Tanzanian Economy: Crisis Management To Slow Disintegration

1983 - An Overview

The Tanzanian economy continued to decline in 1983 - by about 1.3% in constant price terms.[1] Since 1978 only one year (1980) has shown positive growth so that gross domestic product stands 5% below 1978. Adjusted for terms of trade deterioration the fall in national command over resources is about 15%. Taking population increase into account the per capita decline is of the order of 30%.

1983's performance was rather better than might have been expected. On balance weather was again unsatisfactory - especially as to the distribution of rainfall by month. Exports - constrained by lack of transport and processing capacity fell 6% in foreign exchange terms[2] though rising from Sh 3.77 billion in 1982 to Sh 4.27 billion in 1983. No breakthrough was achieved on a joint World Bank-bilateral donor-IMF package of structural adjustment, import support, consolidation finance for rehabilitation and operation of the existing productive capacity. As it has been evident since 1980 that such an initial injection of foreign exchange would be needed for recovery, this failure virtually guaranteed continued decline.

Shortages - for consumers and for enterprises - worsened, albeit somewhat erratically and less rapidly than in 1981 or 1982. Inflation - as measured by Cost of Living estimates - remained in the 25-30% range where it has been since 1980.[3]

Economic management fell into three categories: articulated strategic plans for recovery and development; specific medium term sectoral policies and projects; day to day crisis management. The first category - quite apart from technical unevenness - is not in fact operational given present government revenues and overall foreign exchange (and availability). In the second some successes have been achieved - presumably a major factor in averting economic collapse on a 1979-81 Ugandan, a Zairois or a Ghanaian scale. The third approach, while essential in Tanzania's existing circumstances, necessarily means fragmented decisions, short time horizons and relatively low efficiency.

Morale has declined, hardly surprising given five consecutive years of economic non-success following seventeen in which the average annual growth rate was over 5%. However, much nore surprisingly, there is still a determination to try to hold out and make the best of things. The continued working out of medium term programmes and long term plans (and revision when they are overtaken by events) is an example as is the restoration of basic Bank of Tanzania services within 10 days after its headquarters was gutted by fire on May 17, 1984.

A somewhat less satisfactory element is a continued tendency to shift policies and institutions too frequently and with too little forward planning and preparation - e.g. the sudden introduction of semi-multiple channel, differentiated (full cost) regional grain marketing from 1 July 1984.

The 1984-85 Budget Package: Recovery Strategy Mark IV

The 1984-85 Tanzania Budget Speeches[4] were the occasion for setting out another recovery programme following on the 1980 Structural Adjustment, 1981 Economic Survival and 1982 Structural Adjustment each of which failed dominantly because the minimum external finance needed for the package to work could not be secured and the Economic Survival programme also because 1981 terms of trade falls wiped out its 15-20% export volume growth achievement. Because the economy has deteriorated steadily raising costs of deferred maintenance and rehabilitation as well as of raising capacity utilisation, exports have fallen because of the direct and indirect effects of import shortages and debt service and commercial arrears have risen each successive programme has had to be harsher and to posit slower recovery than its predecessor.

The most striking features of the programme were probably the 25.9% devaluation from Sh 12.6 to Sh 17 to the USA $, the indication of averge producer price increases of 40-45%, the reorganisation on a regional basis of grain marketing with elimination of the sembe subsidy, the reinstitution of local government income tax (termed Development Levy although in fact for District and Urban Council Recurrent services), the 35% increase in minimum wage with other wage and salary increases tapering down to 8% for top salary earners and the abolition of fertilizer and other farm input subsidies. Taken together with fairly standard tax boosts on petroleum products, beer and cigarettes these imply retail price increases of from 25 to 60% on most consumer goods and up to 300% on sembe in deficit regions far from surplus areas and/or ports, e.g. Mwanza.

The overall Budget for 1984-85 is 15% above 1983-84 in nominal terms at Sh 24.7 billion versus Sh 21.5 billion. However as 50 to 60% price increases for goods and an average wage/salary increase of 25% are likely this represents a real reduction of over 20%. In part this results from shifting some expenditure to local authority taxes and also from reductions in subsidies to consumers, producers and export marketing bodies. Even after these adjustments the real decline would appear to be at least 10%. The capital (development) budget at Sh 6.6 billion is up by 13% nominal and the recurrent at Sh 18.1 is up by 16%. In real terms allowing for subsidy and revenue sourcing changes the constant price capital budget is projected at 25% below 1983/84 and the recurrent at perhaps 5%.

Despite tax increases - and in part because of radically (apparently over 30%) lower external loan and grant estimates - the bank borrowing requirement is expected to rise to Sh 5.2 billion up from Sh 3.1 billion budgeted for in 1983/84. Preliminary indications are that 1983/84 Recurrent Revenue and Expenditure were both above initial estimates and bank borrowing near the projected level.

Over 1983-84 domestic bank credit grew 17.5% (versus an original target of 19.3%) to Sh 32.1 billion. This - in the teeth of 27% price increases - represents continuation of the significantly contractionist policy which has pushed borrowing growth down steadily from nearly 50% in 1979-80. The 1984-85 programme calls for a 19.3% increase (versus probable price increases of 50 to 60%) or Sh 6.2 billion. The very low Sh 1.0 billion for enterprise net borrowing implies continued contractions in inventories and in total real output.

While the budget programme has been widely seen as a peace offering to the IMF[5], its projections clearly do not include any IMF, World Bank structural or related bilateral import support funding. Over a full year such a package totalling $ 300 million could be expected to cause output and tax increases reducing the government bank borrowing by perhaps Sh 2.5 to 3.5 billion while raising enterprise borrowing (to cover larger inventories) by perhaps Sh 2.0 billion. Given the 6 to 7 month lag from programme agreement to funds release to arrival of imports through their use in local production to sales and tax collection a programme concluded in September 1984 might reduce the government's bank borrowing by up to Sh 1.0 1,000 million with a comparable increase in enterprise requirements. Tanzania clearly wants bilateral payments support and Bank structural or sectoral funding. Indeed one may doubt that the programme can work without it. However, the very cautious revenue and recurrent budget deficit projections suggest that Tanzania does not perceive such agreement - which would in practice be contingent on concluding an IMF programme agreement - as imminent.

Toward A Structural Adjustment Package?

Any observer of IMF-Tanzania negotiations in late 1982 early 1983 who returned to following them in early 1984 could be forgiven for wondering whether he was not looking at year old stories.[6] The IMF's call for a 60-70% devaluation at one go seems constant no matter what the intervening Tanzania devaluations or proposals for phased return to the 1979 or 1980 real exchange rate which the World Bank at least did not consider to be seriously overvalued. Indeed the World Bank apparently believes the rate which in date 1983 would have restored purchasing power parity to be Sh 18.5 to the dollar and that adjustment to purchasing power parity (at a higher rate than 18.5 given Tanzania's high inflation rate) could usefully be spread over two to three years - positions which are apparently very close to those held by Tanzania but distinctly divergent from the Fund's.

On other conditions the Fund has apparently oscillated agreeing at one set of talks and reopening the issue at the next. This includes agricultural prices which - arguably - Tanzania is already raising too rapidly. They also include domestic credit formation since Tanzania's target of phasing out the recurrent budget deficit over two to three years, allowing enterprises to hold larger inventories to raise production and projecting 50-60% inflation in the first year of a fund programme leads to its calculating the necessary increase in domestic bank lending at 20% which is apparently almost double the Fund's target.

Whether the 1984-85 Budget package which does include a substantial devaluation, a bank credit growth rate just under 20%, substantial grower price (and lower wage) increases, elimination of all subsidies will prove acceptable to the Fund is unclear. The Budget itself clearly does not count on a Fund - Bank - bilateral adjustment package but could be adjusted to fit one (with a lower government and a higher enterprise bank borrowing requirement if the funds begin to flow in September or earlier).

The World Bank on the other hand increasingly sees Tanzania's successive survival, adjustment and efficiency programmes as having gone far enough to justify a substantial sectoral or structural adjustment programme. Were a Fund programme agreed a Bank one (including industrial as well as agricultural and transport sector revival inputs) could probably be agreed fairly rapidly. However, even though the Bank's analysis seems closer to Tanzania's than the Fund's tradition forbids a Bank structural adjustment programme without a prior Fund programme.

Bilateral balance of payments support would probably be mobilizeable at a donor's conference once Bank and Fund Programmes were agreed. In the absence of Bank and Fund agreements prospects for adequate additional funding are dim.

On Tanzanian calculations at least $ 350 million a year for three years (above normal aid and borrowing) is needed for rehabilitation. Of this $75-100 million (substantially to reduce arrears) a year might come from the Fund, a similar amount from the Bank and $ 150-200 million from bilateral sources (partly perhaps by substituting rehabilitation and balance of payment support for a portion of present project aid).

Economic Saboteurs And Loafers: Rationalisation And Reversion

The 1983 economic sabotage campaign[7] led to 4,216 arrests by the end of April 1984. Of these 2,155 were acquitted, 424 convicted, 508 referred to other courts and 1,187 were pending.[8]

The acquittal rate suggests a certain over-enthusiasm in the initial wave of arrests but it also demonstrates that the special National Anti Economic Sabotage Tribunal has not proven to be a "kangaroo court" as critics initially charged it with being. In fact it operated virtually as a wing of the High Court presided over by a judge with assessors and using fairly little modified procedures.

However, the pattern of failure to articulate procedures in advance appears to have been repeated in the 1984 Manpower Act.[9] Its intent is to ensure that able bodied adults work and it is in one sense an updating of the vagrancy provisions used in previous repatriations of urban unemployed to home areas. Initial roundups in Dar es Salaam showed total inability to separate unemployed within the meaning of the Act from dependent wives, informal sector self employed (especially petty traders and prepared food stall operators) and students. Of 6,000 initially "netted" in Dar es Salaam on October 18 only about a tenth were actually subject to relocation under the Act.

1984 efforts were reorganised in two ways. First national identification cards were issued (as they have been on various past occasions but with limited coverage and less continuity). Second 10 House Cell (neighbourhood) Party leaders were involved in preparing lists of employed persons, students and wives they represented to reduce the danger of massive mistaken arrests by police.[10]

Agriculture: Analysis, Policy and Restructuring

Following the return of Agricultural planning and policy from the Marketing Development Bureau to the Ministry of Agriculture (now reunited with livestock) there has been an upsurge of policy papers, plans, policy changes and institutional restructuring. One might indeed question whether there is not now, in some respects, too much fluidity and substitution of policies and insitutions rather than making existing ones work.

What most critics of Tanzania agricultural strategy, policy and performance 13 fail to take into account is the historic record. From 1961 through 1978 Tanzania had a 3.5% trend rate of growth of agricultural production. The highest four year growth period was 1975-78, i.e. after villageisation. Over 1974-84 even officially set grower prices (which are the minimum a farmer receives) have risen modestly relative to the cost of living and almost doubled relative to average wages and salaries (at least 75% vis a vis the

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minimum wage) so that the cash and household produced and consumed income of the 'average' peasant household has risen from two thirds the minimum wage in 1977[11] to parity in 1981[12] to about five fourths as of 1984. Whatever the defects of Crop Authorities - and they are many - most regional co-operatives did a poorer job of procurement, cost control and maintenance of viability even if individually they were smaller so that losses in any one case (at the much lower 1960's and 1970's price levels) were lower. Over 1979-1983 the only category of imports which rose in volume terms was agricultural inputs - other categories fell by from 20% to 90%. Almost all studies of agricultural extension officers show that most are ineffective either because they are not adequately trained or because no properly tested location and peasant specific knowledge of techniques, crop patterns or available inputs and implements exists to extend so that repetitive swings from centralized to decentralized and specialist to generalist extension structures have minimal impact beyond creating transitional confusion.

Clearly such an approach would not make the present performance any more satifactory. But it would raise doubts as to whether raising prices by brute force would do much good (as opposed to the 1980-83 exercise of restoring some rationality to relative prices), as to how restored regional co-ops could be assisted to do a better job than their predecessors (and whether they should be single channel buyers from primary village co-ops), as to whether taking over Crop Authority extension and regional personnel totalling almost 50,000 and not cutting down to half as many does anything beyond doubling the Ministry of Agriculture's budget. It might also lead to more attention to improved storage (600,000 tonnes of 1976-78 surplus grain were lost to Tanzanian human consumption because of its inadequacy and the deterioration of tobacco for similar reasons probably lowers the average value of tobacco exports by a tenth, prompt procurement and payment by Crop Authorities and Co-ops (repeatedly stressed verbally since 1980 especially by the President and the Treasury but not enforced by Agriculture), restoration of rural transport (whether by village, co-op, Crop Authority or rural resident private sector fleet buildup and maintenance support), availability of water and wood (whose long distance collection eats up a huge proportion of women and girls' time), access to consumer manufactures and to agricultural inputs (the latter again stressed verbally but not operationally).

These objections apply to the 1982 Mbilinyi Report[14] and to the subsequent

1983 Policy Paper[15] although less so than to most outside studies. Intriguingly despite its stress on acting on the basis of peasant interests and desires it bears no sign of having conducted any surveys of peasants on what these might be and despite the fact that over half of agricultural labour input is by women and there is substantial gender specialisation of tasks, the Mbilinyi Report never once uses the word woman, girl or female.[16] Similarly it devotes a substantial amount of space to security of tenure when there is no evidence villagers thought their villages were in any danger of losing their land and very few cases of boundary disputes between villages or among village members.

Major policy changes over 1983-84 include:

Two successive massive - over 40% on average - annual price increases. Removal of input subsidies on fertilizer and insecticides. Formal recreation of regional cooperatives (and retitling village cooperatives as primary societies) and progress toward at least some coming into operational existence in 1984. Centralisation of all extension personnel in the Ministry (from Crop Authorities and Regions). Decentralising grain procurement and marketing to regional level with uniform grower but (unsubsidised) transport adjusted consumer prices (apparently a Treasury as much as an Agriculture initiative). Initiating a programme for strengthening research capacity. At least in principle welcoming large private farms (for African farmers not a change in the districts where most of them lived) and private or mixed agricultural companies - the problem being that it is hard to see why many individuals or companies would find large scale farming in Tanzania economically attractive. Allowing 18 major agricultural boards and enterprises to retain 10-15% of export earnings to cover the cost of imported inputs needed in their operations. Institution of a comprehensive tree planting* plan and programme with village, peri-urban, school and household woodlets - a forestry initiative building on 1979-1983 experience.

Production results over 1982-83 and 1983-84 were mixed but in general poor. Coffee and tobacco remained largely static at well below past peaks albeit the 1983-84 coffee crop may be up on the 50,000 tonne level of 1981-82 and 1982-83. Cotton output recovered modestly in 1983 but is likely to be down in 1984. In the case of sisal a near gap in replanting and of processing plant maintenance has prevented significant output recovery.

In the case of cashew nuts a detailed study has identified a series of problems and proposed a set of actions to overcome them.[17] These include unrealistically low price relative to other crops (dealt with in 1980 and 1981), poor procurement and transport resulting in loss through spoilage and lack of grower interest, increased incidence of disease, a growing proportion of overage trees, poor agricultural practices by growers. While only initial action toward implementation has been taken the apparent 1983-84 output recovery of about 10,000 tonnes or 25% suggests some improvement on promptness of procurement.

Energy And Water - Limits To Efficiency

Energy and water are two related sectors which highlight the possibility of coherent sectoral planning and programming, the continued efficiency of some ministries and parastatals and the limits on what serious programming and efficient institutions can achieve in the present context. The Ministry of Water and Energy (to which Mines has now been returned) has coherent programmes, policies anad priorities. TANESCO (electricity) has been cited by the World Bank as a model public enterprise[18] and the Tanzania Petroleum Development Corporation is both the second most profitable company in Tanzania (after the National Bank of Commerce) and a major agent in furthering hydrocarbon exploration and (in the case of its Songo Songo gas field) development. However neither petroleum products, electricity or water supplies are satisfactory.

Gasoline, gasoil and kerosine shortages[19] - especially upcountry - became endemic in 1983. The basic reason was lack of foreign exchange. TPDC and the Ministry managed to arrange for almost $ 150 million of deferred payment oil and product imports especially from Algeria, Angola and Libya which averted complete fuel supply breakdown in 1983 but must be rolled over in 1984. The shortages inconvenienced drivers and - more seriously - delayed or prevented crop collection[20] and processing as well as causing intermittent stoppages of some factories, power stations and water pumping units. In the Southern Highlands 75,000 tonnes of potatoes were lost because the (private sector) marketing firms and hauliers were unable to secure enough fuel.

Oil exploration continued in 1983/84 with Shell and the International Energy Development Group moving toward initial drilling in late 1984, AGIP evaluating its gas well and other data from Mnazi Bay (near Mtwora), Elf negotiating for an exploration licence and TPDC completing production well development at its Songo Songo gas field and drilling at Kimbije near Dar es Salaam with inconclusive results. To date almost $ 400 million has been spent on exploration and (gas) development including $ 100 million on the Songo Songo field.

While Italian funding was arranged for the Songo Songo collection system and pipeline to Kilwa, progress on putting together a financial package for its intended customer - the Kilwa Ammonia Company to produce 500,000 tonnes of urea and an additional 100,000 tonnes of ammonia a year - continued to be difficult, slow work. The chief barrier to securing adequate export credits appeared to be the fact that lenders needed to be certain the project could meet debt service itself as a Tanzanian goverment guarantee would be useless given its foreign exchange constraints.

In October a cargo of petroleum products reached Dar purportedly from the Far East. In November TPDC and the Ministry[21] and The Observer[22] independently traced its origin to South Africa via a tanker which had sailed from Lagos to the Republic and on to Dar.[23]

TANESCO continued to earn substantial profit[24] and to secure financing for Mtera hydro scheme power[25] to meet demand (now basically stagnant but likely to rise sharply as soon as the economy recovers) to the mid-1990's. Progress was also made on extending the main power grid to Mufindi and Mbeya. Its present priority projects are the north-western extension of the grid via Dudoma, Tabora and Shinyangu to Mwanza to allow oil and cost savings by eliminating the larger diesel stations and rehabilitation of the overloaded and antiquated distribution systems[26], especially in Dar es Salaam where power cut and voltage fluctuation costs to users have been estimated at between $ 75 and $ 90 million a year. Both of these projects are designed but to date the foreign exchange portion of finance has not been secured.

The water systems continue to suffer from overloading and inadequate maintenance - as well as fuel and electricity shortages. While 50% of Tanzanians nominally have access to water systems at least 50% of the rural systems are non-operational for at least a month a year and the urban systems are subject to recurrent breakdowns. In both cases the underlying problem is a long period of inadequate maintenance related partly to budgetary stringency but rather more to lack of foreign exchange for spares.

Industry - A Disaster Area

Manufacturing output in Tanzania has declined by over 50% since 1978. This is the single greatest disincentive to peasants and workers (who cannot buy what they want), the source (via lost sales and company tax) of up to two thirds of the Recurrent Budget deficit and together with drought and import constraint caused food shortfalls the reason price control has become increasingly ineffective since 1979 after relatively good 1973-78 experience.

The problem is not that the average operating and maintenance import content is particularly high. At about 20%, it is quite low for Africa and average for a small country. Unfortunately that means that every shilling of import allocation cuts means a loss of four shillings local input and manufacturing value added, two and a half shillings of transport and commerce earnings and thus ten shillings of retail price available goods.

While a number of plants are under construction - e.g. sheet glass, ceramics, salt - the main problem is inability to operate even existing plants at above 25% of average capacity. Tanzania could produce virtually all of its consumer goods, most of its construction inputs and perhaps a fifth of its implements, spares and agricultural inputs if it could use existing plant at the 70% of capacity rates typical through 1978.

Three products have received special attention over 1983-84: farm implements,[26] bicycles[27] (for rural transport) and paper[28] (for education and export). The first programme is one of debottlenecking, the second of rehabilitation and the third the completion of the 60,000 (later 75,000) tonne Mufindi Pulp and Paper Mill which at $ 250 million will be Tanzania's largest single industrial investment.

Manufactured exports remained low despite export rebate schemes largely because no effective means of allocating forex specifically to export production or allowing retention of a portion of foreign exchange earned for input requirements has yet been made operational.

Transport: Rolling Up A Steep Hill

The Tanzanian transport sector is manifestly unable to cope even with present depressed levels of traffic. Only Air Tanzania and Tanzania Harbours have capacity approaching demand - road and rail bottlenecks and refusals of cargo are endemic. While a substantial volume of rehabilitation, construction and reorganisation is in progress the overhang of deferred maintenance is such that new breakdowns keep appearing and the overall levels of capacity and service improve slowly or not at all.

1983-84 has seen the start of a major rehabilitation of Tazara[29] involving substantial Swedish and German funding as well as Chinese technical assistance and rescheduling of the construction loan. Performance has improved but cargo volume remains low and remittance of payment from Zambia erratic.

Tanzania Railways Canadian designed and backed rehabilitation is also moving ahead - but at the pace of its local freight trains on speed restricted track. The full rolling stock, traction power, roadbed, rail and signalling requirements are beyond any likely availability of finance and forex for any period shorter than a decade. However, on the Kigoma line movement has improved enough to attract substantially more Zairean transit traffic.

Road construction in progress or about to begin includes the Southern trunk highway financed by the UK, reconstruction of the Chalioze-Same portion of the Dar-Arusha highway and new roads to link Rwanda and Malawi to the Tanzania Railways and Tazara systems respectively.[30] In addition an EEC lorry rehabilitaion project has put several hundred grounded lorries back on the roads.

Dar Port improvement plans were completed in 1983 and presented to potential donors in Paris. While designs have been completed and tenders formulated, finance was still not fully available in mid-1984.[31]

Dar Airport - a rather low priority $ 100 million project committed over

1979-81 - will be completed in 1984.[32] It apparently provides adequate runway, parking area and terminal capacity for 50 to 75 years. Unfortunately failure to include a proper protective interface between the airport's sensitive equipment and the fluctuating voltage TANESCO distribution system led to severe damage to navigation control and communication equipment during the first half of 1984.

Regional Economic Cooperation[33]

Tanzania continued to be an active member of the Southern African Development Coordination Conference and to be responsible for its industrial programme area in support of which it held a successful donor-investor involvement conference in Harare in January 1984. It also took the lead in encouraging exploration toward a SADCC intraregional trade development programme hosting the first Trade and Finance Ministerial Meeting in Arusha in October 1983.

Discussions with the East and Southern African Preferential Trade Area continued. It now seems likely that Tanzania will join the PTA in the forseeable future, possibly in 1984-85.

Kagera Basin cooperation moved slowly because of lack of funds but two projects - Rusoma Dam (which would serve Rwanda, Burundi and probably Kagera and Mwanga regions in Tanzania plus southeast Uganda) and a scaled down rail route linking Rwanda and Tanzania's lake port of Kemando Bay look potentially viable.[34] Progress was also made on Central Corridor transport development including EEC funded rehabilitation of Kigoma harbour facilities.

However, the most striking development was the reopening of the Kenya-Tanzania border in November 1983 following agreement by Presidents Nyerere, Moi and Obote on a formula distribution of former East African Community assets and liabilities.[35] The distribution which allocated about one third of assets and liabilities to Tanzania was completed by mid-1984 and followed by retrospective conversion of some external loans to the former Community and its corporations into grants. Tanzania payments to Uganda[36] are likely to be largely offsets against the $100 million odd Uganda owes Tanzania and secondarily provision of goods and services.

Direct bus and air services between Kenya and Tanzania have been restored. Trade expansion (in 1982 it stood at $ 10 million Tanzania imports from and $ 1 million exports to Kenya) talks have proceeded less rapidly.[37] In practice Tanzania will be unable to increase its imports from Kenya significantly faster than Kenya ups its purchases from Tanzania. Lists of desired exports (40 from Tanzania and 250 from Kenya) have been exchanged.

The East African Development Bank - a surviving Community institution - stepped up its operations in 1983.[38] Of its total lending to its three members of $ 13.7 million, $ 7.8 million were to Tanzania.

Prospects For 1984-85

1984 will be another bad year for the Tanzania economy. The most reasonable projection as of mid-year was another 2 to 3% fall in overall and in agricultural output.

On the agricultural front the 1983 foreign exchange retention scheme and continued priority allocation of aid to operating inputs can be expected to have a positive impact. It is doubtful that the same can be said for the 40% 1983-84 (for 1984 harvest) price increases because in the absence of restored consumer manufactured goods availability they cannot be real in the sense of allowing peasants to purchase goods they want. The severe fuel shortages are likely - again - to cripple prompt buying and moving of crops. However, the dominant factor - especially for grain - will again be the weather. 1983-84 rains were uneven. In the South they were reasonably good and in the Centre rather better than Tanzania. However on the Coast and in the North and Lake regions they were very poor in distribution with the North and Coast combining drought and flood losses because over half fell in a two week deluge in April-May 1984. Kilimanjaro and Arusha Regions face their worst grain crops since 1974.

While completion of negotiations for external support toward a reconstruction and structural adjustment programme remains the top economic management priority, success cannot effect 1984 output significantly. Allowing time for ordering, shipping, use of imports in production and sale of products there are six month lags for manufacturing and transport rehabilitation and up to twelve for agricultural inputs and implements. Thus assuming an August agreement no serious production recovery or easing of shortages could be expected before March 1985 and - apart from improved transport - little on agricultural output until the 1985-86 crop cycle. Agricultural recovery in 1985 will have to turn on better weather backed by more access to transport and prompter procurement (whether public or private) not external assistance.

The Ministry of Planning's early 1984 view[39] that "1984 is likely to be much more promising in our endeavours to bring about economic recovery" was optimistic when made and by mid-year had been falsified by events. The budget Speech's message[40] of a rough year whose results would be avoiding collapse and laying the basis of future recovery was a good deal more realistic.

1985 results will turn on foreign exchange availability (realistically on an IMF-World Bank-bilateral additional finance package since without it substantial export expansion duplicating 1981's 15% quantity increase is no longer possible) and on weather. Neither could safely be projected as of mid-1984.

With a financing package and good weather, recovery could be fairly rapid. Policy and programme packages are considerably more coherent - and more broadly agreed within government - than they were in 1980 or even 1983. Most public sector institutions are either already more efficient or in the process of critical examination and rehabilitation. Were import support to allow a 25% recovery in manufacturing output (now at 50% of 1978 levels and perhaps 25% of capacity versus 70% in 1978) the government recurrent deficit would be reduced by at least half. Remaining inefficiencies and incompetent personnel could be identified which they cannot be (except in the most extreme cases) so long as foreign exchange strangulation forces inefficiency on the vast majority of public and private enterprises, agencies and ministries.

(Written by Professor Green
and transcribed in his absence)

Notes

1. Minister of Planning's Budget Speech 1984-85.

2. ibid.

3. Bank of Tanzania, unpublished data.

4. See Budget Speech(es) 1984-85, Minister for Finance and Minister of State for Planning, Government Printer, Dar es Salaam; Daily News 15-VI-84; A. Riyami, "Tanzania faces up to grim realities", Africa Economic Digest, 22-VI-84.

5. e.g. Riyami, op cit.

6. e.g. Riyami, op cit; "economic plight reunites former partners", AED, 23-XII-83; "Tanzania - IMF Negotiations: On The Brink", New African, July 1983.

7. See ACR 1982-83, "Tanzania".

8. Daily News, 15-VI-84.

9. Daily News, 19-X-83.

10. Radio Tanzania, 19-XI-83.

11. Unpublished estimate in ILO paper by D. Ghai and R. H. Green.

12. ILO/JASPA, Basic Needs In Danger, Addis Ababa, 1982.

13. See, e.g. J. Dimsdale "Rhetoric Meets Reality", Africa Report, Nov-Dec. 1983; S. Crouch "Ujamaa on Trial", New African November 1983 and - less rhetorically and superficially - "Agriculture in crisis", The Courier, No. 81, September-October 1983.

14. Agricultural Working Group Report, "named" after Chairman Professor Simon Mbilinyi: who subsequently became Principal Secretary in Agriculture.

15. Agricultural Policy Paper 1983, Government Printer.

16. This is doubly ironic since Professor Mbilinyi is the husband of Dr. Marjorie Mbilinyi, one of Tanzania's leading feminist researchers and advocates!

17. See "Declining cashew output explained", Daily News, 16-II-84.

18. World Development Report 1983.

19. e.g. Daily News, 16-VI-83.

20. e.g. ibid, 1-VII-83.

21. Press Relese, London, 11-XI-83.

22. 13-XI-83.

23. More detailed comment is impossible because of pending libel suits against The Observer and the author of the article.

24. AED, 1-VII-83.

25. AED 12-VIII-83.

26. Radio Tanzania 29-VIII-83; Sunday News 19-II-84.

27. AED, 20-I-84.

28. AED, 1-VII-83.

29. "China offers breathing space", AED, 19-VIII-83; Radio Kenya 7-IV-83.

30. AED 2-III-84 and 23-III-84.

31. AED 13-IV-84.

32. AED 14-X-83, Daily News 18-II-84.

33. See also ACR 1983-84, "Southern African Regional Cooperation".

34. AED 9-III-84.

35. See Daily News, Nations, Standard, 16-17-18-XI-84.

36. AED 2-III-84, 16-III-84.

37. ibid.

38. Marche Tropicaux, 16-XII-83.

39. AED 6-I-84.

40. Minister for Finance, 14-VI-84, op cit.

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