

Draft Introduction

WITH JEMBE AND MWENGE

On a cloth untrue
With a twisted cue
And elliptical billiard balls.

- Gilbert and Sullivan

All things that are
Are lights.

- Bertran d'en Martie

To plan is to choose,
Choose to go forward.

- Julius Nyerere

Breaking Ground

Dr. Wagao's retrospective perspectives on Tanzania's development over the fifteen years to 1980 is a welcome addition to the literature. This is not simply because the amount of serious analytical and reflective writing on macro and sectoral development economic issues is limited - in contrast to that which is descriptive, polemic, short term oriented and/or narrowly focused.

First, this is a Tanzanian contribution. That does not make it unique but it is a welcome evidence of technology transfer - the proportion of expatriate writing on Tanzania has historically been very high. The point is not that

only Tanzanians should write on Tanzania (or any other economy). Self-reliance and autarchy are not the same thing and premature reduction of imports cripples more than it stimulates domestic production (as Tanzania knows only too well at the material level). There will always be room for joint ventures such as the economic policy study produced under UNCTAD auspices (Rwegasira, Van Arkadie, Green 1981) and the Bank of Tanzania's 20 year political economic review (Bank of Tanzania, 1984). These cover approximately the same period and the three overlap as to topics. Similarly the occasional study with the greater distance and comparative perspective of one or more outsiders - like the 1981 Basic Needs Mission volume (JASPA/ILO 1982) will always be of value - not least to Tanzanians. But very few people (including no large body of political economists) are primarily concerned with Tanzania except Tanzanians and for virtually no one else is Tanzania's political economic performance a day to day, inescapable, dominating reality. It is, therefore, a necessary part of political economic development that the main body of Tanzanian political economic writing become Tanzanian.

Second, Dr Wagao breaks new ground and sheds new light. In Tanzanian terms he uses his jembe to hoe the hard and fragile soil of Tanzanian empirical data and does so in full knowledge of the need to use different inputs (sources) to win a crop and of the unpredictable and problematic nature of the harvest.

One of the main problems with analysis in Tanzania is the quality and coverage of data. Because of ambiguities, gaps and conflicting estimates two dangers arise. One is the use of high powered techniques without adequate awareness that surprising results may relate to data defects or collapses under too energetic manipulation and not to material reality. A second is that given the need to select and adjust from conflicting (and/or incomplete) and

obviously adjustment requiring data there is a tendency for any author to select and adjust in ways which tend to confirm his original intuitions, qualitative judgements and hypotheses. This does not imply (or a least need not) intellectual sloppiness or disingenuity. The data are - in their present form - consistent with very different historic as well as projected scenarios at both descriptive and causal levels.

Dr. Wagao has provided his fellow analysts with a field of somewhat hardier statistical plants to use in their own work. For the non-specialist he has both provided a selection of the healthier cross breeds or composites (statistically speaking) and brought them together in one field for ready harvesting. Further he has done so with care not to go beyond what the data will bear in rearranging and manipulating. Like the Tanzanian peasant he is aware that fragile fields will respond, at least up to a point, to diligent hoeing with a jembe but transpire away their moisture and/or collapse into powder under deep ploughing with a heavy tractor. Further, he has done this task of compiling, testing, reconciling and presentation to the extent anyone can, without basing selections and adjustments on initial assumptions, radically re-interpreting results to fit hypotheses, or hiding ambiguities. This is possible primarily because of the quality of mind he brings to the task but also because he - unlike for example the present author - has not been integrally involved in devising or applying particular strategies and policies and, therefore, has no sunk capital invested in them. Similarly, because he is broadly sympathetic to the main goals and strategies he has no vested interest in discrediting them from either a New Left, a Neo-Stalinist or a Neo-Free Market ideological stance.

And Shedding Light

But it would not be correct to imply that Dr. Wagao's volume is simply a presentation of better ordered, better tested data fitted to the 1965-80 evolution of the economy of Tanzania. It is that and as that alone would be very valuable. But it is more.

Having used his jembe to prepare his field and plant his crops, Dr. Wagao holds up a mwenge to illuminate the results. He seeks to provide an analytical commentary on the results revealed by the data, a causal explanation and a critical commentary on policy. The second and third are, perhaps, less fully developed than the first but are nonetheless substantial.

It is one of the strengths - not weaknesses - of this volume that it raises a series of questions and invites a series of challenges.

First, the collection, reworking and presentation of the data - especially when they are then set to work at analytical description - highlights gaps needing to be filled. How widely this is possible in respect to the past is less than clear. One cannot for example produce 1961, 1970 and 1980 household budget surveys or refine the mid-1960s and 1970s ones to cover household self-provisioning (so-called "subsistence" production). One may or may not be able to reconstruct means of payment for actual 1984-86 imports to narrow the range of estimates of the 'no forex' licence category from its current \$150 to \$600 million chasm. The lessons for the present and future are clearer and more practicable. Household budget surveys including self-provisioning (with clear valuation methodology allowing reestimation at shadow price for alternative uses) are needed urgently and thereafter at five year intervals,

if practicable with smaller, simpler annual interim 'updates'. Import and payment statistics should be codified to allow studies of levels and makeup by means of payment, e.g. allocated earned foreign exchange, export 'retention' fund, 'no forex' licenses, programmes or import support aid (including food aid), project aid and borrowings. Further some way of supplementing them with fringe benefit costs is needed if even such surveys are to be good guides to intra urban income distribution (including old age security accumulation).

Second, the analytical descriptions raise rather more issues than they resolve. For example - as discussed below - the movements within the broad changes of income distribution are not all either what was expected in prospect, predictable in retrospect nor unambiguously explained either by the data or by Dr. Wagao's tentative suggestions.

This leads to a third area of dialogue - by no means all of the presentations interpretations of the data are complete or unproblematic. On income distribution Dr. V. Jamal (JASPA/ILO, 1982 and Jamal, 1985) reaches substantially divergent conclusions and the present author (Bank of Tanzania, 1984) an intermediate position. Serious dialogue in this - and similar - cases ought to generate more light (and less heat) than previous debates.

Fourth, as noted above, some of the causal analysis and policy critique is tentative. Indeed in some cases the weakness inherent in not being involved in formulation seems to arise - the presentation of Ujamaa/Development Village and fiscal policy goals and instruments does not correspond very closely to what the government thought it was seeking to do through what instruments. The reasons for these differences in perception - perhaps as much as their resolution - deserve reflection and discussion quite separate from analysing

and evaluating the actual results of the policies (assuming the production results of either rural Ujamma or of villagisation can be disentangled from weather and import strangulation).

Finally, one test of retrospective data presentation and analysis is what questions it raises and insights it provides about the subsequent past (in this case the first half of the 1980s), the present and - at least the immediate - future. Dr. Wagao's volume does raise a host of such issues, largely (and most effectively) implicitly. Perhaps the most crucial is why 1974-76 adjustment worked and 1979-81 did not. This question is posed in the concluding essay but in a way less satisfying than most of the volume since it tends to assume that the causes of the 1979-85 economic decline were the same as those of 1974-76. That conclusion is not readily arrived at from the volume's own sources or those cited (e.g. Rwegasira, Van Arkadie, Green, 1981; Bank of Tanzania, 1984) since these do not cover all of 1979-86 - or even 1979-81, nor indeed would either the Treasury or the present author agree with it except at a very high level of generality.

With Flashes, Shadows and Flickers

To attempt a potted summary of each essay would be somewhat unfair and perhaps counterproductive - the reader should peruse them himself.

To write a basic attack would be inappropriate in an introduction. In any case, the present author could not do so since he is not in basic disagreement.

Therefore, what follows is a selective posing of remaining ambiguities (most of which have not escaped the author), possible alternative readings and additional issues either posed but not fully treated in the essays or arising out of them.

The essays can conveniently be divided under four heads. Ujamaa/Rural Development, Income Distribution/Public Sector Wages and Salaries, Public Sector Enterprises and Balance of Payments Evolution (or disintegration). The second and third topics have two essays each.

Ujamaa and Development Villages are a case in which the appearance and intended actions of Party and government policy at any one time and over time both been complex and has often been read by outsiders in terms quite different from what the Party and/or the bureaucracy thought they were seeking to do and why. This is, of course, not the same issue as what they actually did or its results which may have been quite different from the intentions. Similarly to set the tensions within the process up as a Party-Government clash (as some writers though not the present author do) is too simplistic - different trends existed within and across both Party and government.

One question which is posed only implicitly is how to read the early 1960s Village Settlement interlude - which probably had more micro successes than Dr. Wagao grants albeit his conclusion that it was and was perceived as a failure at strategic level is surely correct.

Reading President Nyerere's pre-Village Settlement speeches strongly suggests that at that time what he had in mind was a model far closer to Ujamaa Villages as later developed than to the actual highly technocratic, organised

smallholder or neo-plantation model which emerged. One interpretation of what happened is that the roughly outlined concept was handed over to technocrats (largely at that point expatriate) who did not fully understand the goals intended (especially the social, self-determination and mobilisation ones) and gave a technical set of means which inevitably contradicted the socio-political ends sought, and in addition proved technico-economically unviable except under special conditions.

Ujamma Villages had another history of prototypes, not examined in the essay, which were - or were thought to be - closer in spirit than the Village Settlements, which it might have paid the author and would pay students of the villages to study. These ranged from Quaker (Society of Friends) catalysed community villages through the Utopian Socialist Rufiji Association (small villages, high turnover of members, intense participation, almost total expatriate planning and technical leadership) to a variety of Party (then TANU) and youth wing settlements. What seems to have been un- or in-adequately noticed was - then and now - that while their social and mobilisation results were real, their productive bases were almost uniformly weak and usually led to their disintegration.

Another set of historic predecessors passes - as it almost always does - unmentioned. These are the Defence Villages set up to group households for defence against Portuguese raids from about 1963 which by the time Ujamaa village promotion began probably had over 500,000 members and were the foundation for the very rapid announcement and formation of Ujamaa villages in Mtwara and Ruvuma Regions. Unfortunately very little material is available on their size, structure or economic performance (which may have helped pave the way for Ruvuma's sharp rise in grain production from the mid-1970s).

One curious set of citations may deserve more attention than it receives. Almost all studies of rural Tanzania suggest peasants at the date of the study were worse off than one or two decades earlier. Empirical evidence suggests this is unlikely. 1961-80 trend agricultural output growth was 3% to 3½% versus perhaps 2% to 2½% peasant household growth. Preliminary 1985-86 data suggest that this remains the underlying trend. Few outside observers who saw villages and/or farms in 1960, 1970 and 1980 have thought 1980 worse than 1960 nor was the general 1960 impression that things were overall worse than in 1940. There seems to be either a neo-Greek romantic appeal to a previous "golden age" of the Tanzanian rural economy or a somewhat uncritical assertion of deterioration to attack whatever policy the analyst considers unsound on different grounds. Rather more serious empirical (not only economic) research, plus surveys (using unloaded questions and unled narratives) of how peasants perceive changes over time, including specific and time period ups and downs as well as overall directions would seem desirable.

The Evolution of Party Approaches

Party strategy and policy on Ujamma Villages, as Dr. Wagao underlines, shifted. It did so largely in response to peasant response as perceived by the Party (initially largely by part time Party officers who were themselves full time peasants). However, the conceptual changes are perhaps not adequately highlighted in the author's means centred analysis. Conceptually there were four phases:

- a. seeking to achieve a small number of high communal consciousness and collective production villages to serve as pioneers (1967-1970);

- b. broadening to include a substantially larger number of villages, perhaps 5 to 10% of rural population a year with - at least in President Nyerere's mind - a 25 to 30 year 'completion' perspective (1969-1972);
- c. "broad front" Ujamma with a much more rapid establishment of villages with communal and self-government elements but - initially - not necessarily very much collective production and what there was not necessarily in crop production (collective cattle raising was so fiercely opposed that it never was a general operational target). This was a response to a much more rapid expansion of village and villager numbers than anticipated combined with a focussing (with a 5 to 10% exception which were significantly both communal and collective) on collective activities in infrastructure building, commerce, transport, secondary economic activities rather than crop production (1971-1974);
- d. continuing the "broad front" approach in a lower key but making communal (Development) village membership compulsory and leaving the extent of collective activity in the villages totally to village decision (1973-1976).

The overlap of dates indicates - at least symbolically - the untidiness, lagged communications and varying perceptions within both Party and government which characterised all phases of the process. For example, the 1973 Party Congress decision on Development Villagisation had no unambiguous target date. Decentralised (Regional and District) government bodies initially thought 1974/75 - 1976/77 was the time schedule with a trial programme in the first year expanded in each of the following. The Party never formally contradicted

this. Why the 1974/75 - 1975/76 timetable (which did not fit the technical preparations) was adopted by the Party (usually over bureaucrats' objections whether on genuine technical and timing or "more work for us" grounds) in most Districts and Regions has never been seriously researched. The people who made these decisions were largely full time peasants/part time Party officials presumptively close to (and dependent on) their constituents and under no real central Party or government pressure to move faster.

The communal and collective strands in villageisation seem to be confused in most writing and not adequately separate even by Dr. Wagao. The first relates to living together partly in order to create a geographic pattern consistent with provision of social and economic infrastructure and partly on the basis of the belief - especially strongly held by Mwalimu Nyerere - that people can be fully human only in communities larger than hamlets and more varied than single (even extended) families.

The collective strand relates to common production (including infrastructural construction). Here assessment of what can be best done jointly has been very weak and fitful both by proponents and opponents. This has been exacerbated by the Ministry of Agriculture's fixed and abiding hostility to villages (even non unresolved) and the pro-village rural development/local government sub-ministry's lack of technical capacity.

Self organisation in relation to village governance and to higher (larger) levels in the Party and government falls partly in each strand. It relates to the question of who was intended to control whom and what happened.

A Question of Power

Mwalimu Nyerere saw communal self-organisation as giving groups of peasants the collective power to confront officials which isolated individuals families could never have. For him this was a key thrust of both Ujamaa and Development Villageisation. Most officials - especially at field and district levels - in prospect saw it that way too - and predictably opposed villageisation. Health, education and water (plus later forestry) who had better working relations with peasants and more to gain from spatial reorganisation were the exceptions. The concept of villageisation as intended either to increase bureaucratic control or surplus extraction - at least as an overt intention - smells of the smoking lamp not the torch of illumination. A few officials hoped for it but had grave doubts they could pull it off.

In the event the power shift has been problematic. Villages have swung the balance against field level officials who are far less able (or willing given the danger of reposting if strong objections are raised to their conduct) to bully or coerce peasants in groups of 1,500 than they were in handfuls 5 to 15. As a channel of communication local Party units have, on balance, been strengthened - albeit regional ones, while stronger vis a vis government counterparts, have often singularly failed to understand particular peasant contexts and concerns.

But in the cases of both agricultural and administrative officials (though not education, health, water, forestry) the results are problematic. Acceptance of working for and with villages and villagers has not been won. The World Bank's Uma Lele had local allies in the nominally technical transformation (or deformation!) the intended cadre of village selected Village Manager to serve

village council plans into a cadre of urban lower secondary school completer trained to manage villagers approach. The result is usually not real or attempted domination but inaction. In many cases the managers and other ward and district level agricultural and administrative staff say "Ndiyo bwana" ("Yes, boss") both to official superiors and to villagers even when the demands of the two are not consistent. They then seek a quiet life by not acting on either set of instructions.

And One of Pay-off

This links with a real and understressed - in this essay and elsewhere - technical or technological problem underlying the limited collective crop production and medium term land utilisation and conservation challenge.

The basic reason not over 3 to 5% of crop production has ever been collective and over half of that is in 5 to 10% of all villages is neither simply individualism (or familialism) nor "innate conservatism" (unless that means calculated risk limitation). Both are real, but another factor is the lack of any very evident gains from collective crop production on known, accessible technology-input-farm management packages.

The exceptions tend to support this hypothesis. Villages which adopted new techniques, new crops or food production for the market for the first time are the ones in which collective approaches (used from the start for the new crop or new market oriented production) are significant. In these cases, and for these crops, collective not household - production - has become traditional. Similarly, women pooling bits of labour time to grow not for household

self-provisioning, but for cash to meet household expenses, have in a number of cases found they could gain by producing together.

Collective activity - as a somewhat baffled Party saw but perhaps did not understand - grew quite rapidly in a majority of pre-1974 (and less consistently in a majority of all) villages but was dominantly related to social and productive infrastructure; fuel, fruit, fodder woodlots; commerce (crop marketing/village shops); and - less uniformly - artisanal production and transport not, as expected, to crops. The resistance was often not to collective economic activity which clearly was likely to pay off but to problematic, risky shifts to collective production of known crops with no likely production gain in sight. That can perhaps be read as common sense rather than hostility to socialism or lack of accurate perceptions of reality. Both advocates and opponents of rural Ujamaa (narrowly defined as collective crop production) have tended to ignore or to brush aside this issue.

This tangle remains a priority area for research (applied research in particular) because it continues. How to utilise grouped, articulate, self-organised communities to make extension (and research) more effective; what management techniques would allow grouped crop production to pay off; where the real economic gains from collective action now exist; how to adapt land use and rotation to more permanent tillage and settlement patterns (where West African experience in areas of long established large villages should be relevant) - these are very imperfectly studied topics and what specialised research there is has not entered into the broader socio and political economic dialogue. Block farms - as mentioned by Dr. Wagao - are an ideological answer facing the same basic problem as collective farms. In the absence of heavily subsidised mechanical cultivation, they rarely pay the

peasant very well for additional effort and are not widely accepted. The show piece "block farm" is usually as unreal as the show piece "collective plot" - both are frequently public relations gimmicks to throw dust in the eyes of outsiders.

Income Distribution: Illumination of What?

The two essays on income distribution are arguably the most seminal of this volume. They flow from Dr. Wagao's PhD thesis and his work in a cross country African comparative study. As he does not stress here, Tanzania looked different from the other cases statistically - especially in urban wage and salary trends toward lesser inequality.

One confusion seems to have arisen. As Dr. Wagao - and others - have noted the Sales Tax is progressive up to about the university graduate entering salary and regressive thereafter while the income tax (beginning at minimum wage level) is progressive over the range it affects. The combined impact is statistically progressive intra urban, intra rural and urban rural (see also Bank of Tanzania, 1984).

In this context the ILO/JASPA (1982) comment echoed by Wagao that the sales tax is not progressive is misleading. What the government - as accurately cited - has claimed is that the combined tax system is. The Sales Tax is seen as progressive (and pro rural because of different consumption baskets) over a range of incomes for which direct tax would not be practicable. From the minimum wage level up, income tax is seen as providing the progressive element first to reinforce and then to replace that of the sales tax.

Unfortunately Dr. Wagao does not address the progressivity or otherwise of expenditure directly. Very few revenue systems achieve much more than proportionality and the Tanzanian exception is not striking in the shift in after tax versus pre distribution of real income because, by itself, it provides nothing additional to the poor. Government expenditure often is progressive; the question is to what degree this holds true for Tanzania.

The stress on universal access basic services suggests a redistributive element. So would the relatively high agricultural research, extension and subsidy payments except that their effectiveness for anybody is open to very grave doubt. Similarly Dr. Wagao's identifying state cash flow as urban to rural (i.e. urban receipts exceeding and rural falling short of expenditure) suggests that government expenditure reduces urban/rural inequality but the inefficiency of the agricultural (as opposed to health, education, water, transport) component of rural expenditure must qualify any such assertion until more and more articulated study is done than here or in the Bank of Tanzania's 20 Year Review.

On 1969 to 1976 shifts, Dr. Wagao's conclusions are now partly conventional wisdom and partly hotly challenged. That intra urban and urban/rural inequality fell is agreed. That intra rural rose is - less wholeheartedly (see ILO/JASPA, 1982) - agreed but that overall (urban plus rural) rose is seriously challenged (ibid, but also Bank of Tanzania 1984).

One problem - perhaps not made very clear by Dr. Wagao - is that the Budget Surveys relate to cash income only. In rural households this both overstates the absolute urban/rural gap and the degree of intra rural inequality (cash

income rises as a per cent of the total as total income rises). This together with the question of how to value household self-provisioning - at import (purchase cost) or export (farmgate) prices - is crucial to answering whether the average (say middle 60-65% excluding top 5% and bottom 30-35%) of farming (unfortunately not identical to rural) households have greater or less real consuming power than the minimum wage and how the ratio is moving. Post 1980 work (e.g. ILO/JASPA, 1982; Bank of Tanzania, 1984; Jamal, 1985) shows fairly conclusively that the middle rural households consuming power was perhaps 60-70% of the minimum wage in 1976, 100% odd in 1980 and over 133% by 1986. But with no post 1976 budget surveys plus the demonstrable fact urban households could not survive on the minimum wage (or on 1976 household income makeup patterns), the actual household to household comparison cries out for further research.

Some of the complexities of the 1969/1976 changes may relate to non-comparable surveys (1976 in particular has been severely criticised as to methodology and implementation). Others seem to be real and explicable:

- a. the rise in the top 1% of the urban income distribution's share relates to the lack of any real leverage over the wholly private profits, rents and salaries of those in this category who profited from the about 5% average annual real growth of that period;
- b. the rise in the top tranches of the rural distribution - as Dr. Wagao suggests - relates in part to the 1976 coffee (price) boom and the less marked parallel in tea. It may also relate to the higher proportion of wage and salary (non-farm) households in the rural sector in 1976 than in 1969 as the result of extension and decentralisation of public services;

- c. the fall in the middle rural tranche's share of rural income may relate to 1976 being a bad year (in output and compared to 1979 real price) for cotton and cashew - the probable chief cash income sources for a significant proportion of this sector.

What b and c suggest (especially as the cash income share of the poorest rural 20% did rise) is not lack of policy but that world price and weather contexts can swamp and household income source shifts disguise policy impact on income distribution.

However, the degree of levelling down embodied in Tanzania's post 1967 rural strategy is often overstated. The large farmer enclave around Mounts Meru and Kilimanjaro has consistently had the highest per household input of state services and the most favourable treatment (e.g. re the Tanzania Farmers Union - a "kulak" cooperative always allowed to remain outside both the main co-op structure and villageisation) on organisational issues. This may have helped poor peasants too in an absolute sense as the TFA had a significant role in the greater cost efficiency of the Coffee Board than of other marketing/crop development agencies, but it can hardly have contributed to greater equality.

Less Ambiguity - Public Wages and Salaries

Here Dr. Wagao's conclusions contradict conventional new left and populist criticism and confirm both that official policy meant what it said and - with some ambiguities - was implemented.

First, Tanzanian public wage and salary policy has been determined by policy

goals - including primarily greater equality - not international or domestic private levels or structures.

Second, the policy - and its implementation - date to 1961 when TANU was preparing its strategy for action at independence. The 1961 Adu Report diverged from the standard late colonial approach to equalising local and expatriate scales - it adopted the former and turned the difference into allowances particular to expatriates (or personal to citizens already on the "white" or expatriate scale).

Third, the policy was implemented consistently and with a clear empirical impact from 1961 for the government and from 1967-69 for public enterprises whose wage and salary structures and - less systematically fringe benefits - were melded into a unified public sector structure.

Fourth, the one exception - East African Community entities before 1977 - was the one public sub-sector in which Tanzania could not control salaries which were in practice pegged to Kenya levels plus an "inducement" margin. This is a clear demonstration that Tanzania's policy was different.

More recent studies (e.g. Bank of Tanzania, 1984) indicate that this pattern has continued - indeed greater stress on limiting minimum wage than salary purchasing power erosion accelerated real differential compression after 1974 and especially after 1979. Adding fringe benefits to wages and salaries would not alter this conclusion. However, apparently (see Bank of Tanzania, 1984) it would show lesser true comparability and uniformity as both within government and among parastatals fringe benefit levels and generality differ immensely (oddly enough probably in favour of rural and small town employees

as a per cent of base income). Some of the largest benefits - e.g. bus transport and cheap noon meals - are progressive but so costly relative to basic wages that their efficiency from the workers' points of view appears to need investigation.

One major challenge to left conventional wisdom emerges from the data. If the managerial and civil service sub-class is - as a number of Tanzanian and expatriate authors would have it - the dominant class why has it been so singularly unable to defend its economic position? Peasants, wage earners, urban informal workers, small capitalists, probably middle and larger capitalists - all have fared less badly. Nor does this sub-class see itself as enjoying more rather than less power in 1987 than in 1977 either absolutely or vis a vis workers and peasants (albeit this varies from institution/enterprise to institution/enterprise and may not be a uniformly accurate self-perception vis a vis urban workers).

Certainly a dominant class that can protect neither its economic nor its power base relatively or absolutely would appear to be a contradiction in terms. The apparently dry statistical and historic data point to a need for serious review and rethinking on the actual nature of dominant sub-class coalition (which clearly do include the managers/professionals/civil servants) dynamics and their change over time in Tanzania. In terms of actual allocations of funds and of policy priority, the Party acts as if the dominant class were peasants (albeit the correspondence of the actual articulated allocations and policies to peasant priorities as seen by peasants has in many cases been open to doubt). Wage and salary workers have been seen as privileged (a somewhat anachronistic view by now) and potentially hostile (because ill served by egalitarianism in power or income distribution). Why? It is hard to relate

actual policy and resource allocation preferences to any structure of direct peasant power and surely too simple to relate it to the personal convictions of a handful of leaders.

A reverse criticism also requires further analysis. Did the reduction of inequality or the forms it took (as opposed to the general post 1978 declines in per capita incomes) have disincentive and resource misallocation effects which seriously reduced either current output or productive - in the broad sense - investment?

The data and qualitative impressions are not conclusive. Absenteeism, moonlighting and overt or quasi-corruption certainly rose significantly after 1978 (from very low levels in global, let alone SSA, terms). Recurrent campaigns and very real social and political disapproval have limited but not reversed this trend (at least not before 1985-87).

But the chronology is by no means self-evidently closely correlated to reduction of inequality policies. These date to 1961 and, more overtly and coherently, 1967. Unless one argues a lagged impact, or a threshold level of 'adequate' differentials, it is necessary to canvass other causes. The strikingly obvious one is continued economic non-success after 1978, which whatever its causes can hardly be related significantly to reduction of income inequalities. The fact that the morality, morale, productivity problems of 1978-85 are widespread as to sector and income level would seem to provide some tentative confirmatory evidence to this hypothesis as would the fact that a similar trend in 1975 was largely halted and reversed with recovery in 1976-78.

However, the chronological pattern and qualitative impressions do not totally dispose of the critique. By 1982 at the latest productivity of large chunks of the public service (as well as of their real incomes) was very low because supporting resources for them to do their work were simply not available. Arguably this did - and does - represent a misallocation of resources and one in fact increasing inequality nationally although not within the public service. Similarly, it can be argued that a higher proportion of performance/productivity related pay would have increased inequality only marginally but morale and effort substantially (always assuming efficient performance/productivity measures could have been devised and revised). While certainly correct up to a point - especially at micro level - the macro weight of these and related criticisms is unclear. Until they are researched in a systematic way all debate is likely to remain at the assertional and anecdotal levels.

The Rise of the Public Sector

The two essays on the public sector are perhaps less satisfying than those on income distribution but do nail down a number of facts especially as to sectoral history. In the colonial era, the directly productive public sector was significant well beyond public utilities but neither dominant nor the result of any coherent strategy. Over 1961-67 it grew moderately (and became more sectorally spread). This was followed by a quantum leap to dominance in large and medium scale economic activity (except construction) after the 1967 Arusha Declaration and its immediate implementation measures.

The even greater dominance of public sector investment is also set out

clearly. Here however, a peculiarity of the statistics is overlooked or not cited. Public sector investment in the national accounts is computed from answers to a postal questionnaire. Private is the residual including errors, omissions and failure to reply. In general, government investment has been up to 25% below Development (Capital) Budget expenditure adjusted for transfers to parastatals. In some years parastatal investment has been even more complete, e.g. in one year's draft statistics Tanzania-Zambia Railway (Tazara) investment was in the residual private fixed investment in the gross domestic product calculations and its financing in foreign private direct investment in the draft external accounts! These weaknesses in the data do not alter - indeed strengthen - the conclusion of public sector investment leadership but do raise doubts as to whether year to year percentage shifts after the 1977-78 leap represent altered reality or record keeping quality swings and roundabouts.

Because Tazara was a large - in some years a fifth or more - of public sector investment through 1974-75, it is possible the public investment share fell after 1975 (as the data seem to suggest). As 1975-78 was a boom period with a surge of (not very efficient) private import substitution investment in manufacturing plus a wave of amenity and luxury house building, this would be consistent with qualitative perceptions. It may also relate to a question vis a vis post 1980 structural adjustment programmes: does public crowd out or crowd in private investment?

Overall public investment clearly has led to rises in total investment - not least because it was more externally fundable. After 1971 it seems to have crowded - or pulled - in rather than crowded out private. Certainly over 1979-85 private borrowing, both for working and for fixed capital, was

constrained by demand as it remained below the ceilings set for its nominal expansion. However, this might not be true if the 1985-86 recovery is extended and deepened. Especially at working capital level, a real choice might then arise especially between enterprise working and government fixed capital but also on the public/private fixed investment front.

Public Enterprise Organisation: A Random Walk?

The essay on public enterprise (parastatal) organisation is perhaps less analytical than most. It does not relate what happened in Tanzania - nor why - to trends and debates globally in respect to both private and public enterprise structuring. This is not to argue that Tanzanian practice was much informed by these broader contexts either, but that reflection on them might shed light on actions and results.

Basically of course the number of public enterprises rose because the sector expanded. That, however, does not explain the varying patterns of intra-sectoral hierarchical organisation. The first - pre-Arusha - pattern was one conglomerate (the National Development Corporation) in manufacturing and tourism plus part of agriculture, a number of public utilities (in transport East African not Tanzanian to 1977) and (inherited) agricultural marketing bodies which, like a penumbra of other public enterprises, reported direct to sectoral ministries as to programme and - less coherently - to Treasury and Planning as to finance and investment.

After 1967 both conglomeration and direct reporting (except for the largest production units and the financial sector in which there were only seven

substantial enterprises) fell into disfavour. The former was believed to bring about diseconomies of non-specialisation (a view which investors in Europe and North America as well as management analysts there - but not in Japan and South Korea - began to favour a few years later). The latter was seen as preventing effective ministerial supervision because analysis units needed data on a limited number of groups, not dozens of units, as well as because functional group holding and management companies were thought to offer economies of scale. That too was a trend and line of argument common in TNC practice and management consultancy advice at the time.

Indeed external consultancy - notably McKinsey and USAID/University of Missouri (in agricultural marketing) - played a role in building up very complex holding/managing units even though their advice was usually not taken to as great a degree of centralisation as its authors (and parastatal managers) wished. Indeed in the case of industrial consultancy (advised as an NDC unit by McKinsey) Tanzania chose a free standing parastatal linked to the industrial sector and its Ministry not a reinforcement of the conglomerate, while in agricultural marketing the advice to amalgamate a dozen crop boards into one was (happily given the organisational chaos in several even on a single crop or group of crops front) rejected. Similarly the initial operational level and overall sectoral amalgamation of wholesale and retail trading was - after the State Trading Corporation showed severe problems of over-extension and breakdown of internal communication - reversed. Thirty odd regional and specialised product enterprises were spun off with central oversight and planning vested in a quasi-independent, specialised Board of Internal Trade and financial oversight (and nominal ownership) vested in the Treasury.

The pattern was neither so much of a random walk nor of unconsidered expansion of holding companies as it appears at first glance or in Dr. Wagao's historical narrative. True almost all managerial and organisational restructuring even (especially?) when intended to simplify seems to add layers and numbers of managers. Tanzania was no exception, albeit the STC decentralisation (an entirely intra ministerial exercise with few outside and no foreign based or employed consultants) did have that most unusual result. But there was no intent to maximise salaried posts - at least on the government side - au contraire there was a wish to make the sector less scarce, skilled professional and managerial person intensive.

The most interesting question may be why all the approaches were at best very partial successes and why performance within each was so very unequal (e.g. by the 1980s 80% of Tanzania's company profits and 90% of company losses were in the parastatal sector, both larger than its probable share of public plus private company assets or turnover). Dr. Wagao suggests two answers - neither very clearly articulated - first that public enterprises were overcontrolled and/or interfered with and second that they were characterised by unaccountable autonomy to the extent of anarchy. He is almost certainly right on both counts albeit the most serious damage seems to have been caused by the second. The bulk of the losses and the worst physical performance have been in the agricultural marketing sector in which parastatals were - at least until 1980 - subject to no control and the Ministry's Marketing Development Bureau (a near autonomous, expatriate expert designed and for many years run unit) apparently thought oversight was spelled oversight and overseeing to be synonymous with overlooking. Even today neither the MDB nor the Ministry appears to have any real strategic priorities for, grasp on what is happening in or will to hold accountable its parastatals while attempts to provide at

least some of each by the Treasury are only partially effective both because the Treasury makes no claim to agricultural sector substantive technical expertise and because the parastatals' defence of autarchic non-accountability still enjoys parent Ministry support or, at the least, acquiescence.

But again the question is why? This is especially true because TANESCO, TPDC, Tanzania Posts and Telecommunications, several financial and several manufacturing parastatals on the whole perform well substantively, have reasonable to very high profits, pay attention to macro and sectoral policy and appear to be both accountable to and afforded working autonomy by their parent ministries. More research is needed but a number of points seem relevant. Each of these enterprises has a corporate planning and budgeting process; each does have - and acts on - a fairly accurate conceptualisation of government sectoral or sub-sectoral goals relevant to it; each possesses and uses a moderately reliable accounting and financial reporting system; each has built up a working relation of pre-action dialogue and mutual problem solving with its parent ministry and - usually - the Treasury before and during as well as after the event. This dialogue is carried on with persons (varying in seniority and structural location) in its parent ministry and the Treasury who have informed themselves about the enterprise. Line of business, degree of centralisation, capital intensity, presence or absence of private partners (absent except in some of the manufacturing cases and TDFL in which they are often useful) do not seem equally correlated with this "satisfactory" group as a whole, nor to set it off from less successful and dramatically unsuccessful parastatals.

External Balance: Of Memories and Reflections

This concluding essay is the most overtly policy oriented and in some respects also the least satisfactory of the volume. Nonetheless it has its strong points.

It clearly demonstrates the massive effect of base periods chosen on computed indices and trends - in this case export volume. When structures shift, the choice of weights (initial, intermediate or final) can radically alter the nature and intensity of trends.

The apparent counter-intuitive discovery that had 1976-78 levels of export volume been constant throughout the 1970s total exports would have been little changed is, however, not as meaningful as it may appear. It seems to be a statistical accident - early year excesses about balance later year deficits along a declining trend. By 1985 the cumulative shortfall of actuals vs stable 1976-78 levels over the 1970-1986 period had become very substantial.

In respect to the causes of decline the analysis is not very comprehensive. Price is identified but not, perhaps, explored very originally. An underlying problem is that over 1976-81 (as over 1972-75) the global terms of trade of Tanzania's main exports fell dramatically. Not surprisingly so did their local terms of trade (a fall exacerbated by the rising ratio of transport costs themselves propelled by global price shifts in both global terminal market and Tanzanian export prices). No amount of improved marketing efficiency nor export tax cuts (indeed these fell to zero or, counting subsidies, to negative levels in the 1980s) could have offset the global price swings unless Tanzania had chosen to adjust domestic prices in a direction

contrary to world price signals. This is indeed what the IMF and - at least up to 1983 - the World Bank advocated but, oddly, on the grounds of following market signals which can hardly be a valid case. Perhaps such shifts should have been made on short term export volume (earned import capacity) conservation grounds, but they would have been against market logic and involved intervention to favour resource allocation to sectors with below average medium term prospects.

The greatest price effect however may be concealed by the selectivity of available macro statistics, especially on prices and levels of overall (as opposed to identified) marketed agricultural output. Food prices actually received by growers (as evidenced by scattered local market data) exploded after 1978 relative to those of export crops. The official grower food price series for grain is meaningful through 1978 and probably again in 1986. Over 1979-85 basically weather (but also input and transport bottleneck) related scarcities drove the actual prices (and marketed volumes) far above the official ones. Especially for field crops and at the margin, this must have caused some shift away from export crops - how much is unclear but probably more than official export crop price levels by themselves.

However, one could wish the analysis had gone beyond price. Recent studies in the World Bank's Nairobi office suggest that only 10% of SSA economy differences in crop output performance can be explained by real (official) price trend divergences. Tanzania is particularly out of line with an above average overall output growth trend (apparently confirmed in 1985-87 with the return of good crop weather) but - at official prices - a worse than average real (official) grower price trend (relative to Cost of Living).

Similarly the neat macro or sectoral correlations among officially marketed export crop and food crop output and real official producer prices may obscure overall reality as much as they illuminate it. As Dr. Jamal (1985) has pointed out, crop by crop results are frequently negatively correlated with real prices for substantial periods and the positive elasticities shown in some studies (up to 3.0 for officially marketed food crop volume) are far too high to be plausible. Simple price correlations do relate to a real factor and are easy (too easy?) to model. They seem to oversimplify even as to price impact and, at best, to explain a small portion of output swings.

Was 1978-198? a Replay of 1973-74?

Dr. Wagao's attempt to relate a quasi-insider analysis of the 1973-1975 economic crisis and recovery (Rwegasira, Van Arkadie, Green, 1981) to the 1978-8? economic crisis does not quite come off because of an apparent confusion or an arguably wrong assumption.

The official position - which appears to correspond to reality - is that 1973-74 shocks were different in kind (and duration) from 1978-81. If that is so, the explanation of the earlier period cannot usefully be tested against the later.

Drought was officially cited as the dominant balance of payment deterioration cause over 1973-75. This appears right ex post. Over 1979-86 the government has not argued drought was the leading balance of payments problem. Food import increases after 1978 accounted for perhaps 15% of the trade deficit growth - and much of that was met by food aid that would not have been

available in any other form. Adding food and normal export crop drought related falls (including export to domestic food production shifts) might raise the share of the trade balance deterioration to 25%. That would be significant but not dominant. That is about how the balance of government statements put it albeit not noting the export decline impact very lucidly.

Terms of trade impact depends on the base year used and the period analysed. Over 1972-75 and again over 1976-1981 Tanzania's loss of real GDP from terms of trade shifts exceeded 10% of GDP (by UNCTAD and by World Bank estimates respectively) and was among the highest in the world. 1976 terms of trade had shown a recovery to 1972 levels (or a bit above) but this did not mitigate the 1978-81 shock impact. Had 1976 terms of trade continued through 1983, that year's total imports could have been financed by export proceeds or 25% higher import levels afforded consistent with actual external resource inflows and with avoiding buildup of debt service and commercial arrears. The difference to what all observers agree was by 1983 (but not in 1976-78) an import strangled economy surely is significant.

Here too a data problem arises. No comprehensive post 1976 terms of trade data calculated from Tanzanian import and export prices exist. When the global analogue indices constructed by international agencies are checked against actual Tanzanian trade prices they appear to overstate export and understate (dramatically) import price levels. Until the Bank of Tanzania constructs a new Tanzania based series - and links it back to 1976 - severe analytical problems and interpretational ambiguities will continue to plague this critical area.

The shock interaction of terms of trade (1977-81 falls), war (probable

\$500-700 million forex cost over 1978-82) and drought (1979-1984) was more massive and lasted longer than the earlier oil price (1973-74) and drought/grain price (1973-74) set. How much more is open to debate; but hardly the fact of greater intensity and duration.

Once the external and fiscal gaps had been created by the shocks, the scale effect meant that unless imports and expenditure rose less rapidly in percentage terms than exports and revenue the gaps widened. Dr. Wagao is the first analyst of the period to stress this point.

Here again 1975-77 was very unlike 1980-81 (viewing the key shock years as 1974 and 1979). In the first period net real per capita financial flows to Tanzania rose sharply (to record levels) in 1975 and thereafter their fall was offset by real export price increases and a weather induced fall in food imports. Over 1980-81 net financial inflows (excluding arrears) rose somewhat but never regained 1975 total (much less per capita) real levels, food imports rose, real export unit values continued downward. As a result import (and therefore domestic manufacturing output) cuts were far more severe than in 1974-75 and were not (through 1986) reversed - as they were in 1976-78 - making closing the government budget gap infinitely harder (albeit over 1980/81-1985/86 it was cut about 75% in real terms).

Starting Points and Speeds of Response

What has been made less clear - albeit it can be read between the lines of some Treasury statements - is the difference in the pre-crisis fiscal and external reserve management position and in the speed of Tanzanian response. In 1972 and 1973 Tanzania - as has normally been true since 1965 except during

the first year of a crisis - had a relatively deflationary fiscal and monetary stance with a recurrent budget surplus and domestic credit formation less than fully accommodating inflation plus real growth. External reserves had been rebuilt by fairly (though in subsequent terms not very) tight import management following the 1970-71 overheating mini crisis. Response to oil and drought shocks began in January 1974 and the main measures which were to manage the crisis and facilitate 1975-76 recovery were in hand by June 1974 (see Rwegasira, Van Arkadie, Green, 1981).

In 1978 matters were very different. 1977/88 - 1979/80 were, in Tanzanian terms at least, fiscally prodigal budgets ex ante albeit an error in calculating lagged 1976 beverage boom revenues rescued 1977-78 ex post. The recurrent budget would - for the first time in independent Tanzania - have been in unambiguous deficit in 1978/79 even without the war. Ex ante unwise and ex post mad across the board import liberalisation in 1978 (with the coffee boom already over) dissipated much of the high end of 1977 external reserves even before the war, weather and full terms of trade shocks. The war delayed coherent policy response as did the abortive 1979 IMF talks. In the event, the initial 1980-81 responses were also miscalculations. The first predicated on a World Bank structural adjustment which never materialised and the holding up of an IMF programme which was - at least without the Bank plus bilateral resource transfer backing - dead by the time its first and only disbursement was made. The second was based on an export recovery focus which did lead to large volume increases in 1981 but - because of continued world price falls - to a negligible gain even in nominal value total exports.

To say that the 1973-75 period government analysis does not apply to 1978-79 is therefore true but not wholly relevant. To argue as Dr. Wagao does that

part of the IMF analysis is sound is probably (depending on the part) true but may not shed much light.

Tanzania, The IMF and All What?

Tanzania's - or more accurately the Treasury's (see 1984-85 and 1985-86 Africa Contemporary Record 'Tanzania' chapters for a discussion on different strands in the internal Tanzania policy dialogue) - differences with the IMF were (and are) on timing, sequences and priority targets not on the need to restore external and budgetary balance and to restrain domestic credit formation (rather confusingly called money supply by both sides) expansion and domestic price inflation. The Treasury certainly gave more priority - especially sequentially - to fiscal rebalancing and inflation control than did the IMF and equally clearly wished phased (rather than shock) adjustment but the conceptual differences were never quite what they seemed. Before 1985 the Fund was prone to doubt that rebalancing required high levels of concessional interim external finance (as had happened in 1975) to allow supply led balance recovery and that vulnerable group's personal and public service consuming power really did matter. Even here the dialogue on additional external resource flows needed was more about levels and duration than whether any need existed.

The 1980-86 Fund - Tanzania non-agreement was not characterised by Tanzanian inaction. Three devaluations, a three quarter reduction in the real recurrent deficit, cutting DCF growth to one half the rate of inflation, a (failed) export growth concentration, much more prioritised (at least in principle) resource allocation, attempted (failed) real grower price increases, an end to

all consumer and an attempted end to all grower (or marketing board) subsidies - other than research and extension - is hardly inaction whatever other criticisms may be made of it. By late 1984 the World Bank agreed with this contention, paving the way to the 1986 Bank and bilateral donor agreement to a broadly unchanged Tanzanian strategy of supply led, phased recovery including rolling policy and price revision with which settlement the Fund months later concurred with none too much grace.

The underlying problem over 1980-86 was that given the initial shocks and the scale effect no recovery was possible (without a prior total economic collapse and rebuilding from rubble) unless an interim augmentation of external transfers to rebuild import capacity to reactivate (and as the slump dragged on rehabilitate) productive capacity could be obtained. The 1986 Tanzania Structural Adjustment programme accepts that fact far more clearly and centrally both in form and substance than any other in SSA.

The continuing problem on this front - to which one may doubt either Tanzania or the Bank, let alone the Fund, has devoted its mind in any systematic way - is how to restore earned import capacity. Present export terms of trade are most unlikely to recover in the foreseeable future. Thus, even with output recovery and expansion, a comparable value level of new exports is needed by 1995 to meet minimum import needs for 5 to 6% growth to and reduce net resource inflow requirements to sustainable levels. What? How? With what regional and national import substitution? And answer comes there none from Bank, Fund, government or the academic community.

One could wish that Dr. Wagao and his colleagues would build on his (and other University) retrospective analysis of 1979-86 to address that vital cluster of

questions. The late 1960s early 1970s highjacking of "self reliance" by advocates of delinking from exports first and ignoring that doing this before domestic substitute production was in hand precipitated crises and increased both imbalance and external dependence has cost Tanzania very dear. It would be a tragedy if similar blindness to the fact that recovery - especially with structural shifts in production and external trade - requires more, not less, imports and (to be more, not less, self-reliant) more exports to earn the imports were to characterise late 1980s academic dialogue and public policy making.

Analysis, Application, Policy

One refreshing feature of Dr. Wagao's volume is its modesty. He does not demand explicitly or implicitly that his analysis be acted on at once and uncritically. One reason the Tanzanian academic left has had so little impact on policy is its habit of claiming the right to decide policy on the basis of its superior intellectual and analytical (rarely empirically based) work combined with open contempt for Party leaders who, whatever their class or consciousness limits, are responsible to, elected by and need to be re-elected (indeed often fail to be re-elected) by a membership who are far more evidently workers and peasants than the relatively favoured university faculty fraction of the professional salariat (or in the university left's own terms "dominant petty bourgeoisie"). Dr. Wagao prefers to use the unconstraining voice of ordered data and their interpretation to teach and to query actual or possible policies not to assert a right to neo-Platonic Guardian status.

Arguably - as some of the earlier remarks on questions raised or aspects overlooked may suggest - there is too little overt attention to future policy

options and to what light the past can shed on them and especially on political economic issues at the who benefits, when level. This may be a gap which is more evident than real. Many such questions are posed at least subliminally, and with this skilled an author one assumes deliberately. Nonetheless, more explicit signposting and more assertive expression of the author's views (views which his careful analysis and grasp of the past have earned him every right to state and to expect to be listened to and reflected on seriously) would have been welcome.

However, that may be to use the wrong tense. Rather let us say it will be welcome in Dr. Wagao's contribution to the dialogue on this volume and on his awaited new essays and second volume. Until then the basic duty is on the readers - to add their jembes to his in hoeing the fields where he has broken ground while also extending the cultivation frontiers to neighbouring fields and in lighting their mwenges to dispel shadows in areas where he has cast initial light as well as to roll back adjacent banks of smoke or mist.

A lotta continua!

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