

CHAPTER ONE

Introduction

The decision to write a book on John Pombe Magufuli, who became Tanzania's new President in November 2015, was taken at the beginning of 2018. The aim was to have the book published in early 2020, before the end of his first term in office in October 2020. It was decided then that the book would focus on his three main policy thrusts: anti-corruption; increasing government revenue and turning Tanzania into a more industrialized economy. There were several reasons for choosing to focus on these. First and foremost, he had staked his presidency on these three policies. They formed the central part of his presidential campaign and were clearly articulated in his inaugural speech to parliament in November 2015. Secondly, the previous four regimes—from Julius Kambarage Nyerere (1962–1985) to Jakaya Mrisho Kikwete (2005–2015)—had espoused more or less the same goals but had not succeeded. The central question, then, was would Magufuli succeed where others had failed? The three policies were central in defining Tanzania's development trajectory in the previous 50 years of independence. Thirdly, the implementation of these policies, in particular the anti-corruption drive, had by 2018 generated hope and enthusiasm in the general public that finally the country was moving in the right direction.

Our approach to Magufuli's implementation of the three policies was historical. We started by looking at what his predecessors had done before delving into what he was doing. Our aim in using this approach was to try and answer the burning question of what would make him succeed where others had repeatedly failed. Would he gain enough support to push through his policies? The main purpose of the book was to promote a general understanding of the political and economic realities in which Magufuli's regime was operating and to identify the possible constraints and challenges to the full implementation of his policies and dreams.

The manuscript was completed in December 2019 but unfortunately could not be published before the October 2020 elections. Worse yet, Magufuli died shortly after starting his second term on 17 March 2021. This was after winning the elections with the massive 84 per cent of the presidential vote and leading CCM to its most significant success in the parliamentary elections since the introduction of multipartyism in 1992 and the first multiparty elections in 1995. The success in the parliamentary elections in October 2020 almost turned Tanzania into a one-party state as no opposition party gained enough seats to qualify as official opposition. It was not thought

prudent for us to go back to the drawing board and write a different book on Magufuli. Therefore, we decided to add a postscript to the book to incorporate his death and succession by Vice-President Samia Suluhu Hassan.

John Pombe Magufuli was Tanzania's fifth president or represented the fifth Tanganyika/Tanzania African National Union (TANU) – Chama Cha Mapinduzi (CCM) regime, generally referred to as "Hawamu". The four earlier presidents were Mwalimu Julius Kambarage Nyerere (1962–1985), Ali Hassan Mwinyi (1985–1995), Benjamin Mkapa (1995–2005) and Jakaya Mrisho Kikwete (2005–2015). The policies he pursued, despite being novel in approach, were in part a continuation or modification of the earlier policies pursued by the past presidents. How each president was able to push forward the said policies depended on the nature of the political settlement at the specific time, according to Cooksey (2011), Andreoni (2017) and Kelsall (2018). This is elaborated on in the second chapter, but it is suffice to state here that political settlements arise from political and economic developments in the country. The main political developments in Tanzania that deserve mention from the start are the emergence of a one-party state in 1965 which coincided with the creation of the United Republic of Tanganyika and Zanzibar in 1964 and hence the new name, Tanzania¹; the introduction of Party Supremacy over the government structures in 1977; and the return to a multiparty system in 1992, leading to multiparty elections in 1995. At the economic level, one must mention the turn to socialistic/statist/nationalistic economic policies starting with the Arusha Declaration in 1967² and the economic crisis in the early 1980s that forced Tanzania to change its economic course under pressure from the International Monetary Fund (IMF) and World Bank with their Structural Adjustment Programmes (SAPs). From 1985, Tanzania moved to a private sector-led/capitalist-oriented economic policy as the presidency shifted from the Mwalimu-Julius Kambarage Nyerere to Mr Ruksa (the one who gives permission) Ali Hassan Mwinyi. Under Ruksa, politicians and individuals are permitted to amass wealth by any means, something which was prevented under the Arusha Declaration, at least for the political leaders.

The shift to capitalism came to be associated in Tanzania with the rise of corruption within the party and government ranks and threatened the country's political stability. In response, Benjamin Mkapa's presidential campaign focused on fighting corruption, hence the title of Mr Clean. Barely

1 The name Tanganyika was shortened to Tan and Zanzibar to Zan. Letters were added to form the name Tanzania.

2 While most commentators have regarded the post-Arusha Declaration phase in Tanzania as the pursuit of Socialism, Miti has always maintained that the post-Arusha Declaration policies were oriented more towards nationalism than socialism. See Katabaro Miti, 1980. Nationalism or Socialism: The Debate about the Arusha Declaration Era in Tanzania, PhD Thesis, Department of Political Economy, University of Toronto.

two months after his swearing in as president, he appointed the Warrioba Commission (January 1996) to advise him on how to tackle corruption. Jakaya Mrisho Kikwete also made anti-corruption his main presidential slogan in 2005. But by the time each of these presidents left office, the country was more corrupt than when they came in. The question then was how different Magufuli's tenure was going to be from those of his predecessors. What were his chances of ending rampant corruption, which is generally seen as a crude form of primitive accumulation under capitalism, which the country had welcomed with open arms under the Mkapa and Kikwete presidencies?³

Chapter three addresses this issue of anti-corruption in Tanzania. It starts by looking at the fight against corruption, particularly under Mkapa and Kikwete, then examines the various legislations and programmes under the two regimes. The conclusion reached is that the failures of the two governments stem from the fact that the fight against corruption was externally driven and the legislations were meant to satisfy the external stakeholders (development partners who paid for the anti-corruption programmes). The political elites in Tanzania did benefit from corruption and encouraged corrupt practices to fill their pockets. The central question then is what changed under Magufuli.

It was clear as he came into power that the public had lost trust and confidence in the government. Something had to be done to restore the people's confidence in their government. He focused his attention on fighting corruption in the areas where it was most apparent, namely public procurement, revenue collection, the administration of justice, police, health care, education and utilization of public resources. He used public shaming and firing of public officials to create enough fear among civil servants and political appointees to cut down on corrupt practices. Furthermore, he centralized control over government revenue collection and allocation into his office, thereby limiting spillage of state resources. This did not end all corruption but assured the citizens that something was being done about it.

Chapter four discusses Magufuli's focus on industrialization. Transforming Tanzania into an industrialized country has remained the country's holy grail since independence, and a lot of strategies have been produced with little being achieved (Morrissey and Leyaro 2015; Page 2016). The chapter, therefore, starts by examining the various strategies used to promote industrialization since Nyerere's regime when the First Five Year Development Plan was produced in 1964. Since

³ For more information on this aspect of primitive accumulation, see: Khan M H and Gray H. 2005. State Weaknesses in Developing Countries and Strategies for Institutionalizing Reforms – Operational Implications for Anti-corruption Policy and a Case Study of Tanzania. A report commissioned by the Department of International Development (DFID).

then, we have had: The Long Term Industrial Strategy 1975–1985, in which the state was to act as the main driver of industrialization; The Sustainable Industrial Development Policy 1996-2010, produced by Mkapa, which was to be spearheaded by the private sector after the privatization of state-owned enterprises; and The Integrated Industrial Development Strategy 2025 produced by Kikwete. Any discussion about Magufuli’s industrialization drive had to take into account what had been done before.

One also had to place Magufuli’s plans within the existing realities of Tanzania’s industrial (manufacturing) sector and its constraining factors to any future growth. Unless one understands the sector composition of manufacturing in the country and the interlinkages within each sector and between sectors, one cannot do justice to the debate on Tanzania’s industrialization. These provide the broad context in which Magufuli had to operate. There is currently a lack of linkage within the various sectors. Privatization under Mkapa destroyed any linkages that had been forged in the earlier period. On top of that is the fact that the manufacturing sector remains dominated by small producers that use old technologies. These small enterprises are not graduating into medium enterprises but instead are experiencing a high failure rate. Besides, there is an over-dependence on imported materials and intermediate inputs.

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The above put limits on Magufuli’s desire to industrialize the country. Looking at the Five Year Development Plan 2016/17-2020/21 and the subsequent budget allocations, one wonders how he was going to achieve his industrial dream by 2025. His flagship projects (which were mainly focused on infrastructure) and his selected priority areas were not likely to drastically change the country’s manufacturing outlook. What can be noted here was the determination on the part of the Magufuli government to push through projects that had been in the pipeline for a long time. The implementation of these projects, however, was dependent on securing enough external funding to carry them through. The biggest danger was the re-emergence of the economic crisis of the 1970s and 1980s when Tanzania could not meet its debt obligations. To allay these fears, the government constantly repeated that the current debts are sustainable and fall within the limits set by the IMF. The issue of debts is discussed in the concluding chapter six below. It is unfortunate that Magufuli passed on before the fruits of his industrialization drive could be realized, but it is necessary to point out that his initial assessment and his proposed way forward, elaborated in his four steps to industrialization in his November 2015 inaugural speech to parliament, were not based on a realistic appraisal of the country’s situation.

The second major concern for Magufuli was to increase government revenue. This is addressed in chapter five. It attracted more attention for two main reasons. One is that, for a long time, the

fastest-growing sector of the economy, gold mining, virtually paid no tax thanks to the mining development agreements negotiated between the government and the mining companies. The 2015/16 auditor's report noted that instead of collecting the taxes from the mining companies, the Tanzania Revenue Authority (TRA) was giving out refunds on mineral exports to the companies. This amounted to TSh 1.444 trillion between 2012 and 2016. This was on top of all the tax exemptions given to the mining sector under the mining development agreements. The loss from incentives given to the mining sector was estimated for the financial year 2011/12 to be to the tune of TSh 1.806 trillion or 4.4 per cent of the country's Gross Domestic Product (GDP), 27.4 per cent of all the taxes collected and 9.4 per cent of government expenditure (CRC Sagoma 2013). It should not be surprising that increasing government revenue meant making mining companies pay taxes. Second, revenue collection had been marred in corruption, not only for the mining sector but for all other sectors. A lot of companies avoided paying import duties. It should therefore not be surprising that Magufuli's anti-corruption focus was on the TRA and the port authority.

Increasing government revenue, therefore meant taxing the mining companies that had been making huge profits from Tanzania's existing mining regime. One, therefore, needed to understand the evolution of the country's mining policy, which was worked out with the technical assistance of the World Bank, or more accurately, under pressure from the World Bank. Tanzania produced a Mining Policy in 1997 and a Mining Act in 1998, with technical assistance from the World Bank. The Tanzania public was dissatisfied with both the policy and the act and urged the government to review both. The government responded by appointing a committee (Kipokola Committee) in 2004 and another (Masha Committee) in 2006 and finally a commission of inquiry (Bomani Commission) in 2007 which gave its report in April 2008. But the new mining policy issued in 2009 did not produce any substantive changes, again under pressure from the World Bank. Magufuli's barrage of new legislations in 2017 completely changed Tanzania's gold mining regime. While these changes are worth celebrating, one needs to note that the new mining frontier has now shifted to gas and there is hope that Tanzania might join the Petro States (Isaksen et al. 2017). The gas sector, however, has different dynamics. Efforts were made before Magufuli's rise to the presidency to apply lessons learnt from gold mining, to ensure that the country benefited from the anticipated gas revenue. Thus, a number of policies and acts were passed. These include the National Gas Policy for Tanzania in 2013, the Energy Policy in 2015, the Petroleum Act in 2015 and the Oil and Gas Revenues Management Act in 2015. Unfortunately, Magufuli died before striking a deal with the investors in the gas sector.

What should one say about Magufuli's promises to the nation? One can realistically say that

there was progress in the fight against corruption. There was a growing trust in the government's administrative machinery and a slowdown in open corruption. But will the zeal with which Magufuli combatted corruption continue under his successor? As long as the anti-corruption process is not properly institutionalized and accepted by the political leadership, corruption will continue to raise its head under a presidency that chooses to benefit from it.

There have also been successes in changing Tanzania's gold mining regime. This has definitely led to an increase in government revenue, which Magufuli's government boasted about. However, agreements in the gas sector have been left to Magufuli's successor. Furthermore, the verdict on industrialization was not very positive, in the sense that the issue of linkages within and between the various manufacturing sectors had yet to be addressed. Magufuli's opening speech to the 12th parliament in November addressed many issues, but their implementation now falls on the shoulders of his successor. The guiding principle for industrialization has remained Rweyemamu's (1976) ranking of industrial projects using social cost criteria and selecting only those which show a relatively high rate of return up to the point where the budget constraints become binding.

The concluding chapter six, "Constraints and Challenges to Tanzania's Development: Leadership, Debt and International Pressure", argues that the basic challenges to Tanzania have remained the same. In a situation where the president is given extensive powers, it falls on the incumbent to elaborate and drive the national development strategy for the country. Personal leadership is critical to the direction a country takes. This is not to downplay other important factors like the economic and political realities. Critical also to Tanzania's development has been how external pressures and interests are handled. This has been based on how dependent the country is on external resources. Magufuli's contribution has been to inspire the citizens to believe that the country can achieve much more by relying on its own resources. Thus, raising the government's own revenue is critical to national development. This does not mean that external resources are not needed but that one should be prudent in managing the national debt.