

MICHAEL MANLEY's socialist side-kick in the bid to challenge the IMF's economic policies has been Julius Nyerere of Tanzania.

Nyerere has also just placed himself before the electorate. But in a one-party state in which he was the only candidate, he had no chance of losing: he won with 93% of the votes!

The people did have the opportunity to express themselves forcibly, however: 50% of the sitting Members of Parliament were thrown out at the election on Oct. 26.

This was a clear thumbs down for the way in which the economy has collapsed. And at the heart of the failure has been the *ujamaa*, the economic model cherished by Nyerere.

LAST AUGUST the President's office issued a strong reply to published criticisms of *ujamaa*, the collectivised rural villages that Nyerere has vigorously promoted as the way forward for developing countries.

This socialist experiment in agricultural economics was launched with the Arusha Declaration in 1967. It captured the imagination of people right round the world, elevating Nyerere into something of a global guru.

In the early '70s, millions of people were moved from their settlements into villages that were supposed to be structured along *ujamaa* lines. And according to official figures, there were 5,628 *ujamaa* villages in 1973.

Food production slumped.

During the recent election, Nyerere sought to shift the blame for his country's problems onto external factors, such as OPEC price rises. But, as one observer put it:

"Oil does not explain the declining production of such export crops as coffee, sisal, cashews, cotton and timber."

The decline began in the early '70s, and escalated through the decade. The *ujamaa* experiment failed. For Africans, despite their traditional communal bonds, were well aware of how to arrange farming activities to get the best possible output from land. At least 95% of all land is now farmed by individual peasants and their families.

The collectivised farms were given a clear birth by those who could avoid them. But the migration of large sections of the rural population – partly at least under official compulsion – disrupted the agrarian sector, and so output slumped. By last August, of the country's 8,229 villages, fewer than 20 could be counted as true *ujamaa*.²

THE VERDICT on the *ujamaa* experiment has not been pronounced by IMF officials with a bias for western economics, however.

None other than Professor René Dumont, the French agronomist and socialist who sympathises with Nyerere's political philosophy, produced a damaging indictment of the village economic system after an extensive tour of the country at the request of the government.³

Dumont criticised bureaucratic misjudgments, which had contributed to the decline in output. And he noted that, for a variety of reasons, peasants put more effort into their private plots so that the yield from the communal farms was generally poor. *Ujamaa* villages "were not successful," he declared.

The professor, a strong critic of the free market model of economic activity, cited an example. State-owned sisal farms need to be "more carefully planned, managed and implemented." Their record was poor compared with private producers. And he added: "It is easy to nationalise but much more difficult to maintain or improve production."

THE PHILOSOPHY underlying the *ujamaa* experiment was strongly moralistic in tone. The decline in expectations has been paralleled by a rise in racketeering, and corruption among officials in the middle and lower levels.⁴

Ujamaa has been replaced by a new 'in' word: *magendo*, which means smuggling. As the shelves in the shops emptied, so private entrepreneurs took to blackmarket economics in an effort to get round the bureaucratic red tape. *Magendo* prices are three or four times the official rates.

Despite Nyerere's fighting talk against the IMF (he and Manley organised an international conference designed to add weight to their demands for a "reform" of the Fund), before the election he settled for a £100m. loan – complete with strings attached. One of the conditions is that government spending should be reduced.

In recent years, Nyerere's "self-help" socialist philosophy has been under-pinned by millions of pounds in Western aid. The President has not noted the irony of this contradiction.

But this is not to say that the self-help principle is wrong. On the contrary, the Tanzanian peasants have proved in a measur-

Michael Manley: Cont. from P.3

broke off negotiations in March 1980 rather than submit to further deflation controls which he felt were incompatible with his socialist creed.

Manley left Washington in no doubt about his attitudes when he staged well-publicised visits to Moscow and Havana in his bid to reduce his dependence on the West – a move that merely served to aggravate the political scene, which Seaga exploited to his Party's advantage.

Entrepreneurs were deterred from opening up new urban-based manufacturing companies. These avoidable domestic problems were not helped by the OPEC-induced rise in imported energy costs. The overall result was a rapid rise in inflation, and unemployment rose to nearly a third of the workforce by mid-1980.

Thus, the demand for urban land declined, and this contributed to the decline in prices.

Agricultural land values, however, remained fairly stable. This reflected the favourable tax treatment as well as the emphasis on an agrarian solution to the problem of rural poverty.

About 25,000 small farmers received land for the first time, and cooperatives replaced the old sugar estates. Unfortunately, however, Manley's socialism was inconsistent: it did not extend to socialising the whole of the economic value of rural land for the benefit of the urban as well as rural citizens!

JAMAICA'S Commissioner of Valuations, Mr. O. St. Clare Ridsen, has offered his assessment and some predictions.³

- It seems unlikely that the holding of vacant land as a hedge against inflation will ever regain its former popularity;
- Premature subdivision of land for speculation has virtually disappeared;
- Larger agricultural properties are tending to be divided into smaller holdings.

These are results that can have fundamental consequences for an economy. But will they be allowed to operate effectively in Jamaica? For Henry George's fiscal prescriptions contained in *Progress & Poverty*⁴ were designed for a free market economy of the capitalist kind – not the socialist model favoured by Manley.

For example, people are hardly likely to speculate in land if they can see a mass exodus from their country of prospective house buyers!

Manley's enlightened land policy was not incorporated within an appropriate economic framework.

Jamaican blood has been spilt, and the prospects for creating material wealth destroyed, by the attempt to fuse contradictory philosophies that cannot be made to coexist.

Manley made a significant contribution towards eliminating the old monopoly of land in Jamaica, but he reduced the beneficial impact of this commendable action with his

socialist ideal

ANALYSIS by IAN BARRON

able way their wish to help themselves – and, in the process, increase aggregate output.

The problem for the President, however, is that the citizen's perceptions of how best to help himself – employing the individualistic ethic of family-based farms – contradicts the official philosophy of state socialism.

Now, if Nyerere realistically agreed to ditch the collective approach to farming, he need not abandon the ethic of communal land ownership. What he needs to search for is an alternative framework, one that serves the dual purpose of preserving the social interest in nature's resources while at the same time releasing the energies of the individual peasant, permitting him to benefit directly from his own labours.

Nyerere could do worse than to consult his friend Michael Manley, who is now out of a job and hopefully a wiser man. Manley would tell him that the solution is a fiscal one: an annual tax on the *ad valorem* value of all land. But in adapting the Jamaican experience to Tanzania's needs, they would need to do two things.

● The income-distribution effect of the land tax needs to be applied in a fair and consistent way, so that the opportunities between people in the rural and urban sectors – and between peasants working on soil of different fertility – were equalised.

● The land tax works best when applied within the free market framework, which would wipe out *magendo* – and raise living standards by removing the structural frictions caused by bureaucratic inefficiencies and private sector monopolies.

This would be a truly challenging experiment for these two Third World leaders: one that was worthy of their personal talents and humanistic aspirations. And if, as we would safely predict, the results were good, Manley would be able to use them to reclaim the Premiership of Jamaica.

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3. See an interview with Dumont by Martha Honey in *The Guardian*, 14.8.79, and summary of Dumont's unpublished report in *Financial Times*, 2.7.80.
4. M. M. Adam, 'Nyerere: the man and the challenge', *New African*, October, 1980.



● Tanzanian President Julius Nyerere greets Cuba's Fidel Castro

desire to create new systems of monopoly in the form of centralised political power working through state-controlled economic institutions.

MANLEY had no doubts about the unpopularity of his policies with certain sections of Jamaican society. He offered his diagnosis just before the people cast their votes:

"Faced with the social programme of the Government, the land reform, the reform in taxation, and the clear determination to end a century of oligarchic rule, elements of the professional classes reacted very savagely."

They were, he said, unpatriotic: "Some of them migrated, took their money out of the country, refused to expand their business despite every kind of incentive to the private sector, so there has been an additional internal impact on the economy."

Manley campaigned on his record, but Seaga reacted by arguing that, instead of spreading wealth, Manley had been "spreading the poverty."

The war of words was supplemented with bullets: about 500 people died.

And when the day came to put the X on the ballot paper, Manley found that he was no longer Prime Minister. Although he had pushed through a programme of fundamental reforms, he had failed to carry the people with him.

SEAGA is now in power with 51 Parliamentary seats out of 60. He has promised a pro-Washington/"moderate" set of policies.

Will he tamper with the country's system of land value taxation? It is too early to say, but observers feel that he will initially have his hands too full with the debt of Jamaican \$3,677m (£849m) to worry about this part of fiscal policy.

Guardian correspondent Greg Chamberlain predicts:

"More likely, against a background of 33% unemployment and escalating violence he will use Mr. Manley's solid work of reform in land, taxation, health, education,

the increase in workers' and women's rights, and the reorganisation of the bauxite, sugar and tourist industries, to his own advantage."

Few people doubt that Manley will make a comeback. Hopefully, however, a few years in the political wilderness will give him time to reshape his philosophy into a radical system that can work.

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