

THE BUDGET AND THE PEOPLE:  
REFLECTIONS ON THE 1984 BUDGET IN TANZANIA

by

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INTRODUCTION

Tanzania, in Eastern Africa for the past 17 years stood out in its verbal proclamation of Ujamaa (Socialism) and self-reliance. Since 1974 however, the Tanzanian society has been a virtual laboratory of the World Bank and the International Monetary Fund's (IMF) experimentation with discovery of how to penetrate and break down the resistance of the peasant community to the process of valorisation.<sup>1</sup> There was a convergence of the ideas of the pro-capitalist elements of the political leaders, with the international capitalists (disguised as RIDEP's -- Regional Integrated Development Programmes). These representatives of foreign capital traversed the rural areas in the push to deepen the dependence of the people on Western food aid, Western technical personnel and to silence those elements of the working class and rural poor who aspired towards genuine self-reliance.

The 1984 budgetary proposals presented in June by the Ministry of Finance demonstrated the road that the society had travelled in the centralisation of power and resources in the hands of the state bureaucrats while making a steady break with the all-class-alliance of Ujamaa which had been echoed since 1967. In essence the proposals went a long way towards meeting the requirements of the IMF with whom Tanzania had been negotiating unsuccessfully for over six years. Without seeking alternatives rooted in the capacity of the people, the state again devalued the currency, and in the process devalued the return for labour while laying the foundations for further political repression as is evident in those societies such as Chile, Morocco, Tunisia and Egypt which have instituted the IMF package of devaluation, cuts in social services, cuts in food subsidies and increased taxes. The cut in the subsidy on maize should be understood as the reduction of subsidies for the working poor, for the subsidies to the unproductive and bulging bureaucracy continue. In brief, the 1984 budget established the framework for increasing the impoverishment of the vast majority by imposing a triple burden in the increase in the price of petrol; (thus increasing transportation costs) the devaluation of the currency by over 35% and an end to the subsidy on sembe (the diet of the vast majority).<sup>2</sup>

In this budget the political leadership of the Chama cha Mapinduzi (CCM); the supreme party gave up all pretence of planning or laying the foundations for development. Up to 1981 there was talk of a basic industrial strategy but there was never a coordinated effort to link the priorities of industry nor to firmly link industrial development to the domestic resource base. The problem of industrial and agricultural production in the society had led to the formulation of a National Economic Survival Programme (NESP) and a Structural Adjustment Programme (SAP) in 1981. By the time of the 1984 budget, the Ministry of Economic Planning openly acknowledged that NESP and SAP had failed. Crisis management and the day-to-day illusion that there would be injections of foreign capital sealed the economic decline as the political leadership made an all out effort to appease and invite foreign capital. Those measures against primitive forms of accumulation such as smuggling and black marketeering which had been energetically carried forward a year before were now given the green light. This laid the foundations for even further changes in the political structure as the capitalist class in the state and the party used the economic crisis to launch a rear guard battle for hegemony in the state.

#### THE BUDGET ITSELF IN THE CONTEXT OF THE WORLD CRISIS

No society in the underdeveloped world has escaped the influence of the present capitalist crisis. Even the Minister of Finance in his presentation could not hide from the people the depth of the economic problems while hoping against hope that the same crisis ridden capitalist societies would come to the assistance of Tanzania. The combination of high U.S. interest rates, the creeping protectionism of the principal capitalist states, the low commodity prices and the militarism of the period has meant increased pressures on the world's poor. In Latin America with debts of over US 670 billion dollars, the nations totter as the people resist the push by the leaders to remit interests to USA based transnational banks. In 1983 alone the nations of Latin America paid out over US 119 billion dollars in interest payments.

The exact consequence of this crisis means unemployment, shortages of basic household items, food shortages, hunger, mass deprivation and political repression. Not content with this economic burden, the Reagan Administration pokes the fires of war and military intervention with the 1983 invasion of the small island of Grenada. The hegemonic posture of the US ruling class is reflected in all spheres of the international arena from their open support for the South Africans (through the theory of constructive engagement) to

their opposition to UNESCO and the call for a new international information order.

Tanzania has been one of those poor states which for the past ten years has been calling for a New International Economic Order. Through the medium of international forums such as the UNCTAD and through bilateral meetings such as the 1980 Arusha conference on the IMF, the Tanzanian leadership vociferously opposed the hegemonic thrust of the imperialist states.<sup>3</sup> However, these verbal statements were not backed up by concrete proposals for a full mobilisation of local resources, local private capital, local initiative, and full participation of the working people. For this course of action to have occurred would have meant a confrontation with those elements in the party and state who were shouting the slogans of self-reliance while openly enriching themselves and their relatives. Thus at all times the only real hope in the atmosphere of crisis management was infusions of aid from the friendly Scandinavian countries until the West recovered from the economic depression.

Meanwhile to the conscious masses, a whole host of reasons were given for the absence of planning. Among these were the problem of the weather, the high cost of imported petroleum products; the war in Uganda and the low commodity prices. The president who had given intellectual coherence to the above reasons had in the past vowed to oppose the harsh conditionality of the IMF and had vowed at the Peasant Day celebrations in Kigoma in July 1981 that Tanzania would never end the subsidy on Sembe. In the month of July 1981, workers and peasants all over Tanzania had responded positively to the words of the president and had marched to show their opposition to the demands of the IMF. Biblical analogies were invoked to say that those who looked back had no alternative but to think that the party and government had turned into a stone. An unthinking bureaucratic stone turned its back on the vast mineral and agricultural resources to join the queue to humiliate Africa by begging food from those who had partitioned and underdeveloped the continent for over one hundred years.

#### RECURRENT EXPENDITURE

One of the tasks of those who want to penetrate the essence of the present economic direction is to unravel the mask of the language of the economists and state planners who use the economic crisis to obscure basic facts of how the economy is managed or mismanaged. Every household knows what a budget is. It is an integral and absolute part of their daily life, creating the parameters of their hopes and

aspirations. The working people look at their monthly wage and consider how much they have to spend on food, transport, rent, children's clothing, medicine, paying their bills and if possible buy a drink and/or smoke a cigarette. In Tanzania the amount of food coming from the Shamba (small garden) is also measured. This is elementary budgeting, and if any worker ignores this or fails to organise their earnings they know that the first to suffer will be their families and themselves, and that their lives will slide into chaos.

National planning and national budgets involve the same principle, albeit at a higher stage of conceptualisation, organisation and planning. National budgets should involve the totality of what the people can earn, borrow and that the people must be aware of how the money is to be raised and spent. Although Tanzania put forth a socialist image after 1967, its budgetary planning and control did not deviate significantly from the cost accounting system of the colonial state.

What is clear from the budget proposal is that the expansion of the bureaucracy and the concomitant expansion of the state sector has taken on an inordinate percentage of the recurrent expenditure. Hence, the day-to-day business of running and maintaining the administration has taken up a larger share of the national income. The taxes, customs duties, tariffs and other forms of government revenue has not been able to keep pace with the recurrent expenditure. Tanzania has been spending far more than it earned or could borrow, so that even the aid received for development projects such as roads, water supply systems, clinics or irrigation purposes had to be diverted to recurrent expenditure. The 1984 budget clearly reveals a pattern which was clear from 1974, that the trend is for a wider gap between expenditure and revenue;

TABLE 1

Trend on Recurrent Revenue and Expenditure

|       | <u>Recurrent Revenue</u> | <u>Recurrent Expenditure</u> | <u>GAP</u> |
|-------|--------------------------|------------------------------|------------|
| 76/77 | 5250.3                   | 5022.2                       | 238.1      |
| 77/78 | 6057.0                   | 5840.1                       | 217.0      |
| 78/79 | 6669.2                   | 8914.6                       | 2245.4     |
| 79/80 | 7759.1                   | 7543.4                       | 225.7      |
| 80/81 | 7934.1                   | 9789.8                       | -1955.7    |
| 81/82 | 9977.3                   | 13213.9                      | -2236.6    |
| 82/83 | 12602.5                  | 14589.3                      | -1986.8    |
| 83/84 | 12500.0                  | 15620.0                      | -3120.0    |

Source - Figures from 1984-85 Budget and Daily News, June 18, 1984

Shillings Million  
\*Estimate

This trend had deepened by 1984 and in the proposals the following budget frame was proposed by the Minister.

|                         |                             |
|-------------------------|-----------------------------|
| Recurrent Expenditure   | shs. 18,119.7 million       |
| Development Expenditure | shs. <u>6,560.4 million</u> |
| Total Expenditure       | shs. 24,680.1 million       |
| Recurrent Revenue       | shs. 15,028.1 million       |
| Grants and Loans        | shs. 3,015.0 million        |
| Non-bank borrowing      | shs. <u>1,437.0 million</u> |
| Total Revenue           | shs. 19,480.1 million       |
| Cap/Bank borrowing      | shs. 5,200.0 million        |

Source - Budget figures 1984

Two features emerge clearly from these figures:

- a) that the Tanzanian economy is highly dependent on grant and loan to the tune of over shs. 3 billion, and
- b) that the bank borrowing by the state increases the pressures on the society so that when added to the imported inflation, imposes an intolerable burden on the masses.

Even though one can hardly trust the accounting of the state, the figures show clearly that since 1976 the portion of the resources consumed by the bureaucracy, administration and the coercive forces has created a significant shift in economic and political power in Tanzania. This expenditure plus the reliance on foreign aid and grant reflects the alliance between the Tanzanian ruling class and Western capitalism. A further elaboration of the process is worth noting.

Since 1974 recurrent expenditure went from 63% of the budget to over 75% in 1982. Development expenditure dropped from 75% in 1974 to 25% in 1982. Similarly it can be seen that general administration and expenditure on the military, police and prisons account for more than 35% of recurrent expenditure.

A break-down of the figures of the economic surveys for the years 1974-1982 reveals the following:

|  |            |
|--|------------|
| Administration                                       | 18%        |
| Military   | 17%        |
| Social expenditures (water,<br>school clinics, etc.) | 20%        |
| Economic services<br>(single reproduction)           | 21%        |
| Payment of debts                                     | <u>24%</u> |
|  | 100%       |

Source: Economic Surveys 1974-1982. The flow charts of monthly expenditure kept by the Treasury is also a useful source.

Thus the trend shows that the highest component of what is spent is on repression (administration and military) and to pay for the interest on debts. Politically expressed as the alliance between the bureaucracy and the West. At present the foreign debt of close to US \$3 billion is small compared to the huge debts of Mexico, Brazil or Argentina but as part of the recurrent expenditure of Tanzania it eats out a large portion of the income of the working poor. As a share of the budget, the debt service payments has increased from 7% in 1974 to over 24% in 1982.

It is necessary to plough through the figures for it has consistently been claimed by the monetarist economists that the crisis in Tanzania stems from the fact that the state committed itself to free primary education and improved social services without the means to pay for these services. However, a critical examination of the breakdown of the tables show that the rural poor has been subsidising an import-substitution sector which is unproductive and cannot produce the goods needed by the people.<sup>4</sup> Examples abound of the debts incurred to set up factories to produce consumer goods but where the Tanzanian society was laden with obsolete technology without the prospect of producing the minimum requirements -- soap, bicycles, shoes, books, pencils, paper, cooking oil or needed spare parts.<sup>5</sup> Elements within the party and the state in alliance with foreign capital continued to develop a programme of basic industrialisation which never had a base in the technical conditions of the labour process. Tanzania is in need of an industrial strategy which can provide the basic goods of Department 1 of industrial tools equipment and farm implements but the strategy of the parastatal industrial sector the National Development Corporation fostered waste, corruption, inefficiency kickbacks and bribery. In the process a standard of corruption was taking root at every level of the society.

There was never a social force in the society capable of checking the developing corruption of the soul of the society.

In 1981 and 1982 the Tanzanian advisory group - (an ad-hoc group of experts which came in to break the impasse between Tanzania and the IMF) had made recommendations to weed out corruption which came as part of the package called the Structural Adjustment Programme. One of the principal arguments of SAP was the need to increase efficiency and accountability in government operations. But because this was declared in moral terms, there was no possibility of implementation. What was required was a realignment of political forces and the working poor lacked the social weight and organisational strength to put a brake on the forms of petty bourgeois accumulation and consumption.

As to the Tanzanian Advisory Group, the state established a number of probe commissions but after three years the details of mismanagement and thievery in the parastatal sector have not been revealed to the general population. The budget of 1984 had references to these commissions. It called for stricter use of state property including new regulations on the use of the GV (government vehicles) and the introduction of VMP (vehicle movement permit) to monitor the movement of government vehicles. This proposal had no future, for the very same persons who were supposed to police the movement of vehicles and to issue the VMP were the same officials using the vehicles for personal use and misuse. Though the measures taken to curb the excesses of the bureaucracy were only given lip service, those measures which affected the proletarianised masses took effect immediately. The devaluation of the currency took place the next day, the petrol prices increased the next week and as for July 1 the state started a vigorous campaign to collect a head tax (called development tax) from all adults over the age of 18 years old.

#### THE BURDEN ON THE POOR

A people-oriented budget would need the direct political participation of the masses in halting the exorbitant costs in the running of the state. But because the local capitalist class is yet evolving, they need the parastatal agencies to shelter their slow quest to accumulate. As of yet, the principal institutions for the export of capital; the banking system and the import-export sector are firmly in the hands of the state hence the continued... alliance between capital and the state...

The thrust of the budgetary proposals and its impact are to progressively delink the all class alliance of the independence compromise and to openly place the burden of capital accumulation of the workers and the peasants. In essence, the head tax is to halt the elementary forms of

resistance by those peasants who uprooted coffee trees and others who refuse to grow cash crops.

Taken together, the devaluation of the currency, the head tax, and the cut in subsidies on sembe and fertiliser are meant to raise the production of export crops and to stimulate exports in order to ease the chronic balance of payment problems. In this direction the budget announced new producer prices for the major export crops. This increase in prices was justified in the name of supporting peasant agriculture.

One needs to approach this so-called support for the peasantry with extreme caution. For in reality while the whole policy of Ujamaa was conceptualised on the basis of strengthening agricultural production, the resources of the state in the period 1974-1979 were dumped into the 'industrial' sector. To add to this, this is the fact that the bank borrowing by the state to support the unproductive crop authorities and parastatal institutions has intensified the inflationary pressures on the peasantry. Hence though the budget improved producer prices, the peasants know that the shilling can hardly buy what it bought before because of inflation. Moreover, the absence of basic goods ensured the peasants would not respond to the increase in the local shilling price of coffee, tea, tobacco, and other goods destined for European consumption.

The peasants know that the prices of agricultural commodities have fallen drastically in the present economic depression. It was President Nyerere who in his address to the Party Congress in 1982 said that: "We used to receive shs. 40 per kilo for the best mild coffee in the 1976-77 season; in 1981-82 we received an average of shs. 24.4 per kilo -- a price drop of over 40 percent. Tea and tobacco prices also dropped during that period -- in one case by 29 percent and in another by 12 percent. Furthermore, to buy a seven ton truck in 1981 we had to produce and sell abroad four times as much cotton, or three times as much cashew, or three times as much coffee, or ten times as much tobacco, as we had to produce and sell in 1976-77."<sup>6</sup>

The World Bank in its World Development Report of 1983 repeated the same picture of the drop in commodity prices. Its composite commodity price index of 1948-82 of the non-oil commodities (such as coffee, cocoa, tea, maize, rice, wheat, sugar, tobacco, groundnuts, cotton, bananas, copper, bauxite, and copra among others), has fallen below 80 if the index for 1977-79 is one hundred.

The emphasis on support for the peasantry by the budget and state intellectuals in their claim of the turn towards

agriculture must be understood in the context of the fall in commodity prices and the resistance of the peasantry. During the big depression of 1929-34 the peasantry had withdrawn their labour and to remedy this the British colonialists had launched a vigorous plant more crops campaign. Now in the midst of the second major depression this century the neo-colonial state adds to the exhortation of 'produce or perish' the taxation and coercive measures to ensure increased production of cash crops. However, the resistance of the rural poor has been connected to the role of the Crop Authority in draining surpluses from the rural village communities. The inefficiency and lack of accountability by the crop authorities meant that these oligopolies were in arrears to the extent of over TZ.shs. 2 billion. According to the budget: "Until December 1983 the crop authorities were in arrears<sup>9</sup> to the extent of shs. 2,525.7 million shared as follows.

|  |                   |
|--|-------------------|
| Tanzania Cotton Authority (TCA)        | shs. 1,170.0 mil. |
| Tobacco Authority of Tanzania (TAT)    | shs. 388.6 mil.   |
| General Agricultural Products (GAPEX)  | shs. 240.8 mil.   |
| Cashewnut Authority of Tanzania (CATA) | shs. 211.5 mil.   |
| Tanzania Pyrethrum Board (TPB)         | shs. 47.5 mil.    |
| Tanzania Tea Authority (TTA)           | shs. 28.2 mil.    |
| National Milling Corporation (NMC)     | shs. 440.4 mil.   |

These arrears by the state crop authorities have meant that the marketing authorities have been borrowing heavily from the banks to finance their operations. The increase in bank borrowing from shs. 2,245 million in 1978-79 to shs. 3,120 million in 1983-84. By the end of 1980 credit for the marketing of agricultural crops was estimated to be 75 per cent of total domestic credit. The official inflation rate induced by this bank borrowing was risen from 13 per cent to over 27 percent. Unofficially the inflation rate was over 80 percent. The full effect of this inflationary pressure is to intensify the burden on the rural poor such that basic items such as sugar, soap, salt, kerosene, flour and textiles are out of their reach. Because of the absence of these commodities in the villages, there is no real incentive for the peasants to produce cash crops. So that in spite of the fact that the state has been increasing producer prices for the past three years, there have been declines in output of sisal, coffee, tobacco, cotton, pyrethrum and cashewnuts.

TABLE 2

| <u>Crop</u> 000 tons | <u>1974</u> | <u>1980</u> | <u>1982/83</u> |
|----------------------|-------------|-------------|----------------|
| Sisal                | 124         | 74          | 61             |
| Coffee               | 52          | 67          | 54             |
| Cotton               | 221         | 175         | 128            |
| Tobacco              | 18          | 17          | 14             |
| Pyrethrum            | 5           | 2           | 2              |
| Cashewnuts           | 118         | 34          | 32             |

These declines reflect both the inability of the state to properly collect what is produced and the resistance of the peasants to the production of export crop. And yet because the stress of the new agricultural policy is to continue to plough resources into export crops, there has been an unquantified drop in food production. Hence, in the past three years the state has had to import large quantities of food. The food imported was as follows:

TABLE 3

|       | <u>1981/82</u> | <u>1982/83</u> | <u>1983/84</u> |
|-------|----------------|----------------|----------------|
| Maize | 231,699 tons   | 122,684 tons   | 228,550 tons   |
| Rice  | 66,650 tons    | 29,373 tons    | 58,756 tons    |
| Wheat | 50,072 tons    | 9,375 tons     | 39,024 tons    |

Source: Budget Documents

The increase in imported food is also in part because there is no real inventory of the food situation in the country. The state simply cannot say how much of the locally grown food is exported by the peasants to Zambia, Kenya, Burundi or other neighbouring territories. As Fanon remarked on the ruling petty bourgeoisie more than 20 years ago:

"The economy has always developed outside the limits of their knowledge. They have nothing more than an approximate, bookish acquaintance with the natural and potential resources of their country's soil and mineral deposits, and therefore can only speak of these resources on a general and abstract plane."<sup>10</sup>

#### FOOD AND REPRESSION

It was the former Agriculture Secretary of the USA, Earl Butz who stated clearly that "Food is a weapon." It is now one of the principal tools in our negotiation kit. Susan George in her book: How The Other Half Dies traced how the

USA has consistently used food as a weapon in international diplomacy.<sup>11</sup> Since the USA had developed this principal of exporting food and simultaneously changing the dietary habits of millions of people, many Third World leaders have used their control over the distribution of food for political purposes. In the first place, the dependence on food imports places a society in a situation of real dependence and secondly the control over distribution in situations of scarcity gives the state greater power over the lives of those who depend on the mechanism of the state to ensure a proper diet.

In Tanzania the distribution of food like the distribution of scarce commodities has given more power to the officials of the state over the lives of the people. This situation in rural Tanzania abounds with tales of tragedy as the shortages are compounded by the arbitrariness of local functionaries. The campaign called Nguvu Kazi (forced labour) gave the security personnel even greater powers than before.

It became clear from the situation in the rural areas that the real incentive to the peasantry is not producer prices; but a better life where they can get clothes, shoes, medicine, paper and books for their children and clean running water. This is not demanding too much in the era of personal computers, word processors, micro chips and when the state spends shs. 900 million to build a new airport.

If the use of resources seems callous, the incessant trips abroad to beg for food aid seem to be the biggest insult to the poor. Tanzania has all the climatic characteristics of Africa from the cool hills of Mbeya to the hills and valleys of Kagera; from the fertile Ruvuma and Rukwa to the dry plains of Tabora and Dodoma. From the steps of Mt. Kilimanjaro to the Usambara mountains and to the Kilombero plains the potential for food and livestock development remains extremely high.<sup>12</sup> Undoubtedly there are regions which suffer from drought such as parts of Tabora, Shinyaga and Mwanza but it would be erroneous to blame the current crisis of food production on drought and bad weather. The problem lay in part in the contradictory demands for more cash crops. Further expansion of agriculture has to be conceptualised not merely in increased acreages and coercive campaigns such as Nguvu Kazi but also in terms of changing agricultural methods, technology and organisation.

It is not coincidental that the soil erosion, drought, desertification and famine are taking place in those areas where the push for regressive cash crops such as tobacco and cotton has been most intense since 1900. Exhaustion and soil erosion are not insurmountable problems but problems which can

be overcome with proper irrigation, mechanisation and provision of inputs such as electricity, fertilisers and pesticides.

If the present ruling class in Tanzania spent one third the transport costs used to import the food aid to Tanzania, to provide roads and proper transport to the food exporting regions of Mbeya, Rukwa, Iringa and Ruvuma, Tanzania could be a net exporter of food even with the widespread use of the hoe. It seems from the activities of the state that it is easier to beg yellow maize from 'donors' than to build up the proper social and technical infrastructure to grow and move food from surplus regions. This is bearing in mind that the costs in importing food aid is beyond monetary costs, exemplified with the introduction of the large grain borer to the maize growing regions of Tanzania. It is ironic that while there is no scientific evidence of how the pest (called scania by the peasants) was introduced there is already an aid project to combat this scania.

#### THE SEMBE SUBSIDY

The attention paid to food in the budget is important given the centrality that maize and maize meal products play in the life of the working people; especially those in the urban areas who are separated from their means of subsistence. One of the central plans of the budget and an item which has been insisted on by the IMF has been the removal of the subsidy on Sembe. By the facts and figures of the budget, the increase in the price of Sembe stems not only from the price structure but also from the cost structure of the state's marketing outlet; the National Milling Corporation (NMC). One cannot deny that there had been a subsidy to the bureaucrats of the NMC for in 1981 the operational losses of the NMC amounted to over shs. 2 billion. The budget stated:

"In the past 3 1/2 years the government spent shs. 1,983 million on food subsidy (shs. 133 million on sembe and shs. 750 million on NMC debt arrears)."

It is necessary to penetrate this charge of the subsidy on Sembe for during this period the government was charging less than shs. 1,000/-from each ton of sugar. That brought in millions of shillings, yet this excess tax on sugar consumption remains while the subsidy on Sembe is removed. Part of the subsidy in the price of Sembe has been to the NMC which forms one link in the chain of state enterprises drawing surpluses from the peasantry. By their own reckoning the subsidy to the NMC could produce 113,536 tons of maize at

today's prices. It is for this reason that the question of the subsidy on food can also be seen as a class issue.

#### THE BUDGET AND THE WORKERS

The key element in the removal of the subsidy on Sembe is to increase the price of food and simultaneously weaken the bargaining position of the urban workers. Because of the explosive nature of the economic crisis, the urban workers could spearhead the opposition to the present direction of state policy as they did in an earlier period 1945-1949. At the same time the increase in food prices removes another hedge against absolute impoverishment of the working class. It required the most conservative intellectuals to justify this measure as a pro-peasant policy when the general debility of the working population had already been adversely affected by the reduction of imports related to basic needs and the running down of the meagre social services such as water, transportation and the provision of medical services. The frequent outbreaks of cholera and the malaria epidemic in the society already expose the crisis in the health and well being of the whole society.

Thus the budget in 1984 served to sharpen the process of the impoverishment of the poor. Taken together with the devaluation of over 35 percent, the increases in the price on petrol and the removal of the subsidy on Sembe, the budget represented a triple blow on those who depended on fixed incomes. Already in the university and outside there are those who questioned the merits and demerits of the devaluation.<sup>13</sup> While the arguments over percentage and the impact of the devaluation will persist, the real devaluation is in terms of devaluing the labour power of the Tanzania producers. The Tanzanian state through the expedient of devaluation reiterated the conception of the IMF of the international division of labour, that the Tanzanian workers were to be at the bottom of the pile.

Calculations made in 1980 before the spate of devaluation (when the Tanzanian shilling was then valued at 8/- to the dollar compared to July 1984 17/20 to the US dollar) showed that the minimum wage was TZ shs. 480/-. The average wage in the towns in establishments of ten or more employees was TZ shs. 725/-. Yet the average real wage in terms of the buying power of the workers was shs. 189. The following table gives an indication of the fall in the real wages of the workers:

TABLE 4

Average wage/salaries in manufacturing establishments  
with more than 10 persons

| year | average nominal wage/<br>salary per month* | average real wage/<br>salary** | % change in<br>average wage/<br>salary from<br>previous year |
|------|--|--------------------------------|--|
| 1969 | 340  | 340                            | -  |
| 1970 | 383  | 370                            | 9  |
| 1971 | 401  | 370                            | 0  |
| 1972 | 465  | 398                            | 8  |
| 1973 | 487  | 378                            | - 5  |
| 1974 | 563  | 365                            | - 3  |
| 1975 | 613  | 315                            | -14  |
| 1976 | 627  | 302                            | - 4  |
| 1977 | 645  | 278                            | - 8  |
| 1978 | 674  | 236                            | -15  |
| 1979 | 677  | 231                            | - 2  |
| 1980 | 725  | 189                            | -18  |

\*Total wage bill/salary divided by number of employees

\*\*Nominal wage/salary index deflated by cost of living index of goods and services consumed by urban dwellers in Tanzania mainland.

Source: From thesis of C.S.L. Chachage and compiled from Economic Surveys 1977-1978 and Government Printer 1981.

These figures help to complete the picture of the worsening conditions of the workers for by 1981 when the minimum wage was TZ shs. 600/- the minimum budget for food only per month for an average household of 4 persons was shs. 900/-. And since 1981 the economic conditions deteriorated to the point where the crisis management team at the Ministry of Finance was calculating the position of the state on a day-by-day basis. By 1984 the minimum wage had been increased to shs. 810/- the real purchasing power of this was less than shs. 100/-. The situation was so deplorable that even the official state trade union leaders of JUWATA had to come out with a statement that the minimum wage of the budget did not "correspond and was arbitrarily announced."<sup>14</sup> The Secretary General of the trade union centre could not specify the class nature of the budget but he pointed out the combined effects of the devaluation of the increased prices for food and petrol and noted that the real take home pay of the worker will be considerably less.

It can be asserted on examination of the facts and figures of the economy that the depression in the wages is but one component of the general oppression of the workers in Tanzania. In spite of the verbal declamations of socialism and Ujamaa, the social despotism of capital increases daily. Because of the present rush to open up the economy to foreign capital and because of the unplanned enlargement of the industrial base of the economy since 1974, there has been no checks<sup>15</sup> for the standards of health and safety at the place of work.

Tanzania is not in a favourable position to attract huge amount of capital for as of yet the economic and technical infrastructure of the society is undeveloped. Foreign capital in this era of crisis is looking for areas where the social and economic conditions could facilitate a rapid turnover for investment capital. Not even Zimbabwe which in 1981 announced a most favourable climate for foreign investment was able to attract more than US \$30 million in the past four years. And the economic infrastructure in Zimbabwe was far superior to that of the other states in the Southern African Development Coordination Conference (SADCC) group.

Indeed because of this situation the Tanzanians (who incidentally have the brief for the industrial developments within the SADCC group) have allowed capitalists to operate in Tanzania in conditions which would not obtain in the most advanced capitalist countries. For example at the time when there is a major outcry about the effects of asbestos, the production of asbestos continues in the most primitive and dangerous conditions for workers. Slowly over the past ten years, the alliance between foreign capital and the state has built up a lopsided industrial sector which consumes valuable foreign exchange but cannot produce clothes, shoes, cooking oil, soap, toilet paper or books. Examples abound of the tied projects which drain resources, and I would like to draw our attention to the saga and tragedy of the Southern Paper Mill complex which has been promised in Mufindi District for the past five years.

From the very basis of its conceptualisation, the project was part of a larger plan in the international division of labour where industries which pollute the environment are located in the Third World. The pulp and paper industry is one such industry and already in Sweden, Canada, and Japan there had been appeals from environmental groups about the effects of plants, animals and humans from the effluent of the paper mills. This opposition became more intense after the problem of minimata disease in Canada and Japan when intense pressures were being placed on capital to develop anti-pollution devices in paper mills. In the era of acid

rain in Europe and North America, this problem became more acute for pulp and paper manufacturers.

It is in this environmental context that one needs to place the multilateral project of the TZ shs. 2345m paper complex which was supposed to make Tanzania self-sufficient in paper, sack kraft and newsprint; and with enough for export. In every phase of its operations the project has been marked by hazards which reflect the technical conditions of the process of production and reproduction. The road from the SAO Hill Forest which was supposed to take some of the pulp to the factory was only 5 percent completed by July 1984. The firm which was awarded the contract worth 211/-m was pressing for even greater repatriation of profits and left without fulfilling its contract. The conversion of the plant from coal to electricity will delay the project for another three years. Originally the mill was planned to be powered by coal from the vast coal deposits in Mbeya region. However, because the process for recovering this coal has not yet got underway, midway through the project it was decided that the plant would be fuelled by hydro-electric power. This conversion is still under way. In 1983 more than 80 percent of the forest which had been nurtured for the future use in the mill had been destroyed by fire.

These problems are those which are known to the public and far more research will be needed to specify the potential dangers to the economy and society from this mill. Information on the anti-pollution standards for the effluent from the mill is still not known by even the bureaucrats of the National Development Corporation. Not only has this project been a drain on foreign exchange with US \$70 million over-run in 1982, but also the promise of a pollution and the dependence on Swedish pulp for a long period should call for a major evaluation of the efficacy of the project. The promise of books and papers for the system of Universal Primary Education has been one of the principal reasons for the continuation of this project which should have been completed in 1982 but will not be open by 1990 even if all the resources were available for the work to continue without interruption.

The problem of books and paper in the society is of course a very real problem. And in keeping with the class nature of the budget there was the introduction of new costs for parents to keep their children in school; shs. 1,500/- for pupils in boarding schools and shs. 350 for those in day schools where lunch is provided. This measure erodes the principal of equal access to education for all for it ensures that there will be even greater differentiation in the access to higher education. Learning this measure turns its back on the principles of education and self-reliance. And even if it

can be justified that parents should bear some of the costs of education, these costs could only be justified if there were efforts to improve the conditions of learning. The university where students carry chairs between classes and where there is a chronic water problem is a mirror of the decline of the educational system at all levels. Of course the whole superstructure of knowledge and learning could not escape the overall decline which was taking place in the economy and society.

#### FROM COLONIALISM TO NEO-COLONIALISM

Even before the announcement of the budget, the state brought out a plan to bring back the onerous head tax of the colonial society under the new title of development levy. During the colonial era, taxation and the threat of force behind taxation measures were the principal means of alienating labour of the subsistence producers. Because the amount of capital invested was not enough to convince the peasants to produce cash crops for Europe, taxation became the 'symbol of the subjection and the chief stimulus to participation in the money economy.' It is for this reason that one of the outstanding grievances of the anti-colonial movement was the <sup>16</sup>opposition to the head tax which all adult males had to pay.

In 1984 the neo-colonial state resorted to this colonial measure to force the peasants to either produce cash crops or to sell their labour. This measure follows on the heel of another coercive law -- the Human Resources Deployment Act of 1983 called forced labour Nguvu Kazi by the masses.<sup>17</sup> This law attempted to follow the example of the commandist colonial practice of transferring unemployed to their home districts thereby reinforcing tribal consciousness. Thousands of residents of urban areas who could not properly identify themselves were rounded up at major centres and forcibly 'repatriated' to their villages. It is not surprising that the legal framework of this legislation was a carbon copy of the Colonial Labour Utilisation Ordinance Chapter 243 of 1947. Hence the rights which were granted for the freedom of movement after independence were being eroded by the forceful measures being attempted to deal with the economic depression in Tanzania.

The combination of the policies of forced labour, the Development (Head) Tax as well as the pro-capital budget measures underscores the trend in the consolidation of the link between the state and international capital. Up to the period of the calling in the Tanzanian Advisory Group and the Structural Adjustment Programme there was a pretence by the

party that there was to be a programme for economic recovery based on the mobilisation of local capital and local resources. But the way in which the budget was formulated showed that even members of the central committee of the party were not informed of the far-reaching proposals. This kind of secrecy is necessary, for it reflects the requirements of the IMF that the policies of the IMF be implemented without discussion.

The real tragedy is that even among the intellectual workers at the university there is no clarity that the present world crisis is not a passing phenomenon but a major crisis reflecting a drastic turn from the boom which existed since World War II. In the absence of a clear understanding of the implications of this economic depression those who were trained in the monetarist philosophy deceive the poor that the budget was pro-peasantry. They do not explain that the foreign debt of Tanzania amount to over 50 percent of the Gross Domestic Product and over 424 percent of future export earnings. This meant that at least for the next four years the production of the peasantry has been mortgaged to pay for the loans and grants which incorporated Tanzania into the world capitalist system.

The political repercussions of the 1984 budget will be to increase the power of the state and the coercive agencies over the lives of the rural poor. Already the administration of coercion consumes over 35 percent of the recurrent expenditure and this is reflected at the political level by the number of military officers who police the rural areas as District Party Secretaries or Regional Party Secretaries. This militarisation and commandism stands in opposition to the declared objectives of the party. And yet because of the undemocratic and hierarchical tendencies of the party, this has been reflected at all levels by the lack of accountability by senior state personnel. Accountability is a political problem and thus all the lack of efficiency and stricter control remain elusive without real democratic participation at all levels of the society.

This problem of political and economic democracy will become even more glaring in the new thrust to use the reinvigorated cooperative movement to become the vehicle of the new agricultural policy. The success of the cooperative movement has been always related in the past to the abilities of the poor peasants to participate meaningfully in the operations of the cooperatives. If there is no democratic participation in terms of the use of resources and access to the returns, then the cooperatives will become the arena of decentralised accumulation.

More significantly, the present agricultural policies are not geared to endear the peasants to produce more. Far too much of the past and present resources are routed through the traditional export crops. All the experts have urged Tanzania to export more cotton, coffee and tobacco to raise 'the import capacity of Tanzania'. Not enough research has been done to show the possibilities of agricultural diversification and for the potential export of soya, maize, millet, and export other cereals. The present food crisis should have alerted those pro-people elements in the party and the university of the political implications of importing food from the West, yet the push to export cash crops continues. Food shortages in Africa in the present era is part of the policy of the West to erode the concessions of the anti-colonial period. Tanzania has benefited significantly from the resilience of the rural poor but the cynical waste and arbitrariness at the helm of state power is leading to a breakdown of the cohesion of the society.

The economic deterioration and slow down has not yet brought about the kind of manifestations as did the workers of Tunisia, Morocco or Sierra Leone in 1984. In these states as in all others of the underdeveloped world, the failures of the IMF policies, which are barometers of the failures of the IMF to deal with the global crisis, have led to uprisings where workers and small farmers have sought new forms of organisation, expression and leadership. In Tanzania the incomplete crystallisation of the working class remains one of the brakes on militant class action. Secondly, the reversals in Southern Africa with the Nkomati Accord<sup>19</sup> has shown that there is a possibility of a collapse of the anti-apartheid coalition which emanated from Dar es Salaam since 1964. Working people in the society simmering under the daily hardships recognise the balance of political forces and know that at present they cannot stand up for their rights without organisation.

The nationalist all-class-inclusive organisations which emerged after the Second World War was able to lead the anti-colonial struggle. This nationalism has been unable to lead the struggle for economic liberation and hence the nationalism of this epoch had become a negation of itself. It has come to stand for the negation of the things which the people were struggling for; a better life, freedom, self respect knowledge and independence. The ideology of all class unity needs to be transcended so that the popular struggles of the masses comes to the fore. This requires a sharpening of the class struggle where the workers and poor peasants who suffer the most from the crisis become the dominant element in the social process.

Thus in the absence of the sharpening of the class struggle the forms of resistance, reinforce the search for 'individual' solutions by workers. Among the peasantry, the resistance takes the form of cutting down coffee trees or to form peasants' armies. The most militant expression of the opposition of the peasants to the commoditisation of cattle and to brigandry has been the rise of the Sungu Sungu Movement in Tabora, Shinyanga and Mwanza regions.<sup>20</sup> As of yet there is not enough research on the origins and growth of this peasant army which eluded the control of the coercive forces for more than four years. This popular army was an attempt to use pre-capitalist relations and ideology to resist the further penetration of capital in rural areas of Tabora and Mwanza regions. It was an impossible attempt for the real needs of the rural areas were forms of organisation and production which could supplant the capitalist relations which have been implanted since colonialism. Efforts by the state to co-opt Sungu Sungu into the circuit of rural policing has led to confusion and chaos.

The crisis in the countryside and the chaos over the lines of authority between the Sungu Sungu and the state representatives but one sign of the disintegration and desperation which is being sped by measures such as the 1984 budget. Some workers and peasants who are disoriented, and confused even shout the slogans which call for their own repression; eg. Nguvu Kazi juu, juu.

For the intelligentsia, the present ideological and economic crisis offers a challenge to those who went to place their knowledge on the side of the oppressed for real transformation. Tanzania has been a politically stable but poor society whose development was blocked by colonial mandate and now neo-colonial neglect, corruption and sloganeering. The struggle to fully develop the resources of the society and the potential of the people remains a major challenge. The budget of 1984 has helped to clarify the illusions which have been created by the Arusha Declaration. An immense task awaits the toilers in Tanzania.

#### FOOTNOTES

<sup>1</sup> This conception of Tanzania being a laboratory for the World Bank was developed by Cheryl Payer. The World Bank and Tanzania. Third World Quarterly, October 1983.

<sup>2</sup> The full text of the Budget was reported in The Daily News, June 16, 1984.

<sup>3</sup> For an analysis of the Tanzanian/Jamaican initiative on the IMF in 1980 see Development Dialogue, No. 2, 1980.

<sup>4</sup> ILO - Report: Basic Needs in Danger, pp. 212-215. See The Structural Adjustment Programme for Tanzania. Republic of Tanzania Ministry of Planning and Economic Affairs, Dar es Salaam, 1982.

<sup>5</sup> The two most important examples are the bicycle factory and the Morogoro Shoe Factory. For an analysis of the industrial sector in Tanzania see W. Biermann, "Tanzania: Industrialisation and its impact on economic dilapidation." ERB Seminar Paper 1984.

<sup>6</sup> Five Years of CCM Government, key note address by the Chairman of the CCM, Julius K. Nyerere, 20th October, 1983.

<sup>7</sup> IBRD: World Development Report 1983, p. 11.

<sup>8</sup> See John Illiffe, A Modern History of Tanganyika, Cambridge University Press, 1979. See especially chapter III.

<sup>9</sup> Budget Report, Daily News, June 16, 1984.

<sup>10</sup> Frantz Fanon, The Wretched of the Earth. Penguin Books, 1967, p. 121.

<sup>11</sup> Susan George, How the Other Half Dies. Penguin Books, London: 1976, p. 192.

<sup>12</sup> J.V.S. Jones, Resources and Industry in Tanzania: Use, Misuse and Abuse. Tanzania Publishing House, 1983.

<sup>13</sup> Daily News, June 16, 1984.

<sup>14</sup> The question of devaluation has been intensely debated inside and outside of Tanzania; see interalia.

a) Basic Needs in Danger ILO. Report on a Basic Needs Oriented Development Strategy for Tanzania, Addis Ababa, 1982, pp. 24-26.

b) A. Singh, "The IMF Programme." Daily News, February 24, 1984.

<sup>15</sup> "Accidents and All Health at Work: An analysis of causes and effects in some Tanzanian Industries by Dr. A.D. Kiwara and George J. Makasi.

<sup>16</sup> W. Rodney, "Policing the State in Colonial Tanganyika." Universities Social Sciences Conference, Dar es Salaam, 1979.

17 Laws of Tanzania Art. 6 of 1983. The Human Resources Development Act.

18 Horace Campbell, "War Reconstruction and Dependence in Mozambique." Third World Quarterly, October, 1984.

19 P. Masanja, "Some Notes on the Sungu Sungu Movement." Department of Sociology, Seminar, May 1984.