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THE INTERNATIONAL RESPONSE TO THE ARUSHA DECLARATION

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Introduction

Tanzania is part of the world community. Therefore, what happens in Tanzania will affect, to a greater or lesser extent, the rest of the world and vice versa. Whatever happens in Tanzania must necessarily provoke world interest. This interest will no doubt lead to a response that corresponds, firstly, to the self-interest of the respondent and, secondly, to his ability to realise that interest.

In discussing foreign policy principles, Mushi notes that especially the most general aspects are related to the ideology of the state. They need not be in the form of a document. It is enough that they manifest themselves in the nation's social, political and economic structures as well as in processes and programmes. Mushi continues:

Unless there is something very wrong with the leadership, foreign and domestic policy principles should broadly coincide. For example, if the principle of private property is advocated internally, and if injustice is tolerated at home it is most unlikely that it will be challenged vigorously externally by the regime concerned.

This is reminiscent of what Karl Marx and Frederick Engels said in the Communist Manifesto:

In proportion as the exploitation of one individual by another is put an end to, the exploitation of one nation by another will also be put an end to. In proportion as the antagonism between classes within the nation vanishes, the hostility of one nation to another will come to an end.

The explication of the international responses to the Declaration can be guided along the above theses. Those countries whose internal structure is akin, however remotely, to the principles of the Declaration are bound to respond positively and those with a contrary internal structure, negatively. To what extent this response will affect the Declaration will depend on the capability of the country concerned to realise its interest. This explains why some countries succeeded in affecting the direction of developments in Tanzania after 1967. While, in broad terms, the domestic and foreign policies coincide, there are specific instances where experience may put the two policies in an apparent contradiction, as has been noted by Mushi. Herein lies the explanation of why those opposed to the Arusha Declaration not only continued to give "aid" to Tanzania but even increased it! By so doing, the short term contradiction would work for their long term interests. On the basis of the aspirations and capability, referred to above, the international responses can be divided in four groups: the Socialist Camp; the Nordic Countries; the Underdeveloped Socialist Countries; and the Major Capitalist Countries.

The Socialist Camp

The word 'camp', and not 'bloc', is used here because China and Yugoslavia which are not members of the Eastern Bloc consisting of the Soviet Union and its allies are included. The Camp is, therefore, broader, comprising Eastern Europe, China, Cuba, Yugoslavia etc., in short: those countries which are building scientific socialism.

While it is true that the Socialist Camp warmed to the Arusha Declaration, it would, however, be wrong to think of that date as a turning point in the relations between them and Tanzania. For example, Tanzania recognised the People's Republic of China in December 1961 – a very brave act, indeed, in those days when the West in general and the US in particular was determined to isolate that country. Likewise, the debacle of Tanzania's relations with the Federal Republic of Germany over the former's recognition of the German Democratic Republic happened long before the Declaration.⁴ What the Declaration did was to further the already existing relations. The real causes of increased relations with the Socialists were the desire to diversify as well as squabbles with the West. Perhaps it was the diversification that led to these squabbles. Nyerere underlined these relations by visiting Yugoslavia in 1961 and recognising the People's Republic of China, as already mentioned. In 1962, Tanzania announced its intention to diversify sources of aid⁵ and signed a cultural agreement with China.

In 1964, two events were to work towards bringing China and Tanzania closer together, namely: the Zanzibar Revolution and the Army Mutiny in Tanganyika mainland. The Chinese Government quickly recognised the new Zanzibar Government and offered development and military assistance. When Tanganyika and Zanzibar merged, Zanzibar leaders, such as Babu, who were great friends of China, became ministers in the Union Government. This further helped spread China's influence in Tanzania.

After the mutiny of 1964, Tanzania dismantled its old army and built a new restructured one. Though it was the British who were called upon to quell the mutiny, it was, however, the Socialist Camp and, in particular, China that was called upon to build the new army. This should not lead to ignoring West German and Canadian aid in the same direction. The reason for emphasizing China's aid is that it proved to have the greatest impact and to outlast the others. That same year Tanzania received the first Chinese arms and military instructors.⁶ This provoked the allegation from the West, duly denied by Nyerere, that Tanzania was turning communist.

Kawawa, the then Second Vice-President of Tanzania, and Babu, a cabinet minister, visited China that year and signed an agreement worth T.Shs. 300 million in development aid.⁷ Towards the end of the year Tanzania opened its embassy in Peking.

On his first visit to China in 1965, Nyerere signed a Treaty of Friendship as well as an agreement on trade. The visit was returned by Chinese Premier Zhou En-Lai in June 1965. The following year saw Kawawa once again in Peking. The Chinese Economic and Cultural Mission opened in Dar es Salaam in 1966 and China moved in to try to off-set the effects of Tanzania's deteriorating relations with the West which was resulting in the loss of millions in aid. China offered Tanzania an extra T.Shs. 40 million loan and a T.Shs. 20 million grant for projects formerly funded by

Britain. If Tanzania did not receive even more assistance, it was because it did not want to be overdependent on China.⁸ This was a crucial decision, as will be discussed below. The question can be asked: should Tanzania have simply avoided overdependence on China or should it have used Chinese aid for developing trade between the two countries?

From the above discussion it is clear that a radical change in foreign relations had preceded the Arusha Declaration. Bailey⁹ contends that it was after Zhou En-Lai's visit to Tanzania that Nyerere began to give the concept of self reliance its current use. Actually, it was Tanzania's desire to speed up development and its relations with China that were having a dialectical influence on one another. For example, one could say the ujamaa village was inspired by the Chinese commune. Yet, it should not be forgotten that attempts to settle people in villages started right from the colonial era and other attempts were made soon after independence. The Chinese example speeded up and synthesised concepts that were already existing in the thinking of the Tanzania leadership. The synthesis culminated in the Declaration. All this, then – the desire to build socialism as well as the good relations with China – predates the Arusha Declaration, so the extent of the effects of this Declaration on the relations with China is open to questioning. At best, it can be said that it further intensified these relations, through the dialectics already referred to.

No discussion on Sino-Tanzanian relations would be complete without a word on the monumental Tanzania-Zambia Railways, popularly known as the 'Uhuru' Railway. Soon after independence, Zambia became interested in an alternative route to the sea, in order to decrease its dependence on the white regimes of Southern Africa. When Rhodesia proclaimed the Unilateral Declaration of Independence (UDI) in 1965, this need became more urgent for Zambia since the Western world could not help, Tanzania and Zambia turned to China. In September 1967, the three countries signed an agreement in Peking in which China undertook to survey, finance and build the railway.

In 1968, Nyerere paid his second visit to China and in 1969, when Canada's contract of military assistance expired, this contract was not renewed. Canada's role passed, instead, to China. Bailey explains this by the fact that it would have been dangerous to allow Canada, a NATO member, to train an army which was at daggers drawn with Portugal, a fellow NATO member.

By and large, Chinese assistance has been radically different from that of the West. The loans were, in the main, interest free. Some of the aid was in outright grants. The 'string attached' was the import of Chinese goods. The loan for the construction of the railway – started in 1970 and operational by 1976 – was interest free. It was repayable in thirty years beginning 1983, and both Tanzania and Zambia were to repay equal shares.

Relations with the Soviet Union have not been well-documented. This is partly because they have been most significant in the military field and for strategic reasons have remained obscure, and partly because most analysts have preferred to discuss the socialist camp as one entity in which China, with its aid in building the railway, has overshadowed the Soviet Union. With the exception of China, assistance from the socialist countries has been low. Import from these countries was only 5.06% of the total of 1965 and 2.94% of that of 1977, while export was 7.61% of the total of 1965 and 5.45% of that of 1977.¹⁰ As for technical assistance: they provided approx. 2.47 million US \$ or 4.5% of the 1976 total.¹¹ The socialist camp has, however, done better than the others in terms of technical assistance. Between 1971 and 1976, it pro-

vided an average of 46.3% of the total capital assistance. It must be pointed out, however, that this assistance was highest in 1971 at 60.2% and steadily declined to 29% in 1976.

On the whole, it can be said that in spite of the positive response by the developed socialist countries to Tanzania's desire to build socialism, assistance has been lower than one would have expected. Besides, this assistance has declined with time. Two explanations are possible. Firstly, Tanzania's ujamaa was not the scientific socialism which they were striving to build and which is pre-conditioned by a vanguard party and the recognition of irreconcilable class antagonism. This may have made them apprehensive. Secondly, Tanzania has always insisted that its turn to the East was not a change of masters but only a diversification. Nyerere told the Chinese premier visiting Tanzania that neither Tanzania's principles nor the country nor its freedom to determine its future was up for sale.¹² Tanzania, therefore, from the start, avoided integration into the socialist economic system. The question of Tanzania's overdependence on the socialist camp would not have arisen had it tried to integrate its economy in such a way as to have mutual benefits. It is true that integration in the western capitalist system had led to underdevelopment. However, this was because the economic integration could not be politically regulated since Tanzania, at that time, still was a colony and, therefore, politically dominated. By the time it attained independence, Tanzania was so entangled in the capitalist system that its political independence was of no consequence to this economic domination. In the case of the socialist countries Tanzania went to the other extreme: it used only political intervention to regulate relations. A measure of economic forces regulated by political intervention would have been a most suitable midway policy. Since Tanzania was still part and parcel of the world capitalist system, any aid by the socialist camp could be siphoned off to the West. The socialist camp could thus be exploited by the capitalists via Tanzania. Tanzania, by maintaining political independence from the West and economic independence from the East, missed whatever benefits could have been reaped either way.

The Nordic Countries

If the Arusha Declaration was well received in the Nordic countries it was not because socialism was going to be built through it. Rather, it was the independence aspect that was attractive.¹³ The aim was to make the recipient independent. The greater the effort of the recipient towards attaining that independence – mainly economic – the more aid would be given. The Arusha Declaration had self reliance as one of its aims and this was the aspect that brought Nordic aid.

The case of Nordic aid is the example *par excellence* of internal policies affecting external ones. There were two aspects to the policies: objective and subjective. Objectively, the socio-economic structure encourages the welfare system. These countries are in general social democracies. The external outcome was to try and encourage the poorer nations to improve their lot. Subjectively, public opinion has frequently been in favour of increased aid from abroad.¹⁴ It was the Nordic countries that made a genuine attempt to honour the UNCTAD II resolution which called on the developed countries to devote 1% of their GNP to the development of less-developed countries. By 1978, Norway was projected to spend 1.3% of its GDP on aid.¹⁵ Sweden attained the 1% mark in 1985.¹⁶

The Arusha Declaration was regarded by the Nordic countries as an attempt at independence. Coupled with this was the personal integrity of Nyerere which was regarded as an insurance that the given aid actually would reach its final destination, rather than lead to individual aggrandisement. This led to increased aid over the years. In 1985, Tanzania was one of the biggest recipients of aid from Sweden, with 460 million Crowns as compared to 270 million Crowns for Mozambique and 350 million for India.¹⁷

This does not mean that it has always been smooth sailing with Nordic aid, as can be illustrated with the case of the paper industry built with Norwegian aid in Central Tanzania. Mushi and Kjekshus⁵ noted that, although it initially started off as programme aid where Tanzania was to provide the management, in the end it turned out to be project aid with finance, management and overall control by the donor. The Norwegian Agency for Development (NORAD) recommended to Tanzania Wood Industries (TWICO) to contract Forest and Forest Industries Development and Consulting Company (FORINDECO) of Norway as consultants. Thereafter, the respective roles of NORAD, TWICO and FORINDECO were ill-defined. While TWICO was initially the overall employer of FORINDECO, in practice the former was virtually left aside. Mushi and Kjekshus wrote:

This tripartite sharing of responsibilities had in-built conflicts. Thus, whereas TWICO was 'formally' responsible for inviting tenders to Sao Hill Sawmill (announced in 1973) and arranging purchases as the official buyer, actual decisions in practice lay with FORINDECO, the consultants who were responsible for bargaining with the sellers and investigating their offers and products.

The authors blamed these problems on the weakness of local institutions, such as TWICO. Such problems with Nordic aid have been rare so that it is safe to take the above case as the exception rather than the rule. But it demonstrates that conditions can mar the best of intentions. In this case the conditions included managerial incapacity on the part of Tanzania.

Another cause of limiting the effectiveness of Nordic aid – and one with more serious consequences – has been the role of international capitalist institutions. In 1985, the Nordic countries, along with other aid donors, put pressure on Tanzania to reach an agreement with the International Monetary Fund (IMF) as a precondition for further aid. A Dutch Minister put it most frankly: she urged President Nyerere during the latter's visit to the Netherlands to seek agreement as soon as possible with the IMF *no matter how hard the terms* as this was vital to the recovery of the Tanzanian economy. The Minister noted that Tanzanian economy was showing signs of change and the country was no longer "pouring limited resources into purely state-owned companies".²⁰ It can be argued that the Netherlands are not Nordic. However, the Minister said she expressed the views of other aid donors as well. On 5th November 1986, a Danish delegation on a tour of their country's aid projects in Tanzania expressed satisfaction about the fact that Tanzania had reached an agreement with the IMF.

THE 'SOCIALISTS' OF THE UNDER-DEVELOPED AREAS

In this group are to be found two categories of countries, namely: those who, at the time of the Declaration, already had a vision similar to that of Tanzania and those who were awakened by the Tanzanian vision. An example of the first category is Zambia with its Humanism and, of the second category, Uganda with its Move-to-the-Left Strategy as well as Burundi under Bagaza.

In the period of the Arusha Declaration, some African countries were already contemplating socialism of some sort. Kenya came up with its concept of African socialism in the Sessional Paper Number Ten, in 1965, which contrary to the Arusha Declaration glorified private property.²¹ In Zambia, socialism took the name of Humanism. According to this outlook, man was the centre:

This high valuation of MAN and respect for human dignity which is a legacy of our tradition should not be lost in the new Africa ... African society had always been man-centred.²²

This view was typical of the concept of African socialism. It looked backwards to the 'past glory' of African traditional society. Compare the above with Nyerere's views:

... Both the 'rich' and the 'poor' individual were completely secure in African society ... Nobody starved, either of food or of human dignity, because he lacked personal wealth; he could depend on the wealth possessed by the community of which he was a member. That was socialism. That is socialism.²³

As was the case with Nyerere, Kaunda's concept of socialism had been lingering in his mind for some time before it was adopted as the official doctrine. In both cases, a visit to China hastened the birth of the doctrine although the idea was already held, albeit vaguely, even before the visit. The Arusha Declaration was adopted in February 1967 and Humanism in April of the same year.

In spite of these similarities, it would be wrong to think that the good relations between the two countries are due to such similarities. Their closeness was not so much due to socialist aspirations as to African nationalism which joined the two against the white minority regimes in Southern Africa as well as against Portuguese colonialism at the time.

From the time of the UDI in Rhodesia, when Britain imposed economic sanctions against the rebel colony, Zambia has relied increasingly on Tanzania as an outlet for world trade. To this end three institutions were created, namely: the Tanzania-Zambia Pipelines (TAZAMA), the Tanzania-Zambia Road Services and the Uhuru Railways (TAZARA) mentioned above. Of these, only the first is functioning smoothly while the second has been disbanded and the third has failed to be self-sustaining. Trade between the two countries has been oscillating wildly, due to the fragility of the respective economics. Copper has always been the mainstay of the Zambian economy so that when its price on the world market began to slide the country's economy went with it. On the Tanzanian side, the war with Amin coupled with the general world economic recession were at the core of the crisis. On top of all this, there are the draconian IMF measures, imposed on all underdeveloped countries, which affected both T...

tion between the two whose direction is beyond their control. Herein lies the reason why the two have failed to help each other in the endeavour to build 'socialism'.

While Humanism can be considered to have been a contemporary of Ujamaa, Uganda's Move-to-the-Left strategy was inspired by the Arusha Declaration. Unlike in Zambia, nothing had happened in Uganda by way of ideological formulation until after the Arusha Declaration in Tanzania. It was only in 1968 that President Obote started talking about the Move-to-the-Left. Thereafter, three documents were produced to effect this strategy. The first was the Common Man's Charter which, roughly, was Uganda's equivalent to the Arusha Declaration. The second document was the Communication from the Chair which introduced, amongst others, the national service. The third document was the Nakimbo Pronouncements which proclaimed the nationalisation of major banks and industries - mainly foreign. Some people have viewed this as the cause of Obote's first downfall. The argument goes that the multinational corporations whose property was nationalised sought to retain their property by trying to remove Obote.²⁴ Others, however, are of the opinion that nationalisation was, in fact, encouraged by these corporations because it helped them to operate under national cover. The coup, then, according to this view, was entirely an affair internal to Uganda.²⁵ Tanzania, however, shared the first view as is clearly shown in the MWONGOZO (Party Guidelines) of 1971 which blamed the Amin coup on Britain and Israel who overthrew Obote because of his socialist policies. This view seems to be vindicated by the fact that immediately upon taking power Amin returned the businesses to the former owners.²⁶ The Arusha Declaration has served as a precursor for the Move-to-the-Left. This awakening to socialism could not develop further because Obote was overthrown in January 1971 - too soon for any meaningful relations to have developed with Tanzania on the basis of similar ideologies. Tanzania never forgave Amin for it and the subsequent poor relations between the two countries, culminating in the 1978-79 Kagera War, had its genesis here. After this war, the economies of both countries were in a mess: Back in power, Obote asked for assistance from the western world and especially their financial institutions, to rehabilitate the economy. The aid packages precluded any attempt at building socialism. The Move-to-the-Left silently joined history while relations with Tanzania were governed by the realities of the two respective crisis-ridden economies. The only relations that existed were to be found in the military field and between the two respective ruling parties: the Chama cha Mapinduzi of Tanzania and Uganda Peoples' Congress. The reasons behind these relations were more good neighbourliness than ideological similarities. Relations after Obote - under Okello and now Museveni - have continued to be warm. Museveni, who studied and lived in Tanzania for over ten years, became an ardent admirer of Ujamaa. He has now introduced socialist reforms in Uganda. This is one of the effects of the Arusha Declaration on present-day Uganda.

Other countries that can be mentioned are Burundi, Tanzania's tiny north-western neighbour, and also Guyana, which is of interest, in view of its geographical distance from Tanzania. In Burundi, socialism was declared the national doctrine in 1979. Thereafter, Ujamaa became the model. The relations between Burundi and Tanzania have since become warmer, compared to the prior frequent accusations and counter-accusations between the two countries in the days when Micombero was Burundi's president. Exchange of delegations and official visits have been frequent. In practical terms, however, Ujamaa has not been able to bring the

proximity and Burundi's need of Dar es Salaam Port for its trade. The relations have not gone beyond what material conditions would permit. That it is not necessarily ideological affinity which draws two countries together is shown by the fact that even Rwanda, which makes no socialist pretensions, has also been growing closer to Tanzania, with exchange of party and government delegations similar to those of Burundi. The main reason for these two countries drawing closer to Tanzania has been the fact that all three, together with Uganda, are members of the Kagera Basin Authority and, furthermore, the civil war in Uganda cut them off from the use of Mombasa Port in Kenya, thereby necessitating greater reliance on Dar es Salaam Port.

Guyana's socialism is of the co-operative type. From 1970 to the present, the relations between Guyana and Tanzania have been close. Exchange of party and national service cadre has been maintained.²⁷ Cultural exchanges have resulted in Tanzania acquiring the 'Steel Band'. Two factors limit the growth of co-operation: small, fragile economies and geographical distance.

The Major Developed Capitalist Countries

To the developed capitalist countries the Arusha Declaration was like adding insult to injury. The relations with Tanzania had been deteriorating since independence and the fear of Tanzania becoming communist appeared confirmed by the Declaration. In 1965, relations between the West and Tanzania were at their worst.²⁸ In February, the decision to permit the establishment of an East German Consulate-General in Tanzania angered Bonn. First, it immediately withdrew military assistance and threatened to cut off economic aid as well, should the Tanzanian Government not rescind its decision. Tanzania reacted by asking the Federal Republic of Germany to withdraw all aid rather than suffer indignity. Next, two United States diplomats were accused by the Zanzibar Government of plotting counter-revolution in Zanzibar. Produced as evidence was a typed telephone conversation in which the diplomats talked about what ammunition to use (translated by the Americans as meaning arguments to be used to convince Washington to send a goodwill message) on the 'second twelfth' (the first anniversary of the Zanzibar Revolution). Although Tanzania insisted that its quarrel was not with the US but with the two diplomats as individuals, this did not prevent the US from retaliating. It expelled a Tanzanian diplomat from Washington and the American ambassador to Tanzania was temporarily withdrawn.

With Britain, poor relations started with the UDI in Rhodesia. Tanzania broke off relations with Britain in protest to Britain's apparent impotence at bringing the rebellion to an end. The links were to be restored in 1968 but this did not take place because the issue of pension to ex-colonial-officials was not yet settled. Tanzania had refused to pay such pensions.

The Arusha Declaration found the relations with the West in the above described state. Shivji seems to suggest that western institutions went on as if nothing had happened in 1967:

...nationalization does not necessarily mean socialization. In fact, it did not even loosen the grip of the multinational corporations for the NDC (National Development Corporation controlled by the Government - M.O.) immediately went into a variety of partnership arrangements with them. Thus they continued to manage their former com-

Our argument is that continuation did not mean approval. The multinational corporations continued only as a last resort and after having found ways of containing the effects of the Declaration, as we shall show.

According to Mushi³⁰ the Arusha Declaration was initially regarded in the West as a threat. With time, however, it became clear that there was no cause for alarm. The 'dangers' could be remedied through: (a) partnership. The profit accruing would be between 15-20%. This profit could be raised by another mechanism which is (b) charging high prices for management and technical personnel while (c) the protected home market would be their monopoly and (d) they could also exploit through patents, over-invoicing etc. Yet another reason for increased western presence, according to Mushi, was the desire to limit eastern influence, especially after China had undertaken to build the TAZARA.

The West was certainly not indifferent to the Declaration, as Mushi showed. Subsequent western efforts to stifle its aspirations are yet further proof of this. If western presence increased after 1967, it was not only because the western capitalist institutions had found ingenious ways to circumvent Ujamaa principles. Nor was it simply to keep the East at bay. The above reasons are valid but there were more. The subsequent behaviour of the West suggests that the increased presence was meant to kill Ujamaa, but *from within*. The strategy seems to have been to make Tanzania more dependent on the West through investments, loans, aid etc. and then, having done this, to twist its arms and make it abandon Ujamaa. Support of Ujamaa was, therefore, a short-term contradiction to the capitalist policies of the West which would work for the long term interests of these policies. It was a matter of time. Then came the war with Amin and, in its wake, the economic crisis. The hour to strangle Ujamaa had arrived. The hangman was to be the IMF.

Tanzania emerged triumphant after the war with Amin. The economy was, however, in disarray. It therefore sought financial aid to rebuild its economy. Capitalist financiers proved to be the most decisive in this matter. Negotiations with the IMF dragged on and, along the way, caused the downfall of a cabinet minister who was supporting devaluation advocated by this institution (he has since been employed by the World Bank). Nyerere stood firm and said Tanzania would not bow to the demands of the IMF. The May Day celebrations in 1981 in Kigoma turned out to be a mass demonstration against the IMF which bided its time, knowing that one day Tanzania would have to swallow its pride.

Meanwhile, things went from bad to worse. The need for aid became more urgent. We have already seen how aid donors made an agreement with IMF a precondition for further aid. We have not come across evidence to show that the IMF explicitly put pressure on the donors. What is important is that tying aid to IMF negotiations had an adverse effect, be it accidental or deliberate and calculated, on Tanzania in general and Ujamaa in particular. It was no longer a question of ideological commitment but that of bare survival. Tanzania had no option but to comply. As usual, the IMF made the same demands it makes in all places at all times: devaluation, cut in public spending, liberalisation of the economy and encouragement of the private sector. The first signs came in the 1985-86 budget which, among others, introduced fees for secondary education. In its August 1986 issue, *Africa Now* reviewed the privatisation trend in Africa. For Tanzania, it noted that it may have been the outcome of six years of negotiations with the IMF. Nyerere had even admitted that it was a mistake to have nationalised too rapidly without the requisite man-

power or technology to make it profitable. Restriction on the amount of land individually owned was removed while exporters were allowed to retain some of the foreign earnings from their crops. It was a blow to Ujamaa. The Tanzanian variant of the famous 'IMF Riots' were the student strikes.

Conclusion

The discussion has shown that the Arusha Declaration was not the beginning of new directions for relations between Tanzania and the rest of the world. The only exception here are those countries that decided to follow Tanzania's example after 1967 in which case it was the Declaration that was responsible for the good relations thereafter. As for the rest of the world, old patterns were merely reinforced after 1967. To begin with those relations that can be attributed, in part, to the Declaration: the relations with socialist countries improved with time while relations with the major capitalist countries deteriorated. The Declaration was, therefore, a conjuncture of events both external and internal. The outcome of this dialectics was that it sharpened previous trends.

It is the irony of the Arusha Declaration that those who welcomed it could not give the necessary material support to help Tanzania to realise its goals while its opponents got an increasing stranglehold on it and finally succeeded in thwarting its efforts. The developed socialist states supported the Declaration because it had shown that people were realising the historical mission of socialism to succeed capitalism. It was, to them, a sign that the last hour had struck for capitalism. However, due to Tanzania's endeavour to guard its independence, it could not get integrated into the socialist system. Without this integration, the socialist countries could not be sure that the aid granted was not being siphoned off by international finance capital. They were, therefore, cautious in giving aid. The result was that Tanzania had to get more and more entangled in the capitalist system, thereby failing to realise its socialist goals. In this way, socialist response to the Arusha Declaration, though positive, has not led to a success of the policies because the aid was insufficient to extricate Tanzania from the capitalist system.

There is no reason to doubt the goodwill of the Nordic countries. Their aid has, however, in spite of the sincerity, been insufficient to help bring about any change. By pegging their aid to an agreement with the IMF, they have done a disservice to the aspirations of the Arusha Declaration. The very self reliance towards which they contributed has been thwarted.

The various forms of socialism in the underdeveloped world may have welcomed the Arusha Declaration as a fellow traveler or a precursor. The one impediment to their building closer ties with Tanzania for the purpose of mutual aid has been the underdeveloped nature of their economies which keeps them tied to, and controlled by, the international capitalist system in much the same way as Tanzania.

The one group that fulfilled its response to the Declaration is the world capitalist system. The means for this has been the multinational corporation and especially the IMF. Viewed over the last 20 years, their efforts have paid off. Tanzania, today, is not building socialism by any standards. It has had to abandon Ujamaa to please these institutions, whose 'help' it needs, if only to survive.

This discussion has concentrated mainly on economic aspects. This does not mean other forms of support are not important: in the diplomatic, political and military fields. However, the economic aspects have been the most decisive factor in the international response to the Arusha Declaration. People gave whatever they could but in the final analysis it was the response of those with economic means that proved decisive. Here, more than anywhere else, the English saying is vindicated "he who pays the piper calls the tune".

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Introduction

This paper examines flows of finance from the World Bank and the IMF to Tanzania in the periods before and after the Arusha Declaration. The first section evaluates the general economic background, dividing the years from 1962 to 1984 into three periods from the viewpoint of the main economic indicators. The second section examines overall loan commitments by the World Bank to Tanzania, and the sectors of the economy to which they were assigned. The third section focuses on the balance of payments, and the contributions of IMF and World Bank financial flows to Tanzania's international payments. The final section considers some of the propositions that have been put forward regarding the influence of the World Bank and the IMF on the domestic economic strategy of Tanzania as this strategy has sought to implement the principles of the Arusha Declaration.

Tables have been grouped together at the end of this paper, together with details of the sources of the data.

Economic Background, 1962 to 1984

Table 1 sets out the main economic indicators since independence.

The 23 years since 1962 can be divided into three periods. The first 8 year span, up to 1969, was a period of positive economic growth averaging 6% a year, with significant increases in GDP per head averaging 3.3% per year. The inflation rate, as measured by annual changes in the consumer price index, was modest, but with indications of an acceleration to double figure annual price rises in the latter half of the period. The proportion of GDP devoted to investment averaged 14%. The current account of the balance of payments was, in overall, surplus.

During these first eight years, Tanzania performed on these main indicators better than the average for the whole of Sub-Saharan Africa¹ and even better when compared with the low-income group of African countries.²

For the second period, from 1970 through to 1979, Tanzania experienced growth of GDP which averaged 5% per year, which allowed an increase of GDP per head at 1.8%. Inflation increased to 10.5%. The development effort increased, with 20% of GDP being devoted to investment. The current account of the balance of payments was in continual deficit, averaging close to - 6% of GDP.

This second period was characterised by external difficulties occasioned by an increase in the international price of oil in 1974, drought in 1974 and 1975, and the end of the East African Community in 1977. However, the decade also included substantial increases in world prices for coffee and tea in 1976 and 1977. Nevertheless, Tanzania again performed better than the average for Sub-Saharan Africa, and for the Low Income African group as regards GDP per head growth, but slightly worse for price stability. Tanzania's investment to GDP ratio was twice that achieved by other African low-income countries.³ Other low-income African countries had current account deficits as a percentage of GDP approximately one percentage point greater than that averaged by Tanzania over the period.⁴