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South African Capital in the Land of Ujamaa: Contested Terrain in Tanzania¹

Introduction: Reforms and remembering

In the decade and a half since the dismantling of apartheid in the early 1990s, the economic geography of sub-Saharan Africa has been radically reconfigured, with South Africa rapidly assuming the role of the continent's leading economic power. The percentage of South Africa's overall exports sent to Africa tripled between 1991 and 2001, for example, producing substantial trade surpluses with several neighbouring countries and an overall balance of trade with the region that was tilted 5:1 in South Africa's favour (Naidu and Lutchman 2004; Daniel, et al. 2005; Rumney and Pingo 2004). South Africa's dominance as a source of foreign direct investments (FDI) is even more dramatic. Investments by South African companies in the thirteen countries that share its membership in the Southern African Development Community (SADC) averaged over \$800m per year between 1994 and 2004 (UNCTAD 2005). South Africa ranked among the top three sources of inward FDI in ten of those countries, and accounted for roughly a quarter of all FDI into the SADC region over this period (UNCTAD 2005; Rumney and Pingo 2004).

Tanzania is one place where the growth of South Africa's regional influence has been especially evident. Well-endowed with exploitable natural resources, and having recently implemented a sweeping set of economic reforms designed to reduce the role of the state in production and facilitate foreign investment, Tanzania has experienced a rapid increase in capital inflows from South Africa, as well as higher levels of trade with Pretoria. More than 150 South African firms, including most of the major corporations with holdings on the continent, have entered the country since 1994 (Bandawe 2006; HSRC 2004; Gibbon 1999).

While the influx of capital has been hailed by the Tanzanian government as a boon to economic growth, others have expressed deep concerns about South Africa's 'economic invasion' into Tanzanian territory (Rwambali, et al., 2000). Issa Shivji, an internationally prominent Tanzanian scholar, legal expert, rights activist and social critic, has likened the South African expansionism to a 'second wave of primitive accumulation' (Shivji 2006: 169-177). Increasingly, the South African corporate presence has emerged as an important wedge issue in a protracted and painful national debate centred on Tanzania's economic reform process.

Many Tanzanians, whose political consciousness was shaped under the socialist government of the country's first president, Julius Nyerere, have objected to the privatization of nearly 400 parastatal concerns, including some of the country's most prized economic assets (see below). Others have bemoaned the dumping of cheap goods on national markets, and the extraction of valuable natural resources on concessionary terms by foreign nationals. In each of these areas, the insult added to the injury has been South Africa's leading role in the process. In the eyes of many

Tanzanians, the fact that South Africans have become so centrally involved in the Tanzanian economy has effectively de-legitimized the reform process itself.

My purpose in this paper is to explore exactly how the national debate over Tanzanian economic policy has been inflected by the heavy South African presence. I underscore the degree to which the aggressive pursuit of investment opportunities by South African firms threatens to re-animate old tensions and give rise to reconfigured forms of resistance grounded in national pride, economic sovereignty and political principle. I suggest that popular memory of the anti-apartheid struggle will play a key role in shaping current and future economic linkages, as the ideology and sacrifices of an earlier political generation resonate on the terrain of its successor.

The data presented here were gathered during a year of field research in Tanzania from July 2005-June 2006, and a series of shorter (4-8 week) research trips to Tanzania in 1996, 2000, 2004 and 2007. My research was primarily conducted in the cities of Arusha and Dar es Salaam. Ethnographic methods included participant observation; semi-structured interviews; focus group discussions; and oral histories. Research subjects included Tanzanians, South Africans and other expatriates who are directly involved in economic sectors affected by South African investments, as well as individuals encountered in social settings such as schools, recreation centres, shopping centres, hotels, bars and restaurants that are frequented by South Africans. I also conducted content analysis of government documents, press reports and trade publications.

Difficult histories

For much of the twentieth century bilateral relations between South Africa and what is now Tanzania were strained and uneven. In the early 1900s following the Anglo-Boer War, several groups of Afrikaners trekked to German-held Tanganyika, where they were granted up to a thousand hectares of land by the colonial government in the hopes of spurring agricultural production (Du Toit 1998; Spear 1997). These land use privileges were reaffirmed in the 1920s when the British assumed control of Tanganyika after World War I, and it was only the prospect of black majority rule that pushed thousands of Afrikaner families to leave East Africa on the eve of Kenyan and Tanganyikan independence in the 1960s. The early Afrikaner presence in Tanzania therefore exists within living memory, as does the resentment locals felt at the colonial government's decision to protect Afrikaner land rights over those of natives (Spear 1997).

After independence and the merger between Tanganyika and Zanzibar to form the Republic of Tanzania, Tanzania became one of the staunchest opponents of the apartheid regime, playing a major role in supporting national liberation movements in South Africa, Zimbabwe, Mozambique, Angola and Namibia (Khadiagala 2007; Mwakikagile 2007; International Conference on Peace and Security in Southern Africa 1986; Nyerere 1978; Hatch 1976; Shaw 1976; Mittleman 1976). Diplomatic ties with apartheid South Africa were cut and were not re-established until the arrival of majority rule in Pretoria in 1994. In the extended struggle against apartheid waged by neighbouring African states, former Tanzanian President, Julius Nyerere, played a leading role. His influence was especially evident in the formulation of anti-apartheid policies and strategies by the fledgling Organization of African Unity (OAU). The

OAU's Liberation Committee was also headed by a Tanzanian, Brigadier Hashim Mbita. Throughout the 1970s and 1980s, Tanzania provided invaluable support to the South African liberation movements, hosting key high-level meetings and conferences, and providing crucial international diplomatic and logistical support. It also sheltered an African National Congress (ANC) training centre, the Solomon Mahlangu Freedom College (SOMAFCO), on its national territory. This 'showpiece of the liberation struggle', which was launched in Tanzania's Morogoro District in 1978 and continued training exiled South Africans until Nelson Mandela called for their return in 1992, was perhaps one of the more enduring symbols of the long-standing bond between the ANC and the Tanzanian people (Morrow, et al. 2004: 3).

These activities on the part of Nyerere's government, and the active presence of South African comrades in their midst, had a profound impact on Tanzanians' sense of national identity and became deeply ingrained in their political consciousness vis-à-vis South Africa. As one interviewee put it:

When it comes to South Africans, Tanzanians will always react with emotions ranging from the violent to the ambivalent. For us, South Africans are always Afrikaners. When we think of South Africans, we do so inevitably against the apartheid backdrop. We always think of this period and the impact this had on our way of thinking To be serious, at least initially, the liberation struggle was a Tanzanian show And we paid dearly in terms of both support from abroad, and in terms of the drain on the few resources we had, to go out and bankroll the liberation struggle. But we never asked ourselves the question: okay, we brought independence to Rhodesia, South Africa – what did we get from it? We had a one track mind. We didn't think about how we might recoup our losses. Back in those days there was the PAC, the ANC, Frelimo, and Mandela, Sobukwe, Mondlane ... It was us against them, and the 'them' was Pretoria, Lorenzo Marques and Salisbury. Those were the 'them', and they had to be pushed off the seat of economic power. There was no possibility whatsoever for dialogue. The ethos was clear. (Retired Tanzanian civil servant, interview with the author, Oct. 28, 2005)²

In an effort to create a civil defence mentality, for example, Tanzanians were repeatedly exhorted by their government in the 1980s to remain alert to the possibility of a South African incursion into Tanzanian national territory. Speculation was rife that the South African Defence Force would invade Tanzania from across the Mozambican border in the south, that SOMAFCO would be bombed from the air, or that key pieces of Tanzania's infrastructure such as the bridge that links the core business district of Dar es Salaam to its northern suburbs would be blown up by South African commando units (Tanzanian journalist, interview with author, May 29, 2006; retired white farmer born in colonial Tanganyika, interview with author Nov. 13, 2005; cf. Morrow, et al. 2004: 115-118):

There was always this cat and mouse game. We were a bit too far away to bomb, and the international community would have objected if South Africa had come to bomb us in any case. But it was fortunate for us that we were that far away because otherwise South Africa would have been *mincing* us. (Retired Tanzanian civil servant, interview with the author, Oct. 28, 2005)

Middle-aged Tanzanians vividly recall the days when they were secondary school students, cadets in the national youth service corps or serving in the military; how they marched to the cadence of chants that called for the violent death of any white South

African found within Tanzanian borders. In this context, the epithet 'kaburu', which is the Kiswahili term for *Boer*, carried tremendous pejorative force.

I remember how in National Service, the discourse was all about: 'Our friends in Mozambique, and Rhodesia, and Angola need us'. *Kaburu* was: '*Kaburu chinja!*' [lit.: 'Slaughter the Boers!'] Cut off their necks, bloody hell! Until Mandela came out of jail ... all of a sudden the rules of the game changed. This was not just a new chapter, but a whole new book. (Retired Tanzanian civil servant, interview with the author, Oct. 28, 2005)

To this day, Tanzanians describe the civil defence alerts, the camaraderie of national service, etc., as being absolutely critical in shaping an enduring antipathy towards white South Africans. A programme officer for a local NGO squeezed her head between her hands as she explained that it was 'impossible to erase these [anti-South African] feelings from my brain'. A supermarket employee in Dar es Salaam, claiming that her government had taught her to hate South Africans, expressed her distaste at having to serve them biltong at her workplace. A elderly retiree in Arusha acknowledged that he refuses to buy Vodacom, the most widely used cell phone service in Tanzania, and a middle aged community activist stated emphatically to a friend that she would not dine at the Steers fast food restaurant chain, both effectively carrying on the old economic boycott of South African goods and services (Schroeder, R., field notes, 2005-2006).

While such powerful negative sentiments against South Africans remain strong among the Tanzanian citizenry, the terms of the *official* bilateral relationship between Tanzania and South Africa have undergone a profound sea change. Now instead of honing the knife's edge of Tanzanian national identity on the rough politics of the southern African liberation struggles, Tanzania's government has actively sought to rehabilitate South Africa's image, and curry favour with the post-apartheid regime. Through speeches and impromptu remarks reported in the press, government officials have exhorted the Tanzanian body politic to set aside their historical animosities and stop calling the South Africans *kaburus* (Mahwi 2004). In an answer to critics charging South African companies with 'colonizing' Tanzania, former President Mkapa went so far as to announce: 'I wish we could have *more* South African investment in this country. The old apartheid South Africa was our enemy ... The new independent South Africa is a friend and partner in development' (Moses 2002, emphasis added).

Old enemies, new partners?

If indeed relations between Tanzania and South Africa can be considered a 'partnership' at all, it is one that is notably lop-sided. In little more than a decade, South Africans acquired controlling interests in Tanzania's largest banking chain, the national airline, and the national brewery. They purchased or built hotels, mined gold and gemstones, and set up hunting and photographic safari companies. They won a contract to manage the national electric utility, and established the country's largest cellular telephone and television distribution networks. They acquired factories producing sugar, plastics, cement, and fertilizer. They set up grocery and restaurant chains, and established market connections resulting in the importation of everything from furniture and ceramic tiles to clothing and fine wines (Anonymous Feb. 28, 2000; Daniel et al. 2003; Gibbon 1999; Rwambali et al., 2000; Njau 2001; Schroeder, R., field notes, 1997-2006).³

The motivations driving these initiatives were varied. Some of the most important investors in the mining and tourism industries moved to Tanzania because of its rich endowment of natural resources. Others were simply pursuing comprehensive corporate expansion strategies. The CEO for SAB Miller, for example, which currently brews beer in sixteen different African countries including Tanzania, was recently quoted as saying: 'If there were more of Africa, we would invest in it' (Anonymous July 22, 2005: 1). Tanzania also presented opportunities for gleaning windfall profits from initiatives aimed at promoting regional integration, for example through the construction of an inland port facility linking the otherwise incompatible southern and east African rail networks (Robertson 2005; cf. Swarns 2002).

Measures taken by the Tanzanian government to make the country more 'investor friendly' have been similarly important. The Tanzanian Investment Centre, the main state agency for promoting Tanzanian investment opportunities to outside investors, stresses that at least fifteen major new legal reforms have been enacted since the late 1990s, all aimed at streamlining the investment process (TIC, 2005).⁴ These steps have buoyed investor confidence, resulting in Tanzania being listed as a *preferred* investment target in a number of surveys of South African corporate heads (Anonymous Feb. 28, 2000; cf. Njau 2001; Anonymous, Feb. 16, 2000).

The net impression left by recent events is that South Africans have taken over everything of value in the Tanzanian economy. A store clerk in 2004, for example, summed up his frustration at this prospect with the statement: 'Some people are saying that if our first president could come back to life today, he would die again to see what has happened. You can't just keep selling everything!' A pastoralist community activist echoed this bitter sentiment, commenting that: 'We now live in the United States of South Africa' (Schroeder, R., field notes, 2004).

The political sensitivity of South Africa's presence is not lost on the Tanzanian government, which has been at pains to downplay South African dominance. Thus, both in 2001 and again in 2006, the Tanzanian Investment Centre released data showing that the country's leading foreign investor was not South Africa, but rather the United Kingdom (See Table 1). These data were misleading, however. In presenting *cumulative* totals dating back to 1990, the statistics failed to reflect changing historical trends, notably obscuring the peak of South African investments in the early 2000s. Government statistics also failed to adequately capture a critical pattern of recent investments involving the privatization of government parastatals. Through numerous acquisitions, South African capital has assumed a central role in the imposition of fiscal discipline on Tanzanian workers. Thousands of former public servants have lost the government sinecure they once enjoyed in a wave of retrenchments launched by private employers. Bitter battles over these job losses and inadequate pension payments have resulted in a number of strikes, arson, and other forms of protest.

Controversies swirling around South African presence have extended well beyond layoffs and delayed pension payments, however. A partial list of some of the more sensational story lines follows:

1997 – ConsCorps Africa, one of the continent's largest tourism companies with 40 properties in six different African countries, made a splashy debut in Tanzania by purchasing several key sites on the northern safari circuit. It then proceeded to raze a well-known hotel on the rim of the Ngorongoro Crater and replace it with an ultra-

luxury facility which it marketed to the world under the dubious rubric of ‘Maasai meets Versailles’ (<http://www.ccafrica.com>).

1997 – In order to clear the way for South African mining investors, hundreds of small scale gemstone miners were forcibly removed from the core of a lucrative tanzanite mining site in the mid-1990s. In the ensuing decade, South African security personnel at the mine were implicated in numerous shooting incidents. Dozens of small scale miners were wounded, several of them fatally, when they were caught ‘trespassing’ on company territory. The corporate miners went on to establish an exclusive tanzanite brand which was used to discredit unbranded gems mined by small scale miners as potentially illegal and unreliable (Kondo 2001a, 2001b).

1999 – South African cellular operator, Vodacom, was granted a license to operate in Tanzania and quickly became the country’s leading network. This growth was matched by an aggressive publicity campaign, which included securing the rights to re-paint a number of prominent buildings in large urban centres. In Dar es Salaam, giant multi-storey renditions of the bright blue-and-white Vodacom logo became a fixture of the urban landscape, creating jarring sight lines along main thoroughfares. At least one major government building, the Tanzanian Commission on Science and Technology, was initially included in this effort, but has since been repainted.

2000 – Tanzanian Breweries, Ltd. (which was acquired by South African Breweries, now SAB Miller, in 1993) caused an outcry when it erected a public fountain in the shape of a giant beer bottle on a well-travelled site in Arusha, where a memorial statue to former President Nyerere and his famous ‘Arusha Declaration’ of socialist principles had been proposed (Anonymous June 17, 2000). The new installation outraged local residents because it spewed water at the height of a severe drought.

2000 – ABSA Bank tendered a bid to purchase the National Bank of Commerce, the country’s largest banking chain with 35 branches, which was listed for privatization. ABSA’s initial purchase offer of US \$18 million was, however, rescinded in the eleventh hour after it was discovered that NBC had accrued huge debts. Tanzanian observers were subsequently mystified when NBC ended up effectively *paying* ABSA US \$18 million to assume the bank’s unresolved debts and take over management of its operations (Rwambali 2000).

2001 – Two groups of South African researchers were expelled from Tanzania for testing ersatz anti-AIDS medications on Tanzanian soldiers, allegedly without their consent or knowledge. One of the compounds – virodene – was based on ‘a highly toxic industrial solvent banned in South Africa for use on humans’ several years earlier; the other was a coal-derivative (Economist Intelligence Unit 2001).

2002 – After failing in earlier attempts to establish partnerships with the local carrier, South African Airways (SAA) acquired a 49 percent stake in Air Tanzania Corporation (ATC). SAA promptly repainted the ATC fleet, replacing the Tanzanian national symbol of a giraffe with a stylized version of the SAA logo, itself based on the South African national flag. It also stopped booking tickets using the ATC flight code which, critics alleged, rendered ATC ‘non-existent’ as far as the International Air Transport Association was concerned. By late 2006, amid rising losses and antagonism between the Tanzanian government and SAA officials, the airlines’ privatization contract was cancelled and control of ATC reverted to Tanzanian authorities (Kizigha 2006).

2002 – The energy management corporation, NetGroup Solutions, assumed control of TANESCO, Tanzania’s national electric utility. Following a serious drought in 2005, the country experienced massive power shortages throughout the country, and the NetGroup contract was discontinued on the grounds of poor managerial performance (Anonymous May 25, 2006).

2003 – The Group Five Construction company began work on a major contract to build a new headquarters for the Bank of Tanzania. Five years later, the original budget of \$80 million for the as-yet-unfinished project had ballooned to \$340 million. The cost overruns for the building's 'twin towers', which dominate the Dar es Salaam skyline, generated heated debate in parliament, where they were decried as being 'at least four times higher than similar buildings in some of the world's most expensive cities like London, New York and Tokyo' (Anonymous, July 18, 2007).

2006 – The head of South Africa's central bank, Tito Mboweni, created a considerable stir in Tanzania when he announced that the 14-member Southern African Development Community, which includes Tanzania, would gradually 'converge' around use of the South African rand and Botswanan pula, and discontinue the use of existing national currencies such as the Tanzanian shilling (Anonymous 2005).

This steady drum beat of controversy can be traced in part to the heightened sensitivities the Tanzanian national press corps developed toward South Africa during the years of the anti-apartheid struggle. The practical impact of the inflammatory acts themselves has been to keep the issue of South Africa's expanded role in the national economy highly visible, and make it the centre of national debate.

Political fault lines

The debate over Tanzanian economic reforms has revealed deep cracks, or political 'fault lines' (Goodman 1999), within the Tanzanian body politic along lines of race, class and generation. Different forms of South African presence – including investment targets, trade effects and on-site management practices – have inflected the debate in specific ways.

(a) Investments

Many in the Tanzanian business community have wholeheartedly embraced the goals of the government's neoliberal reforms and are sympathetic to South African investors. They see the arrival of South Africans as the inevitable outcome of competition fostered in the context of the country's post-socialist transition, and point to the benefits of inflows of entrepreneurial capital, technology and business skills into the moribund parastatal sector: 'Privatization has been a very good process. It has meant that tenders have been granted to the most qualified firms. As far as South Africans are concerned, they grabbed the opportunities. We didn't. So more power to them' (Gemstone dealer, interview with author, May 24, 2007). According to this view, South African capital filled a void, and it did so, not just because South Africans had economic clout, but also because they supposedly possessed a superior work ethic:

Because the thing is, they are the people who have the capital. They are the people who have the technical know-how. They are the people who came in at the time when we were saying, 'We give up! We want to sell. This government is no longer a good businessman. Government will step aside ... You do the business. Pay us our taxes. Create jobs. And that's it.' And the economy is doing well in that policy ... It doesn't matter *who* is doing it. [Former President] Mkapa said: 'I couldn't care who skins the cat; I want a skinned cat. It doesn't matter if it is South African, or black, or white, yellow, green; I don't give a damn.' And I agree with him ... South Africa is not an issue. The issue is: there is an investor who was willing to come. South Africa will go all the way to Libya! Why? During their isolation they knew how to work and they worked very

hard. So the issue is not South Africa. The issue is people and work. People who want to work, be regulated as they work, be rewarded for working hard. That is the issue. (Businesswoman in Dar es Salaam, interview with author, Mar. 24, 2006)

The implication here is that Tanzanians had a chance to run their own affairs, but failed. And the blame for that failure was laid squarely at the doorstep of Tanzania's socialist government:

The National Bank of Commerce was *gone*. And it was the *National* Bank of Commerce, with *full* monopoly. I've never seen in the world, read anything about, a bank that has full monopoly, and made a loss! [The South Africans have] turned it around. I never could borrow in those days. But [now] I borrow. Loans were being given on the basis of little notes coming from politicians ... So if it's a South African bank that is facilitating my business ... do I care? I mean, would that matter to you? (Businesswoman in Dar es Salaam, interview with author, Mar. 24, 2006)

Such views have been bolstered by the fact that several parastatals acquired by South African investors have performed well in recent years. Tanzanian Breweries, for example, has seen its market share increase from roughly 20 percent when SAB Miller first acquired controlling interests in the firm in 1993, to over 80 percent by 1997. Similarly strong economic performances have been recorded at Kilombero Sugar and Tanga Cement, among other businesses.

Sentiments in favour of foreign investment have not gone unchallenged, however. A basic critique stems from the perceived loss of national assets built up through the sacrifice of Tanzanian blood, sweat and tears: 'What I don't understand is when South Africans come in and buy up something that is already in place, like one of our banks or our utilities. When they take something that others made, *that's* what I don't understand ...' (Schroeder, R., field notes, 2005). The deep sense of pride in the accomplishments of the socialist government, which are represented in retrospect as having come about in spite of active resistance by the western capitalist powers, is especially notable among Tanzanians who experienced the independence struggle first hand. And in this connection, the notion that South Africans have 'saved' businesses run into the ground by poor local management has been difficult for some to accept. Critics of the government's open door investment policies point to the fact that prior managers were hamstrung by state policies, patronage practices and corruption, and thus not in any position to run their operations effectively:

The government's rationale is that we have had these businesses, but we have failed to manage them ourselves, so we need to sell them to foreign investors. But these were *public* [i.e. state-run] firms. And it is a public mess-up. Punishing the private sector in Tanzania doesn't make sense. They put the blame on Tanzanians in general. If they had first handed these firms over to the Tanzanian private sector, and then seen the Tanzanian private sector fail, *then* it would have made sense to seek out a foreign buyer. But not under these circumstances. Besides, [Tanzanian] Breweries has a monopoly, so they don't even have to compete. I say, let a Tanzanian run Breweries. Then invite SAB in and let them invest on their own and build up their own plants and come and compete. Otherwise it's not [a] fair [comparison] because of the monopoly situation. (NGO representative, interview with author, Nov. 25, 2005)

They also note that firms entering the economy under the privatization program were often in a position to strip existing parastatals of their assets and use the proceeds of those sales to support their ongoing operations:

They came over, and grabbed up all the plums where they were available. Take Breweries. I mean you have to be a total fool if you can't make a profit with a brewery. But the Breweries were losing money before because they were being bled to death by bureaucracy. If somebody's son was being married, 100 crates of beer were hauled off, and that had to be absorbed as a cost of doing business. The government set the price of beer, so the managers' hands were tied in that regard. And any time the government couldn't pay salaries, they simply grabbed cash from Breweries ... It was a cash cow for the government. One of [Breweries'] chief assets was actually the land they sat on. And the South Africans acquired all those real estate assets along with the physical plant. So the first thing SAB did was liquidate all the houses, and generated a bunch of working capital. So the cost of acquiring the brewery was actually minimal ... [Scornfully] And then they go on and talk about *efficiencies* as if that were the reason for all of their success. (Retired Tanzanian civil servant, interview with the author, Oct. 28, 2005).

The idea that South African investments are not 'true' investments in the sense of helping to produce viable socioeconomic change in Tanzania also surfaced in several interviews:

I look at an investment, and I prefer to see it as something that has a meaningful residue. Whereas the South Africans, they just come and grab and run. They're likely to be here for awhile, but let them tread carefully. This unconditional support for investment is not tenable. There has to be some regulation. Yes we need expertise, exposure, experience, but what price do you pay for all of that? ... Are [the South Africans] adding value? If they are seen to be making a contribution to the welfare of the country, I don't think anyone would be against their presence. But that is the question. (Retired Tanzanian civil servant, interview with the author, Oct. 28, 2005)

Indeed, the perception that South African investments had not generated more substantial and immediate returns to Tanzanians was accompanied by feelings of deep bitterness. As a prominent gemstone trader put it:

How long have the South Africans been in the country? And what have they done for Tanzanians? They earn 200 million dollars [from gemstone mining] and what have they done with it? ... They repaired the road *once*; they built a dispensary *once*; they built a school block *once*. What is that when you have taken millions of dollars of profits out of the country? (Gemstone dealer, interview with author, May 15, 2006)

(b) Imports

The debate over South African imports into Tanzania is similarly split. On the one hand, observers often expressed blind trust in the principles of a free market: 'If someone comes and shows you something that he wants to sell to you, you can decide if you want to buy it. That's fine. That's a fair exchange' (Schroeder, R., field notes, 2005). On the other, they voiced deep concern about the impact imported commodities had on local producers. The South African supermarket chain, Shoprite, which entered Tanzania in 2000, loomed especially large in the popular imagination. Judging from the expectations expressed by small scale farmers, petty commodity producers, and traders, all roads to lucrative markets would seem to pass through Shoprite's doors. Indeed, the proprietors of Shoprite have been excoriated for sourcing locally grown products from outside the country:

[South African] investment ... does not benefit Tanzanians; that everything should come from South Africa – that is not investment at all. In most cases they have come to kill our

businesses. Even when a business woman wants to sell tomatoes, she can't do so because tomatoes have already been imported from South Africa. Through such investment, they are trying to fool us. In the beginning we thought they had come to Tanzania to cooperate with us in the selling of our goods so that they would benefit us. Only to realize that they had come to establish shops and sell goods from their *own* country, not even wanting to look at domestic produce. That isn't friendship at all. It is like someone coming to practice segregation in your own country. When someone comes to your own country and doesn't even want to look at your goods, it's like he's insulting you. And that's not investment. It's humiliation. (Development worker 1, focus group conducted by the author, October 21, 2005)

I represent [a farmer's cooperative], and our members, many of them are into horticulture. And dairy. They could supply Shoprite if they were given the proper training. So I've told Shoprite that they should do some training. All they need to do is say, 'Here are our standards'. And then train Tanzanian farmers to supply them. They should set some goals. In one year, you source X percentage locally. In year two, you add more goods to your list. In year three, you add more. And by year five, you are meeting the goal of sourcing 50 percent of some articles locally. But they are continuing to get their supplies from South Africa. I mean there is no reason in the world that they should be getting eggs from South Africa. Or getting dairy from South Africa. I can understand that maybe they need to get some of their horticulture from South Africa, their tangerines of a certain size, and their grapes ... But tomatoes and onions? Unh uh! (Schroeder, R., field notes, 2006)

A different sort of complaint emerged with respect to Vodacom, the South African cell phone giant which dominates the Tanzanian market. In a focus group session with development workers organized in 2005, participants explained that when the number of Vodacom subscribers grew so quickly (in less than a decade, the firm had enrolled over four million subscribers in Tanzania), consumers expected that costs to subscribers would go down. Instead, they continued to rise. The group was especially angry about a sweepstakes promotion Vodacom had organized, in which the prospect of winning a new house was used to entice consumers to purchase more pre-paid phone vouchers. Participants argued that the cost of the house being raffled off came from *their* money. Rather than waste money on a promotion, they felt Vodacom should just return those costs back to subscribers in the form of cheaper rates. This is what the investors would do 'if they were genuine and if they were for the people' (Development worker 2, focus group conducted by the author, October 21, 2005).

(c) Investors/in-migrants

Invariably, the complaints surrounding the influx of South African capital turned to the question of race and nation. In an interview regarding violence directed at small scale gemstone miners (see above), for example, I asked a mining activist why nationality seemed so important in the case of South Africans when it was not a significant issue in similar cases involving Canadian and Australian mining investors. His reply was revealing:

To locals, it doesn't matter if it is South African or not. It doesn't. I mean for them it is an economic crisis, forfeiture of land rights, forfeiture of their cultural rights, and that's it. But at the same time, to the older generation who have been living longer than I, who've been living in [the socialist period of] *ujamaa*, etc., who've been involved in ... anti-apartheid things, to them it means a lot. A lot. ... The South African connotation is just

terrible. And every time [the South African corporate miners] do these acts...the dog mauling, and the use of chains, the [locking of trespassers in] closed [shipping] containers, [the older miners] just link these things to apartheid...The Minister [of Energy and Minerals] called the stakeholders to a meeting in Arusha and said the [corporate miners] should stop these apartheid acts, because it reminds Tanzanians of what their [South African] brothers went through...And even if you should go to [the area] at the moment and ask anybody about [the South Africans], the name they use is *kaburu*. The fact is they will use *kaburu*, and *kaburu* is a name we used during the apartheid regime. So we don't regard it as the new South Africa; we regard it as the old *kaburu* regime. (Small-scale mining rights activist, interview with the author, Nov. 25, 2005)

Part of the problem from the perspective of Tanzanian critics is the attitude South Africans have brought with them to Tanzania:

Many of them ... have that old Pretoria attitude ... are building up anger among some of us who are wondering how things could go so far with so little to show for it. I find the South African generally abrasive. They do some things well. They know their cows by name. Khaki shorts and socks. All big men. They work hard. But I think they have possibly imbibed too much of the apartheid thing, and they have a difficult time letting go of it here in Tanzania. (Retired Tanzanian civil servant, interview with the author, Oct. 28, 2005)

Commentators also complained about the insularity of the South African business community. A woman from a relatively wealthy Asian Tanzanian family with multiple business interests voiced her frustration with South African business practices in general. Her perception was that South Africans close ranks amongst themselves when it comes to sourcing materials for any kind of investment project:

If you are bidding for a tender for some job with a South African firm, it's like there's a secret handshake that they do – some sort of oath that they take that: 'I will only do business with South Africans.' Because it is impossible to win those bids. Your bid could be thousands of dollars less than the South African bidder, but he's still going to get the contract. It's only when there is absolutely no alternative that they will offer bids to other bidders ... This is true of even the international firms – as long as there is a single South African working there, they will always look for another South African when it comes time to award contracts. The South Africans could be here for a hundred years – I mean, this is an exaggeration, but still – they could be here for a hundred years and they would *still* not become Tanzanian. They would still be South African. They would *never* change. (Schroeder, R., field notes, 2005)

There is a growing consensus that tensions and contradictions spawned in the wake of the recent rounds of investment by South African firms are on the rise. Even the Director of the Tanzanian Investment Centre, whose job it is to promote foreign investment, went on record as saying:

Both Tanzanians and South African investors should be careful because we are in a situation where working styles in South Africa could be translated as harassment in Tanzania....Most South African investors are white. When anything happens at a working place, Tanzanian workers are reminded of (apartheid) South Africa. I think we need to educate our people and investors should spare a little time to study Tanzanian culture. (Rwambali et al. 2000)

Another well-informed observer laid stress on the possibility that continued insensitivity to cultural norms and the sovereign rights of Tanzanians to manage their

own economy could result in more organized forms of resistance being launched against the South African business community.

We aren't going to stand for this indefinitely. People are going to fight back. This mentality of approach where you segregate yourself, you play your own games, set up segregated schools ... this will cost them. It won't necessarily be me who will come after them, but somebody will. If you make a situation where people feel desperate in their own country, this is a recipe for a disaster. (NGO representative, interview with author, Nov. 25, 2005)

Tanzania – South Africa: a new struggle for liberation?

For many Tanzanians these days, it seems very much as though the only source of foreign direct investment in the country is South Africa. This has been deeply unsettling on a number of levels. The fact that the long-anticipated South African invasion has come in economic rather than military form, is seen by many as deeply ironic. And many find it difficult to reconcile the influx of South African capital, imports and neo-settlers, with residual animosities towards all things 'southern' born of the liberation struggles of the past forty years. The lines of political solidarity between Tanzanians and the South African public, once so strong and clear, have grown increasingly complicated.

In this context, it matters a great deal which face the 'new South Africa' presents when it arrives as an investor: is it that of an historical comrade in arms, espousing the goals of the progressive wing of the ANC; or that of white-dominated corporate capital, which has survived the transition from apartheid, mostly intact? Or are both representations possible? These questions remain in play and are directly linked to broader Tanzanian debates around neoliberal reforms and the future direction of development in the country.

Currently, South African actors are deeply implicated in government reform policies, which have ushered in a new set of social and political-economic realities that are themselves heavily contested within Tanzanian civil society. In this regard, the moral economies of the past and the present have come together to reinforce one another. This has led many Tanzanians to condemn outright both the moral bankruptcy of the Tanzanian neoliberal regime and South African capital's central role in the implementation of Tanzania's ongoing economic reforms. Once again, perhaps, South Africa could emerge as a key foil in Tanzania's ongoing popular struggle for liberation.

Notes

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2. In the interest of protecting confidentiality, I have masked or changed some identifying details and omitted the names of all research subjects, including those with whom I conducted formal interviews and those encountered in the course of participant observation.
3. The airlines partnership and electric utility management contract were subsequently dissolved.
4. These include the following: National Investment Act (1990); Loans and Advances (1991); Banking and Financial Institutions Act (1992); Foreign Exchange (1992); Public

Corporation Act (1992); Public Corporation Act Amendment (1993); Capital Market and Securities Act No 5 (1994) and amendment 1997; Tanzanian Investment Act (1997); Financial Laws (1997); Privatization Trust (1997); Mining Act (1998); Land Act (1999); Labour Institutions Act (2003); Employment and Labour Relations Act (2003); Land Act Amendment (2003).

Table 1: Sources of Foreign Direct Investment in Tanzania, 1990-2004

Source of FDI	Number of projects 1990-2000	Amount of investment (bn Tsh) 1990-2000	Percentage of total incoming FDI 1990-2004 (rank)
UK	255	325	23 (1)
US	59	194	8 (6)
South Africa	42	142	10 (3)
Kenya	92	109	9 (5)
China	47	90	na
Canada	na	87	6 (7)
Germany	na	47	1 (9)
Netherlands	na	43	10 (3)
Italy	na	38	2 (8)
India	60	32	18 (2)

(Source: Machumu 2001: 4; Sebastian 2006: 11)

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