

Phase II: Co-operatives and Social Protection

ABSTRACT

In the 1950s and 1960s Tanzania had the third largest co-operative movement in the world. These co-operatives provided economic and social protection to members so that poor peasants could sell their crops even in years of bad world market prices. The services provided by co-operatives, like education and trusteeship for peasants who took out loans, collapsed when the government abolished co-operatives in 1976. They were re-introduced in 1982 but, due to their abolition, they had lost capital, personnel and members. The current co-operatives are much weaker than the pre-1976 ones and cannot provide the same kind of protection they once did. Co-operatives have still a great potential for social and economic protection but much change in the government policy on co-operatives is needed.

Introduction

THERE IS NO SINGLE INSTITUTION besides the co-operative that has played a greater role in the lives of Tanzanians. The strong co-operative movement in Tanzania served members and non-members all over the country and in the 1960s Tanzania had the largest co-operative movement in Africa. Co-operatives in Tanzania operated on the principle that the economically and socially strong should shoulder the weak. The decline of the co-operative movement since the 1970s has resulted in the erosion of the protection they provided to their members. Current co-operatives are weak and have suffered from obstructive and ineffective government policies (Kennedy, 1994:191).

The term "co-operative" is ordinarily associated with the consumer co-operative store established in 1844 at Rochdale, England, of 28 people. The term is also used to describe collective self-help. What made Rochdale special is that it worked and so became the basis for a worldwide movement. Rochdale provided the rules by which co-

operative societies could function. These rules (including voluntary and open membership, democratic control, a limited return to capital, the ownership by members of any surplus, member education and co-operation among co-operatives) are adaptable and can be utilized by all classes and all nations (Melnyk, 1985:3-4).

The concept of the co-operative is fluid and the principles of co-operatives offer organizational flexibility. Co-operation has taken a great variety of forms. In some case only loose associations are formed, such as the Italian fishermen co-operatives for administering member insurance. In other cases co-operation is rigidly organized and cohesive, such as the Israeli *kibbutzim* with community ownership of work. Between these two extremes there is a large range of co-operative types (Melnyk, 1985:3).

Co-operatives and social protection

Co-operatives have helped to provide social protection in modern Tanzania. They have contributed to social stability and passed on to their members the values and norms that promote social order and stability. Modern co-operative institutions based on Rochdalean principles were introduced in mainland Tanzania (Tanganyika) in the 1920s. Their legal status has been defined in various laws, starting with the Co-operative Societies Ordinance of 1932.

Modern co-operatives in Tanzania are basically a rural phenomenon. They are owned and run by peasants and their main activity is buying members' and non-members' crops for export. The early co-operatives enabled peasants to reap the trading profit, which had before gone to Asian merchants. Co-operatives provided security because they bought peasants' crops even in years of very low prices on the world market.

Co-operatives also provided social services support to their members. In Moshi older peasants told us that the Kilimanjaro Native Co-operative Union (KNCU) provided scholarships for its members' children and supported primary and secondary education. The KNCU built Lyamungo Secondary School in 1962, which was given to the government in 1965. It even opened its own business school (KNCU College of Commerce) in 1956. The latter was closed in 1962, possibly

due to conflict between the established co-operative leadership and the emerging political leadership (Tanganyika got Independence in 1961 but the nationalist struggle entered party politics only in 1954).

The decline of the co-operative movement

Modern co-operatives were abolished by the government in 1976 and re-established in 1982 (Bantukari 2000:40–43). The abolition contributed to the current bad state of co-operatives because they lost both capital, personnel and members after abolition. By 1976 the co-operatives had built up an encouraging level of capital through retained earnings, cash reserves, members' deposits and cash investments in various holdings. These resources were all frozen when co-operatives were abolished (Bantukari 2000:45).

When co-operatives were re-introduced they had lost their monopoly in buying peasants' crops in their respective areas and they now have to compete with crop merchants. This is part of the structural adjustment policies which have helped to weaken co-operatives. Modern co-operatives now are very weak: for example, they buy only about 10% of the peasant cotton crop although in the past they handled the whole crop.

In 1968 the co-operative movement in Tanzania was the largest in Africa, handling £27,500,000 worth of the country's annual exports. This was half the value of the country's exports. Only in Israel and Denmark did co-operatives market a greater proportion of a nation's overseas business (UPA 1968:85). The peasants interviewed in focus group discussions in Same, Dodoma, Moshi and Mwanza dismissed the suggestion that the current (post-1982) co-operatives provide social protection, saying that the old co-operatives were better placed to do so. The old co-operatives had well-defined functions which helped peasants to consolidate their social and economic position. These functions were:

- Distributing farm implements and other agricultural inputs;
- Acting as trustees for peasants who took loans from credit agencies;
- Running special funds for members' education;
- Constructing primary and secondary schools;

- Supporting higher education through scholarships;
- Building factories for processing agricultural products bought from members (e.g. cotton ginneries, coffee curing, oil processing mills and maize mills).

Findings from field observations in Moshi, Dodoma and Mwanza indicate that modern co-operatives have been in decline since 1976. When they were re-introduced in 1982, they were allowed to form without share capital subscriptions in the strict and practical sense. Members of co-operatives were required to pay only non-refundable dues and co-operatives were thus unable to build up capital. Although the law was changed again in 1991, current co-operatives lack crop-buying funds. Another researcher observed that in 1960 co-operatives were able to meet 33.5% of the funds required to purchase crops but by 1996 they could raise only 0.7% of the funds (Banturaki 2000:41).

Membership

Focus group discussions conducted in Chome and Ugweno divisions (Same and Mwanza districts) revealed that co-operatives have very few members at present and most peasants in the country are forced by circumstances to sell their crops to crop merchants. In Kilimanjaro, Mwanza and Dodoma regions before 1976 most peasants were members of co-operatives. In most villages in Moshi district (now Hai, Rombo and Moshi districts) all peasants were members of the KNCU but only a tiny fraction are members today. The total co-operative membership in the whole countryside has dropped from serving about 20% of the peasants in 1976 to about 5% in 1982 and 3% in 1991 (Banturaki 2000:49-50). This figure obscures the fact that, before 1976, co-operatives served almost all peasants because they were not restricted to their own membership.

The peasant informants were clear that they got a better deal when selling crops in the pre-1976 period than now. Crop merchants who buy most of the crops in the country now do not pay the second payment, which is the difference between the price co-operatives give

members up front and what they actually get in the world market after deducting costs like interest on money advanced by banks.

The commercialization of co-operatives

The 1982 co-operative legislation placed the co-operatives' apex organization under the patronage of the ruling political party and membership was almost compulsory, but not clearly defined, because every village in the country was supposed to be a political wing of the ruling party and a multi-purpose co-operative society. After the 1991 co-operative law, membership has become voluntary and peasants are not obliged to sell their crops to co-operative societies. At the same time co-operatives have introduced attempts to make their members pay share capital. This has contributed to the low number of members. Co-operatives have in the 1990s become more élitist and are controlled by the richer peasants in the villages. The poorer peasants have thus been disenfranchized and marginalized.

In Kilimanjaro, Mwanza and Dodoma regions, where the co-operatives were surveyed, no poor peasants have been "chased" from co-operatives but most poor could not meet the conditions for joining them after 1991 and were therefore sidelined. In Bukoba, for example, the peasant must pay the share capital in full and at one time and be able to sell to the co-operative over 200kgs of coffee per year (Bantukari 2000:42-43). The situation is the same in Dodoma, Mwanza and Kilimanjaro. Most of the poorer peasants cannot afford the time waiting to sell their crops to bureaucratic co-operatives. They are thus forced to sell to crop merchants, who offer lower prices.

Sometimes co-operatives themselves cannot offer price incentives and they have thus lost their traditional role in protecting peasants. It was reported in one newspaper (*Family Mirror* 31 July–6 August 2001), for example, that co-operatives in Kagera region borrowed peasants' coffee in the previous year's coffee season (that is, 2000). In 2001, under the cloud of last season's debts, these co-operatives have announced a price of Tshs. 80 per kilogram of dried unpulped *robusta* coffee. At the same time private traders from Uganda were prepared to pay Tshs. 170 per kilogramme for the same coffee.

Operating problems in co-operatives

It has also been reported by the Minister for Co-operatives and Marketing in *Daily News* 25 June 2001 that co-operatives in Tanzania are now in an appalling state. By May 2001 they owed banks Tshs. 17.8 billion. This is very discouraging as co-operatives had accumulated this mammoth debt despite the cancellation of their Tshs. 44 billion debt by the government in the last ten years. This was revealed during the general meeting of the Arusha Co-operative Union (ACU) on 23 June 2001. The ACU itself owes banks more than Tshs. 5.8 billion and it owes other creditors Tshs. 899 million.

The Minister said that the ACU was found by an investigating committee to have incurred a loss of more than Tshs. 145 million. This was the result of poor supervision of ACU projects and "ghost" payments (payments not backed up by the delivery of goods, or services, or goods or services not measuring up to the value of payments). The ACU had been approving loans to members in a shady manner. It did not conduct proper financial supervision, auditing and employment and this, according to the Minister, contributed to frequent financial losses. The ACU had a small investment base and conducted business in old-fashioned ways. Its members were not adequately sensitized to the benefits of co-operatives. If things continued in this way, said the Minister, the ACU would not be able to survive in a liberalized market economy with fierce competition. Poor leadership in co-operatives contributes to the endless woes in co-operatives today.

All these problems seem to be the order of the day in contemporary Tanzanian co-operatives. In focus group discussions peasants in Kilimanjaro, Dodoma and Mwanza regions mentioned the same problems over and over again. They were particularly discouraged by the practice of ghost payments made by co-operative officials and the regular occurrence of outright theft. More data on this theme will be presented later. The Minister promised that his ministry is committed to revamp and popularize co-operatives in Tanzania to enable them to run profitably and that his ministry will ensure that the current Co-operative Act is reviewed. This is a positive attitude, but we note that major policy reform of co-operatives is needed in order to enable them

make a meaningful contribution to the economic advancement and social security protection of the Tanzanian peasant. The role of crop merchants, for example, must be clearly spelled out and, when crop merchants threaten the peasants' security, the co-operative must be given priority in policies on marketing and agricultural reform.

It seems clear that co-operatives specializing in crop buying are in a serious crisis and cannot provide the social and economic protection they used to before 1976. Their members cannot be solely blamed for the poor state of their co-operatives. Contradictory policies over the years, including policies which have abolished strong and viable co-operatives which poor peasants toiled for years to build, have also contributed. The government should view the co-operative as an economic venture with an important social function and formulate policies conducive to their evolution. This will occur only when there is a change in government thinking and when it is able to view the peasant co-operative as a tool for social security protection.

From in-depth interviews we found that co-operatives lack capital to buy crops and to provide social services to members. They are unable to attract credit for their members and, even if such credit were available, few creditors would accept the guarantee of shaky co-operatives for their members. Many co-operative unions are under receivership because of their huge debts. These include co-operatives in areas where they were strong before 1976. Some of the biggest of these under liquidation are the Dodoma Region Co-operative Union (CRCU), Tanga Region Co-operative Union (TARECU), Shinyanga Region Co-operative Union (SHIRECU), Lindi Region Co-operative Union (LIRECU), Ruvuma Region Co-operative Union (RURECU) and Buha Co-operative Union.

Case study I: The CRCU co-operative

The CRCU covers Dodoma region. It was abolished by the government in 1975 and a new CRCU was established in 1984 as CRCU 1984 Ltd. The problems it faces are similar to those faced by other co-operatives all over the country and its situation will serve as a case study.

After the 1991 Co-operative Act every co-operative must have formal members and those served by the co-operative are not automatic members. Every co-operative member has to contribute shares: if a co-operative has no contributions it is not registered. Thus membership has dwindled in the 1990s, as we saw earlier.

CRCU 1984 Ltd. had clear objectives including:

- improving the standard of living of its members;
- conducting business on behalf of peasant farmers in Dodoma region;
- buying mixed crops like maize, millet, sunflower, finger millet, peanuts, chicken peas, oil seeds, honey and beeswax.

Three hundred or more primary co-operatives in Dodoma region joined CRCU but each village contributed a share capital of only Tshs. 1,500.00 (about US\$2). The initial membership capital contributed by all co-operatives amounted to Tshs. 399,000 only. Thus CRCU did not have the capital to procure crops. To salvage this situation CRCU took out a loan of Tshs. 1,225,000,000 from the National Bank of Commerce (NBC). Having failed to service its loan, CRCU ultimately became a giant debtor. The total value of CRCU was only Tshs. 94,000,000.

Co-operatives continued to decline financially and in 1992 the Ministry of Agriculture and Co-operatives put up a budget of Tshs. 35,000,000,000 to rescue them. This sum was distributed to different co-operative unions in the country. In Dodoma it was claimed that CRCU was buying crops which did not exist (these are also known as "vacuum crops" in Tanzania). There were also claims that crops had been bought but they did not tally with value of money paid. Funds were misused to purchase items not budgeted for. It was claimed that luxury cars were bought and officers of the union were paid unnecessary allowances. Between 1984 and 1992 the management of CRCU changed five times and no manager completed two years of service. Thus no manager stayed long enough to ensure that a proper system was set up and to make sound plans for crop buying and exporting or selling locally. Under these conditions, adequate measures to pay back bank loans were not formulated. From 1984 to 1990 the leadership of CRCU was very weak

The CRCU continued to make heavy losses and there were many cases of cheating. For example a CRCU lorry leaving for Dar es Salaam could be loaded with 10 tons of crops but, when it reached a government checkpoint such as a weighing bridge, the load would register only 7.5 tons. Or the record in the lorry might show 10 tons but the actual weight would read 15 tons; but no manager or board member took any measure to prevent this. According to the co-operative officer for Dodoma rural district, the point was reached when CRCU started to default in paying its staff salaries. In March 1997 a liquidator (LART) was appointed for CRCU and the six other unions mentioned above.

These assets went into receivership but the last time money was received in March 1998 when LART handed over Tshs. 1,200,000. The liquidator was supposed to be paid Tshs. 200,000 every month and a watchman Tshs. 17,000 per month. Two lorries, one Fiat (10.9 tons) and one Scania (9 tons) were handed over to the liquidator. By mid 2001 these lorries had not been sold. Before liquidation the Scania lorry was hired out for a six month period to a businessman from Moshi at a rate of Tshs. 650,000 per month. After one year the businessman came to renew the contract and since then he has not been seen in Dodoma. Before liquidation the Fiat lorry was taken to Dar es Salaam for maintenance: the bill came to Tshs. 1,200,000. This lorry was dumped at Buguruni Garage and parts of the lorry were sold in bits. All that is left is scrap. The watchmen has left and abandoned CRCU property worth Tshs. 13,000,000 at Gulwe. Three godowns in Kondoa have also been abandoned. LART has so far not facilitated the liquidation. By April 1997 there were 22 ex-staff who owed CRCU Tshs. 9,600,000. Trade creditors owe CRCU Tshs. 136,000,000. Peasants and other Tanzanians understand the potentials of co-operatives in improving their position but they feel they have been let down by those in authority. In some areas peasants are trying to reform their co-operatives or build new ones.

Case study II: Mvumi Makulu Zabibu Co-operative

In the Dodoma region vines grow well but there is no local market for grapes and wine. A government wine-pressing mill was closed down

in the early 1990s and since then the problems of the growers have increased. In 2001 they were in the process of forming a vine growers co-operative society (Mvumi Makulu Zabibu Co-operative Society) in an attempt to protect their status. This has deteriorated sharply after structural adjustment measures which have removed government subsidies for crop inputs and reduced the traditional protection given to co-operatives. The anarchist application of trade liberalization has allowed the importation of cheap wines (mostly from South Africa) into Tanzania to the point where the nascent local wine industry and the security of vine growing peasants are threatened.

Co-operative now have very few members. From in-depth interviews in the villages these appear to be the richer peasants who are able to wait for longer periods before selling their coffee and other crops. Poor peasants cannot do this because of pressing requirements for cash to buy social services like health and education and for necessities like food, cloth, kerosene and building materials. The 1991 Co-operatives Act treats share capital as a necessary feature of business that can be transferred seamlessly to a co-operative enterprise. Members of a co-operative are therefore not able to exercise their rights until they have paid their shares, their entry fees and any other dues prescribed in the by-laws of the particular co-operative society. Although the 1991 Co-operative Act does not explicitly state that payment of share capital is a condition for registration, co-operative officers and the local élite have enforced this. The local élite, which consists of rich peasants, may have its own interest in dominating other peasants socially. Thus, even if co-operatives become economically viable, they may in the long run provide protection only to rich peasants and not the poor majority.

The 1991 Co-operative Act recognizes co-operatives as private institutions established and managed by members. It also decrees that the co-operative movement in Tanzania is based on the international principles adopted by the International Co-operative Alliance. This act does not lay out a prescribed co-operative structure. Strictly speaking, therefore, when rich peasants organize themselves in co-operatives and leave their poorer neighbours at the mercy of the naked market, they break no law. There is thus a need for the Ministry of Co-operatives and Mar-

keting to take a broader view of co-operatives as an instrument that can help poor peasants in production and marketing. Co-operatives need to be addressed in a broad policy framework to improve their capacity to provide social security and economic protection. This can be done through special schemes to help poor peasants to join by lending them resources to buy share capital in existing co-operatives or to form their own.

Co-operatives are poorly managed but this problem is not beyond correction. The peasants also felt that co-operatives need more government support in auditing and supervision. We can add that the 1991 Co-operative Act misses the point. Co-operatives are not only commercial institutions but are also, traditionally, mutual support organizations. The 1991 Co-operative Act clearly states that the co-operative society must appear commercially viable before it is registered and a feasibility study has to be submitted with the application for registration. Under the 1982 Co-operative Act everyone living in a village where a co-operative operated was a *de facto* member of the co-operative society. The 1991 Co-operative Act bases membership on purely economic criteria and members' choice and the area of operation of a co-operative is not defined in terms of a neighbourhood or administrative boundary, as was the case in the 1982 Co-operative Act. The 1991 Co-operative Act endorsed the voluntary nature of co-operation, which is one of the co-operative principles, but not the social aspect of co-operation. The idea of the strong supporting the weak in co-operation is missing.

Savings and credit societies

Besides co-operatives dealing with crops the other category of modern co-operatives are savings and credit societies. These are very important in light of the fact that most Tanzanians are absolutely poor. So far these societies have not reached as many people as either the old or the current crop co-operatives. Membership of a savings and credit co-operative depends on a regular income or the ability to pay and traditionally, therefore, these societies have drawn their members from salaried employees.

Primary school teachers seem to be leading in the country in forming savings and credit societies. In Dodoma and Kilimanjaro regions credit and savings societies were noticed. In Moshi town there was a teachers saving and credit society and one for the staff of the Northern Diocese of the Evangelical Lutheran Church of Tanzania. There was one for the staff of Co-operative College Moshi and in Dodoma one for teachers.

All these savings and credit societies function in the same way. Members, who are employees, authorize their employers to make a monthly contribution from their salary and send it to the savings and credit co-operative on their behalf. When members take out a loan they authorize the employer to make a monthly deduction from their salary on their behalf and send it to the society. The contingencies thus covered are many and range from the death of a family member to raising a small sum of capital for building part of a house or injecting capital in a small business.

Saving and credit societies face problems similar to other co-operatives. They have very limited capital because their salaries and thus their deductions, are small. No capital from outside has been injected into the societies and members can borrow only after monthly deductions and loan repayments have been made. They thus cannot borrow on short notice and have to queue for loans which can only be made at the end of the month. Because only small sums can be borrowed members have not been able to break out of the vicious cycle of continuously contracting small loans which cannot significantly change their economic situation. Unless there is major reorganization of these co-operatives they will continue to play a small role in poverty reduction and social security protection.

The teachers savings and credit association in Dodoma rural district started by contributions of Tshs. 1,000 per share which has risen to Tshs. 5,000 per share. A single member can own up to 20% of all shares. The society has a membership of 14,000 teachers: it is the largest saving and credit association in the central zone of Tanzania. Total collections in one month amounts to Tshs. 9,000,000 and the same amount is given out each month as loans; thus very small loans are given out. However the members felt that these loans were important.

Co-operatives and women

The argument in this paper is that co-operatives have a great potential in providing social protection for the household. The focus on the peasant is not accidental but is a consequence of historical reality. Co-operatives formed a formidable social movement in the 1950s and 1960s. They had built up funds and could offer economic and social incentives like scholarships to members and other peasants who lived where co-operatives operated. Social conditions in Tanzania have not changed, except insofar as poverty has actually increased in the 1980s and 1990s. About 70% of the population are still small-scale peasants. The middle class is very small, even in urban areas, where most people are petty traders or are involved in the informal sector. The fact, however, that co-operatives in Tanzania have always been dominated and controlled by men is a key to one of the weaknesses of co-operatives. Since their inception in the 1970s modern co-operatives concentrated on the marketing of cash crops. Colonial and post-colonial extension effort always targeted the male head of the peasant household as the "farmer". Few women have thus been members of co-operatives, even after Independence.

The situation is the same in other countries in Africa. Government support, devised to increase cash crop production, goes to men who attended courses at farm institutes, are granted loans and are taught improved methods of crop production. Women have largely been excluded from those benefits. Stereotypes about gender roles seriously inhibited the capacity of women to support themselves on the land (Pahl 1988:352).

In Dodoma, Mwanza and Kilimanjaro regions it was not difficult to observe the well-known phenomenon of the asymmetrical division of labour between men and women. Women shoulder more than their rightful share in producing crops, in domestic labour and in milking animals. In Dodoma and Mwanza men take animals to pastures. However in Kilimanjaro this occurs only in the plains. In the mountain zone where most of the people live, the feeding of livestock is only done by women. This is very laborious work, which sometimes involves much walking. Animal fodder is not easily available because of high human

population density. Land and animals are owned and controlled by men. Whatever security is provided by co-operatives, they tend to favour men and marginalize women, who provide so much of the labour in peasant households.

In theory after the 1991 Co-operative Act women have been able to join co-operatives on their own after paying the necessary dues. However in real life the registered co-operative member is still the male head of the household. Yet it is well known that, when the social and economic condition of women improves, social protection for a greater section of the population (including children) occurs. Much reform is therefore needed in co-operatives to improve the status and role of women. In Rochdalean co-operatives, encouraging women to establish their own co-operatives may help to improve their position. However this assumes that other reforms will be put in place, like changes in the social attitudes and reforms to ensure that more women own land, animals and crops.

Conclusions: building a new co-operative community

These problems are widespread all over the county. Given the reality of the socioeconomic conditions in Tanzania we argue for strengthening the rural co-operative so that even a minimal degree of social protection for the majority can be guaranteed.

The antithesis of the co-operative is the crop merchant. Quite often these are large companies from Western Europe but there are also local crop merchants, some of whom are involved in processing peasant crops like cotton and cashew nuts. The way that structural adjustment and liberalization was introduced in Tanzania left little or no protection to the peasant co-operative. Subsidies (such as those on fertilizers) for extremely poor people have been attacked by the World Bank and IMF. The strength of co-operatives in Tanzania has been reduced by policies like structural adjustment. It is not clear why the government cannot provide some systematic and long term protection to peasants' co-operatives when governments in Western Europe, North America and Asia protect their farmers and offer them subsidies. When one of the authors of this paper visited co-operatives in Japan in 1998, he

witnessed a very strong co-operative movement where small-scale farmers and fishermen thrive. Ordinary co-operative members and leaders there said that government financial support was crucial to their success and pointed out that loans given to co-operatives by government through local government were charged at a much lower interest rates than those charged by financial institutions.

Crops merchants, unlike co-operatives, are not bound to treat peasants well when it comes to crop prices and other business matters, so the strong arm of capital kills the poor peasant and forces better-off peasants to organize against their poor neighbours. The security and even survival of poor peasants is at risk, as they cannot single-handedly confront crop merchants who are backed by industrial capital and financial institutions within and outside the country. The peasants feel that they have been let down when it comes to co-operative policy. Peasants worked really hard to build co-operatives and they had high hopes of them. The decline of co-operatives has resulted in the decline of farming and thus a lower output. As a result peasants are unable to build strong institutions without help.

Co-operatives have a great potential in breaking up the old division of labour which oppresses women and young people. Thus they can help to liberate the whole nation if they are given the necessary organizational and financial support. The government needs to formulate clear and long-term policies on co-operatives and peasants and others must be confident that, if they build strong co-operatives, they will be given legal protection. The abolition of co-operatives must end and the authorities may even be persuaded to accept the idea that the abolition of co-operatives in the 1970s was wrong.

Co-operatives have a managerial and organizational advantage because they can be flexible. They can be formed at community level with people who know each other well. The Ministry of Co-operatives and Marketing can help to remould all rural (peasant) co-operatives, to incorporate a savings and credit scheme. One of the greatest problems for Tanzanians is the lack of credit to purchase machinery, seeds and other inputs and to develop their farms. Co-operatives can be directed to undertake social innovations and better-planned agricultural inno-

varieties like the wider use of high-yielding varieties of seeds (HYVS), irrigation and fertilizers. Co-operatives can thus help bring a social and economic revolution in Tanzania through an agrarian revolution. This will make them strong instruments of social protection for peasant households.

The government must promote the co-operative as a movement and as a community, if it is to be successful (Melnyk, 1985:135–136). The co-operative community can serve as the intermediate stage between individuals and families on the one hand and the government and wider society on the other. As they have the organizational and managerial advantage of being small and consisting of members who know each other well, this will help in building the trust to undertake both small and, later, (when there is experience and capital) large, social and economic ventures.

One scholar has identified barriers to the evolution of local classes of capable entrepreneurs in Africa (Kennedy 1994:191). Among these barriers are obstructive and ineffective government policies and the competitive threat from foreign capital, endowed with considerable advantages not available to local entrepreneurs. After the 1991 Co-operative Act social reformers and co-operative members and potential members expect legal reform which clearly favours the small peasant.