

Abstract:

The thesis addresses the contemporary problem of a social and economic divergence of the world's poorest nations. It traces the problem to a combination of lacking economic growth a number interrelated social problems in particular widespread poverty. It proposes that the driving force between behind growth and a significant reduction in poverty has to come from aligning national growth strategies towards supporting structural change, in particular through the design effective agricultural strategies. The problem statement poses that the key to success, and the aim of the thesis, is perform a review of theory on structural change and past development experiences. The aim is to identify of concrete strategies and policies that are mutually supportive of growth, poverty reduction and structural transformation.

The methodological of the thesis draws up a sector approach to policy analysis which distinguishes different policy levels within the national economy. It highlights that the design of efficient policies rests on recognizing the interdependence which exists between the different sectors of an economy, and the different roles agriculture and industry play in fostering structural change growth and poverty reduction. The theoretical foundation of the thesis contains a thorough review of relevant theories and debates within Marxian and Neoclassical books and articles on structural transformation and the design of agricultural strategies. After a brief review of the historical role of agriculture in economic development it commences by and the problem rising inequality as an inherent part of the process. It concludes that an inevitable need arises for combining growth and poverty reduction to manage the process. It traces primary sources of growth the agricultural sector (increases in inputs, efficiency gains and human capital) upon which it identifies related policy choices. In a similar fashion further goes on to identifying primary sources of redistribution policy makers can use to mitigate growing inequality and attain poverty reduction. Finally the theory review identifies a number of general strategies which based on the historical record meet the goal of widespread growth and poverty reduction and supporting structural transformation these are development models emphasizing small scale farming, export oriented growth and the role of sector linkages. The growth and redistributive policies and key strategies are complemented by five key policy areas which any successful agricultural strategy must incorporate; macroeconomic stability, farmers education and extension services, development of rural infrastructure, strengthening markets for agricultural inputs and products and last but not least adequate policies for land allocation, taxation and pricing. The identified framework of key strategies and policy choices is then applied to a single pilot case study of Tanzania.

The study compares the strategy and policy mix applied in Tanzania to those identified in part three as supportive of growth poverty reduction and structural change to determine to what extent the national strategies of Tanzania are aligned. The conclusion is that Tanzania largely follows the principles

of small scale farming, export orientation based on comparative advantage and a focus on strengthening forward and backward linkages between the agricultural sectors of the economy. However, despite improvement over the past years the country lags severely behind in some of the critical policy areas. In particular it suffers from a lack of infrastructure makes and access to markets. Further the country in terms of market access demonstrates bias against cash crops, which has manifested in a stagnation of growth food production.

The right mix of development strategies depends on a nation's level of dev and demographic characteristics, but an effective agricultural strategy should as a minimum embrace three elements. Firstly, a small farms focus by improving the efficiency of small farmers. Secondly, a strategy should promote the export of agricultural products in which countries have comparative advantage, without compromising food production. An effective strategy must strengthen production and consumption linkages between agriculture and industry by supporting markets for quality inputs and making investments in upstream agro business to add value to the nation's production of primary products. To these strategies nations must invest in five key policy areas; macroeconomic stability, farmers education and extension services, development of rural infrastructure, strengthening markets for agricultural inputs and products, and last but not least adequate policies for land allocation, taxation and pricing.