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TANZANIA : RECENT DEVELOPMENTS

Background Briefing No. 8, 1981

## Basic Information:

**Political Status:** Independent Republic within the Commonwealth since December 9th, 1961. Ruling party, within one-party system, is Chama cha Mapinduzi (the revolutionary party), CCM.

**President and CCM Chairman:** Dr Julius K. Nyerere.

**Vice-President and vice CCM Chairman:** Mr Aboud Jumbe

**Prime Minister:** Mr Cleopa Msuya

**Population:** 17 551 925 (1978 estimate). **Land Area:** 945 087 sq. km.

**Languages:** Swahili (official), English, and other Bantu languages.

**Currency:** Tanzanian shilling = 100 cents, (rate against US \$ 1.00 = 8.3 Shs).

## Economy:

**Total GDP at current prices:** Shs 33 466 000 000.00 (1978).

**Per capita GDP at current prices:** Shs 1 907.00 (1978)

**Industrial Origin of GDP at Factor Cost (% of total in 1977):**

Agriculture 38.6%; Public Administration 17%; Commerce 10.8%; Transport and Water 1.4%; Mining and Quarrying 0.8%.

**Main Commodities Traded (excluding trade with the rest of East Africa in Shs million):**

(a) **Exports (1978):** Coffee (1303); Cotton (419); Tobacco (300); Cashew Nuts (229); Sisal (218); Diamonds (206); Tea (180 - 1977 -); Cloves (59).

(b) **Imports (1978):** Machinery (2557); Mineral Fuels (1438); Transport Equipment (1288); Metals (956); Food, Beverages and Tobacco (558).

## Recent Developments

The outcome of the Tanzanian general election of October 26th, 1980, hinged upon the prevailing economic malaise within the country, where an official 25 to 30 per cent inflation rate has cut the real wages of minimum wage earners by roughly 40 per cent since 1971. This in turn, has been exacerbated by a decline in cash crop production since 1974, and slow growth in the manufacturing sector. Shortages of essential consumer goods such as sugar, soap, staple maize meal, bread, building materials, petrol and kerosene have been accompanied

by an expanding and costly bureaucracy. These developments have all contributed to the virtual institutionalisation of "magendo" (Black-marketeering). In these circumstances however, "magendo" has lost its crude meaning of black-marketeering from the consumer distribution and peasant marketing angle, to embrace the corruption of entrenched bureaucracies, middle management and other officials trying to sustain their standard of living against the constant erosion of inflation. Attorney-General Joseph Warioba, has testified that such corruption pervades the judiciary, the police, government offices and the ruling CCM (Chama cha Mapinduzi) Party.

It is against this background that a protest vote was registered on the part of the population, when over 50 per cent of the National Assembly were not re-elected, and President Nyerere received his lowest level of support since independence. However, the protest vote was directed at the National Assembly, rather than the Presidential and Vice-Presidential candidates, since responsibility for the economic condition of the country has been attributed to the National Assembly representatives. Nyerere has, since the election, promised to form a new government comprising dedicated and disciplined members.

Similarly on Zanzibar, the attempted coup d'etat in 1980 has not seemed to register any deep-seated or widespread popular discontent against Vice-President Jumbe (also President of Zanzibar), but rather that of key sectional commercial interest groups concerned with declining returns on export earnings from Zanzibar's main export - cloves.

The reasons for Tanzania's economic predicament, have been variously interpreted. Criticism from major aid donors (Tanzania is the largest aid recipient in Africa), has been directed principally at 'increasingly rigid socialism', though the cost of the Tanzanian involvement in ousting Amin from Uganda, recurring drought since 1977, and imported inflation from Tanzania's principal trading partners in the industrialised world, are admitted as contributory factors. The Tanzanian government, meanwhile, has pointed to its positive record of domestic achievements, including the introduction of universal primary education (since 1977), narrowing income differentials, and the irrigation of over 40 per cent of rural villages, and has placed the blame for the country's economic ills squarely on external factors. Shortages are seen to be the result of a deteriorating balance of trade, (export earnings have declined as import expenditures have risen), and these shortages in turn are seen as being primarily responsible for "magendo".

### Economic Development

The Tanzanian economy since 1967 and the Arusha Declaration, has followed a course of government intervention through nationalisation and majority shareholdings in most sectors of the economy. The basis of government policy has been: public control of the economy; self-reliance ("kujitegemea"); and rural development under the "ujamaa" programme.

In early moves, the government took control of most key industries and services, and nationalised the banking and insurance concerns. Majority shareholdings were gained in certain key manufacturing enterprises, whilst the main export crops, public transport, and oil companies were nationalised. By 1980, importation and most of the wholesale trade were taken over by state enterprise whilst exporting was undertaken by state-marketing organisations.

The Arusha Declaration of 1967 set out the clear objectives of the Tanzanian development strategy. At its cornerstone lay the "ujamaa" programme of creating self-governing villages as the co-operative cells of African agrarian socialism, (a programme hailed by development economists as a uniquely African path to development). "Ujamaa" went hand-in-hand with "kujitegemea" (self-reliance), which aimed at making a system of agrarian self-sufficiency the basis for a broader economic development programme.

The collectivised aspect of the experiment was attempted voluntarily at first, but the CCM hierarchy responded to its failure to attract popular support with forced collectivisation. In 1971, 'regrouping' of rural villages into collective units was made obligatory, yet such was the opposition of the peasant cultivators, that by 1973 a reform of the "ujamaa" system was mooted and a new form of rural development was attempted under the 'development village' concept. The latter placed less communal duties upon individual peasants, yet the process was still forced from above upon an unwilling rural population. In 1980, in an attempt to make villages more viable entities and yet retain a semblance of African agrarian socialism, the CCM decided to further scale down collective obligations and give more scope for self-management, whilst setting certain minimum requirements for village undertakings and limited communal duties for individual peasants.

The popular response to the "ujamaa" experiment has generally depended on certain existing local socio-economic traditions, in addition to certain prevailing economic and geographic circumstances. Today, the net result of fourteen years of "ujamaa" has been the massive re-organisation of the previously scattered peasant population into 7 808 registered co-operative villages, (only 100 000 of the 13,5 million people involved moved voluntarily), yet despite that, the retention of an individual system of cultivation to the extent that 95 per cent of the land is still cultivated by individual peasant small-holders. Officials privately admit that only 20 villages could be deemed true "ujamaa" villages.

#### The Agricultural Sector - Marketing and Weaknesses

Agriculture is the mainstay of the economy and contributes about 40 per cent of GDP. Yet, from the above, it is clear that it is still very much in the subsistence sector, with the emphasis on maize, rice, sorghum, cassava and millet. The commercial agricultural sector deals in cash crops like cotton, coffee, tobacco and cashew nuts (mainly peasant cultivated), whilst sisal and tea are plantation crops. Tanzania's agricultural resource base of poor soils and erratic rainfall, have greatly hampered attempts to extend cultivation under the "ujamaa" system. But the unacceptably low prices offered by the parastatal crop-purchasing organisations for peasant surpluses has encouraged the reluctance on the part of peasants to market through the parastatals and rather use the black market. It has also encouraged the replacement of desperately needed food crops by cash crops which reap a higher return for labour spent. Similarly producer prices for the commercial sector, (determined before planting), have stifled initiative, whilst recent performance of the large livestock industry has been generally disappointing.

The decline in food crop production is partly due to the inflexibility, careless management and corruption of crop-marketing parastatals; but infrastructural deficiencies (lack of transport, road and rail networks, storage places), have aggravated the problem. In 1980, extension services were expanded to introduce more hiring services for tractors, ploughs, carts, etc; whilst producer price increases were announced for 1981/1982 in an effort to encourage greater production of most food and export crops, and wider marketing through the parastatals rather than through "magendo" by the peasant of his surplus.

The most telling reform of the agricultural sector has come with the 1980 decentralisation of crop target and purchasing responsibilities away from the National Milling Corporation (NMC), to regional administrations. The NMC, which had traditionally purchased an average 25 per cent of the total food grain output, was criticised for its inefficiency in purchasing and storing of these food grains.

However, it should be emphasised, that these reforms are not directed at the fundamental problems, but rather at the peripheral symptoms. This can clearly be seen by the fact that all milling is still subject to government control under direct Party (CCM) directives.

It was under the prevailing large importation of food grains, (to stem famine in the rural areas), that René Dumont, a French socialist agronomist, issued his report on the agricultural sector of Tanzania. Dumont noted serious structural difficulties within the rural development programme which prevented Tanzania from producing sufficient food to keep abreast of its rapidly expanding population (3 per cent growth per annum). He pointed to the inefficiencies in the transport and storage facilities, as well as the mismanagement of the "ujamaa" process itself by the large national parastatal bureaucracies.

'Villagisation' under "ujamaa" (and its adapted strains), he saw as a hurried and insensitively implemented programme dictated from above by a centralised bureaucracy, whose planning, management and understanding of agricultural techniques was limited. As a result, the serious agricultural consequences of the programme went unheeded, whilst the parastatals responsible for the purchasing, storage, and distribution of the agricultural surplus (like the NMC), were cumbersome and mismanaged bureaucracies. Dumont's trenchant criticism of the management of the Tanzanian economy might be summed up in his remark that "it is easy to nationalise, but much more difficult to maintain or improve production".

#### The Regional Position

The closure of the Tanzanian-Kenyan border in 1977 spelt the end of the East African Community which, formed in 1967 with Kenya and Uganda, had abolished quantitative restrictions on the movement of manufactures, and maintained a common external tariff between the three countries. Only the East African Development Bank and telecommunications remain as a mark of regional co-operation, whilst the transport and postal systems have once again become the responsibility of each country. The replacement costs to Tanzania of regional services lost in the breakup of the Community have been estimated at US \$ 25 million.

Tanzania was also greatly affected by its intervention in Uganda, where it transgressed certain Organisation of African Unity principles of the right to self-determination and domestic jurisdiction. The 1979 invasion of Uganda was undertaken in an effort to expel the Ugandan occupation forces from the Kagera district of Tanzania, but the military effort thrust across the border into Uganda facilitating the swift removal of Amin. A 20 000 strong Tanzanian force occupied Uganda and established a provisional government of Ugandan exiles in Kampala. Despite African protests at Tanzanian intervention and occupation, four provisional Ugandan governments came and went before Nyerere's preferred candidate, ex-President Milton Obote won a somewhat questionable electoral victory in 1980. The total costs of the campaign were of the order of US \$ 500 million, paid with Tanzania's meagre foreign reserves, severely straining the financial underpinning of her development plans.

Not only, therefore, is Nyerere's credibility threatened on the domestic front, but increasing external criticism is being voiced against a man who had come to enjoy the reputation of being Africa's elder statesman. The role of Nyerere and his Tanzanian troops in unilaterally acting as the regional stabilising force in Uganda has tended to erode both the regional and international prestige of Nyerere, whilst the cost of implementing these roles has been borne by an increasingly disillusioned Tanzanian populace. Nyerere's reputation also suffered when his aggressively critical approach to the Lancaster House Talks and the Zimbabwe settlement process was compared with the constructive role played by President Samora Machel of Mozambique. Indeed, some observers have suggested that in the former case, Nyerere was acting from anything but altruistic motives and hoped to divert the lucrative Ugandan trade routes through Tanzania instead of Kenya, and in the latter that he displayed an unstatesmanlike inability to grasp the real interests of the Frontline States most immediately affected by the Rhodesian war or correctly assess the potential for a settlement.

Nyerere has promised that this Presidential term will be his last (a promise he made in 1975), but although domestic, regional and international criticism is still muted, it is sufficient to somewhat reduce his influence in international affairs. But Tanzania's prominence amongst Third World Nations, in International Organisations and in the North-South debate may well be maintained due to the emergence of Salim A. Salim, the Minister of Foreign Affairs and former Tanzanian representative to the UN, who has been tipped as a prospective Secretary-General of the United Nations.+ The important role played by Uganda in the recent sanctions debate on South Africa confirms that the international influence of Third World states is not related to their domestic problems even if these are of a chronic nature.

+ Also Chairman of the recent OAU-sponsored United Nations Conference on Sanctions Against South Africa, held in Paris