

Nyerere's Perspectives on Natural Resources and the Current Management of the Mining Sector in Tanzania

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Abstract

This article is divided into five sections. The first section is an introduction which throws light on the overall content of the article. The second section presents and discusses Nyerere's perspectives on ownership and management of natural resources. Development of such ideas is traced from 1958, 1962 and the Arusha Declaration period when the ideas were concretised into a policy and its implementation. In short the ideas put emphasis on collective ownership and management of natural resources guided by the principle of people-centred development. The third section discusses changes in ownership and management of the mining sector. Two types of changes are outlined. The first is the change from colonial policies to socialist policies under the Arusha Declaration. The year 1969 was a turning point, ending colonial policies and beginning of socialist policies. The second change was from the socialist policies of collective ownership and state control to neo-liberal policies of liberalisation and privatisation of the economy which began during the late 1980s through SAPs and became more apparent from early 1990s. The fourth section provides implications of the neo-liberal mining policies on Tanzania's development. Here it is argued that

though the neo-liberal policies stimulated economic growth the policies resulted in external neo-colonial control of the economy, the looting of Tanzania's resources including mineral resources and impoverishment of the majority of the Tanzanian people. Tanzania's mining policies have been greatly influenced by the World Bank and IMF conditionalities thus ownership and management of the mining enterprises is 100% by foreign multinational companies. Thus, Tanzania benefits very little. The fifth and last section is the conclusion, which tries to suggest possible solutions such as the Tanzania Government should establish joint ventures with the foreign mining firms.x

1.0 Introduction

Tanzania is one of Africa's very rich countries in mineral resources (Deodath, 2013:1). In addition to minerals Tanzania is also rich in other natural resources such as land, water, livestock, wild life and forests. In terms of ownership and management of these resources the country has experienced three periods and these include the immediate post-independence period (1961-1967), the Arusha Declaration period (1967-1980s and the period of neo-liberalism from late 1980s to the present). The first period was influenced by the legacy of colonialism, the second period was guided by principles of the Arusha, Declaration and the last period has greatly been influenced by neo-liberal policies championed by the World Bank and the IMF.

This paper is intended to examine ideas of Mwalimu Julius Kambarage Nyerere on ownership and management of natural resources which were the basis of the Arusha Declaration and hence principles that guided policies on ownership and

management of natural resources during the second period. It is also intended to examine changes that took place leading into a new type of neo-liberal policies in ownership and management of natural resources and their implications on Tanzania's development. Special emphasis is placed on the mining sector as a case study.

2.0 Nyerere's Perspectives On Ownership and Management of Natural Resources

Mwalimu began developing his ideas on ownership and management of natural resources during the period of struggles for independence. For example during the historic meeting of TANU which was held at Tabora on the 26th January, 1958 Mwalimu, among other things expressed ideas of collective ownership of natural resources to be TANU's policy after achieving Tanganyika's independence (Mpangala and Mawazo, 2012:39-42). During the same year Mwalimu published an article in a London newspaper called the Guardian. The title of the article was "Land Is National Property". In that article Mwalimu stated clearly what would be Tanganyika's policy on land ownership after achieving independence. He greatly criticized individual ownership of land by one person or a few people. He said such ownership will cause poverty and problems to the people of Tanganyika. Public ownership would be the most desirable policy.

Mwalimu's ideas on ownership and management of natural resources came to be much more concretised soon after independence. In January, 1962 Mwalimu resigned as Prime Minister of Tanganyika and gave that position to Rashid Mfaume Kawawa who held that position for a period of 10 months

(Magoti, 2007:40-42). During that period Mwalimu concentrated on two things. One was Construction of the Party, TANU including expanding its structure to the grassroots level (Kapinga, 2008). The second aspect was developing the Party's ideology and philosophy. Arising out of that Mwalimu published two important books. One was "Ujamaa: The Basis of Africa Socialism" and the other was "Democracy and the Party System". In the first book he expounded his philosophy on socialism and in the second he expounded his philosophy on democracy (Nyerere, 1962 and 1963).

In the Ujamaa book, among other things, Mwalimu presented and discussed his ideas on the ownership and management of natural resources, particularly land. He said land was God's blessing to human beings. It was a foundation of people's lives as the people have to use land to earn their livelihoods using their intelligence and instruments. As such land is a resource to be owned collectively. He further argued that collective ownership of land was a system in traditional African societies. Individuals made use of land but did not own it.

Mwalimu further pointed out that the system of individual ownership of land was a new system brought by colonialists. The colonialists not only brought individual ownership but also made land a commodity to be sold and bought. He said individual ownership of land meant establishing a feudal system. The foundation of such a system was the system of exploitation. The land owners exploit the landless people. But collective ownership establishes a non-exploitative system of ujamaa.

The ideas produced by Mwalimu during this period became important foundations of the Arusha Declaration of 1967. The Arusha Declaration which was declared by TANU in Arusha on the 5th February, 1967 was a declaration on the policy of socialism and self-reliance. That was an official national policy of Tanzania. In explaining the basic principles of the Arusha Declaration at the meeting of its declaration Mwalimu said that the main objectives of the Arusha Declaration were five. The first was to create a society of equality without classes. The second was to establish a society in which all people are workers who respect the principles of working as a means of earning a living. The third was to create a society that had no relations of exploitation. The fourth was to create a society in which all means of production are owned and managed collectively by the people. The fifth was to build a self-reliant society (Mpangala & Mawazo, 2012:107-109).

The five were the principles of building socialism and self-reliance. In fact among the five objectives, the fourth objective of collective ownership of the means of production was the foundation of all the others. It is collective ownership of the means of production which can guarantee building a society of equality which is devoid of the exploitation of man by man. Likewise it is collective ownership of the means of production which can guarantee that all the people are workers and that a self-reliant society is constructed. By the major means of production Mwalimu meant both natural resources and non-natural resources. By natural resources he meant land, forests, minerals, water, oil, gas and so on. By non-natural resources he meant industries, electricity, transport and communication infrastructure and large scale trade transactions.

The principles of the Arusha Declaration including collective ownership of the means of production were implemented as part of the processes of implementing the Arusha Declaration from 1967 to 1980s. Mwalimu Julius K. Nyerere as President of Tanzania and as Chairman of the Party, TANU and later on from 1977, CCM provided strong leadership. Among measures that ensured people's ownership of natural resources were nationalisation of the major means of production and establishment of Ujamaa and development villages through the villagisation programme of 1968 to 1976. Nationalisation ensured collective ownership and management through the state. Establishment of Ujamaa and development villages ensured collective ownership by the villagers themselves through their village governments.

It has to be pointed out, however that Mwalimu's perspectives on ownership and management of natural resources were based in wider philosophical context. This is the context of people-centred development which can ensure people's development and welfare (Haussler, 2009:9-11). This is a philosophical perspective which is opposed to the global liberal theory which emphasises economic growth but the end result is people's poverty. People centred development not only ensures people's development and welfare but also people's democracy and improvement of their lives.

Philosophers during different periods of history have emphasised the role of the state in ensuring the welfare of the people. During Ancient Greece between 5th and 3rdcs B.C. prominent philosophers like Plato and Aristotle were of the view that human beings cannot live outside the state. Thus it is the role of the state to promote interests of the people. Common good was the end

goal of any state. During the period of the Roman Empire 3rd c B.C to 5th c A. D. Cicero came out as one of prominent philosophers of the time. He was of the view that there are four functions and duties of a state. These are ensuring people's equality, ensuring people's security and protection, ensuring people's improvement of their lives including getting the basic necessities of life and ensuring people's welfare (Mpangala, 2009). Among philosophers of liberal ideas was John Locke who during the 17th c A.D argued that role of the state is to make and enforce rules to safeguard the common good of the people and thus contributing to the overall welfare of the people (Jingu, 2013).

Thus, Mwalimu Julius K. Nyerere was among philosophers who advanced this philosophical perspective of people's welfare, interests, security, improvement of lives and equality. But for Nyerere this people centred perspective can only be achieved through people's empowerment, participation and liberation. But these cannot be realised outside people's ownership and management of resources. In Tanzania one of the most important natural resources is minerals as observed at the beginning of this paper. In the following sections let us examine how ownership and management of the mining sector has changed from the Arusha Declaration principles to neo-liberal principles and its consequences on people's development.

3.0 Changes in Ownership and Management of the Mining Sector

The colonial mining policies continued up to 1969. During the colonial period the colonial state exercised close state control of the mining sector. Companies that were involved in the mining process were mainly British companies to ensure that benefits accrued from the minerals went to Great Britain, the colonial power. The companies worked jointly with the colonial state (Chachage, 2003). Thus policy changes under the Arusha Declaration in the mining sector began in 1969.

The passing of the Mining Ordinance of 1969 was one of the first steps to ensure state control of the mining sector. Another step was nationalisation of the mining ventures. Through the nationalisation process the state was able to participate in the mining ventures. The State Mining Corporation (STAMICO) was formed as a state organ to work jointly in partnership with the Mining Transnational Companies (MTNCs). This means that throughout the period of implementing the Arusha Declaration the policy was collective ownership and management of the mining sector. In fact President Julius K. Nyerere went even further saying that in other areas where mining had not begun it was better not to begin mining until when time comes when Tanzanians themselves have the capacity financially and technologically to carry out the mining processes.

Changes in ownership and management of the mining sector were part of changes in the management of the economy as a whole. This was changes from socialist management to neo-liberal management of the economy. This meant changes from state control of the economy to control by the private sector.

According to the neo-liberal policies imposed by the World Bank, IMF and Western donor community the state was supposed to completely withdraw from control and engagement in economic activities.

Before we present and discuss the nature and character of the new mineral policy let us briefly trace developments that led to the new changes. The first major event was economic crisis of the late 1970s to the 1980s. The economic crisis was a world-wide economic problem but given weak economies African countries were the most seriously affected. In Tanzania the economic crisis was made worse by the war between Tanzania and Uganda from 1978 to 1979.

There were a number of manifestations of the economic crisis in Tanzania. There was a decline of agricultural and industrial production. For example, between 1970 and 1982 the volume of Tanzania's agricultural exports fell by 30 percent (Kiondo, 1995:71-76). Production of cotton and cashewnuts alone declined by 74 and 52 percent respectively. Shortage of industrial commodities was very high. Capacity utilisation of industries dropped greatly from the range of 70 to 90 in 1970 to 26 to 29 percent by 1982 (Kiondo, *ibid*). As a result of all these manifestations there grew deepening economic dependence on donor countries and institutions.

Due to the economic crisis the World Bank and the International Monetary Fund (IMF) began to put pressure on African and other Third World countries to carry out economic reforms in form of Structural Adjustment Programme (SAP). From 1979 the Bretonwoods Institutions began to put pressure on the Tanzanian Government to negotiate for adopting the SAP which carried with

it a number of conditionalities. The Tanzania Government refused to adopt the SAP as that would mean abandoning the basic principles of socialism and self-reliance. Instead the Government formulated its own reform programmes. The first was the National Economic Survival Plan (NESP) from 1981 to 1982 and then the Structural Adjustment Programme (SAP) 1982 to 1985. All these were home-based programmes. Since these programmes did not have donor support they all eventually did not succeed (Mpangala, 2000:102-103).

By 1985 the economic crisis situation was very serious. President Nyerere stepped down during the elections of 1985 and Ali Hassan Mwinyi was elected as the new President of Tanzania. Under the Presidency of Mwinyi, the Government decided to accept the World Bank and IMF SAPs so that aid could begin flowing into Tanzania. The government signed an agreement with the IMF in September, 1986 and a new reforms programme was established known as the Economic Recovery Programme (ERP). The 1985/86 to 1988/89 programme was known as ERP I and the second, ERP II was to cover the period 1989 to 1992.

Through the ERP the Government had to accept the following conditionalities: devaluation of the currency, reduction of emphasis on industrialisation, reduction of public expenditure, introduction of cost-sharing measures in the provision of social services and carrying out privatisation and liberalisation of the economy. These conditionalities meant to a large extent withdrawal of the state from control of the economy including withdrawal from public ownership and management of the economy.

This was the beginning of changes from socialist policies under the Arusha Declaration to capitalist policies under the neo-liberal ideological perspective. The climax of these changes was the abandonment of the Arusha Declaration in 1991. The abandonment of the Arusha Declaration came as a result of two forces. The first is the one we have already seen the acceptance of WB and IMF SAP through the ERP and its conditionalities. This eroded and negated the principles of the Arusha Declaration including state control of the economy and collective ownership and management of natural resources. The second was that within the circles of the ruling party and its government leadership there were people who believed in capitalism and were against the Arusha Declaration. Such leaders celebrated the adoption of neo-liberal policies and the abandonment of policies of socialism and self-reliance. It is not surprising that it was in the meeting of the National Executive Committee (NEC) of CCM in Zanzibar in 1991 a resolution to abandon the Arusha Declaration through the Zanzibar Declaration (Mpangala and Mawazo, 2012:126-127).

These changes greatly affected the mining sector in Tanzania. The mining sector attracted the interests of the WB and IMF, the donor community and multinational corporations (MTNCs). This is because Tanzania is one of few African countries which are very rich in minerals. The World Bank came to regard Tanzania, due to its richness in minerals as an “Elephant Country” (URT 1997:5-7). Among important minerals found in Tanzania include gold, diamonds, uranium, base metals and platinum group of minerals, coal, gemstones, iron, phosphates, industrial metals, salt, limestone, oil and gas (URT 1997, *ibid*).

The WB took an active role in the process of changing the mining policy. In 1992 the World Bank produced a document called

“Strategy for African Mining (Campbell, 2010:201). This document called upon African states to carry out reforms in their mining sectors. The reforms which included the fact that African states should withdrawal from investments in the mining sector. This was intended to create room for MTNCs to take the place of states in terms of investing in the sector. The WB document stipulated clearly the role of the state should be to facilitate for the MTCs in terms of provision of security of tenure for the MTCs in terms of provision of security of tenure for the foreign investors, to provide broad tax exemptions and tax holidays and to facilitate the acquisition of land to allow repatriation of profits by the investors and to set royalty at 2 to 3 percent (Jingu, 2012:112-114). All these WB guidelines were supposed to facilitate fast socio-economic development for the African countries.

The implementation of the WB prescriptions began in 1994 in Tanzania when the state began to withdraw and foreign companies came forth to make investments in the mining sector. In the same year the WB launched the World Bank’s Five Year Mineral Sector Development Technical Assistance Project (World Bank, 2002). The project played a significant role in attracting the foreign investors. In order to consolidate the neo-liberal policies in the mining sector the Government took other measures. These included the 1997 Mineral Policy which was followed by the 1998 Mineral Act and the 1999 Mining Regulations (Deodath, 2013:1-3). All these steps created conditions for the state not to engage in productive activities in the mining sector and to allow the foreign investors to enjoy the right to transfer 100% profits to overseas accounts.

The outcome of the WB directives and the Tanzania government mineral policy, legal and regulatory measures was that many foreign mining companies came to make investments in the mining sector. It is interesting to note that by 2009 of 10 large and medium mines, 9 of them were established by the foreign mining companies from 1999 to 2009. Only one, and that is the Williamson Diamond Mine of Mwadui began mining in 1940. Furthermore, of the 10 mines, 7 of them are gold mines. Out of the remaining 3 two are diamond and one is tanzanite mines. Furthermore of the 10 mines only one, that is the Mwadui Williamson Diamond Mine has government shares of 25 percent. The remaining 9 are owned and managed by the foreign companies by 100 percent (Tanzania Mineral Audit Agency, 2011).

4.0 Implications of the Neo-Liberal Mining Policies on Tanzania's Development:

The first implication constitutes a major change in terms of ownership and management of mineral resources. During the period of the Arusha Declaration mining enterprises were nationalised and thus came to be owned and managed by the state on behalf of the people. But under the new neo-liberal policies ownership completely changed from public to private ownership in terms of foreign mining companies. Thus the mining sector has greatly contributed to the growth of a dependent economy and thus abandoning the principle of self-reliance.

Another implication is failure of the mining sector to contribute significantly to socio-economic development of the country. Given a good number of large and medium mining enterprises and small scale mining activities, the contribution of the mining sector to the country's economic growth and development would have been very significant if there were proper mining policies. The WB propelled mining policies which we have discussed above have resulted in transfer of profits and mineral earnings outside the country. The result is that the impact of the mining ventures to the country's economy is minimal in terms of boosting domestic reserves, improving balance of payments, strengthening foreign exchange and the value of the currency, lack of strong linkages with other sectors of the economy and failure to create enough jobs (Jingu, 2012:120-1250).

It has been observed that countries such as Botswana which have better mining policies are benefiting a great deal from the mining sector. Botswana has only one major mineral, that is diamonds. But the country's policy is to carry out the mining process through joint ventures between the Government and the foreign mining companies. Through such a policy Botswana is able to retain significant portion of profits and earnings from the mining of diamonds. That has contributed significantly to Botswana's socio-economic development such that Botswana has moved from a situation of being one of the poorest nations dependent on pastoral economy into a middle income economy (Chanda, 2010). It has also been emphasised that development of the economy of South Africa to the high stage it has reached is largely due to the contribution of the mining sector. South Africa's mining sector has had sound linkages with other sectors of the economy (Innes, 1984).

The main problem with Tanzania, like some other African and Third World Countries is that she swallowed the WB prescriptions wholesale. This has resulted in signing undesirable contracts with the foreign companies such that it is the companies and their home countries where the MTCNs come from. Tanzania benefits very little. It has to be noted, however, that these arrangements are not accidental; the ruling class benefits from these arrangements through a process known as state capture (Jingu, 2012). State capture means the process of international capitalism through the WB and IMF, MTNCs and the rich nations influencing policies of the poor nations like Tanzania in order to loot its resources. In the process the ruling class and even the internal commercial class benefit through the mechanisms of such state capture. But the countries as a whole and the majority of the masses of the people do not benefit and in fact the people become poorer and poorer within the claims of economic growth.

Another obvious effect of the neo-liberal mining policies is the negative impact of the mines on surrounding or neighbouring communities. Very often the process of establishing the mines by the foreign investors involves taking over large areas of land occupied by the local communities. This results in the process of land alienation resulting into landlessness and poverty. Such land alienation is carried out with no or very little compensation. This results in continuous conflicts between the investors, and the local communities. The Buzwagi Gold Mine in Kahama District provides a typical example of continuous conflicts between the local people and the investors. At times the conflicts result in bloodshed whereby members of the local community are shot down by security guards of the mines (Deodath, 2013).

6.4 Conclusion

This paper has made an attempt to examine both the socialist or Arusha Declaration policies and the neo-liberal policies in terms of ownership and management of natural resources in particular mineral resources. In the process we have observed the importance of objectives of the Arusha Declaration policies, particularly in relation to Mwalimu Nyerere's people centred perspectives of development. These were policies that were aimed at building self-reliant economies and eradicating poverty, disease and ignorance. We have also observed that though in the short-run the neo-liberal policies have stimulated economic growth and moved Tanzania and other African countries from the economic crisis of the late 1970 to 1980s, in the long run they have created a situation of greater economic dependence, caused deeper poverty among the masses and facilitated the looting of our resources in particular mineral resources.

In Africa and elsewhere there have been calls and discussions by intellectuals and other stakeholders that if Africa wants to ensure real development she has to fight against the ideology of neo-liberalism and hence the system of neo-colonialism which is being hailed as globalisation. Some have advocated the beginning of a movement of struggle referred to as the African Renaissance. Machyo W'Obanda (2002) strongly argued for the necessity of the African renaissance in terms of reviving the African nationalist approach to development and hence the necessity of abandoning the neo-liberal theory and ideology. Machyo W'Obanda further regarded the African renaissance as the awakening of African consciousness ideologically and culturally in order to reinstate positive developmental African traditions and practices such as genuine participatory democracy and

development. In the context of the African renaissance there is strong need for the reawakening of the African people so that they can think afresh and correctly for a second liberation struggle against neo-colonialism for genuine development and progress.

Another perspective in the new discussions calls for the development of a neo-nationalist theory and ideology (Mpangala, 2012:99-105). The neo-nationalist theory and ideology like the African renaissance, calls for revival and advancement of theoretical and ideological perspectives developed by African leaders and philosophers during the struggles and soon after independence. It has to be pointed out that Mwalimu Julius Nyerere's development perspectives were not alone. It was part of ideas produced by other leaders and philosophers such as Kwame Nkrumah of Ghana, Sekou Toure of Guinea, Senghor of Senegal, Amilcar Cabral of Guinea Bissau and Frantz Fanon of Algeria.

Although the philosophical and ideological perspectives differed in emphasising various aspects of development in one way or another, they developed common principles that were to guide the process of building newly independent African nations. Among the important principles included the building of socialism and democracy that was suitable to the conditions of post-independence African societies, ensuring equitable fast socio-economic development, ensuring peace and unity, building independent and self-reliant societies and eventually establishing a continental unity in form of the United States of Africa (Nyirenda, 2000). It is argued that the philosophical and ideological perspectives which were developed as part of African nationalism should be revisited and advanced for Africa's new liberation and new development perspective through neo-

nationalist theory and ideology. And for Tanzania it requires the revisiting of Mwalimu's ideas in the context of the Arusha Declaration.

These discussions and debates for the African renaissance and the African neo-nationalism mean that Tanzania's struggles should be carried out at two levels; first, at the level of the African continent and second at the level of the Tanzania nation. At the level of the Tanzanian nation we strongly need to fight against neo-liberal policies which have integrated our economy in the system of neo-colonial exploitation. The looting of our mineral resources by the MTNCs through the auspice of the WB and the IMF provides us with a vivid example. However, the philosophical and ideological perspectives developed by Mwalimu Julius Kambarage Nyerere including the ownership and management of natural resources constitute the foundation and the basis of our renaissance and neo-nationalist perspectives of struggle.

Within the mineral sector we need to take two levels of steps. The first step is carrying out reforms of policies in the mining sector such that all mining enterprises should be carried out through joint ventures with the government. This will at least help the nation to benefit to a certain extent from the mining sector. The second level or step should be to develop our own capacities financially and technologically to carry out the mining processes ourselves so that we can enjoy full benefits through internal collective ownership and management of our mineral resources.

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