

## CHAPTER TWO

### The Political and Economic Context of Magufuli's Presidency

John Pombe Magufuli emerged as a Chama Cha Mapinduzi (CCM) presidential candidate at a hotly contested nomination process in July 2015 in Dodoma. There were 42 presidential hopefuls, a “who’s who” list of CCM members.<sup>1</sup> Surprisingly, every CCM member with some stature desires to become president of Tanzania. This is in part because the nomination procedure for presidential candidacy is very simple. One gets a nomination form at a cost of TSh 1 million (US\$ 500) and 450 signatures from members in 15 regions (including three regions in Zanzibar). This is followed by the vetting and shortlisting of the candidates by the CCM Central Committee and the National Executive Committee (NEC). Then, the shortlisted candidates are voted upon by the CCM National Conference. The person who wins more than 50 per cent of the votes becomes the CCM presidential candidate to be presented to the National Electorate during the presidential elections, together with other candidates from the other parties.

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<sup>1</sup> The CCM list of presidential hopefuls in 2015 was like a list of “who’s who” in the CCM party. It included a long list of ministers and MPs. Among these were: January Makamba (Deputy Minister of Science and Technology), Samuel Sitta (Minister of Transport), Hamisi Kigwangala (MP for Nzega), Mazengo Pinda (Prime Minister), Stephen Wasira (MP for Bunda), Lazaro Nyarandu (Minister of Natural Resources and Tourism), Bernard Member (Minister of Foreign Affairs), Edward Lowassa (former Prime Minister 2005-2008), Mwiguru Nchemba (Deputy Minister of Finance), Ali Karume (retired diplomat), Luhanga Mpina (MP for Kisesa), Makongoro Nyerere (Member of the East African Legislature), Mark Mwandosya (Minister of State), Frederic Sumaye (MP for Hanang and former Prime Minister 1995-2005), Sospeter Mhongo (former Minister of Energy and Minerals), Titus Kamani (Minister of Livestock and Fisheries), Hamina Salim (African Union Ambassador to the USA), John Pombe Magufuli (Minister of Works), Mohamed Bilali (former Vice President), William Ngeleja (MP for Sengelema and former Minister of Minerals and Energy 2008-2012), Mwele Malechela (Daughter of former Prime Minister John Malechela and Director General of the National Institute for Medical Research), Augustine Mahiga (Tanzania Permanent Representative to the UN 2003-2010 and UN special envoy for Somalia), Hassy Kitina (former Director of Tanzania Intelligence Security services), Monica Mbega (former Deputy Minister of Finance), Asha Rose Migiro (Minister of Justice and Constitutional Affairs and former UN Deputy Secretary General), A Ramathani (former Chief Justice), and H Mwakymbe (Minister of East African Cooperation).

The 2015 selection of the CCM presidential candidate was not as smooth as the previous one, mainly because two main factions within the party vying for the post, had emerged. At one end was the Edward Lowassa faction and at the other was the Jakaya Mrisho Kikwete faction. Ironically, in 2005 Lowassa and Kikwete had combined forces to push for Kikwete's CCM presidential candidacy. When Kikwete became president of Tanzania, Lowassa became the Prime Minister. Lowassa, however, was forced to resign his prime minister's post in 2007 following the Richmond – Tanzania National Electricity Company (TANESCO) scandal. (See discussion in chapter three on anti-corruption below.) The scandal turned the two erstwhile friends into rivals with Lowassa mobilizing to take over the presidency after Kikwete. At the vetting and shortlisting process at the Central Committee and National Executive Committee, the Kikwete faction manipulated the process and removed Lowassa from the presidential candidacy. The Lowassa faction retaliated by ensuring that none of the proposed candidates from the Kikwete faction received the 50 per cent support at the CCM national conference. This resulted in a stalemate,<sup>2</sup> and to break it, the matter was referred to the party elders, which is constituted of the former presidents and outgoing president for both the Union and Zanzibar, as well as the former and current vice-presidents and prime ministers of the Union and Zanzibar. It is this committee of elders compromised and put John Pombe Magufuli forward as a presidential candidate.

Two things were in Magufuli's favour. First was his not being aligned to any of the factions, since he was never a member of the CCM Central Committee or National Executive Committee where the factional battles were taking place. Second, he was well known for his work ethic, which he had shown as a minister under both the Mkapa and Kikwete presidencies. Following Magufuli's endorsement as the CCM presidential candidate, Edward Lowassa resigned from CCM to become the presidential candidate for the opposition – Chama cha Demokrasia na Maendeleo (CHADEMA). Lowassa was a formidable challenger at the following presidential elections, securing 38 per cent of the votes against Magufuli's 58 per cent.

Magufuli was born on 29 October 1959 in Chato, which was part of Biharamulo District in the then Lake Region. Subsequently, the region was divided into two – the East and West Lake region. The West Lake region came to be known as the Kagera region after Tanzania's war with Idi Amin of Uganda over the Kagera salient in 1979. In 1985, after completing a Diploma in Education at

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<sup>2</sup> For a more detailed discussion on how the factions were managed during the nomination process, see Machiko Tsubura. 2018. "Umoja ni Ushindi (Unity is Victory)" Management of Factionalism in the Presidential Nomination of Tanzania's Dominant Party in 2015. *Journal of Eastern African Studies*, Vol. 12. 1.

Mkwawa Teacher's College, he became a school teacher at Sengerema Secondary School. In 1988, he joined the Mwanza Cooperative Union, which then sponsored him for a BSc in education and an MSc in chemistry at the University of Dar Es Salaam (1994). He earned his PhD in chemistry from the University of Dar Es Salaam in 2009 while serving as a minister. His political career started in 1995 when he was elected to parliament from the Biharamulo East Constituency, which later became the Chato constituency when it was moved from Biharamulo District to form part of Geita District. This was also the time of the first multi-party elections in Tanzania (1995). He immediately became Deputy Minister of Works in Mkapa's first presidential term (1995-2000) and Minister of Works in his second tenure (2000-2005). Under Kikwete, he became Minister of Lands and Human Settlements (2006-2008), then Minister of Livestock and Fisheries (2008-2010) before returning to the Ministry of Works (2010-2015).

It is not the intention of this book to write a biography of Magufuli nor to find out what drove him to seek nomination to the presidency or analyse the driving forces that pushed him to adopt a more personalized leadership style or to push forward the selected policies and programmes. This we leave to subsequent historians. Our interest is in the actual policies pursued and whether Magufuli would succeed where his predecessors had failed. The starting premise was that a political leader's success or failure is partially determined by the existing political and economic realities and that the past has an impact on what can be realized in the present. It is for this reason that the book has adopted a historical approach in the discussion of Magufuli's short tenure in office. This starts by looking back at what his predecessors had done in the stated policies before moving on to what he actually did and achieved. It was important at the same time to place the actual policies within the broader political and economic changes that had taken place in Tanzania since its independence in 1961.

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## The Political Changes

Tanganyika gained its independence from Britain in December 1961.<sup>3</sup> Since then, the country has seen major political changes. The immediate change was becoming a republic in December 1962. In 1965, the country adopted a one-party state constitution. The decision to turn Tanzania

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<sup>3</sup> Tanganyika was initially a German colony known as German East Africa, which incorporated the current Rwanda and Burundi. These two became Belgian protectorates after the First World War in 1919, and Tanganyika became a British protectorate.

into a one-party state had been made in January 1963 by the TANU National Executive Committee (NEC). In 1964, a commission to work out the modalities of how this was to be operationalized was appointed, and it presented its report in early 1965.<sup>4</sup> The Tanzania Interim Constitution in 1965 institutionalized the one-party state in Tanzania.<sup>5</sup>

In principle, however, there were two parties in the newly created United Republic of Tanzania that incorporated Tanganyika (Tan) and Zanzibar (Zan) which includes the two main islands of Zanzibar and Pemba and a chain of smaller islands. These were the Tanganyika African National Union (TANU) for the mainland and the Afro Shiraz Party for Zanzibar. Zanzibar had been colonized by the Arabs from Oman in 1832, with the sultan as the ruler. Britain took over the administration of the island in 1890 under a protectorate arrangement in which it retained the sultan as the de facto ruler of the island. Zanzibar was granted independence on 10 December 1963 under a multiparty system but with the sultan as the political head. The main parties at the time of independence were the Afro Shiraz Party (ASP) (a merger of the African Association and Shiraz Association since 1957), the Zanzibar Nationalist Party (ZNP) and the Zanzibar and Pemba Peoples Party (ZPPP). The ASP staged a coup on 12 January 1964 and overthrew the sultan, Jamshid bin Abdullar. Tanganyika and Zanzibar (Julius Kambarage Nyerere and Abed Aman Karume) signed the articles of the union between Tanganyika and Zanzibar. In the created union, the government for Tanganyika (which now became Tanzania) functioned as the union government and the government of the Tanzanian mainland. Zanzibar retained its own government, but, did not have control of two main areas of governance – foreign affairs and defence. The two constituted the union government, which has

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4 United Republic of Tanzania. 1965. Report of the Presidential Commission on the Establishment of a Democratic One Party State. Dar Es Salaam, Government Printer. Nyerere's ideas on the one-party state had been developed much earlier in 1961. Julius K. Nyerere. 1961. "One Party Government". Transition, Kampala. See also Henry Bienen. 1964. "The One Party and No Party State: Tanganyika and the Soviet Union". Transition, Kampala.

5 The new constitution came in the wake of an army mutiny in Tanganyika in April 1964. Until then, the army, or the Kings African Rifles, was still commanded by British officers, with the highest-ranked Tanganyikan being a lieutenant. The mutiny resulted in the creation of the Tanganyika Defence Forces (TPDF) under civilian and party control and the appointment of political commissars in the army. In later political developments, the army was regarded as a party region for the purpose of electing army officers into the party's highest policy-making organ – The National Executive Committee. For details of the mutiny, see Frene Ginwala. 1964. "The Tanganyika Mutiny". The World Today, London and Henry Bienen. 1965. "National Security in Tanzania after the Mutiny". Transition, Kampala (April).

remained the de facto situation to date.<sup>6</sup>

The existence of two parties under a one-party state constitution in Tanzania continued until 1977 when the two parties merged to form Chama Cha Mapinduzi (CCM) – the Revolutionary Party. This merger was preceded by the amendment of the 1965 constitution preamble to read: “all political activity in Tanzania shall be conducted under the auspices of the party and the functions of the organs of state of the United Republic of Tanzania shall be performed under the auspices of the party”. It is this that introduced what has been generally referred to as “party supremacy”, which remained in force until 1992 when the multiparty system was recreated.<sup>7</sup>

The central issue under the one-party state and party supremacy was the relationship between the party structures/institutions and the government structures and institutions, and more specifically, the relationship between the National Executive Committee of the party and parliament and the bureaucracy/cabinet. The centrality of the party in Tanzania was best expressed in the 1971 Party Guidelines known as “Mwongozo”. It states in the second paragraph that “the responsibility of the party is to lead the masses, and their various institutions, in the effort to safeguard national independence and to advance the liberation of the African: The duty of a socialist party is to

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6 There have been several challenges to the union structure and calls to change the articles for the union. The first challenge came in 1984 when Aboud Jumbe, then president of Zanzibar, called for the institution of three governments – a separate government for Tanganyika, the government of Zanzibar and a weak union government. Because of this proposal, Aboud Jumbe was forced to resign as Zanzibar’s president and was replaced by Ali Hassan Mwinyi, who proceeded to become president of Tanzania in 1985. The issue of three governments re-emerged in 1993 following the Zanzibar government joining the Organisation of Islamic Countries (OIC) without consulting the union government. Fifty-five members of the union parliament (popularly known as the G55) demanded the restoration of the Tanganyika government and the institution of a separate union government. This was apparently at the time when the multiparty system had just been reintroduced and threatened to divide the CCM party. For details, see Katabaro Miti and Athuman Liviga. 2002. “Nyerere’s Contribution to Tanzania’s Stability”. In Bayona ELM et al (eds) *Peace, Unity and People Centred Development: The Legacy of Mwalimu Nyerere*. University of Venda for Science and Technology and the Mwalimu Nyerere Foundation. See also Julius Kambarage Nyerere. 1995. *Our Leadership and the Destiny of Tanzania*. African Publishing Group, Harare; Issa Shivji. 2008. *Pan Africanism or Pragmatism: Lessons of Tanganyika Zanzibar Union*. Tanzania, Mkuki na Nyota Publishers; Aboud Jumbe. 1994. *The Partnership: Tanganyika Zanzibar Union: Thirty Turbulent Years*. Tanzania, Amani Publishers; Anthony Clayton. 1981. *The Zanzibar Revolution and its Aftermath*. Handen CT: Anden Books.

7 For a discussion on the implications of a one-party state and party supremacy on the government and its related institutions, see Katabaro Miti. 1980. “Party and Politics in Tanzania”. *Utafiti*, Vol. V No. 2; Katabaro Miti. 1991. *Governance Crisis and People’s Response in Tanzania*. Report to the African Association of Public Administration and Management (AAPAM), Addis Ababa, Ethiopia; Pius Msekwa. 1977. *Towards Party Supremacy*. Nairobi, East African Literature Bureau; Harry Goulbourne. 1977. *The Role of the Political Party in Tanzania since the Arusha Declaration*. Mimeo, University of Dar Es Salaam.

guide all the activities of the masses. The government, parastatals, national organizations, etc; are instruments for implementing the party's policies".<sup>8</sup>

The monolithic political system that emerged under the one-party state and party supremacy led directly to the creation of a single party on 5 February 1977, which was to run the affairs of government both on the mainland and on the islands. President Nyerere had called for the merger of TANU and ASP at a public rally commemorating TANU's foundation on 7 July 1976. This was followed by a 20-person commission from ASP and TANU. All but 14 of the branches of the two parties supported Nyerere's proposal, leading to the merger of ASP and TANU to form Chama Cha Mapinduzi (CCM).

The monolithic political system came to an end in 1992 when Tanzania amended its constitution to allow multipartyism. This came about with the passing through parliament of the 1992 Political Parties Act. What is important to note here is the fact that Nyerere, who had been the architect of the one-party state and party supremacy, was the main champion of the formation of the multiparty system in Tanzania. Following global changes in 1989 that saw the defeat of communism and massive reforms in Eastern Europe, Nyerere suggested in his speech to the CCM Youth Wing Conference in 1990 that Tanzania should take steps to effect necessary changes to its political system. He went on to say that the CCM should not wait any longer for it would be disastrous if it did not manage the changes. In response to this speech, President Ali Hassan Mwinyi formed a commission under Chief Justice Nyalali (hence the title, the Nyalali Commission) to make recommendations on whether to retain a one-party system or adopt a multiparty system. The commission proposed a multiparty system despite contrary opinions from the public.<sup>9</sup>

The one-party state and party supremacy had in fact strengthened the presidential powers because he held both, the presidency of the party and the presidency of the country. This allowed what would be termed an imperial presidency under which the president had a free hand to determine both the political and economic processes in the country. While two competing groups emerged within the leadership – the radicals concentrated in the party pushing for more socialist-oriented policies and the pragmatists concentrated within the government machinery – neither could challenge presidential powers. The term used to explain this scenario in Tanzania is “political settlements” (Cooksey 2011, Andreoni 2017, Kelsall 2018). A political settlement is defined by Kelsall (2018) as an implicit or explicit agreement among powerful groups or factions about the rules of

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8 TANU. 1971. TANU Guidelines (Mwongozo). Dar Es Salaam, Government Printer.

9 Nyalali F. 1991. Report of the Presidential Commission on Single or Multiparty System. Government Printer, Dar Es Salaam.

the political game, the organisation of power and who benefits from it. The agreement is based on the balance of power between contending groups in which there is co-opting or repression of the potential disruptive groups. Kelsall uses the terms “dispersed” and “concentrated” to signify the power accorded to the presidency under the political settlement.

The economic crisis starting in the early 1980s culminated in the reversal of Tanzania’s socialist path discussed briefly below and in more detail in chapter four. The end result was a new political settlement under Ali Hassan Mwinyi’s presidency (1985-1995). The emerging conflicts were now between the socialist-oriented faction within the party, which lost control with the scrapping of the leadership code in February 1991 by the National Executive Committee meeting in Zanzibar (hence the term the Zanzibar Declaration), and the new faction supporting liberalization and the opening up of the entrepreneurial space. This new group included the bureaucrats and politicians who were now free from the leadership code and keen to use their positions in government for private gain and to indulge in privatized rent-seeking arrangements.<sup>10</sup>

Nyerere, as a father figure, came to influence the selection of Mwinyi’s successor. He prevented the business-oriented faction from taking over the presidency. According to Andreoni (2018), Nyerere vetoed the nomination of Edward Lowassa, who was associated with business individuals like Rostan Aziz and Jeetu Patel and imposed Mkapa, a career bureaucrat and diplomat portrayed as “Mr Clean”, on the party.<sup>11</sup> This might explain Mkapa’s focus on corruption in his first term as president, which will be discussed later.

The death of Nyerere in 1999, the continued market liberalization process, the sale of parastatals and the entry of external investors changed the balance of forces. In the run-up to the 2000 elections, Mkapa had to align himself to an emerging powerful group of businessmen, bureaucrats and some politicians keen on using the state to advance their private interests. Kelsall (2018) thus notes that:

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10 The rise of the new faction was indicated by the growing number of presidential hopefuls from the CCM camp in 1995. Those who sought presidential nomination included the Speaker of the National Assembly Pius Msekwa; the former Prime Minister and Minister of Finance Cleopa David Msuya; the Prime Minister and first Vice-President Joseph Sinde Warioba; the Vice-Chairman of the party and former Prime Minister Joseph Malecela; the former Secretary-General of the party Horace Kolimba and current ministers Jakaya Mrisho Kikwete, Edward Lowassa, Benjamin Mkapa and Njelu Kasaka; Judge Mark Bomani, a member of the National Electoral Commission; and Rutakyamilwa, a former ambassador. It was this factionalism that prompted Nyerere to publish his booklet, *Our Leadership and the Destiny of Tanzania*, referred to above.

11 President Mkapa disputes the fact that President Nyerere was behind his nomination in his biography while acknowledging his support during the presidential campaign. See Benjamin William Mkapa. 2019. *My Life, My Purpose: A Tanzanian President Remembers*. Dar Es Salaam: Mkuki na Nyota Publishers.

Despite the formal democratic and good governance institutions the state adopted the unwritten rules of the game – a kind of compromise among the CCM factions, foreign donors and the opposition that CCM must win elections at all cost, but the illusion that the opposition could win should be maintained; and politicians and public officials can use their offices for party or private gain, but not without limit and so long as they don't get caught.

26 This, however, shifted the power from the presidency to influential, albeit loose, money-making factions, in which politicians/businessmen loomed large and provided vital campaign finance to the party as well as to the lower party factions. This played an increasing role in choosing the presidential candidate and expected to be patronized accordingly. It is this that explains the "Takrima" legislation in 2000 just before the elections.<sup>12</sup> By the time of the 2005 elections, the money-making factions had taken control of the party and used their money and influence to catapult Kikwete to the presidency. This, however, weakened the presidential control of what Cooksey (2011) refers to as rent-seeking, which he defines as the capture of public regulatory power by private interests to create and capture rents. For him, rent-seeking is centralized when the head of state, designated individuals or an agency within the state apparatus under presidential control are directly involved in the identification and negotiation of large rent-seeking projects. A powerful presidency will threaten to impose sanctions against public and private actors who launch projects without their knowledge or prior approval. In a decentralized and uncoordinated setup, rent-seeking becomes competitive and can degenerate into a downward spiral of plunder, extortion and patronage spending. This is what happened under Kikwete's presidency, which saw the rise of uncontrolled factionalism within the ruling party. This led to the conclusion by the ODI report (2014) that:

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12 This refers to the Electoral Law (Miscellaneous Amendments) Act of 2000 and the Takrima provisions in sections 98 (2 and 3), which state that: (2) For the purpose of section (1) anything done in good faith as an act of normal or traditional hospitality shall be deemed not to be treating. (3) Normal or ordinary expenses spent in good faith in the election campaign or in the ordinary course of election process shall be deemed not to be treating, bribery or illegal practices. This was challenged by the opposition only after the 2005 elections. The case was finalized by the High Court just before the 2010 elections. The Court declared that the Takrima provisions violated the constitution and were therefore null and void. This led to the passing of the Electoral Expenses Act 2010, whose full title is: An Act to make provisions for the funding of nomination process, election campaign and elections with the view of controlling the use of funds and prohibited practices in the nomination process, election campaigns and elections; to make provision for allocation, management and accountability of funds and to provide for consequential and related matters.



The current political settlement is an unstable alliance of private and public interest groups practicing competitive patronage around the ruling party and president. Growing competitive factionalism has increased the costs of keeping the ruling elite together, while the attendant corruption and disarray in public administration weaken its popular base and play into the hands of the opposition.

Factionalism within the party became more visible with the growing grand corruption, that is, corruption involving high-ranking politicians, that came into the open in Kikwete's second term and forced him to distance himself from the group that financed his rise to power (now referred to as "mafisadi" rooters of the state) and try to link himself to a new group referring to itself as "CCM safi".<sup>13</sup> The factionalism within the party reached its peak at the 2015 CCM presidential nomination. The incumbent president Kikwete refused to support Lowassa's nomination headed by the mafisadi group, which in turn blocked the nomination of any candidate put forward by the president.<sup>14</sup>

The election of Magufuli, according to Kelsall (2018), resulted in a new type of political settlement based on the premise that CCM shall win the elections at all costs, the pretence that the opposition might win needs no longer to be upheld and party and state officials will use their offices for public service, not gain.<sup>15</sup> For this to work, you need a centralized political settlement

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13 Oxford Analytica (2009) notes that CCM mafisadi refers to CCM figures tarnished by accusations of corruption (fisadi) and noted that the group was led by former Prime Minister Lowassa, Rostan Aziz (MP and former CCM treasurer), Andrew Chenge (former Attorney-General and infrastructure minister) and Yusuf Makamba (the party Secretary-General). CCM safi referred to vocal anti-corruption or pure (safi) political figures led by Samuel Sitta the National Assembly Speaker.

14 This fact is pointed out by Emmanuel Nyamajeje (2015). He writes that Magufuli was settled on by the party hierarchy and ordinary delegates as the perfect compromise candidate. In this, the party needed someone who was adequately competent but who did not command a significant independent national support base. This decision was informed by the need to restore unity following rifts caused by the tough battle, especially between the powerful camps aligned to Lowassa and Membe, that threatened to split the ruling party. Ex-president Benjamin Mkapa has been identified by sources privy to proceedings as a key influencer in the decision to endorse Dr Magufuli. This analysis is supported by Andreoni (2018), who wrote that it was conflict between Kikwete and Lowassa that opened the space for a new consensus between the more traditional CCM factions around the still influential former president Mkapa and factions around Kikwete to agree on Magufuli as a way to avoid a split of the party and lose elections.

15 This was strongly emphasized in Magufuli's inaugural speech to parliament. He stated: "I promise that I will form a government that will serve the wananchi, especially ordinary citizens. I urge all public servants, especially the negligent and lazy, to get prepared. For a long time, they have been tolerated with, but enough is enough. Such public servants will no longer be tolerated in the government that I will lead. Such statements as 'this is a challenge that we will deal with' or 'the process is still going on' will not be tolerated by the fifth-phase government. I want people who will stick to the principle of 'work must be a priority'. We cannot entertain people who receive salaries but don't earn them, or those who turned public offices into processes of making money without working to earn it."

in which the president controls rent-seeking as noted by Cooksey (2011). What Magufuli did after his election was to assert presidential control. His high anti-corruption crusade of blaming and shaming allegedly corrupt people in both public and private sectors and his direct involvement in anti-corruption operations backed by the police and intelligence was intended to instil fear and respect for the presidency. This show of control – including surprise visits to state institutions and direct control over the national purse by directly allocating resources to regions and districts (as in the case of schools where money is transferred directly to principals with copies of the transfer sent to Regional and District Commissioners) and determining when and how those operating tenders with the government should be paid – was intended to proclaim the nature of the new political settlement and establish his consolidation of power.

## The Economic Changes

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At the economic level, two main things can be identified in Tanzania's independence development. These are the continuous drawing of economic plans and the recurrent economic crisis that made it impossible to implement the set plans. The process of economic plans started with a Three Year Development Plan 1961/1962-1963/1964. This was drawn up with the assistance of the World Bank. Under this plan, Tanzania's development was to be based on agriculture through what was termed the improvement and transformation approaches. The improvement approach meant the expansion of extension work, credit provision, market outlets and cash incentives to farmers already engaged in cash production so as to increase their productivity. The transformation approach stood for the establishment of supervised settlement schemes to replace the existing pattern of shifting cultivation and living in scattered hamlets and the introduction in these new settlements of improved farming techniques and essential social services – in short, villagization, as it came to be known in the post-Arusha Declaration period. In this set-up, industrial development was to be tied to agricultural development, the development of the national market depending on agricultural growth.<sup>16</sup>

The second plan was a 15-year plan 1964-1980, which was to be implemented as three five-year plans. The general objectives were to raise income per capita from TSh 400 to TSh 900 by 1980, to meet the manpower needs of the country by 1980 and to increase the national life span from 35 to

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<sup>16</sup> See Katabaro Miti. 1983. "The Nationalist Solution to the Accumulation Crisis in Tanzania". *The African Review*, Vol. 10, No. 1.

50 years. The first phase was the 1964-1969 Five Year Development Plan. There was, by this time, a shift from the country's agricultural/rural development focus to industrialization. Given the lack of local capital, this process was expected to be spearheaded by foreign private sector investments. Unfortunately, the expected inflow of investments never materialized and instead, there were massive outflows of investments from the country to the tune of TSh 336.4 million in 1964 alone. The situation was made worse by a massive fall in export surplus due to a landslide fall in the prices of Tanzania's main cash crop, sisal, in 1965/66. It is, in fact, the above situation that forced Tanzania to adopt the Arusha Declaration in 1967. Two statements stand out in the Declaration:

1. It is stupid to rely on money as the major instrument of development when we know only too well that our country is poor. It is equally stupid, indeed even more stupid, for us to imagine that we shall lift ourselves of our poverty through foreign assistance rather than our financial resources.
2. Because of our emphasis on money, we have made another mistake. We have put too much emphasis on industries. Just as we said "without money there can be no development" we seem to say "without industries there is no development"..... The mistake we are making is to think that development begins with industries. It is a mistake because we do not have the means to establish industries in the country. We do not have the necessary finances or technical know-how. (Nyerere 1968: 235 and 241).

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Two main economic policies emerged from the Arusha Declaration: Firstly, the pursuit of agrarian socialism to transform not only agriculture, per se, but also the entire rural sector and secondly, state-led development in all the other sectors of the economy. This new focus was clear in the Second Five Year Development Plan (1969-1974) that followed after the Arusha Declaration. But as with the First Five Year Development Plan, things did not work out as expected as the country was faced with massive food shortages between 1973 and 1975. The food import bill for 1974-1975 was a staggering TSh 1.4 billion. This resulted in the fall of the net official reserves from over TSh 1 billion in December 1973 to a negative balance of TSh 87 million in December 1974. Similarly, a trade balance registered a large deficit of TSh 2.57 billion in 1974 compared with a deficit of TSh 979.3 million in the preceding year.<sup>17</sup>

Two basic explanations have been advanced for the food crisis. Von Freyhold (1976) and Tandon

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17 For details of the food shortages and the agrarian crisis during this period, see Katabaro Miti. 1989 "Agrarian Crisis in Tanzania 1970 - 1980", In CK Omari, *Persistent Principles amidst Crises*, Nairobi, Uzima Press and Katabaro Miti. 1989. "Ujamaa et Strategies de Development", In H Batobo and D Martin, *La Tanzanie: L'utopie a L'épreuve*, Paris: CER.

(1978) attribute the crisis to Tanzania's agricultural emphasis and bias towards cash crops that bring in foreign currency rather than food crops. The IBRD and IDA (1974) and Lofchie (1978) attribute the food shortages to the movement into ujamaa villages and collectivization in general that took place in the preceding years. While these explanations are important, it is important to note that it is the long-term effects of these food shortages that caused the most severe economic problems for the country as they increased the country's indebtedness to external aid donors and a balance of payment problem that became critical in the early 1980s. This forced the country to change its economic direction under external pressure. The details of these changes are discussed in chapter four.

The preoccupation with planning continued unabated, however. A series of economic plans were produced after Nyerere's Third Five Year Development Plan (1976-1981), but these were similarly interrupted by the foreign exchange crisis to which the country responded by producing the National Economic Survival Programme (1981/82) and the Structural Adjustment Programme (SAP) (1982-1986) and the First Economic Recovery Programme (ERP) (1986-1989). These are touched upon in chapter four. Additionally the various industrial strategies drawn by the preceding presidents, highlighted in chapter one and discussed in chapter four, should be added to this list. The policies pursued by Magufuli during his five-year presidency must take into account both the political and economic changes discussed above.