopted the policy of Politics is Agriculture, which called for all political leaders to learn the basis of good husbandry in their areas so that they could give the peasants practical assistance in addition to exhortation . This policy restated the need to increase production of food crops and cash crops.

Re-location of the Capital from Dar es Salaam to Dodoma, 1973: Another major decision taken by the Party was to move the capital from Dar es Salaam to Dodoma. This idea was proposed by Joseph Nyerere in the Parliament of 1966 but the Minister for Economic Affairs and Development Plan argued against the proposal on the basis that "many other productive projects would have to be stopped and neither Dodoma nor Dar es Salaam would benefit" (The Nationalist, March 1st, 1966).

But in 1972 the decision to move the capital to Dodoma was revived by the Party, and after "careful considerations" (Msekwa, 1977: 52), it was decided that:

The NEC resolves that the capital be moved to Dodoma and that the move be completed within a period of 10 years. This decision is final and the Government is hereby directed to take immediate action for its implementation.

(Msekwa, 1977: 53)

There were two major reasons which appear to have promoted the decision to transfer the capital from Dar es Salaam to Dodoma. The first was security. It was believed that Dar es Salaam, being a port, was more vulnerable to attack. This view may have received extra credibility when Guinea

was invaded by mercenaries in 1970. The second and more important reason, however, was that the Party felt that there was a need to 'weld together' the various regions and to look 'inward' rather than 'outward' to neighbouring countries (interview with senior Government official, July 1981).

The Musoma Declaration, 1974: The Party passed the Musoma Declaration at the NEC meeting in 1974 when it met to discuss the success and failure in implementing the policy of Education for Self-Reliance (1967). The rulings at Musoma were that:

- a] universal primary education be achieved within three years, that is, by November 1977;
- b] secondary education should be expanded and curricula should be diversified and opportunities for vocational training multiplied so that secondary level institutions could better provide terminal education;
- c] for academically eligible students entry into university should not occur immediately after Form 6, but only after the student has completed two years in a job and received a satisfactory report from his employer and his Tanu branch; and
- d] less weight should be given to final examination.

(cited in World Bank, 1977:1:36)

The Musoma Declaration illustrates the traditional concern of the Party for redistributive policies and for asserting its control over public affairs. The call for universal primary education to be completed within three years was brought about because of the policy of limited villagisation which was taking place between 1971-1973. New villages requested schools for the children and the Party had to meet these needs (interview with senior Party Official, July 1981). But there was also an element of control in the Musoma Declaration, especially in relation to secondary school graduates aspiring to <sup>go to</sup> university. Goulbourne has

explained the element of control in the following manner: "The Party is strategically placed as gateman into the University without in fact seeming to directly impinge on the internal autonomy of the educational system" (Goulbourne, 1979: 14).

Party resolutions: The Tanu Guidelines of 1971 (Mwongozo) made two resolutions: these were that the basic social services must be equitably distributed throughout the country, and secondly, that there should be an increase in Government planning effort and financial allocations in regions with low per capita incomes. (see Annual Plan 1971/72, 55 para 2). These resolutions clearly reflected the Party's priorities of redistributive policies.

A major characteristic of the policies of this period was an apparent disregard for economic considerations. In particular, the problem of increasing recurrent expenditure for the Government and the shortage of manpower were not considered as constraints on policy-making. Moreover, increasing production was de-emphasised in relation to the goal of creating socialist organisations. This de-emphasis occurred in both the two main productive sectors, agriculture and industry, with the policies of Ujamaa and Mwongozo respectively. A similar tendency can be observed in the Musoma Declaration where educational criteria were subordinated to ideological ones, and manpower considerations and financial constraints were set aside in setting a timetable for meeting social needs.

It is on this basis that I have argued that the period 1969-74 can be understood in terms of the principle of the primacy of politics in development. As already explained, the new approach saw development in terms of the class struggle, and the Party's role was to formulate policies which furthered the class struggle and the raising of class consciousness. By

this method the Party believed that it was transforming the economy into a socialist country. Nyerere summarised the situation correctly when he explained:

But we are a One Party State. It is the Party as defined in the Constitution which lays down the policies on the basis of which we legislate and run the Government of this country ...

By practice our Party leads the nation. The Arusha Declaration, Mwongozo, Politics is Agriculture, the Policy of Small Industries, the emphasis on irrigation, Decentralisation, the recent educational changes, all stem from our recognition that the Party is the real leader of the country.

When the Party has laid down a policy our custom is to make every effort to implement that policy. Our laws, our administration, our various endeavours to expand the economy and so on are all intended to implement the policies of the Party and all involve a recognition that the Party has a right to supervise that implementation. This has been our belief; this has been our practice.

(Nyerere, 1975)

#### THE INFLUENCE OF DEPENDENCY THEORY ON GOVERNMENT

We have seen in the Introduction that the University of Dar es Salaam was greatly influenced during the late 1960s and early 1970s by the dependency perspective. It created an intellectual climate in which more sophisticated forms of interpretation of the ideas of socialism and self-reliance were able to flourish. Intellectually inclined leaders such as the President and Minister Babu were susceptible to this intellectual climate. But dependency ideas were also able to penetrate the establishment in a more direct manner. This was through the recruitment of university-trained intellectuals into the Government. The most prominent of these, J. Rweyemamu, was appointed the Economic Adviser of the President

in 1971.

We saw in the Introduction that Rweyemamu called for a capital goods industry in his book Underdevelopment and Industrialisation in Tanzania (1973) and argued that such a strategy would enable Tanzania to break out of her dependent status and create a national independent economy. This strategy known as the Basic Industrial strategy or BIS, was incorporated into the Third Five Year Development Plan (1975-1980) and forms the basis for the long-term 20-year plan of 1981-2000 (Long Term Plan, 1981-2000).

The aim of BIS was to re-structure production and eliminate dependence on outside forces; industry was seen as the principal agent of structural transformation and self-reliance. The colonial pattern of trade fostered dependence; it resulted in an economic structure in which Tanzania produced what it did not consume and consumed what it did not produce. The aim of the BIS was to transform the structure of the economy by bringing production and consumption into line, by using domestic resources for domestic needs. The basic needs of food, shelter, clothing, health services, transportation and capital goods would all be produced by using domestic resources as far as possible.<sup>1</sup> In this way a direct link came to be established between the ideas of dependency and actual policies.

The second type of influence of the dependency thesis on Tanzania can be seen in the methodology of analysing economic problems which was increasingly adopted. The following is a quotation from the Economic Survey 1970-71 in its review of the first year of the Second Plan 1969-1974:

Continuing the transition from a lop-sided economy to an internally integrated national economy, the period since the Arusha Declaration has been of great progress. Outstanding changes have taken place in three

broad fronts. Firstly, public ownership of the major means of production and financial institutions has proceeded apace, culminating more recently in public ownership of the wholesale trade and the major rental properties. Secondly, there have been rapid institutional and structural changes essential for the socialist transformation in the economic, cultural and social fields. Thirdly, the country has been investing at an accelerating rate in its basic social and economic infrastructure, concentrating on Primary and Secondary schools, higher education, highway bridges and other forms of transportation, water supply, storage electric power and administration.

There was a healthy decline in foreign private investments in areas where this was deliberately discouraged as part of the national policy.

Self-reliance became more of a reality over the years although a great deal remains to be done in order to fully implement our policy of self-reliance and economic integration with a view of redressing the still excessively externally-orientated economy inherited from our colonial past.

(URT, 1971: 1)

The above quotation shows the unmistakable influence of dependency ideas replacing conventional ideas of development in the Government's analysis of problems of economic development.

Government proponents of the dependency theory (who viewed Tanzania's links with the world market as a sign of its dependency and as exploitative) were a source of worry to those members of Government who were concerned about Tanzania's foreign exchange reserves. For instance, the Minister of Finance tried to explain that socialist development in an economy like Tanzania could not be equated with fewer links with the world market because of the need for foreign exchange. External trade was essential for development. Minister Jamal stated in 1969:

The smaller the size of the economy  
the more dependent a country is on



external trade both for purpose of survival and for development.

(Hansard, 1969: 430)

Minister Jamal pointed out that foreign exchange was:

the surest guarantee of our independence of actions and, in fact, of our ability to pursue a self-reliant economic policy insulated from short-term fluctuations in our export earnings, or temporary setbacks in our efforts to secure external finance on the most advantageous terms possible.

... We have accepted obligations for the future which must be discharged through increased productivity and increased production, particularly for exports.

and:

We shall not pretend that self-reliance and self-sufficiency are one and the same thing. We recognise that they are not, and we know we are increasingly part of an inter-dependent world.

(Ibid: 430-439)

Jamal's arguments for the need for exports shows that he was attempting to convince an audience in Parliament which thought that exports were not essential for a self-reliant and socialist economy. Equally, the Bank of Tanzania (BOT) re-affirmed continuously the need for exports.

Thus:

The main problem (of balance of payments) in this connection is the fact that the country has not yet achieved a sustained and high rate of growth of exports.

Above all, there is really a need for a dynamic export drive both for our traditional exports and particularly for our manufactured goods.

(Bank of Tanzania, 1972: 10)

A more urgent message was again repeated by the Bank of Tanzania in 1973:

Furthermore, it is a matter of some concern that local production has not been expanding

at a satisfactory rate. Although industrial production has been gaining in some lines, agricultural production remains virtually stagnant. Money supply has also continued to rise rather too strongly. Experience in other countries would indicate that if such a development is not matched with increased output soon enough, it would start causing difficulties by way of price increases. For the time being it is possible to meet the situation through price controls. In the long run, however, it is difficult to hold prices in check in this manner.

In the opinion of the Bank it is necessary to step up production in the economy to prevent the possibility of a widespread inflation. For this, it is necessary to increase investment in the economy, particularly of the quick-yielding type, and also to raise labour productivity. In this connection it is necessary to re-consider the role of foreign exchange in the economy.

(Bank of Tanzania, 1973: 11,  
emphasis added)

In 1974 the Bank of Tanzania's Economic and Operations Report again stated that "A consistent export strategy has ... been lacking" (1974: 9).

It would, therefore, appear that between 1969-1974 - apart from the Minister of Finance and the Bank of Tanzania - there was no clear appreciation in Government circles of the role of foreign exchange in development. The absence after 1969 of such a crucial policy as one for promoting exports can only be explained rationally by the influence of the dependency thesis, which was unable to reconcile the ideology of socialism and self-reliance with the economic realities of increased links with capitalist economies and the world market. The co-existence of the two views of development, namely the dependency and the conventional views, would indicate that between 1969-1974 the Government's conception of development was no longer homogeneous, as it had been between 1962-1967. The dependency thesis was the most popular and appeared to be the

ideologically acceptable view of development. This was so, first, because Nyerere was himself sympathetic to such ideas as his speeches will illustrate, and because it had affinities with the ideology of socialism and self-reliance. The conventional view of development as expressed by Jamal and the Bank of Tanzania was considered during this period reactionary.

#### NYERERE'S CHANGED CONCEPTION OF DEVELOPMENT

We have seen that up to 1969 Nyerere still held a conventional view of development. Onto that theory, from mid-1965, he added a new element; without abandoning conventional ideas about economic growth and the need for private capital, he added a re-distributive element. In 1967, in the Arusha Declaration policies, Nyerere was still maintaining that balance. The theoretical balance he maintained was one dimension of political balance he was holding between the Government and the Party.

But from 1969 onwards, Nyerere abandoned this balance - both politically and theoretically. At a theoretical level, Nyerere began to work within a dependency framework. In 1969 he assumed that external capital created economic underdevelopment and that class struggle was essential to bringing about socialist development. From 1970 onwards, he continued to favour the dependency view, but now in a form which gave less emphasis to class struggle.

The Presidential Circular 1/69 on Ujamaa illustrates that Nyerere's ideas on socialist development had radically changed, especially on rural development. We saw that in 1967 when Nyerere introduced the policy of Ujamaa at the Tanu Annual Conference in Mwanza, he had stated that the progressive farmers were not to be persecuted and that Ujamaa was to be voluntary. On this basis, I argued, that the policy of Ujamaa as outlined

in 1967 was still able to accommodate the Government's need for agricultural growth, which was dependent on the progressive farmer. It also showed that Nyerere in 1967 still thought in terms of conventional ideas of economic growth.

Two years later, however, Nyerere had changed his mind. The Presidential Circular on Ujamaa looked upon the progressive farmers as an obstacle to the creation of Ujamaa villages and called for discrimination against individual producers in terms of inputs, credits, etc., in favour of Ujamaa villages:

We have to give (Ujamaa Villages) priority in all our credit, servicing and extension services - at the expense of the individual producer if necessary.

Co-operative farming and production must be looked upon as the main source of economic growth in the rural areas - where the vast majority of our people live and work and will continue to live and work in the foreseeable future.

All Government policies should be argued at discouraging the continuation of private individual farming.

(Collins, 1971: 3.22)

The policy of Ujamaa in 1969 was a different policy from that of 1967 in two crucial areas. First, it discriminated against the progressive farmers, and second, the creation of Ujamaa villages was to be implemented throughout the country in a "frontal attack" (1969-74: xvii).

It would appear that in proceeding with the Presidential Circular, Nyerere rejected the advice given by his economic advisors. We know for instance, that Rene Dumont's report Tanzanian Agriculture after the Arusha Declaration (1969) can be seen as an anticipated and implicit criticism of Presidential Circular 1/69. For instance, the report considered progressive farmers as "a group indispensable for the modernisation of

agriculture" (Dumont, 1969: 3) and as "capable of setting in motion the progress of the whole agricultural community, if they are not discouraged" (Ibid: 11).

In relation to private farming, Dumont wrote:

such private investment seems to us highly desirable. In this country, people have too much taken to the habit of thinking that the State should provide for nearly all investments. As its resources are and always will be very limited, such an attitude holds up general progress.

One must therefore try and encourage - especially at the present stage of development - the said private investments, which here are of a family and not of a capitalist character.

(Ibid: 23)

Finally:

Development requires that people can become rich to a certain extent by hard and prolonged work and by economy.

(Dumont, 1969: 34)

Dumont's report was an attempt to restate the economic benefits accruing from the encouragement of progressive farmers.

Nyerere also rejected the advice given to him by senior government officials. According to Pratt:

... those people who were involved in the planning of the Second Development Plan, such as Jamal, Msuya, Dickson Nkembo, Brian van Arkadie, Hellenjer, Svendsen, warned the President that a 'frontal' approach to ujamaa was beyond the capability of both the government and the Party and that the smallscale peasant farming was more efficient and compatible with socialist strategy.

(Pratt, 1972: 424)

Finally, I was unable to find any clear evidence to show that the pressures for the Presidential Circular 1/69 came from the Party. This was in

contrast to the pressures leading up to the nationalisation of trade, which are documented in Party and parliamentary debates. It seems, therefore, that there were few pressures and little favourable advice given to the President from either the Party or Government on this issue.

A possible exception was the analysis of the radicals at the University of Dar es Salaam. They did identify the progressive farmer as an exploiter and as an obstacle to the creation of Ujamaa villages (Cliffe, 1973: 2: 203) and they concluded that more 'radical' policies were required to eliminate capitalist social relations of production. Just how directly the radicals at the University influenced Nyerere's thinking remains a matter for conjecture.

In 1969 Nyerere also began to place greater emphasis on the creation of a socialist organisation even if this might lead to decline in production:

For example, when we were giving aid, we aided industrious peasants who has developed 100 or 200 acres, and has employed labourers. We therefore make him a modern farmer, at that time we were bent on production and not on the manner of production. This situation has changed...

The Ujamaa policy introduced by the Party in October 1969 marked the beginning of this change. This change has clearly shown that, this new plan's basic aim is villagisation in a socialist way.

(Tanu, 1969: 25; also see  
Plan 1969-1974: ix)

As the above quotation illustrates, Nyerere had accepted changed priorities in development. The change from his traditional concern with immediate economic benefits to long-term political goals can also be seen in Nyerere's ideas when he compared the opponents of relocation of the Capital from Dar es Salaam to Dodoma with peasant opponents of villagisation. Both, he said, "put a permanent house and a good shamba" before "the long-term

benefits of living together" (cited in Department of Sociology, University of Dar es Salaam, 1980: 31). Nyerere's new conception of development incorporated an element which de-emphasised immediate economic benefits for deferred political goals. From 1970 onwards, finally, Nyerere began to voice ideas which were very close to the ideas of dependency writers. First, international capitalism was rejected because it did not allow for national independence for third world economies, since it led to foreign owned and controlled interests in the peripheries. Second, capitalism was rejected on a class basis, because it led to exploitation of the workers:

Indeed, (Africa) often discovers that there is no such thing as a national economy at all! Instead, there exists in its land various economic activities which are owned by people outside its jurisdiction, which are directed at external needs, and which are run in the interests of external economic powers.

(Nyerere, 1976: 5)

For the purpose of capitalist enterprise is the making of profit. To do this, the capitalist must keep his costs of production as low as possible, and get the maximum return from the sale of the products. In other words, he must pay the lowest wages for which he can get workers, and charge the maximum price at which he can sell the goods produced.

(Nyerere, 1978)

Thus dependence on international capitalism was postulated in terms of creating obstacles to the emergence of a national economy.

Economic growth which was considered to be the pre-condition to development before 1967 was now considered unfavourably thus:

... there are Third World countries which accept their neo-colonial status, and even glorify in it. They point to the statistics of their Gross National Product as an example of what can be gained from it - rather in

the manner of a high class prostitute  
glorifying in her furs and jewels.

(Nyerere, 1976: 6)

The point to note is that Nyerere's conception of development changed radically after 1969. This change was in the direction of a 'political' approach towards development, premised on the idea that capitalism could not develop Third World national economies, that it created classes and was exploitative. Where capitalism did produce economic growth, Nyerere argued that such growth was not development.

Nyerere's changed conception of development can perhaps be explained in the following way. We know (Pratt, 1976) that Nyerere as an individual had a very strong moral streak in his views of development. It is possible that he became receptive to the dependency thesis because of the latter's moral critique of capitalism. This may explain why Nyerere abandoned conventional cum re-distributive ideas of development, which appeared to legitimise capitalism and therefore by implication, inequality and social injustice.

#### PRINCIPLES DETERMINING THE SECOND FIVE-YEAR DEVELOPMENT PLAN 1969-1974

As we have seen, the prevailing conception of development in Tanzania as well as the methods of achieving the process of development began to change in 1969 from its earlier focus on economic growth and pre-occupation with economic considerations of capital formation and manpower, to encompass a more generalised vision of socialist development. The new conception viewed socialist development as a process of liberation from oppression, exploitation, inequality and dependency. Supporters of the dependency view called for control and planning to bring about even and internally-oriented development. The Party called for control of



the economy in order to give the 'state' power to protect the weak against the strong, as well as to safeguard the economy from external forces. They also called for mobilisation of the people to increase production rather than to allow material incentives to control workers. And the President called for communal production to remove inequalities in development.

This approach towards development was a fusion of various ideas which came together during this period and which found expression in the Second Five Year Development Plan. An analysis of these ideas as manifested in the Plan shows that they were drawn from the Party's traditional and new concerns, as well as from Nyerere and the section of Government which was most influenced by the dependency thesis.

#### Party's influence in the Second Five Year Plan

We saw in earlier chapters that the 1962-66 Government had placed great emphasis on economic growth and that various policies were evolved to expand production as rapidly as possible. The Party's nationalisation was successful in changing Government's conception of development because it led to the down-grading of private capital and made the state sector the major agent for development and accumulation of capital. The role of private capital was demoted and confined to consumption orientated activities. The Second Plan stated:

Thus, private sector investment remains dominant in housing and other real estates, road transport and the construction industry, but is no longer crucial to the basic industrial and agricultural investment programmes of the country.

(URT, 1969: 212)

When Nyerere introduced the Plan at the 1969 Party Annual Conference, he was able to state that:

..., according to the Arusha Declaration a great part of industrial work, will be done by public corporations (Applause).

Individuals will only remain with 16% of the industrial undertakings (Applause).

It is intended that, most among these, will be small industries which require a few employees. It is also hoped that, employees and co-operatives will co-operate to work on these industries.

(Tanu, 1969: 31)

The extent of the change from private to state (ownership) can be seen in the fact that while in 1965 the private sector accounted for 60% of all monetary fixed capital formation, by 1970 its share had fallen to under 30% and by 1973 the public sector was representative for more than three-quarters of monetized fixed capital formation (World Bank, Main Report, 1977: 38). The following table illustrates the growth of parastatals:

<u>Parastatals</u>	<u>No. of firms</u>	<u>No. of employees</u>
1967 (after the AD)	64	26,000
1968	73	34,690
1969	78	49,925
1970	85	54,613
1971	99	67,880
1972	104	68,329
1973	117	71,576
1974	142	80,057
1975	142	83,376
1976	135	96,269
1977	159	105,875

Source: World Bank, Dar es Salaam, July 1981.

As we can see from the figures the vast expansion of parastatals took place between 1969 and 1974, and not in 1967 with the Arusha Declaration.

The policy of rapid nationalisation and parastatal growth was effective

in undermining Government's concern for efficiency and manpower constraints. Minister of Finance Jamal, for instance, alluded to the problems of manpower posed in the policy of rapid nationalisation when he presented the 1969/70 Estimates of Revenue and Expenditure:

All the calculations of the Treasury officials as to the availability of resources, both for recurrent as well as development expenditure, could go wrong in a big way, in one direction or another, depending on the performance of these state institutions in the years which lie immediately ahead of us.

The cumulative success of all these institutions will be greater than the sum of successes of these institutions taken separately. And by the same token, let us warn ourselves, that the failures of a few, of even a single key institution will inevitably be passed on to the others, and thus to the entire economy.

If the National Bank of Commerce fails, we all fail, if the STC fails, the National Bank of Commerce cannot remain unaffected as indeed will the consumers, not even the National Development Corporation can remain untouched, because its distributional channels will be affected severely, and so on.

We have taken upon ourselves heavy tasks. It is a good thing to remind ourselves of the heavy stakes involved. This is one sure way of doing battle with the danger.

(Hansard, 1969: 434)

### Nyerere's influence on the Plan

Nyerere's major input into the Second Development Plan was in the policy of Ujamaa Vijijini. This policy meant a new emphasis on the creation of socialist organisations. As Nyerere explained it in the Second Development Plan:

The policy of Ujamaa Vijijini which was adopted by the Party in October 1967 meant the beginning of a change; gradually we are moving towards a programme of integrated rural development which leads in the direction of the kind of socialist society we are trying to create. This changed policy is fully reflected in the new Plan, which has socialist rural development at its very core.

(URT, 1969: ix)

The policy overturned the Government's previous policy of relying on the progressive farmer for agricultural growth. As the Second Plan stated, "emphasis on development through the individual farmer, which has been the basis of previous extension practice, will be ended (URT, 1969-74: 29).

The Second Development Plan also emphasised mobilisation as an instrument for the implementation of Ujamaa but attempted to give it a more economic explanation. Thus: "For the future the government is emphasising self-help, ujamaa village development, with the maximum mobilisation of local leadership" (Ibid: 21). And: "The kind of help they (ujamaa villages) need is ideological and organisational as much as material. They need to know how a ujamaa village works, to discuss the concrete problems of organisation, to recognise the importance of savings and to learn improved agricultural techniques" (Ibid: 28), emphasis added). Thus the Government attempted to relate the political concept of mobilisation to the process of production.

Although Ujamaa was to be implemented by the Party (The Nationalist, September 25, 1969), there was no Party document which gave further clarification to the concept of mobilisation in relation to Ujamaa. It

fell to the Government to explain it. The practice of implementing development policies through mobilisation (Ujamaa, 1969; Mwongozo, 1971; Politics is Agriculture, 1972) indicated that the methods of achieving increased production had changed from reliance on trade and material incentives to political instruments.

### Influence of Government proponents of the underdevelopment thesis

We can discern two major influences on the Plan stemming from supporters of the dependency thesis within the Government. The first concerns the role of exports. Unlike the First Five Year Plan (1964-1969), which had a very unambiguous attitude towards exports, the Second Development Plan showed an ambivalent attitude. For instance, the Plan stated:

Care will have to be taken not to over-produce sisal, coffee, pyrethrum and fire-cured tomacco, all of which face limited markets.

(URT, 1969: 4)

The case for de-emphasising exports was based on the following analysis:

In the past, rural development had a heavy colonial bias. "Cash crops" were grown mainly for export overseas, while rural needs for manufactured commodities were met from imports. Thus the pace of development was determined by the condition of foreign markets and the prices at which imports could be obtained - over neither of which did Tanzania have any control. With the growth of domestic urban food markets, the shift in emphasis in policy towards food production and the expansion of the range of goods manufactured in Tanzania the colonial economic pattern will be modified by increased internal trade.

(URT, 1969: 6)

The point to note is that the development of the export sector and the

enlargement of the internal market were postulated as contradictory objectives rather than as mutually re-inforcing developmental goals. This lack of emphasis on exports would indicate that those who had called for an export strategy in development such as the Minister of Finance and the Governor of the Bank of Tanzania, were in a minority during this period.

The second major influence of the Government proponents of the dependency thesis can be seen in the policy on intermediate and capital goods industry which made its appearance in the Second Five Year Development Plan (URT, 1969: 62). The rationale for creating an intermediate and <sup>capital</sup> goods industry in Tanzania as opposed to limiting import-substitution to consumer goods manufacturing as in the first Five Year Plan (1964-69), was given in the following manner:

When the process of import substitution for simple consumer goods manufactured is completed, the domestic growth in demand for these goods is limited by the rate of growth of the overall economy. Many of the consumer goods industries created at the first stage produce only a small part of the final product with domestic materials, using a high proportion of imported materials and creating a domestic market for new types of imports. Export possibilities are limited, because other developing countries have established similar industries.

(Ibid: 62)

The Plan argued against conventional arguments in relation to the smallness of the national market in the following manner. By the turn of the century:

the population of the three East African countries alone will increase to at least 60,600,000 and with increases in per capita incomes total output will rise to Shs 70,000 million (at today's prices).

(Ibid: 62)

In relation to the conventional argument that the high level of technology necessary for this level of industrial development is absent in Tanzania, the Plan stated that:

Limits placed on industrial development by the scarcity of technical know-how existed in most industrialised countries when they began the process of industrialisation.

The reasons industrial countries have the techniques is that they acquired them in the process of industrialisation. The early stages of industrialisation must aim to increase technological know-how as much as to expand industrial output as a whole.

(Ibid: 62)

A NOR Consult (1973: 31) was less sanguine about Tanzania's industrial development potential.

We can therefore see that during this period conventional economic principles were downgraded in favour of goals derived from a dependency view of development. The Second Five Year Plan summarised the aim of development as follows:

The Second Plan also aims to achieve structural change in the economy to provide the basis for sustained growth over the long period. The objective is to create a high investment, high growth economy in which, on the one hand, rural mobilisation and social change have laid the foundation for continuing agricultural expansion, while on the other hand, efficient investment institutions have been developed to provide a local basis for industrial growth.

Seen in this light, although increased output during the five years of the Plan period is important, the critical objective is to create an economy capable of high growth over the long period. The strategy of rural development should eliminate those bottlenecks in agricultural production which have checked development in many economies. Further, if the parastatals are able to act as source of local investment initiative, then the undue dependence on foreign investment, which is the root cause of industrial

stagnation, will be avoided.

(Ibid: 2, emphasis added)

## CONCLUSION

The above analysis of the Second Development Plan 1969-1974 indicates the influence of the Party's vision of socialism as control of the economy, as well as its traditional concern with redistributive measures. It also illustrates the influence of neo-Marxist dependency ideas with their emphasis on class struggle in the rural areas and the need to restructure the economy away from its dependency on international capitalism. In relation to the ideas of class struggle, the Presidential Circular 1/69 discriminated against the progressive farmers and Mwongozo (1971) discriminated against the managers. In relation to the idea of restructuring dependency relations, the policy of creating a capital-goods industry was an attempt to create an inward-oriented independent economy. Exports were also downgraded. Supporters of the dependency thesis within the Government were able to give a more sophisticated theoretical explanation of the Party's policy of Socialism and Self-Reliance during this period.

Thus all the three organs of the state - President, Party and Government (temporarily under the sway of proponents of the dependency thesis) - were for different reasons operating within a 'political' approach to development. For the Party, the policy of rapid nationalisation of local capital was undertaken irrespective of the economic consequences. Nyerere's Presidential Circular on Ujamaa and the Party's Mwongozo were also issued with little consideration to their impact on production. In relation to the Government supporters of dependency a new attitude towards development was adopted, where current problems of implementation were transposed with future potentials.



All three organs of the state, for different theoretical reasons, gave political goals priority over present economic needs and constraints. In other words, they took what I am calling a 'political' approach towards development. The ideology of development that prevailed during this period had a bias against exports, and a bias against professionalism and specialisation; there was a mistrust of economic management and a disregard of the foreign balance and fiscal matters in the development processes. On this basis I conclude that the real watershed in Tanzania's 'revolution' occurred between 1969-1974 and not in 1967 with the Arusha Declaration as has been commonly assumed. During 1969-1974 the whole pattern of development thinking in Tanzania was changed.

The absence of a serious foreign exchange crisis during this period helped to nurture this ideology of development. Unfortunately, the pattern of thinking with its lack of concern for economic inputs and discipline continued long enough to become uncontrollable and the result was the crisis of 1974/75 and the eventual reversal of several key policies. This will now be examined.

FOOTNOTE

1. Minister Babu, the then Minister for Economic Affairs and Development Planning wrote in the Tanzania Supplement of the Financial Times, December 9, 1971, calling for an 'inward-strategy' of development. (Financial Times, London, 1971).

CHAPTER SEVEN

THE FAILURE OF 'POLITICAL' POLICY-MAKING AND THE  
ECONOMIC CRISIS OF 1974-5

We saw in the last chapter that the Party was successful in subordinating Government politically as well as in replacing the early economic orientated policies of the Government with its own. The 'political' approach towards development which was adopted between 1969-1974 included such elements as lessening dependence on foreign influences, extending state control of the economy, lessening the use of market forces, and relying on ideology and mobilisation to increase production.

From the mid 1970s, however, important sectors of the economy experienced problems and difficulties. In 1974-1975 Tanzania had a severe balance-of-payments crisis. In this chapter I shall explore the connection between the types of policies chosen between 1969-1974 and the events of 1974-5. I shall also be examining the various explanations which have been offered in the literature for the Tanzanian economic crisis of the mid-1970s.

POLICY FAILURES AND THE ECONOMIC CRISIS OF 1974-75

From Ujamaa to villagisation

The 1969 policy of creating Ujamaa villages by a 'frontal approach' had uneven success. Ujamaa was more successful in regions which were poorer and characterised by scattered homesteads than in the richer regions where settled agriculture and cash crops had already developed. Thus:

As of March 1973 about one third of the total number of villages were located in only two regions while five regions which together

contributed less than 25% of 1969 GDP accounted for over 60% of villages with nearly 70% of total village production. Conversely, the six most affluent regions, which contributed over 50% of 1969 GDP, accounted for only about 15% of the number of villages and less than 10% of the ujamaa population.

(World Bank, VI, 1977: 18)

The Ujamaa movement appeared to have reached a point of stagnation and Nyerere saw the solution in a distinct policy, that of Villagisation. At the NEC meeting of the Party in 1972, the President presented the idea of Villagisation. He argued that it was possible to separate the idea of "living together" from that of "working together on a communal farm", and that these two could be tackled at different stages (Msekwa, 1977: 63). Nyerere's arguments for separating the two facets of Ujamaa and tackling them in different stages was an implicit acceptance that the policy of Ujamaa Vijijini as outlined in the Presidential Circular (1969) had failed as of that specific time.

The policy of villagisation was accepted by the NEC and in 1973 the Party Conference directed that by the end of 1976 the whole rural population should live in villages (Coulson, 1982: 249). Operation Vijiji moved 11 million people in a space of merely two years (Fortmann, 1978: v). The use of force was not precluded (Mwapachu, 1976; Coulson, 1977; Nyerere, 1977: 42). Matango gives a graphic description:

Many peasants in Ichungu were taken by surprise to see armed militia-men climbing on top of their houses, taking away the thatch, in some cases, the iron sheets were torn off, doors and windows removed or smashed to pieces; houses pulled down in some cases ...

Their homes having been destroyed and the people having received orders to move with all their property to the village building sites that same day; they moved with chickens, children, wives, cattle, goats and sheep, with beds and bedding,

some of them settled under the trees for shelter provided they were within the village sites ...

While the Operation was going on the leaders failed to even control the militia men or given them proper guidance. At Pemba and Kyorubu villages some militia men looted the property of the peasants. There have been occasions when the militia men have even opened fire at a passenger bus and a lorry wounding and killing travellers in North Mara.

(Matango, 1971: 17-29)

Another observer wrote:

In certain areas where the militia did not strike, people rushed in panic to build temporary accommodation in unplanned village sites. The entire division was in motion. Moving, moving in panic to the unplanned village sites. Thus creating new villages in areas which are not even surveyed, no water, no school, or dispensary - virtually no facility to maintain the population there or any plan to bring any, but only to serve the purpose of moving into the Development villages. This haphazard, skimble-skamble movement has created problems which need urgent government attention and resources.

(Mwapachu, 1976: 1-6)

These quotations show the fear and insecurity which peasants experienced throughout the nation during the implementation of Operation Vijiji.

#### Mwongozo and its demise

The policy of Mwongozo led to a number of strikes which began around February 1971 and by September 1973 had involved about half of the labour force engaged in the manufacturing industry. One of the major consequences was that Mwongozo "effectively destroyed the flimsy fabric of modern organisation that had been institutionalised in Tanzania" (Hyden, 1980: 166).

'Politics is Agriculture' (1972)

We saw that in 1972 the Party called for leaders to acquaint themselves with agricultural practice, but Nyerere's comments are indicative of its problems:

Many of our leaders know nothing about agriculture. What is more, they don't want to learn.

(Nyerere, 1977: 20)

Decentralisation

The policy of decentralisation increased the recurrent costs/expenditure to the Government and led to decrease in development expenditure. The following table shows this.

TABLE NO. 7.1

Share of Regions in Government Expenditure

per cent

	1972/73	1973/74	1974/75 <sup>1</sup>	1975/76 <sup>2</sup>	1976/77 <sup>3</sup>
Recurrent:	30.1	29.1	27.4	27.3	26.6
Development:	7.1	14.6	13.9	14.0	10.0
Total:	22.5	24.0	22.5	21.9	20.3

Note: 1. Provisional Actuals

2. Revised Estimates

3. Budget Estimates

Source: World Bank Main Report, 1977: 67)

This means that in the long run the narrow economic base would not be able to sustain the growth of the bureaucracy.

Parastatals

We saw in the policy of rapid nationalisation that occurred between 1969-1974 that there was a proliferation of parastatals, which became the main agency responsible for generating economic growth. But a study

conducted by the Ministry of Finance in 1974 of 24 parastatals showed that by the end of 1973, they "had accumulated Shs 178m in losses which accounted for 91 per cent of the total capital allocated to these companies, that is, 195 million shillings" (Minister of Finance, 1976, 36:9). In the 1975 speech to the National Assembly, the Minister of Finance, Msuya warned that:

Those parastatals which fail to generate surpluses will have to be closed down.

(Minister of Finance, 1975: 73:10)

The growth of the state sector also increased the rate of recurrent expenditure. The problem where consumption of revenue exceeded its generation was summarised by the Minister of Finance:

In the last five years Government Recurrent Expenditure has increased at a rate of approximately 27% per year. During the same period the average increase in GDP has been 17%. These statistics do tell a story.

(Minister of Finance, 1976: 91:18)

The Minister explained:

... it remains an inescapable fact that such building up of administration, especially if undertaken with the speed that we did, is bound to commit us to recurrent expenditure on an expanding scale. When cost inflation is added to it, the situation gets more burdensome in terms of resource requirements to meet these continuing commitments.

No country can afford to carry an increasing burden of a recurrent nature beyond a certain limit at a certain time, and at the same time save for investment in new development. At some point we have to add up the total situation.

(Minister of Finance, 1976: 90:18)

In 1967 the public sector in Tanzania was not very big; in 1975 it was much enlarged and a heavy burden. The parastatals failed to provide any surplus to the Government in order to finance the social services of the

public sector and some did not cover their own costs, and had to depend instead on subsidies from Government (Nyirabu, 1980: 4).

### Economic Performance

Tanzania's agricultural sector was in serious difficulties. The average rate of growth of total agricultural production in real terms from 1964-1975 was only 2.8% per annum - compared to a rate of growth of 4.8% for total GDP. Since the population was growing at an estimated 2.8% per year, the expansion of production was only sufficient to keep up with population growth (World Bank, 1977, IV: 9). The following table shows, moreover, that the rate of growth of agricultural production, and particularly of its marketed components, declined steadily between the mid-1960s and the mid-1970s.

TABLE 7.2

Average Annual Growth Rates of Agricultural Production

	<u>1964-1969</u>	<u>1969-1973</u>	<u>1973-1975</u>	<u>1964-1975</u>
Subsistence Production	2.9	4.0	4.0	3.4
Monetary Production	3.8	2.6	1.3	2.1
Total Production	3.3	2.9	1.5	2.8

Source: World Bank, 1977, IV: 9

This poor performance in the agricultural sector affected both food and cash crop production. In 1974 Tanzania had to import 440,000 tons of foodgrains. Maize imports alone amounted to 29,000 tons compared to an average of 36,500 tons in 1970-73. The total food import bill rose from 274 million shillings in 1973 to over a billion shillings in 1974 (World



Bank, 1977: 72). Coupled with high import bills, Tanzania's main foreign exchange earner, the export sector based on cash crop production, was equally in serious trouble. In the period of the Second Five Year Plan agricultural exports stagnated:

From 1965-67 to 1971-73 the total volume of Tanzania's six major primary exports (cotton, coffee, sisal, cashew nuts, tea and tobacco) actually declined by 5%. This was followed by further declines of 15% in 1974 and 3% in 1975; thus by 1975 Tanzania was exporting 21% less of these commodities than the average of ten years before.

(World Bank, 1977: 29)

Declining cash crop production in turn affected the manufacturing sector. Thus between 1974-1975 manufacturing output virtually stagnated although demand was high. This was largely due to supply problems: shortages of locally produced raw materials owing to agricultural production problems; breakdowns in water and electricity; and shortage of spare parts and transport owing to the shortage of foreign exchange. The following figures illustrate the growth and stagnation of the manufacturing sector. As we shall see there was an impressive rate of real growth in the manufacturing sector but it was disrupted first by the mini-crisis of 1970/71 and then by the economic crisis of 1974-1975.

The weaknesses, problems and declining economic growth performance of the economy impaired its ability to respond effectively when confronted with the exogenous intervention of adverse weather conditions and rocketing prices of oil. The latter triggered the descent of the economy into disorganisation via a severe balance-of-payments crisis.

TABLE NO. 7.3

Growth Rates of Manufacturing Value Added 1967 - 1975

(% in constant 1966 prices)

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Total manu- facturing		13.2	17.7	9.0	6.8	10.0	6.5	9.2	8.2	4.8	1.4	0.3
Large-scale			30.0	8.2	11.7	20.8	12.6	10.6	9.7	3.4	13.0	
Small-scale			5.0	10.0	0.4	-2.8	-4.1	6.1	4.9	8.2	-24.1	

Source: World Bank, V: 1977, 22.

The Drought: Between 1973 and 1974 Tanzania experienced a severe drought which affected production. Thus between 1972 and 1974 the production of maize declined by over 20%. Paddy and wheat production also declined. The decline in food production necessitated the import of food. The drought also affected cash crop production. Thus volumes of coffee, cotton and sisal exports declined by 32%, 20% and 18% respectively, and overall export volume declined by more than 20% (World Bank, 1977: 73).

Increase in petroleum prices: The increase in petroleum prices and the general world inflation in manufactured and capital goods raised average import prices to Tanzania by over 60% (Ibid, 72).

Crisis of 1974/75: The consequences of the aggregate led to a balance of payment crisis. The trade surplus of some T.shs 130m per year in 1965-1967 (under the First Five Year Plan) was converted into a deficit of over T.shs 1,000m per year in 1971-1973, then soared to T.shs 2,500m in 1974 and T.shs 3,000m in 1975, following the drought (World Bank, 1977: 28). This situation created the 1974/75 crisis.

We can therefore see that Tanzania was in serious difficulties - the popular policies of Ujamaa and Mwongozo had been replaced by the more authoritarian policy of villagisation and the re-assertion of managerial authority in work-places; parastatals were failing to produce adequate surpluses; industries were working at under-capacity; exports were stagnating; famine was an immediate threat; and in 1974 and 1975 Tanzania had severe balance of payment problems.

What were the causes of this dismal development experience? Why did

Tanzania's acclaimed policies fail to achieve their objectives? Before trying to give answers to these questions, it will be useful to examine once again some of the standard explanations offered to account for Tanzania's failure to achieve an independent socialist and self-reliant economy.

#### ACADEMIC EXPLANATIONS FOR THE FAILURE OF UJAMAA AND MWONGOZO

How did the academics explain these problems? Most academic explanations of Tanzania's 'failure' to achieve socialist development have focussed on, first, the reversal of policies of Ujamaa and Mwongozo; and secondly, the general political economy of Tanzania, specifically, its links with international capitalism.

Von Freyhold's Ujamaa Villages in Tanzania explained the failure of ujamaa in terms of class struggle. The policy of ujamaa was sabotaged by bureaucrats and the state. Ujamaa failed because "there was no proposal to recruit and train political cadres" to undertake the mobilisation of the peasantry. Ujamaa was not a 'political' concept. Von Freyhold also attempted to link the failure of ujamaa to the intervention of metropolitan interests. Thus the bureaucrats in Tanzania who sabotaged the policy of ujamaa were linked with the metropolitan bourgeoisie and the World Bank:

The state and its managerial functionaries (through the expansion of the state sector) put themselves in the place of the local bourgeoisie and collaborated with the metropolitan bourgeoisie (in the form of the multi-national firms and capitalist aid agencies) to co-operate in joint ventures.

And:

Having already become a partner of international capital in this manner, the state in Tanzania moved one step further and

demanded a controlling share of the enterprise whose profitability it ensured.

And:

They (bureaucrats) did not contradict him (Nyerere) openly, first because they needed him to appease workers and peasants and secondly, because they expected that in practice the whole campaign would look quite different - as indeed it was. Eventually, the bureaucracy managed to turn the slogan of Ujamaa into a tool which could be used for its own purpose.

(Von Freyhold, 1979: 120)

Raikes (1973) also argued that the bureaucratic bourgeoisie wrecked the policy of ujamaa because they feared a socialist transformation would threaten their social status. Shivji (1976: 107) saw the policy of ujamaa as "a continuation of the preceding agricultural policies" in its attempts to "accelerate the process of monetarisation". According to Shivji, the policy of Ujamaa was not a political question involving class struggle (Ibid: 107) but an attempt by the bureaucratic class to consolidate and integrate the Tanzanian economy into international capitalism. Although radical writers may differ in their emphasis as to the intentions of ujamaa, all appear to be in agreement that the policy failed because of class struggle and more specifically, because of the class interests of the bureaucratic bourgeoisie.

### Mwongozo

The radicals have also explained Government's actions to restore discipline in factories and other work-places in terms of class struggle. For instance, they argued that the state withdrew its support from the working class (Mapolu, 1976; Miyo, 1975). In this way, they argued, the radical policy of Mwongozo was defeated.

### Parastatals

Problems of the parastatals have also been analysed in 'class' terms by the radicals. John Loxley and John Saul (1975) saw that the major problems besetting the parastatals were the reflection of the characteristics of the political economy of Tanzania. Tanzania's lack of a theory of imperialism and the class nature of the society have "blurred the possibilities for progressive advance, namely, the leadership's inability to confront the realities of class struggle as another crucial ideological weakness" (1975: 62). Thus the weakness at the ideological level help to forestall the definition of a coherent radical strategy of development and industrialisation (Ibid).

Problems of parastatals were viewed as the result of an "over-emphasis on the technical aspects of management" (Loxley & Saul, 1975: 75). These writers argued that "the nationalisation of the major modern sector means of production in Tanzania was not accompanied by a complete break with western capitalism" and the state firms relied heavily on foreign borrowing and on foreign management. But they argued that even if foreign management were to be replaced, it would not lead to the introduction of socialist production relations, which could only be achieved by creating politically aware Tanzanian managers and "in the final analysis a committed cadre of Tanzanian socialist managers must be one crucial component of a solution to the management problems of parastatals" (Ibid: 71-75).

Thus, like the failure of Ujamaa Vijijini and Mwongozo, the problems of the parastatals were also explained in terms of class analysis and class-interests. The solutions to these problems were sought in a more and more 'political' approach, that is, the creation of political cadres. The failure of these specific policies was in turn explained by the radicals in relation to the political economy of Tanzania.

Failure to eliminate links with international capital

Radical writers saw the failure of Tanzania's overall socialist development as a result of her links with international capitalism. Saul for instance, argued that "the investment of surplus often being directed first toward such immediately profitable domestic spheres as luxury consumption goods and toward such immediately effective earners of foreign exchange as tourism, rather than towards structural transformation" (Saul, 1979: 207).

Von Freyhold argued that the increasing role of the state sector in agriculture, external and internal trade, banking, insurance, and its control of prices and finances, gave it powers to nurture itself "with surplus drained from the private sector". But this state control, argued Von Freyhold was not socialism because:

The working class in Tanzania had never seized state power, the expansion of the state economy could certainly not be explained as a move to assure the predominance of the working class. The state economy was not the creation of the working class but the creation of a petit bourgeoisie which tried to gain an economic base by integrating metropolitan capital into peripheral state capitalism.

(Von Freyhold, 1979: 119)

And the "peasants, who were to lay the golden eggs for the system, were thus put under the control of international finance capital, the World Bank, in particular" (Von Freyhold, 1979: 120). Under these conditions, Von Freyhold argued, a political revolution was necessary:

The first step towards a transformation of the state economy and the peasant economy would have had to be a political change, a change putting workers and peasants in power.

(Ibid: 121)

For the radicals therefore, far-reaching and almost impossible political changes had to occur first, before 'development' could be achieved.

It is difficult in retrospect, to see what kind of economic development the radicals were calling for. The political approach towards development disregarded the need for economic management. The radicals did not seem to have a clear understanding of some of the basic mechanisms by which the economy worked. Being hardly able to perceive the economic structures and requirements of the economy, they were certainly unable to transform the economy. They substituted politics for economic knowledge, thus negating the economic rationale in development.

#### EXPLANATION OF THE ECONOMIC CRISIS OF 1974/1975

It is interesting to note that while the radical academics contributed an explanation of sorts for modifications or changes in specific policies, they have remained silent over the general economic crisis of 1974/75. This is not surprising, since the analysis of the crisis would have forced many of them to re-examine their own theoretical assumptions. The debate on the 1974/75 crisis is mainly between the Government and the non-radical academics, which is also an indication that the debate on Tanzania has progressed from the neo-Marxist dependency approach of the radicals to the consideration of economic factors. The divide is now between the external and internal constraints arguments. We shall examine these debates.

#### External constraints arguments

Official explanations of the crisis have focussed attention on the drought conditions and petroleum prices as reasons for the 1974/75 crisis. The argument behind the external constraints explanation of the crisis is



that if these exogenous factors had not occurred, Tanzania would not have experienced such a crisis. Implicit in this argument is the idea that internal factors such as official policies were not to blame but that the effectiveness of policies were sabotaged by the intervention of external factors, which were beyond the control of Tanzania. The following speech of Nyerere illustrates the external constraints argument very well:

... there are three major reasons for our present difficulties. They are the rapid inflation rate in the developed world, the sudden and large increase in the price of oil and petroleum products, and the drought which caused widespread crop failures and animal deaths in our country ... the three adverse economic factors I have already mentioned - none of which were within our control - we were not able to maintain our rate of expansion last year.

(Nyerere, 1975: 4)

The Minister of Finance stressed similar factors:

... Since 1974 Tanzania has faced an increasingly difficult economic and financial situation. In that year the economy suffered from both a large shortfall in food production due to drought and the initial shock of the sharp increase in world oil prices.

(cited in Agency for Development, 1980: 49)

#### Internal constraints: policy deficiencies

A number of academic writers, mainly economists, have explained the economic crisis of 1974/75 in terms of policy deficiencies. Lofchie (1976) argued that the shortfall in agricultural production was the result of mistaken policies and not the result of drought. Basing his arguments on the analysis of meteorological data, he explained that there was a severe shortage of rainfall in 1973 which could have led to a reduction of the maize crop by about 20% but that in 1974 there was adequate rainfall. Peasants resisted communal production in the policy of Ujamaa Vijijini

and there was a failure to encourage production of traditional export crops. Thus Lofchie argued that the fall in agricultural production was the result of peasant resistance to ujamaa, low producer prices and other misguided policies. In another article entitled Agrarian Crisis and Economic Liberalisation in Tanzania (1978) Lofchie argued that ujamaa was the cause of food crisis.

Since collectively villagisation had been the cornerstone of Tanzania's rural policy for the preceding five years, it seemed obvious to conclude that this bore some responsibility for the food crisis.

(Lofchie, 1978: 452)

Hyden on the other hand was reluctant to draw a causal relationship between ujamaa and the fall in agricultural production. He conceded that the failure of ujamaa to increase production was the result of the deficiencies within the policy itself (Hyden, 1980: 119, 124) but he was categorical in rejecting the argument that villagisation was the principal cause of Tanzania's decline in agricultural production in the mid-1970s (Hyden, 1980: 146).

Ellis (1979) on the other hand, showed that the cashewnut production declined considerably from 1974 despite favourable international prices. He stated:

that in the case of cashewnuts no justification for depressing the level of producer prices can be found in the international market situation confronting Tanzania.

(Ellis, 1979: 11)

Yet despite these favourable conditions operating at the world market, the cashewnut producers were paid very poorly.

The real producer price of cashews fell continuously from 1969/70 through to 1977/78, by which time it was between 35%

and 47% of the level prevailing 9 years earlier.

(Ellis, 1979: 11)

Ellis' research therefore shows that world market conditions cannot be accepted as a valid reason for the decline of this crop; rather it was internal factors, namely, the prices paid to producers. The second reason was the impact of the villagisation programme: it separated the cashewnut producers from the sites of their trees:

This not only increased the travel time required to tend to cashew trees but also substantially affected the economics of combining cashew production with other cropping activities.

(Ellis, Ibid: 15)

But Ellis also pointed to the process of dis-accumulation of the capital stock which began before the policy of villagisation took place. He argued that the decline in production should be seen more in the context of:

the outcome of a progressively more intense squeeze between the rising labour cost of cashew cultivation imposed by villagisation and the falling level of real producer prices.

(Ibid: 20)

In another study, entitled An Economic Analysis of the Coffee Industry in Tanzania 1969/70 - 1978/79: Towards a Higher and more stable producer prices, Ellis again argued that internal factors such as prices, export taxes, and the Coffee Crop Authority's expenses progressively reduced the real income of the peasants.

Ellis' study is also important because of his attempt to relate these processes to the fall in export production and the loss of foreign exchange. For instance, in relation to the decline of cashewnut production Ellis stated:

At international market prices prevailing in 1978, the industry could have generated

foreign exchange earnings of the order of T.sh 550-600 million, whereas the actual outcome in that year was T.Shs 229 million for all cashew products combined.

(Ellis, 1980: 2)

In this way, Ellis illustrated the significance of the export sector for national development.

Explanations of Tanzania's problems in terms of 'internal' factors have been implicitly criticised in the explanations offered by Green, Rwegasira and Van Arkadie, in their book entitled, Economic Shocks and National Policy Making: Tanzania in the 1970s (1980). These writers explained the crisis of 1974-1975 in relation to external factors or 'exogenous shocks', which were "extended drought conditions compounded by oil and related price increases on international markets". The authors argued that the 1974-1975 crisis was "mainly a result of events outside the influence of domestic policies" (Ibid, 1980: 23). This argument is therefore similar to the official one.

But the authors also concede the validity of five general criticisms of the government's approach, thus indicating that internal factors were also responsible for the crisis. First, there was no coherent strategy or view of the role of exports at the decision making level from 1967 to 1971 (Ibid: 87). Later when it was accepted that exports were necessary to achieve a self-reliant strategy there was "neither a co-ordinated project list nor a strategy with targets, instruments and resources set out" (Ibid: 96). Second, until the mid 1970s, industrial strategy "tended to contain a systematic a priori basis against pre-export processing of (raw material exports) and to assume that ... export and domestic manufacturing were inherently unrelated" (Ibid: 88). Third and fourth, serious efforts to build up a number of feasible new agricultural exports were not made in the 1967-1974 period, and systematic research on exportable

and other crops "has made at most a sporadic recovery since about 1975" (Ibid: 89). Lastly, but most significantly:

The standard Tanzanian pattern of institutional development by crisis resolution appears, at least in retrospect, to have had a built-in bias against exports.

(Green et alia, 1980: 89)

The argument of Green et alia that exogenous factors were responsible for the crisis cannot easily be accepted. Although they conceded the importance of the five internal factors mentioned, nevertheless, their methodological approach de-emphasises their significance. First, they have a tendency to underplay mistakes which were the direct result of policies. For instance, between 1969-1974 there was a vast expansion of the state sector despite the problems and shortages of skilled manpower and capital. Between 1970 and 1971 there was a sharp deterioration in the current account of the balance of payments (Green, 1980: 7). Green and his fellow authors offer this explanation:

What is of particular interest for our purpose, however, is the fact that these pressures mainly originated from expansion in internal demand in the economy whose supply side was rather weak.

(Ibid: 8)

And:

that the Tanzanian economy was emerging into a new period in which much tighter short-term planning of credit, balance of payments and various categories of democratic spending would be required.

(Ibid: 9)

Intrinsic problems which emerge as a result of policy-making are merely reduced to 'short-term' planning problems. This can also be seen in the explanation of the 1970-1971 mini-crisis. They concede that the State Trading Corporation contributed to the 1970-71 crisis but only after:

an abortive foreign-consultant-designed restructuring, supplied shortages, drained foreign reserves and achieved deficits.

(Ibid: 14)

As I hope to illustrate in the case study, the collapse of the State Trading Corporation was mainly the result of policy-making in Tanzania.

Green and his co-writers state that the 1974 crisis was foreseeable by late 1973. First, agricultural and particularly grain output in 1973 had been poor and world grain prices were exploding; second, there was poor export performance; third, oil prices had risen sharply since 1973. We are told, however, that these signs were blurred, but again it is admitted that there was "poor communication of critical data which should have been available to the technical and decision taking process sooner" (Ibid: 17). They concluded: "Thus at the beginning of 1974, no strategic re-thinking was in hand, nor even seriously advocated" (Ibid: 17, emphasis added). What does seem interesting is that these authors do not problematise this "poor communication". In retrospect, it seems very strange indeed that conditions like a drought and deteriorating agricultural growth rates could have taken the whole decision making process based on the three organs of state by surprise.

Throughout the period 1969-1974, the Minister of Finance in his speeches had continuously called attention to the fall in production, especially of cash crops, because of his concern with balance of payment problems. Furthermore, during the same period, the Bank of Tanzania's Operational Report continuously called for the need to reconsider the export sector and to evolve an export policy. In the 1972 NEC meeting the problem of declining agriculture was discussed and the policy of Politics is Agriculture was adopted to boost production. Thus Green's explanations that 'critical data' was not made available cannot be accepted.

In fact, according to the Constitution, the Party has access to all major official documents. Critical data was made available both in Parliament, Cabinet and the NEC - the major decision-making bodies. But why was there no strategic re-thinking? We shall consider this problem separately later on, since it has relevance to the major pre-occupations of the thesis.

The major problem with the work of Green and his co-writers is their continuous tendency to deflect attention from crucial problems in Tanzanian development. Mistakes in policies are rapidly acknowledged and downgraded, thus de-emphasising their cruciality. An additional objection relates to the distinction made between the 'micro efficiency' of policies, "that is, the allocative efficiency of measures as tested against consumer-sovereignty criteria", and the 'macro-efficiency' of policies, which is "their effectiveness in furthering the particular goals adopted by the Tanzanian Government" (Ibid: ix). This distinction implies that mistakes entailing high economic costs are acceptable to the extent that they further social and political goals of the government. This way of evaluating policies both implies that economic maximisation is of secondary importance and serves to absolve policies from critical re-examination in the light of their economic consequences.

I would conclude that both the radical dependency and the pragmatic dependency views have failed to offer us an adequate explanation of the Tanzanian experience. Though different, their methodologies attempt to avoid coming to grips with crucial development problems.

#### Evaluation of the Internal and External Constraints explanations

We saw that official explanation for the 1974/75 fall in agricultural production was explained in terms of the drought conditions which prevailed in Tanzania from 1973/74 period. But as we have seen the rate of growth

of agricultural production was already in decline before the drought had begun.

A study conducted at the request of the Ministry of Agriculture, Food and Co-operatives found that the rate of growth began to fall after 1967 and 1968. The study Agricultural Marketing in Tanzania stated "there are strong reasons to believe that internal pricing and marketing policies both on export and domestic products also are presenting serious obstacles to growth" (Krisel et alia, 1970: 1).

In the case of export commodities such as cashewnuts and oilseeds, returns to farmers have been 15-20% lower than they would have been under previous marketing institutions and their margins.

(Kriesel, 1970: 1)

In the light of the above, it is plausible to argue that had there been no drought, Tanzania would still have to spend foreign exchange to import food.

Another argument which has been used in the official external constraints case is poor world prices for cash crops. But while figures for export crops show a declining long-run trend, world market prices for all export prices rose between 1971 and 1974, some booming in 1974. Yet the volume of exports of cotton and sisal, Tanzania's main export commodities, did not increase significantly, with four of the nine leading exports showing lower volumes in 1972 compared to 1967. The years of the drought and villagisation, 1973 and 1974, were poor in terms of production for all but tobacco and tea (Resnick, 1981: 128). This argument also supports Ellis' conclusion concerning coffee and cashewnut production that world prices cannot account for the poor performance in agricultural production.

If we accept the argument that internal policies were largely



responsible for the crisis of 1974/75, then we must question these policies. I shall pose two questions to illustrate my point. We saw in Chapter Six that one of the major aims of the 'political' policies was to lessen dependence on foreign influences. And as Jamal noted in 1969, one of the surest ways to achieve this was by avoiding balance of payments deficits, which would lead to heavy foreign debts. The question is, then, why were exports not encouraged? The second question, which is indirectly related to the first, relates to equality. We saw in the previous chapter that equality and improving rural living standards were strong themes underlying most policies - but why then were prices paid to the producers kept so low for so long? The maintenance of low agricultural prices not only negated the social aims but also affected the economic aims of reducing dependency since the stagnation of exports led to a balance of payment crisis.

The basic argument here, once again, is that the policy-making arrangements of 1969-1974 excluded the careful consideration of the economic implications of policies, encouraging a concentration on purely 'political' aspects. This approach has also been noted by Hyden. Hyden (1979: 6), for instance, saw that the mode of policy-making had the following features. Firstly, the first feature of the policy-making style was to maximise as many social values as possible through policies which serve to mobilise new resources for their very achievement. Secondly, policy-makers decided without first having obtained full and detailed knowledge of possible consequences of their decisions. Full understanding of what can be done or cannot be achieved with existing resources was not sought as a precondition for making a policy. The third feature of the policy-making style was the unwillingness of policy makers to use the past as a source of guidance for the future. In Beyond Ujamaa (1980)

Hyden states that policy-making based on a political market (as opposed to an economic market) "are essentially social or political ... they do not carry any objective economic values ... There is no emphasis on efficiency" (Hyden, 1980: 30). These characteristics of policy-making were evident in all the three organs of the state. Each organ for different and complex reasons explained at length in Chapter Six, gave greater emphasis to social and political goals than to economics.

The question raised earlier of why there was no "strategic re-thinking" in response to the initial signs of the crisis to come can also be explained in these terms. Those who expressed most concern about economic problems and who might have led such a re-examination of policies (Minister of Finance Jamal, Bank of Tanzania) were in a clear minority in this period.

## CONCLUSION

In concluding this chapter I would put forward the argument that the economic problems of Tanzania culminating in the balance of payments crisis of 1974/75 were mainly the result of internal factors, which weakened the economy's capacity to cope with adverse external conditions. These in turn aggravated the economic problems even more by exposing the extreme weaknesses of the various sectors.

I would argue further that the 'political' policies pursued between 1969-1974 were misguided in the sense that they failed to consider economics as inputs into policy-making. As we saw in this chapter, the outcomes of these policies were the destabilisation and weakening of productive processes, the opposite of what had been hoped for. (An acute observer such as Jamal, for instance, had anticipated the results as far back as 1969 as his speeches illustrate). This served to negate the very political aims of the Party. The 'political' nature of the policies

came to negate the economic aspects of development and because they created more problems and difficulties for the masses as well as for the economy, this in turn defeated the political objective of alleviating social problems. A more enlightened and sensitive leadership might have interpreted 'political' to include the consideration of economics and thus have evolved different policies to achieve similar political goals.

But misguided policies themselves need to be explained. We saw in Chapter Six that all three organs of the state - for different practical and theoretical reasons - adopted and pursued a 'political' approach towards development. This homogeneity explains why misguided policies were pursued consistently in Tanzania, at least up to 1974. The Government compromised its traditional concern for economic growth, while the Presidency abandoned its role as a mediator between economic needs and requirements and political demands. Policy-makers at the Party, while sensitive to social problems, lacked an elementary knowledge of how the economy worked as well as to the nature and role of policies. This weakness among Party members at policy-making levels was further encouraged by the institutional arrangements for policy-making, which separated formulation from implementation.

These two features, the attitudes of Party members and the institutional context, explains why further 'political' policies were pursued by the Party during 1974 and 1975, which was a period of immense economic strains. The next chapter will examine these measures, as well as how the homogeneous outlook on development of the three organs of the state began to fall apart under the impact of chronic economic crisis.

CHAPTER EIGHT

PARTY SUPREMACY AND CHRONIC ECONOMIC CRISIS, 1974-1982

In the last chapter we saw the consequences for the development process of an approach to policy-making which downgraded economic issues. The policies formulated by the three organs of the state during 1969-1974 had ambitious social and political objectives but they lacked economic consistency and, as a result, weakened the economy's capacity to cope with exogenous factors. Public sector expansion was weak because it was not built upon sound economic grounds; agricultural production stagnated; and by 1974/75, Tanzania faced both food and foreign exchange crises. On this basis I have argued that the policies pursued between 1969-1974 were responsible for weakening the economy's capacity to cope with adverse external conditions.

In this chapter I shall develop two major themes. First I shall examine how the homogeneous approach towards development held by the three organs of the state during the early 1970s broke down as the result of the 1974/75 crisis. I hope to show that the 1974/75 crisis had important effects on the Government. It led the Government to resume an active role in policy-making on a de facto basis, and within Government circles a more production-orientated view of development began to reassert itself over the 'political' view. Meanwhile, the Party, I hope to show, continued to make policies based on a 'political' approach towards development. These policies related mainly to trade and redistributive measures, reflecting the Party's traditional concerns. Once again, therefore, the situation during the period 1975/76 - 1982 reflected the contradictory co-existence of two views of development at the decision-making level in Tanzania.

Unlike the situation of the 1960s, however, the Government and the Party continued to make policies regarding different sectors of the economy based on their own view of development. The two organs of the state were not so much debating policies, but rather each organ was going a different way in different areas. The President, the third policy-making institution, resumed his fluctuation between the two views of development, depending now mainly on the severity of the foreign exchange crisis at a given moment.

Second, I shall examine the second major crisis which began in 1979 and will review the different explanations which have been offered. The discussion will relate mainly to the external versus internal constraints issue. I shall argue that the external constraints argument for the crisis is misleading and an inadequate basis for understanding Tanzania's second crisis. Indeed, as the crisis became progressively more extreme, both the Government and the Party modified their positions to accept that internal factors were equally responsible for the crisis. But I shall propose that this unity is fragile concealing contradictory approaches towards solving the crisis. Thus, I shall propose, Tanzania is not merely facing a foreign balance crisis; rather the latter is an indication of more serious problems affecting the whole economy. Each sector of the economy is pervaded by intense problems, only some of which may be attributed to foreign-exchange problems. In fact, a healthy foreign exchange situation would only conceal and prolong the weakness within the economy. A crisis of this magnitude, I shall argue, can only be explained in relation to the internal structures and processes of development.

#### INSTITUTIONAL ARRANGEMENTS FOR POLICY-MAKING 1975-1982

We saw in Chapter Six that in 1975 Party Supremacy was formally established

in Tanzania. Furthermore, in addition to the Party's constitutional rights to formulate policies, it had in the process, also gained considerably more powers, especially from the Mwongozo of 1971. These powers extended from the supervision and control of all Government agencies to the issuing of guidance pertaining to the implementation of policies. By 1975, as a result, it appeared to many observers that the Government lacked rights, duties and even a role in society.

Nyerere was aware of this problem, as the following speech illustrates:

It is quite possible that when some Tanu leaders talk about the supremacy of the Party they do not want there to be any distinction between the Party and the Government, that the Party should involve itself directly in performing the functions of administration. We might be thinking that if the Party performed these functions, it would become more powerful. However, this is not true for should the Party assume these functions, it would atrophy.

(cited in Mwansasu, 1979: 175)

According to Mwansasu, Nyerere sought to correct this view (that the Party should absorb Government functions) and "the new constitutional amendment reflects his judgement that the two institutions must be kept distinct and separate, with the party being supreme but not interfering directly in the activities of the Government" (Mwansasu, 1979: 175). The new clarification of Party-Government relations was explained in a Party document entitled Chama Kushika Hatamu (1975) (Party Supremacy). It is also pertinent to note that this document redefined the Regional Commissioners' roles. Up to 1975, their posts had involved responsibilities to both the Party and Government, but in 1975, they became responsible primarily to the Party (Chama Kushika Hatamu, 1975: 2).

We can therefore see the President intervening at the policy-making

level to reassert the rights and duties of the Government under the concept of Party Supremacy. This clarification by the President of the role of the Government seems to be a modification of the 1971 Mwongozo aims and objectives of the Party and its relationship to the Government. In 1975 Nyerere was arguing for the two organs of the state to remain quite distinct from each other. This was an implicit recognition of the need to have both organs in society; but more important, I would argue, was Nyerere's realisation that government was very essential. As he stated, "It is possible for a country not to have a Party; but you cannot have a country without a government. Never! Such a Government could be socialist or capitalist, good or bad, but it will have to be there" (cited in Mwansasu, 1979: 176).

Once again we see here the President as an independent policy-making institution, intervening to maintain a balance between the Party and Government. This role of the Presidency has remained an important balancing influence between the Party and Government relations. As Head of both organs of the State and sitting in both the higher level policy-making decisions, the President is aware of problems from both side and has the power to allow Government to modify policies to meet implementation problems. This role of the Presidency was continuously stressed to me as a positive and necessary factor in Government-Party relations (interview with Government official, July 1981). This role of the President may be lost with the new Party proposals (1980) to change the constitution and create two separate Heads for the Party and Government (CCM, 1980: 53). Important changes also took place in the mid-1970s in the organisation of the Party. Tanu had a weak secretariat and the major co-ordinating mechanism linking the Party with the Government was the President in his capacity as head of both organs. This co-ordination greatly improved

following the establishment of Chama Cha Mapinduzi in 1977.

Chama Cha Mapinduzi has established a Secretariat with five Standing Committees which are responsible for the major socio-economic activities in the country. This allows the Secretariat to deal in a more serious way with the problems and activities of the different sectors of national life. The Party Secretariat commissions research into specific issues, most of which are conceived from practical problems originating from villages, districts, regions or the national level, for instance, from parastatals and other institutions.

The Party Secretariat attempts to investigate each problem in depth and attempts to look at the problem from various angles. This is often done by inviting the actors concerned for interviews and consulting the relevant data from all sectors of the economy. The Secretariat then sends its recommendations to the Central Committee, which has a mandate to make decisions. Those recommendations which need policies are then forwarded to the National Executive Committee for action (interview with member of Party Secretariat, July 1981). My interviews suggested that the new division of functions between the Secretariat and the Central Committee may lead to a better understanding of problems, which may in turn improve policy-making. This has also been enhanced by the educational backgrounds of the members of the Secretariat, who represent the newer and more technocratic element in the Party.

The NEC on the other hand, is still dominated by politicians who lack a professional training. This feature of Tanu appears to be carried on at the CCM NEC. My interviews suggested that there is a potential conflict between the CC and Secretariat on the one hand and the members of NEC on the other. The latter, especially the former TANU vanguards, felt that the CC was trying to usurp the powers of the NEC. Secretariat



members, on the other hand, felt that the proper procedure was for policies to be passed from the Secretariat and CC to the NEC. This stemmed from the belief that "debates of the vanguards have only the power of convictions" (interview with high ranking Party official, July 1981), and that there was "a higher rate of failure of platform policies" because the full implications of such policies could not be fully considered within a debate forum. (interview with Party official, July 1981).

The Party in its CCM phase has thus recognised the need for research as a prelude to policy-making. This means that development policies are to be undertaken on a more systematic basis. One outcome of this method is TIJA (1980), a policy on Productivity. A second positive aspect, derived from the creation of the Secretariat, is a new recognition of the need to co-ordinate policy-making activities with the Government. Again, the policy of Tija was a product of such liaison (interview with members of Party Secretariat, July 1981). The problem of co-ordination between the Secretariat and the Cabinet for instance is greatly facilitated if a Member of the Cabinet in charge of one of the strategic ministries is also a member of the Central Committee. Problems from both sides of the roles can be aired on a more 'equal' basis (interview with members of Party Secretariat, July 1981).

Despite these promising changes, however, during the years 1974-82 there were still fundamental differences between Government and Party views of development and approaches to policy-making. The former, again, because of its institutional functions as an implementor and caretaker of the national economy, considered implementation problems and capacity as inputs into policy-making. As the 1974-5 crisis began to take its toll, this factor led it to adopt once again a view of development in which production, private capital and labour discipline were stressed. The Party on the

other hand, as a political institution, continued to see human and political mobilisation as factors capable of overcoming objective constraints.

#### GOVERNMENT INITIATIVES: EMPHASIS ON PRODUCTION

The economic crisis of 1974/75 undermined the influence of the supporters of the dependency thesis within the Government and strengthened the previous minority viewpoint which has consistently stressed problems of production. I shall call the latter the production group. Another result of the crisis was that Government began to take a more active and aggressive approach towards policy-making on a de facto basis in an attempt to expand production. The most dynamic supporters of this approach during this period were the Minister of Industry, Msuya and the Minister of Finance, Mtei.

As soon as the food crisis was over in 1975 attention was focussed on the need to expand manufacturing production. The aim was to reduce the shortages of consumer goods which were being experienced as well as to mobilise local capital to invest and expand production. The period has become known as the 'liberalising period' in Tanzania's development. We shall consider the various measures which were introduced by the Government in an attempt to improve the economic situation.

#### Encouragement of private capital

The most important measure during this period was the open encouragement to private capital which was given by Government and the President. The Minister of Industries as well as the President toured private and state industries in a bid to boost production. A meeting of private manufacturers was called at the Diamond Jubilee Hall in 1977 to discuss their

problems. This was the first meeting of private capitalists since 1967. The Régional Commissioners also attended the meeting.

The outcome of the meeting was the policy of De-confinement which meant that private capital could by-pass state-owned agencies when they ordered their imports. The policy of De-confinement was meant to ease and speed up the bureaucratic process, thus allowing private capital a freer hand to expand production. It was facilitated by the favourable conditions of foreign exchange which existed during 1976/77 as a result of the coffee boom. We shall consider in greater detail the policy on Private Capital and that of De-confinement in the case studies in Part III.

#### Labour discipline and monetary rewards

By 1975 the policy of Mwongozo had been brought to a halt by the Government and there were attempts by Government to re-assert discipline in factories and work places. Nyerere argued that "It is now quite clear that we have to take a stronger stand against any lack of discipline" (Nyerere, 1975: 21). New legislation was also being prepared which aimed to establish disciplinary committees, consisting of management, employees and Party members in industries and factories. The responsibilities of the committees would include dismissals and premature retirement, as well as rewards (wage increases) related to productivity (Economist Intelligence Unit, 1978, 4: 2).

Mtei, the Minister of Finance in the Third Five Year Plan (1977-1981) also stressed that previous plans had failed through inefficiency and lack of hard work. There was to be more emphasis on discipline and stricter accounting methods. He also suggested that earnings should be based on work done. Effort was to be rewarded, and such measures would also be extended to peasants via producer prices (Economist Intelligence Unit, 1978, 1: 2). In the same budget speech, Mtei stated that a study of

incentives to increase production was to be undertaken by government and also a study of export promotion (Ibid). In the 1978/79 development expenditure allocation, priority was given to directly productive activities, mainly industry (which received 29% of total expenditure), and economic infrastructure (37%), with emphasis on transport and communications. The social infrastructure, defined as water supply, education, health and the new capital and defence, came third, with some 20% of the total (Economist Intelligence Unit, 1978, 3: 3).

We can therefore see that the first major economic crisis of 1974/75 was taken very seriously by Government and led to a serious re-consideration of the approach which had guided the 1969-1974 policies. Government also took a more active part in policy-making. Thus, there was a reassertion of economic considerations in the measures passed by the policy-making bodies in Tanzania during this period.

Other measures taken have been described as follows:

Primary school fees have been reintroduced and other benefit taxes or alternative costs recovery mechanisms are under consideration ... In an effort to improve parastatal efficiency, the Government closed down a loss-making transport parastatal, dismissed redundant workers in several parastatals, and closed loss-making public butcheries, with the return of this activity to the private sector.

(World Bank, 1977: xxvii)

#### PARTY'S POLICIES - TRADE AND REDISTRIBUTION MEASURES

The policy of villagisation created the need to make available basic amenities to the villagers (interview with high-ranking Party official, July 1981). The Party responded to these problems in the following way. In late 1974 the Party passed the policy of Universal Primary Education (UPE), and in early 1975, the policy of Universal Rural Water Supply (URWS) was brought forward by the Party from its original target (set by the

Government) of 1991 to 1980. These measures invariably increased Government's expenditure.

#### Dissolution of the cooperatives, 1976

It is difficult to trace exactly which organ of the state was responsible for the dissolution of the co-operatives. Government officials stated quite clearly that it was the Party which dissolved the Co-operatives, while the Party officials I interviewed stated equally categorically that the decision was made in the Government and then merely sent to the Party for ratification. This situation is perhaps explicable in terms of the ambiguous location of the Prime Minister's Office in this period, the then Prime Minister being a high-ranking Party official as well as head of the Government.

The decision to dissolve the Co-operatives in 1976 was facilitated by a number of factors. First, the growing inefficiency and corruption of a number of co-operatives led to a situation where the producers were not being properly served. Second, the villagisation process had disrupted many of the primary societies, and third, the 1975 Village Act had designed the new villages to be self-reliant in the sense that they were to serve their own marketing needs. With the dissolution of the co-operatives, their role in food procurement was passed to the National Milling Corporation (NMC).

#### Operation Maduka, 1976

Another important policy passed was the Operation Maduka, introduced by the Prime Minister in May 1976. The policy called for the closure of private retail shops and their replacement by shops run by the village governments in the rural areas, while in the urban areas private shops would be replaced by state shops. Party officials in the regions began

to implement the policy as soon as it was announced by closing down private shops.

It would appear from these policies - universal primary education, universal rural water supply, dissolution of the co-operatives and Operation Maduka - that the Party was implementing policies which were mainly geared to social problems; and that the issues of timing and of economic constraints were still of secondary concern. This would indicate that the Party had remained very consistent in its way of formulating policies and that the first economic crisis did not have a major effect on the Party activists' pattern of thinking.

I can conclude this section by stating that the Party and Government were adopting opposing policies. While the Government responded to the economic crisis by evolving policies aimed at stabilising production and encouraging private capital while minimising recurrent costs, the Party was pursuing policies in other sectors of the economy which increased recurrent expenditure, curtailed the role of private capital and destabilised production through changes in marketing and trade. This would force me to conclude that the Party and Government were not operating in a consistent fashion but were pursuing policies which were contradictory and opposed.

This conclusion is at variance with arguments such as those of Raikes (1976) and Lofchie (1978) that the state was 'liberalising' or adopting capitalist policies in this period. The formulation of the problem in terms of 'liberalising' is misleading in more than one way. First, the period of 'liberalising' also saw the Party promote its view of development based on the control of trade, which was completed with the take-over of the retail trade. Second, the idea of liberalising conjures up ideas of capitalism, thus concealing the fact that socialist policies must also

consider economics in development.

#### ECONOMIC CRISIS II: FIRST REACTIONS

The period starting in 1979 was again a critical period for Tanzania. The second major economic crisis occurred only four years after that of 1974/75 and it was also manifested in severe balance of payment problems. The following table illustrates the balance of trade position in the years immediately preceding the crisis.

TABLE 8.1

	<u>Trade Data (\$ millions)</u>					
	1973	1974	1975	1976	1977	1978
Merchandise Exports	363.6	399.2	372.9	490.0	546.7	473.6
Merchandise Imports	437.8	660.4	670.0	555.4	648.4	1006.1
Balance of Trade	-74	-261.1	-297.1	-65.2	-101.7	-532.5

Source: IMF, September 1980, quoted in Agency for International Development, 1980).

The balance of payments crisis affected Tanzania's import capacity. For instance, the estimated volume of imports other than foodgrains and petroleum in 1979 was 16% lower than in 1978 and only 3% higher than six years earlier in 1973 (World Bank, 1980: 86).

As already stated in the Introduction, a severe balance of payments crisis for an economy such as Tanzania's has repercussions on all socio-economic sectors, because practically every sector of the economy is

dependent to some degree on imported inputs or on transportation, which required imported fuel. For instance, shortages of trucks, railway wagons and diesel fuel, affected the collection of agricultural produce in the 1979 harvest<sup>s</sup> (Economist Intelligence Unit, 1979: 4). The following report from the Bank of Tanzania summarises the situation as regards manufacturing:

In 1979, the manufacturing sector performed rather poorly as compared with 1978. Most of the industries registered declines in output due to inadequate supply of imported inputs, and to some extent due to interruptions in supply of water and electricity. Further, transportation and other infrastructural bottlenecks continued to affect industrial production adversely ....

(Bank of Tanzania, 1979: 9)

The situation led to extreme shortages of basic consumer necessities for the majority of the population, as well as to rocketing prices as a result of black market. This economic situation was discussed at the Party Annual Conference of 1979.

#### Party's discussion of the problem of shortages of goods

At the 1979 Party Annual Meeting, the Chairman, President Nyerere, in his opening speech, drew attention to the acute problem of scarcity of goods which was being experienced and he called for a programme of action. But he also pointed<sup>out</sup> that:

... people hoard sugar, soap, maize,  
that is seen as the root of our problems.  
It is not. Our problems are a reality.

(CCM, 1979: 10-12)

And:

We complain and we blame the implementors  
that certain things are not well implemented.  
Whenever I listen, when there are scarcities  
you say it is due to implementation.

(Ibid)



Although the President was attempting to direct attention to problems of production, members of the Party saw the problem of the scarcity of goods in relation to distribution and the exploitative role of the traders. This is evident in the following discussion by the veterans of the Party. Siyovelwa, a Regional Commissioner and member of the NEC, commented on the problem of scarcity of goods in the following manner:

It is true that there are scarcities, the little that is available our colleagues (the businessmen) have decided to use for their benefit. It is unfortunate that necessities, which are needed by the peasants, are involved.

... Mr. Chairman, if you hear that we have taken steps to curb them, do not think that we are merely against them.

(CCM, 1979: 15)

This view received support from another Party veteran, Ngombale-Mwiru, another Regional Commissioner and a member of the National Executive Committee of the Party. He called for more control at the lower levels, i.e. at the level of retail trade. He argued that as long as "individual business men exist ... the problem of scarcity of goods will be rampant". What was needed, he argued, was a socialist base:

What we need is a socialist base, and this has to be production. We believe that shops established by productive Ujamaa villages will be firm and prosperous.

(CCM, 1979: 48)

Another Party member, Wasira backed up the argument that the shortages of goods were caused by traders:

There is a group of middlemen. These people make sure that the little available is not in circulation and if it is, it is exorbitantly priced.

(CCM 1979: 51)

The discussion on scarcities of goods in terms of distribution problems and the role of private traders appears to reflect a rather resistant tendency in the Party. It is interesting to note that as late as 1979, at the height of the economic crisis, Party activists were still viewing shortages of goods in terms of distribution and traders, rather than in terms of production. If we compare this discussion with the 1963 NEC discussion of "the problem of food shortages in the country" (see Msekwa, 1977: 28), we can see how remarkably consistent the Party's view of development has been throughout the period.

This does not mean that the Party did not discuss problems of production. As we saw, the policy of Politics is Agriculture was the result of such discussions. The problem of declining agricultural production was also discussed in the meeting of 1979. Siyovelwa, for instance, saw the way to increased production in producing more ploughs:

Maybe, this is the opportunity to take up the Party's call to stop depending on tractors and use ploughs instead.

(CCM, 1979: 15)

Meanwhile Ngombale-Mwiru saw the solution in terms of increasing the role of state farms. He argued that:

There is a chance to establish government or state farms. Public farms are socialist. Secondly, we should train people who will serve socialism at a village level. Third, we should research on methods to make agriculture successful. Our villages are bound to stagnate due to lack of sufficient expertise ... Now can't we get our agricultural officers from the youth in our villages?

(CCM, 1979: 48)

The methodology of these discussions is again similar and characteristic of Party discussions. There was a tendency to avoid discussion of the

causes of agricultural decline or reviewing systematically the policies affecting agricultural production. Rather, ideas were put forward without any form of evidence as policy solutions.

#### Reversal of Government's policies

The acute problems of foreign exchange and scarcities of basic consumer goods brought the Party back again to the fore in policy-making. The Party introduced the policy of Re-confinement (1979), thus reversing the Government's policy of De-confinement. The Party's policy of Re-confinement had two major aspects to it. First, the policy meant that private capital would have to import their requirements via the state agencies. In other words, they would no longer by-pass the state agencies as they had done under the policy of De-confinement. The second aspect of the policy related to manufacturers. Manufacturers would have to sell their products to the State Regional Trading Companies for their ultimate disposal to the consumers.

The policy of Re-confinement thus aimed at curtailing private business at two levels: at the level of production and at the level of wholesale and retail trade. In the case of the former, the Party hoped to stop the outflow of foreign exchange which was occurring under the policy of De-confinement. In the case of the latter, i.e. control of wholesale and retail trade, the Party hoped that if distribution were controlled at both levels by state agencies and a quota-system was used to distribute goods, then these mechanisms would ensure that "the little that was produced would reach the people" (interview with Party official, July 1981).

Heated debates took place between the Party and Government over the policy of Re-confinement; Government ministries such as Industry and Finance, opposed the idea of re-confinement. Both Ministers argued that

the problem of shortage of goods was the result of production problems and that control of distribution would not be successful under conditions of scarcity: rather it would merely increase expenses for the regional trading companies (this is discussed further in the case study on Internal Trade).

But the Party found a strong supporter for the policy of Re-confinement in the Minister of Trade, Kaduma, who was also, unlike the two productionist Ministers of Industry and Finance, in the Central Committee of the Party. Kaduma implemented the policy of Re-confinement, which had been initiated by the Party. Finally, the production - group's arguments were defeated as the severity of the balance of payment crisis of 1979/80/81 developed and necessitated even tighter control of limited foreign exchange. In other words, the conflict between the two views of development was made irrelevant by the enormity of the second crisis.

#### ECONOMIC CRISIS II: CONFLICTING EXPLANATIONS

With the onset of the second major period of economic crisis, the debate about Tanzanian development policy has increasingly moved away from academic social-science circles to the multilateral agencies and the Tanzanian Government itself. We have seen that, traditionally, the most strategic ministries as well as the Bank of Tanzania have always taken a production view of development and of the causes of balance of payments problems. In 1979-1980, the Government in its reaction to external criticisms did not revert to a 'political' view of development but did rely heavily on external constraints arguments. We shall begin by examining Government's explanation of the crisis.

Official explanation of Tanzania's crisis

The official explanation of the Government on the crisis of 1979-1980/81 emphasised external constraints. Such factors as weather conditions, falling prices for agricultural exports and rising imported-goods and petroleum prices, reduced the country's capacity to earn foreign exchange while increasing the import bill. These factors were further aggravated by the collapse of the East African Community and the War with Uganda which involved the country in more financial burdens (Nyerere, 1980; Malima, 1980).

The following Memorandum written by the Minister of Finance on August 18, 1980, clearly illustrates the Government's position. After the impact of the first oil-price increase in 1974:

... a series of other events beyond our control placed further strains on the economy, especially on the balance of payments. The sudden collapse of the East African Community created major dislocations, necessitating considerable unplanned re-allocations of personnel as well as domestic and foreign exchange resources to shore up and rebuild the vital transportation and communications sector. More recently, the invasion of our territory and our consequent conflict with the former Ugandan regime has had a high cost in domestic resources, foreign exchange and disruption of production. At the same time, like all non-oil developing countries, Tanzania has been affected very adversely by the further steep rise in oil prices as well as by the economic slowdown and rapid inflation in the major countries.

(cited in US Agency for International Development, 1980: 49)

The Memorandum stated that the external factors outlined above affected internal development:

With the increasing shortage of foreign exchange, restrictions on payments for imports as well as for certain services

and transfers were tightened ... In general, therefore, imports declined in relation to GDP, and the resulting shortages of raw materials and intermediate goods led to substantial under-utilisation of industrial capacity and considerable disrepair of infrastructure facilities. Thus, while the external payments situation became increasingly difficult, the growth of most economic sectors slowed and pressures on prices intensified.

(Ibid)

The official explanation of the crisis, then, stressed exogenous factors. The argument was that a series of events beyond the control of the Government were responsible for the crisis. In other words, had they not occurred, Tanzania's economic performance would not have been in such a critical situation.

#### Multilateral Agencies' explanations of Tanzanian economic crises

Multilateral aid agencies on the other hand have explained Tanzania's two economic crises in relation to problems of production; that is, they have focussed primarily on the structure and performance of the domestic economy. According to a World Bank Memorandum:

... the underlying weakness are of a more long-term nature and related primarily to the structure and performance of the domestic economy. These include declining export volumes, disappointing growth in the monetized and productive sectors, and poor maintenance of existing capital stock and infrastructure, especially in agriculture and transport.

(World Bank, 1981: 1)

The World Bank also saw that policies were major contributory factors towards declining production. In relation to the decline of agricultural production, the report stated:

The general direction of the Government's post-Arusha agriculture strategy has tended to emphasise the transformation of the institutional structure of rural development (through the formation of villages and increasing public involvement in the sector) over measures designed to improve agricultural production directly.

(Ibid)

In relation to the poor performance of the manufacturing sector, the Bank Memorandum stated that:

This poor growth performance does not indicate any slackening of the investment effort (the gross investment ratio has remained commendably high at more than 20% of GDP), but rather reflects the low return on investment in Tanzania which has been a major concern for a number of years.

(Ibid)

A recent USAID report entitled Tanzanian Development Performance and Implications for Development Assistance (1980) also focussed attention on internal factors as the cause of poor performance. It viewed the Tanzanian economy as a crisis-prone economy, which, if not remedied, would be unable to cope with adverse exogenous factors. The report specifically blamed policies. Thus:

Public intervention in economic activity e.g. price setting, the patterns of public investment, substitution of public for private enterprises in transportation and distribution, have had the effect of substantially reducing economic efficiency without significantly improving well-being through greater equity.

(Ibid: 1)

In relation to the problems of cash crop agriculture, the report pointed out:

Export crop producer prices have declined in real terms and relative to food crops, while marketing costs and export taxes

have increased disproportionately. Overall, pricing policy has caused serious misallocation and major deficits in the National Milling Corporation. The NMC deficits have in turn contributed to inflation which, in combination with declining export volumes, has weakened the Tanzanian international trade position and made the economy more susceptible to adverse international changes such as oil price increases.

(Ibid: iii)

The theme of these explanations is that because of the weaknesses within the domestic economy (chiefly as a result of policy deficiencies) the Tanzanian economy was unable to cope with external problems.

#### External or Internal explanations of the crisis

The external conditions which the official explanation emphasised did have adverse effects on the economy. For instance, the estimates of the budgetary cost of the war with Uganda was at \$500 million (US Agency for Development, 1980: 20) and "over 2000 million shillings (\$245 million) had to be spent on projects arising from the breakup of the East African Community" (Malima, 1980). In addition, Tanzania's terms of trade fell by 20% during this period (US Agency for Development, 1980: 22). The price of petroleum imports rose to an estimated \$172 million, or 16% of total imports (World Bank, 1980: 87). This meant that Tanzania had to assign a larger proportion of her export earnings merely to pay for fuel, as against her needs for capital and intermediate goods and other requirements.

But at the same time, the explanations offered by the multilateral agencies are also valid. We might argue that both the external and internal explanations are correct, and that they are not contradictory because they focus attention on different aspects of the economy. Such an argument may be correct but it is necessary to go beyond this and



question the methodology of the external constraints explanation as an approach to development problems.

The methodology of the external constraints argument has similarities with certain forms of the dependency thesis. The 'external' is expected to be harmonious and ideal for 'internal' policies to function properly. The external world includes for this purpose, world market prices, the policies of neighbouring countries and environmental factors, such as weather conditions. If external conditions become adverse in any manner - politically, economically or meteorologically - then internal policies are expected to fail in achieving their goals. There are certain problems with such a methodology.

First, it means that what is examined and regarded as problematic is the external world and not internal policies; but what is examined and relied upon for development purposes, is beyond the control of the Tanzanian authorities. While what is left unexamined is within its own control. Such a methodology is obviously self-defeating. As Nyerere rightly acknowledged in 1967 "it is useless to complain that we are poor or that world prices are low for this is like complaining that there are no rains" (Tanu, Mwanza, 1967: 40).

Second, the methodology expects the external to be stable, or at least predictable. The external world is supposed to 'fit in' with domestic policies. But this assumption has been and is likely to remain unrealistic. Finally, one might ask: if policies are not evolved to cope with the external world in the above sense, what then are policies for? The external world will always be problematic and the success or failure of policies must surely be assessed in terms of their success in coping with external shocks, by minimising their impact on socio-economic and political life. We can therefore conclude that the methodology of the external constraints

arguments is flawed because it idealises the development process in a way that diverts attention from the most pressing policy issues.

But why did the Government adopt the external constraints explanation of the crisis and apparently abandon its production view of development? Two reasons account for this change. First, it appears that there was an instruction from the Party to the Government specifically to reject criticisms which implied that Tanzania's socialism had failed (interview with Party official, July 1981). This was apparent in the article published by African Confidential in July 16 1980 entitled, "Tanzania: An End of the Dream", which argued that the present economic crisis had been the result of Tanzania's socialist policies. The Government of Tanzania answered at length, arguing that Tanzania's policies were being criticised, not because they had failed to serve the people, but because they were succeeding. This success, it stressed, is "the real threat to the enemies of Tanzania, who would like Tanzania to fail so that they can use its failure as another example of the impracticality of socialism" (Daily News, 1980). Second, the external constraints argument which Government has used can also be seen as a useful tactic in dealing with external agencies.

#### Acceptance of role of internal factors

As early as 1980 Nyirabu, the Governor of the Bank of Tanzania, went contrary to the official explanation by stressing that internal weaknesses were major contributory factors to the crisis. In this speech to the Economic Society of Tanzania, Nyirabu stated that:

... the present economic situation has not arisen from causes of recent and external origin only but is a culmination of the weakness in our system aggravated by these causes (external).

(Nyirabu, 1980: 5, emphasis added)

And:

we would have been in a better position to absorb the shocks originating mainly outside the country, if our economy itself was in a healthy condition.

(Ibid: 3)

By 1981 it would appear that both the Party and the Government had modified their explanations and come to accept that the economic crisis Tanzania was facing was the result of both external and internal factors. These views were outlined in the Ministry of Planning and Economic Affairs publication (1982) "National Economic Survival Programme for 1981 and 1982" and the Party's Mwongozo wa CCM (1981). Since the explanation for the crisis in the two documents are similar I have summarised them together.

Both documents argued that the crisis Tanzania was experiencing was not unique to Tanzania and that other non-oil-exporting countries of different political philosophies were also experiencing a similar crisis. Both documents identified as causes increases in petroleum prices, increases in the prices of other imports and declining export prices. The example given in each of the document was that "whereas in 1972 we needed about 5 tons of tea to be able to purchase one tractor, in 1981 17 tons of tea had to be exported in order to purchase the same tractor" (The National Economic Survival Programme, 1982: 1; CCM Mwongozo, 1981: 20).

Both documents also acknowledged that internal factors contributed to the crisis. These were adverse weather conditions, the war with Idi Amin; and the decline in output and productivity in various productive sectors and services (NESP, 1982: 2; CCM Mwongozo, 1981: 21/22). The Party document further stated that another major internal weakness was that as a nation Tanzania did not fully utilise the Government, Party and People's capacity to find solutions to economic problems (CCM Mwongozo, 1981: 31). We can therefore conclude that by 1981 there was acceptance by both

organs of the state that internal factors including those pertaining mainly to production were contributory to the crisis.

These documents also show that there is now a greater degree of co-ordination between the two organs than in the recent past. The Policy on Tija (1980) which was a product of both Government and Party efforts, also indicates that by 1980 the Party had accepted the principle of material incentives as a reward in work. This is definitely a change from the 1969-1974 period when the Party relied mainly on ideology and mobilisation, best exemplified in Mwongozo, to increase production. Tija is a recognition also of individual as opposed to collective incentives. This change also illustrates that policy-makers are capable of re-interpreting socialism according to new needs and demands, and that Tanzania's ideology is not static.

In sum, we might say that by 1980 the Party had moved and modified its position slightly to accommodate Government's priorities and elements of its view of development.

## CONCLUSION

The period from the end of the first crisis to the beginning of the second crisis brought about a series of reversals and counter-reversals of policies. Towards the end of the 1970s, Party and Government were pursuing different policies in different sectors of the economy; but as the full depth of the economic crisis began to be appreciated the two organs of the state came together to accept that internal factors were partly responsible for the crisis. These included the decline in the productive sectors of the economy. I would argue, however, that this unity was fragile, concealing contradictory approaches towards solving the crisis stemming from the underlying difference between Government and Party views of development.

## CONCLUSION TO PART II

The analysis of Part II has been able to document and explain the complexities of the Tanzanian development experience from 1967 to 1982 based on an understanding of the tripartite system of Government, Party and President. We saw in Chapter Five how the Party's position and view of development was strengthened as the result of the Arusha Declaration and the 1965 Interim Constitution; but the Government was able to intervene to stop the Arusha Declaration from becoming too 'political'. The Government's success was mainly due to the President who had not completely abandoned a view of development which recognised the importance of economic constraints understood in conventional terms. It was on this basis that I argued that the Arusha Declaration was not an act but rather a process - each organ of the state was able to intervene at different stages of the process to assert its particular view of development. As the various organs' interests and views of development differed, I argued that the 'state' was not functioning as a 'homogeneous' entity. The President attempted to maintain both a political and a 'theoretical' balance between the Government and the Party.

This situation, however, changed between 1969 and 1974 (Chapter Six). The President and Government adopted a 'political' approach, which in turn had begun to include new ideas about ideology and mobilisation as instruments for bringing about socialist transformation. Although the intellectual origins of these 'political' approaches differed from one organ to another, nevertheless, there was a common underlying element in the new pattern of development thinking: economics was de-emphasised in favour of political goals. On this basis, I argued that the real revolution in Tanzanian development policy occurred between 1969-1974 and not with the Arusha Declaration in 1967.

The consequences of these policies for the development process, and in particular the crisis of 1974-75, were examined in Chapter Seven. A critical re-examination was made of both the 'radical' and the 'pragmatic' dependency interpretations of the Tanzanian situation, and both were found inadequate to explain the Tanzanian experience. The external and internal constraints arguments were also examined and the former did not stand up to a serious re-examination of its implications. On this basis, I argued that internal policies were responsible for the crisis because they weakened the economy's capacity to cope with adverse economic conditions. By downgrading economic factors in development, politically-orientated policies created social problems for the masses, which in turn compromised the political aims of Tanzanian socialism.

In the final chapter of this Part, I looked at the period following the first major economic crisis. I argued that the crisis forced the Government to abandon its 'political' approach to development and to revert to its traditional concern for economic growth as the basis of development. This shift in Tanzanian development policy has come to be known as the 'liberalisation' period. But I showed that this categorisation is misleading, because the Party at the same time was continuing to formulate policies based on a 'political' approach in different sectors of the economy, notably in trade. As the 1979 crisis became more extreme, the debate over the validity of these two views of development became submerged as the two organs in their different ways attempted to cope with the crisis.

\* \* \* \* \*

Throughout Parts I and II I have attempted to show that the neo-Marxist radical approach has failed to offer an adequate explanation of the Tanzanian development experience. The thesis that policies were aborted because they conflicted with the class interests of the bureaucratic bourgeoisie has not been supported. Second, the assumption that the state in Tanzania is a homogeneous entity used by the class in power to further their class interests has not stood up. My analysis has shown that there are conflicts between the two main organs of the state, that this conflict is reflected in different views of development and that this has a decisive effect on the shape of Tanzanian development policies. We have also seen how policy measures were undertaken which proved to be counter-productive to the class interests of those in power. Third, I have attempted to show that the dependency approach which most radical writers used in analysing Tanzania's development experience was misleading; it led to the identification of a false problem, while deflecting attention from real ones.

Equally Green's position that policies failed because of implementation problems and adverse exogenous factors is untenable. This position has been rectified by Hyden's insistence that the Tanzanian development experience can only be understood in terms of faulty policy-making. But Hyden's explanation falls short of relating the Tanzanian experience to its political-institution context, and his analysis of policy-makers attitudes is problematic in various ways. Why have conventional economic considerations played such a secondary role in Tanzanian development - despite pronouncements to the contrary? Will the acceptance of 'internal factors' as contributory to the latest economic crisis lead to the adoption of common policy-solutions by Party and Government, or is the conflict of views of development between Party and Government still alive and well

beneath a facade of agreements?

In order to understand the development experience of Tanzania in the recent past as well as to answer these questions about the future, we have to understand the types of relations that have characterised Party and Government. Most writers on the Tanzanian scene have ignored the conflict within the relationship and, in particular, have ignored the consequences for developmental processes of the 1965 Interim Constitution. As I have attempted to establish throughout the thesis, we can only understand Tanzania's development experience by reference to the view of development held by the policy actors themselves and, in turn, to the political-institutional context of policy-making. Herein lies the source of destabilisation in Tanzania's policy-making and implementation.

Institutional arrangements created the situation whereby the Party could formulate policies taking into consideration only 'political' factors on the basis that the economics of implementing the policy was the responsibility of Government. They also created the situation whereby each organ of the state could blame the other for economic problems or policy-failures. Thus representatives of the Party could argue that the right policies had been formulated but failed because of bad implementation, while members of the Government could argue that implementation problems were the result of faulty policy-making. These two contending types of explanation have to a certain degree found support in the various authors, depending on their ideological affinities. But the consequences of policies and the pattern of implementation problems would strongly indicate that institutional factors have a strong bearing on this experience.

In Part III of the thesis I have chosen three case studies - the policy on Private Capital, the policy on Internal Trade and the policy on Rural and Agricultural Development - to illustrate in more specific terms



the types of problems which emerged as a result of an institutional arrangement which separates policy-making from policy implementation.

I shall continue tracing out the themes first explored in Part I and II, namely that of the conflict between the two organs of state, the approach incorporated in the different policies, and their theoretical and empirical validity as elements of a development strategy. We shall see the same themes through the analysis of specific policies rather than from the broad perspective of Party and Government relations.

PART III

CASE STUDIES: POLICIES ON PRIVATE CAPITAL, INTERNAL  
TRADE AND AGRICULTURAL AND RURAL  
DEVELOPMENT 1967 - 1982.

The purpose of the case studies is to provide further empirical evidence on the Tanzania development experience in relation to these themes - the relationship between the Party and Government, the views of development held by the Party and Government, and the socio-economic effects on the development processes of policies which do not give sufficient weight to economic constraints. These issues will be analysed from the point of view of the policies themselves and in relation to the tripartite system of the Party, Government and the President.

In each case study I will show how the policy advocated by each of the three organs of the state, in the period 1970-1982, was determined by the beliefs and understanding of the policy-makers themselves. (This will dispel the neo-Marxists explanations that policies can be understood in terms of the class interests of those in power). Secondly, in each of the case studies, I will investigate whether there was a conflict between the Government and the Party. This situation would account for seemingly contradictory policies. Thirdly, I hope the case studies will illustrate empirically the extent to which problems were generated as a result of policies which consistently ignored economics. This would not only account for the crisis-prone economy of Tanzania, but also provide an answer to Green's form of analysis, namely that the problems Tanzania has been experiencing are merely the result of implementation problems. This empirical evidence should also provide an answer to the radicals' arguments

that more 'political' policies are required in creating socialist development.

In addition, I hope that the three case studies will provide useful insights into how policy-making directly bears on implementation, and into the connection between the conception of policies and their consequences. These two factors cannot be separated and isolated in different compartments. Problems develop and assume their own development momentum in the development process. Reversal of policies or even modifications cannot reverse the situation. Rather a more complex situation is created demanding more difficult solutions.

Finally, since the creation of Chama Cha Mapinduzi in 1977 which replaced Tanu, there has been far more research conducted by the Party Secretariat on development issues and a more mature approach manifested in their willingness to co-ordinate and discuss problems with the Government, parastatal agencies etc. In addition, the second economic crisis, in 1980/81, led many Party officials to accept and re-consider the necessity for production in development. Nevertheless, despite these positive changes, it is still possible to argue that there remains a basic conflict between the Party's view of development and the Government's. This would indicate that views of development held by policy-makers exert a considerable influence on how problems are conceptualised and policy-solutions derived. I would argue that a resolution of the conflict is a prerequisite for development-stability.

CHAPTER NINE

THE POLICY ON PRIVATE CAPITAL

The policy on private capital is important because it has implications for all the most strategic economic sectors of the country. These are the agricultural, manufacturing, transport and commercial sectors. As we have already seen it was over the role of private capital that the difference between the Party and the Government was most acute.

The analysis in Parts One and Two of the thesis showed that there existed contradictory attitudes towards the role of private capital in Tanzania. Despite immense opposition from the Party activists (1962-1966) the Government continued to encourage the role of private investment and in 1963 adopted the policy of FIPA. The Government was not prepared to give in to Party demands on the issue of private capital because it was closely related to its objective of attaining rapid economic growth.

In 1967, however, the President nationalised foreign capital, though he resisted the Party activists' demands to nationalise local capital. On this basis, I argued that the President was operating within conventional ideas of development because he still recognised the importance of economic constraints on development. This position also accounted for the Government's success at curtailing further nationalisation. In the policy statement 'Public Ownership in Tanzania' (1967) the Government, by categorising the different forms of manufacturing activities in relation to the different types of ownership, was logically able to argue that private capital was required in Tanzania.

However, between 1969 and 1974, the conventional view of development was replaced by a political approach to development. One of the consequences

of this view of development was the rapid expansion of the public sector, which came to replace private capital as the generator of growth. But private capital continued to expand. By 1975 private investment still constituted a quarter of the nation's monetary fixed investment (World Bank, 1977: xxiv). Again between 1976-1979 private capital was subjected to contradictory pressures. The Government encouraged it in the area of production, while the Party discouraged it in trade.

How can we explain this contradictory attitude towards private capital? Does or does not the 'state' want private capital in development? This chapter will attempt to look into the Party's and the Government's policies towards private capital, paying particular attention to the period 1969-1982. The aim of this chapter is to establish the proposition that the continuing conflict between the Party and the Government has destabilising influences on the development process. I shall also argue that this conflict can be located in the manner in which the Party and the Government formulate their policies. The Party's continued rejection of private capital is based on political and ideological considerations while the Government's is based on the recognition that additional capital and skills are needed to develop the economy. These differences can be further traced to the institutional arrangement of policy-making in Tanzania.

#### THE PRIMACY OF POLITICS IN DEVELOPMENT: 1969-1974

##### The conventional view of development

We saw in Chapter Six how the conventional view of development became a minority view in official circles, and was replaced by a political approach towards development, which had emphasised, for different practical and theoretical reasons, the expansion and role of the state sector in development. Although the conventional view of development was in a

minority, nevertheless it was able to exert a limited degree of influence because it was held by members who controlled the financial institutions, and who were most concerned with monetary matters, repayments of debts, and economic growth. The influence of the conventional view of development was strongly reflected in the area of private investments. This view argued that the Arusha Declaration allowed for the role of private capital in certain sectors of the economy and as a result the 1963 FIPA Act was not repealed.

As a result of this definition, the Minister of Finance, Jamal, in his guidance to the National Bank of Commerce (NBC), was able to argue that if a privately run business contributed to the economy, then the NBC could consider it for credits:

... If an efficient privately run economic enterprise producing goods or services for the public is threatened with reduction or withholding of bank facilities so that the banking system meets the requirements of publicly owned but irresponsibly run enterprise or enterprises, then this cannot be called construction at all, least of all socialist construction.

(Mwase, 1974: 15)

Jamal's argument for the support of private capital is illustrative of his concern with economic growth and economic contribution. But when the National Bank of Commerce (NBC) adhered to the principle of commercial viability as a criterion for issuing loans and credits to the private sector, it was criticised. As the General Manager of the NBC, Nsekela stated in June 1974:

... The NBC continues to lend to the private sector. We are frequently told that this constitutes assisting and encouraging capitalism and hence runs contrary to the declared goals of socialism.

But a unilateral decision by the NBC to cease

lending to the private sector would achieve nothing but chaos. So it is the Central Bank which dictates the rate of socialisation of the means of production, subject at all times to skilled manpower constraints, and it would be presumptuous of the NBC to attempt to dictate this rate - particularly when official policy in any case guarantees a role - a limited one but nevertheless important role, for the private sector.

(cited in Mwase, 1974: 19)

But political pressures continued to be exerted during the period 1969-1974 on both the financial institutions and the parastatals in the manufacturing sector, to discriminate against private capital and to favour ujamaa villages, the co-operatives or state-organisations. (interview with high ranking Government official, July 1981). This political situation affected the financial state agencies, who were no longer sure of their position vis-a-vis the private sector. For instance, the Tanzania Investment Bank (TIB) wanted clarification over its position vis-a-vis the private sector. It wanted to know whether it could make loans or participate in joint enterprises with private capital. TIB wrote to the Minister of Finance for clarification but the latter did not respond (interview with senior Government official, July 1981). According to my source of information, the political climate that existed made it difficult for the Government to encourage private investments in Tanzania. Any such decisions had to be checked to see if they conformed to political requirements, which were not precisely spelt out. Some officials in the Government were not prepared to commit themselves lest they were considered to be promoting capitalism. As a result, many decisions relating to the investments by the private sector were neglected and not acted upon (interview with senior Government officials, July 1981).

Parallel to this, however, was the action taken by the Government

itself to control foreign capital. Although the 1963 FIPA Act was not repealed, nevertheless, foreign capital was subjected to further forms of control during the 1970s. First, all companies paid a corporate tax of 45% of net profits. In addition, companies paid a withholding tax of 15% on profits remitted to foreign countries, and 20% on management and licence fees. In 1972 the Specified Companies Act was introduced which, among other restrictions, empowered the Minister of Finance to limit the dividends of the Specified Companies if he considered it to be in the national interest. Secondly, the Specified Companies were also required to submit their annual cash flow budget to the Minister of Finance and he could require them to invest money in Government securities (Neers, 1974).

In addition, the Government established the Tanzania General Superintendence Company, (1972) in co-operation with a Swiss Company, to check over-pricing and other forms of manipulation which were often exercised by foreign capital. For instance, the Swiss Company inspected the shipment of goods into Tanzania in order to check that qualities, quantities and prices were correct. And in 1971 a revision of existing management contracts took place - all new management contracts had to be approved by the Economic Committee of the Cabinet (ECC).

On the basis of these measures, Neers argued that the Tanzanian Government did not want foreign capital in the country. But most of the measures passed by the Government described above were passed during the 1970s and reflected the strong anti-foreign capital attitude held by the dependency-propounders within the Government. On the other hand, the policy on the Specified Companies was passed by the Ministry of Finance (a traditional supporter of private capital). This Act, however, was a reflection of its concern and responsibility to conserve foreign exchange



during the 1971 mini crisis rather than a general hostility towards foreign capital. However, these measures reinforced the belief both inside and outside the country that Tanzania did not want foreign capital (Neers, 1974).

But industries based on private capital, notably local capital, continued to grow - thus in 1966 there were 438 manufacturing establishments, out of which 392 or 89.5% were privately owned, and only 46 or 10.5% were public; in 1972 there were 497 manufacturing enterprises out of which 405 or 81.5% were private and 92 or 18.5% were public (Russallia, 1978: 22). Thus, despite the political hostility which existed during the period of the primacy of politics, private capital expanded. The growth was haphazard in the sense that there was no official policy to encourage or direct it.

According to an interview with a long established local financier, the situation was extremely difficult for local investors despite the official policy of allowing private capital in certain industries. An investor had no forum to assist him. The co-ordinating mechanism between the Government and private capital had died a natural death after the Arusha Declaration and the Chamber of Commerce was ineffective. This situation was further aggravated by the personal attitude of key-figures, such as the principal secretaries of the ministries or even individual ministers. Some of them accepted private capital investments and were helpful, others were hostile or refused to act on decisions, thus frustrating private investors. In addition the different financial institutions and the different ministries all worked with different criteria for evaluating private investments, so that the private investor was often subjected to different pressures and demands (interview, August 1981). It was extremely difficult in such a situation to know what were the rights and duties of

private investors.

#### THE LIBERALISATION PERIOD

The economic crisis of 1974/75 and the failure of the parastatals to generate surpluses created the right conditions for the Government to adopt a more aggressive policy of encouraging private capital. The minority view within Government circles became more outspoken and dominant. A meeting of private businessmen was called in Dar es Salaam on 8 October, 1977 to discuss problems of production. The meeting was chaired by the Regional Secretary, CCM. Both Party and Government officials were invited. Private capital voiced the following complaints:

1. Overdraft facilities to private capital were very limited. Thus expansion of private manufacturers was very slow because they had to expand by utilising profits which in a normal commercial system was considered to be the most expensive way of financing expansion.
2. Foreign exchange allocation was very small, especially for raw materials and machinery needed to produce goods for home consumption, and in particular for export.
3. Travel allowances for private businessmen to visit their business contacts, to go on conferences, study tours etc. were very hard to come by. Travel allowances to Government servants and parastatal employees were almost automatic, even if such trips would not help production or improve export markets, so much so, that a number of these trips had come to be termed 'shopping sprees'.
4. The Foreign Branch of the National Bank of Commerce was very slow in processing Letters of Credit and remitting funds to the Principals.
5. There was much interference in the management of industries by political decisions and a lot of manhours were lost on meeting dignatories, ngomas, sports, bands, peoples militia meetings, processions, workers education etc.
6. The worker was over-protected by the Security of Employment Act and Clause 15 of Mwongozo while the Manager was not protected, not even listened to, and was just left in the cold.

7. Both the Party Branches, NUTA Branches and Workers Councils are concerned with workers' rights and do not want to concern themselves with production .

These complaints ended with the following statement:

In general, the private businessman is everywhere, but wherever he goes and whatever he does, he receives practically no help. He has to fight all the way and always comes last, The Government comes first, then the Parastatals, and last of all, the Private sector. Private business has no friends and we may even wonder whether the Income Tax man likes the private businessman, although, comparatively, the private businessman contributed substantially to the income of this nation.

(BIT Private Capital Problems 1977)

The type of complaints given by private capital also illustrated the constraints under which it was operating and reflected its ambiguous situation in Tanzania's development.

After the meeting at Dar es Salaam the Government adopted the policy of De-confinement, which meant that private capital could by-pass state-owned agencies in their procedure to import goods from abroad. The Government's aim was to boost production and alleviate the shortage of consumer goods, which was being experienced in the country. The main supporters of this position were the ministries of Finance and Industry. It is worth noting in passing that although various ministries were affected by the economic crisis of 1974/75, it was only these two ministries which attempted to re-examine policies as a means of finding solutions to the crisis.

Throughout 1978-1979 the Minister of Industry, Msuya, continued to mobilise and encourage private investors to invest in production :

The Minister said, 'members of the Chamber of Commerce or prospective industrialists in Tanzania were invited to explore the possibilities of partnership with the District Development Corporation. Also that regional

authorities would be too willing to assist in the identification of investment possibilities for joint ventures.

(Daily News, March 3, 1978)

Other measures which were taken by the Minister of Industry to encourage private capital included the decision to decentralise the authority to issue licences to private investors in the region. Previously, such authority came from Dar es Salaam. Thus when the Minister presented his ministry's estimates for 1978/79 Parliament, he said that he was going to introduce new legislation under which regions would be given powers to issue licences for the setting up of medium and small industries in districts and villages with effect from 1978/79. (Minister of Industry, June 30, 1978). In addition, the Ministry of Industries published two booklets A Manual for Investors in Tanzania (1980) and A Handbook for the Promotion of Industrial Projects (1980). According to the Daily News (5.7.1980) "the booklets are intended to attract private capital and defined an investor to include local or foreign governments, institutions, companies and individuals wishing to invest capital, management or technical skills in the country".

The policy of encouraging private capital received support from the third policy-making organ, the President. Nyerere went on a tour of industries in 1977 in Arusha and Dar es Salaam and called on the Party and the Government leaders to help the development not only of public institutions, but also of private ones. Nyerere stated:

All said private companies to a great extent have taken a bold and leading position in providing import substitutes where otherwise the recent foreign exchange restrictions would have been hard. And certainly, one of the major reasons why the closure of the border with Kenya has not at all been felt here, is because all but a few of the goods we used to buy from them are now manufactured locally.

(Daily News, October 28, 1977)

In 1979 the President elaborated on the policy of private capital in Tanzania's development. He stated that the Public Ownership Policy (1967) of the Arusha Declaration allowed the role of private capital in development. Thus:

Plan to monitor private firms

Mwalimu said that the Arusha Declaration defined the place of the private sector in the country's economy. He said he was, therefore, not worried about the existence of private industries as such, as long as there was committed Party membership and leadership.

Mwalimu wondered whether the Party leadership was very clear on this issue. He said he was not sure whether all Party leaders knew that private investments were deliberately allowed in some areas where presently public participation was either not possible or called for.

(Daily News, November 6, 1979)

We could therefore argue that from 1976 onwards the Government, and to a considerable extent the President, viewed private capital as a positive economic force contributing to the well-being of the economy. More specifically, the Ministry of Industry took measures to promote its development in the country. Also the President related the role of private capital to the Public Ownership policy of the Arusha Declaration.

## THE SECOND ECONOMIC CRISIS

The liberalisation period was brought to an end by problems of foreign exchange. The effects of war expenditure and adverse terms of trade were aggravated by the liberalisation of import restrictions in 1978 (US Agency for International Development, 1980: 22). The total effect was another severe balance of payment crisis. In addition according to a Government source, the policy of liberalisation had not

been properly worked out. There was no form of mechanism to assess the amount of foreign exchange that was sent out to buy imports and the actual production that was taking place (interview with senior Government official, July 1981). The loss of foreign exchange forced the Party to intervene at the level of policy-making and initiated the policy of Re-confinement, which was implemented by the Minister of Trade, Kaduma. This policy of Re-confinement meant that private capital was subjected to control at two levels. First at the level of production where it had to order its import requirements through the state agencies. Second, at the level of distribution which meant that private industries had to sell their goods through state-owned agencies. This policy will be considered in greater detail in the second case study.

But it is also true to say that the Party has never made a statement supporting or even clarifying the Government's position on the role of private capital. Indeed, it appeared that many Party officials were concerned about the call to encourage private capital in development. A research paper on private capital by a research unit within the Party, expressed concern over the growth of the private sector. Basically, the paper showed that private capital had increased despite the Arusha Declaration, and that this policy was contrary to the ideology of socialism and self-reliance. It argued that the Arusha Declaration position in relation to private capital was ambiguous, and that there was a need for a clearer policy on private capital. It argued that private capital was the source of capitalism and exploitation, and that such a policy could create problems for the policy of Ujamaa. The paper stated that it was time to fight the development of capitalism and exploitation, lest its development should undermine the policy of socialism. The paper was sent to the Central Committee for further deliberation

(based on interview with well placed sources, July 1981).

As the second economic crisis continued to develop, and economic problems became more serious and acute, it became more urgent for Government to seek clarification on the role of private capital vis-a-vis the different sectors of the economy. In May 1980 a National Executive Committee seminar was held at Arusha. A number of issues were discussed, among them was the policy on private capital. Some members voiced concern over the state of agriculture and argued that there was a need to promote individual capitalists into investing in the agricultural sector. While the Minister of Industry called for the mobilisation of private capital in the manufacturing sector, the President did not commit himself on agriculture (interview with Party officials, August 1981). The idea of 'strategic retreat' was used by members at the seminar to support their arguments for private investment in the economy. The argument was that it was sometimes necessary for socialism to take a step backward in order to leap forward.

The Minister of Planning and Economic Affairs, Professor Malima (1980a) gave a paper entitled 'Private Capital' at the NEC seminar in Arusha. Professor Malima was also a member of the Central Committee and he was also the Secretary of Planning at the Party's Central Committee, a position he held as a result of his ministerial responsibilities. Theoretically, therefore, Professor Malima was in a better position to co-ordinate both ministerial and Party affairs.

The tension from this dual position was reflected in his paper on private capital. On the one hand, the paper argued that there was a need to expand all industries, including private ones, and make them all part of the national development plans. On the other hand, the paper illustrated the hostility towards private capital which stemmed from the

ideology of socialism. Malima attempted to combine these contradictory demands by arguing for the control of private capital, which implied, however, that private capital should continue, albeit temporarily.

Malima argued that there was a need to strengthen Tanzania's policy of self-reliance and socialism, and that it would be necessary to make the state-owned sectors of the economy more powerful than the sector based on private capital. The paper then pointed to the various dangers which were posed by the existence of a growing private sector. First the need and necessity to make the state-sector more powerful than the sector based on private capital, because the paper argued that "we can find ourselves creating a situation whereby ants would eat into our foundations, leading to the collapse of our house, and thus allow the private sector to become more powerful" (Malima, 1980a: 2). The second type of problem was the competition which was created as a result of allowing the private sector to co-exist with the state sector. But when problems occurred in the latter, people preferred to disband the state sector (Ibid: 19).

The paper also showed the type of dangers that could develop from having the Party infiltrated by capitalists. First by criticising the policy of ujamaa. Such criticisms could divide the Party on crucial policy grounds. Second, capitalists could act as 'god-fathers' to party officials. Third, there was the danger of some leaders of the Party, Government and Parastatals associating themselves with capitalists (Malima, 1980a: 18,19,20).

After having pointed out the political dangers emanating from private capital, the paper then outlined various proposals of how to deal with private capital. These ranged from the possibility of nationalisation, to the need to control and monitor the private sector and the discrimination



of resources in favour of the state agencies (Malima, 1980a: 24). But the paper accepted the existence of private capital in the economy. It stated:

In general to allow the existence of private capital is a temporary measure. This step should not be seen as an attempt to destroy the policy of Ujamaa. As far as the agricultural sector is concerned, the private sector should not be allowed to function there at all. Likewise trade/commerce should be in the hands of the state.

The time has come to fight capitalism and exploitation and their temptations, otherwise, the roots of capitalism will continue to expand and spread.

(Ibid: 28)

There were certain similarities between Malima's paper and the CCM research paper on private capital. Both expressed antagonism towards the growth of private capital and both emphasised the political dangers that could be derived from such a situation. But while the CCM research paper was implicitly arguing for the total abolition of private capital in Tanzania, Malima's paper was arguing for a 'strategic retreat' to allow private capital to continue, as a temporary measure, in certain defined areas of the economy but under conditions of supervision. This was no doubt a move to accommodate economic constraints.

According to my source of information, Malima's paper was unable to convince either the production-lobby within the Party and the Government or the ideology-orientated group within the Party. The latter were not convinced by Malima's arguments for a 'temporary compromise' with capitalism, which they viewed as politically unacceptable. Malima's paper was rejected by both sides (interview with Party official, August 1981).

Indeed, the recent CCM document, Mwongozo wa CCM, 1981 appears to be a direct criticism of the production-group within the Government and the

Party:

Today capitalist tendencies have grown more in the country than in the period before the Arusha Declaration because even though the public sector has increased the inability to fight it has allowed capitalism to expand and infiltrate the public sector. That is why capitalism has dared to come out into the open to slander socialism, to confuse some of the leaders and to try to convince us to change our policy.

(CCM, 1981, Mwongozo wa CCM, 52: 39)

The Party's position on the policy of private capital is derived from two important factors. First, its view of development; this has been influenced by the ideology of socialism, which has become an important input into policy-making. Second, by the institutional arrangement of policy-making which enabled the Party to formulate policies taking into consideration only 'political' factors.

The following interview conducted by the author with senior Party officials illustrates very clearly that the Party does consider ideology as crucial in Tanzania:

Socialising the economy is equated with socialism. There is an acceptance that policies may be wrong, because not enough research was done, but a belief that socialism is the correct policy and that it is superior to capitalism.

(interview with high ranking Party Official, August 1981)

A discussion with the Party Economic Committee of the Secretariat also focussed on the same issue:

The Party's policies are going to be

socialism, to control the commanding heights of the economy. Not only for the sake of ownership but also to ensure that no exploitation takes place. The State has to control the wealth of the country.

(interview with Party officials, July 1981)

The Party's position on private capital has been influenced by its understanding of the ideology of socialism. This understanding, however, has been further consolidated by the institutional arrangement for policy-making, which does not consider implementation problems as inputs into policy formulation. Thus

The problem of capacity would take place during implementation ...

(interview with senior member of the Party and a Regional Commissioner July 1981).

This view of the Party, that implementation problems are extrinsic to policy-making, was also supported by a Government official. Thus

Politics is supreme ....  
Political decisions come first ...  
If we wait for economics then  
politics goes out of the way ...

(interview with senior Government official, July 1981)

We can see that certain members of the Government have accepted the principle that policy formulation should be based essentially on 'politics', because it was believed that <sup>bringing</sup> considerations of economics into policy-making would negate the political aims of the country. But, as we have already seen in this case study, this interpretation of 'politics' may not be shared by either the President or the production-group within the Government.

The President's position in relation to the role of private capital can be understood thus: Nyerere's understanding of socialism, especially during the period of economic crisis, has become increasingly pragmatic

in the sense that he has stressed the need to consider the Tanzanian situation. Thus (Daily News, July 30, 1981 - Promote socialist thought - Nyerere) the President, as CCM Chairman, urged the Party's ideological colleges to continue their role of promoting socialist dialogue, encouraging freedom of thought and discussion. Nyerere however also stated:

In our free thought we must never become mere receptacles for foreign ideologies. We must become masters of our own destiny, digesting and analysing ideas in the context of the situation obtaining in the country.

(Daily News, July 30, 1981,  
emphasis added)

This, he explained, did not mean rejecting ideas from other people. People must learn from the social systems of other countries in order to evolve a socialist, just and democratic society in the country.

I would argue that the President's understanding of socialism differs from the Party's in the following sense: Nyerere, in stressing that the Tanzanian situation should be considered in the formulation of Tanzania's ideology of socialism, implies that the concrete problems of Tanzania must be taken into consideration and that the ideology of socialism should not be conceptualised, as for instance Marx and Engels did in 19th century European conditions, because problems of development are different. This interpretation of socialism also enhances the President's institutional role as a mediator between the Party and the Government. It is within this context that we can understand the President's support for private capital and his insistence that the policy of Public Ownership was still valid. This interpretation of Tanzania's socialism, however, is closer to the position he had held in 1967 at the time of the Arusha Declaration than to the one he held between 1969-1974.

We could argue that the President and the Government take into

consideration economic constraints in formulating their policies, but the Party has remained firm in its insistence on considering constraints as extrinsic to policy-making. This situation accounts for the ambiguous situation of the role of private capital in Tanzania's development. For instance, no mention of private capital was made in the Third Five Year Development Plan (1976-1981). As the Minister of Planning and Economic Affairs, Malima (1980a: 16) stated, "Our development plans have been prepared as if the private sector does not exist". The uncertainty of the role of private capital is further illustrated in the long term Development Plan (1981-2000) which states:

As regards production, by the year 2000 more than 70% will have to be produced by the public sector. However, to achieve this, we have to know where we are now so that we can devise the means of achieving the above goal. Furthermore, before the commencement of the fourth Five Year Plan, the Party will have charted the role the private sector will play in an economy heading for socialism.

(Long Term Plan, 1981-2000: 26, emphasis added)

I would argue that this uncertainty is harmful for development because it restrains the Government from planning and co-ordinating the activities of private capital, especially after the development experience of 1969-1974. Various studies have shown the need for private capital in Tanzania's development. Two such major studies were from the East African Management Institute which had been commissioned by the Tanzania Board of Internal Trade. Thus:

What is lacking is the encouragement for a limited private enterprise in the transport sector, as exists in trade and industry.

(EASMI, 1978: 4)

And:

It is recommended, therefore, that the BIT, in cooperation with NDC and other interested government bodies, take positive steps to encourage foreign investment in selected industries.

(EASMI, 1979: 68)

But a government Circular No. 2 of 1980 from the Prime Minister's Office stated that state financial firms and other state agencies must serve public firms first. It warned that violation of the directive by any of the state bodies would be considered as an act of sabotage against efforts to build socialism and would not be tolerated (Daily News, March 20, 1980). It is difficult in the prevailing conditions of uncertainties, to know whether this official statement was of a long-term policy significance, or whether it was of <sup>a</sup> short term nature to assist the Government in coping with the crisis.

The uncertainty is also harmful because it creates conditions for such malpractices as corruption, and the tendency for private capital to invest in projects with a high and fast return, but which require very little investment in the economy. This uncertainty has also affected policies in other areas of the economy, as we shall see in the two case studies on internal trade and agricultural policies.

## CONCLUSION

On the basis of this case study on private capital in Tanzania we can conclude, firstly, that the state in Tanzania is not homogeneous as radicals have assumed. Secondly, that the difference between the two organs of the state cannot be understood in terms of class interests, but only in terms of their conflicting institutional demands and their views of development. The Government's attitude towards private capital is

determined by its concern for economic growth, especially after the failure of the state sector to produce growth, and by its institutional obligation to consider implementation and capacity as factors in policy-solutions. The Party's attitude, on the other hand, is determined by the ideology of socialism, and the institutional arrangement for policy-making, which enables the Party to formulate policies on the basis of 'political' factors alone. These two opposing stands appear irreconcilable since they are located, in the final analysis, in the different institutional functions and responsibilities of the two organs of the state. However, this conflict has destabilising effects on the development process.

CHAPTER TEN

THE POLICY OF NATIONALISATION OF THE INTERNAL

TRADE SYSTEM: 1967-1982

The policy of nationalisation of trade is another area which clearly brings out the three themes of the thesis - the relationship between the Party and the Government; the effects on development processes of policies which failed to give sufficient weight to economic constraints; the views of development prevailing in the different organs of the state. The policy of nationalisation began with the limited nationalisation of foreign firms after the Arusha Declaration (1967). They had been mainly involved in the import-export business. The policy intensified and led to the nationalisation of local capital. involving both wholesale trade (1970) and retail trade (1976). By 1981 the internal trade policy had become comprehensive, stretching from the nationalisation of the wholesale, sub-wholesale and retail trade, and covering the whole of the distribution system from the importers at the national level to the consumers in the remotest villages. It also included the policy of Confinement (1967), which meant that the state agencies (the confinees) were given monopoly to import certain goods as well as to sell certain items.

Such a gigantic network of state control. stretching from the level of production to that of distribution. had also become an integral aspect of the Tanzanian economy. In its aim to eliminate the private trader. the Party was willing to go far in its attempt to control the distribution networks of trade. This case study will illustrate the basic problem through the analysis of the conflict between the capacity of the economy on the one hand. and on the other. the way in which policies were



formulated which continuously imposed increasing demands on fragile and over-stretched human, physical, social, capital and infrastructural facilities. The exposition of this conflict will illustrate that Tanzania's policies and their problems cannot be understood in terms of either the class-analysis explanation of the radicals or the implementation explanation of Green. Rather, the Tanzania development experience has to be understood in relation to the specific manner in which policy-makers formulated their policies.

During each policy review in this case study, several problems of policy-making and implementation have recurred. The clearest and most appropriate way to demonstrate this is to look into it thematically - from the point of view of the different levels and aspects of the trade system - so that we can follow each policy and the types of problems generated step by step. This approach will also enable me to relate the formulation and implementation of policies to the political-institutional arrangements. It will illustrate empirically how each initial policy created the conditions for another policy-solution, leading to the creation of more complex problems in development.

The chapter will be divided into two major sections. The first part will examine the policy of nationalisation of trade from 1967-1980, paying particular attention to the most important policy decisions which were, the Arusha Declaration which nationalised the foreign import-export firms (1967), the Presidential Circular which led to the nationalisation of the wholesale trade (1970), the policy of Operation Maduka which led to the take-over of retail trade (1976) and the Prime Minister's Circular 1/80 on retail trade. The analysis of these policies will seek to show their concrete effects for the development process.

The second section of the chapter will examine the policies of

De-confinement (1977) and Re-confinement (1980). These will be discussed within the context of the economic crisis. These policies illustrate the Party's and the Government's views of development and the relationship between these two organs of the state. A dimension which appears more forcefully in this chapter (in both the two sections) is the adoption of the Party's approach to policy-making by certain Government ministries, which since 1980 has created a more complex situation in the understanding of Party and Government relations. While the conflictual dichotomy between Party and Government is still valid (in terms of their views of development and institutional arrangements for policy-making and implementation), in recent years this conflict appears to have permeated each organ.

#### MAJOR POLICY-DECISIONS 1967-1982

##### The creation of the State Trading Corporation (1967)

We saw in Part One that the Government's policy was to maintain private activity in commerce. The study on internal trade by the Economist Intelligence Unit (1962) has also demonstrated that internal trade in Tanzania based on the private trader was cheap and efficient, considering the vastness of the territory with poor infrastructural facilities and the low purchasing power of the majority of the population. We have also seen how the Party activists had criticised this policy and had pressed for *its* replacement by the co-operatives. In the early 1960s the Government partly gave in to these Party demands and there was, as a result, a rapid expansion of the co-operatives. By 1966, however, the co-operatives were in dire financial problems.

In 1967 following the Arusha Declaration policies, foreign capital was nationalised. Firms included were Smith McKenzie, Bauman, Dalgety,

Intrata, Wigglesworth and Tom. These firms had been mainly involved in the export-import business. The State Trading Corporation (STC) was created to take over the functions of the foreign export-import firms. What kind of problems did the policy-making style of the Arusha Declaration have on the State Trading Corporation?

Like other major parastatals that were formed in the wake of the Arusha Declaration, the STC, of necessity was created virtually overnight. The nationalised companies had trading policies, procedures, systems and management practices that varied substantially. And to streamline these diversities into an active homogeneous entity required a lot of time and brain work which we could not afford at that time.

(Mwapachu, 1974: 2)

By 1968 the STC had managed to dissolve all the nationalised companies and establish the divisions between the various kinds of merchandise as a means of rationalising the import trade. These divisions were: General Merchandise, Groceries, Agricultural Machinery and Technical, Textile, Shipping and Export Marketing. But even this attempt at systematising the import trade was inadequate:

The STC which had been re-born was but a conglomeration of diverse business operations and when this structure was adopted it was clear from the start that it would be short-lived. Again, the set-up was diffuse, responsibilities and authority were not clearly demarcated and management systems were rudimentary. Indeed, it was at this time, that the STC began to experience operational problems.

(Mwapachu, 1974: 2)

And:

In addition to the nebulous structure this was a period of uncertainty on the part of the worker. Both Managers and ordinary workers started to feel that the ground was moving under their feet and in the absence of properly conceived organisation structure, working relationship and operational systems, each

worker, in order to preserve his image. clung tenaciously to his old ways, work methods and operational systems. There were others, who left. Some of the staff who left were highly experienced people. the majority of whom came from the accounting area. As a result of both these factors the operational performance of the corporation was dangerously coming to a breakdown.

(Mwapachu, 1974: 3)

Thus the problems of organisation and manpower began to affect the operations of the Corporation. As a result of operational and organisational problems, the STC called the McKinsey Consultants, who were then re-organising the National Development Corporation, to study the problems of the STC and offer recommendations.

#### The Presidential Directive on the wholesale trade (1970)

Meanwhile, before the State Trading Corporation had time to assimilate the McKinsey report and to reorganise itself properly, in February 1970 a Presidential Directive nationalised wholesale trade.

This decision gave the STC additional tasks, thus instead of its initial export-import responsibilities, the STC had the additional tasks of distributing goods nationally:

Compounding these difficulties have been the Government's directive of February 1970 to take over import and wholesale trade throughout Tanzania ....

... the decision by the Government to direct the STC to replace 400 private importers, 400 private wholesalers and some 4,000 sub-wholesalers came at a critical time of the Corporation's history.

(STC, 1971: 2)

The STC was unable to cope with these new responsibilities and it was soon experiencing severe operational problems, which in their turn, affected the consumers. Thus between 1970 and 1971 there was a public outcry at

STC inefficiency. Members of the public were experiencing problems in obtaining such essential items as maize mill flour, wheat flour, rice, cooking oil, milk, medicine, sugar, spare parts etc. (Parliamentary Select Committee, 1972: 2).

As a result of the public outcry, a parliamentary Select Committee was appointed to investigate the problems of the STC. The Committee found that there was no system of accounting, no form of co-ordination existed between the STC headquarters and its branches in the regions, and finally, the STC had no idea of the needs and requirements of the consumers. The Committee pointed to problems of manpower, godowns and infrastructure as obstacles which hindered the smooth operations of the STC. It recommended that the STC be decentralised (Parliamentary Select Committee, 1972: v: vii).

The State Trading Corporation in turn pointed to various factors which impinged on its operations. First, a national trading agency, with responsibilities for imports and wholesale functions, needed to possess a vast knowledge of both the foreign and domestic market conditions, to enable it to plan and organise its work systematically. But the STC lacked such knowledge because it did not possess adequate manpower. This problem was explained by the STC in the following manner:

STC business is very complex and requires trained personnel if part of the current marketing problems are to be solved. One salesman cannot sell the full range of heterogeneous product lines held by a Branch and to all its varied private and commercial customers. STC sells technically complex products, thousands of lines constantly unrelated lines. The stock list is constantly growing. This means salesmen of various experience have therefore to be sought, and these are not easy to find.

(STC. 1971: 9)

Thus the complexity of the STC functions was made more difficult by the absence of qualified personnel. Despite the various attempts made by the STC at crash training, on-the-job training etc., the problem was not solved. Short-term training could not be a substitute for experience. As a result an inexperienced and relatively young manpower was pushed to man a demanding sector of the economy.

Undoubtedly, therefore, one of the major weaknesses of the STC right from its inception was the low calibre of the staff complement.

(Mwapachu, 1974: 4)

Poor manpower was soon manifested into operational problems thus:

Contrary to what we had expected, operational problems which were dramatically manifested in varying forms such as poor information flow and the resulting lack of management information upon which to evaluate performance, shortages in the midst of overstocks, scarcity and misuse of finance, low morale of staff, high labour turnover, and the increasing line of STC overdraft and foreign exchange utilisation were some of the other signs of STC inefficiency ...

(Ibid)

In addition, the STC suffered from capital and funds shortages. No provisions were made by the Treasury to enable the STC to accomplish the policy of nationalisation of trade programmes:

So far the STC has received nothing from Government to aid it implement the trade socialisation exercise takeover. This has resulted into the Corporation being unable to properly plan its finances. In the absence of sufficient funds generated from its own corporations the STC has at times therefore been forced to finance its capital expansion programme from the National Bank of Commerce overdrafts which is inappropriate. Unless Government is going to inject funds in STC in the form of equity capital the financial viability of the Corporation will continue to be at stake as STC cash flow will not warrant servicing of a big loan, simply because it is trading on a very small gross margin.

(STC, 1971: 15)

Shortage of funds made STC a risk enterprise to other state institutions and financiers in Tanzania:

To such institutions it would appear that the STC is in somewhat a precarious financial position where at any time Treasury could demand payment and the Banks could reduce or recall funds advanced on overdraft. It would appear that to conduct business dealings with the STC involves the acceptance of considerable risks.

(STC, 1971: 16)

Another problem (which also affected the STC efficiency) was transport. STC had to move merchandise over distances averaging 300 miles from its central godowns in Dar es Salaam, but there were inadequate numbers of railway wagons, and an inefficient road transport system. Furthermore, lack of storage facilities even in Dar es Salaam, made it difficult for the STC to clear goods from the port, which in turn increased its demurrage charges. Godowns were often sub-standard and led to the deterioration of goods as well as to losses.

Finally, the STC General Manager pointed<sup>out</sup> that the responsibility of fulfilling the policy of socialisation of trade did not rest with the STC alone:

What possibly has not been fully appreciated up to this stage is the fact that the attainment of the socialisation objective is not only an STC matter but actively involve other relevant bodies like the National Bank of Commerce, the Bank of Tanzania, the 'Investment Bank', and the Treasury. It is, therefore, their duty just as is STC's in implementing the programme in declaring the total funds each has that can be allocated to the STC periodically, both fixed and working capital. Because without knowing about this, how can the STC realistically draw its plans?

(STC, 1970: 17)

Five years later in 1971 after its creation, the State Trading Corporation collapsed. The Corporation had over Tsh 45,000 million as liabilities

as at 31st January 1978 (BIT, 1978). Green (1980: 14) conceded that the collapse of the STC contributed to the mini-crisis of 1970-71.

Explanations offered for the failure of the STC

Green saw the failure of the State Trading Corporation mainly as the result of implementation, brought about by the McKinsey Consultant recommendations (Green, 1980: 14). It is true that the highly centralised structure of the STC which the McKinsey Consultants had advocated was unsuitable for Tanzania; but the recommendations were based on the assumption that infrastructural facilities and manpower were available, at least to a certain degree, to maintain a state organisation with nation-wide responsibilities. The fact that these inputs were absent in the first place cannot be blamed on a foreign consultant, who was anyway, invited by the Government. Green's attempts to reduce the failure of the STC to 'foreign consultants' is an attempt to deflect attention from the examination of policies.

Another explanation for the failure of the STC has come from Resnick (1981). Although Resnick emphasised the types of economic problems which afflicted the STC, nevertheless, he still maintained that the failure of the STC was the result of class-interests. Thus:

Internal class, structural and institutional contradictions created special difficulties for the STC in its attempts to reorganise the trading sector in such a way as to suit the needs of the country's socialist goals and economic needs, as well as for its efforts to get out of trouble subsequently.

(Resnick, 1981: 254)

Resnick offers no evidence of how the class interests of the bureaucratic bourgeoisie, for instance, could have benefited from the collapse of



the State Trading Corporation.

I have argued and have empirically demonstrated that the nature of policy-making with its characteristic tendency to exclude the consideration of economic constraints created and accounts for the implementation problems of the STC and its subsequent failure. This explanation appears to be supported by the STC, as the following passage illustrates:

The STC management would merely wish to reiterate here that within a period of four years the Corporation's import and wholesale trade has grown from Shs 300 million in 1967 to Shs 600 million in 1971, representing a 100% growth.

No organisation anywhere placed with such an objective before it and having had to grow its activities throughout without a breathing space to consolidate itself could really escape meeting the difficulties as those the STC is today facing.

(STC, 1971: 2)

The President also accepted that the manner in which policies were passed contributed to the problems of the STC. At the Tanu National Conference in Dar es Salaam in 1971, Nyerere stated:

It is hardly surprising that the STC has experienced more problems than any of the other public enterprises. At no time have we given the STC time to consolidate its existing operations before instructing it to undertake new tasks.

A leisurely progress towards socialisation of trade has been impossible because the necessity to rationalise the whole distribution system, and the need to reduce the period of business uncertainty have all required quick action.

(cited in Mwapachu, 1974: 10)

Thus the characteristics of the policy-style were explained by the President as politically necessary.

The creation of a new trading system

The Government was deeply concerned about the problems and subsequent failure of the STC. A high level bureaucrat, Apieyo, was sent to the Ministry of Commerce and Industry to investigate the problems and his recommendations were submitted in the form of an ECC paper to the Cabinet. The latter, in turn, was able to instruct the Ministry of Commerce and Industry, to find a way of restructuring the STC. An inter-ministerial Committee was formed which was composed of an implementation committee and a task force. Its recommendation was forwarded to the Cabinet (interview with senior Government official, July 1981).

The recommendation of the inter-ministerial committee called for the STC's diverse functions to be divided according to the different product-lines. It also recommended that the STC be decentralised. This was to allow the branches in the regions to exercise greater control of their activities and facilitate efficiency and co-ordination of their business. The inter-ministerial committee also gave detailed analysis and breakdown of the economic inputs which would be required to facilitate the programme of the nationalisation of import-export and wholesale business. For instance, it recommended that a total sum of Tsh 87 million would be required to fulfil the policy of socialisation of trade (STC n.a. [1972]: iv).

Between 1973 and 1974 the STC was decentralised and reorganised into Six Importing Companies and 18 (later 20) Regional Trading Companies. The functions of the former were to import merchandise in relation to their specialisations. The latter were to serve as wholesalers in the regions. In 1973 the Board of Internal Trade (BIT) was set up to link the six Importing Companies and the Regional Trading Companies. The BIT's role was to supervise and co-ordinate internal trade affairs as well as to

conduct research and to deal with policy-issues relating to internal trade generally. The BIT was also responsible, on behalf of the RTCs and the Importing Companies, for the negotiation of loans and discussion of policy-issues with the different ministries and financial institutions. Thus although the RTCs and Importing Companies were autonomous in their everyday business activities, they were linked in matters of policy to the BIT, which was in turn responsible to the Ministry of Commerce and Industry.

The new trading structure thus attempted to avoid the problems of the STC derived from its highly centralised structure. It allowed for the autonomy of the regional trading companies in their business activities and allowed for the specialisation of knowledge to develop with the creation of the importation companies. At the same time, it imposed a unified national structure by integrating these diverse companies into the BIT.

#### Old problems in new trading system

But the new trading system was still afflicted by the same problems as those of the defunct State Trading Corporation. One such problem was the shortage of capital. Thus:

The new trade system also is still forced to exist with a weak capital structure having neither equity nor loan capital for any of the specified companies. In this respect the companies are mere replicas of their predecessor.

Attempts to get fixed capital from the Treasury to strengthen the capital bases of the companies have so far proved fruitless. We are therefore forced to continue relying on overdraft with the attendant high interest rates.

The majority of the companies have an inadequate fixed assets portfolio to support their volume

of business and this will continue to hamper their operating efficiency until the necessary capital is made available.

(BIT, n.a.[1976]:7)

The problem of equity capital was again emphasised in the 1975 General Managers Convention meeting, which decided that:

Till the Treasury has been able to provide suitable equity for the companies it would not be possible for the companies to pay dividends out of the earnings since these are tied up in stocks.

(BIT, 1976a)

Shortage of funds for the BIT companies hindered their development; thus:

Lack of adequate funds to invest in fixed assets such as godowns, transportation facilities and the working capital has had tremendous adverse effects on the efficiency and expansion of the system.

Almost all the trading institutions in the public sector are operating without equity capital and therefore placing heavy reliance on the bank overdraft facilities. BIT group of companies account for about 50% of the total bank lending to trade sector. This situation is not only insufficient but also very expensive to the trading system in terms of financial charges that accrue to overdraft facilities.

(BIT, n.a. [1979]: 10)

Another problem was in manpower. The inter-ministerial Committee had recommended that the BIT system required over 900 qualified and trained personnel to make the system work. But there was no such manpower available in Tanzania. Thus:

Non-availability of skilled manpower is yet another problem facing the BIT distribution system. We are all aware that the failure of several co-operative societies, the STC and recently NATEX were all among other things, due to lack of skilled manpower. The importance of this fact cannot be over-emphasised.

(BIT, n.a. [1979]: 9)

A similar story was seen in other areas. For instance, the inter-ministerial Committee recommended that the trading system would require nearly 626,000 sq. ft. of additional godowns in Dar es Salaam, and up-country to support the full control of wholesale trade, while the Regional Trading Corporations' and Districts' wholesale shops would need 225,000 sq.ft. But funds for the construction of storage facilities and wholesale shops in the regions were not forthcoming:

BIT should ensure that finance for warehousing projects is obtained from the government since many companies are facing acute problems in this area.

(BIT, 1976a)

Lack of proper storage facilities created and led to other problems:

There has been considerable stock losses due to damages, pilferages, in addition to the high overhead costs arising from the need to have more godown personnel, extra rental and other administrative costs. Moreover, the inadequacy of the storage space often is responsible for some of the shortages of goods experienced in the regions and in the districts.

(BIT, n.a. [1979] 9)

Another area was in transportation. The BIT commissioned the East African Management Institute, EASMI, to conduct a study on transportation problems besetting the new trading system. The EASMI report stated:

The number of vehicles and capacity of the RTC road fleet is not sufficient to provide good transport facilities for movement of the RTC goods to districts and villages. Either the number of vehicles is insufficient or lack of spare parts is causing shortages, inadequate and irregular deliveries of goods. The RTCs vehicles are normally fully loaded going out from the RTCs, but only occasionally having a return load. Low utilisation of the capacity affects the cost of operations.

(EASMI, 8.4.8: 1978) ,

And:

The shortage of goods in the regions, districts

and villages is a result of insufficient transport facilities and inadequate supply from manufacturers.

(Ibid, 8.4.14)

Finally, the report found that the average number of people served by a typical RTC was 725,000 or 5% of the total population when transposed to the whole country. Thus an insignificant number was actually serviced by the RTC.

To conclude this section, the pattern of implementation problems that was experienced by both the STC and the new trading system under BIT strongly indicates that they were the result of faulty policy-making. As I have emphasised throughout the thesis, a policy-making style which excludes the considerations of economic factors is bound to create implementation problems. This point is illustrated particularly by the experience of BIT. Although the inter-ministerial committee had worked out the breakdown of the economic inputs required for the implementation of the nationalisation policies, nevertheless, the mere 'planning' of these resources did not guarantee their availability. This would strongly indicate that establishing new bureaucratic organisations with new ideas is no substitute for basing policy-making on available resources. In the next section we shall see a similar pattern of implementation problems occurring when four years later retail trade was 'socialised'.

#### More 'Political' Policies: 1976

Although the new trading system was facing difficulties and problems, nevertheless additional 'political' decisions were taken in 1976 which increased the functions of the trading system towards breaking point. The first was the decision to dissolve the Co-operatives. Some of the functions which the Co-operatives were involved in, such as the distribution of staple

foods, which included, cooking oil, beans, maize, wheat flour, kerosine oil etc., were passed on to the BIT trading system. These new functions were an additional burden on the RTC, as the following passage illustrates:

... and to the extent that these items are the basic necessities for the ordinary consumer, the RTCs unlike hitherto are now handling very sensitive products. Any failure on the part of the RTCs will be felt almost instantaneously by the common man. To be able to distribute all these items to the numerous distribution outlets demands a very high degree of skill and competence.

(BIT, 1976b:2)

The second decision which aggravated the new BIT trading system was the policy of Operation Maduka which 'socialised' retail trade. This policy is important for various reasons, which will become apparent but also because it set the motion for the complete control of internal trade. It is therefore necessary to digress and consider the context of the policy of Operation Maduka, before we look into the problems of implementation which faced the new trading system.

The policy of Operation Maduka was passed by the Prime Minister, Kawawa who was implementing a general Party directive of 1974, which had stated that villages should open their own shops. As a result, the actual decision in 1976 did not have to be referred to the Party (interview with Party officials, July 1981). As soon as the policy was announced by the Prime Minister, Party activists throughout the country began to implement it by closing down private shops. This was done, however, without first ensuring that there were alternative forms of shops to cater for people's needs. One region, for instance, closed down 40 private shops and stated that the business once handled by these shops would be taken care by three Ujamaa shops (BIT, 1976c: 1). This situation created immense problems

and tension for the general public. Private shop-keepers, especially in the regions, refused to restock their shops and allowed their goods to run down. The President, the third policy-making organ, intervened, and with the words "Stop it" (Daily News, May 23, 1976), brought the process of closing down private shops to a halt. The President explained:

The Party policy is to open co-operative shops and not to close down private shops. Private shops will die a natural death when sufficient co-operative shops run by competent people are opened.

(Daily News, May 23, 1976)

The President also warned that closing down private shops at random without opening others to replace them would cause the government to suffer losses in revenue and would result in genuine complaints from the public (Ibid). The President's intervention at the level of policy-making was therefore meant to stop the creation of more complex problems from emerging. His strategic position as a balancing force between the Party and the Government was illustrated by his intervention.

The Prime Minister's Office, in turn, issued further clarifications on the implementation of Operation Maduka. Part of the guidelines called for the need to ensure that shortages of commodities and consumer goods in the urban and the rural areas were averted in the implementation of the programme. It affirmed that "in urban areas with a large population, it would be necessary to take cautious steps before closing down privately owned shops" (cited in BIT, 1976c:1). Likewise, in the villages where ujamaa shops did not satisfy consumer demands, "private shops should be allowed to operate as systems and plans are being developed to start ujamaa shops" (cited in BIT, 1976c:1).

But despite this clarification, "some of the regional and district leaders have gone ahead to implement the operation without advice or



guidance from the Ministry of Trade" (Ibid: 2). In addition, the confidence of many shop-keepers, especially in the rural areas, had been undermined and many allowed their stock to run down.

#### BIT reaction to the policy of Operation Maduka

The reaction of the Board of Internal Trade to the policy of Operation Maduka was summed up in a press release. The press statement condemned the steps taken by some of the regions to close down private retail shops without any form of preparation and stated that "if this trend is not immediately arrested not only would it defeat the objectives of the operation, not only will it bring about untold hardships to the people, but would also frustrate and impair our industrial productions and our struggling economy". The statement continued:

But if there is need for these national institutions to take over these private shops now, the Board of Directors have proposed that there is also need to see whether the institutions have the business capability to do so.

It has been observed that some leaders in the districts and regions have taken up this matter without giving thought to its attendant intricacy and expertise necessary to make the programme a success.

(BIT, 1976c:2)

The statement by BIT pointed to the necessity of considering the capacity of the national institutions in policy-making.

The second major problem which the statement pointed to was the worsening of the state of internal trade because

mills and parastatals are stuck up with goods now piling up in the godowns. The reason is that the private traders and merchants, who are the majority, do not want to buy any more stock since they do not know when their shops would close down.

(BIT, 1976c:3)

The statement pointed to the possible disruptive effects of the policy generally:

- ... there is a big danger that the people would be affected by being deprived of this
- essential service and also the factories in
- the country would face difficulties due to failure to dispose of their production. This problem is even more manifest when considering the poor financial and inadequate expertise of the institutions supposed to take over private business. Also there is a danger that the villagers would not get their essential needs in the event of the closure of the private owned shops without a reasonable alternative.

(BIT, 1976c:3)

The above statements by BIT therefore called attention to the weakness of the state trading institutions and problems that could be generated arising from inadequate access to retail facilities. In other words, the BIT was attempting to bring problems of capacity to bear at the level of policy-making.

But the disruption of retail trade, especially in the rural areas, had already occurred and the process could not be reversed. Under these new conditions it became necessary to see that village shops were increased as well as turned into viable enterprises. In 1977 a committee composed of the Prime Minister's Office, the Ministry of Trade, the Board of Internal Trade and the Co-operative College, Moshi, was formed to study the problems faced by the village shops. Their report may have played a crucial role in influencing the 1980 Prime Minister's Office Circular on retail trade.

The report found that there was a downward trend in business in villages. The major causes which were identified for the poor state of the village shops were lack of skilled shopkeepers and accountants, and low capital. Many village shops could not buy enough assorted goods to last for a reasonable length of time, which could have reduced their

transportation costs. The general shortage of essential commodities was also another serious problem affecting the viability of village shops. Finally, the villagers did not understand the benefits of having a village shop because, among the reasons given, the prices of goods from a village shop did not differ from that of a private shop. The committee also found that the villagers were afraid of losing the money they had invested in the village shop and that there were no procedures on how the profits were to be distributed. Another acute problem faced by the village shops was that of book keeping. The report suggested that training of both book-keepers and shop-keepers should be undertaken, bank loans to village shops should be made available, and it recommended that a sum of Tsh 20,000, as initial capital, should be made available to each village shop so as to ensure its financial viability (PMO, 1977).

The Prime Minister's Office responded to the investigation by the committee on village shops by setting up a crash course for village shop-keepers and accountants. The task was immense. There were 6,117 village shops and 1,274 co-operative shops. The aim was to have a shop in each village and at each place of work by 1980. These village shops were expected to give services to approximately 13,000,000 villagers, who were living in 7,631 villages (PMO, 1980a: 1). The problem was to train the manpower required for village shops and a programme was drawn up phased over three years up to 1981/2 for the 720 places a year that were available for such courses. Furthermore, a sum of Tsh 10,753,725/- a year was to be put aside each year for the training programme. The minimum requirement for the applicants of shop keeper and accountant was Std. VII (complete Primary Education) (Ibid: 3). As a result, there was a vast activity geared to the training of village shop management.

The Prime Minister's Circular 1/80

On the basis of this programme the Prime Minister's Office (PMO) issued a Circular 1/80 on retail trade, which stated among other things that "the sector of internal trade should be in the hands of mass controlled instrument (that is, villages and co-operatives)" (Ibid: 1). In relation to retail trade, the 1980 Circular stated that from henceforth, essentials would be sold to:

- a] village shops
- b] Workers Co-operatives
- c] Co-operatives under the supervision of the association of the Party
- d] Co-operatives in town streets
- e] through the Board of Internal Trade's agents
- f] religious organisations.

The Circular also gave deadlines for the closure of private shop-keepers.

Thus:

- in the villages by March, 1981
- in small towns by April, 1982
- in towns by April, 1983

(PMO Circular 1/80: 1)

Thus we can state that by 1980 the Prime Minister's Office had accepted that private trade was to be totally phased out in Tanzania and that measures were undertaken to create alternative forms of retail outlet. The Ministry of Trade and the Board of Internal Trade were expected by the Prime Minister's Office to take over the functions of retail trade. According to a further directive from the Prime Minister's Office, "they were required to provide guidance and expertise to the villages in the planning and opening of Ujamaa shops together with ensuring an adequate and smooth flow of goods to the shops by way of preferential allocation of goods and provision of physical facilities" (PMO, 1980b: 1).

And:

RTC's are also expected to train the shops personnel in the area of retail management as well as seeing that the shops are following effective control systems and procedures. So as to discharge this function most expeditiously the RTCs will have to open retail shops in the Regional and District Headquarters and where necessary in the wards that will serve as training schools for the people running the ujamaa shops.

(Ibid: 7)

The BIT trading system was therefore expected to expand from regional level to districts and ward levels to meet the requirements of the policy of Operation Maduka.

The 1980 Circular on retail trade issued by the Prime Minister's Office was based on the assumption that, if the obstacles creating the unviability of village shops were removed through educational training, access to capital etc., then there would be no reason why the policy of Operation Maduka could not be successfully and systematically implemented. The Prime Minister's Office's sphere of action was in removing these obstacles and to this end, a programme of action was evolved. On the basis of these planning projections, it issued the 1/80 Circular that private trade would be phased out within the time limits given. It is worth noting in passing that the Government did not sabotage 'radical' policies, on the contrary, it made available resources for their implementation.

In a paper (1980) commenting on the Prime Minister's Circular, the Board of Internal Trade pointed<sup>out</sup> that it appeared that "the basic consideration is the speed of implementing this objective given the limited *ources at* (the RTCs') disposal and the rather insurmountable environmental constraints associated with this exercise in the present circumstances". The paper warned that:

We have to learn from the failures of STC and NATEX in the inherent dangers of going too fast into new spheres of experience, proper planning and development of effective and efficient system and procedure.

(BIT, 1980: 2)

The BIT paper pointed to the dangers of expanding the state trading system without proper manpower:

The burden of staffing the tarafa (divisional) branches leave alone the current shortage of skilled and experienced manpower at the district level, will put a big strain on the country's limited manpower resources.

(BIT, 1980: 2)

The paper then repeated all the problems which hindered large-scale trading operations in Tanzania. These were the shortage of warehouses, shops and offices; and the absence of banking facilities, insurance, post and telephone services. These problems were particularly acute in remote areas of the country. The paper commented thus:

What possibly has not been fully appreciated up to this stage is the fact that the attainment of the set objective is not only a BIT system matter, but actively involve other relevant bodies, NBC, Treasury, and other financial institutions. It is therefore their duty, as is ours in implementing the programme by giving financial support to BIT and RTCs.

And:

The government together with other public institutions will have to play a key role in providing basic infrastructure where it is lacking particularly telephone links, electricity, banking and reliable roads ...

An equally important requirement is premises for shop operations, storage and residence and the necessary lorries and vans with which to transport goods to different locations.

(BIT, 1980: 4)

The paper concluded that:

Implementation of this programme is fraught with environmental and internal constraints.

(Ibid: 7)

It would be pertinent to note that the Board of Internal Trade, the main implementing agency of the internal trade was not consulted on the Prime Minister's Circular.

Meanwhile, a 1979 survey undertaken by the Department of Ujamaa and Co-operatives in the Prime Minister's Office to assess the training programme of the village shop-keepers and accountants, found that by 1980 there were:

5,800 villages without an appointed trained book-keeper.

(PMO, 1980e:29)

The survey also found that:

A total of 2,128 of those (2,284) trained by the Prime Minister's Office during recent years were not working in village shops at the time of the survey.

(Ibid: 33)

Among the reasons given were that shop-keepers had been trained for villages which had no shops, some shops had been discontinued, and short-training had neither 'created confidence among the village leaders nor made the people capable or interested in the jobs" (Ibid: 34). The report concluded that:

A lot of money invested in the training of village shop-keepers has been lost - at least temporarily.

(Ibid: 34)

In addition the report found that it was difficult to find candidates with a complete primary education of standard VII, who would qualify as entrants for the training programme. Furthermore, the five weeks

training did not appear to be sufficient to turn a person into a good book-keeper, capable of keeping even a simple financial statement. The survey recommended more training to enable book-keeping become a tool of management (Ibid: 75). Thus the managerial problems facing national institutions were by 1980 extended to villagers.

This part of the chapter devoted to major policies leads to three conclusions. First, in regard to internal trade issues the Prime Minister's Office adopted a more forceful 'political' approach, which brought it closer to the Party's way of formulating policies. This was especially true, as we have seen, of the policy of Operation Maduka (1976). Although the Circular 1/80 on the implementation of Operation Maduka attempted to consider implementation problems and evolved a programme for solving them, it failed to consider other problems, which fell outside the ministerial responsibilities of the PMO. This problem would have been avoided had the Board of Internal Trade been consulted. As a result, these two policies created immense additional problems and responsibilities for the trading structure, at a period when the general economic conditions in the country were far from stable.

These two tendencies - the poor co-ordination and the tendency not to consider implementation - are not new and strange phenomena in the conduct of the Government. We saw in Chapter Six (The Primacy of Politics in Development 1969-1974) how the Cabinet was considerably weakened as a mechanism for the co-ordination of policies and that it had changed its methods of policy-consideration from a collective form of decision-making based on research to the tendency where policies became identified with particular personalities or where policies were adopted because they appeared to be a 'good idea'. Thus the examples given in this chapter are a further illustration of this tendency but are now seen from the



perspective of individual ministries, rather than from that of the Cabinet as a whole.

My second conclusion is that all the three major organs of the state, that is, the President, the Government and the Party, have, in the course of furthering the aims of the nationalisation of internal trade, failed to give due consideration to implementation problems. This was because each organ of the state considered its policies 'political', which meant that they did not have to include the consideration of implementation problems. The latter were thought of as outside the responsibility of policy-makers. This accounts for the familiar pattern of implementation problems leading to policy-failures.

Third, the above characteristics of policy-making introduced destabilising processes into the trade sector and into the development process generally. Although the President intervened to maintain a balance when the process generated by one policy became too extreme to be coped with by another organ of the state, nevertheless, it was often almost impossible, even by Presidential decree, to reverse the consequences of a policy once it had been set in motion.

#### SCARCITIES OF ESSENTIALS 1976-1982 AND THE SEARCH FOR POLICY SOLUTIONS

The second major section of the chapter will consider the period 1976-1982 paying particular attention to the policies of De-confinement and Re-confinement. The discussion of these policies will be situated within the context of the continued economic problems in Tanzania. Tanzania experienced widespread shortages of goods throughout the country during and after the economic crisis of 1974/75. As soon as the problem of famine was averted, the Party was able to concentrate its attention on the problem of scarcity of consumer goods. A meeting was called by

the Economic Sub-committee of the Central Committee in November, 1976, which was also attended by the members of the Board of Internal Trade. The meeting was held in Mwanza. The Economic Sub-committee saw the problem of shortage of goods essentially in terms of distribution problems although it accepted that there was low production. It emphasised the argument that the little that was available should be equally distributed to all and called for a procedure which would equally distribute goods to all the people without any form of favouritism. It proposed a system of quotas based on regional requirements. Products which were to be controlled were basic items such as textiles, flour, rice, cement, corrugated iron sheets, salt, cooking oil, etc. It also emphasised its support for controlling retail trade (Tanu, 1976: 3-7).

The problems of scarcities of goods continued unabated throughout 1977. Again, the Economic sub-committee of the Tanu Central Committee called another meeting between 3-5 January, 1977, which was to discuss barriers to the smooth operation of distribution and the shortage of essential items in the country. The objective of the meeting was to find immediate solutions to the problems of distribution. This meeting was attended by different parastatals involved in production, trade and other economic activities.

The chairman of the meeting was also the chairman of Tanu's Economic Sub-committee, so that his views can be taken as a good indication of the general attitude of the Party. The chairman argued that a number of public corporations had slackened their vigour in offering efficient service to the public and that the practice of distributing goods without proper analysis of the market conditions accounted for the confusion in this area of the economy. In addition, the lack of co-operation and co-ordination among the institutions dealing with the different sectors

of the economy, such as production, distribution, transportation and the Price Control Commission, were largely responsible for the 'pathetic' situation in the distribution of trade. He also stated that poor management and transport bottlenecks were responsible for the inefficiency within this sector (BIT, 1977).

However, a persistent cause to the problem of scarcities of goods was traced to the problem of poor production. For instance, the Board of Internal Trade pointed to the problems affecting the distribution system, such as insufficient domestic production of essential commodities, problems of transportation and warehouse facilities. The representative for textile production stated that the demand for all types of textiles in 1977 was estimated at 395 million metres, but the mills were able to produce only 93 million metres.

A similar problem affected the sugar industries. Thus the General Manager of the Sugar Development Corporation admitted that sugar production had been overtaken by rising consumption demands. Whereas in 1975/76 the demand for sugar was put at 140,000 metric tons a year, the plants were able to produce only 63.4% of their capacity of 95,674 tons, due to the drought, breakdowns of the machines caused by the lack of spare parts, poor transportation and limited raw material inputs, namely sugar cane. In relation to the cooking oil shortage, it was discovered that no one knew the demand for it in the country. Cement production was well below demand; in 1976 the factory produced only 241,000 tons instead of 340,000 tons, which was its production capacity. Problems besetting this industry were again cited as shortages of spare parts, water and machines, machine breakdowns and lack of transport facilities. In relation to the shortage of salt, the State Mining Corporation stated that the production of salt was 41,000 tons while demand was put at 60,000 tons (BIT, 1977).

The problem of shortage of goods was thus explained by those involved in their production in terms of low domestic production. This in turn was explained as a result of the shortage of major inputs, such as spare parts <sup>and</sup> breakdown in water supply. The Party, however, appeared to circumvent the problems of production because it continued to stress distribution problems and brought measures to control the distribution networks of trade. Thus in 1977 a CCM directive No. 27 stated that internal trade should be well planned, especially on distribution, and that constant price changes should be avoided. In 1976 the Party recommended that the Ministry of Commerce and Industry should be split into two separate ministries. The aim was to enable the mounting problems in the trade sector to be dealt with separately and properly; but this decision also indicated that the Party was viewing the problems within the trade sector in isolation from the problems of production. As we shall see later, the separation of these two ministries, created immense problems of co-ordination of policies between trade and industry, especially since the two Ministers were at loggerheads with each other.

Meanwhile, the Government, especially the production-orientated group, stressed the need to expand production and mobilise private capital to invest in production. The President supported the production-lobby of the Government. This was the 'liberalisation' period. The business community was asked to put forward their complaints at a meeting held at the Diamond Jubilee Hall on 8th October, 1977. The meeting was chaired by the Regional Secretary of the Party, CCM. In this meeting, the business community pointed to how the policy of Confinement affected the production process:

- Confinees (state agencies) were not ordering enough material or machinery and they were

not systematic in their ordering. This tended to disrupt production.

- Confinees did not do enough market research before they imported goods or machinery.
- Confinees did not order sufficient goods to meet production targets of the various manufacturers. They also refused to endorse licences for the importation of such goods by the manufacturers even when the state agencies did not have them in stock or on order.
- The profit margins made by the Confinees on machinery and materials were too high thus making production costs more expensive. This in turn made manufactured goods uncompetitive on the external markets.
- No business ethics were followed.

(BIT, 1977a)

Thus the manufacturers argued that the policy of Confinement affected production in a number of ways. Low production in turn created the problem of scarcity of goods. In response to complaints about the effects of the policy of Confinement on production, the President then directed all Regional Party Secretaries throughout the country to hold discussions with leaders of the manufacturing industries on the types of problems being faced by the industries. The Regional Secretaries were directed to submit their reports to the President. In nearly all the meetings held throughout the country, the performance of the existing system of importation and distribution of goods through confinees (state agencies) were seen as the major cause of the poor performance of the industries.

As a result of these reports, the President held a meeting in which among others, the representatives of the <sup>Ministries of</sup> Trade, Industry, Treasury, the Board of Internal Trade and the Bank of Tanzania, attended to discuss the problems, brought forward by the manufacturing sector. The outcome of this inter-ministerial consultation was the creation of a committee under

the leadership of the Treasury. The latter was directed to prepare an ECC paper on how the importation and distribution system could be re-organised so as to increase the efficiency of local industries. The ECC paper was prepared and discussed by the Cabinet, which agreed to the policy of De-confinement, which meant that local industries would by-pass the confinees when they imported their requirements. As a result of this decision, an Implementation Committee was set up to effect the policy of De-confinement (interview with high ranking Government official, July 1981).

#### The policy of De-confinement

The policy of De-confinement was defined to include the following aspects:

- All the manufacturing industries were to be permitted to import their raw materials and spare parts without passing through the existing confinees.
- The raw materials manufactured locally were to be sold directly to the consuming industries.
- All imported consumer items, except raw materials and spare parts, were to be imported and distributed through the state agencies.
- Local industries which were able to distribute their products directly to the market were to be free to do so, however, bearing in mind that the BIT could intervene to ensure equitable distribution throughout the country.

(BIT, 1978a)

The major concern voiced by the Board of Internal Trade over the policy of De-confinement was that it would lead to financial losses by the National Trading Corporations since the policy would reduce their business volume. The BIT also pointed to the dangers of foreign exchange flight (interview with Government official, July 1981). It appeared, however, that since the problems of production were viewed as most critical and there was

availability of foreign exchange as the result of the coffee boom - the policy of De-confinement was implemented.

As anticipated by the BIT, the policy of liberalisation led to the flight of foreign exchange. Green (1980: 107) for instance states that, "the impact on the balance of payments was drastic; foreign-exchange reserves fell rapidly and without respite". This problem, however, was also aggravated by the Uganda War and adverse terms of trade. The policy of De-confinement also led to the loss of profits by the National Trading Companies (BIT, 1979). Finally, with the removal of state control goods were freely circulated and were consumed mainly in the urban areas. Since demand still surpassed supply, goods failed to reach the regions, or if they did, exorbitant prices were charged. The following quotations illustrate the situation:

Trader pays 3,500/- for Siha over-charging (Daily News, 7.7.1979)

Traders cheat on shirting materials (Daily News, 8.9.1977)

Mwanza traders under fire (Daily News, 6.1.1979)

These problems - outflow of foreign exchange, the losses of the parastatals and the unofficial prices - forced the Party again into the fore of policy-making.

#### The policy of Re-confinement: 1980

The Party called a meeting of the state agencies involved in matters of trade and foreign exchange as well as of production. Among those who attended were the BIT, the Ministers of Trade and of Industry. The aim of the meeting was to discuss the problems of foreign exchange flight and the scarcity of goods. There was an intense and heated debate between the Minister of Trade, Kaduma, and the Minister of Industry, Msuya,

The Minister of Industry argued that the scarcity of consumer goods was the result of low production rather than of distribution problems. Industries were not producing enough consumer goods to meet national requirements. He also argued that a policy of Re-confinement would result in aggravating problems at the production level.

This position, however, was opposed by the Minister of Trade, Kaduma, who argued that goods were not reaching the people and that higher prices occurred because of lack of control at the distribution level. He urged that the distribution system should be controlled in order to ensure that the "little that was produced must reach the people". Kaduma, a member of the Central Committee, was using the arguments proposed by the seminar on trade held by the Economic Sub-committee of the Central Committee in 1976. The Party accepted Kaduma's arguments and initiated the policy of Re-confinement.

In an interview conducted by the author with Party officials, I asked whether the policy of Re-confinement was a reflection of the Party's traditional hostility towards private capital. I was told that the decision to re-introduce the policy was taken mainly as an attempt to stop the foreign exchange flight, while that of the control of the distribution outlets was made to ensure that the "little that was produced reached the people" (interview with Party officials, July 1981). Thus the decision to reintroduce the policy of Re-confinement was based on social and foreign-exchange considerations.

The Minister of Trade, Kaduma, implemented the policy of Re-confinement on 1st March 1980 in relation to imports, and on 20th March 1980 in relation to the redistribution of internally produced goods. The latter was to ensure that goods were sold at the official prices (interview with Party officials, July 1981). The policy of Re-confinement, which was implemented



by the Minister of Trade, coincided with the Prime Minister's Circular 1/80, which, as we have already seen, called for the phasing out of the private shop-keepers within a time-set period. According to my source of information, both the two agents of the Government had issued and implemented the policies independently of each other. Despite this lack of co-ordination, however, both shared the common aim of furthering the interests of socialism at the expense of the private trader. According to my source, the Ministry of Trade was very pleased with the Prime Minister's Circular because it enabled the former to 'link up' the policy of Confinement to the Circular of 1/80, which called for the abolition of private retail trade in the urban and the rural areas by 1983 and 1981/2 respectively (interview with senior Government official, July 1981). As we shall see it enabled the Ministry to form a comprehensive new policy on internal trade.

The need for the Ministry of Trade to 'explain' its new policies was made more urgent and necessary because the policy of Re-confinement aroused immense resentment both among the general public and other government institutions. It appeared that the Ministry of Trade, did not consult or co-ordinate the policy of Re-confinement with other ministries but chose to implement the policy single-handed. As a result, the Ministry of Trade found itself practically isolated from other ministries. This in turn affected the implementation of the policy of Re-confinement, since the aid and co-operation of other ministries and government agencies were essential to its success.

#### Ideology as an input into policy-making

The Minister of Trade, Kaduma, became strongly identified with the policy of Re-confinement. Increasingly Kaduma began to explain the

policy of Re-confinement in terms of the ideology of socialism and self-reliance, thus attempting to illustrate an ideological continuity with the policy of the Arusha Declaration. As a result, the policy became increasingly viewed as a 'political' policy. In a seminar organised by the Tanzania Investment Bank and held at Arusha in 1980, Kaduma gave a paper in which he argued that the compelling reasons for the policy of Re-confinement were political (1980: 7) and that the policy of Confinement has as its ideological basis the policy of socialism and self-reliance which is amply elaborated in the Arusha Declaration (Ibid: 5). Kaduma stated that the meaning and implications of the Arusha Declaration on trade were quite clear, "that those trade functions related to import, export and wholesale will be confined to organisations which will facilitate for the workers and peasants to exercise their control and ownership" (Ibid: 5). He argued that the policy of Re-confinement would allow for professional specialisation to develop because it would be carried out by specialised bodies, who would be equipped with the expertise, experience and skills (Ibid: 5 & 10).

Kaduma appeared to be more concerned with maintaining an ideological consistency than in maintaining an economic consistency between the conception of the policy and its capacity for implementation. In his 1980/81 Budget speech to Parliament, Kaduma said that the Arusha Declaration had stated that external and wholesale trade were part of the 'commanding heights' of the economy, which needed to be controlled by public parastatals; but he argued that retail trade did not seem to have been clearly seen as an important link with the wholesale trade, since it was left to continue in the hands of individuals (Ministry of Trade, 1980: 70). The Minister then illustrated the economic significance of the retail trade, which included its capacity to generate wealth, but he argued, such wealth did

not accrue to the nation, because retail trade was controlled by private traders who did not invest their profits in industries or banks. It was therefore necessary to complete the take-over of the trade sectors in order to have access to the profits, which would be invested in the economy. Kaduma went on to explain that recent policies such as the Prime Minister's Circular 1/80 were meant to replace private trade and allow for the surpluses derived from internal trade to be controlled socially for the benefit of everyone:

... As I have already explained, this policy aims at placing all trade undertakings in the hands of the public parastatals. The sole means to achieve this, is through the establishment of a number of strong public-owned shops as soon as possible.

(Ministry of Trade, 1980: 73)

He then stated that it was the responsibility of regional, district and village leaders to see that there were sufficient mass-owned shops in their respective areas. "At a national level" he added, "we will no longer issue licences to establish individual shops". In relation to the policy of the Re-confinement of products which were to be sold solely to the state-owned agencies, the Minister stated that the "aim of this procedure is to completely erase the private entrepreneur". (Ibid: 78). Thus the new policy on Internal Trade aimed at eliminating the private trader from retail shops and from distribution levels.

A similar explanation of the new policy on internal trade was used in an official publication of the Ministry of Trade entitled Sera ya Biashara ya Ndani (1980) which set out the argument that the new policy of internal trade was a good policy, because,

... if we remove the national problems, of the lack of vehicles, bad roads, lack of capital etc., we can generally say that

we have bodies that understand their duties.

(Ministry of Trade, 1980a:para. 16: 7)

The above passage succinctly illustrates a major argument of the thesis, that policy-making in Tanzania excludes the consideration of national problems.

### The state of internal trade in Tanzania: 1980-1982

The state of internal trade in Tanzania was best summarised by the Board of Internal Trade:

The Tanzanian distribution system is beset with a number of problems, namely the lack of adequate physical facilities, skilled and experienced manpower, finance to meet the working capital requirements, the poor road network in the country, low margins for textiles and provisional items, political and parochial overtones, black markets and smuggling and shortage of essential items.

(BIT, na [1979]: 7)

The Ministry of Trade and the Party have responded to these problems by bringing measures to bear at the distribution level. Thus new regulations were brought to curb the private trader who was blamed for the shortage of goods and the higher prices (Daily News, 7.1.1980; 29.1.1981). One such control was the new Business Licencing Amendment Bill, which sought to restrict the issuing of licences only to businessmen who had premises. This was an attempt to eliminate bogus businessmen, who were out to make a quick profit, a phenomenon which Shivji (1976: 84) had already observed emerging in the business community. Another measure was the Ministry of Trade's policy that no new licences would be issued to private shops except in specialised fields, <sup>such</sup> as those of spare parts, pharmacies and garages (Daily News, 15.3.1980). The objective of this

new control was summed up as:

... to crack down on unscrupulous businessmen. Ndugu Kaduma said rigorous enforcement of the procedures would tremendously reduce and possibly eradicate hoarding, black marketeering and smuggling. He observed that if it were not for a few greedy businessmen, scarce commodities would be conveniently shared among the people.

(Daily News, 17.2.1980, emphasis added)

In 1981 the CCM Executive Council ordered the control of the distribution of basic items. This was to ensure that each region obtained the quota allocated to it. Thus:

The NEC members in their analysis of the cause of shortages, were satisfied that although available goods would not satisfy everybody's needs, there was little effort to distribute whatever was available equitably.

(Daily News, 11.1.1981)

Thus by 1981 the Party finally accepted the fact that it was an impossible task to satisfy national requirements of essential items merely by re-organising the distribution system. This acceptance modified its goal to that of equitable distribution of goods in the regions.

But despite the control of prices, quota systems, and control of distribution networks, unofficial prices have continued to be charged for basic items, putting them far above the reach of the ordinary man and woman. Jamal recognised the difficulty of controlling prices amidst shortages when he stated in 1974:

There will always be a price which a buyer will pay and a seller will accept - as long as demand outstrips supply or availability of consumer goods through production, controlling prices at fixed levels will be a very difficult task, almost impossible.

(EASMI, 1979: 1)

Jamal's views have been proven correct by events. The explanation given by the Price Commissioner as to the weakness of the price control would also support the argument that it is difficult to control prices under conditions of scarcity.:

Extreme shortage of goods in the market make enforcement of price control difficult because the consumer who is our Price Inspector number one becomes willing to pay a price which is higher than the controlled price. In view of this cases of over-charging are not reported, efforts directed at the enforcement of price control are impaired.

(Mongi, 1980: 20)

The analysis of this section therefore illustrates that basically control of distribution is ineffective in conditions of scarcity, which are rooted in chronic problems of production.

The second part of this chapter has documented how policies were formulated independently of consideration of implementation capacity. Thus I would argue, problems that were generated from such a policy-making style cannot be seen as mere implementation problems, but must be related to the manner in which policies were formulated. While this approach towards policy-making characterised Government-Party relations (because of the institutional division of functions based on the 1965 Interim Constitution), by 1976 it would appear that it had also been adopted by the Government itself.

## CONCLUSION

This case study, on the investigation of policies on internal trade, has highlighted a number of important issues which can help us

understand the development experience of Tanzania. The case study has demonstrated that the implementation problems of the STC and its subsequent failure as well as those besetting the new trading system under the Board of Internal Trade, were the result of faulty policy-making. We have seen how two organs of the state (the President and the Party) formulated major policies pertaining to the trade sector without giving due consideration to the economic problems involved in the implementation of the policies. Between 1967-1976, a period of only nine years, Tanzania's nationalisation of external and internal trade was completed. Policies nationalising major areas of the trade sector were taken after only a short intermediate period, increasing the burden on the existing state trade organisation (1967, 1979, 1976). - -

It is difficult to see how rational men could pursue such a course of action, when the evidence derived from each previous policy was so evident. The thesis has offered two explanations. First, institutional arrangements separated the function of policy-making from that of implementation, creating the conditions whereby policy-makers wrongly believed that the implementation problems were extrinsic to policy-making. This encouraged a reckless tendency where policy-makers could virtually ignore certain kinds of national problems. This tendency was legitimised by being conceived as a proper 'political' approach.

Thus the objective arrangement for policy-making permitted the emergence of a subjective view of development, which removed any form of restraint on the personal views of leaders. The persistent tendency of the Party activists in insisting that the problems of scarcity of goods was the result of distribution - despite evidence to the contrary - deflected the energies of the Party from coming to grips with the real and more complex problems of raising production and productivity. This

situation in turn destabilised the development process, creating problems of implementation which the implementors were incapable of resolving.

A final word can be said about alternative interpretations of the Tanzanian experience. On the basis of the case study on internal trade, we have seen that the implementation problems experienced by the state agencies in the trade sector can be directly related to the way in which policy-making has been undertaken in Tanzania. This means that these problems cannot be seen as mere 'implementation problems' in the manner of Green. The 'implementation' problems faced by the STC and the BIT were the result of faulty policy-making. Nor, on the other hand, can the failure of these state agencies be explained in terms of the class interests of the bureaucratic bourgeoisie. In fact, the bureaucratic bourgeoisie had far more to gain from successful state organisations than from weak and tottering parastatals. It was surely in its class interests to see that the state sector functioned profitably and smoothly; the fact that it has failed to do so would indicate that the problems confronted were beyond its class and institutional powers. Finally, I would argue once again that the state in Tanzania is not homogeneous. Each organ of the state, and each agency within it, appears to go its own way. The President, like Hercules, struggles to maintain a balance between the two opposing organs. In this sense it is a mistake to try and assign the state a uniform class character.



CHAPTER ELEVEN

CASE STUDY: AGRICULTURAL GROWTH AND RURAL DEVELOPMENT

We saw in the Introduction that the most distinguishing factor about Tanzania socialism was its emphasis on rural development. This policy received support from social scientists and aid donors such as the International Labour Organisation and the World Bank. In particular, Tanzania's development priorities were similar to that of a rising tide of development theory in the late 1960s and 1970s which called for development to be rural-based (Lipton, 1977, Schumacher, 1973).

But despite a seemingly correct approach to development supported by political changes and administrative re-organisation<sup>1</sup> all orientated towards developing the rural sector, the performance of the rural economy has been persistently disappointing. To recapitulate, within a period of merely 12 years the following policy-changes have taken place:

- 1967      Announcement of the policy of Ujamaa. The policy was to be based on communal production, it was to be voluntary and progressive farmers were not to be excluded or discriminated against.
- 1969      The Presidential Circular 1/69. It called for the establishment of Ujamaa villages to be compulsory and nationwide. Positive discrimination was to be given to ujamaa villages vis-a-vis individual peasants/farmers.
- 1972      "No future for capitalist farmers". State and co-operative farming are the only two forms that agriculture can now take in Tanzania bound towards socialism, President Nyerere told West Kilimanjaro settlers in Moshi. Mwalimu said that there was no future for individual large-scale farmers in Tanzania (Daily News, 4.6.1972).
- 1971-72    Limited operations moving peasants into villages: Operations Dodoma, Chunya and Kigoma.

- 1973 The President announced "To live in villages is an order" (Daily News, 6.11.1973). The policy of villagisation was undertaken nationwide and it was to be completed by the end of 1976.
- 1981 "Nyerere - Largescale farmers are Welcome" (Daily News, 6.6.1981).

How can we explain this succession of policy-changes? What have been the consequences of policy-instability on the development process in this strategic sector of the Tanzanian economy?

The chapter will be divided into four sections. At the risk of some repetition, the first section will review the prevailing interpretations of Ujamaa, villagisation and agricultural development. The second section will examine the Ujamaa era, from 1967 to 1973. I shall use my approach to advance an alternative explanation of the problems which faced the policy of Ujamaa. The third part will look into the policy of villagisation and the fourth part will consider the agricultural sector from 1977 - 1982.

#### RECAPITULATION: MAJOR INTERPRETATIONS OF RURAL DEVELOPMENT POLICIES

##### Explanations offered for the failure of Ujamaa

We have seen in the Introduction that radical writers such as Raikes (1975), Von Freyhold (1979), Shivji (1976), Coulson (1975) have attributed the failure of the ujamaa policy to the class interests of the bureaucratic bourgeoisie. Musti's (1978) explanation quoted below echoes the views of the radicals:

Despite pronouncements to the contrary, the Ujamaa policy was never intended to be the basis of a new development strategy for Tanzania. 'Socialism' only meant a different property relation - state involvement - for the most important economic enterprises in the country.

Moreover, the state limited its intervention to formal control, with no critical appraisal of the ends of production or the modes of production. Thus, after a number of years of experience with 'socialism', the Tanzanian economic structure remained essentially what it had been at the time of independence.

(Musti, 1978: 78)

Von Freyhold's Ujamaa villages in Tanzania (1979) is a detailed attempt to explain the reasons for the failure of Ujamaa in Tanzania, and therefore I shall review it at some length. According to von Freyhold, the failure of communalisation was the result of "inherent contradictions between the revolutionary aims of the programme and its reformist form, which eventually led to an impasse which could not be surmounted" (Von Freyhold, 1979: xii). She further argues that ujamaa (communalisation of peasant production) was not only possible in Tanzania but provided an ideal framework for agricultural development. Communalisation of production would enable the peasants

to establish more direct contacts with each other and with economic and political institutions in town and thus recapture control over their lives and their productive process.

(Ibid: 27, emphasis added)

Communalisation would enable peasants to regain their autonomous life-style and make them self-reliant.

Von Freyhold goes on to document the different methods that were used to implement ujamaa, ranging from the 'stick' to the 'carrot'. But, "there were just not enough sticks and carrots around to sustain the villages that had been created" (Ibid: 50). Other government forms of assistance such as the Bwana shambas, rural development assistants, Tanu secretaries, ward executives and teachers, all failed. Meanwhile, wealthy village leaders and richer farmer/peasants opposed communalisation.

But the poor peasants themselves were also not willing to communalise; for "most people in most villages their private farms still remained their primary focus of interest" (Ibid: 83). Finally, however, the state, that is, the bureaucrats, sabotaged ujamaa by forming an alliance with the metropolitan bourgeoisie and the World Bank, who favoured export production and individual small-scale producers. Ujamaa was changed from a revolutionary concept to a tool serving the class interests of the bureaucrats. Thus:

Eventually the bureaucracy managed to turn the slogan of Ujamaa into a tool which would be used for its own purposes. Workers could be told that their wage claims were illegitimate because the nation needed the funds for socialist reconstruction of the countryside and that compared to the peasants they were selfish individualists. The unemployed could be collected and sent back to the villages to build ujamaa. Kujaks and peasants who stood up to oppose certain bureaucratic measures and orders could be told that they obstructed ujamaa and in the end even the subordination of the peasantry under a new authoritarian bureaucracy that reached down to the village level could be legitimised in the name of Ujamaa.

(Von Freyhold, 1979: 120)

Many of the weaknesses of the radical explanations discussed in the Introduction are also reflected in Von Freyhold's analysis of the policy of Ujamaa. Von Freyhold's approach is to contrast an ideal version of development with an empirical reality. First, her idea of the potential benefits of communalisation is not based on any study of the socio-economic reality and capabilities of poor peasants in Tanzania. In fact, often enough, her own empirical data contradict her assumptions. For instance she notes:

Most of the village members were not used to any conscious planning and had no idea of how their private experiences on their small farms could be of any use to a larger enterprise (such as a communal farm).

(Ibid: 84)

And:

Democratic planning was something the ordinary villagers were not yet capable of, mainly because they had no ideas about development strategies.

(Ibid: 85)

And:

To some extent the absence of financial control could be blamed on the low level of education of leaders and villagers. In some villages even the leaders were illiterate and in the majority of the villages most members would not have been able to read a simple financial statement.

There were some programmes to train a few villagers in book-keeping but most villagers would have had to wait for years to have any of their members trained. Villagers did not know what kind of records they should keep and in some of the more remote places they even lacked stationery for recording anything.

(Ibid: 87)

It is extremely difficult to see how, under these conditions, communalisation could have been a viable organisational structure for poor peasants.

Communalisation is a very complex form of organisation and creates heavy demands for organisational skills.

There are two further ways in which von Freyhold proceeds by contrasting reality with an ideal situation. She argues that the failure to implement socialism was the result of Tanzania's failure to eliminate links with international capitalism, and that related to this was the failure to create political cadres who could mobilise the peasantry. We have already seen in the Introduction that the dependency ideas/arguments of the delinking of the economy from international capitalism failed to stand up to a serious re-examination. On the second point, von Freyhold writes:

The first step towards a transformation of the state economy and the peasant economy would have had to be a political change, a change putting workers and peasants in power. But instead of embarking on the task of

political mobilisation from which such a change might have resulted, the Party intellectuals who supported the policy of 'socialism in the countryside' were urging the peasants to communalise within the existing political and economic structure.

(1979: 121)

The suggestion that political cadres would have been more successful in implementing the policy of Ujamaa is not supported, however, by evidence. An intelligent guess can be made that the problems of implementation - the shortage of technical assistance, infrastructural problems, problems of co-ordination between the different agencies, the lack of capacity within the poor peasantry themselves - would not disappear merely because of the creation of 'political cadres'.

We can therefore see that von Freyhold's approach to analysing the failure of Ujamaa is extremely idealistic. Once we have questioned her assumptions (which her excellent case material helps us to do) then very little evidence remains either for the thesis of class-sabotage of Ujamaa or for the viability of Ujamaa as a development policy. On this basis I would argue that her well-researched book fails to give an adequate explanation for the failure of ujamaa.

We saw in the Introduction that a second type of explanation of Tanzania's radical policies has come from pragmatic dependency analysis such as Green. Green has argued that Tanzania's policies are correct but that they have experienced problems at the level of implementation. I have already criticised Green's approach which views problems as extrinsic to policies. Suffice it to restate my argument, that implementation problems must be anticipated by policy-makers because failure to do so is likely to defeat the political and social aims which inspired the policy in the first place.

A third type of explanation for the failure of Ujamaa comes from

Hyden (1980). Hyden's major argument is that the policy failed because of its own intrinsic deficiencies as a policy of development. Briefly summarised, the policy failed to meet the needs and requirements of the Government, especially its need for agricultural growth. Secondly, the Party's offer of free social services and other amenities to the ujamaa villages reduced the Government's effectiveness in making the peasants produce more. Thirdly, policy-makers assumed a peasant capacity far beyond what the peasants were really capable of (Hyden, 1980: 109).

Hyden's explanation of the failure of Ujamaa is more convincing than the others. But how could a major policy such as Ujamaa ignore such fundamental aspects of development? How could policy-makers overlook the problem of providing effective incentives to peasant producers? Why did policy-makers over-estimate the capacity of peasants and their own capacity in the implementation of the policy? These are some of the questions which Hyden's book has raised but to which he has not provided satisfactory answers. I would argue that we can only understand why crucial factors pertaining to the policy of ujamaa were not given sufficient consideration by examining the institutional relationship between the three organs of the state and their practice of formulating policies. Herein lies the simplest explanation of the failure of Ujamaa in Tanzania.

#### Academic explanations for the policy of villagisation

We have seen in the Introduction that most academics were shocked by the massive physical relocation of peasants into village settlements and by the methods that were employed in implementing this policy. Radical writers have explained villagisation in terms of the class interests of the bureaucratic bourgeoisie in controlling peasant production. This

argument has been summarised by Coulson (1977: 95) as follows:

Finally, a set of arguments deriving from Shivji (1976) and put forward in different ways by Boesen (1976) and Leonard (1976) claim that the object of villagisation is for the officials to control peasant production and thus achieve control of all the means of production in the country. In Boesen's analysis, as in Coulson's of 1975, there are two antagonistic classes, the peasants and the bureaucrats, with the bureaucrats unable to produce themselves and thus dependent on getting production out of the peasants. Leonard adds a third class, the kulaks, or emerging African capitalist farmers and small businessmen. In his view collective agriculture is the only alternative to kulak production if peasant agriculture is to be expanded in scale and ultimately raised to a higher technical level.

viewed as

Thus villagisation was the class interests of the bureaucratic bourgeoisie.

The latter have to control peasant production in order to obtain surplus to develop the economy.

Lofchie (1978), however, argues that villagisation, with its emphasis on block as opposed to communal production, signified the abandonment of socialism. As Lofchie states, "Villagisation without socialism is, in effect, the current policy" (1978: 451). This change was brought about by the failure to achieve ujamaa because of peasants resistance and the resulting famine. Thus:

Following the agrarian crisis, Tanzania embarked upon a process of gradual economic liberalisation. The roots of this policy can be dated as early as the Fall of 1974, with the decision to de-emphasise collectivism as a goal of the villagisation programme and, thereby, to make individual farming a fundamental institution in the rural sector.

(Lofchie, 1978: 458)

Lofchie's argument which sees villagisation as a form of liberalisation



is not entirely opposed to the one advanced earlier. Both rest on the argument that socialism has been abandoned, but for different reasons: in the former case because of the class interests of the bureaucratic bourgeoisie, in the latter because of policy deficiencies.

The third type of explanation for villagisation has come from Hyden (1980). Hyden explained the policy of villagisation as an attempt by the Party and Government to capture the peasantry. Villagisation of the peasantry created a situation where both Government and Party could intervene more easily in terms of providing social services, and achieving the political and economic integration of the peasantry into the wider structure of society. Hyden argues further that increasingly Tanu has used policies based on a 'political market-place' as the principal forum for interaction with the peasants. (Hyden, 1980: 131). Other major policies following the political-market method were the dissolution of the co-operatives in 1976, the policy of Operation Maduka 1976, and the replacement of District Councils with the decentralisation system (1972). According to Hyden, the removal of these agencies also removed petty capitalists, petty bourgeoisie and petty traders from interacting with the peasants, making them interact directly with Party and government agencies. Further, the Party now dealt with the peasants on the basis of 'operations' and 'campaigns'. Although such an approach might appear to be more authoritarian, nevertheless, Hyden is optimistic about the achievements of policies based on a political market:

There is little doubt that in spite of bureaucratic high-handedness and other excesses, the new policy measures were successful in some respects. People have by and large accepted their new locations of domicile and production. Production has also increased in many villages, although it is too early to say how far this can be attributed to villagisation and the other policy measures taken during this period.

(Hyden, 1980: 152)

There are certain similarities among the different explanations offered on villagisation. There is an acceptance that villagisation will enable the bureaucratic class to control peasants more effectively and that this will lead to greater production as well as to increased surpluses.

But there are certain problems. First, all these explanations assume, once again, that the 'state' was acting as a homogeneous entity and that the policy was a rational attempt by the 'state' to control the production of peasants. These explanations are in fact premised on assumptions similar to those made by Nyerere and the Party, namely, that villagisation would enable the state to give social amenities to peasants and thereafter improve the production process. Both these assumptions assume the availability of material capacities, which in practice proved to be lacking. Coulson (1977: 94) has posed a serious question which is significant at this point: Why did the Government (in the policy of villagisation) create impossible demands for services which it must have known it could not fulfil?

Hyden's answer to such questions is that the policy was based on a political-market, which is defined in such a way as to relegate economic consequences to secondary importance. This form of interpretation leads in the final analysis to a rationalisation of faulty policy-making. Today, in the 1980s, many of the policies based on the political-market such as the dissolution of the Co-operatives (1976) and the disbanding of the District Council system (1972), are now being re-introduced. It is difficult to explain these policy changes without critically re-examining the political-market concept. A better approach is to differentiate between the organs of the state, and pursue the different views of development prevailing in these organs. Thus in line with the approach taken in

Parts One and Two, I propose to examine the various policies adopted for the agricultural sector in relation to the policy-making institutions. As in the previous chapters, this approach will enable me to pursue in more specific terms, the themes broadly documented in Parts One and Two, that there are conflicts of views and interests between the three organs of the state; that policy-failures are frequently the result of faulty policy-making; and that faulty policy-making results from the way the various organs of the state formulate their policies. These themes constitute an alternative explanation of the types of problems and the policy-changes that have been experienced in this sector.

As in the other case studies, I shall argue that the problems within this important sector of the economy can be traced to the conflict and institutional relationship between the three organs of the state, that is, the Presidency, the Party and the Government. I hope to show that in terms of their views on agriculture, the President and the Party were closer than either of them was to the Government. The policies formulated by the first two organs failed to incorporate the Government's needs, problems and priorities. However, the effects of failure on agriculture were intensified, especially in the 1970s, by the conduct of the Ministry of Agriculture, whose effectiveness appears to have been greatly reduced by poor leadership. It compromised its principles on economic growth. A more dynamic leadership might have been able to offset the effects of the Party and the President's approach to development. Yet most of the neglect in the agricultural sector can be traced to this period.

## THE UJAMAA ERA

We saw in Parts One and Two that Tanzania had a tripartite system of policy-making, involving the Government, the Party and the President. These three organs of the state had different priorities and concerns, all of which affected the agricultural sector. I showed in Part One that the Government's view of development saw economic growth as a precondition to development. The policy of the Ministry of Agriculture (MOA) was to encourage the development of the 'progressive farmers' and maintain commercial farming because of their important contributions to GDP. In relation to the subsistence peasants, Government relied on trade and market incentives to integrate them into commodity production (Plans, 1961-63; 1964-1969).

However, superimposed on this view, was another approach sponsored mainly by the President. In 1962 Nyerere called for a policy of rural development based on village settlements (Hansard, 1962, Col: 7). This view of development was aimed at bringing the subsistence peasants living in scattered homesteads, who constituted the majority of the people, to live in village settlements so that modern social welfare services could be made available to them. Nyerere's view of development incorporated re-distributive concerns and the re-organisation of peasant settlements.

Running concurrently with the President's and the Government's views of development was another view articulated mainly by Party activists. This focussed on marketing relations and had implications for the agricultural sector because of the close relations, in more than one way, between production and marketing. As we saw in Part One, the Party activists pressed for the replacement of private traders by state agencies and the co-operatives.

The Government (1963-1966) attempted to deal with these two major

views without abandoning its own concern over economic growth. Thus in relation to the President's idea of village settlements, which was supported by the World Bank in the form of the 'transformation' approach, the Government created a Ministry of Lands, Settlement and Water Development which became responsible for the early villagisation programme. In addition, a Village Settlement Agency was created to initiate pilot settlements. In relation to the Party's pressures and demands, the Government in 1962 created the National Agricultural Produce Board, which was given a monopoly over maize marketing, and in 1963 gave into the demands for the rapid expansion of the co-operatives. As a result, the total volume of produce handled by the co-operatives grew from 145,000 tons in 1960 to almost 500,000 tons in 1965 (World Bank, 1977: vi:22).

By 1966, however, these two major politically motivated policies were in difficulties. The village settlement schemes were abandoned. And in relation to the co-operatives, the Government was forced to intervene. In 1967 some 16 unions were taken over directly by the Government (World Bank, Ibid: 23). By 1966 it was evident that policies which were motivated by purely political pressures and which ignored economic considerations were creating immense development problems. On the other hand, government agricultural policies, which were not politically interfered with, were proving successful and were maintained until 1968.

These apparent lessons of agricultural policy-making in the 1960s were overlooked by policy-makers, however, in the creation of the One Party State; as we have seen, the Constitution separated the powers to formulate policies from those of implementation and vested them in different organs. This created the context in which the Party could formulate policies taking into consideration only 'political' factors while the 'economics' of the policy was considered the responsibility of the Government.

The Arusha Declaration, 1967

The policy of Ujamaa (1967) initiated by the President and passed by the Party called for peasants to live together cultivating land communally as a way of raising their standard of living as well as of generating more agricultural output. It would also enable the Government to give services to the ujamaa villages. In 1967 the President was against private commercial farming but he was not against the 'progressive farmers'; as a result, the Government came to rely even more heavily on the progressive farmer for economic growth. As I argued in Part One Nyerere was operating at this stage within the framework of conventional ideas which saw economic growth as essential to development.

The Presidential Circular 1/69 on Ujamaa

But two years later Nyerere changed his position vis-a-vis the progressive farmers, who now came to be considered as obstacles to ujamaa. Secondly, Nyerere argued for a frontal approach in the implementation of the policy of Ujamaa Vijinini (1969-1974). Thirdly, the Party became the main agent for implementing it. This policy is crucial because it displaced totally the Government's concern for economic growth.

Why did the President change his mind? I posed this question to a close confidante of Nyerere. According to the interviewee, the President changed his mind and introduced the Circular because the policy of Ujamaa was not being seriously implemented between 1967-1969. The initiative was mainly left to local party functionaries who lacked support from national institutions (interview with high ranking Government official, July 1981). The Circular was an attempt to create an institutional structure at regional, district and national levels which would assist in the implementation of the programme. As we saw, the President gave a high

priority to socialist organisation at the expense, if need be, of agricultural production. This was the period of the primacy of politics in development.

The Government (consisting mainly of the production-orientated group such as Jamal, Msuya, Helleiner, for instance) warned the President against a frontal approach to implementing Ujamaa and advised him that individual small-scale peasant farming was more efficient (Pratt, 1972: 424). But the timing of Presidential Circular 1/69 also coincided with a deteriorating condition in the agricultural sector. By 1969 it was already apparent to the Government that there were grave problems manifested in falling agricultural production and marketing problems (Kriesel report, 1970). Like the 1966 Presidential Enquiry into the Co-operatives, the Kriesel Report (1970) stated that the problems of the co-operatives, which were affecting marketing and which in turn affected production, were because:

... societies and unions were hastily formed and necessarily manned by untrained and inexperienced staff. Marketing costs per unit have risen substantially and some services have deteriorated.

(Kriesel Report, 1979: 1)

And:

A growing disrespect for law and regulations within the country because of the inability to cope with widespread violations. This development can have serious implications beyond the marketing system.

(Ibid: 21)

The Presidential Circular 1/69 thus introduced a new dimension into the problems of the agricultural sector. The policy of Ujamaa was only incorporated into the 2nd Five Year Plan after the President had insisted and had rejected the first draft, which had made no mention of ujamaa farms (Coulson, 1977: 25). I would argue that, in order to guarantee

production, the Government introduced the idea of state farms in the 1969-1974 Plan. The Government's reluctance to incorporate the policy of Ujamaa into the Development Plan has often been viewed as exemplifying class opposition to the policy. Musti (1978: 35) for instance, argues that the introduction of state farms represented "a lack of confidence in the development of the ujamaa villages only two years after their conceptualisation". But I would argue that the Government's cautious attitude towards ujamaa in 1969 was warranted, given the types of problems which the agricultural sector was already experiencing and the implementation capacity of the Party and Government. As we shall see later, it was precisely these factors which created problems at the implementation level.

In concluding this section we might say that the 'state' was failing to act as a homogeneous entity in a number of ways. First, the Presidential Circular 1/69 did not address itself to the prevailing agricultural conditions, which were a concern for the Government. It gave greater stress to rural development aspects than to production. Secondly, it discriminated against the progressive farmers, upon whom the Government was dependent for marketed output, before viable alternative forms had been established, and finally, it came at a period when the agricultural sector was already experiencing problems and instability.

These problems show that the President and the Government especially those who were concerned with the conventional view were operating at cross purposes; their interests, their priorities and their understanding of development problems were different.

We shall now turn to the type of institutional arrangements which were created for the implementation of the policy of Ujamaa. We shall find that the unresolved conflict between the President and the Government



was reflected in the implementation of ujamaa as both organs of the state emphasised their own priorities and views of development.

### Institutions and the implementation of Ujamaa

The institutional arrangements for the implementation of Ujamaa were the product of the 1969 Presidential Circular, which created the organisational structures whereby all three organs of the state - the <sup>id</sup>President, the Party and the Government - were to be involved in the policy. First, the Presidential Circular 1/69 led to the creation of a whole new ministry, the Ministry of Regional Administration and Rural Development. After 1972, this ministry was re-organised to form the Prime Minister's Office. According to the Circular, the Ministry was to be a guide in organising the villages, assuring the provision of social services and assisting villages to organise their production around the ujamaa principle (Nyerere, 1969). Secondly, the Ministry of Development Planning was responsible for integrating the ujamaa policy into the general economic policies of the nation (see 1969-1974 Plan) and to provide micro-plans for development.

Thirdly, the Ministry of Agriculture was responsible for providing technical assistance and consulting services. It also ran its own programmes on the problems of ujamaa villages and on agricultural techniques (Musti, 1978: 74). These new functions were in addition to its traditional ones of overseeing crop production, extension and provision of inputs for specific programmes, productive investments and the co-ordination of marketing. These formed the Government agents for assisting Ujamaa development.

There was also, however, a Presidential Planning Team which was directly responsible to the President. The group consisted of five

experts - in agriculture, co-operatives, land planning and hydraulic development, and an economist - guided by a Tanu official at the regional level (Musti, 1978: 68).

The third organ was the Party. We have already seen that the policy of Ujamaa was taken up by the Party in 1967 and that by 1969 the Party was also responsible for implementing it - because it was a political policy (Daily News, 25.9.1969). The Party came to assume three functions: elaborating the general political line, participating in the implementation of policy even at the administrative level, and mobilising the masses. The key figures in implementing the policy of ujamaa were the Regional and District Commissioners. Their responsibilities included that of co-ordinating the operations of administrators in their regions, assuring the implementation of national policy and controlling the lower Party levels (Musti, 1978: 66). However, they were in a position to call on both Party and Government officials in their regions to prepare and implement the programme.

We can therefore see that all three organs of the state were involved in various degrees in the implementation of the policy; this is an indication that the policy of Ujamaa was taken seriously enough by policy-makers to warrant institutional re-arrangements.

#### Two views of development - rural development and export production

The unresolved conflict of interests between the President and the Party on the one hand, and the Government on the other, created a situation whereby two tendencies in development policy were running concurrently in Tanzanian agriculture between 1969-1974. On the one hand was the President's and the Party's policy of socialist rural development which prohibited the employment of labour, while on the other was the Government's

emphasis on export production and individual peasant enterprises (with a market in hired labour).

The President and the Party: Under the new institutional arrangements the Party was the main mobiliser and implementor of Ujamaa. The Regional Development Fund, with 20 million shillings, was put at the disposal of the Regional Commissioners for financing the initial overhead expenses of the ujamaa villages. Mobilisation of the peasantry to go Ujamaa during this stage was characterised by 'commandism' (Finucane, 1974; Raikes 1975; Von Freyhold 1979; Coulson 1975). As a result, the number of new villages created from 1969 to 1971 grew to 2500 with more than one million inhabitants. By December 1973 the number passed 5600 with two million inhabitants equal to 16% of the Tanzanian population (Musti, 1978: 51). Government agencies, especially financial institutions, were directed to favour ujamaa villages in terms of credits and inputs. McKinsey's (1974) report, however, states that for 1973-1974 the entire state budget including the funds of the TRDB amounted to 1855 million shillings, of which only 96 million or 5% went for ujamaa (cited in Musti, 1978: 64).

Most of the funds used to finance Ujamaa development were seldom distributed according to economic criteria. There were political pressures emanating from the Party at national, regional and district levels for funds to be pushed into Ujamaa activities; politics prevailed over economic and technical judgements. As Hyden states:

Ujamaa politics was tantamount to a deliberate neglect by most Party decision makers of criteria such as efficiency, feasibility and viability.

(Hyden, 1980: 112)

The modest level of Government support of such decisions with funds, credits and inputs cannot be taken as an indication of sabotage of the ujamaa policy if we consider the meagre resources available in the country.

Large-scale capitalist farms in Iringa and Arusha were taken over and given to peasants. As Hyden states, "Tanzania's socialist policies after 1967 definitely reduced capitalist forms of production in the rural areas. Failure to acknowledge this means overlooking one of the achievements of ujamaa" (Hyden, 1980: 122). Various writers showed how richer peasants were attempting to control 'ujamaa villages' by assuming leadership or by declaring their farms ujamaa in the hope of obtaining the benefits of cheap fertilisers and credits. They also fraternized with the bureaucracy ( Sender, 1974; Raikes, 1975; Van Velsen 1973). This shows the difficult situation under which 'capitalist' and progressive farmers were operating.

Between 1969-1972 various 'operations' were undertaken, emphasising living in villages (Operations Rufiji in 1969, Dodoma in 1971, Kigoma and Mara in 1972). According to an interview with a Party official these operations were geared to solving specific problems:

Each of these regions had specific problems such as floods, famine and migration which necessitated solutions. Party had to find solutions to these problems.

(interview with high ranking Party official, July 1981)

But solving these specific problems on the other hand, through villagisation it created other social problems, such as the need for education, water and health facilities. To this end, the 1971 Party National Congress had directed the Government to ensure that water should be made available to the people by 1990 and that schools and health facilities should reach

the population by 1980. (interview with senior Party official, July 1981).

Thus we see here that the President and the Party were pursuing their policies of rural development which incorporated diverse elements of communal production, re-location of the population in village settlements and re-distributive measures.

Government: The Government, on the other hand, was continuing with its traditional policy of emphasising cash crop production and cultivation by individual peasants and farmers. This policy was also supported by the World Bank. According to Von Freyhold:

Of the Tsh 2015.6 million which the World Bank (IDA and IBRD) had offered to Tanzania until the end of the Second Five Year Plan (1975), about 40 per cent was earmarked for agriculture. Of this, two thirds was to be used for the promotion of export crops, one-sixth for livestock development and the remainder for sugar development and some mixed projects. Until the end of 1975 there was not a single project investing in the production of basic foodstuffs.

(Von Freyhold, 1979: 108/9)

The parastatals involved with agricultural development also showed a preference for exports:

Between 1964/5 and 1974/5 the state and the parastatal enterprises allocated a total of Tsh 964 million to agricultural development. Of this 45 per cent was spent on export crops, 26 per cent on livestock, 18 per cent on sugar but only 2 per cent on cereals and other basic food crops.

(Ibid: 109)

It has been argued that Tanzanian bureaucrats, as well as the World Bank, favoured individual peasant smallholders as opposed to communal production in terms of credits, extension services and other inputs. Thus for instance:

Of the seven main agricultural programmes designed by the World Bank after the Arusha Declaration (tea, tobacco, cotton, sugar, cashew nuts, maize, Kigoma 'integrated project') there has not been a single one which was exclusively or primarily directed towards communal farmers. The World Bank has preferred to deal with block farms or individual farmers.

(Von Freyhold, 1979: 111)

Writers sympathetic to Ujamaa as a radical programme of socialist rural development have explained Government emphasis on export production in terms of class interests of the bureaucratic bourgeoisie (Von Freyhold, 1979; Musti, 1978). For instance, Von Freyhold states that:

The state in Tanzania was in the hands of a class which did not support the self-organisation of the peasantry ... Self reliant development could not take place within this context because the creative potential of the peasantry remained submerged under kulak and bureaucratic hegemony.

(1979: 108)

Radical writers, such as Coulson (1977), Von Freyhold (1975) and Musti (1978) have also explained the limited material support given to Ujamaa by government as an indication of their class bias. But as Hyden states, "Virtually, all studies on Ujamaa production conclude that productivity on the communal farm was considerably below that on the private farms" (Hyden, 1980: 119). Also, repayments of debts to the TRDB has been more successful with private peasants for export crops than with peasants producing food crops (Ibid: 112). If communal production had proven economically viable and profitable, the Government would have financed it since as Musti recognises, "The major advantage of the villages in Kilimo's eyes was the possibility of reaching more peasants at lower costs" (Musti, 1978: 75). What most of these writers ignore is the Ministry of Agriculture's priority towards agricultural output and the need for

foreign exchange in the developmental processes. Secondly, their bias towards individual small-scale peasant production was because it was more efficient. The Government's responsibilities and priorities were defined in terms of economic parameters relating to costs, efficiency, and output, and this forced it to favour individual peasant production. We can therefore see that the organs of the state were pursuing their own policies and priorities in agriculture independently of each other.

Attempts at institutional co-ordination between the Government, on the one hand, and the President and the Party on the other, in implementing ujamaa were also not successful. All three organs were implementing ujamaa in their own ways and according to their own institutional roles. For instance, in relation to the MOA:

The support of Kilimo - a key ministry in the Ujamaa process was less than brilliant. Most of its investment went for the state farms whose performance was disastrous. Moreover Kilimo never bothered to rethink its approach to agricultural development in regard to the ujamaa sector. That approach remained the provision of modern inputs and agricultural techniques without regard for new organisations of production, new modes of production.

(Musti, 1978: 75)

The Ministry of Development Planning failed to provide a strategy of integrating ujamaa into a national concept of development (Ibid: 71), while the Ministry of Rural Development failed to achieve its aim because "there was only a limited number of officials assigned to the ministry for the purpose of co-ordination and they lacked a methodology to guide them" (Musti, 1978: 73).

The failure of institutional co-ordination cannot be explained in terms of class interests but only by reference to the conflict between the policy of Ujamaa and Government's concerns and responsibilities. It

is extremely difficult to see how Government could have effectively participated in implementing ujamaa when, first, it was outside its jurisdiction because it was a political policy, and, second, the whole thrust of ujamaa as it was conceptualised was contrary to ministerial responsibilities. Thus the institutional failure of co-ordination derives from the conflict in views of development between the President and the Party on the one hand and the Government on the other.

#### The emergence of two problems and two solutions

The divergence of interests and priorities between the organs of State became manifested in two diverse problems - that of economic growth and rural organisation. This in turn came to determine two different solutions. We shall first consider the problem of agricultural production and how the three organs attempted to deal with it.

#### Declining agricultural production

As Table 11.1 shows, between 1967 and 1972 the performance of the agricultural sector was very uneven. Apart from tobacco (flue-cured), tea and cashewnuts, the major export crops did poorly. In relation to the food crops, there was a marked decline in maize purchases in 1971/72 and both wheat and rice purchases advanced unsteadily.

The problem of declining production was discussed at the Party Annual Conference of 1972 held in Iringa from 15-20 May 1972. The Party adopted the policy of 'Politics is Agriculture'. No mention was made of communal production (THQ C/T 10.3.1.2. Mkutano wa Hamashauri Kuu ya Taifa, Min. 11/72, Siasa ni Kilimo). The aim of the policy was to combat declining production. As a result, there was a shift in emphasis



TABLE 11.1

## MARKETED PRODUCTION OF SELECTED CROPS, 1964-1975 (Tons)

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Sisal	233540	217588	225084	220093	196892	209303	202180	181104	156849	155400	143400	120500
Coffee	33837	34185	51939	40176	51545	46140	49669	45834	51400	54900	44700	62400
Tea	4812	5682	6800	7158	7923	8777	8492	10457	12706	12700	13000	13700
Tobacco: Flue-cured	1765	4003	3576	4592	5103	8137	8923	8816	10580	10800	15300	12000
Fire -cured	332	1089	1527	3161	2159	3527	2143	3133	3601	2200	2900	2200
Lint Cotton	53206	67034	78814	70830	51348	69403	76445	65338	76900	65100	71500	59200
Sugar	61440	67389	71020	71751	82429	92043	87254	95787	88483	105100	96200	103200
Pyrethrum	2300	3665	4423	6692	4799	3758	2310	3652	4271	3500	3300	4600
Cashewnuts	74060	75985	83277	84317	117585	113482	111167	121510	125600	145100	121700	80300

Source: Ministry of Finance and Planning, The Economic Surveys and data provided by the Bureau of Statistics.

TABLE 11.2

GOVERNMENT PURCHASES<sup>1</sup> OF MAJOR FOOD GRAINS  
('000 tons)

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Maize	80.4	69.6	107.8	105.1	130.2	54.0	186.4	43.0	106.4	73.8	23.9	91.1
Wheat	30.1	29.5	28.0	33.1	27.6	21.0	43.0	56.7	46.8	27.9	14.4	24.5
Rice (paddy)	n.a.	20.6	37.2	29.9	44.6	45.6	93.6	68.6	73.1	59.6	22.7	18.4
Sorghum <sup>2</sup>									0.6	1.7	1.9	2.9
Millets <sup>2</sup>									0.3	2.4	2.5	2.2

1. Some production is marketed outside Government channels. Almost all wheat production is purchased by the Government. Most maize production is for own consumption and only about half of sales are through Government channels. The Government purchases a small (& variable) proportion of other crops.

2. No official purchases before 1972/73.

Source: Marketing Development Bureau, Ministry of Agriculture.

from communal to block farming. According to Von Freyhold:

By 1972 there was already a government directive advising the regions to promote block farms rather than communal farms.

(Ibid, 1979: 112)

At the 1973 Tanu Conference the President drew attention to the problem of declining production. He emphasised the need for increasing cash crops because of foreign exchange requirements. He also emphasised the need for expanding production in order to finance social services.

Nyerere stated:

There is no such thing as 'free' education, 'free' medical services, 'free' water supply. There is no such thing as 'free' agricultural advice, 'free' planning services, 'free' defence or 'free' administration.

(Nyerere, 1973)

The view of development expressed by Nyerere on this occasion was very similar to the view of development held by the production-group within the Government. By 1973 Nyerere was accepting the fact that the implementation of ujamaa should not disrupt cash crop production:

Also caution must be exercised in order to avoid a drop in production, because the nation as a whole cannot afford to lose any of the annual contribution which these areas now make to our foreign exchange through the sale of cotton, coffee, tea or tobacco etc.

(Daily News, 24.9.1973)

In 1973, unlike 1969 to 1972, Nyerere was giving great emphasis to economic considerations, because problems of declining production especially of cash crops were becoming serious.

What is important to note is that between 1972 and 1973, the three organs of the State came together so to speak, in response to the increasing crisis in the agricultural sector, in order to cope with the problem. This led to policy shifts, from the earlier emphasis on communal

production to block farming and the acceptance of individual-based production in the cash-crop areas. The need for the organs of state to respond homogeneously to problems was referred to by the President in the same speech in 1973, when he stated:

For if we are to carry out our intentions of development, Government and Tanu should be separate only as the arms and legs of a body are separate. If a load to be carried from one place to another, then body, arms and legs, all have to work together. So it should be with People, Tanu and Government. None can be thoroughly effective in its own task without activity from the others.

(Nyerere, 1973: 22)

The attempts at co-ordination of policies between the elements of the tripartite system between 1972-73 were in any case short-lived. As in the case of Ujamaa, the Party and President adopted the policy of Villagisation against the advice of the Government. In doing so, these two organs of the state re-asserted the rural development aspects at the expense of the Government's priority of economic growth.

What is surprising, however, is that there were no attempts at price review by the Government, Party or the President. This was despite two important facts. First, the Kriesel Report (1970) had pointed to the declining purchasing power of the peasants; and second, the tripartite system of policy-making was after a long time operating homogeneously. As Lofchie states, "Tanzania's decision to maintain a low producer price for maize as late as 1972-3 defies easy explanation" (1978: 466). I would argue that the failure to increase producer prices is a reflection of the weakness of the Ministry of Agriculture during this period. It compromised its traditional principle of economic growth by ignoring the role of price incentives in production. This illustrates that the adoption of a more

homogeneous approach through the tripartite system is not a guarantee of a correct solution.

#### VILLAGISATION

As the agricultural sector was experiencing problems in production and marketing, the progress of ujamaa development was also coming to a standstill by 1973. Nyerere was concerned with the slowing pace of ujamaa and decided on the policy of Villagisation, that is, the re-settling of all peasants into villages.

The aim of the policy was again determined initially by re-distributive considerations. Villagisation, it was argued, would enable the government to provide services and to improve peasants' living standards. It would also improve their productivity. The idea of villagisation was again very similar to Nyerere's ideas expressed in 1962 and partially implemented between 1969-1972 in the various 'operations'. These ideas incorporated two major elements, the re-organisation of peasants and re-distributive measures nationally.

At the National Executive Meeting of the Party in 1973 Nyerere presented the idea of villagisation and argued that it was possible to separate the issues of "living together" from that of "working together" on a communal farm, and that these two issues could be tackled in different stages. According to Msekwa:

The NEC discussed and accepted the President's submission, and directed that it should be implemented throughout the country.

(Msekwa, 1977: 64)

As a result the policy of Villagisation was adopted. The Daily News (23.8.1974) explained the policy in the following way:

Those who think they can avoid living in such villages are deluding themselves. Those who try to resist going into such villages are also fighting a lost cause. Every Tanzanian peasant will have to move and live in such villages. Anyone who refuses will be taken there by force. On this there will be no half measures.

(cited in Taberi, 1975: 95)

Within a span of merely three years the relocation of Tanzania's peasants in village settlements was achieved. As Nyerere stated, "there are about 13,065,000 people living together in 7,684 villages" (Nyerere, 1977: 41), and:

This is a tremendous achievement. It is an achievement of Tanu and Government leaders in cooperation with the people of Tanzania. It means that something like 70 per cent of our people moved their homes in the space of about three years.

(Ibid: 42)

According to Green et alia (1980: 93) the Government was against the policy of Villagisation because of the problems already occurring in the agricultural sector as analysed in the previous pages. "On the whole (the decision was taken against) technical advice, especially that of agricultural and local Government officials" (Ibid, 1980: 93). This indicates that the President and the Party were again setting aside Government priorities and production problems in the formulation of policies of development.

It would appear that the Government had no funds for the Villagisation because there was no allocation in the budget for this purpose. To carry out the operation, funds had to be cut from other sources. The Government did not mobilise people or the militia. It was a very unpopular policy in Government circles (interview with senior Government official, August 1981).

Economic crisis 1974/75

The policy of villagisation was implemented when various types of agricultural production were already declining, and it is argued that the policy aggravated the shortages of food during the 1974/75 famine. Various studies have documented this. For instance, Fivawa and Matango (1977) showed that 55% of the inhabitants in the district of Tarime attributed the fall in production in their area to the forced villagisation while 44% blamed the drought (cited in Musti, 1978: 60).

As a result of the famine, we saw that Tanzania had to import food grains draining her foreign reserves, which was further aggravated by the sharp rise in the price of oil and higher prices for other imported goods. By the end of 1974 Tanzania's foreign reserves were virtually exhausted (Lofchie, 1978: 455). Under these conditions it is extremely difficult to accept Hyden's contention that policies based on a political-market are effective. On the contrary, I would argue on the basis of the above analysis, that policies of development which exclude considerations of production, growth and timing, are bound to aggravate rather than minimise the problems which may arise from natural disasters and/or events in the international economic system.

The foregoing observations suggest an answer to Coulson's question as to why Government created impossible demands for services which it must have known it could not fulfil. At one level the answer is simple - the Government did not create these demands; rather they were created by the President and the Party. But this leads us to a second question. Why should the President and the Party have created impossible demands for services when they must have known that they would be difficult to fulfil? In fact, we have already seen that Nyerere was quite aware in 1973 about the financial implications of expanding social services, and of the

connection between production and the funding of social services. This question can only be answered as follows. As we have seen Nyerere's view of development has always been rural-development orientated; he believed that re-distributive policies would create development, in other words that people would work harder if the 'state' provided for them. He also believed firmly that peasants in nucleated villages would be able to produce more efficiently, and thus in one stroke the measure would solve both agricultural and rural development problems. It is hard to avoid the conclusion that, as on previous occasions, the President allowed his personal convictions and enthusiasm to get the better of his perception of the objective constraints.

Why did the Party then fail to consider Government problems of economic growth? In an interview with a member of the Party Secretariat, I asked whether the discussions on villagisation at the NEC took into consideration problems of production. The Party official answered that the NEC had instructed that villagisation should wait until after harvesting - so as not to destabilise production - but that Party officials in the regions began to implement the policy immediately. I also asked a high ranking Party official whether due consideration was given to the amount of finance that would be required to fund social services in the villages. He answered that the logistics of getting people into villages was the primary concern, and the economics were to be considered later (interview with Party officials, July 1981).

These interviews illustrate two major points. First, the NEC was aware of the need not to destabilise production but the Party lacked the capacity to control and discipline its own leaders in the regions. Matango, (1971), for instance, referred to this problem when he stated that in some regions not enough guidelines were given to militiamen. Second, the



institutional arrangements for policy-making once again enabled the Party to make a major policy decision without giving due consideration to the implementation capacity of the Government. (We shall see later that the other policies for the rural sector such as the dissolution of the co-operatives and Operation Maduka followed a similar pattern).

#### The Village Act, 1975 and more political policies 1976

The problems which faced policy-makers after the villagisation programme were immense. There was an urgent need for basic social amenities, and to this end, the Party passed the policy of universal primary education and universal water supply. Furthermore, since the villages had been artificially created, it was necessary to create structures which would enable socio-economic activities to take place in them within defined parameters. In 1975 Parliament passed the Village and Ujamaa Act, which conferred legal status and powers on the village, enabling it, for instance, to obtain credits from financial institutions, to sell crops to the Crop Authorities and to enforce bye-laws vis-a-vis the villages.

The Act also provided for the constitution of a village assembly consisting of all persons aged 18 years and above, and a village council to be elected by the village assembly. The village council was empowered to do "all such acts and things as are necessary or expedient for the economic and social development of the viillage". It could plan and co-ordinate economic and social activities of the villagers. Five sub-committees, namely, finance <sup>and</sup> planning; production and marketing; education, culture and social welfare; works and transport; security and defence, provided the structure for organising developmental activities.

The aim of the Village Act was to make the village a multi-purpose

co-operative, with the Village Council (led by the Chairman and Secretary) undertaking and performing various actions on behalf of the villagers. The Act was designed by members of <sup>the</sup> Ujamaa and Co-operative Department of the Prime Minister's Office, though instructions for it had come from the Party (interview with Government officials, August 1981). It appears that the main preoccupation of the designers was to create a distributive arrangement which would eliminate the need for primary and secondary co-operatives, which, as we have seen, were experiencing problems. It was believed that an arrangement which evolved out of the village itself (by-passing the Unions and primary societies) would be more efficient than the previous co-operatives, because it would leave the producer with more income. It was these ideas and beliefs which structured the design of the Village Act 1975; and as a result, although the Co-operative Unions and primary societies were still in existence, no mention of them was made in the Village Act.

Meanwhile, the above ideas appear also to have been shared by a Government Task Force which was appointed by the Prime Minister's Office in May 1976 to identify the problems faced by the co-operatives in providing adequate crop purchasing services. The Task Force argued that the co-operative structures were inappropriate to the new changes in Tanzanian rural society. The existence of primary co-operative societies was considered incompatible with the Villagisation programme and the Village Act, which had made villages into primary marketing units (Marketing Development Bureau, 1977). As a result, Kawawa, the Prime Minister, dissolved the co-operatives in May 1976, and a new structure of crop marketing was instituted. This was designed to improve economic efficiency and peasant incomes while bringing marketing into line with the new political and social goals. The functions of the primary co-operatives

were taken over by the village, acting as a multi-purpose co-operative, while the functions of the dissolved Co-operative Unions were passed to national institutions, which were the District Development Corporations, Regional Trading Companies, the parastatal crop authorities and the National Milling Corporation. In the same year (1976) the Prime Minister Kawawa passed the policy of Operation Maduka, which led to the phasing out of private retail trade which were to be replaced by co-operative retail trade (see case study on Socialisation of Trade).

Thus within a period of merely three years (1974-1976) the peasants of Tanzania were plunged from one intense form of instability, fear and insecurity to another, which touched the most crucial and sensitive areas of human existence -- the physical destruction and relocation of their homes and the unfamiliarity of the new farming environment, the horrific experience of hunger and the threat of famine, and the dis-organisation of marketing and distribution networks for their crops and the disruption of retail shops for access to such basic items as kerosene, sugar and salt. Such disorganisation in the rural economy can only be rationally explained by the conflicting policies and priorities of the three organs of the state and by the institutional arrangement for policy-making which allowed the President and the Party to exclude the Government in the formulation of development policies.

## THE STATE OF AGRICULTURE: POLICIES 1977 - 1982

The conflicts which characterised policies towards the agricultural section in the Villagisation phase have continued to be evident during the most recent period; but there are also significant points of agreement between the three organs of the state. Nyerere's position changed and moved closer to that of the Government as the economic crisis became more serious during 1979/80/81.

Before we consider the different policies of the three organs of state it may be fruitful to recapitulate the significance of the agricultural sector and the social groups involved in production. The following summary from the World Bank is adequate:

Agriculture continues to dominate the Tanzanian economy, accounting for 50% of GDP and more than 80% of export earnings. About 90% of Tanzania's population lives in rural areas, with approximately 2.25 million farm families grouped together into 8,000 villages.

Smallholder farmers contribute about 75% of Tanzania's agricultural export earning and more than 80% of the value of marketed cereal production.

Private large scale farming produces some 25% of coffee, 90% of tea, 50% of sugar and sisal, most wheat and part of maize and milk production still comes from private estates representing export earnings or import savings at present prices of some US \$80 million annually. It also employs some 90,000 persons and carries its activities largely independently of Government services.

(World Bank, 1974: 1: 6)

Besides the smallholder farmers, and large-scale farmers, there are also state farms run by parastatals. There are also block farms which

were organised mainly by the Party under the Villagisation campaign. Thus the agricultural modes of production are fairly diversified.

#### Policy Agreements: The virtues of Largescale Production

The three organs of the state appear to have reached some agreement on three specific points pertaining to the agricultural sector. The first is the indispensibility of raising production (both of food and of cash crops). We saw how in the period of the primacy of politics (1969-1974) agricultural production was de-emphasised in favour of socialist organisation. In recent years, the President and the Party have gone out of their way to emphasise the need for increased agricultural production. The Party has identified four major roles for the agricultural sector: production of cash crops for primary processing; production of food crops and dairy products for domestic consumption; production of cash crops to generate foreign exchange; and "a strong agricultural sector to act as the backbone for industrial take-off and technology" (Daily News, 17.7.1980).

The Party has also accepted the principle that productivity should be materially rewarded, as evidenced by its new policy of Sera ya Taifa ya Tija, Mapato na Bei (1980). Thus another area of contention between Government and President/Party has been removed.

The third area where there appears to be agreement is on the new emphasis placed on large-scale farming as opposed to peasant production. The recent approach of both Party and Government towards the agricultural sector has been to emphasise large-scale farming based on modern forms of technology. We shall explore this in greater detail when we consider individually the approaches of the different organs of the state.

There are numerous agencies participating in the agricultural sector. They include the Party, the Ministry of Agriculture, the Prime

Minister's Office, and the Parastatals. There are presently over a hundred parastatals which are directly concerned with agricultural production (World Bank, 1981: 12). The Prime Minister's Office is mainly responsible for rural development activities, while the Party has increasingly participated in the activities of agricultural production, in planning crop targets for regions and recommending certain crop choices for village production. What are the policy responses of these organs of the state? Particular emphasis will be given to the Party, the Government/MOA and Nyerere but references will also be made to the Prime Minister's Office.

We know that institutionally, the Government/Ministry of Agriculture does not formulate policies. The following interview shows the position of the Ministry of Agriculture/Kilimo in terms of policy-making.

Kilimo does not discuss policies  
we merely implement policies.

Why?

Kilimo has not done any forms of research  
on effects of policies as far as agriculture  
is concerned.

Why?

Ujamaa and Villagisation were placed under  
the Prime Minister - they were not placed  
under Kilimo.

(interview with senior Government  
official, August 1981)

However, despite the above (institutional barrier to policy-making) there is increasing evidence that the Government is in favour of large-scale farming as the basis for the modernisation of agriculture.

This can be seen in the policy paper of the Ministry of Agriculture (MOA)

entitled Agricultural Mechanisation Policy (1979). The paper attempts to situate a policy of mechanisation within the political approach to rural development called for by the Party and the President. The paper begins by stating:

Fundamentally, Tanzania's development focusses on rural development with agriculture as the basis. The aims of development are 1] social and economic equality both individual and regional 2] self-reliance; 3] social and economic transformation of people and production methods.

(MOA, 1979: 2)

Nevertheless, agricultural mechanisation is defined to include the use of "tools, implements, and machines operated by human, animal or mechanical power to carry out all activities related to production and harvesting, handling and processing of agricultural production" (MOA, 1979: 1). This broad definition of mechanisation enables all categories of agricultural producer to be incorporated into the programme.

The policy paper is guided by a high degree of economic rationality. It states that "further investment in tractors and power equipment by public institutions will only be encouraged where such institutions have developed the capability to efficiently utilise their existing inventory" and that "the introduction and support of mechanical power at village level will be undertaken only after measures to ensure efficient use are taken" (MOA, 1979: 7). This is an attempt to avoid the types of waste that occurred under early mechanisation policies.

The policy paper also makes provision for credits. The paper states:

Credit will be made available on appropriate terms to those providing necessary services, whether public or private e.g. machinery hire services, machinery manufacturers, machinery dealer/distributors.

(MOA, 1979: 11)

A similar principle is applied to the village community, which will have to hire its mechanical power requirements. The aim is to have a mechanisation co-operative, which would then hire out its services to other villages. The policy aims to form mechanisation co-operatives at village level, then progressing upwards to form the Agro-Mechanisation Centre at the national level (Dagg, 1980).

The second major innovation which has been brought into agricultural development by the Ministry of Agriculture in the recent period is the Crop Monitoring and Early Warning Systems Project (1980). This is an attempt to predict harvests and hence avoid a repetition of the 1974/75 famine experience, which took the Government and Party administrations by surprise.

The main aim of the project is "to provide advance information and assessment to Government on crop production, stocks, supplies and utilisation of food grains for all the Regions of mainland Tanzania" (Kilimo, 1980: 1). It involves a complex process of data gathering on various food crops, their growth, planting dates, incidence of pests, diseases and local adverse weather conditions. These data are collected on a monthly basis and allow the project to evaluate the forthcoming harvest on a qualitative basis. This project illustrates the Ministry's emphasis on high level technology, and in turn indicates that the Decentralisation system, which was supposed to co-ordinate information, has not been very successful in this area.

We can therefore see that the MOA's recent policy towards the agricultural sector is to emphasise a 'modernisation' approach, favouring large-scale production, mechanisation and use of advanced technology. This emphasis is not necessarily opposed by the Party. The Party has also emphasised large-scale production. For instance, in its recent publication



Mwongozo wa CCM 1981 the chapter entitled "Agricultural Revolution in the village is the first priority" outlines the Party's policy for bringing about changes in the agricultural sector. It emphasises large-scale farming (CCM, 1981: 80) and stressed the use of mechanisation, which includes the use of ploughs, modern implements and tractors (CCM, 1981: 84). Like the Ministry, the Party states that "the aim of the Party is to transform peasant hoe reliance to ploughs and tractors" (CCM, 1981: 85). We can therefore conclude that both Party and Government are pursuing a modernisation approach to agricultural development which favours large-scale production as opposed to small-scale peasant production.

#### Policy Conflicts: Communal versus Private Large-scale Production

Although both organs of the state favour large-scale farming, there is, however, a conflict over how to achieve it. For instance, in interviews conducted with Kilimo officers it became clear that there was resentment against policies which prohibited large-scale farming based on private capital. It was pointed out that private capital was allowed to invest in industry but that it was not allowed to invest in agriculture where it was equally needed. A clear policy on private large-scale farming was needed, argued Kilimo officers.

The need for private large-scale farming has become more acute, especially since state farms and estates have not proven successful. Between 1980 and 1981 the Party was forced to intervene in a number of farms run by cash-crop authorities and under the authority of Kilimo to investigate problems of declining production and loss of funds as a result of mismanagement (interview with Party officials, July 1981). Several state farms such as NAFCO have also incurred losses.

It appears that the Ministry of Agriculture has also failed to

maintain good husbandry conditions in both state farms and areas of peasant farming. Most of Tanzania's major export crops have been afflicted by disease because of bad husbandry. For instance, the weevil in sisal "has now become so widespread in East Africa that its extermination is now virtually impossible" (Mlingano Report, 1980: 1). The report explains:

Although potentially devastating in effect the presence of the sisal weevil in the sisal estates has been a subject of some neglect in the last 10 years.

A survey carried out in 1976 by members of A.R.I. Mlingano revealed the lack of responses to the presence of the weevil and to practical insecticidal control.

Work on sisal weevil control has been in progress only since January 1980 after a gap of 8 years.

(Mlingano Report, 1980)

Lack of good agricultural husbandry has also affected peasant-based crops, such as banana; thus, "since the year 1977 banana weevils and nematodes pest population appear to have increased abnormally" (Maruku Annual Report, 1979/80). Meanwhile, cashewnut crops and coconut trees have also been affected by disease (Cashewnut Authority, 1980; National Coconut Development Project, 1980). These reports indicate that the Ministry of Agriculture failed, over a long period, to maintain good husbandry methods in both state farms and peasant-based cash crop production, which, together with other problems, led to decline in production.

The Party policy, on the other hand, does not favour private large-scale

farming. The Party calls for large-scale farming based on state farms and co-operative farms (CCM, 1981: 82), and "socialist agriculture" is given the first priority (Ibid: 88). The CCM document states that:

The potentiality of the large communal production farm exists - provided there is the will, planning and proper leadership.

(CCM, 1981: 83)

The belief and conviction that peasants are capable of producing more on a communal basis was re-affirmed in an interview by a Regional Commissioner, who argued that peasants, if properly mobilised, educated, organised and given the necessary assistance (in terms of material and leadership inputs) were capable of increased production (interview with Regional Commissioner, July 1981). This conviction was shared by members of the Party Secretariat whom I interviewed. Thus:

Party believes that Tanzania has the capacity to produce more ... peasants have the capacity to generate foreign exchange ... problems of bottlenecks such as transportation etc. are the failure of parastatals, such as NMC. Peasants can put effort if the Party calls.

(interview with Party officials, July 1981)

The President's position in agricultural policy-making is crucial and, as I have already argued, his position can often tip the balance between Government's need for economic growth and the Party's policy of socialist organisation. For instance the following interview illustrates the important role the President plays vis-a-vis Party and Government relations.

Professionals are not given enough time - no resource allocation. Policies are not tested at all.

Most problems emerge as a result of dead-line given by the Party and also because policies are difficult to implement.

Policy makers cannot take into account implementation problems. The President is aware of implementation problems through the Cabinet, the ECC and is in a position to bend certain policies from the Party so that they can fit in with implementation problems.

(interview with senior Government official, July 1981)

This role of the Presidency explains the contradictory type of statements which the President has issued, for instance, between 1979-1981, reflecting the types of pressures to which he is subjected. Between 1979-1980/81 Nyerere has given contradictory statements, which reflect the types of pressures to which he is subjected. We shall consider the major statements he has given:

Ujamaa here to stay, says Mwalimu (Daily News, Nov. 3, 1979)

"People who think Tanzania will change her cherished policies of Socialism & Self-Reliance because of the current economic difficulties are wasting their time".  
"We shall never change", President Nyerere declared in Dar es Salaam yesterday.

Ujamaa will be built in stages - Nyerere (Daily News, May 7, 1980)

"The road to socialism is full of setbacks and at times it is necessary to retreat in order to advance further. Retreat is part of a strategy for consolidation".

Large-scale farmers welcome - Nyerere (Daily News, June 6, 1981)

"Tanzanians were free to engage in large scale farming, provided they did not encroach upon established villages in the country".

The President's contradictory statements reflect the dilemmas of building a socialist country in a context of chronic economic crisis. They reflect his intermediate position vis-a-vis the Party and the Government. Nyerere's statement that private large-scale farming is welcomed was meant to appease the Government's concerns in regard to agricultural development; but there is no indication that the Party

accepted the President's pronouncement, since the question of private large-scale farming was not included in the CCM Mwongozo, 1981, which was published later. If anything, the CCM Mwongozo remained antagonistic towards private capital in the economy (CCM, 1981: 52).

We can therefore conclude that while there is a broad agreement between the two organs of the state on the need for large-scale farming (as opposed to small-scale peasant production) and on mechanisation, there is a conflict between the methods of achieving these aims. The Party believes that peasants are capable of large-scale communal/co-operative production if properly mobilised, organised and assisted by both the Party and the Government. The Government, on the other hand, feels that private capital would be a cheaper and more productive way to achieve large-scale production, especially after the experience of 1969-1974.

Although the Government has not come out directly with the argument that peasants are not capable of large-scale production, nevertheless, evidence from rural development experience would indicate that this is so. We shall now consider this evidence, which comes mainly from the Prime Minister's Office.

#### Problems of large-scale communal and co-operative activities

We have seen that the Party's policy in relation to the agricultural sector is to have socialist organisation, that is, to promote large-scale farming based on peasants' communal and co-operative production. Agricultural production should therefore be ujamaa production. The CCM Mwongozo, 1981 outlines the methods of achieving large-scale communal production by peasants. It states that the Party would be obliged to do two things. First, it would have to educate peasants in agricultural husbandry and ensure that Government had proper plans for procuring

agricultural inputs cheaply for the peasants (CCM, 1981: 84). Secondly, the Party would have to ensure that there was a programme of planned work which would build up discipline and facilitate work responsibilities as well as professionalism. (CCM, Ibid: 87). The Party emphasises mobilisation, organisation and education as methods of bringing about an agricultural revolution. Education is considered essential by the Party because large-scale farming requires knowledge of management principles (CCM, 1981: 89).

It would appear, however, that the Party's policy of large-scale production based on village/peasant communal efforts has not taken sufficient account of the specific types of problems besetting village society. Although the policy acknowledges the need for education for management, it is precisely in educated manpower that village economy is most deficient. For instance, the majority of village chairmen have less than Standard VII education, secretaries have a better education up to Standard VII but only 3.5% have more than Standard VIII. Village shop-keepers are also deficient in education; 42% have less than Standard VII (PMO, 1980e: 12-20).

Various attempts to bring into the villages functional officers such as the Bwana Shamba, livestock officers and other district personnel (Fortman, 1978: 18) and the appointment of village management (1977) were designed to rectify these deficiencies at the village level. This, however, meant that Government had to subsidise village manpower by sending in officials, thus increasing bureaucracy and recurrent expenditure. The Prime Minister's Office undertook to train members of the Village Councils, and for 1978/79 the goal was to train 89,772 members of the Village Councils. But the programme had to be abandoned "because of the war and the resultant freezing of the programme funds" (Linjewile, 1979: 11).

The absence of managerial skills at village level was a major contributory cause to the problems of the Village Act, 1975, which was its failure to take adequate account of management capacity of peasants. The main preoccupation of the PMO in designing the Act was to create an arrangement for distribution which would by-pass the primary and secondary co-operatives, which were acting as 'middle-men' to the peasants. The Act envisaged that a system would evolve out of the villages themselves which would operate at a lower cost than the previous co-operatives. The Village Council would be responsible for crop procurement, and would sell crops to the Crop Authorities as well as negotiate loans with the TRDB.

The Village Act was structured in such a manner that literacy, education and management skills became crucial factors in development; yet these were precisely the factors which were usually absent at village level. As a result, villagers were unable to conduct their collective business efficiently, the major item being crop procurement. Records were badly kept, and it was difficult to maintain a simple financial statement (interview with senior Government official, August 1981). Finally, those who were trained often ran away from the village, and short-term training courses did not prove very successful (PMO, 1980d:75). Finally, a lack of stores, safes, scales, lorries and roads, limited the effectiveness of villages in doing their own procurement. (MDB, 1977). The failure to consider peasant capacity and facilities available in the villages came to negate the *raison detre* of the Village Act, which was to enable peasants to handle their crop procurement. The Village Act also aggravated problems for the Ujamaa na Ushirika Department as the following passage from its Head illustrates:

The passing of the Village Act in 1975 had tremendous adverse effects on the ability and performance of our Department (PMO Ujamaa na Ushirika) to provide the necessary management assistance to the co-operative movement ...

I would venture to say that the Department, in respect of the size of its personnel population and the skills available to it, (only about 800 of them had the necessary training and work experience in the areas of management and accountancy) was not quite prepared to respond effectively to the needs for management assistance of a tremendous large number of village co-operatives expected to be registered under the Act. At the risk of appearing apologetic, it must be stated that we were destined to fail.

(Linjewilla, 1979: 18)

Thus it would appear that the designers of the Village Act in the Prime Minister's Office, Department of Ujamaa na Ushirika, 'overlooked' its own Departmental's capacity in implementing the Act. These two instances indicate that the Prime Minister's Office (Department of Ujamaa na Ushirika) had during this period adopted a 'political' approach to rural development.

From these experiences, I can argue that the Party's policy of emphasising large-scale production based on peasant communalisation/block/co-operative efforts would create demands on resources which are scarce at the village level (such as managerial and organisational skills); and would incur greater costs for the Government through subsidies. For instance, Vail (1975: 30) estimated that it would cost between \$25-30 million which constituted 28-33% of the MOA's budget for the Second Five Year Plan period to provide each of the 4,920 villages existing in 1972 with one tractor and related equipment. Since that time, the number of villages have increased, inflation has tripled and Government resources have dwindled. Finally, there is no evidence that the Party itself has seriously considered and evaluated its own capacity to sustain over a



long term period large-scale peasant communal production - without having to resort to coercion, which is a politically unacceptable method of mobilisation, and can have repercussions if maintained over a long period.

The conflict between the Party and Government /MOA over agricultural policy has been reflected recently in changes relating to the institutional framework of rural development. As we have seen, the Prime Minister's Office was responsible for rural development, and a special department was created in 1969 entitled 'Ujamaa na Ushirika' which offered services and research on problems of rural development. It also provided training facilities for diverse activities. On the other hand, the Party was responsible for implementing ujamaa through mobilisation.

In 1981 the PMO adopted the policy of community development and came out in favour of co-operatives, two policies associated with the 'modernisation' ideas in operation in Tanzania between 1962 and 1966. The policy of Ujamaa, on the other hand, was sent to the Party for implementation. Why?

Ujamaa is a national policy and it is only fair that it should come under the hegemony of the Party.

(interview with PMO official,  
August 1981)

Thus what appears to be happening is that the Government/PMO has reverted to a modernisation approach towards rural development, while the 'political' approach promoting socialist organisation has been returned to the Party. As in the case of agricultural policies proper, the Government/PMO and the Party are now pursuing different policies in a parallel way.

This separation of policies is meant to increase the accountability of each organ of the state and to make it possible to assess progress of problems more clearly. This would indicate either that the conflict

which has characterised Government/Party relations has now become acceptable, or that the differences are irreconcilable, so that diverse policies of development have to be allowed to co-exist.

We can conclude this section on recent policy-making for the rural sector <sup>by saying</sup> that the conflict between Party and Government is still evident; the former is still calling for agriculture based on socialist organisation of large-scale farming by peasants, while the Government would prefer to have large-scale private farming. In Government circles it is believed that it would be more difficult to achieve large-scale farming based on socialist organisation of peasants because both the peasants themselves and the Party and Government lack the capacity to sustain the management of large-scale socialist farming. Nyerere has modified his position to allow large-scale private farming, but there is no evidence that his pronouncements were taken sufficiently seriously by the Party as to lead to policy modifications.

As a result of these conflicts, there are diverse policies running concurrently in the agricultural sector. But the contradictions which this situation would otherwise have created have been muted by the economic crisis, as all the organs of the state in their different ways are on the defensive.

Writers as different as Lofchie and Von Freyhold have tended to explain recent Tanzanian policies by merely referring to one trend in policy-making, arguing on this basis that Tanzania has abandoned socialism. As I have attempted to show, however, two different types of policies are being pursued independently of one another by two organs of the state, namely, conventional modernisation-type policies (pursued by the Government) and the socialist organisation of agricultural and rural development (pursued by the Party). This creates a more complex

situation in development, as well as in understanding the state, than Lofchie and Von Freyhold allow.

The co-existence of these diverse policies in such a crucial sector as agriculture indicates a broader conflict between Party and Government as to the types of solutions that are required to solve the country's economic problems. This conflict, as I have argued, can be traced partly to different conceptions of development. The Party's view of development has always been distribution-orientated and has relied more on human mobilisation to achieve results. But it is also, I have argued, a result of the 1965 Interim Constitution which allows the Party to formulate policies taking into consideration only political and social variables; here lies the root of an approach to development which does not take into consideration implementation problems or capacity. On the other hand, the Government's view of development has been influenced over the years by problems of implementation, and it has evolved its own policies on a de facto basis to solve them. The political-institutional arrangements thus explain to a large extent, the contradictory and problematic character of development policy in Tanzania.

#### CONCLUSION

The strains derived from the conflicting views of development of the three organs of the state, the President (rural development), the Party (marketing), and the Government (economic growth) have been reflected in the instability experienced by the agricultural sector in Tanzania.

Although the Government, in the early 1960s, attempted to keep these issues separate as a way of safeguarding its priority of economic growth, by 1966 the agricultural sector was already experiencing problems

as a result of 'political' policies. This situation was further aggravated, first, by the new institutional arrangements which removed policy-making from the Government's sphere of responsibility and vested it in the Party; and, second, by the increasing adoption of a 'political' approach to development by the President and the Party (1969-72). The Government became progressively weakened, with the consequence that its first priority, economic growth, was downgraded in favour of socialist rural development. The effects of this on the agricultural sector was intensified by the poor leadership provided by the Ministry of Agriculture during the early and mid-1970s.

Beginning in 1972 the problem of sustaining economic growth began to be widely appreciated once again. The three organs of the state 'came together' so to speak in an attempt to cope with the problems of declining production, leading to policy shifts from communal to block farming and to tolerance of individual farmers. Nevertheless, soon afterwards the President and the Party adopted the policy of Villagisation, setting aside once again Government's problems and concerns regarding the agricultural sector.

Further 'political' policies were passed in 1976, which destabilised distribution and marketing networks in the rural areas. These were the policies of Operation Maduka and the dissolution of the Co-operatives, which increased the disorganisation in the rural society. An attempt by the Prime Minister's Office to regulate socio-economic life in the villages, the Village Act 1975, failed because the designers overlooked the limited managerial capacity of the peasants.

In the 1980s the agricultural sector has been torn apart by interlocking problems of production, marketing, lack of retail facilities, transportation, and village organisation, in the context of the general

economic crisis of the country. All three organs of the state have once again 'come together' in a bid to increase production. But the appearance of unity and stability conceals conflicting policies, which have been relegated from the political arena onto the development process. The Party and Government are each developing their own 'projects': the Government (Ministry of Agriculture, and the Prime Minister's Office) are adopting a modernisation approach to agriculture and rural development based on private capital while the Party continues to emphasise socialist organisation. The President has resumed his traditional role of alternating his support from one organ to the other, depending on whether he speaks as Head of Government or Head of the Party. This shows that the conflict between the theory of socialism and the existing objective capacity of the economy has not yet been resolved in Tanzania.

FOOTNOTE

1. The Ministry of Regional Administration & Rural Development 1969; Decentralisation and the creation of the Prime Minister's Office, 1972.

### CONCLUSION TO PART III

The analysis of the three case studies - on the policy of private capital, on internal trade and on agriculture and rural development - has confirmed the broad outlines of my analysis of development policy-making in Tanzania under the tripartite system. It has also documented complexities which were only hinted at in Part I and II.

Part III has confirmed the crucial role of the relationship between the Party and Government. In each of the case studies, we saw how there was a basic conflict between the Party and Government's position. This difference, I argued, was traceable to the views of development held in these two organs and to their institutional functions. The Party's approach to development was greatly facilitated by the institutional arrangements for policy-making, which enabled the Party to continue up to the 1980s to consider implementation problems as extrinsic to policy-making. The consequences of this approach for development were empirically demonstrated. Briefly summarised, development problems became aggravated creating destabilising effects on the development processes. The Party and Government were working at cross-purposes; the former's policies expanded the need for manpower and recurrent expenditure, while the latter was trying to minimise their expansion. Each organ was going its separate way, emphasising its own policies in particular areas of the economy.

The Government adopted a 'political' approach to development (1969-1974) relegating the production-minded group to a minority status. This affected the three policies analysed because economic growth was compromised during this period. However, when the production-orientated group became dominant once again during 1976-1982, their effectiveness was curtailed because certain ministries, notably the Prime Minister's Office and the

Ministry of Trade, persisted with a 'political' approach in matters pertaining to rural development and trade. At this level, the Government ceased to function as a unitary entity.

Superimposed on these trends is the determining influence of the Presidency. The President often played a strategic role because he could tip the balance between the Party and the Government by alternating his support from one organ to another. This role of the President was evident in all the three case studies. Thus in 1967 the President was closer to Government's position on the issue of private capital (Public Ownership policy), on internal trade - when he opposed the nationalisation of the wholesale and retail trade - and on agriculture, when he allowed and supported progressive farmers though he was against large-scale individual farming. Between 1969-1974, the President changed his position on all three issues. Again, between 1976 and 1982 the President modified his position on two crucial issues, the role of private capital in development and large-scale farming in agriculture, which brought him closer to Government's position. I would argue that the President tends to come closer to Government's position during periods of economic crisis and reverts to the Party's position when the crisis has been overcome. While this role allows him to maintain a 'balance' or 'unity' between the two opposing views of development, as well as creates flexibility in policies, it also created instability in development.

These three elements were evident in various degrees in all the three case studies. At the same time, each policy-sector bears the imprint of one organ of the state more heavily than the others. Thus the influence of the Government, notably of the conventional view of development and the production-orientated group, is most evident in the policy on private capital. Except in the period 1969-1974 (during the primacy



of politics), the President supported Government's position. The Party never supported the Government's position on the role of private capital, and it has remained consistently antagonistic to private capital.

The influence of the Party has been most strongly experienced in internal trade. As we saw in Parts I and II, internal trade was one of the traditional preoccupations of the Party. The Government did not favour the Party's policy of the nationalisation of the wholesale trade (1970), which was supported by the President. But neither the President nor the Government supported the Party's policy of Operation Maduka (1976), which 'socialised' retail trade.

The President's influence has been most decisive in the agrarian sector. The President has shown a continuous and persistent tendency to give priority to rural social organisation at the expense, if necessary, of economic growth. In this he has received support from the Party. The Government did not favour the policies of Ujamaa or Villagisation but was powerless to stop them.

These findings illustrate that development policy-making in Tanzania is an extremely complex process, which cannot be reduced to a single factor - be it class interests, or the President's personality. The tripartite system and the beliefs and understandings of the policy-makers play an important role in the formulation of policies, though one organ's view and emphasis may assume particular importance in a given sector or at a specific time. This situation allows for conflicting policies to be pursued in parallel, and for one type of policy to assume dominance while the other remains latent, to be revived at an appropriate time.

## CONCLUSION

The main task of this thesis has been to offer a new explanation of the Tanzanian development experience since 1962. I began by rejecting the class analysis and dependency approach of the radicals as well as Green's 'pragmatic dependency' approach and the official Tanzanian Government explanation with its heavy emphasis on exogenous factors. The thesis has also extended Hyden's work by offering an explanation of why policies which were self-evidently mistaken or counter-productive were persistently pursued.

The new explanation which has been offered combines an analysis of Tanzania's political institutions in terms of a tripartite system of policy-making and an analysis of the aims and ideologies of the policy-makers. Thus the thesis has examined development policies within a political-institutional context by differentiating between the organs of the state - the President, the Party and the Government. This approach has enabled me to explain each policy in relation to the organ sponsoring it, and to examine its overall consequences for the development process in terms of the view of development, priorities and institutional functions of that organ. This approach has also enabled me to explore the often complex interrelationships of the tripartite system, presenting a more comprehensive understanding of the Tanzanian policy-making system and its effects on the development process. The thesis has examined the period 1962 to 1982. I examined two historical periods, 1962 to 1966, and 1967 to 1982. The transition between these periods is important because of the change in the institutional arrangements for policy-making. Prior to 1965 the Government formulated policies and implemented them. With the introduction of the Interim Constitution, <sup>and especially after 1969,</sup> the Party formulated

policies and the Government implemented them. However, I argued that despite this institutional arrangement, Tanzania had in practice a tripartite system under which the President, the Party and the Government each influenced policy-making to a significant extent. This situation created a very complex situation in policy-making, which was further aggravated by the different priorities and views of development prevailing in the different organs of the state. Also, the institutional division of labour between policy-making and implementation introduced a destabilising effect on the development process.

The chronological chapters of the thesis pursued three themes - the relationship between the Party and the Government, the views of development held in the three organs of the state, and finally, the consequences of a 'political' approach for the development process. In addition, three case studies - on private capital, internal trade, and agriculture and rural development - were analysed in terms of the three themes.

The analysis in Part I, 1962-65, showed that the state in Tanzania was not homogenous; there was a conflict between the Party and the Government and the President was sandwiched between them. This situation created instability in terms of policy-making because all three organs continued to formulate policies. On this basis I argued that Tanzania had a tripartite system of policy-making. One of the major concerns of the 1965 Interim Constitution was to find a working relationship between the Party and the Government, which indicates that the conflict between the two organs of the state was recognised as a serious political problem.

The conflict between the Party and the Government was expressed in two opposing views of development. On the one hand was the Party's activists' view of development which called for immediate re-distributive measures and for increased state control of the economy. More specifically,

Party activists pressed for Africanisation and for a rapid expansion of the co-operatives to replace the Indian traders; and they were against investments by private capital. The Government on the other hand evolved policies which were based on the encouragement of private capital in major sectors of the economy. Government's major priority was to achieve a faster rate of economic growth. Private investment was viewed as essential given the limited capital, manpower and technology that were available to the Government.

The co-existence of these two views of development created uncertainties, especially vis-a-vis private capital. Between 1963 and 1964 the Government modified its position to accommodate the Party activists' pressures and demands. The Government incorporated limited re-distributive measures into the development programme, giving in to the Party's demands on the issue of Africanisation and on the expansion of the co-operatives; but it held firm on the issue of private capital and proceeded to pass the FIPA Act to protect foreign capital in the eventuality of nationalisation. These measures failed, however, to appease the political demands of the Party activists. The President's support for the Government's position did not prevent him from supporting the Party's position also, and in this way, both organs could identify their positions with the President's and use the latter's speeches to counteract the policies of the other.

Finally, Part I of the thesis examined the outcomes of the policies which were passed between 1962 and 1966. It was argued that policies that were not politically interfered with had a high degree of success, while those which were implemented as a result of political pressures were already creating problems by 1966. Politically motivated policies undermined the conditions for the successful achievement of Tanzania's fundamental political goals.

The 1965 Constitution recommended that the Party be able to continue

formulating broad political guidelines of a policy nature while the National Assémbly continued with its legislative functions. This created the conditions in which, in later years, the Party assumed responsibility for policy-making while the Government remained responsible for policy-implementation. I argued that this arrangement introduced a destabilising element into the development process because it created a wedge between the conception of policies and the practicalities of their implementation. This problem was analysed in the second part of the thesis.

Part II looked at the period 1967-1982 drawing again on an understanding of the interrelationships between the Government, the Party and the President. The tripartite system became more complex during this period, and this was reflected in the analysis of major policies of development. The complexities of these relationships as well as the changes that occurred over time within each organ were analysed and their influences on policies investigated and documented.

In Chapter Five I argued that in the formulation of the policies of the Arusha Declaration, the Party, the Government and the President were not functioning as parts of a homogeneous entity. Each organ of the state had different priorities and concerns which it was able to bring to bear on the making of policy at different stages of the process. The analysis did not find any evidence that the class in power was formulating policies to further its own class interests. On the contrary, we saw that the Party and the Government were operating at cross-purposes. In Chapter Six, 'The Primacy of Politics in Development 1969-1974', I showed how, for the first time, the three organs of the state adopted views of development which had a common underlying theme, giving greater emphasis to political goals than to present economic constraints. The influence of these diverse

but convergent intellectual traditions was with reference to the Five Year Development Plan 1969-1974 as well as to the major policies passed during the period. A new dimension which added complexities to the Party-Government relationship was the change within the Government. In this phase the most influential sectors of the Government adopted a 'political' approach to development, relegating the conventional view to a minority status. Thus the Government's view of development and its working methods were no longer <sup>relatively</sup> homogeneous as they had been during 1962-1966. I argued on this basis that the real revolution in Tanzania's approach to development occurred between 1969-1974, and not with the Arusha Declaration as is commonly assumed.

In Chapter Seven I examined the outcomes of the 'political' policies and the resulting policy changes. I argued that the political policies were misguided because, failing to consider economics as inputs into policy-making, they weakened the economy's capacity to cope with exogenous factors. In Chapter Eight I looked at the period following the 1974/75 crisis and argued that the Government and the Party were once again operating at cross-purposes. I documented this by tracing out the contradictory policies which were pursued between 1976 and 1982. With the economic crisis, (1974-75), the Government began once again to emphasise economic growth, the need to reduce recurrent expenditure and the encouragement of private capital in productive sectors. The President supported the Government in this. The Party, on the other hand, continued with its traditional concern to replace private capital by co-operative shops in internal trade.

As the second economic crisis continued to deepen, all the three organs of the state once again attempted to come together to solve the crisis, but this unity was fragile, concealing conflicting policies and

strategies. These conflicts became more apparent in Part III, which looked into individual policy areas in terms of interactions of the tripartite system.

Part III again pursued the three themes of the thesis, and the evidence presented confirmed their importance. Each of the case studies illustrated that there was a strong conflict between the Party and the Government. This conflict was made more complex by the role the President played in relation to specific policies. Thus in the case study on private capital, the President was closer to Government's position than to the Party's during 1976-1982; though during 1969-1974, the President had been closer to the Party's position. In internal trade, the President supported the Party's demands for nationalisation of wholesale trade in the 1970s but neither the President nor the Government supported the Party on the policy of Operation Maduka in 1976. The policies on rural development were distinguished by the fact that they were mainly initiated by the President; the Party supported the President but the Government's support was lukewarm.

Finally, the case studies also provided empirical data to illustrate how the problems of implementation which were experienced were related to faulty policy-making. The practice of formulating policies without reference to economic considerations, I have argued throughout, leads to policy-failures. In Tanzania in the 1970s this practice aggravated development problems and weakened the economy's capacity to cope with exogenous shocks.

This thesis has sought to reinterpret the Tanzanian development experience. It has not attempted to provide solutions to the many problems it has raised. On the other hand, I hope my analysis has provided a framework within which it will be possible to begin a discussion of the way forward towards better development policy-making in Tanzania.

APPENDIX ONE

Dates of Interviews

Interviews with Party officials occurred on:

1 July 1981

4 " "

13 " "

14 " "

15 " "

16 " "

21 " "

24 " "

25 " "

27 " "

28 " "

18 August 1981

19 " "

20 " "

Interviews with Government officials occurred on:

18 June 1981

22 June "

23 " "

26 " "

2 July "

3 " "

6 " "

9 " "

10 " "

16 " "

22 " "

23 " "

29 " "

30 " "

12 August "

13 August 1981

14 " "

15 " "

17 " "



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