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- contribute to policy dialogue;
- support the monitoring of the implementation of poverty related policy;
- strengthen national and international poverty research networks, and
- forge linkages between research(ers) and users.

It is our conviction that research provides the means for the acquisition of knowledge necessary for improving the quality of welfare in Tanzanian society.

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ISBN: 978 - 9987 - 615 - 12 - 4 REPOA

978 - 9987 - 449 - 88 - 0 Mkuki na Nyota



Special Paper No. 08.27

The Growth - Poverty Nexus in Tanzania From a Developmental Perspective

Marc Wuyts

RESEARCH ON POVERTY
ALLEVIATION

The Growth - Poverty Nexus in Tanzania

**From a Developmental
Perspective**

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Mkuki na Nyota Publishers
P. O. Box 4246
Dar es Salaam, Tanzania
www.mkukinyota.com

Published for: Research on Poverty Alleviation (REPOA)
P. O. Box 33223, Dar es Salaam, Tanzania
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P. O. Box 4246, Dar es Salaam, Tanzania
Email: editorial.uhariri@mkukinanyota.com
Website: www.mkukinanyota.com

Suggested Citation:
Research on Poverty Alleviation REPOA (2008).
'The Growth - Poverty Nexus in Tanzania From a Developmental Perspective.'
Special Paper 08.27, Dar es Salaam, REPOA.

Suggested Keywords:
Tanzania, growth and poverty, research

© REPOA, 2008

ISBN: 978 - 9987 - 615 - 12 - 4 REPOA
978 - 9987 - 449 - 88 - 0 Mkuki na Nyota Publishers

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TABLE OF CONTENTS

Lists of Figures.....	vi
Acknowledgments	vii
1. Introduction and Background.....	1
2. Conceptual Framework.....	3
3. Economic Growth in Tanzania: A Quick Overview.....	5
4. Growth and the Incidence of Poverty	9
5. Growth, Employment and the Labour Force	11
6. Growth and the Underprovision of Public Goods	15
7. Growth as a Process of Transformation.....	19
8. Innovation, Efficiency and Shared Growth.....	23
9. Conceptual Guidelines for Researchers.....	25
Selected Bibliography.....	29
Publications by REPOA.....	37

List of Figures

Figure 1: Tanzania's growth performance 1962 – 2005.....	5
Figure 2: Comparing GDP evolution.....	6
Figure 3: Growth as process of transformation.....	20

ACKNOWLEDGEMENTS

I am indebted to the participants of a seminar held at REPOA for the comments I received on an earlier draft of this paper. Special thanks to Joseph Semboja, Samuel Wangwe, Benno Ndulu, Issa Shivji, Donald Mmari, Paula Tibandebage, Dennis Rweyemamu, Hubert Shija, Rehema Tukai, Masuma Mamdani for comments and the supply of relevant materials received during the preparation of this paper. My thanks also go to Sonja Tiscenko for her excellent editorial support.

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1. INTRODUCTION AND BACKGROUND

As part of implementation of the Strategic Plan (2005-2009) the Board of Directors of REPOA approved new research themes that were developed through a consultative process. These are:

- Growth and Poverty,
- Vulnerability and Social Protection,
- Social/Political/Cultural issues,
- Environment and Agriculture, and
- cross cutting areas of: Gender, Technology and Governance.

As a follow-up on these new research themes, REPOA subsequently commissioned the development of a Research Programme on Growth and Poverty within the following terms of reference:

- To develop a conceptual framework in the context of the Tanzanian situation that will guide research in growth and poverty.
- To determine the research problem, questions, etc. and to identify the relevant research areas. Here, it would be useful to suggest research sub-themes that may be developed into full-scale research projects.
- To outline the broad methodology. This has to be indicative as researchers are expected to develop detailed methodologies that may differ from project to project.
- To suggest possible collaborative research activities and a framework for this collaboration, including capacity building of local researchers.
- To put forward a tentative budget, focusing on the type and level of researchers needed for the work, time frame, etc.

This paper develops the conceptual framework for the research programme and provides guidelines for researchers about the types of research projects that might best fit within this programme.

Section II develops the overall conceptual framework on growth and poverty and explains its underlying rationale and agenda for research.

Section III then puts forwards some guidelines for researchers wishing to partake in this research programme, whether in the context of the Open Competitive System or commissioned and/or collaborative research projects.

Section IV has a selected bibliography, including the references.

2. CONCEPTUAL FRAMEWORK

Recently, economic growth has come back on the policy agenda with renewed vigour. In Tanzania, this is perhaps most vividly illustrated by the second Poverty Reduction Strategic Plan PRSP, which, unlike the first such plan, featured growth explicitly in its title: the *National Strategy for Growth and Reduction of Poverty – MKUKUTA*¹. This renewed emphasis on growth has rekindled the debates on the relation between growth, employment and poverty in particular, and, by implication, also on the relation between growth and development, more generally. In a recent article, for example, John Page² a World Bank economist, questioned whether pro-poor growth strategies meant that such strategies should focus on being 'pro-poor', 'pro-growth', or both. Not surprisingly, it is quite common to find similar concerns put forward in the context of present day Tanzanian debates.

A main concern in these debates has to do with the perceived lack of synergy between two sets of policy programmes: growth promotion, mainly located in the (macro) economic sphere, and social policy for poverty reduction, mainly located in the social sphere. In fact, in the last couple of decades there has been at best an uneasy relation between both objectives, with the pendulum of policy swinging back and forth between them. During the heyday of structural adjustment and its immediate aftermath, for example, economic policy took primacy over (and often went at the expense of) social policies, which thus took on a more residual nature³. Later on, culminating in the first PRSP experiences, the pendulum swung back towards social policies, or as Page⁴, for example, put it more bluntly:

"...in the direction of an almost myopic focus on service delivery in the social sectors as the key public policy objective".

Since then, there has been growing recognition of the complementary nature of social policy and provisioning for poverty reduction and growth enabling policies: the former focusing on building infrastructure, improving health care, basic education and drinking water, and providing safety nets for vulnerable groups, and the latter on maintaining macroeconomic balances, promoting trade openness, reducing the cost of doing business and minimising rent seeking in order to create an enabling environment for private investment, production and exchange.⁵

As the following quote illustrates, however, this growing recognition of the complementarities between both sets of policies still leaves open the question of the nature of the linkages between them:

"A quick review of country development agendas, especially in Africa, shows two country programmes being implemented that are not necessarily linked. These are enhancing the provision of social services and creating an enabling environment for growth. In the former we see a focus on building infrastructure and the associated human resource for improving basic education, basic health, and drinking water. ... In the latter, the focus has been on reducing the cost of doing business and minimising the rent seeking associated with the implementation of regulations, licences, etc."

¹ URT, 2005

² 2006

³ Holtzmann, 2003 and Tendler, 2004

⁴ 2006: p. 525

⁵ The switch from the "Washington consensus" to the "Post-Washington consensus" reflected this coming together of these two strands of policy frameworks into what purported to be a more coherent framework. Kanbur ([2001] 2004) provides an insightful analysis of the uneasy (international) alliances that underscored this switch in emphasis. See Houtzager (2004), however, for a quite different critical perspective on the nature and underlying premises of these alliances that gave rise to the Post-Washington consensus.

Marc Wuyts

“The problem is, while they are both important, they may not always be linked and supportive of each other towards achieving a unified and defined national development goal. Under the above scenario where the two programmes are not linked, it is feasible that the attracted investment cannot utilise the local human resource, as the latter developed in accordance with the basic service provision framework may not be relevant to the requirements of the investor. The problem is even more serious in poor countries where the private sector is still very nascent, with a weak entrepreneurial capacity. Here deliberate strategies for promotion are needed, experience shows that promotion of weak nascent private sector requires hands on mentoring, it requires more than creating an enabling environment”.

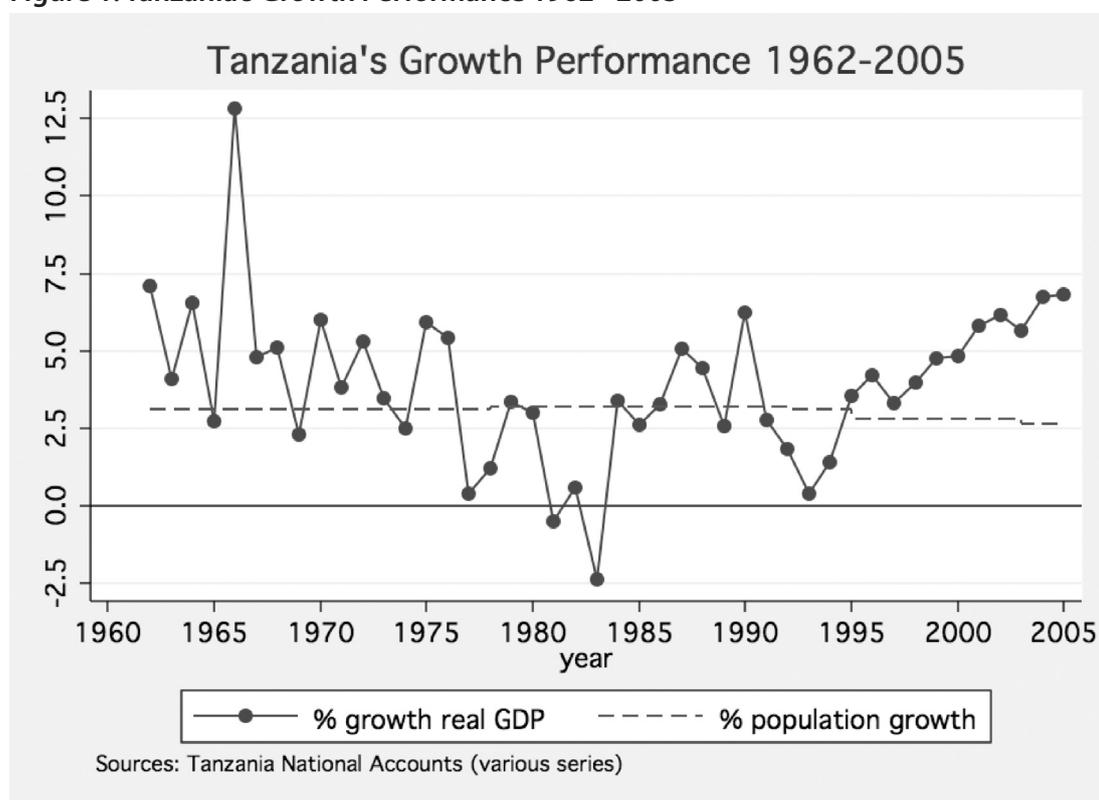
(J. Semboja, 2006).

Within the light of these debates, this research programme aims to take a renewed look at the growth-poverty nexus from an explicitly developmental perspective.

3. ECONOMIC GROWTH IN TANZANIA: A QUICK OVERVIEW

The figure below shows the evolution of, respectively, GDP growth and population growth in Tanzania from 1962 to 2005. The (vertical) differences between these two measures – GDP growth minus population growth – measures per capita GDP growth.

Figure 1: Tanzania's Growth Performance 1962 - 2005



Note: Different time series for GDP at constant prices were spliced into a single index (1992 = 100). In case of an overlapping time series, the latest series was used from its starting point onwards. Growth rates were calculated by taking first differences of the (natural) logarithms of this GDP index.

Sources: URT/NBS 1995 (a) and (b); 1999; and <http://www.nbs.go.tz/nationalaccount/index.htm> for more recent years.

For the whole period (1960 to 2005), the 'average' annual GDP growth rate was approximately 3.3% and, hence, only very slightly above the population growth. In other words, GDP per capita hardly grew in real terms over the period as a whole. This average growth rate, however, hides a lot of variation during the period, as is clear from the figure above.

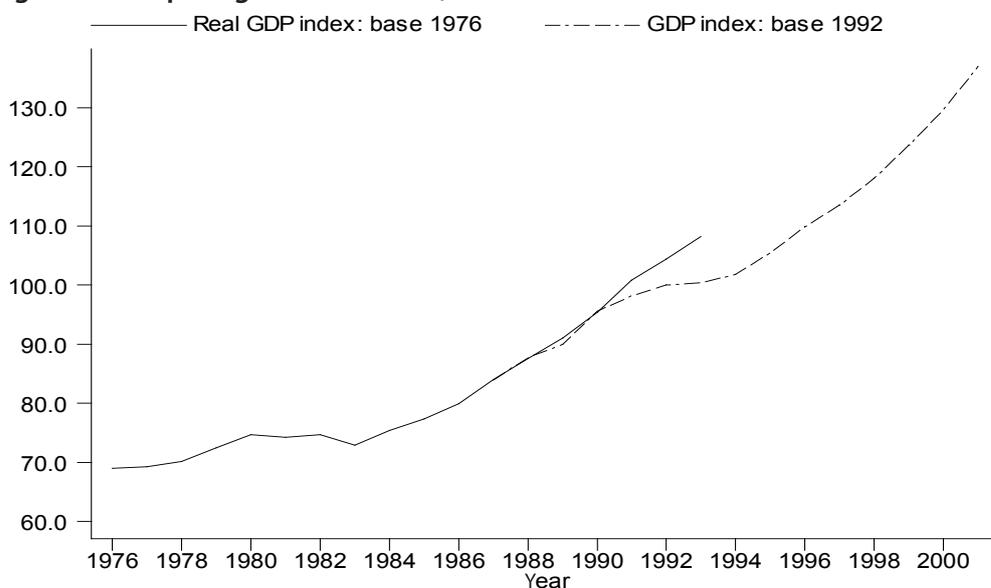
There appear to have been two periods of (reasonably) sustained growth: (1) from the early 1960s to the mid-1970s (peaking in 1976), and (2) from about 1995 onwards (up to 2005). These periods of growth were separated by a long interlude, which includes the lost decade of the 1980s.

During the earlier period (early 1960s to 1976) the average GDP growth rate was about 4.8% per annum. Given that population growth was about 3.1%, this meant that GDP per capita grew on average at 1.7% per annum during this period. But, as is clear from the figure above, the GDP growth momentum, while sustained over a decade and a half, was rather jagged (with many annual ups and downs).

The long interlude started in the late 1970s, witnessed the deep crisis of the early 1980s, and was followed by a period of rather sluggish growth revival during the heyday of structural adjustment and its immediate aftermath up to the early 1990s.⁶

Puzzlingly, however, the current national account data (running back to 1987, with base year 1992) show a slowdown in GDP growth during the early 1990s, but the previous national account data (started in 1976, its base year, and running up to 1993), instead show a sustained rise. As far as the earlier 1987-1990 period is concerned, both series tell a similar story. Figure 2 shows the picture.

Figure 2: Comparing GDP Evolution, 1976 - 2000



Note: For comparative purposes, both indices are set equal to 100 in 1992.

Why this discrepancy occurs in the evolution of both series during the early 1990s is not clear. The older national account data, however, appear to conform better with most people's subjective perceptions about the early 1990s⁶.

Finally, from 1995 onwards (up to 2005), the average annual growth rate was about 5.1% per annum, but accelerating over time. Since population growth slackened slightly during this period, GDP per capita grew at 2.3% per annum (or slightly more). A distinctive feature of the growth trajectory during this period, for reasons as yet to be explained, was that, unlike in the previous periods, the growth momentum did not show pronounced year-to-year volatility.

This historical U-shaped growth pattern, "...featuring a deep and prolonged contraction of growth during 1974 to 1994, a period sandwiched between the moderately high growth rates of the 1960s and the late 1990s," was not only characteristic for the Tanzanian economy, but also distinctive for the African growth record more generally, unlike that of other developing regions.⁷ In fact, for the first decade and a half, the 1960s and up to the mid-1970s, many African countries, including Tanzania, exceeded the global average growth rate (*ibid*: p. 36). As Ndulu pointed out,

⁶ Wuyts, 2005

⁷ Ndulu, 2007: p. 33. This reference has Ndulu as the principal author, assisted by several other authors. For convenience, however, in-text referencing will be done using Ndulu (rather than Ndulu *et. al.*) and, where appropriate, he (rather than the authors). The full list of all contributors is provided in the references.

“many development observers then were more optimistic about progress in Africa compared to Asian countries, particularly because countries such as Côte d'Ivoire, Ghana and Zambia already had per capita incomes that exceeded those of East Asian countries, including the Republic of Korea” (ibid: 36).

It was the onset of the prolonged contraction in the growth rates of most African countries from the mid-1970s up to the mid-1990s that accounted for the subsequent cumulative divergence of African growth experiences with those of other developing regions (Asia, in particular).

4. GROWTH AND THE INCIDENCE OF POVERTY

Growth matters for poverty reduction. This point can perhaps be most clearly understood when turned on its head. Indeed, hardly anybody would argue that economic stagnation or decline, let alone crisis, is beneficial to the poor. It is not unreasonable to postulate, therefore, that periods of sustained per capita income (GDP) growth are likely to be (and to have been) more favourable to the poor than periods of relative stagnation, decline or crisis. But this does not necessarily mean that the reverse is also true: namely, that growth is always beneficial to – or (equally) inclusive of – the poor.

This distinction – growth matters, but it may not be all that matters – underlies much of the debates in recent economic literature about the conceptualisation of the link between per capita GDP growth and the incidence of poverty. Two main variants can be distinguished.

The first variant consists of postulating the simple hypothesis that there is a direct link between these two quantitative measures. This is often done with the use of the concept of the income elasticity of poverty: the ratio of the relative change in the incidence of poverty to the relative change in average income – a parameter to be estimated for specific contexts (regions or countries).⁸ The underlying assumption here is that this parameter is reasonably stable, at least in the short to medium run, to be practical for policy analysis. If this assumption is reasonably valid in practice (which is questionable), the trajectory of income poverty can then be approximated from a chart depicting per capita GDP growth – the difference between GDP growth and population growth – against time.

A strong version of this same view was put forward recently in an influential article by Dollar & Kraay⁹, who argued that

“...our evidence does strongly suggest that economic growth and the policies and institutions that support it on average benefit the poorest in society as much as anyone else” (ibid: 57).

The evidence for this proposition was based on cross - country regressions showing that, on average, the incomes of the poorest quintile rise proportionally to average incomes.

It is beyond the scope of this paper to go into a detailed review and critical discussion of the ample literature on (cross - country) growth regressions, of which the Dollar and Kraay article is a prominent example. An insightful and thorough critique – in a sub-section entitled ‘*An obituary for growth regressions*’ – can be found in D.L. Lindauer and L. Pritchett (2002). More specifically, they argue that “*the basic flaw in growth regressions is that they confuse partial correlations with (stable) parameters and confuse empirical variables (that might be associated with policies) with feasible actions to promote growth*” (pp. 18-19). This, they conclude, then leads to the questionable view that “*one would think that the development community would not need any big ideas since they have the results of growth regressions*” (p. 18).

With respect to the proposition put forward by Dollar and Van de Kraay, in particular, suffice here to keep in mind that conclusions drawn from an average relation obtained with cross - country data (where each data point has its own history and future) does not tell us anything about the specific relation that exists between the trajectories of growth and of poverty incidence in anyone country. The results of such regressions, therefore, do not warrant making general policy conclusions of the type that all what is needed is to look after growth and poverty reduction will automatically follow.

Dollar and Kraay then went on to argue that the policy package that supports economic growth consists of

⁸ For an extensive discussion of the concept of the income elasticity of poverty, see, for example, Heltberg, R. (2004).

⁹ [2002] 2004

“a variety of pro-growth macroeconomic policies, such as low inflation, moderate size of government, sound financial development, respect for the rule of law, and openness to international trade”, which “raise average incomes with little systematic effect on the distribution of income” (ibid: 56-57).

As such, this view essentially entailed a restatement of the old ‘Washington consensus’, which underscored policies of structural adjustment and was based upon the argument that this core package (framework) of macroeconomic policies – the so-called ‘fundamentals’ – would lead to economic growth. Growth, in turn, was to be

“the main vehicle for poverty reduction, achieved through trickle-down mechanisms not always clearly specified”

(Shorrocks and Van der Hoeven 2004: 1).

Schematically, the argument inherent in this (dominant) view consisted of the following two interlinked propositions, where the arrows indicate the direction of causality:



As Kanbur¹⁰ pointed out, the dominance of this view in policy debates meant that growth as a rise in real per capita income came to be seen as synonymous with the notion of growth as the specific policy package (the Washington consensus) aimed to achieve this rise in real per capita income. This, he argued, led to the conflation of two meanings of growth: growth as a real outcome and growth as policy. It is this conflation of these two meanings of growth that gave (and continues to give) rise to – what he termed – the growth ‘red herring’, by which he meant that arguments for or against the ‘fundamentals’ came to be equated with arguments for or against growth. Yet most disagreements over policy, he argued, do not mainly relate to whether some consider growth important for poverty reduction, while others don’t, but instead to differences of opinion about the nature of the policy package to be pursued to achieve pro-poor growth, a point to which we return below.

A second (more nuanced) variant in the analysis the growth-poverty nexus argues that growth is necessary, but not sufficient for poverty reduction.¹¹ One reason why this is so is that income inequality and its evolution over time need to be brought explicitly into the picture.¹² In other words, pro-growth policies do not always lead to inclusive growth since economic growth in average income that goes hand in hand with greater polarisation in terms of widening income differentials can go at the expense of the poor. This approach has given rise to a wealth of empirical work (mostly based on cross-country regressions) explicitly concerned with how the level of inequality affects the potential for growth and how changes in inequality heighten or diminish the effects of growth on poverty reduction. (For an overview, see, for example, Ravallion, [2001] 2004).

This more nuanced second view also underscores the (by now) standard approach routinely used to monitor past and future trajectories of income poverty reduction based on the past record and various future scenarios of GDP growth and changes in income inequality (in the case of Tanzania, see, for example, Demombynes, G and J.G. Hoogeveen, 2004; URT (PHDR) 2005: chapter 1). Note, however, that the evolution of GDP at constant prices does not depict changes in relative prices within the economy, including changes in the external terms of trade, which can affect the incidence of poverty (for a discussion of this point and its implications about the interpretation of the growth-poverty trajectory in Tanzania in recent years, see Wuyts, 2005).

¹⁰ ([2001] 2004, pp. 24-25)

¹¹ This view is by no means novel, but instead harks back to some well-known older themes in development economics. See, for example, the seminal work by Chenery *et. al.* (1974).

¹² Ravallion, [2001] 2004

5. GROWTH, EMPLOYMENT AND THE LABOUR FORCE

The foregoing analysis did not bring employment specifically into the picture. Employment matters, however, not just as a social concern, but also a key variable in the dynamics of growth and, by implication, its linkages with poverty reduction.

To illustrate this point, consider the following simple decomposition of per capita GDP:

$$\frac{\text{GDP}}{\text{Population}} = \frac{\text{GDP}}{\text{Employment}} \cdot \frac{\text{Employment}}{\text{Population}}$$

That is,

Per capita income = (labour productivity) multiplied by the (employment share in population)

Note that the equations above use employment rather than labour force on the right hand side. Labour force equals employment plus unemployment. To arrive at a measure of labour productivity, however, it is best to use employment rather than the labour force as the denominator in the first term on the right hand side. It is important, however, to keep track of how labour force growth splits up into the growth of, respectively, employment and unemployment. This last equation, therefore, could also be written as:

Per capita income = (labour productivity) times (share of employment in labour force)
times (share of labour force in population)

Taking logarithms of the first equation and differentiating both sides (with respect to time) yields the following simple equation in growth rates:

$$\boxed{\text{Per Capita Income Growth}} = \boxed{\text{Growth In Average Labour Productivity}} + \left(\boxed{\text{Employment Growth}} - \boxed{\text{Population Growth}} \right)$$

This equation states that rising average labour productivity jointly with employment growth over and above population growth will boost the growth in per capita income in an additive fashion.

Looking at each of its components in turn, some interesting conclusions can be drawn:

- If employment growth equals population growth, growth in per capita income must result from rising labour productivity;
- With constant average labour productivity, per capita income will grow only if employment growth exceeds population growth: either as a result of the growth in the labour force over and above population growth or of a decline in unemployment;
- However, if employment growth over and above population growth goes at the expense of falling labour productivity or, alternatively, the growth in the labour force merely results in growing unemployment, per capita income will not grow (or might decline).

The first proposition highlights the central importance of productivity growth to bring about a sustained rise in per capita income. More generally, as Ndulu showed, African experiences (in comparison with those of other developing regions), have been typified by sluggish growth in output per worker, in part because of the slower accumulation of physical capital per worker, but mainly because of the low growth in total factor productivity¹³, a point to which we return below.

As Ndulu went on to explain: apart from slow technological progress, there are several other candidates that could explain the slow multifactor productivity growth in African countries. These

¹³ 2007: pp. 58-66

include falling capacity utilisation, particularly during times when shortages of foreign exchange constrained raw materials imports; high rates of depreciation of physical capital, associated, for example, with poor maintenance of public infrastructure, climate shocks that undermine total factor productivity in agriculture, and pervasiveness of civil strife that destroys physical capital or suspends its use. (2007: p. 64)

The second proposition brings the role of demographic factors in the (per capita) growth equation into focus: the key variable here is the differential between the growth rates of, respectively, the labour force and population. Recent decades have witnessed the onset of a major transition from high to low fertility in most of the developing countries with the notable exception of Sub-Saharan Africa, where have nevertheless been signs of fertility decline. This process of change has large scale implications for the evolving structure of populations in these countries – from younger to older age distributions. This, in turn, has consequences for the dependency ratio – the ratio of the non-working (dependent) to the working population – both in terms of its long-term evolution and composition (from young dependents to the problem of an aging population) and its intermittent cyclical movements.

Briefly put, the process proceeds as follows. As fertility declines, the population distribution (pyramid) first narrows down at the bottom without (as yet) much change further up the age echelons. As a consequence, the dependency ratio starts to fall as (relatively) fewer children need to be supported and the population distribution becomes more concentrated in the middle – the active population. This is a slow process particularly because initially the large active population – particularly in its younger age cohorts – will still have a sizeable number of children, even with lower fertility levels. The share of the labour force in the total population rises along with the fall in the dependency ratio. During this period, therefore, the growth in the labour force exceeds that of population. More hands are available as fewer dependents need to be fed inasmuch as there are relatively fewer children and the problem of an aging population is still to come. This is what demographers refer to as the demographic gift of fertility transition – a one time historical interlude where the dependency ratio is low and, consequently, the share of the labour force in total population high: ‘all hands on deck’ – so to speak.¹⁴

This transition also has obvious implications for social expenditures on health and education. With relatively fewer children, less of the growth in social expenditures is needed to keep up with numbers and, hence, more can potentially be spent on each child. Whether this actually happens, however, is not a matter of demography, but of political economy and depends on the political processes that govern the distribution of social expenditures in society. Similarly, the problem of old age dependency – and the increasing costs this entails in terms of additional health expenditures and pensions – is still in the distant future.

In the case of East Asia, the fertility transition in East Asia was particularly dramatic, thus producing a large differential between the growth rates of the labour force and of population. More specifically, it accounted for

“somewhere between 1.4 and 1.9 percentage points of East Asian GDP per capita growth per year from 1965 to 1990, or as much as one-third of observed economic growth during the period”¹⁵

In contrast, as Ndulu showed,

“it was not until 1980 that African fertility rates began to fall, and then at a lower rate (about 0.8 percent per year)”¹⁶

¹⁴ williamson, 2001

¹⁵ Bloom & Williamson (<http://www.cid.harvard.edu/caer2/content/papers/bns/dp40bn.htm>)

¹⁶ 2007: p. 109

Using cross - country regression, Ndulu identified age dependency as one of the main drivers behind the lower growth rates in Africa as compared with other developing regions (pp. 79-81), a point to which he returns in his discussion of constraints on growth (pp. 106-116; see also, pp. 147-8). Added to this are the effects of the AIDS epidemic, which further raises the age dependency ratio as it mainly afflicts the population of working age. These demographic factors, he argued, probably account for reduced growth rates in Africa, but also offer opportunities for accelerated growth rates if fertility declines can be accelerated and if policies and programmes of AIDS prevention and treatment become both more effective and widespread. Note, however, that it was not the intention of this report to suggest that policies for AIDS prevention and treatment should be pursued to foster accelerated economic growth rather than to alleviate human suffering. On the contrary, the report argues that: *"bearing in mind that investments in preventing and treating AIDS are extremely important from a human point of view, and the reduction of human suffering is clearly the prime motivating force for HIV/AIDS programs,"* it is good to know that these programs may also, in a minor way, lead to increased economic growth.

As the next point shows, however, there is nothing automatic about this boosting effect provoked by the rise in the share of the labour force in population. All is well if growth is inclusive in terms of labour absorption, particularly if it goes hand-in-hand with productivity growth.

But, as the final proposition shows, if the labour force is absorbed within the economy at the expense of falling productivity – or, alternatively, left unemployed – the demographic gift will not give rise to increased growth. This latter point is particularly important for poverty reduction. Employment growth alone – even if in excess of population growth – is not enough to lead to poverty reduction. What is needed is that labour productivity (and its distribution as income) associated with this rise in employment is sufficient to guarantee (and in fact assures) incomes above the poverty line. Otherwise, income poverty does not necessarily decline: the unemployed have merely become part of the working poor.¹⁷

Tendler, for example, argued that if policy makers in developing countries continue to view small firms and informal sector firms *"as 'only' welfare,"* rather than the stuff of serious economic development, the poor may well be caught in a low equilibrium trap, where the threat of unemployment is mopped up through low productivity and low quality jobs. The lesson is that employment policies favouring labour intensive production cannot be divorced from productivity considerations.¹⁸

Furthermore, these productivity considerations apply not only at firm or farm level, but also within the economy at large. For a more in depth discussion of this proposition, see Wuyts (2001), who argued that the viability of labour intensive production as a vehicle for poverty reduction depends in part on the conditions which determine the costs (and, hence, productivity in the production) of wage goods, whether imported or domestically produced, in the economy at large.

¹⁷ Atkinson, 1998

¹⁸ 2004: pp. 124-130

6. GROWTH AND THE UNDERPROVISION OF PUBLIC GOODS

Another reason why growth cannot always be directly translated into poverty reduction is that, apart from the rise in private incomes and its distribution across households, the provisioning of public goods also matters for poverty reduction, particularly when broader conceptions of poverty – for example, poverty as capability deprivation or poverty as deep uncertainty and vulnerability – are taken into account. As pointed out earlier, this has led to greater attention being paid to the role of social policy for poverty reduction. More specifically, this has led to the broad agreement that *‘education and health outcomes are on par with income in assessing poverty and the consequences of economic policy’*.¹⁹ In other words, social policy – perceived as consisting mainly of public action within the social sectors of education and health – is now seen as vital in the formulation of poverty reduction strategies, a major change from the earlier days of structural adjustment where social policy was essentially confined to the provision of limited social safety nets.

This greater sensitivity to the importance of social policy, however, did not necessarily mean that this also led to greater synergy between economic and social policies. Indeed, as Kanbur put it:

“paradoxically, the growing areas of consensus – for example on education and health, and on institutions – tend to lead to a sharper stance being taken on the remaining areas of dispute on core economic policies”
(p. 26, my underline).

Underlying this paradox is what Kanbur referred to as a ‘line-in-the-sand’ mentality, particularly on the part of the IFI (the International Financial Institutions, including the IMF and World Bank), that the core economic package – the fundamentals – is not up for negotiation (*ibid*). The implicit danger is that economic and social policies come to operate merely in an additive fashion – each with its own targets and indicators (see, for example, URT (PHDR) 2005; URT, 2006) – without much explicit linkages or synergies between them.

This lack of synergy also reflects itself in the way social policy has come to be restricted (reduced) to the so called ‘social sectors’: health care, (basic) education, drinking water, and safety nets for the vulnerable. This leaves important gaps and silences, particularly in those areas where social policy intersects deeply with economic policy.²⁰ Employment, for example, is one such area of intersection that became marginalised in the process and often relegated to being just a matter of social policy. Social policy, however, particularly when viewed in this broader sense, has an active role to play in fostering inclusive economic growth that is beneficial to the poor.²¹ This point, which will not be developed further here, is discussed more extensively in Wuyts (2006: in particular, pp. 8-10 and 15-17).²²

This perceived tension between core economic policies and public provisioning, which Kanbur highlighted, does not, however, apply to social provisioning only, but also, more generally, to (other) public goods that seek to stimulate economic growth. In this respect, the recent World Bank report on African growth²³ provides some interesting insights. This report starts by making a sharp distinction between two dimensions of policy actions:

¹⁹ Kanbur [2001] 2004: p. 16

²⁰ In fact, some would argue that social policy is economic policy, and vice versa. See, for example, the various contributions in Mkandawire (ed.), 2004.

²¹ See, for example, Hall and Soskice (eds.), 2001; De Haan, 2003; Mkandawire (ed.), 2004; Kwon, 2005

²² Wuyts (2006) develops a conceptual framework for the REPOA research programme on social protection. It is here where two REPOA research programmes – one on ‘social protection’ and the other on ‘growth and poverty’ – are meant to meet, intersect and mutually reinforce one another.

²³ Ndulu, 2007, page 17

“avoiding policy distortions (‘sins of commission’) and addressing the issue of underprovision of public goods to support the growth process (‘sins of omission’)”

where the former are concerned with ‘correcting policy failures’ and the latter with ‘identifying growth opportunities and binding constraints to exploit these opportunities’²⁴). Ndulu then uses this distinction to look at the policy context: past and present. Structural adjustment, he argues, focused almost exclusively on correcting policy failures through market led reforms, thus tackling the (earlier) sins of commission. This phase, he argues, has now been largely completed: policy distortions have ceased to be the main hindrance to growth in most African economies. To avoid the (re-) emergence of future policy distortions, however, this policy stance needs to be vigorously maintained. But now the need arises, Ndulu argues, to shift the policy focus towards tackling the sins of omission left in the wake of structural adjustment. This requires pro-active public action aimed at:

- (1) creating a better investment climate by reducing the costs of doing business;
- (2) closing the infrastructure gap;
- (3) promoting innovation (mainly seen as technological progress) to underpin productivity growth; and
- (4) strengthening critical institutions for growth²⁵.

Population issues – high (and slowly declining) fertility and the ravages of the aids epidemic, in particular – are further identified as potentially binding constraints on growth. The ways these constraints balance out – he concludes – differ from country to country in Africa, and, hence, appropriate policies need to be country specific.

This, in a nutshell, is the main argument of the report. Implicit in this argument, however, is the assumption that it is possible to distinguish clearly between the domain for correcting ‘sins of commission’ and that for correcting ‘sins of omission’, and, hence, that policies for each of them can be tailored separately, or even sequentially. The former policies – avoiding sins of commission – effectively concern the familiar core economic policies inherent in the Washington consensus and are thus kept separate as a self-standing entity around which other policies are wrapped up, without, however, touching the core. The question is whether this assumption is really valid?

If not, some (potentially awkward) questions need to be addressed:

- What does it take to correct for errors of omission without committing errors of commission?
- When and how does the correction of errors of commission lead to errors of omissions such that the effects of the latter overshadow (or offset) those of the former?

The example of industrial policy may help to illustrate this point because it is one of those areas that is likely to fall within the intersection of sins of commission and sins of omission. In fact, in the Tanzanian context the idea of industrial policy goes back a long way: at least as far back as the seminal work by Justinian Rweyemamu (1973) on ‘underdevelopment and industrialisation’ in Tanzania, which raised the question of the nature of industrialisation in Tanzania and thus fuelled the debates on industrial policies for economic growth in the 1970s. These debates and the policies that sprang from them subsequently gave rise to the (extremely) short-lived phase of the basic industrialisation strategy, which was implemented from the mid-1970s onwards and came to an abrupt halt in the crisis of the early 1980s.

In modern parlance, it could be said that Rweyemamu sought to address what he perceived to be

²⁴ p. 144

²⁵ pp. 156-188

an error of omission: the absence of an explicit industrial strategy to affect a structural transformation of the economy.²⁶ With the advent of structural adjustment, however, this concern about industrial policy came to be redefined as part of the problem (an error of commission), rather than the solution. Yet the underlying problem Rweyemamu sought to address remains alive today.

In fact, in his report Ndulu explores an interesting range of development trajectories, which, he argues, African countries might realistically hope to follow, depending on their specific endowments and starting points.²⁷ These are the following:

- Manufactured export-led growth;
- Natural resource-based equitable growth;
- Natural resource-based export diversification, and
- Labour export and high value service sector.

Yet the report says little about how a country might specifically seek to shape its public action (beyond creating a general enabling environment for market-based development) to affect an outcome corresponding to anyone of these strategies. More specifically, the report remains largely silent whether industrial policy has any role to play in fostering market-responsiveness and in developing productive capabilities to achieve such strategy. Yet, as Rodrik explained,

“the nature of industrial policies is that they complement – opponents would say “distort” – market forces: they reinforce or counteract the allocative effects that the existing markets would otherwise produce”;

and, hence, what is needed is *“to develop a framework for conducting industrial policy that maximizes its potential to contribute to economic growth while minimizing the risks that it will generate waste or rent-seeking”*.²⁸

The implication of this argument, however, that the dividing line between the two dimensions of public action put forward by Ndulu remains blurred at best, and, hence, that effective policies will most likely straggle across both dimensions.

²⁶ Rweyemamu obviously did so within the confines of the then prevailing discourses of development. For an interesting and amusing contrastive discussion of ideas prevailing then and now – the old and the new orthodoxies – and their respective demises, see Lindauer, D.L. & L. Pritchett (2002)

²⁷ 2007: pp. 154-155

²⁸ 2004: p. 2

7. GROWTH AS A PROCESS OF TRANSFORMATION

By and large, the conceptual discussion in previous section tended to look at growth mainly as a quantitative phenomenon in its interactions with poverty, thus following accepted thinking. The aim of this section is to shift the focus towards a somewhat broader developmental perspective on the growth poverty nexus, by:

- (1) looking at growth as a process, and not just as outcome, and
- (2) looking at growth as a transformation, and not just as quantitative expansion.

The first point entails that growth as outcome should not be confused with its underlying process. One problem with cross - country growth regressions, for example, is that they seek to establish correlations and average relations between outcome variables (rates of growth, levels of inequality and other social and economic indicators), which are then taken to explain the determinants of growth, thereby often abstracting from the actual processes that lie beneath these varied outcomes. Looking at growth from a developmental perspective, however, requires us to pay extra attention to growth trajectories – their respective contexts and conjunctures and the causal processes at work within them.

The second point requires us to take a more complex view of economic growth. Indeed, at first sight, economic growth appears as a simple tangible thing: the increase in the *size* of a national economy, commonly measured as the (annual) rate of change in the GDP. This is indeed how economic growth is commonly viewed (as was done in the previous sections). In other words, growth is mostly seen as akin to an inflating balloon – a process of quantitative expansion only (depicted by the increase in GDP as a measure for the size of an economy). Yet size is nothing but a theoretical abstraction – a concept that captures an abstract (quantitative) dimension of a much more complex phenomenon: a real economy as it evolves over time, subject to processes of development and change.

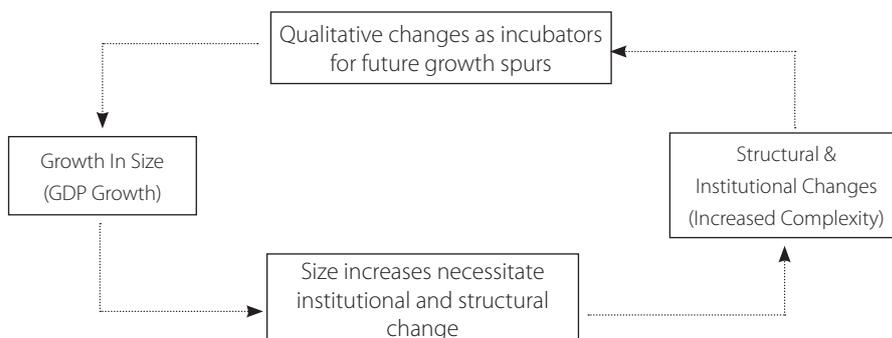
To borrow (and adapt) a metaphor from the biologist John Tyler Bonner, size and the actual economy that is measured are rather like 'shadow and substance'.²⁹ Growth entails a process of economic and social transformations characterised by structural and institutional changes alongside quantitative expansion. The outcome of a growth process, therefore, is not just a larger economy, but also a qualitatively different one. The character of these structural and institutional changes also account for whether growth turns out to be inclusive (shared), or not.

Size matters, however, in its own right since its growth interacts with the growing complexity and social transformation of the real economy: at times preceding (and compelling) changes in structure and form, while, at times, the reverse is true.³⁰ This latter point can be illustrated schematically as follows:

²⁹ 2006: p. 147

³⁰ *ibid* p. 68

Figure 3: Growth as Process of Transformation



Historically, however, this interplay between size and substance does not generally take place as a gradual process: as a linear progression where growth in size goes hand in hand with continuous structural and institutional change. Instead, as Hanush and Pyka argue:

“qualitative changes do not appear continuously in time but correspond to the idea of punctuated equilibria encompassing periods of smooth and regular development as well as periods of radical change.”³¹

As such, *“these processes show strong non-linearities and positive feedback effects which are responsible for pattern formation and other forms of spontaneous structuring” (ibid).*

What matters, therefore, is not just the analysis of the arithmetic of growth, but also of the structural features and changes in institutional arrangements that accompany and/or make possible the process of growth. All too often, economic policy makers tend to focus solely on the growth rate, thus eagerly awaiting the publication of last year’s growth rate to see whether the economy is still ‘on target’, without paying much attention to the nature of structural transformations and institutional (re-) arrangements that foster, hinder or result from the process of growth.

A corollary of looking at growth as process of transformation along with quantitative expansion is that it opens the door to looking at policy as process rather than policy as prescription.³² Doing so has two major implications of relevance to the argument here.

First, as Rodrik argued, an alternative framework to the prevailing dominant tradition of policy as prescription – as a list of dos and don’ts – consists in adopting a diagnostic approach: figuring out what to do in specific cases, contexts and conjunctures.³³ A caveat is necessary here. Saying that the whole process of policy depends on time and place is not an invitation for “anything goes”.³⁴ On the contrary, a diagnostic approach is based on the premise that what is appropriate in one context may not be so in another, and, hence, argues against the adoption of a broad spectrum all purpose (‘one size fits all’) policy framework and/or against the practice of making invocations of international best practices independent of context or conjuncture.³⁵ Contexts differ and so do the constraints and opportunities inherent in them. The issue at stake, then, is figuring out concrete ways of dealing with dynamic change as a multi-period process of context and conjuncture specific phases and sequences.³⁶

For this purpose, Rodrik developed a diagnostic approach to policy formulation aimed at identifying the most binding constraint that limits growth in a particular country - context at a particular

³¹ 2007: p. 277

³² Wuyts, Mackintosh & Hewitt, 1992

³³ 2005; 2006

³⁴ Wuyts, 1992

³⁵ Rodrik, 2005, 2006; Root, 2006

³⁶ Root, 2006

conjuncture in time.³⁷ To do this, he employs a simple but useful taxonomy, which he summarised as follows:

- In a low-income economy, economic activity must be constrained by at least one of the following two factors: either the cost of finance must be too high or the private return to investment must be low. If the problem is with low private returns, that in turn must be due either to low economic (social) returns or to a large gap between social and private returns (low private appropriability).
- Low social returns can be due to poor human capital, lousy infrastructure, bad geography, or other similar reasons.
- Appropriability problems – i.e. a large gap between private and social returns – can in turn arise under two sets of circumstances. One possibility has to do with the policy/institutional environment: taxes may be too high, property rights may be protected poorly, high inflation may generate macro risk, labour-capital conflicts may depress production incentives, and so on. Alternatively, the fault may lie with market failures such as technological spillovers, coordination failures, and problems of economic ‘self-discovery’ (i.e. uncertainty about the underlying cost structure of the economy).³⁸

This taxonomy, he argued, can be used not only to arrive at policies to address economy-wide constraints, but also at policies targeted at more disaggregate meso or micro levels.

The second implication of looking at policy as process is that it implies making a clear distinction between policy outcomes and the concrete mechanisms and institutional arrangements that gave rise to such outcomes. Rodrik makes this point vividly. He starts by observing that:

“there is at best an awkward fit between the policy regimes that exist in the most successful countries of the world and the policy regimes that North American economists and multilateral institutions have been advocating around the world.”³⁹

He then argues that, while these successful countries followed unorthodox policy agendas,

“one can characterize what they did, at a sufficiently high level of generality, as deploying unorthodox policies in the service of orthodox ends – such as openness of the economy, macroeconomic stability, private entrepreneurship, and so on.”⁴⁰

Yet, *“if the example of China, India and Vietnam, and before them other successful Asian countries, is any guide, these outcomes can be achieved – and, indeed, are typically achieved – through highly divergent or heterodox institutional arrangements.”⁴¹*

Rodrik concludes:

“Another way of stating this is that we can have a relatively easy time specifying the desirable functions that good institutions and appropriate reform agendas must produce, but we have a very difficult time specifying the form or the design that such arrangements have to take. The blueprints that we are looking for seem to be highly context-specific.”⁴²

Root takes this point further by introducing the notion of intermediary institutional arrangements and organisations within the process of development.⁴³ He notes that

³⁷ 2005; 2006

³⁸ Rodrik: 2006: pp. 982-984

³⁹ 2005: p. 204

⁴⁰ p. 207

⁴¹ p. 208

⁴² p. 207

⁴³ 2006

“...during periods of economic development, we see intermediary organizations appear such as the guilds of early-modern Europe, the town and village enterprises of transitional China, and the holding companies of East Asia.”⁴⁴

The reason why such intermediary arrangements arise, he argues, is that:

“uncertainty about the reliability of partners and contracts renders the distinction between capital and collusion that are common in modern economies inapplicable to the early stages of capital accumulation, where collusive relationships supplant missing market institutions”,

notwithstanding the fact that *“Intermediate organisations that enhance co-ordination at one stage may hinder it later.”⁴⁵*

An example of such a context specific intermediary institutional arrangement in the case of Tanzania was the introduction in 1984 of the so-called ‘own-exchange import scheme’, which opened the door to imports financed by foreign exchange balances held abroad by residents with no questions asked about the source of such earnings, most of which resulted from unrecorded parallel market activities.⁴⁶ This scheme – jointly with, and parallel to the subsequent introduction of donor funded import support (under structural adjustment) – had an immediate impact in terms of dramatically changing the availability of so-called incentive goods in an economy that had just gone through a veritable goods famine during the early 1980s. Moreover, while donor funded import support targeted the revival of formal enterprises and institutions, the ‘own-exchange import scheme’ fuelled the rapid growth of the informal sector – chaotic, for sure, but remarkably broad based and widespread in its reach.

Another example can be found in the Tanzanian PHDR 2005, which, in chapter 3, seeks to draw lessons from recent experiences with integrated producer schemes designed to develop capacities of smallholders by linking their production to investments in agro-industrial activities and markets. The issue here is the use of producer associations as a vehicle to raise the quality of agricultural output within the confines of a cooperative model that, if inclusive in nature, can also strengthen labour rights and help to ensure that the benefits of increased productivity are more equitably shared (*ibid*: 88-93).

In sum, an important lesson Root draws from his analysis is that

“countries that begin the process of economic growth from different starting points require different advice about the social and political innovations they will need along the way.”⁴⁷

Much of these innovations concern the development of institutional arrangements that enhance co-ordination (and, thus, collusion) and not just competition. In fact, while, at one level, these arrangements curb competition, at another level, however, they often also serve as the vehicle that makes competition become more effective.⁴⁸

⁴⁴ p. 246

⁴⁵ Root provides the following interesting example:

The importance of property rights in an efficient market economy seems like a cliché until one considers the People’s Republic of China (PRC). Its success at capitalism without a firmly based system of private property rights baffles economic policy specialists. (p. 187)

The same can be said about its credit system that did not operate on the basis of collateral – the absence of which, due to non-existing or weak formal property rights, is usually seen as a main obstacle to development. China’s success, one Chinese economist argued, has come from the development of “second best” institutions that are most appropriate to the Chinese environment (Root, 2006: p. 196).

⁴⁶ Wuyts, 1999; 2001

⁴⁷ 2006: p. 247

⁴⁸ For a case study, see, for example, Simonetti, Wuyts, and Wuyts-Fivawo, 2007

8. INNOVATION, EFFICIENCY AND SHARED GROWTH

In matters of economic policy, particularly in the wake of structural adjustment policies, there has been perhaps too much obsession with the pursuit of allocative efficiency – the removal of distortions (sins of commission) that impede efficient allocation by markets. But, as Kuttner argued, there is more to efficiency than allocative efficiency only, important as it is in its own right.⁴⁹ He draws a useful distinction between three different concepts of efficiency in economic life, which he refers to, respectively, as ‘Smithian, Keynesian and Schumpeterian efficiency’.⁵⁰ The study of markets, he argues, “is dominated by issues of allocation – the efficiency of Adam Smith”. Keynesian efficiency – named after John Maynard Keynes – “addresses the potential output that is lost when the economy is stuck in recession, performing well below its full-employment potential”. Schumpeterian efficiency – named after Joseph Schumpeter – is the “efficiency of technical progress” or, more generally, the efficiency of innovation.⁵¹

Allocative efficiency is about maximisation within given constraints, thus avoiding waste; innovation concerns tackling the constraints, thus pushing limitations outwards. Innovation, therefore, is essentially adaptive in nature and, “as Douglass North, the first economic historian to win the Nobel Prize in economics, observed in his 1993 Nobel Lecture, “it is adaptive rather than allocative efficiency which is the key to long run growth”.⁵² The conditions that favour one type of efficiency, however, are not always the same as those that favour another. Schumpeter, known for his phrase of capitalism as ‘creative destruction’, was well aware, for example, that ruinous competition could impede innovation. An interesting illustration of this proposition can be found in Mackintosh, M. and P. Tibandebage (2007) who show how ruinous competition in private health care delivery in Tanzania undermines the financial viability and innovative adaptability of private facilities to provide decent care for the poor, thus leading to exit from (this segment of) the market or a slide towards low and dubious quality care. A balance needs to be struck, therefore, between allocative and adaptive efficiency, particularly in matters concerning growth and poverty reduction.

Ndulu stresses the importance of innovation – in particular, of knowledge acquisition and technological progress.⁵³ More specifically, his report highlights the need for supportive public action for the development of ICT and to foster higher education. These are important dimensions of innovation. Growth as innovation, however, entails more than dealing with new technologies. From a development perspective in particular, it also requires dealing with two other important externalities: namely, information and coordination externalities.⁵⁴

With respect to the former, Rodrik stressed the importance of innovation as self-discovery. Innovation as commonly understood, he argues, concerns coming up with new products and processes. In the context of many low-income countries, however, what is needed in the first place, however, is ‘discovering’ that a certain good, already well established in world markets, can be produced at home at low cost. In other words, diversification of the productive structure requires ‘discovery’ of an economy’s cost structure – discovery of which new activities can be produced at cost low enough to be profitable. The dilemma is, however, that, while self-discovery is an activity of great social value, it is poorly remunerated. The reason is that, if it is successful, others will copy it; if it turns out to be a failure, the initiator bears the full cost (*ibid*)! It is this dilemma, Rodrik concludes, that underlies the case for deliberate public action in this field.

⁴⁹ 1996

⁵⁰ p. 24

⁵¹ p. 24, 24 & 27

⁵² Kuttner, 1996: p.27

⁵³ 2007: pp. 165-177

⁵⁴ Rodrik, 2004

Coordination externalities arise not only because of economies of scale (high volume and decreasing unit costs) in production, but also because innovation often requires coordination, particularly around (or through the construction of) value chains. In other words, innovation is by no means always merely confined to a particular firm, but may also involve networks of firms and other organisations, including public action. This raises the questions how networks are formed, what sustains them, and how they distribute the benefits of coordination among its participating members. See, for example, Chataway *et. al.*⁵⁵ on public-private networks and how the role public action can play as a broker or an integrator of network innovation. Similarly, the discussion on integrated producer schemes in the 2005 Poverty and Human Development Report (PHDR) addresses the question of promoting innovation through networking in agricultural and agro-industrial production and the importance of the way benefits are distributed within such networks.⁵⁶

Within a broader perspective, Hanusch and Pyka argue that

*“the notion of innovation, i.e. the introduction of novelties, has to be seen as all encompassing, covering not only scientific and technological innovation, but including also all institutional, organisational, social and political dimensions”*⁵⁷

Furthermore, they argue, *“besides this result-orientation of innovation, a process-orientation has to be considered, both because innovations are taken place in time and because of the co-evolutionary nature of economic development”* (*ibid.*).

To do so, they argue, requires looking at the interplay between three pillars that determine what happens in an economy: industry, finance and public action. The way they interact – at macro, meso or even at micro level – shapes the systemic conditions within which innovation takes place, or fails to happen, and how its benefits are distributed in the process. Growth and its distribution, therefore, are the outcomes of the complexities of these systemic interactions.

Mackintosh and Tibandebage (2007), for example, show how the failure to innovate in providing decent health care for the poor is not just, nor mainly, a characteristic of the individual private facilities that operate in this market, nor just an outcome of competition in general, but rather the product of systemic failure – a vicious circle of perverse competition, produced in part by a failure of public action – that pushes delivery towards low quality care. In contrast, Simonetti, Wuyts and Wuyts-Fivawo (2007) show how, in the context of rural Mozambique, a relatively small but pro-active financial institution acted as a broker to foster network innovation in the cashew industry and in poultry production in Nampula province, thus stimulating a virtuous circle of interactions.

What these examples show is that innovation often depends on systemic features rather than merely being located at the level of a single component within the system.

⁵⁵ 2007

⁵⁶ 2005: chapter 3

⁵⁷ 2007 p. 280

9. CONCEPTUAL GUIDELINES FOR RESEARCHERS

In a recent brainstorming session on researching growth and poverty, held at REPOA, Professor Wangwe made the following statement:

“Things are happening in Tanzania, but the understanding of what’s happening is seriously lagging behind.”

This statement is true not only for the present, but also for much of what happened in recent decades. This applies particularly to policy analysis, in which past episodes – in particular, those characterised by intense socio-economic changes – are often analysed solely in terms of a simple juxtaposition of good versus bad policies. Social dynamics, however, are more than the outcome of a list of policies, since policies are inevitable filtered by the prevailing social institutions and structural features of an economy and society. Changes in the social fabric, therefore, alter what policies can or cannot do.

This research project, then, is about gaining a better understanding of growth experiences in Tanzania – past and present – and their implications for the dynamics of poverty. Its focus is on coming to grips with processes of structural transformation and institutional change, and not just with the arithmetic of growth and poverty incidence. This is not to say that numbers do not matter. On the contrary, as the conceptual framework made clear, the size of an economy and its growth matter, but it is important also to come to grips with the social dynamics that lie beneath the trends inherent in these numbers. Indeed, what drives the outcome is the process, and, as Rodrik argued, much of the specificity of growth experiences lies in the nature of the structural and institutional changes that characterise their trajectories, rather than in their outcomes.

This particular focus has implications for the kinds of research – and, indeed, researchers – this research programme seeks to solicit in its endeavours. What follows serves as guidelines for researchers who might be interested to participate in this programme.

First of all, while the analysis of economic growth is often seen to be the sole preserve of economists, particularly those with a quantitative slant, this research programme is explicitly designed to be interdisciplinary in nature. The aim, therefore, is to bring together researchers with different types of expertise and to promote collaboration between them, either through joint work or by engaging in a dialogue on the nature of growth experiences in Tanzania and its implications for the dynamics of poverty.

More specifically, this research programme seeks to transcend the rigid distinction often made between the ‘economic’ and the ‘social’ and instead adopts the premise that economic processes are embedded within the fabric of social institutions. This explains the linkage this research programme seeks to make with the REPOA research programme on social protection, in particular with respect to the question of how the prevalence of generalised insecurity and the nature of social protection shapes, and is shaped by, conditions of productivity in the economy and society.

Second, while the analysis of the growth-poverty nexus is often pitched at macro-level only, this research programme aims to integrate analyses at macro level with those at meso / sectoral and at micro level. The aim is to see these levels, not as distinct and separate, but rather as intertwined and systemic in nature.

Third, this programme seeks to understand the growth-poverty nexus in the present within a long run perspective, thus also paying attention to what happened in the past. History matters – not only in its own right: to understand what happened in the past – but also as a necessary ingredient for understanding the structural features and institutional arrangements that make up the present, which,

in turn, provide the initial conditions for future change. Notions like ‘the most binding constraint’ and ‘intermediary institutions’, for example, can only be understood within their historical settings. What constitutes a binding constraint today may not be so tomorrow; an institution that unlocked the potential for growth in the past may have become a hindrance today. This historical perspective does not only matter for macro-level analysis, but also for analyses at meso or micro level.

Fourth, the research programme further welcomes studies using a comparative approach, either historically (at different points in history) or by contrasting home-grown experiences, past and present, with those of other countries.

Finally, this programme seeks to promote methodological interdisciplinarity, combining the use of quantitative as well as qualitative methods: not only the analysis of time series or of survey and panel data, but also the use of case studies, comparative studies or focus group analysis on issues relating to the growth-poverty nexus.

In summary, this research programme not only welcomes economists working at the macro, meso or micro level, but also, for example:

- researchers interested in social policy and its implications for growth and poverty;
- those interested in innovation and its effects on productivity growth and the distribution of its benefits among producers;
- sector specialists, (for example, on mining, or agriculture, or tourism), with interest in meso development strategies;
- financial specialists interested in the interplay between finance and growth;
- historians with an interest in aspects of long run growth and its relation to the evolution of poverty and inequality in Tanzania;
- demographers interested in the relation of population dynamics, growth and poverty;
- specialists in land questions with an interest in the relation between land, growth and inequity, and
- political scientists interested in the changing nature of policy processes in Tanzania, including the role of foreign aid therein.

Resources for Researchers:

There is an accompanying publication by REPOA for the research programme on Vulnerability and Social Protection:

REPOA Special Paper 06.19: *‘Developing Social Protection in Tanzania Within a Context of Generalised Insecurity’* by Marc Wuyts. This is available from REPOA and on REPOA’s website: www.repoa.or.tz.

REPOA’s library is specialised in poverty and development issues. The collection contains material relating to:

Growth and Poverty

Socio-Political Cultural Issues

Governance

Technology

Local Government

Vulnerability and Social Protection

Environment and Agriculture

Gender

Research Methodology

Children’s Issues

The library contains books, current periodicals, journals, statistical compendia, policy documents and reports on poverty in Tanzania and more generally.

The library is open 10:00 to 13:00 and 14:00 to 17:00, Tuesday to Friday. There is a librarian available to assist you to find the information you need. You can search the online catalogue on our website at: <http://www.repoa.or.tz/library/search.php>.

Some Useful Reference Material Which Gives the Overall 'Picture' of Growth and Poverty in Tanzania

You can find details on the Tanzanian government's National Strategy for Growth and Reduction of Poverty ('MKUKUTA') on the website www.tanzania.go.tz. The structures in place for monitoring the implementation of the Strategy are described on the website: www.povertymonitoring.go.tz.

Other useful background information is available from the Tanzania Socio-Economic Database: www.tsed.org, and the Tanzania Development Gateway: www.tanzaniagateway.org.

The Research and Analysis Technical Working Group publishes reports containing updates from recent research findings on trends in the incidence of income and non-income poverty in Tanzania, and progress towards realising the goals of MKUKUTA and the Millennium Development Goals (MDGs). Examples are the Poverty and Human Development Reports (PHDR) and the Status Report. The printed copies of these publications are available free at REPOA, and you can access them online at: www.povertymonitoring.go.tz, and at: www.repoa.or.tz.

Researchers are also referred to the following REPOA's publications which may aid the preparation of the concept note and proposal. These are available from REPOA and on REPOA's website: www.repoa.or.tz

07.23 *"Guidelines on Preparing Concept Notes and Proposals for Research on Pro-Poor Growth and Poverty in Tanzania."*

07.24 *"Common Mistakes and Problems in Research Proposal Writing: An Assessment of Proposals for Research Grants Submitted to Research on Poverty Alleviation REPOA (Tanzania)."*

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