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POPULATION AND ECONOMIES OF SCALE IN TANZANIA

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ABSTRACT

Population growth has a substantial impact on economic development. There are two schools of thought regarding this issue. Some researchers maintain that the population hurts economic growth while others are convinced that the impact is positive. This paper provided additional evidence by employing the bounds test (Pesaran et al., 2001) to analyze a long-run relationship between population growth and economic development in Tanzania. The findings of this study indicate the existence of a long-run equilibrium relationship between population growth and economic development in Tanzania. Also, the results confirm that there exists a unidirectional causality from population growth to economic development in Tanzania. This means that population growth in Tanzania has a positive impact on the country's financial performance. These findings support the population-driven economic growth hypothesis which states that population growth promotes economic development.

Key Words; Population, economies of scale, economic development, Tanzania

INTRODUCTION

The South countries, the urbanization process a driver of national economic development. Sustainable economic development requires innovative and complementary ways of applying funds and infrastructure to bring positive effects on private investment and living standards (UN-Habitat, 2013a UN-Habitat. (2013a). To achieve economic development, there are various parameters to be considered; some of them are Science and technology, financial planning and investment, political and social environment, resources endowment and culture. The development is an outcome of the combination of mentioned factors.

In developing countries, urbanization negates this trend and as results, as a place urbanize the are more and more slumps, informal sectors and poor service provision (Augustijn-Beckers, Flacke, & Retsios, 2011 Augustijn-Beckers, E.-W., Flacke, J., & Retsios, B. (2011). Simulating informal settlement growth in Dar es Salaam, Tanzania: An agent-based housing model. *Cities*, 31, 57–68.10.1016/j.compenvurbsys.2011.01.001

CONCEPT OF POPULATION AND ECONOMY

The relationship between population growth and economic development. There has an everlasting debate since Malthus time in the 18th century. The Malthus mark the foundation of the current and future discussion of population and development. During the mid 20th Century, the population growth in developing countries was alarming; the new scholar comes out and cements the negativity of the population growth in developing countries. The group of scholars called alarmist ;(Coal and Hoover 1958, Ehrlich 1968,2008), wrote several publications showing the negative side of the population on the development dimension. On the other hand, other scholar wrote about the positivity of the population growth on the economies;(Juliana Simon 1981, Kznet 1967, Boserup,191981). The main argument put forward was that technological advances and institution development should continue solving the economic problem brought forward by population growth. It should be noted, the debate of the two schools of thought has produced the third group which believes that population growth

is a neutral factor in development. The stand of the third group is the stand of the author this article because some people shall never be a problem anywhere on the globe. It becomes a problem reflecting the context, attitudes, capability, purposes, standard, process, mechanisms and time. Today, if population perse causes low economic development, Africa would rich and the Chinese would poor beaches are many comparable to African and vice versa. But the Chinese are ahead of the African continent almost in everything.

Tanzania's population at the last census (2012) almost triples the size in 1967 (first post-independence population census). At a rate of growth of 2.7 percent per annum, the national average population growth rate ranks as one of the fastest in the world and translates to a net total of about 1.2 million people being added to the population annually. At this rate, Tanzania's population is projected to reach 70.1 million in 2025. The high rate of population growth is driven by the persistently high level of fertility, reduced mortality, and low international net migration.

The past and current population growth rate have resulted in an unprecedented sizeable youthful population that enters the labor market. The increase in the youth population has opportunities as well as challenges. To gain from the ever-increasing youth population, there is a need for appropriate policies and programmes to harness their potential. On the other hand, persons aged 60 and above though are of much lower proportion, are increasing in large numbers that demand attention to their welfare particularly health.

Tanzanian Economic Overview.

Since 2016, in average Tanzania`s economies has been growing by 7%, and it is regarded as a fast growing economy. Its growth rate is close to the top in 2016, Tanzania's economy expanded quickly, putting it close to the top of the fastest developing economies in Sub-Saharan Africa. This growth rate has been so until 2017. The question of how this growth reflects the ordinary people live on the matter a very long discussion.

The fifth President of the public has reoriented public expenditure toward development spending, reducing recurrent spending significantly, and intensifying efforts to mobilize domestic revenue. The government administrative spending is cut, several measures were taken. The Government is collecting more taxes and investing to achieve social and economic development in Tanzania. The inflation rate has remain low (5.2%) which close to the government target of 5%. The inflation rate was as high as 6.4% March/April, but this decline of inflation was driven by low food and energy prices from early 2016.

The deficit current account declined to US\$1.5 billion (equivalent to 3.1% of GDP) in June 2017, from US\$1.9 billion (equal to 4.2% of GDP) in June 2016. The value of export declined by 6.2% in June 2017, compared to June 2016, while the amount of shipping declined by 16.7% over the duration. It has been estimated that 12 million Tanzanian live under extreme poverty of less than \$ 0.60 per day. As a developing country, Tanzania is one among the poor, despite its economies projected to grow in a decade to come.

Development Challenges

Tanzania to achieve sustainable economic development, the investment should be made more: infrastructure, improving the business environment, increasing agricultural development, and better managing of the urbanization process. The Government about the private sector should create more jobs for youth across the country. If this is achieved shall improve the economic development in a few years to come.

Tanzania is in the middle of implementing its second Five Year Development Plan, 2016/17 to 2020/21 (FYDP II), Which entail MKUKUTAI and FYDP I. Through this two developmental programme the country's fiscal and debt shall be sustainably managed. The private sector is expected to be a key drive toward industrialization in Tanzania as well as financing FYDP I. The attainment of this programme entirely depends on the commitment of the government toward this programme. Of manufacturing.

ADVANTAGES OF POPULATION GROWTH BASE ON ECONOMY

Some of the projected benefits of economies of scale Tanzania shall receive are as follow;

Market access, With almost 60 million people, it's a very powerful market in East Africa and in Africa as well. Having an area close a million square kilometers, Tanzania is not a small market by African standards. As the country, the level of economic development is low and even purchasing power parity is low compared to Kenya, South Africa Botswana and Nigeria, still is very potential market in Africa. Although purchasing power is limited, the economy has been growing steadily at around 7% for some years. However, the more important market for investors is that offered by the East African Community (EAC), which includes Kenya and Uganda, as well as Tanzania, and has 93 million consumers. The EAC customs union that came into effect earlier this year gives Tanzanian exports to its two partners duty-free access. Beyond the EAC, there are at least three other markets to which investors in Tanzania have access. One is the Southern African Development Community (SADC) with its 215 million consumers; another is the European Union, to which Tanzanian exports have access under the EU's Everything But Arms (EBA) initiative; and the third is the United States, to which Tanzania has access under the provisions of the African Growth and Opportunity Act (AGOA).

Employment, the statistic shows the distribution of employment in Tanzania by economic sector in 2006, 2007 and 2014. In 2006, 76.5 percent of the employees in Tanzania was active in the agricultural sector, 5 percent in industry and 20.3 percent in the service sector. The growing population need an urgent handle, because the population is growing at 2.7 percent annually which is higher than many developed countries. The employment opportunities need to be expanded to meet the growing population, if not the country shall be creating a time bomb. This trend of population growth, it creates labor force, as reported by UNFPA (2010) that there is a link between population dynamics and economic and social development is the labor market. For countries with a rapidly growing, youthful population such as Tanzania to seize the potential of demographic bonus, they must create sufficient and sufficiently productive and remunerative employment opportunities for their labor force (UNFPA 2010). The

challenge lies in policy responses, namely; i) efforts to promote employment-oriented economic growth) as well as ii) efforts to strengthen the employability of people which require human capital investments.

Tanzania's labor force is defined as economically active persons in age-group 15-64 years. Previous Integrated Labour Force Survey (ILFS) 2000/01 indicated that the active labor force was 17.8 million with approximately 87% (15.5 million persons) employed. About 84% of the employment is engaged in traditional agriculture, 6% is in the informal sector, 4% is in the formal private sector, 3.5% are involved in domestic work, 2% is with the government and 0.5% is in the parastatal sector. The difference between total labor force (17.8 million persons) and employed labor (15.5 million persons) is 2.3 million people (unemployed people), out of which 1.3 million are women, and 1 million are men. About half of the unemployed were living in urban areas. Unemployment in the city of Dar-Es-Salaam was 46.5 percent, while in the other urban areas, it was 25.5 percent and in rural areas, it was 8.4 percent. The ILFS findings also revealed that unemployment was a serious problem among the youth and that young women were more vulnerable.

Current estimates show that between 650,000 and 750,000 persons have been entering the labor force every year with the agricultural sector, the informal sector and the formal private sector employing more persons. Over time change in the number of the labor force is shown in Table 1 below.

Table 1: Trend of Tanzania's Labour Force (Estimates in Millions)

2004	2005	2006	2007	2008	2009	2010	2011	2012
17.6	18.3	18.5	19.0	19.7	20.4	21.9	22.3	24.1

Source: United Nations statistics division various reports

Technological advancement, The main body in charge of science, technology policy in Tanzania is the Ministry of Communication, Science and Technology and its central coordinating agency, the Commission for Science and Technology (COSTECH). COSTECH co-ordinates some research institutes engaged with industry, health care,

agriculture, natural resources, energy, and the environment. Due to the total increase in the population.

Increased Innovation, Population growth opponents often have decried the burden on resources. However, Danish economist Ester Boserup has argued that growing populations pressure society to innovate to better serve the masses. For instance, high-yield crops were developed to increase food production mainly in response to growing populations.

Development of Agricultural activities, The Tanzanian economy is heavily based on agriculture, which accounts for 24.5 percent of gross domestic product, provides 85 percent of exports,[20] and accounts for half of the employed workforce, The agricultural sector grew 4.3 percent in 2012, less than half of the Millennium Development Goal target of 10.8 percent.[21] 16.4 percent of the land is arable,[22] with 2.4 percent of the area planted with permanent crops.

This strong dependence on agriculture makes a Tanzania's economy highly vulnerable to weather shocks and fluctuating commodity prices. 76% of Tanzania's population subsist thanks to agriculture and, due to the lack of knowledge and infrastructure to develop and implement some kind of agricultural technology, any droughts, floods, or temperature shocks can severely damage the living standards of those people and create massive increases in unemployment, hunger, and malnutrition rates, as well as, in really severe case, mortality rates due to starvation.

Industry and construction increases, Industry and construction, are a significant and growing component of the Tanzanian economy, contributing 22.2 percent of GDP in 2013. This component includes mining and quarrying, manufacturing, electricity and natural gas, water supply, and construction.

Mining, Mining contributed 3.3 percent of GDP in 2013. The vast majority of the country's mineral export revenue comes from gold, accounting for 89 percent of the value of those exports in 2013. It also exports sizable quantities of gemstones, including diamonds and Tanzanite.[25]: page 1250 All of Tanzania's coal production, which totaled 106,000 short tons in 2012, is used domestically.[26] Other minerals exploited in

Tanzania include pozzolana, salt, gypsum, kaolinite, silver ore, copper, phosphate, tin, graphite, and bauxite,

Electricity, the government-owned Tanzania Electric Supply Company Limited (TANESCO) dominates the electric supply industry in Tanzania.[32] The country generated 6.013 billion kilowatt hours (kWh) of electricity in 2013, a 4.2 percent increase over the 5.771 billion kWh generated in 2012. Generation increased by 63 percent between 2005 and 2012;[34][35]; however, only 15 percent of Tanzanians had access to electric power in 2011.[36] Almost 18 percent of the electricity generated in 2012 was lost because of theft and transmission and distribution problems

Natural gas, Songo Songo Gas Plant, and according to PFC Energy, 25 to 30 trillion cubic feet of recoverable natural gas resources have been discovered in Tanzania since 2010.[26] The value of natural gas produced in 2013 was the US \$52.2 million, a 42.7 percent increase over 2012.

High-income generation, in this extent a target population of 4697 people was used, and a sample of 80 people was selected to represent the population. Non probability sampling techniques were used in choosing the example. Purposive sampling was one of the non-probability methods used to ensure that various types of enterprises were included in the research. Data were collected using questionnaires; interviewing; and documentary review methods. The received data were analyzed by using the documentation method. The result of this study showed that there are different income generating activities done to increase household income, such as agricultural services, animal husbandry, wholesale distribution, fishing, retail business, and service business.

CONCLUSION

Fertility in Tanzania has declined from seven children per woman in the early 1980s to about six in the early 1990s. This trend is a result of a rise in the age at first marriage for women, a decline in infant and child mortality, a rise in the percentage of the population with education, and rural development. The continuing universal and prolonged breastfeeding also has a significant adverse effect on fertility. A further

fertility decline in Tanzania will depend mainly on the success of the family planning programme, which in turn will improve the performance of the economy, health, education, employment, agriculture, and the environment. Mortality levels have declined but are still high owing to various factors, including short birth intervals, teenage pregnancies, the low status of women, the lack of adequate health services and facilities and a lack of proper programmes targeted at regions and families with relatively high mortality.

However, the growth has contributed to a rise in demand for social services and transportation (Gulyani, Bassett, & Talukdar, 2014 Gulyani, S., Bassett, E. M., & Talukdar, D. (2014). A tale of two cities: A multi-dimensional portrait of poverty and living conditions in the slums of Dakar and Nairobi. Habitat International, 43, 98–107.10.1016/j.habitatint.2014.01.001

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