Tanzania and the Pensions Issue

On June 20th Britain announced its decision to bring to an end all
remaining aid programmes to Tanzania. The programmes cost around
£1,250,000 per year. This decision was taken in retaliation against
the Tanzanian decision to stop paying the pensions of those expatriate
civil servants, formerly employed by the colonial administrations in
Tanganyika and Zanzibar, who left the service of the territories
attaining independence. The Tanzanian action followed inconclusive
discussions between the two parties, started over a year ago.

When a colony has attained independence, it has been the normal practice
for Britain to insist on pensions (and compensation payments where
applicable) to expatriate officers employed by the ex-colony being made
that country's responsibility. There were a number of reasons why this
practice came to be adopted. In part the reasons were technical - the
colonial government and not Britain employed the officers - but the wish
to avoid open-ended financial commitments on Britain's part was also an
important reason.

Britain's insistence that ex-colonies - nearly all very poor countries -
should take on a financial burden arising directly out of colonial
policies has been widely criticised. These criticisms were partly met
in the agreements negotiated with colonies which became independent
since 1960. Although Britain did not accept responsibility for the
payment of compensation and pensions, it took steps to offset some of
the financial burden of newly independent former colonies by offering
'aid' so that they could carry out the responsibilities assigned to them.
This did not manage to remove the main contentious issue, and it soon
became clear that the compromise would lead to problems and ill-will.*
It is now clear that the continued working of the pensions and compensation
agreements is dependent on Britain being prepared to make available sub-
stantial aid - not only to cover the cost of pensions and compensation
obligations themselves, but also for development purposes. The fact that
in recent years aid from Britain to Tanzania has not even covered the cost
of compensation and pensions has been an important factor in Tanzania's
bid to reopen the debate on who should assume responsibility for ex-
colonial civil servants.

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* See, for example, British Aid - 4 Technical Assistance (ODI, 1964)
'About a quarter of British technical assistance to colonies and newly
independent countries consists of compensation to British officials. Britain
accepts responsibility for only half the compensation payable - the other half
must be met from the territories' own resources. Whether or not it is right
in law, one cannot help wondering whether it is really just that poor countries
should have been asked to pay, as the 'price' of independence, compensation to
officials appointed by an alien regime. Britain is, in any case, having to
give or lend most of them the money to fulfil this obligation: and the com-
plete assumption of such obligations by the British Government would be a
farsighted act of statesmanship leading to a much happier relationship in future.

and: ODI Review 1 British Development Policies 1966 'Britain could further
ease the financial problems of some Commonwealth developing countries by
assuming the full cost of paying the pensions of former British colonial civil
servants. Some African countries have to pay as much as 3% or 4% of their
annual budget on overseas pensions. This gives rise to considerable resentment
on the part of the poor countries. It is not only right, but makes better sense,
to assume direct and complete responsibility for these costs than to have to meet
them indirectly through loans or budgetary assistance. The cost of such con-
cessions would not be small: but to a large extent it would be an 'internal'
transfer from the Treasury to individual Britons.'