

TWENTY YEARS OF THE ARUSHA DECLARATION: ISSUES OF EQUALITY IN INCOME DISTRIBUTION AND OPPORTUNITY

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“The first aim of socialists, prized above all others, is equality of income”, W. Arthur Lewis (1949).

1. Introduction

The Arusha Declaration emphasises the development of man and his overall well-being. It places emphasis on creating a just society where exploitation of man is done away with. Issues of equality of income and opportunity do feature prominently in it.

Adam Smith's views of how best to run an economy are to be found in his plea for a free market. For Smith, the free market improved the allocation of resources and opened the door to economies of scale. He further believed that the policy of free competition would inevitably lead to a great increase in wealth, that is in output and real income.

Marxian income distribution theory accepts income differentials based on natural differences in physical and mental abilities in acquired skills and knowledge, and possibly also differences resulting from personal preferences (e.g. between work and leisure). It objects to income differentials based upon unequal distribution of wealth; the power structure of society; sex, race or ethnicity, and income differentials resulting from persistent disequilibrium between supply and demand in the labour market.

The Marxian principle of rewarding people according to their contribution to society is problematic in as far as measurement of contribution is concerned. For how can different contributions of different types of skilled labour be measured?

Neoclassical distribution theory places a lot of weight on the role of rational choice by the utility maximizing decision maker.

Marginal productivity theory holds that in equilibrium each productive agent will be rewarded in accordance with its marginal productivity as measured by the effect of the addition or withdrawal of a unit of that agent on the total product with the quantity of the other agents held fixed.¹

The aim of this paper is to examine the record on equality of income and opportunity during the twenty years of the Arusha Declaration. Besides examining the record on equality between households, the paper also looks at spatial equality of opportunity (equality between regions).

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16. John Stockwell, *op.cit.*, p. 198.
17. Both antagonists in the debates on imperialism supported the scientifically incorrect theory of social imperialism. For the most crude development of this theory in the context of East and Southern Africa, see Lucas Hamisi, *Imperialism Today*, Tanzania Publishing House, 1984.
18. David Lane, *Guns and Rain: Guerillas and Spirit Mediums in Zimbabwe*, ZPH, 1985.
19. This is especially the case in Zimbabwe where the political problems are analysed on the basis of the differences between the Shona and Ndebele or among the Karanga and Manika peoples. This is how the murder of Herbert Chitepo was presented, as were the problems between ZANU and ZAPU. For the official Zimbabwe viewpoint on the Chitepo assassination see David Martin and Phyllis Johnson (eds.), *The Chitepo Assassination*, ZPH 1985. For the Zambia version of the assassination, see “The Special International Commission on the Assassination of Herbert Wiltshire Chitepo”. Tanzania has not yet presented its version of these events.
20. On the question of the struggle against neo-colonialism the position of Tanzania has created confusion in many quarters. Freedom fighters in other parts of independent Africa find out to their peril that they could be returned to their own states by the Tanzanian Government. This has occurred in two known cases: in the case of refugees from Kenya and Zaire. In the most recent case of the Kenyans: these were returned at the same time the President of Tanzania was receiving an international prize for the protection of refugees.
21. This conception of the war was presented by a popular theatre group in the play *Lina Ubani*, by Penina Muhando, Dar es Salaam University Press, 1984.
22. The first public acknowledgement that an agreement had been signed was made not to the Tanzanian people, but to a meeting of donors from Denmark. For an analysis of the impact of this on the politics of Tanzania, see Horace Campbell, “The IMF Debate and the Politics of Demobilisation in Tanzania”, OSSREA Conference Papers, 1986.
23. “The Strategic Significance of Tanzania, Military, Political and Economic”, Institute of Strategic Studies, Pretoria.
24. That there were elements in the Tanzanian state who were willing to promote the idea of negotiations, as opposed to the idea of armed struggles, came out on a conference on *Peace and Security in South Africa* in 1986 organised by the University of Dar es Salaam along with the International Peace Academy of New York. At this conference representatives of the South African state were invited.
25. So demobilised had their people become that, in 1981, when the State tried to mobilise a demonstration against Chester Crocker and their proposals of one-person two-vote the local party branch near the airport sent a traditional dance group to meet the western Five. The State had effectively cut off the idea of demonstrations against imperialism so in the consciousness of the local party functionaries the State could only be sending traditional dancers to welcome imperialism to Tanzania.
26. See Peter Manning and Reginald Green, “Namibia, Preparations for Destabilisation”, in *Johnson and Martin, op.cit.*, pp. 111–138.
27. Joseph Hanlon, *Beggar Your Neighbours*, James Currey Books, London, 1986.
28. Quoted in Walter Rodney, p.44.
29. The justification for this retreat was given by the Party Chairman in his address to the University when he received an honorary Doctor of Philosophy degree. See Daily News Sept. 22, 1986, p. 4.
30. *The Arusha Declaration*, TANU, Dar es Salaam, 1967.

2.0: Equality in Income Distribution in the Arusha Declaration

The ruling party in mainland Tanzania at the time of independence, the Tanganyika African National Union (TANU), had laid down in its constitution principles of socialism.² TANU had several beliefs laid down in its 'Creed', which emphasised equality of income and opportunity: (emphasis added):

- (i) that all human beings are equal;
- (ii) that every individual has the right to receive a just return for his labour;
- (iii) that all citizens together possess all the natural resources of the country in trust for their descendants;
- (iv) that in order to ensure economic justice the State must have effective control over the principal means of production;
- (v) that it is the responsibility of the state to intervene actively in the economic life of the nation so as to ensure the well-being of all citizens, and so as to prevent the exploitation of one person by another or one group by another, and so as to prevent the accumulation of wealth to an extent which is inconsistent with the existence of a classless society.

Among the principal aims and objectives of TANU were the following:

- (i) to see that the government mobilises all the resources of this country towards the elimination of poverty, ignorance and disease;
- (ii) to see that the Government gives equal opportunity to all men and women irrespective of race, religion or status;
- (iii) to see that the Government eradicates all types of exploitation, intimidation, discrimination, bribery and corruption.

From the beliefs, principal aims and objectives of TANU it is quite clear that the ruling party advocated equality of income and opportunity. The party believed in public ownership of the major means of production. What has been the record on equality of income and opportunity? To answer this question we shall first look at distribution goals of the government and then at empirical evidence of equal distribution with respect to household and regional incomes and education.

2.1: Distributional Goals of the Government

Since 1962, the political party advocated a policy of building *ujamaa socialism*, and a policy of fighting exploitation of man by man. Under this policy the Government would aim at bringing about an equitable distribution of income and fair access to social services.

Five years before the proclamation of the Arusha Declaration, the government abolished the freehold ownership system of land. The aim of this move was to check the growth of a land owning class. With the abolition of the freehold ownership system, a member of society was entitled to a piece of land on the condition that he use it. In 1965, the *Nyarubanja Tenure (Enfranchisement) Act* was passed and it put an end to a feudal land tenure system in the West Lake Region of Tanzania (the present Kagera Region).

Another distributional goal pursued by the Government was with respect to rent. The urban landlords were attacked through the *1962 Rent Restriction Act*. Under its provisions tenants could not be evicted from premises except by court order and a fixed maximum rent, called a standard rent, was established. Further-

Urban tenants were further 'protected' through the *1971 Acquisition of Buildings Act*, which nationalised buildings valued at not less than Shs. 100,000/- and led to the creation of the Registrar of Buildings which now rents the nationalised buildings to the urban dwellers, offices etc.

Distributional goals followed by the Government were also included in the Five Year Development Plans of the country. In the First Five Year Plan for Economic and Social Development (July 1, 1964 to June 30, 1969) the goals are presented as follows:

- It is desired "to see economic growth contributing to a more equitable distribution of income" (p. 13).
- The country is "committed to a philosophy of African socialism and basic to it is the principle of human equality". It was argued that the Government "must energetically pursue policies which will increase the amount of wealth produced in this country" and that the Government "must not allow the present income differentials to become sacrosanct".
- It is assumed that the best method for ensuring the equitable distribution of wealth within the country is the expansion of the co-operative movement and the promotion of Government participation in industry and commerce in the form of joint ventures.
- Public funds allocated to agricultural activities on capital and current account will be double those allocated during the preceding Three Year Plan (1961/62 - 1963/64).

In the Second Five Year Plan³ the goals with respect to distribution are spelled out as follows:

- Social Equality: the plan aims to spread the benefits of development widely throughout the society.
- Ujamaa: this involves development of forms of economic activity which encourage collective and co-operative efforts and avoid wide differences of wealth and income.
- "Equity and socialism entail not merely national, or even public sector, control over the economy but also a just distribution of income" (p. 12).

One of the official goals in Tanzania has been to narrow the economic gap between regions and bring about a uniform development of regions. The Second Five Year Plan for Economic and Social Development (1969-1974) recognises the diversity in natural resource endowment and the regional imbalance in the development of economic potential. It is stated in the Second Five Year Plan that the government will strive to redress the regional imbalance.

The Third Five Year Plan (July 1976 to June 1981) summarises and reviews the performance of the previous Five Year Plans with respect to income distribution and clearly defines the distributional goal as one of "narrowing the gap between rural and urban real incomes and between workers of different skills".

2.2: Policy Efforts Towards Achieving the Distributional Goals

In narrowing the gap in the interpersonal distribution of income the government has used incomes policy, wage policy, progressive taxation, price control and pricing policy, and provision of social services to the majority of the population. Efforts towards narrowing the gap between regions have relied upon resources allocation policies (budgetary) and the identification of 'growth pole centers' so that the benefits from industrialisation can be diffused to a wider section of the population. As for the intersectoral distribution, the policy effort revolves around the terms of trade between on the one hand industry and on the other agriculture.

3.1: Household Income Distribution

As already mentioned above, in narrowing the gap in the interpersonal distribution of income the government has used incomes policy, wage policy, progressive taxation, price control and pricing policy. The taxation system has led to a remarkable leveling of officially known salaried incomes of employees mainly in government and parastatal firms and in some private concerns. There is no doubt that the range between the officially known salaried income of a top executive and the income of a minimum wage earner has been significantly reduced since 1967. The extent to which direct taxes have been used to level incomes can be seen by looking at the 'before-tax differential' and the 'after-tax differential' of minimum and maximum wages (in the government and parastatal sector).

Table 1: Before Tax and After Tax Differentials

Year	Before-Tax differential	After-Tax differential
1973	19.44 times	19.44 times
1974	22.50	15.57
1976	14.20	9.17
1979	12.60	9.20
1980	10.00	6.90
1981	10.50	6.90
1982	9.2	6.17
1983	9.2	6.17
1984	7.5	4.86
1985	7.5	4.86
1986	7.5	4.86
1987	6.48	4.72

In 1973, there was a flat rate of tax, 12.5% for everybody paying taxes. After 1974, we see a remarkable leveling of officially known incomes. Whereas the before-tax differential was 22.5 times in 1974 it fell to 10.5 times by 1981 and to 6.48 times by 1987. The salaried people have their income taxed at the source, the salaries they receive are net of taxes. The individual businessmen are supposed to state their net worth so as to help the Income Tax Department in assessing the appropriate tax. However, they understate their incomes and pay very little in taxes relative to their incomes and relative to the salaried individuals in government, in public and in some private firms. The extent of coverage of the progressive tax structure is rather limited: there is a very high degree of tax evasion among the high income self-employed and the businessmen. Businessmen in general and urban businessmen in particular have been the beneficiaries of the situation of chronic shortages of essential consumer goods, and yet part of their total income does not fall under the net of the progressive income tax. This situation is made worse by a shortage of qualified tax assessors who are also incorruptible.

The top salary earners have had real declines in their officially known incomes but they have been able to make up for these declines via a number of fringe benefits which are untaxed; they have had access to food and other essential consumer goods sold at official prices and they do make 'gains from imposts' for travel within the country. The gains from imposts are...

country (on 'official duty') among the top salary earners as well as some of the middle income earners. Among the academicians, consultancy fees supplement their officially known incomes and these consultancy fees are not reported for appropriate taxation. Among the professionals in government and parastatal firms (medical doctors, architects, engineers, etc.) private practice after office hours (and during office hours for a few shrewd and daring professionals) can bring in incomes which are sometimes three times or more their officially known monthly incomes. These incomes, again, go untaxed. The need for supplementary incomes has, of course, arisen because of declining levels of real net incomes received by the top salary earners as well as the middle and low income earners in the face of rising inflation rates.

In order to present the trend in household income distribution during the period of the 1970s we have made use of data from the Household Budget Surveys of 1969 and 1976/77 conducted by the Bureau of Statistics. Even with all the misgivings from data generated by these two Household Budget Surveys (HBS) we still can identify some important trends from these data which agree with the general trend and performance of the economy. In Table 2 the Gini coefficient is used as an indicator of inequality.

Table 2: Trends in Inequality: 1969 - 1976/77

	1969 HBS	1976/77 HBS
Rural Gini	0.30	0.37
Urban Gini	0.51	0.46
Mainland Gini	0.39	0.44

Source: E. Bukuku: "Income Distribution and Economic Growth in Tanzania: 1961-1982". Unpublished manuscript, 1986.

From these figures the rise in the rural Gini coefficient from 0.30 in 1969 to 0.37 in 1976/77 suggests an increase in rural inequality between 1969 and 1976/77, a decrease in urban inequality and an increase in total mainland inequality. The increase in rural inequality can be explained by differences in agricultural potential, differences in resource endowments and differences in market penetration and market participation in rural areas. The decrease in urban inequality is partly explained by the effect of taxation. The trend in total mainland inequality (an increase between 1969 and 1976/77) reflects the increase in rural inequality since rural households account for the majority of total mainland households and, as already stated, rural inequality increased between 1969 and 1976/77. The situation between 1976/77 and 1986 has been one of continual decline in real incomes.

Table 3: Movements (Shifts) Across Income Groups: 1969-1976/77 (Figure in %)

	RURAL		URBAN		TOTAL MAINLAND	
	1969	1976/77	1969	1976/77	1969	1976/77
Less than Shs. 1000/-p.a.	69	44	7	13.6	66	39.5
Less than Shs. 2000/-p.a.	88	78.3	20	32.6	85	71.5

Source: E. Bukuku: "Income Distribution and Economic Growth in Tanzania: 1961-1982". Unpublished manuscript, 1986.

From table 3 it can be seen that there was a 6.6% increase in the number of urban households receiving less than Shs. 1000/- per annum. There was also a 12.6% increase in the number of urban households receiving less than Shs. 2000/- per annum between 1969 and 1976/77. These shifts seem to suggest that there was an increase in the extent of poverty in urban areas. While this conclusion is supported by other corroborative evidence⁴ it must be borne in mind that the definition of rural and urban areas changed dramatically between 1969 and 1976/77. Part of the areas which had been designated as rural in 1969 "had become" urban by 1976/77. All the same, an increase in urban poverty between 1969 and 1976/77 is to be expected given that there was an increase in food crop prices in the 1974/75 season following the food crisis of 1973/74. Food crop prices were increased again in 1975/76, 1976 and 1977. On the other hand, real wages have declined since the mid 1970s as shown in table 4. For this table Frank Ellis' Modified National Consumer Price Index was used.⁵

Table 4: Monthly Wages in Current and Real Terms (in Shillings)

Year	Minimum Wage (Current prices)	Real Minimum Wage (Real 1969 terms)
1969	170	170
1972	240	211
1973	240	189
1974	340	209
1975	380	183
1976	380	163
1977	380	153
1978	380	136
1979	380	121
1980	480	118
1981	600	129

Source: Economic Surveys (various issues).

Table 4 shows a drastic decline in the values of real wages between 1975 and 1981. Thus, the finding that there was an increase in urban poverty between 1969 and 1976/77 was to be expected.

3.2: Inflation and Household Income Distribution

Rapid monetary expansion in the 1970s has increased domestic inflation. The combined effect of domestic and imported inflation has led to double-digit inflation since 1973. The inflationary situation exacerbated towards the end of the 1970s and for the years 1980, 1981, and 1982 the economy witnessed average inflation rates of nearly 20%. The rate of inflation has been one of the major factors that have affected the distribution of income in Tanzania. As is well known, the rate of inflation affects the real value of earnings. However, it does not affect all income groups proportionately: changes in price levels are not the same for all income groups. For a given increase in the price of food, lower income earners spend a larger proportion of their incomes on food than do the higher income earners. Inflation is a greater burden on the lower income earners. In this case one could argue that much of what is accomplished by the progressive tax system (in Tanzania) to reduce the earnings

The wage increases granted by government in recent years have been below the increase in the cost of living. Inflation has really undermined the government's income distribution policies. As Valentine⁶ has argued:

With the prevalence of high inflation rates in Tanzania real income inequality is on the rise, not on the decline. Even though the earnings of top salary earners have remained "frozen"; even with the progressive tax system; even with the periodic adjustments in the minimum wage, the ratio of the highest pay relative to the lowest pay has expanded in recent years, not contracted. The lowest paid is bearing the brunt of inflation in Tanzania and relative income inequality is growing.

Indeed, inflation has undermined to a very large extent the government's income distribution policies; and because of the inflationary method followed by the Tanzanian government, development policy tends to accentuate the inequitable distribution of income.

3.3: Trends in the Incomes of Rural Producers

The evolution of real incomes of rural producers can be traced by analysing trends in producer prices as well as the prices of consumer goods and inputs purchased by the rural producers. Two alternative measures can be used: one is the comparison of how producer prices moved relative to the general level of prices confronting smallholders (the price or net barter terms of trade) and the other is the comparison of how producer cash incomes moved relative to the general price level (the income terms of trade). The net barter terms of trade isolate the pure relative price factor, while the income terms of trade take into account the additional impact on rural incomes of changes in the volumes of marketed output.⁷ Ellis' work on "Agricultural Price Policy in Tanzania" has shown major declines in both the price terms of trade of smallholder crop producers and their income terms of trade. From his work it can be seen that the overall price terms of trade declined by 35.9% between 1969/70 and 1979/80. The decline for export crop producers was 42.5% and that for producers of domestic crops was 15.6%. The exception to the above were drought crops which recorded a net gain in real prices. During the decade of the 1970s there was a 33.4% decline in the income terms of trade for all crops, a 42.5% decline in the income terms of trade for export crops, and a 10.2% decline in the income terms of trade for domestic crops marketed through official channels.⁸

At this point it may be useful to make some brief remarks on agricultural producer price policy during the 1970s. As Ellis has correctly argued, up to 1973/74 agricultural price policy appeared as an essentially passive by-product of institutional innovations designed to create a more controlled and uniform structure of agricultural marketing. The Arusha Declaration and other policy pronouncements on socialism and rural development in Tanzania did not come up with what could be conceived to be "agricultural price policy". Up to the mid 1970s the Party and the Government concentrated their energies in bringing about a structural transformation of the rural areas, which culminated in the massive villagisation measures of the mid 1970s. However, the food crisis of 1973/74, caused in part by drought, led to a dramatic change in attitude on the part of the Government. The period after 1973/74 saw some substantial increases in the price of food crops.

Crop authorities were created, supposedly in the interest of the peasant crop producers. But one of the causes of the decline in the real producer prices of export crops during the 1970s is the increase in marketing and operational costs of crop

crops is agricultural taxation in the form of crop export taxes. This argument can be illustrated by the example of coffee. Marketing costs of the Coffee Authority registered about 50% increase during the decade and constituted between 10% and 17% of the sale price. The grower's share in the final price was about 80% in 1970/71 and it declined to only 48% in 1979/80. The major cause of the decline was the export duty which took over 33% of the sale price in 1979/80, as against less than 10% in 1970/71. After the abolition of the export duty on coffee in 1981 it was estimated that the share would increase to 67%.

For other crops, a similar decline in the producer share of the export price can be noted. During the decade of the 1970s the producer share of the export price declined from

- 70% to 35% in the case of cashew,
- 70% to 45% in the case of cotton, and
- 61% to 48% in the case of tobacco.

The decline in the producer share of the export prices represents massive transfers of resources from peasant crops producers to the state and its apparatus, and most of this surplus (transfer) finds its way not into increasing productivities of smallholder farmers and, hence, in an increase of their output and incomes, but into unproductive consumption.

Despite the rhetoric of increased commitment to the agricultural sector by Government funds a neglect of agriculture during the decade of the 1970s and part of the 1980s is noticeable. The Basic Industries Development Strategy followed by Tanzania placed a heavy burden of foreign exchange generation upon the agriculture sector. Agriculture was in large part assumed to generate surplus for the rest of the economy with little input.⁹ A heavy emphasis on the Basic Industries Strategy led to agriculture getting a smaller share of investments. This, in turn, led to a serious deterioration in the infrastructure supporting agriculture. The neglect of agriculture during the 1970s is a neglect of the rural areas where the majority of the population lives. The industries that have been set up have ended up producing at very high operational costs leading to very high consumer prices.

Collier *et al.*¹⁰ have argued that income concentration in peasant economies is sometimes associated with commercialisation but, for rural Tanzania, an uncommercialised economy is combined with considerable inequality. Collier *et al.* argue that policy makers in Tanzania thought that the commercialisation of peasant agriculture would benefit primarily a minority of prosperous peasants who would develop into a kulak class, thereby generating substantial inequality. They further argued that the chosen policies ended up turning the terms of trade against peasants, reducing market networks, regulating holdings, introducing communal production, and providing basic social services. "Collectively, all but the last have tended to reduce agricultural production and incomes while a fairly high degree of rural inequality has persisted".¹¹ From their analysis, Collier *et al.* point out that the policy of obstructing peasant commercialisation has exacted a price in terms of average peasant living standard without, in fact, addressing these inequalities.

3.5: Regional Income Distribution and Opportunity

As already mentioned, one of the official policy goals in Tanzania is to narrow the gap between regions and bring about a uniform development of regions. The Second Five Year Plan for Economic and Social Development (1969-1974, note that it

ment and the regional imbalance in the development of economic potential. It is stated in the Second Five Year Plan that the government will strive to redress the regional imbalance. In this section we shall briefly analyse the emerging and widening gaps between regions during the 1970s and beyond. We shall look at the regional breakdown for cash and non-monetary income from the 1976/77 Household Budget Survey.

Table 5: Select Summary Statistics for Regional Distribution of Cash and non-monetary income, 1976/77 HBS.

Region	Percent of households receiving less than shillings 1,000/- p.a.	Percent of households receiving less than shillings 2,000/- p.a.	Percent of households receiving less than shillings 4,000/- p.a.	Percent of households receiving shillings 10,000/- and above p.a.	Percent of households receiving between 4,000/- and 10,000/- p.a.	Gini coefficient for cash and non-monetary income
Dodoma	2.6	29.8	64.2	3.5	32.2	0.41
Arusha	0.2	7.3	36.2	4.3		0.30
Kilimanjaro	0.0	0.5	4.6	23.4	72.0	0.29
Tanga	0.0	6.3	38.7	6.3		0.31
Morogoro	0.0	4.5	22.9	15.0	62.1	0.36
Coast	0.0	8.2	70.5	2.5	27.0	0.27
Dar es Salaam	0.4	1.3	8.5	44.0	47.5	0.40
Lindi	0.0	10.0	71.6	1.1	27.3	0.26
Mtwara	2.1	13.7	56.2	3.2		0.29
Ruvuma	0.0	3.8	49.4	3.5		0.30
Iringa	1.8	12.7	54.1	4.4		0.32
Mbeya	0.0	4.2	41.9	4.4		0.29
Singida	0.1	16.4	59.5	9.0		0.39
Tabora	0.0	7.3	28.2	13.8		0.38
Rukwa	0.0	0.5	14.1	26.6		0.37
Kigoma	0.3	5.4	48.4	28.9	32.7	0.52
Shinyanga	0.8	11.0	53.9	8.2		0.38
West Lake	0.0	1.9	26.1	17.4		0.38
Mwanza	0.1	7.4	47.0	6.9		0.33
Mara	0.0	5.7	27.7	13.4		0.41

Source: Computed from Table 43A(3), 1976/77 HBS.

From the statistics presented in table 5, an unequal distribution of cash and non-monetary income across regions can be noted. On average, all regions had an insignificant share of their households receiving less than Shs. 1,000/- per annum. Dodoma (2.6%), Mtwara (2.1%) and Iringa (1.8%) stand out as the regions with most households receiving less than Shs. 1,000/- per annum. Of households receiving less than Shs. 2,000/- per annum Dodoma has the highest share (29.8%), followed by Singida (16.4%), Mtwara (13.7%), Iringa (12.7%) and Shinyanga (11%). Lindi Region tops the list for the share of households receiving less than Shs. 4,000/- per annum with 71%, followed by Coast (70.5%), Dodoma (64.2%), Singida (59.5%), Mtwara (56.2%), Iringa (54.1%), and Shinyanga (53.9%). These differences in shares

find their explanation in differences in natural resource endowments and amounts of rainfall received as well as in government economic activity (both pre- and post-independence governments). These regions compare unfavourably with Kilimanjaro, Morogoro, Dar es Salaam and Arusha, just to mention a few. For example, whereas in Coast Region 8.2% of households received less than Shs. 2,000/- per annum, Kilimanjaro had 0.5% in that category, and whereas Coast had 70.5% of households in the range of less than Shs. 4,000/- per annum, Kilimanjaro had only 4.6% in that category.

Gini coefficients range from 0.26 for Lindi to 0.52 for Kigoma. The high incidence of inequality in Kigoma is explained by differences in market participation (for example those who have accepted to grow cotton) and differences in the level of involvement in trade (both legal and illegal) within Tanzania and across the border into Zaire, Rwanda and Burundi. The Gini coefficient of 0.41 for Dodoma is probably explained by unequal ownership of wealth (livestock).

Differences in the distribution of economic opportunities across regions can be explained by the differential distribution of natural resource endowments, the differential economic and social infrastructural developments across the regions and government policies with respect to regional development.¹² Indeed, regions with better soil types and a good pattern of rainfall have a good potential for agricultural development if transport and communication infrastructure is there. During the colonial era, government economic activity in the regions was largely restricted to those areas where cash export crops could be grown. Thus, transport infrastructure tended to reflect the need to extract surplus from the cash export crop producing areas to the Indian Ocean ports of Dar es Salaam and Tanga. With respect to education and other social infrastructural development, certain areas were favoured more than others. For example, Church Missionaries tended to establish schools and hospitals in the cooler areas with good soils and a good rainfall pattern (e.g. Kilimanjaro, Rungwe, Bukoba, parts of Tanga Region, parts of Ruvuma Region, etc.) and thus contributed to the unequal distribution in both educational and health facilities across the regions. During the first few years of independence the government maintained the colonial legacy of concentrating regional development efforts in those areas already developed and neglecting those which had not attracted colonial interests¹³. During the colonial administration years, certain areas were labour reserve areas (e.g., Kigoma supplied labour for the sisal estates in Tanga) and this further affected the reserve areas' development.

After independence, in order to redress the uneven development of regions, the Central Government designated eighteen regional capitals as 'growth pole centers', the idea being that economic activities located in these regional capitals (e.g. manufacturing industries) would diffuse economic gains to the impact area within the region (employment and market creation for food and raw materials, etc.). However, the location of manufacturing industries is dependent on availability of reliable energy sources, water, transport and communication as well as nearness to the market for the final product and/or nearness to the source of raw material inputs. For this reason, Lindi, Ruvuma, Kigoma, Rukwa, Singida, and Bukoba would not easily qualify for industrial location, whereas regions such as Dar es Salaam, Morogoro, and Tanga have continued to attract industries and businesses more than their share would warrant under a system of even (equalised) development based on a 'growth pole strategy' of the major regional centers.

Other measures aimed at equalisation include the adoption of the pan-territorial pricing for crops and consumer goods irrespective of locational disadvantages of regions with difficult accessibility¹⁴ and irrespective of the least cost producers for crops.

In a further effort to develop regions, the government introduced the Regional Integrated Development Programs (RIDEPs) during the early 1970s. Under the RIDEPs each region would be allocated a donor agency/country to help with a technical assistance team for preparing the regional plan. The Prime Minister's Office (PMO) guidelines to the technical assistance teams on RIDEPs, however, were vague and inadequate. The PMO insisted that the projects and plans be multisectoral.¹⁵ The resulting RIDEP plans ended up being too ambitious, since they were drawn on the premise that foreign funding was forthcoming. The regional breakdown based on donor agency/country supporting the RIDEPs is shown in table 6.

Table 6: Donor agencies/countries supporting RIDEPs, per region

Region	Technical Assistance Team for Regional Planning (in brackets agency/country doing plan implementation)
Dodoma	CIDA & Project Planning Associates Ltd. (Canada)
Arusha	SIDA, Sweden (USA)
Kilimanjaro	Japan (Japan)
Tanga	FRG (FRG)
Morogoro	Netherlands (Netherlands)
Coast	CIDA, Canada (Canada)
Dar es Salaam	CIDA, Canada (Canada)
Lindi	Finnconsult & Finnplanco, Finland (UK)
Mtwara	Finnconsult & Finnplanco, Finland (UK)
Ruvuma	Yugoslavia
Iringa	UNDP (EEC)
Mbeya	NORAD, Norway (Denmark)
Tabora	IBRD, CIDA, UK
Rukwa	Bureau of Resource Assessment and Land Use Planning, BRALUP, University of Dar es Salaam.
Singida	Australia
Kigoma	IBRD (IBRD)
Shinyanga	IBRD (IBRD)
West lake	Denmark
Mwanza	IBRD (IBRD)
Mara	IBRD

The drawing up and completion of RIDEPs did not have one common deadline for all regions. The completion of the plan depended on the donor commitment and speed with which each donor agency/country could bring together a technical assistance team, get the plan drawn up, push it through the PMO and begin plan implementation. Thus, as of November 1981, donors had begun implementation of RIDEPs in only eight regions: Kigoma, Tabora, Shinyanga, Mwanza, Tanga, Kilimanjaro, Arusha and Iringa. The levels of foreign funds and personnel committed to the RIDEPs have also differed across regions. For example, Japan's commitment to the RIDEPs led to the completion of an irrigation scheme, a

rural electrification scheme, a small industries estate, etc. resulting in rural Kilimanjaro having electricity before regional capital towns such as Sumbawanga and Singida, and before many district headquarters. The speed with which each RIDEP is initiated and implementation begun as well as the level of foreign funds committed have differed substantially across regions. Indeed, as Kleemeier has stated in her review of RIDEPs:

The distribution of the investment among the regions followed no apparent logic or equity principle, e.g. to correct imbalances in regional development. A majority of the projects and finance went to the richer regions in Tanzania¹⁷.

From the above brief remarks on RIDEPs, it can be concluded that RIDEPs may have accentuated the regional imbalances in economic opportunities in that those regions which were lucky to get committed donors were able to move fast in plan preparation and implementation for the identified projects.

3.6 Education and Income Distribution

In this section we shall look at the educational policy, discuss the distributive consequences of the educational policy followed and show the distribution of educational opportunities in Tanzania.

In a World Bank study¹⁸ on Tanzania, it is stated that in 1978 there were 59,000 students in Forms I to IV in both public and private secondary schools. This was 4% of the 14 to 17 year age group. The state supported or managed public schools accounted for only 37,000 students or 65%, making it one of the smallest public secondary school systems in the world relative to size of population. The government has resisted social demands for more schooling by adhering strictly to manpower demand guidelines set by the Ministry of Manpower Development. As the opportunity ratio for primary school leavers to join secondary education has declined over the years (from 35.8% in 1961 and 2.7% in 1981 to a low of 1.6% in 1984) there has been an increased demand for private secondary school education.

Table 7: Opportunity Ratio for Class Seven Leavers to join Secondary School (Form I), 1961–1986, %

Year	Ratio in %
1961	35.8
1963	29.2
1965	20.2
1970	11.4
1975	6.2
1977	5.6
1980	4.2
1981	2.7
1982	—
1983	2.2
1984	1.6
1985	2.5
1986	3.1

Source: National Socio-Economic Profile; Basic Data Input, Bureau of Statistics, Dar es Salaam, 1982.

In 1965, of the total number of students in both public and private secondary schools, only 4.6% were in private schools. The share was 24.79% in 1971, 42.3% in 1980, 45.27% in 1984 and 52.68% in 1986. Thus, by 1986, the private secondary schools had more students than the public schools. There has always been a stiff competition for the few places in public schools. Since the mid 1970s, there has been an increase in private tuition of class seven primary school students. The children of the better-to-do parents can afford to pay the tuition fees and there is a high correlation between private tuition and selection to join government secondary

In other words, there is a correlation between income status and entrance to government secondary schools. This works against the low income earners who cannot afford to pay for private tuition after school hours. Entrance to private secondary schools, especially the better ones, is based on written entrance examinations and, of course, ability to pay the school fees. In Tanzania, education seems to be one avenue for maintaining the present structure of differentials in income distribution.

As regards the standard seven examination and the pre-selection exercise for secondary education, there have been complaints of subjectivity. These complaints stem from assertions that more children of the relatively wealthy and politically influential persons gain entry into the few secondary school place available¹⁹. These assertions need statistical substantiation, but that some children of wealthy and politically influential persons have received preferential treatment in gaining entrance to post-primary training institutions (secondary schools, vocational training centres, etc.) is undeniable. It is also the relatively wealthy and the politically powerful persons whose children easily pay their way through private secondary schools and other educational institutions within the country, and gain access to education in foreign countries (Europe, USA, Asia, etc.). Where children have received church or religious organisation scholarships, again, they have been the children or relatives of leading church officials or influential persons within the church or religious organisation. Indeed, Samoff²⁰ has shown that not only have there been regional and ethnic disparities in access to education in Tanzania, there have been also disparities arising from wealth and education of parents.

Because of a high demand for skilled labour and for university as well as college/institute graduates, the salaries paid for such categories have been rather high compared to the average wage earner, widening the salary gap between skilled labour and unskilled labour. With new industries, with new research organisations and with the ever present parastatals there is a big demand for a whole range of professionals who are highly paid. The only way to reduce this gap is to either expand the educational system so as to reduce the high demand on the relatively few skills or to make unskilled labour scarce by designing economically sound rural works programmes or food for work programmes or major construction activities that demand a lot of unskilled labour, like rural roads construction, etc.

Education has not led to any significant increases in rural productivity nor has it led to a significant improvement in the distribution of income. Instead, what seems to have happened in the last two decades is that education has more or less maintained the slanted income distribution among households and across regions and districts. More and more children of the better-to-do individuals in the better-to-do (the richer) regions/districts have gained access to more schooling, and consequently to better incomes. During the 1960s and part of the 1970s children from the richer regions who had not been selected to join government secondary schools sought and obtained admissions (as repeaters, etc.) in primary schools in the poor regions where they emerged as the leading candidates both for pre-selection into government secondary schools as well as for better academic performance.

Malekela²¹ has shown that in Tanzania children from low income families are under-represented in education statistics. His analysis of data reveals that both at the Form I and Form V levels, selectivity indices increase with increasing parental education and occupational status. He also shows that students from elite background are more likely to specialise in science subjects. Implications of his findings are that efforts to achieve equality have had only partial success. Consistent with the spirit of the Arusha Declaration regional equality of opportunity is guaranteed for

entrance to Form I. However, selection to Form V is not based on regional quota. Those selected are the top achievers, regardless of their regional or social origins. Selection to Form V is a critical step for later access to higher education (and consequently better jobs and higher incomes) because university entrants and entrants to institutes and colleges of higher learning are drawn from those completing this level of secondary education. Thus, equalising access at one level (Form I) by using the quota system and abandoning the quota at the next level (Form V) renders the equalisation effect insignificant. Of course, the policy is that education for a selected few must be education for service to the majority.

Summary and Conclusions

Socialism is about equality. The Arusha Declaration, the Party's Policy on Socialism and Self reliance led to nationalisation of major means of production and exchange. But nationalisation by itself does little for equality especially if the nationalised industries end up having very high operational costs and thrive on their monopoly positions and government subsidies rather than on economic efficiency. Some of the nationalised firms have turned into fiscal drains and they seem to be maintained on an unwritten principle: "Socialism at any cost to society."

Concern for equality as embedded in the Arusha Declaration ushered in policies such as progressive income taxation and the institution of price control, the aim being to reduce the earnings gap and to protect the low income earners from high prices for essential consumer goods. But the net result of progressive taxation has been of limited scope and there is substantial income tax evasion. As for price control, the bureaucrats and politicians have burned their energies in trying to ensure 'elaborate' price control mechanisms which have had little or no success. The prevailing market prices have been far higher than the controlled prices.

Price control and rationing have been initiated in the interest of equality but they do not solve the fundamental problem of how to get productive resources correctly allocated and to increase supply. Very highly qualified personnel in Tanzania in both government and parastatal institutions have occupied themselves with rationing and price control (the distributive side) without making the necessary corrective policy measures to bring about increased production which could then render price controls and rationing irrelevant.

In Tanzania, income taxation of the salaried personnel is heavy and its negative effect on incentive is considerable. This constitutes a severe limit to the possibility of redistributing income through taxation.

It is, thus, all-important to take measures which increase equality of income before taxation. The key to equality is, of course, the education system. The distribution of income before taxation is determined by, among others, the distribution of property and the distribution of skill. There ought to be increased equality of opportunity since it is the key to greater equality of income. In agriculture, policies that would involve the participation of many smallholder peasant producers and that would work towards increasing their productivity would enhance equality more than policies which increase expenditures of agricultural parastatals and agricultural administrators at the Ministry of Agriculture Headquarters and its Regional Offices. Appropriate policies to enhance equality of opportunity and market participation would also increase crop storage capacities in rural areas as well as strengthen the rural feeder road systems. With respect to rural and even urban unskilled labour

programmes ought to be established which make unskilled labour scarce. This would all work in the interest of equality.

Finally, the equality between regions needs to be considered in light of natural resource endowment and efficiency considerations. It would cost society less and lead to increased equality if the poorer regions would be subsidised by the richer regions or if expenditure in education and health would be increased in the disadvantaged regions rather than having a blanket policy that says, for example, that each regional capital ought to have an industry under the growth pole strategy.

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REFLECTIONS ON THE IMPLEMENTATION OF UJAMAA VIJIJINI POLICY IN TANZANIA — 1967 TO 1986

A.M. Sendaro

Introduction

The Arusha Declaration was the most important political landmark from the late 1960s to date. Today, the Arusha Declaration is twenty years old. Twenty years is not a very long time. Socio-economic systems exist, sometimes, for centuries before they can even create their own identity, separate from the previous systems. Twenty years is a period covered by one long prognostic plan (20 year perspective). The life period of the Arusha Declaration, therefore, may not be an optimal period for assessing socio-economic development, especially in a country like Tanzania with severe resource constraints and a hostile international environment.

This period of twenty years, however, is long enough for a pause in which to ask some fundamental questions and to determine the direction in which the vessel of state is moving. Particularly given the rapid changes in the modern world, twenty years is an ideal period for assessing the successes and failures, so far, of the Arusha Declaration.

The Policy Background

At the inception of the Arusha Declaration in 1967, Tanzania was just a member of the group of twenty-five poorest countries of the Third World, a position which it still maintains today. Within Tanzania itself, the rural sector was worse off than the urban sector. Given the history of under-development it was inevitable that the rural sector which produced the wealth of the country had to be the least developed and the most exploited, so that the rural masses were submerged into permanent poverty, ignorance and disease. King Birendra, in his 1981 speech in the UN, described the rural poor thus:

...and his number runs into millions — suffers from poor nutrition. He is vulnerable to disease. His average life span is short. He lives in huts where squalor surrounds him. He does not get his meals regularly but when he does he is haunted with the fear of where his next meal will come from. He is clad in rags, if at all. He walks without shoes ...¹

Different people have described the problem of rural development in different ways but there is a general agreement that the rural sector in Tanzania is dominated by the peasant economy,² which is characterised by backwardness in production. The peasants rely on primitive methods of production. The level of the productive forces is extremely low and production relations are based on the individualised smallholder system.

Some argue that in order to free the peasant from poverty, ignorance and disease, there is a great need to transform the peasant economy by dismantling it and creating a base for a modern economy in which the forces of production attain full development. Others argue that there is no need for transforming the peasant economy. Leave the peasant to operate in his traditional framework with simple tools but give him technical assistance (extension services).³

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