REGIONAL ECONOMIC COORDINATION

Toward Common Action for Development

Tanzania has consistently placed a high priority on regional economic coordination and has made substantial resource allocations in support of and been willing to accept significant costs in pursuit of that priority. Throughout economic regionalism has been seen as more than a narrowly technical economic issue. Self reliance, structural change, economic literature and political aspects of development have informed Tanzanian approaches throughout the period 1960-1981.

In 1960 Tanzania proposed delaying its own independence to allow East Africa to become independent at one time and as a single federal or confederal state. When this proved impracticable, it participated in remodelling the colonial East African common market and services arrangements into an East African Common Services Organisation to preserve the existing degree of economic unification and coordination even though for a time it had to sit with representatives of two colonial administrations. This was a very different pattern from West Africa where the early independence of Ghana led to the rapid demise of almost all Ghana-Nigeria-Sierra Leone-Gambia joint bodies and arrangements. Tanzania quite overtly sought to avoid immediate post independence nationalism increasing economic fragmentation and to relate economic and political independence and development.

The same themes are present in Tanzania's support for the Southern African Development Coordination Conference. SADCC's founding declaration[1] "Southern Africa Toward Economic Liberation" - and clear statement of the central priority of reducing external dependence and particularly that in the Republic of South Africa clearly indicate a political economic,

not merely a technical economic, basis and a conviction that overcoming colonial and post colonial economic fragmentation is critical to sustaining and completing political as well as launching and building economic independence.

However, Tanzania has also been consistent in holding to the view that coordination must include practical economic aspects of mutual interest and benefit to participating states and that regional cooperation and coordination was the necessary foundation tier for broader Pan African economic integration. At the time of the founding of the Organisation of African Unity this position was in tension with another holding that a common military high command and a union government were necessary and possible first steps and that regional sub-continental groupings were a barrier to continental unity. The most widely perceived spokesman for the first viewpoint was President Nyerere and for the second the late President Nkrumah.[2]

At the 1980 Lagos OAU Summit on Economic Integration there were certain echoes of the earlier debate. While the temporal, or sequential priority of economic coordination was agreed there were distinct differences on initial context and on the role of regional groupings. One approach was to begin with elaborate goals and constitutional provisions, but very limited initial activity and to move directly to continental level. The alternative - championed by Tanzania - was to begin with concrete actions and only when these had laid a foundation proceed to formal institutions and elaborate programmes and to view the creation of effective, overlapping regional and multi-country economic coordination groupings as the necessary first stage toward broader continental integration. The Twenty Year Lagos "Programme of Action"[3] is close to the second position in envisaging groups - notably UDEAC (Central Africa), ECOWAS (West Africa), SADCC (South Africa) and the Maghrebin grouping (North Africa) plus the East and

Central African Preferential Trade Area (Eastern and Southern Africa) - and in setting out long term goals not an initial constitution detailed hypothetical programme. However, despite its commitment in principle to identifying common interests and concrete actions on which to build, it is somewhat vague at immediate substantive level.

Development of Perspectives on Common Action

However, evolution as well as continuity can be noted in Tanzania's approach to economic regionalism. SADCC is a very different venture in goals, initial approaches, and political economic philosophy than the East African High Commission/East African Common Services Organisation. The latter was colonial in origin, bureacratic in conception, rigidly laissez faire in philosophy. The former has been forged in the Southern African liberation struggle, is programmatic almost to the point of anti-institutionalism and is based on an economic philosophy of structural change and mutual support for development perceived as economic liberation/ self reliance.

Initially Tanzania tended to perceive the purely economic aspects of regional coordination in fairly simple customs union terms - broader markets, greater opportunities for economies of scale (in transport, tax and research services as well as production). This was consistent with the initial growth and private sector led production emphases in the interim and First Five Year Plans.[4] However, there was also a tradition - dating to the colonial officials[5] as well as to the Tanzanians whose protests had helphed block inter-war proposals to create an East African "white dominion" based on the Nairobi/Mombasa and "White Highlands" settler communities - of protest that laissez faire unification gave the lions share of the gains to Kenya and a related one of acting jointly with Uganda to propose changes in common economic arrangements to reduce

imbalance with Kenya.

With the failure of attempts to secure East African federation and the rapid growth both of intra-East African trade and of Tanzanian trade deficits with Kenya, the second tradition came to the fore. Tanzania insisted on redistribution of gains and a degree of planning in regional economic arrangements. The first effort - the 1964 Kampala Agreement[6] turned on a) creation of new manufacturing establishments to serve the regional market balanced toward Tanzania and Uganda to redress the balance of existing industry toward Kenya; b) Tanzania and Uganda capacity creation in certain industries (eg beer, cigarettes, shoes) dominated by Kenya but with markets in the other states adequate to justify plants; c) limited trade restrictions by the regional trade deficit states in support of territorial industrial[7] establishments.

The first instrument - which would have expanded gains and redistributed out of growth - worked slowly and imperfectly. The second - which redistributed existing gains and, perhaps, slightly eroded their total - progressed but did not affect the rising trade deficit . The third - which eroded gains and potentially threatened either laissez faire or planned regional trade - burgeoned beyond all expectation on a unilateral rather than trilateral basis.

While Tanzania by 1965 was - as were a majority of analysts - convinced it had made losses from existing regional economic arrangements, it desired to restructure East African cooperation to achieve a static balance and dynamic gains not to take the alternative route of breakup. Therefore, it used the process of uneasy erosion resulting from the Kampala measures as a means to achieving a full fledged review by the Commission on East African Cooperation[8] which led to the Treaty of East Africa Cooperation (Kampala Treaty).

The Treaty had a more complex and balanced approach than the Agreement. It included initial redistribution and protection measures -eg the creation of a rough balance in location of major Community and corporation headquarters and the limited protective tariff an intra-regional trade allowed deficit states- and further provisions for redistribution via growth - eg East African Development Board investment weighted to Tanzania and Uganda plus provisions making possible addition of new functions (eg planning coordination on almost any topic, management training, industrial consultancy) and of new members.

It was, however, a rather uneasy balance of neo-laissez faire (the Kenyan position), interventionism to protect territorial gains and limit losses, and planned development to increase and redistribute gains (the main Tanzania emphasis). Despite this over 1967-1970 substantial progress was made - the initial redistribution worked well; trade increased again and on the Tanzania/Kenya front seemed to be becoming relatively less unbalanced; discussions on new functions (eg Fiscal incentive coordination, limited industrial allocation of structural change related manufacturing, management training, industrial consultancy) and on new members (especially Zambia but also Ethiopia, Somalia, Rwanda, Burundi) appeared to be making progress. Tanzania then perceived its immediate aim of ending short-term losses from regionalism as more or less achieved and its longer term one of breaking through to dynamic gains as realistic and in the process of attainment.

The realism of this perspective was never tested in terms of its basic correctness on how far a colonial common market and services grouping could be transformed into a structural change oriented, planned development grouping. The Amin Coup destroyed the base of Tanzania/Uganda cooperation needed for securing agreement to long term structural changes in EAC and especially for adding new functions and members and greatly weakened the

ability to handle even ongoing business.[10] By the time of the 1974 oil/drought crisis, EAC was greatly weakened. The erosion of gains and greater external economic pressures, combined with the evident impracticability of major forward steps,[11] led to diminishing commitment to EAC and to increasing restriction on interstate trade and financial transfers. While Tanzania's position in the 1975-1976 review commission was one of seeking to preserve at least part of regional cooperation from which to build again later, there was little objective faith this could be done, and in 1977 the EAC expired leaving a still unresolved legacy of debts and assets to be unsnarled and allocated.

Over 1965-1977 two parallel developments had broadened Tanzania's views as to the scope and form of economic regionalism. First, the economic aspects of the liberation struggles in Mozambique and the then rebel Rhodesia had led to substantial cooperation and joint venture creation in transport as well as not insubstantial trade with Zambia and - following Mozambican independence in 1975 - to a broad front approach to economic coordination with that country including significant trade flows based on an annual agreement setting target goods and quantities. Second, development of power, irrigation, minerals and transport (plus potentially trade and mining) in the Kagera Basin led to detailed and lengthy studies and discussions with Burundi, Rwanda and (pre and post Amin) Uganda. From these came the Kagera Basin Commission.

Initially Tanzania viewed the way to handle multi-country regional links outside EAC as by enlarging EAC to include Zambia, Rwanda and Burundi as full members or associates. After 1972 this could hardly be seens as practicable and by 1978 there was a basic change of view. Multiple, overlapping regional cooperation frames were seen as positively desirable and a key element in negotiating each was the need to preserve that compatibility with each other.[12] Thus Tanzania was being - as it saw it -

consistent, not absent minded, over 1979-81 in pushing ahead with SADCC, the Kagera Basin Commission, major bilateral links with Mozambique and with Zambia, negotiating toward a Preferential Trade Agreement for Eastern and Southern African states and exploring possibilities for renewal of some forms of East African cooperation.

The shift to a basically Southern oriented focus in economic regionalism since 1977 has had three causes:

a. the relatively large economic links with Zambia and Mozambique and the potential for other economic relations especially with Zimbabwe and Angola;

b. the lack of any realistic prospects of resuscitating the East African Community let alone of expanding its membership;

c. the economic liberation aspects of the Front Line States support for attainment of political independence - both in the sense of economic dependence sapping political independence and of economic change being necessary for political independence to bring benefits to the Africans who had sacrificed to win it.

These factors underlay Tanzania's hosting the Arusha SADCC meeting convened by President Khama of Botswana and supporting its initiatives leading to the 1980 founding of SADCC at Lusaka. SADCC is markedly different from standard regional groupings in several respects:[13]

a. it has no colonial roots - indeed all of its members have historic memories of unequal colonially imposed regionalism;[14]

b. nor does it see a laissez faire free trade area or common market as an objective;

c. common interests not common institutions are expressly seen as the key element in continuity;[15]

d. common interests are to be articulated into programmes which are then to be implemented on a coordinated national basis with such supporting

SADCC institutions as appear indispensable;

e. the economic interest in dependence reduction has two aspects - a clear commitment to rolling back South African economic dominance (without substituting some other) and to achieving structural changes increasing both levels of output and regional economic interaction and ability to deal internationally on a independent/ negotiated mutual interest rather than a dependent/aid to clients line;

f. this concern for interdependence has been expressed in open discussion (at Arusha, Maputo and Blantyre) with external states and agencies combined with SADCC convening of meetings and setting of agendas - a distinct departure from 'normal donor group' practice in both respects;[16]

g. the key common interest areas are seen as transport and communications, backed by research and personpower development, food security, energy and industry ie production and production support not trade are seen as central - an empirical, contextual rather than a theoretical, international trade matrix oriented approach;

h. great stress has been placed on the need for equity and balance in regional links (in part a reaction to previous bitter experience) and on flexibility - ie any programme concerning two or more SADCC states is seen as broadly within the SADCC "programme" if the participants so desire and SADCC membership is seen as compatible with other sub-regional groupings, eg Kagera Basin, PTA, (again in part a reaction against past patterns).

This is a very different set of characteristics from those of the 1961 East African Common Services Organisation/Common Market and one which represents considerable self reliant evolution and innovation in political economic conceptualisation and approach selection. At the same time it represents continuity of perception of economic regionalism as a key political

economic means toward development including, in particular, self reliance.

High Commission to Services to Community to Break up

From 1961 through 1976 Tanzania's chief regional economic cooperation focus was East Africa - defined as Kenya and Uganda.[17] At independence, Tanzania's international economic relations were basically limited to the East African Region and the United Kingdom. From the early 1920's Tanzania had some economic relations with Kenya and Uganda. By the late 1940's, these relationships had been formalised by the establishment of the East African High Commission. This involved a common currency, external tariff and income tax (including administration and collection), and jointly operated transport and communications and research services - ie Airways, Railways, Port Posts and Telecommunication, Civil Aviation and Meterological services, plus various research institutes and the University of East Africa. Within the East African Region the bulk of Tanzania's foreign trade was with Kenya. It amounted to over a tenth of imports, but, being heavily unbalanced, under a twentieth of exports.

An important development took place just before independence. This involved the transformation of the East African High Commission into the East Africa Common Services Organisation - EACSO - to facilitate Tanzania's continued membership in the arrangements after becoming independent. However, there was no attempt to dismantle nor even to modify fundamentally the colonial structures that had been operated jointly since 1948. For instance the headquarters of the jointly operated services, plus Income Tax, Customs and Excise Departments continued to be in Kenya. Equally the marked trade imbalance on the inter-territorial trade emanating from the industrial dominance of Kenya over the other member countries was not specifically dealt with. Thus the focus of the new arrangements was on jointly operated services plus a *laissez faire* common market rather than economic cooperation or coordination in a planned or interventionist sense.

The implicit failure to focus on economic cooperation during the EACSO settlement meant that the benefits of cooperation continued to be enjoyed primarily by Kenya with Tanzania a probably net loser.[18] This failure related to Tanzania's and Uganda's commitment to the creation of a Federation of East African States, when the individual members became independent - a commitment seen as inconsistent with seeking to renegotiate EACSO substantively prior to independence.

However, in practice when Uganda and Kenya became independent in 1962 and 1963 respectively, prospects for forming a federation failed. As a result the need for redressing the traditional trade imbalance on the inter-territorial trade and related issued became more urgent than hitherto. To this end negotiations were started and culminated in the signing of the Kampala Agreement in 1964.[19] The principal features of the Kampala Agreement were:

i) to arrange a shift in the territorial distribution of production by important firms operating in more than one country;

ii) introduction of quotas on inter-territorial trade,

iii) allocation of certain major industries among the member states; thereby

iv) to deliberately increase exports from a deficit to a surplus country on inter-territorial trade; and

v) to devise an industrial incentives scheme and co-ordinated industrial strategy designed to achieve an equitable distribution of the benefits resulting from industrial development within the Region.

The Kampala Agreement represented the first serious attempt to create a common market with a view to serving the interests of the member states equitably.

However, the Kampala Agreement never functioned adequately. Cracks opened

up almost immediately after the Agreement was approved by the three governments in January 1965. A root cause of this was Kenya's continued reluctance to implement the Agreement pertaining to the gradual reduction of the imbalance on the inter-territorial trade and especially its allocation procedures. Since Tanzania and Uganda constituted the biggest single market for Kenya's exports it was obvious that the two countries were not satisfied with the prevailing situation. The two countries, individually, threatened to slap a ban on Kenyan exports and operated quotas in ways more restrictive than envisaged in the Agreement. To salvage the situation the three governments agreed to enter into more serious and further reaching negotiations. The three governments appointed the Commission on East African Cooperation (Philip Commission)[20] and charged it with the responsibility of studying and recommending the creation of an Economic Community, encompassing a common market and jointly operated services. The Philip Commission completed its task in 1967 and on December 1, 1967, the three Presidents inaugurated the East African Community at Arusha, Tanzania pursuant to the Treaty on East African Cooperation (Kampala Treaty)[21] signed in June. The East African Community, represented a serious and sophisticated attempt to redress the major imbalance in the share of benefits resulting from economic cooperation.

The Kampala Treaty sought to balance resdistribution of existing benefits from cooperation with future expansion of benefits and areas of cooperation on a balanced basis:

a. the transfer tax (replacing quotas) allowed partial protection for new industries in states with industrial goods regional trade deficits;

b. the East African Development Bank was to promote (and partially finance) industries with regional market potential on a ratio giving larger new capacity to Tanzania and Uganda than to Kenya;

c. industrial allocation and coordination of fiscal incentives was envisaged;

d. institutional headquarters were moved (eg Harbours to Dar es Salaam and EAC to Arusha) to create more balance in gains and corporations were decentralized for the same reason and (at least as Tanzania saw it) [22] to increase efficiency;

e. certain services eg the University over the late 1960s and Income Tax administration in 1974 were passed back to states but others were added - management training and some specialized research bodies in practice and rather more agreed in principle but overtaken by events in 1971 and 1974.

f. coordinated planning sector by sector beginning at technical level was envisaged and initial work began in road transport (including load limits and cross licensing) and tourist promotion albeit all of this was also overtaken by events from 1973 on;

g. explorations and negotiations were begun to enlarge EAC with Zambia as a fourth member and Ethiopia, Somalia, Rivanda and Burundi as members or associates.[23]

Through 1970 progress appeared to be being made on all of the fronts noted. However the Amin Coup halted progress and instituted a process of erosion:

a. EAC had to add new activities or members to keep benefits rising and to do so had to negotiate long term structural changes/additions;

b. the triangular balance of EAC consisted of Kenya/Uganda and Kenya/Tanzania economic links in each of which Kenya was stronger balanced by a Tanzania/Uganda political economic link for negotiating coordination with Kenya;

c. under Amin, Uganda delegations were unable to take long term decisions or to operate a working negotiating alliance with Tanzania; and

d. often were unable to decide on action necessary for short term management until after a crisis had arisen (eg 1972 decisions on East African Airways).

This slippage was increased by gross financial and physical mismanagement of Railways which refused to accept the authority of the directors and Communications Council over its management, ran up astounding deficits and increasingly failed to provide adequate services. The foreign exchange crisis of all three states from 1974 on led to barriers to remittances of EA Corporation funds and to trade restrictions - the former largely ultra vires the Treaty and the latter a mixed bag since some were envisaged under Treaty provisions which were, however, not actually followed in imposing them.

As a result of these three trends which all eroded gains at the same time each country found costs harder to meet, the Community was perceived as a doubtful asset in its existing form by both Tanzania and Kenya as early as 1974-75.[24] The final (Demas) Commission seeking restructuring was probably doomed from the start since both Tanzania and Kenya wished to preserve EAC but subject to mutually contradictary conditions.

Tanzania sought to preserve a base in trade, services and planning which would provide some balanced benefits and allow rebuilding in the future.

Its minimum was a set of limited free trade agreements (balanced trade free/imbalanced at normal duties), joint external telecommunications - international and interstate air line - civil aviation - meterology - some research and its maximum planned balanced trade expansion linked to industrial coordination, the minimum services plus posts, domestic telecommunications and air. Kenya's position was to scrap all the corporations, excise all planning coordination, restore laissez faire free trade.[25] These were not compatible positions.

In the context of low gains and sharply opposed positions lack of confidence and brinkmanship became critical. Nairobi had in colonial days been the 'vice regal' centre of East Africa; Kenya still saw and styled it the centre of the region from which gains could 'trickle down' - an attitude and stance ill suited to maximizing goodwill. Tanzania's quest for balance could in the short run have net costs to Kenya and was perceived by Kenya partly as envy and partly as rather unfairly blaming independent Kenya (which did not perceive itself as rich in any event) for actions taken under colonialism. Despite a clear Tanzania warning that if the airline went, EAC went, Kenya in 1977 grounded the (at the time profitable) airline. Tanzania - apparently to Kenya's surprise - responded by closing the border - a move showing determination to defend its concept of EAC but not, perhaps, well designed to give Kenya a face saving route to a compromise. By July 1977 the EAC was dead.

The reasons EAC broke up as and when it did: the block to progress resulting from Amin, the ingrained attitudes of and about Nairobi

inherited from the colonial period the mismanagement of the railway and the external economic crisis [26] are in a sense banal. It is arguable that 'more basic' problems might have killed EAC latter: political economic strategy divergences between Kenya and Tanzania; TNC interests; persistent (or altered) patterns of imbalance permanantly alienating one or more partners. The point is that these were not 1977s problems - their initial manifestations in 1963-1967 had been at least temporarily overcome by the Kampola Treaty and its implementation.

This does not, however, imply any easy recreation of EAC now that Amin is gone. First grave problems of agreeing on asset and liability allocation - especially as relates to Uganda and Kenya, the Tanzanians much easier to determine [27] - remain despite 1981 agreement in principle. The distrust flowing from breakup (and from different 1971-79 relations to Amin ranging from open confrontation to business partnership and collaboration) are a further heritage. Finally, Tanzania has shifted its regional focus to SADCC to which - for reasons which are geographic and political more than economic - Kenya and Uganda are unlikely added members.

However, permanantly closed Tanzania - Kenya borders and negligible trade serves neither Tanzania nor Kenya. A resumption of normal trade (ie standard import licensing at standard duties), air services and - perhaps - limited rail service [28] can be expected once asset and liability division is agreed. Highway reopening depends on Kenya accepting load restriction consonant with the 12 tonne design limit on much of the road or agreeing to joint finance of a border - Arusha-Dar heavy duty

road - neither self evidently likely. Trade preferences probably turn on the adoption of the PTA or a trade plan analogous to the Tanzania-Mozambique one.

Beyond that, the key to renewed East African economic coordination is Uganda. Its economic relations with Kenya are less unequal if both balanced by a parallel cluster (eg rail routes to the sea, sources of goods) with Tanzania and combined in a three way set of arrangements including Tanzania so that Kenyan negotiaters face two partners not one. If Uganda gives priority to certain forms of close cooperation involving the three states to which it gives priority and whose acceptance would be beneficial to Tanzania, then close East African economic coordination may be slowly and partially resurrected. Otherwise, Tanzania-Kenya economic relations are likely to remain sparse, arms length, and marked by distinct tension despite a heritage of belief in potential mutual interest and of concern for each other's welfare which - surprisingly- has also survived the EAC.

Toward Economic Liberation - SADCC

As noted earlier, Tanzania's commitment to and perception of SADCC flows from bilateral coordination with Zambia and Mozambique, the overall Southern Africa liberation struggle in the context of the Front Line States and an evolving perception of the limits of political liberation in the context of economic structures which leave Tanzania only two rights - to sell cheap and to buy dear.

At one level this is a more empirical perception of the uses of economic regionalism, at another one constrained (or shaped) by actual development struggle experience rather than colonial institutional and theoretical legacies, and at a third a more complex and sophisticated analytical model

(even if largely implicit[29]) than the old free trade - common external tariff - economies of scale one.

SADCC's characteristics have become clear fairly rapidly. They include:

a. an institutional low profile - there is a Transport Commission with a small staff coordinating a set of projects totalling perhaps $2,500 million, about 10% already under implementation and - as of mid-1982 - a minute central services secretariat;

b. an experimental and reflective approach to programme identification - vide the detailed exploratory background papers and meetings and the unconventional lead areas of transport and communication and food security;

c. an emphasis on finding short-term results as a means to demonstrating and sustaining common interests while more basic structural change can be achieved eg in the short term industrial coordination is seen as turning to a substantial extent on bringing unused capacity into (or back into) production to increase possible regional output and goods availabilities at constant import levels;

d. determination that SADCC states - not donor governments and international agencies[30] nor institutionalized experts - will make decisions and organise meetings;

e. quite overt recognition of the political in political economy in respect to perceiving a basic SADCC goal as disengagement from and reduction of economic weaknesses vis a vis South Africa;

f. equally overt - albeit more softly worded - insistence on structural change, dependence reduction and commitment to the needs of workers and peasants as necessary components in and tests for the reality of dependence;[31]

g. but deliberate acceptance that for the time being no agreement can be reached on choosing among transition to socialism (Angola, Mozambique, Tanzania, Zimbabwe), ecletic mixed economy (Zambia),

interventionist state guided capitalist (Botswana and - in terms of recent decisions - Swaziland) and more traditional capitalist (Lesotho, Malawi) approaches to economic liberation and development.

Forecasting SADCC results as of 1981 is not possible with any degree of assurance. It has - despite a hostile South African response and a very difficult external economic environment - built up a momentum within two years of the Arusha Conference and barely more than one after the formal launching at the Lusaka Summit. The Transport and Communications area is clearly operating usefully and those on food security, animal husbandry, semi arid agricultural research and personpower give signs of achieving operational results. Industrial and energy coordination have started more slowly - partly because of a felt need to think through what could actually be done - but have identified potentially important production boosting and energy security reinforcing approaches which it should be possible to articulate and put into significant operation before 1985. Perhaps most critical there appears - despite the serious constraints of limited personnel and unlimited national demands on them - to be a build-up, not a decline, of member state interest in identifying SADCC programme areas.

Two 1981 actions in food and energy security are examples of how SADCC can benefit from national initiatives, where real common interests do exist and - in the food security case - using external funding to strengthen an initiative toward self reliance. Zimbabwe's 1981 maize surplus will to a substantial extent go to regional states under EEC and World Food Programme finance - a pattern which begins to build up intraregional grain trade and meeting demand from the closest source (not donor surpluses). Angola's inititives in offering guaranteed oil supplies - and possibly some credit - can once articulated[32] certainly reduce dangers of physical

lack of supply or need to shift to spot markets when they are far above contract prices, and might alleviate to a degree the short term impact of any future oil price increases.[33]

SADCC is not likely to extend its membership until the independence of Namibia. No non-member state has the same necessary involvement in and commitment to reduction of unilateral dependence on South Africa which is, at one level at least, the dominant unifying theme. Because SADCC is not primarily a trade oriented group nor one seeing multiple membership by its states as a threat, the proposed PTA can be used to handle broader trade linkages, a broadened East African Development Bank for related finance and a series of particular arrangements - eg Kagera Basin Authority - to facilitate sub-regional links with non-member African states which would not fit well in the overall SADCC context.[34]

Tanzania's bilateral economic links within SADCC pose somewhat greater problems in practice even if not in principle. In the case of Mozambique there is a real problem of balance. Mozambique is in principle willing to have a large roughly balanced trade plan to increase production of some goods (eg tyres, refrigerators) and availability of others (eg textiles) as is Tanzania but has greater problems than Tanzania in achieving deliveries. The result is the opposite of the old Kenya-Tanzania one - Tanzania cannot afford extended credit on a large scale while waiting for increased Mozambique production. In the case of Zambia a classic transit traffic cost problem[35] is exacerbated by Zambia's lack of initiative in identifying and negotiating to supply manufactured goods to Tanzania to reduce the payments imbalance and lack of ability to meet payments as and when due with serious negative results for Tanzania's external balance position and the physical and financial viability of Tazara. Neither problem is ideological and only the second arises even in part from lack of a perceived common interest. Both relate primarily to draconic foreign exchange

constraints caused by external - not regional - transactions and terms of trade. However, these strains do imperil the stability and growth of regional economic linkages.

Other Dimensions: Kagera, PTA, OAU

Tanzania is involved in other regional coordination efforts at sub-regional, regional and continental level. Of the first type, the most significant is the Kagera Basin Authority. The areas of concern are improved transport (basically Burundi, Rwanda and Uganda access to the sea but secondarily intra-regional access), agriculture (water use allocation, irrigation research and design), power (a dam on the river to meet significant protions of Rwanda and Burundi demand and lesser fractions of Tanzania Lake Nyanga Region and southeast Uganda needs), perhaps mining (the mineralized zone probably overlaps the Burundi-Rwanda-Tanzania boundaries) and external finance (to achieve the substantive areas). Rather leisurely feasibility study preparation related to limited outside funding, the Amin period in Uganda and the external economic crisis greatly delayed progress during the 1970's. From 1980 on the pace appears to have picked up. Depending on initial results, broader coordination beyond the immediate border region - especially in respect ot Uganda (lake and lake-rail transport) and to production coordination linked to trade agreements - would appear likely.

The proposed Eastern and Central (sic) African Preferential Trade Area would cover the states from Seychelles and Ethiopia in the north through the Malagasy Reublic and Lesotho in the south to Angola in the west.[36] Because of its Economic Commission for Africa origins the proposals to date do not include Rwanda and Burundi - for ECA purposes in another region - although this exclusion is likely to be rectified.

The PTA would be a permissive and facilitating trade oriented regional economic cooperation approach. It does include sections on transport rules

nomenclature, etc. but its key sections relate to tariff preferences and to clearing arrangements. From Tanzania's point of view it has posed three problems:

a. it is within the trade oriented, neo laissez faire not the production oriented, coordinated planning approach to economic cooperation and therefore is biased in favour of export oriented capitalist states;

b. there is reason to doubt that it would provide an acceptable balance of gains or that anything in it would readily allow redressing the balance other than by cutting back on cooperation;

c. as initially proposed, the PTA would have barred cooperation/coordination agreements with non-PTA states (eg Rwanda, Burundi), closer and fuller arrangements by sub-groups within the PTA if they affected trade or clearing (eg SADCC) and bilateral trade and payments agreements not generalizable to all PTA members (eg Mozambique /Tanzania annual trade plan).

By mid 1981 the third point had been largely overcome - arrangements with non-PTA states would be allowed as would special sub-regional and bilateral preferences either indefinitely or for a relatively extended and open ended transition period. Some adjustments designed to limit imbalance and to maximise gains kept within the region (eg excluding products of TNC subsiduaries from access to preferences) exist - how effective they are likely to be is another matter. Given the removal of clauses conflicting with SADCC and agreements like Kagera and Mozambique-Tanzania, the neo-classical, trade centered approach should not harm the more important economic coordination initiatives and may be marginally useful as to clearing and trade among Tanzania and non-SADCC member PTA states. However, since only ECA, Kenya, and - to a lesser degree - Zimbabwe seem to have any self generated enthusiasm for the ECA PTA, while its adoption in 1982 is likely its actual impact is highly problematic.

Organisation of African Unity initiatives are at two levels. First, there are

the continental (via regional) economic unification proposals and principles of the Lagos Economic Summit cited above. Second, there are initiatives to support Southern African states and the liberation struggle on the one hand via Sanctions Committee proposals for developing effective economic constraints on South Africa and on the other via Committee of 19 mobilisation of support for the Front Line States to offset the costs of the liberation struggle - especially in the context of sanctions.

Until 1981 neither the sanctions nor the FLS support initatives had made great practical progress albeit certain individual state actions - eg Nigeria's - had shown a real potential power to be mobilized and coordinated. In 1981[37] a start was made at achieving joint action in the sanctions and FLS support fronts, at increasing technical expertise in devising broad African and Third World plus "like minded country" (eg Scandinavian, Netherlands, Canada) barriers to oil flows to South Africa and in identifying key areas in which FLS and SADCC states would need support in the context of sanctions,[38] in identifying SADCC as a regional body with which to work in mobilizing support for independent Southern African steps. Assuming success at the 1981 or a subsequent Special General Assembly of the UN for a quasi binding sanctions resolution under the "uniting for peace" procedure, continued attention to building up information to operate sanctions and active coordination with/ pressures on oil exporting and tanker fleet countries plus major oil companies, there seem substantial likelihood that continental cooperation in support of economic liberation in Southern Africa may become more meaningful.

Self Reliance, Regional ECDC and Development

Tanzania perceptions of regionalism have evolved in a manner analogous to those of development in general. The immediate post independence period was marked in both by a relatively undifferentiated commitment to growth (economies of scale) and to foreign investment with inadequate attention to how distributional priorities and structural change could, in fact, be achieved.

The turning point on the regional coordination front came in 1964 with the Kampala Agreement albeit it was not formulated and negotiated in workable form until the Kampala Treaty.

Present economic regionalism priorities do link directly to key policy areas and strategic objectives:

a. achieving economic liberation through structural change increasing the range of goods produced in the national/regional space;

b. increasing self reliance - in the regional case collectively;

c. building up economic cooperation among developing country links to reduce unilateral South on North dependence by expansion both of production possibilities and external economic link options;

d. creating food security independent of heavy external/extraregional imports;

e. restoring and expanding industrial output in the short term by restored use of capacity, in the medium by phased completion of projects under construction or otherwise 'in the pipeline' and in the long by systematic planning of basic industries and linkages.

The problematic aspects of Tanzania's regional strategy are not - nor has it been in the past - lack of links to Tanzanian political economic goals nor of technical and economic feasibility. They turn on whether adequate bodies of common interests are perceived and perceived to result in real gains by all participating states, whether adequate resources (including personnel and decision taking) are devoted to regional (as opposed to purely national) and regionally oriented national efforts and whether external events permit maintenance of perceived common interests/gains and resource allocation adequate to capture them. The EAC failed largely on the last count (Amin and 1974-77 global economic crisis/drought impact) albeit severe common interest perception differences had imposed strains throughout its existence.

SADCC has a better chance of success than EAC did. It is a new creation of independent states and is perceived as linked to economic liberation both from South Africa and more generally. While distribution of gains problems are very real (with Tanzania second to Zimbabwe as an economy whose net gains could unless care is taken, be so large relative to those of other members as to threaten regionalism), they are potential and in this area avoidance is likely to prove easier than reversal and to be accomplishable by adding areas of value to otherwise less advantaged states as opposed to cutting back on other proposed advances (eg a concentration on vaccine production for regional markets in Botswana to ensure an initial Botswana stake in coordination of industrial production rather than low Botswana import quotas against SADCC partners). The greatest danger is probably not finance but ability to provide adequate personnel and decision taking time nationally to see that coordinated action is articulated and brought into being. While the generally highly unfavourable external economic setting and prognosis increase the potential gains from regionalism (both factually and in ease of perceiving them) they also reduce the availability of information and personnel, because national crisis management poses major inescapable demands on both. On a narrower front the same considerations apply to Kagera. PTA and revived East African arrangements are much more problematic - the former seems to lack any driving force (either in built - in economic instruments or deep national commitment) and the second to be rendered very difficult by the physical, tactical and emotional heritage of the break-up of the EAC (perceived by Tanzania as a deliberate Kenyan decision[39]) and of Amin (perceived by many Ugandans and Tanzanians as having been sustained by his economic links with certain fractions of the Kenyan elite.[40])

On its African and global record, economic regionalism is a relatively high risk, low payoff strategy. However, for sustained progress toward self reliance nationally and collectively and for increasing the degree to which

global economic relations are interdependent rather than dependent, it appears to be a necessary strategy. Therefore, Tanzania's commitment to self reliance requires regional coordination centered on increased levels and ranges of production of goods, personnel and knowledge and on coordinating external bargaining positions to reduce external penetration and unequal arrangements.

NOTES

1. SADCC, London, 1980.

2. Cf discussion in R.H.Green and A.Seidman, Unity or Poverty? The Economics of Panafricanism, Penguin, 1967.

3. OAU, Addis Ababa, 1980.

4. See Chapter 5 on planning.

5. Colonial officials did have institutional-territorial frames of reference and loyalties. Cf Colonial Reports from 1920's through 1960 Economic and Fiscal Commission (Raisman Report) summarized and cited in A. Hazlewood, Economic Integration: The East African Experience, Heineman, London, 1975, Chapters 3 and 4a.

6. Tanzania Information Service, Dar es Salaam, 1964; East African Journal, April 1965.

7. These were intended to be agreed jointly by all the states on submission by the state seeking protection of its market for its firms.

8. Created by the Heads of States in 1965. Met over 1965-66.

9. Nairobi, 1967.

10. This related to a breakdown of decision taking in Kampala and to an understandable unwillingness of Uganda delegates to take risks by acting more than to discord at the level of participants in the meetings themselves.

11. eg. Zambia clearly would not enter EAC so long as Uganda was ruled by Amin; Uganda had rejected (understandably) the initial industrial allocation proposals but was unable (unwilling?) to respond to Tanzanian proposals to overcome the draft 15-20% Uganda/20-55% Tanzania/25-30% Kenya allocation pattern by adding industries specifically chosen for suitability of Ugandan siting.

12. See "Toward Economic Liberation" which is quite explicit on this as is President Khama in "Introduction" to A.J.Nsekela (Ed), Southern Africa: Toward Economic Liberation, Rex Collings, London, 1981, pp.xiii-xiv.

13. Cf Southern Africa ..., op. cit; A. Kgaribe (Ed), SADCC 2 - Maputo, SADCC, London 1981; R.H.Green "Toward Southern African Regionalism:

The Emergence of a Dialogue"; "Constellation, Association, Liberation: Development Coordination in the Struggle for Southern Africa"; Southern African Development Coordination: The Struggle Continues", Africa Contemporary Record. 1978-79, 1979-80, 1980-81 respectively, African, London, 1980-81-82.

14. Zimbabwe-Zambia-Malawi in the Federation of the Rhodesias and Nyasaland, Mozambique and Angola as "Overseas Provinces" of Portugal, Botswana-Lesotho-Swaziland in the Southern Africa Customs Union and Rand Monetary Area, Tanzania in the East African arrangements.

15. See "First Steps toward Economic Integration" in A. Nsekela, Southern Africa ..., op. cit.

16. The closest parallels (both interestingly post Arusha) are UNCTAD's 1980-81 series of regional and national 'least developed' country conferences with donors and Zimbabwe's 1981 Zimcord to mobilize, coordinate and publicize external finance in support of its first development plan.

17. Only after 1967 did the concept of broadening East African regional cooperation proper to include other states gain a hearing and even there the pattern of handling Rwanda-Burundi-Zaire affairs separately from 'East African proper' continued to dominate practice. The origins of this pattern are not economic but imperial and its continuity rested on the inherited colonial institutions and habits of compartmentalisation.

18. See W. Newlyn "Gains and Losses in the East Africa Common Market", Yorkshire Bulletin of Economic and Social Research, November 1965; D.Ghai "Territorial Distribution of Benefits and Costs of the East African Common Market" in C. Leys and P. Robson, Federation in East Africa, Oxford, Nairobi, 1965 but see also P. Ndegwa, The Common Market and Development in East Africa, East African Publishing House, Nairobi, 1968 and A. Hazlewood, op. cit, Chapter 5.

19. Op. cit, Chapter 5.

20. See note 7.

21. See note 8.

22. Whether decentralization lowered costs or not was a hotly debated issue. Tanzania - and on rail, at least, the Commissions outside expert advisers - argues that there was substantial, cost increasing, service worsening and biasing overcentralization. Since on the two HQ's it acquired - EAC proper and Harbours - it supported substantial territorial decentralization to Nairobi/Kampala and Mombasa respectively, the Tanzania stands on distributing HQs and decentralizing within each organization were articulated consistently rather than opportunistically.

23. Practical problems as to status and breadth of participation involved all the potential new members. Only Zambia would conceivably have joined the Common Market and all Corporations. Other problems turned on balance within EAC decision taking organs. Kenya saw Zambia as likely to ally with Tanzania and Uganda and sought parallel Ethiopian (then Imperial Ethiopian) accession as a counterbalance.

24. See for more detailed discussion, R.H.Green, "East African Community - 1975 and After", "The East African Community: The End of the Road", "The East African Community: Death, Funeral, Inheritance", Africa Contemporary Record, 1975-76, 1976-77, 1977-78 respectively, Rex Collings, London, 1976-77-78.

25. Cf citations above. Kenya sought to regain (increase) regional export growth and believed (correctly) that Uganda under Amin was a captive market and Tanzania too committed to regionalism to allow EAC to collapse.

26. See Sources at note 26. See also special issue of African Review on end of EAC - 1977 issue, published 1981/82 as a consequence of breakup of former Community Publishing House.

27. On almost all cost/benefit, foreign exchange paid/received, employment/ asset location, revenue paid/services received criteria EAC - [illegible] the Common Market - showed 30-35% Tanzania, 15-[illegible] Uganda, 47[illegible]

Kenya. However, in life the EAC saw itself as an equal partnership with equal 'claims' on net worth and not institutions and with any deviation from a 1/3 - 1/3 - 1/3 formula requiring unanimous consent. Eg the Arusha Headquarters of EAC (ironically completed in 1977) was financed on a ½ - ¼ - ¼ (EAC general revenue ie about 35% Tanzania, 15% Uganda, 50% Kenya) on a special arrangement reached after protracted negotiation.

28. Coastal ship service has never been halted and there is no formal barrier to resumption of lake. Indeed in 1975-76 most Kenya-Tanzania trade was by water given weight limits on roads and complex bogey exchange/offloading schemes which cripples rail traffic.

29. But see "Introduction" and "First Steps" in Nsekela, Southern Africa ... op. cit, and "Southern African: Toward Economic Liberation - A Strategy Paper" in SADCC 2-Maputo, op. cit, in which this approach is more explicit.

30. SADCC convened Arusha and Maputo (and Blantyre in 1981). See also Lusaka Declaration and President Machel's "Introduction" and "Address of Welcome" in SADCC 2-Maputo, op. cit.

31. See Lusaka Declaration and sources cited at Notes 29 and 30.

32. Angolan oil by location and technical composition is not ideal for direct use. However, Angola can arrange swops so that oil from - eg - the Gulf goes to SADCC Indian Ocean ports. Algeria has used similar swop arrangements on behalf of at least two SADCC members.

33. It cannot overcome them. Angola alone is not by any means rich enough to provide large, permanent, increasing subsidies on the about 4 million tonnes a year of petroleum/products imported by other SADCC states.

34. Rwanda, Burundi and Uganda are in the medium term unlikely to have

many economic links with SADCC members other than Tanzania and certainly have no real concern in the Southern African regional transportation and communications net. Nor have they been directly involved in the Southern African liberation struggle.

35. By definition transit traffic involves high capital costs for facilities to the transit state and substantial operating payments to it from the source/destination state. Each tends to overstate its own costs and to underestimate the burden of the other state's.

36. Cf sources cited at Note 13.

37. Press reports and press conferences of Arusha Meeting of OAU Sanctions Committee/Committee of 19, Arusha, 16-21 March 1981. See also Oil Tankers to South Africa by M.Bailey and B.Rivers, Shipping Research Bureau, Amsterdam, 1981 and South Africa: The Impact of Sanctions on Southern African Economies, by R.H.Green, #3 of Economic Sanctions Against South Africa, International University Exchange Fund, Geneva 1980 - Messrs Bailey, Green and Rivers were consultants to the OAU meeting, presumptively on issues analyzed in the monographs cited.

38. See Bailey, Rivers, Green, loc cit. Actual OAU deliberations and strategy papers - fairly naturally - are secret but the broad lines of action and issues to be confronted are not because they turn on objective realities and plausible approaches to them. See also resolutions of 1981 Nairobi OAU Summit.

39. This is probably reductionism. See citations at Note 24 and also Note 25. Further Kenya miscalculated what Tanzania would put up with. However, some Kenya decision takers - eg those who publicly spoke of drinking toasts to the collapse of EAC - fairly clearly did negotiate to achieve breakup not resolution of differences.

40. Again probably reductionist. Kenya's economy did benefit from Uganda's altered import sourcing. But many Kenyans did not see it that way (eg the shift to buying tax paid retail in Nairobi appeared - by lowering Uganda customs duties - to raise Kenya's share in EAC costs). Further, Amin's attitudes and also some actions - eg in respect to Kenyan nationals in Uganda from migrant workers through Bruce McKenzie - toward Kenya and Kenyans were very hostile. Nonetheless Kenya's stance during the liberation struggle was objectively pro-Amin and anti-Tanzania. And - as with the attitudes related to Note 39 - that these perceptions exist is itself an objective reality affecting proposals, negotiations and prospects.