



A Capitalizing City: Dar Es Salaam and the Emergence of an African Entrepreneurial Elite (C. 1862-2015)

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A Capitalizing City: Dar es Salaam and the Emergence of an African Entrepreneurial Elite
(c. 1862-2015)

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A Capitalizing City: Dar es Salaam and the Emergence of an African
Entrepreneurial Elite (c. 1862-2015)

A dissertation presented

by

Chambi Chachage

to

The Department of African and African American Studies

in partial fulfillment of the requirements

for the degree of

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in the subject of

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Elite (c. 1862-2015)**

Abstract

A Capitalizing City charts the ways some people of African descent in Dar es Salaam, the commercial and industrial capital of Tanzania, have attempted, historically, to either integrate into the modern capitalist system or produce an alternative global economy through business, against the racial odds inherent in the world economic order. After the birth of global capitalism in the 16th century, the continent of Africa experienced the twin tragedies of slavery and colonialism, both of which limited the birth and growth of big black business worldwide. However, Africa's entrepreneurial elite and their businesses managed to emerge during a highly exclusive first global economy of the long 19th century and some managed to endure the transition to – or even succeed in – a relatively inclusive second global economy of the long 20th century.

The conventional story is that Africans were spectators in, or victims of, the rise of capitalism and spread of capitalist ventures. While acknowledging the role of capital in devaluing African labor through primitive accumulation, this dissertation also argues that there is a section of Africans – the entrepreneurial elite – who capitalized on both the colonial and socialist moments to become relatively successful. By first looking at how merchant capital penetrated the East African coast, the dissertation unpacks how capitalist relations between traders, financiers, laborers and administrators led to the construction of Dar es

Salaam as a commercial and industrial capital of Tanzania after overtaking Bagamoyo and Zanzibar.

As a capitalizing city, Dar es Salaam became the melting pot for the making of an African entrepreneurial elite who, in the process, also participated in its commercialization and industrialization. It is during this phase, the dissertation underscores, that they forged bourgeoisie sensibilities and embraced the culture of capitalism that seemed crucial for succeeding in big business. The dissertation also notes that the ascent of African intellectuals of capital, especially during the neoliberal transition from socialism to postsocialism, played a significant role in legitimizing capitalism in a country whose state had once eschewed privately-owned big business.

By refocusing on Africans who proactively participated in the birth and growth of capitalism through business on the continent, this dissertation highlights how the emphasis on social histories of the marginalization of the downtrodden can overlook the plights and agencies of those deemed privileged. The history of capital in Africa's commercial and industrial capitals, such as Dar es Salaam City, is not only about the African laboring masses; it is also about aspiring African captains of industry and commerce who had to contend with the intersectionality of class, race and gender to find a seat at the table of global capital.

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Abbreviations

ACA	African Commercial Association
ACB	Akiba Commercial Bank
AFTI	Africa Free Trade Initiative
AGOA	African Growth and Opportunity Act
AGSA	IMF Advisory Group for Sub-Saharan Africa
AID	Agency of International Development
AML	Anche Mwedu Limited
APDF	Africa Project Development Facility
APLF	African Productivity Loan Fund
APPG	All Party Parliamentary Group
ASP	Afro-Shirazi Party
ATC	Air Tanzania Corporation
ATCL	Air Tanzania Company Limited
BAT	British American Tobacco
BBL	Bonite Bottlers Limited
BEST	Business Environment Strengthening for Tanzania
BNCU	Bukoba Native Cooperative Union
BOT	Bank of Tanzania
BPE	Bureau for Private Enterprises
BRELA	Business Registration and Licensing Agency
CAG	Controller and Auditor General
CBD	Central Business District
CCM	Chama Cha Mapinduzi
CDA	Dodoma Capital Development Authority

CDC	Commonwealth Development Corporation
CEO	Chief Executive Officer
CEOt	CEO Roundtable
CFP	Center for Privatization
CHADEMA	Chama cha Maendeleo na Demokrasia
CHC	Consolidated Holding Corporation
CIS	Commodity Import Support
COSATA	Cooperative Supply Association of Tanganyika
COSTECH	Commission for Technology
CSC	Corporate-State-Civil Society
CSR	Corporate Social Responsibility
CTI	Confederation of Tanzania Industries
DARCH	Dar es Salaam Center for Architectural Heritage
DEG	German Investment and Development Company
DMT	Dar es Salaam Motor Transport
DOAG	Deutsch-Ostafrikanische Gesellschaft
DP	Democratic Party
DSE	Dar es Salaam Stock Exchange
EAA	East African Airways
EADB	East African Development Bank
EAF	East Africana
EDF	Entrepreneurial Development Fund
EEC	European Economic Commission
EIM	Equity Investment Management Limited
EPSL	Enhancing Public Services Project

ERP	Economic Recovery Programme
ESRF	Economic and Social Research Foundation
FDIs	Foreign Direct Investments
FED	Finance and Enterprise Development
FMO	The Netherlands Development Finance Company
GDP	Gross Domestic Product
HC	House of Commons
HL	House of Lords
ICC	International Chamber of Commerce
ICSID	International Center for Settlement of Investment Disputes
ICTs	Information and Technology Communications
IDA	International Development Association
IFC	International Finance Corporation
IFIs	International Financial Institutions
IIG	Infotech Investment Group
IIR	International Investors Roundtable
ILO	International Labour Organization
IMF	International Monetary Fund
INTRATE	International Trading and Credit Company of Tanganyika Limited
IPC	Investment Promotion Center
ISI	Import Substitution Industrialization
ITV	Independent Television Limited
KNCU	Kilimanjaro Native Cooperative Union
KQ	Kenyan Airways
LDCs	Least Developing Countries

LDLF	Local Development Loan Fund
LIR	Local Investor Roundtable
MECCO	Mwananchi Engineering and Construction Company
MIGA	Multilateral Investment Guarantee Agency
MNCs	Multinational Corporations
MNF	Mwalimu Nyerere Foundation
MPs	Members of Parliament
NAO	National Audit Office
NAOT	National Audit Office of Tanzania
NBC	National Bank of Commerce
NDC	National Development Corporation
NEC	National Executive Committee
NECO	National Engineering Company
NEEC	National Economic Empowerment Council
NIC	National Insurance Company
NICO	National Investment Company
NICOL	National Investment Company Limited
NMB	National Microfinance Bank
NMC	National Milling Corporation
NORAD	Norwegian Agency for Development Cooperation
NPF	National Provident Fund
NRC	Nyerere Resource Center
NUTA	National Union of Tanzania Workers
OCC	Oversees Construction Company
PPF	Parastatal Pension Fund

PPP	Public-Private Partnership
PROPARCO	French Development Finance Institution
PSRC	Presidential Parastatal Sector Reform Commission
PW	Precision Air
PWD	Public Works Department
RNCU	Rungwe Native Cooperative Union
SAA	South African Airways
SOAS	School of Oriental and African Studies
SOEs	State Owned Enterprises
TANESCO	Tanzania Electric Supply Company Limited
TANU	Tanganyika African National Union
TANWAT	Tanganyika Wattle Company
TATEPA	Tanzania Tea Packers Limited
TATU	Tanganyika African Trade Union
TAWCA	Tanganyika African Welfare and Commercial Association
TBC	The Business Center
TBL	Tanzania Breweries Limited
TCAA	Tanzania Civil Aviation Authority
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TDFL	Tanganyika Development Finance Company Limited
TEXCO	National Textile Corporation
TIB	Tanzania Investment Bank
TIC	Tanzania Investment Center
TIPER	Tanganyika and Italian Petroleum Refinery Company
TISCO	Tanzania Industrial Studies and Consulting Organisation

TNA	Tanzania National Archives
TNBC	Tanzania National Business Council
TPA	Tanzania Ports Authority
TPSF	Tanzania Private Sector Foundation
TSL	Tanzania Security Limited
TTCL	Tanzania Telecommunications Company Limited
TVCF	Tanzania Venture Capital Fund
TWB	Tanzania Women's Bank Limited
TYL	TANU Youth League
UDNP	United Nations Development Programme
UDSM	University of Dar es Salaam
UHLF	Urban Housing Loan Fund
UMCA	Universities Mission to Central Africa
USAID	United States Agency for International Development
UTP	United Tanganyika Party
VFCU	Victoria Federation of Cooperatives Union Limited
WB	World Bank
WHL	Woolworths Holdings Limited
WTO	World Trade Organization

General Introduction

Indeed, whenever we try to help Africans to become capitalist shopkeepers, capitalist farmers, industrialists, etc., we find that most of them fail because they cannot adopt the capitalist practices which are essential to commercial success!
Julius K. Nyerere¹

On August 13, 2007 *The East African*, a newspaper based in Nairobi, Kenya, published parts of an interview with the then Director General of the Tanzania Investment Center (TIC), Emmanuel Ole Naiko, on the outcome of a trip of a high-level business delegation to Dar es Salaam, the commercial capital of Tanzania.² The former President of Nigeria, Olusegun Obasanjo, who had ended his tenure three months previously, led a group of leading Nigerian entrepreneurs to seek investments and forge business networks with their Tanzanian counterparts. Among them was Aliko Dangote, who six years later *Forbes*, a leading business magazine, would rank as the 25th richest person in the world.³

The then Investment Committee of the National Investment Company (NICO), a private firm under the board chairmanship of arguably Tanzania's leading businessman of African descent, Reginald Mengi, hosted them in Dar es Salaam.⁴ In Naiko's estimation, the meeting had finally started "to bear fruit" not least because Dangote had then "returned last

¹ Julius K. Nyerere, *Freedom and Socialism: A Selection from Writings and Speeches, 1965-1967* (Dar es Salaam, Oxford University Press, 1968), 44. Fondly known as *Mwalimu* (The Teacher), Nyerere was the first President of Tanganyika and the first President of Tanzania. Tanganyika, formally constituting German East Africa with Rwanda and Burundi, gained independence from Britain in 1961 and then united with Zanzibar in 1964 to form the United Republic of Tanzania (URT).

² Joseph Mwamunyange, "After Obasanjo's Trip to Dar, Nigerian Tycoon Wants to Invest \$3.2m," *The East African*, August 13, 2007, <http://www.theeastafrican.co.ke/business/2560-255510-uvkhn3/index.html>.

³ Mfonobong Nsehe, "Aliko Dangote is Africa's First \$20 Billion Man," *Forbes*, June 1, 2013, <http://www.forbes.com/sites/mfonobongnsehe/2013/06/01/aliko-dangote-is-africas-first-20-billion-man/>.

⁴ *Mengi v Hermitage* [2012] EWHC 3445 (QB), at [57].

week to look at the possibility of investing in the country.”⁵ Among the things that had impressed Dangote, Naiko further noted, “was Dar es Salaam because of the ongoing construction works in parts of the city.”⁶ He also visited Mtwara, a relatively small and impoverished urban center in southern Tanzania that is renowned for cashew nut production and gas exploration. As a result, he “expressed interest in putting up a cement factory at a cost of Tsh 400 million (\$3.2 million).”⁷

What these elitist entrepreneurial encounters underscore is the centrality of Dar es Salaam relative to other urban areas in the modern business history of Tanzania. This is in contrast to the medieval era when the city-state of Kilwa, in the southern coast of Tanzania, where the present-day towns of Mtwara and Lindi are located, played the central role in business.⁸ An analogy can be made with Kano, Dangote’s birthplace, in relation to Lagos, the commercial capital of Nigeria.⁹

A reversal of fortune that would lead Dar es Salaam, and not Kilwa or Bagamoyo that were dominant in the 16th and 19th centuries respectively, to emerge as a commercial and industrial center in the 20th century has been central to the rise of an African entrepreneurial

⁵ Mwamunyange, “After Obasanjo’s Trip to Dar, Nigerian Tycoon Wants to Invest \$3.2m.”

⁶ Ibid.

⁷ Ibid.

⁸ James Bird, “Commercial and Geographical View of Eastern Africa,” *The Bombay Times*, February 13, 1841, 104; Our Commercial Correspondent, “Some Trade and Finance,” *The Times of India*, May 9, 1901, 4; Basil Davidson, “Lost Glories of Ancient Africa,” *The Times of India*, July 28, 1957, 6; David Horne, “Mode of Production in the Social and Economic History of Kilwa to 1884” (PhD diss., University of California Los Angeles, 1984), 31; Edward A. Alpers, *Ivory and Slaves: Changing Pattern of International Trade in East Central Africa to the Later Nineteenth Century* (Berkeley: University of California Press, 1975), 40-41.

⁹ This is also to underscore the centrality of commercial capitals in relation to political capitals, in this case, Abuja and Dodoma, the respective Nigerian and Tanzanian capitals.

elite in Tanzania. In turn, the emergence of the latter has also been crucial in the meteoric rise of this city that, by 2012, had a population of about 4.4 million, risen from about 0.1 million in 1957 to 2.3 million in 2002; and which, at about 5.9 million in 2018, is projected to become a megalopolis of about 10.8 million by 2030.¹⁰

It is this lengthy and complex history of the emergence of an entrepreneurial elite in an African city that is the focus of this dissertation. Crucial to the rise of this economic class was the growth of the city as a center for social and financial capital flows. Hence, as an historian, one has to engage with the intersection of urban, economic and business histories to determine how such cities and elites have shaped each other historically and spatially. The global economy as a contradictory space of inclusivity and exclusivity is also significant, since it provided the context in which the two have emerged. That context enables one to explain why the presence of African entrepreneurs, as opposed to Asian and European ones, hardly manifest in the global capitalist arena prior to the 20th century, although Africa and its Diaspora have also been instrumental in the expansion of global capitalism.

This relatively conspicuous absence of captains of commerce and industry of African descent, in the case of Tanzania in general and Dar es Salaam specifically, is the main focus of this dissertation. However, it departs from prevailing accounts of their absence in the historiography. It does so by tracing their embryonic presence in precolonial and colonial Dar

¹⁰ “Sub-Divisional Population Projection for Year 2016 and 2017 Based on 2012 Population and Housing Census,” Tanzania National Bureau of Statistics, accessed June 6, 2017, http://www.nbs.go.tz/nbs/takwimu/census2012/Tanzania_Total_Population_by_District-Regions-2016_2017r.pdf; “2002 Census Population Distribution as per 2012 Population Census Administrative Units,” Tanzania National Bureau of Statistics, accessed June 6, 2017, http://www.nbs.go.tz/nbs/takwimu/census2012/Pop_dist_by_enumeration_area_as_per_2002_pop_and_housing_census.pdf; United Nations, *The World’s Cities in 2016: Data Booklet* (Washington: United Nations’ Department of Economic and Social Affairs, Population Division, 2016), 4, http://www.un.org/en/development/desa/population/publications/pdf/urbanization/the_worlds_cities_in_2016_data_booklet.pdf.

es Salaam and how, as a relatively distinct class, they emerged across two key phases in the postcolonial era – socialist and postsocialist – to become a force to reckon in political and economic affairs. In doing so, it also unpacks both their historical struggles and their relations with the relatively dominant entrepreneurial elite of Asian descent in Tanzania’s commercial and industrial capital.

To that end, the study employs a three-tiered methodology: a chronological analysis of biographical data and growth indicators; a network analysis of corporate interlocks and social classes; and a spatial analysis of urban space and economic mobility. In the first tier, the focus is on historicizing the lives of the entrepreneurial elite in relation to the economic history of Tanzania. The second tier focuses on unpacking their institutional and social relations. Tracing, across a long time period and wider space, their development and distribution with respect to other social classes in Dar es Salaam is the focus of the third tier.

The sources for this study are mainly archival. They include the Tanzania National Archives (TNA) in Dar es Salaam; the East Africana Collection (EAF) at the University of Dar es Salaam (UDSM); the British National Library in London; the Oxford University archives; the School of Oriental and African Studies (SOAS) archives; the Hoover Institute archives at Stanford University; the Cambridge University archives; the Mwalimu Nyerere Foundation’s (MNF) archives; the CEO Roundtable’s (CEOrt) archives, and the Nyerere Resource Center’s (NRC) archives housed in the Tanzania Commission for Science and Technology (COSTECH), the last three all in Dar es Salaam. Other sites include the personal archives of Juma Mwapachu, James Brennan, Lionel Cliffe, Brian Van Arkadie and Chachage S. L. Chachage. Through these sites, the study has accessed parliamentary debates, financial records, letters, newspapers, photographs, reports, contracts, minutes, speeches, verdicts, and statistics.

A Toolkit for Concepts

Analyzing capitalism in Africa using definitions that were primarily developed in the context of Euro-America presents a conceptual hurdle. This is particularly so in historicizing capitalist classes engaged in commerce and industry. In the case of Tanzania, the Swahili term *bepari* (capitalist) was used pejoratively to demonize those individuals who privately accumulated capital and amassed wealth during the time the state was attempting to build an African socialist country through the political philosophy of *Ujamaa* (1967-1985). Consequently, this task amounts to imposing a definition on a group or class of those who may not necessarily have claimed to be capitalist.¹¹

The term bourgeoisie and its variants – bureaucratic bourgeoisie, petty bourgeoisie, and petite bourgeoisie – has also been an imposed category. Critics of what they perceived as bourgeois scholarship in the then nationalist Dar es Salaam School of historiography, such as Issa Shivji, Walter Rodney, Claude Ake, Archie Mafeje, Mahmood Mamdani and Justinian Rweyemamu, employed it in particular, as they attempted to use the Marxian tradition to make sense of class formation prior to, and in the aftermath of, colonialism in Africa.¹² With the waning of their radical political economy approach in historiography at the advent of neoliberalism in the late 1980s and early 1990s, the term bourgeoisie became increasingly

¹¹Nyerere retired from the Tanzanian presidency in 1985. In 1967 he issued the ‘Arusha Declaration on Socialism and Self-Reliance’ that is reproduced in: Nyerere, *Freedom and Socialism*, 231-250. His 1962 article on ‘Ujamaa-The Basis of African Socialism’ appears in: Julius K. Nyerere, *Freedom and Unity: A Selection from Writings and Speeches, 1952-65* (London: Oxford University, 1967), 162-171.

¹² Isaria N. Kimambo, *Three Decades of Production of Historical Knowledge at Dar es Salaam* (Dar es Salaam: Dar es Salaam University Press, 1993).; Yashpal Tandon, ed., *University of Dar es Salaam Debate on Class, State and Imperialism* (Dar es Salaam: Tanzania Publishing House, 1982), 10.

outpaced by terms such as entrepreneurs in explaining a seemingly resurging local capitalist class.¹³

Even though the term elite has been frequently used in Africa to describe the relatively privileged, conceptually it hardly captures the capitalist class in Tanzania, as it is closely associated with the few who had access to education during colonialism and after. Accessing colonial and postcolonial education was thus instrumental in the making of an educated elite that, as a whole, is not necessarily capitalist though it may be at the service of capital.¹⁴ Studies that employed the term elite in Tanzania in the 1970s narrowly focused on this educated elite and especially those constituting the political elite. One such seminal study presented this definition by way of disclaimer:

The Tanzanian political elite, as it is defined here, consists of two groups: members of the National Assembly and government administrators. Influential persons from other areas, such as business, labor, military, and education, are not included because (1) very few Africans hold high positions in these areas, (2) such people do not play specifically political roles, (3) data on these people, especially the military, are difficult to gather...and (4) the relationship between a high position in the private sector and political influence is weak.¹⁵

¹³ Severine M. Rugumamu and Benjamin B. Mutagwaba, "Entrepreneurship Development in Africa: Some Reflections from Tanzania," in *African Entrepreneurship and Small Business Development*, ed. Lettice Kinunda Rutashobya and Donath R. Olomi (Dar es Salaam: Dar es Salaam University Press, 1999), 65–83.

¹⁴ This stems from defining, and thus distinguishing, an elite that constitutes the capitalist class in terms of the accumulation of wealth, whether through production or dispossession, from an elite that does not accumulate, though it may indirectly benefit from the privileges trickling down from capitalist class relations. The latter case may include academics-cum-activists opposed to capitalism. One could easily classify these activist scholars as functionaries of capital and thus capitalism. However, in a state that has had a strong legacy of propagating an ideology of socialism while profiting from the reality of capitalism, it is more fitting to categorize them, in a Gramscian sense, as hanging between traditional and organic intellectuals or, in a Marxian sense, as vacillating between the bourgeoisie and the proletariat. Such educated elites can dine and wine with capitalists yet march and protest with anti-capitalists.

¹⁵ Raymond F. Hopkins, *Political Roles in a New State: Tanzania's First Decade* (New Haven: Yale University Press, 1971), 64.

Another such study restricted its identification of the then Tanzanian elites to individuals who made £2,800 (i.e. \$7,840) per year in 1963. However, it stressed that the “different rules stressing education and occupation respectively” were “empirically similar because western education” was “the sine qua non for admittance to high status occupation.”¹⁶ Given “that the per capita income of the average Tanzanian around 1963 was in the neighborhood of £56 (i.e. \$157) per annum”, the study confidently asserted, “we can see that the elite we are studying get even more of the value income than is generally accepted as sufficient for being termed elite.”¹⁷

This general criterion was in reference to the political scientist Peter Lloyd and his collaborators who operationally defined elites as those with, among other things, a lower limit of \$700 (i.e. \$1,960) as an annual income.”¹⁸ In line with Lloyd, the political scientist Patrick McGowan and social psychologist Patrick Bolland thus made the following argument that indicates that the rise of elites in Tanzania occurred in the context of the collapse of the first global economy and the construction of the second global economy: “the Tanzanian elite is really a post World War II phenomenon.”¹⁹ However, their conclusion is also reached by contrast to the “earlier formation of elites in the 19th and early 20th century West Africa”.²⁰

¹⁶ Pat J. McGowan and Patrick Bolland, *The Political and Social Elite of Tanzania: An Analysis of Social Background Factors* (New York: Program of Eastern African Studies Maxwell School of Citizenship and Public Affairs Syracuse University, 1971), 16.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid., 22.

²⁰ Ibid.

Gareth Austin, the economic historian of West Africa in general and Ghana in particular, gives credence to this contrast with regard to entrepreneurs. “One perspective you may find useful”, he notes, “is the traditional perception that West African societies were more entrepreneur-friendly, or at least produced more entrepreneurs, than Eastern and Southern Africa.”²¹ There “are obvious situational explanations”, he further asserts, “viz., that the economic and political conditions in Nigeria and the Gold Coast (in particular) were more favorable for African enterprise, not only than settler colonies like Southern Rhodesia, but also than particularly poor ‘peasant’ colonies like Tanganyika.”²² This leads him to suggest, then “again, maybe there is something after all in cultural and social explanations.”²³

This contrast suggests that the first global economy was relatively more inclusive of West Africa than East Africa. Even Kenya that is celebrated, in contrast to Tanzania, as conducive to entrepreneurship, experienced the emergence of an African capitalist class relatively later than Ghana and Nigeria, with one scholar locating its origins in the 1920s and 1930s.²⁴ Although, due to its geographical and historical scope, this dissertation does not attempt a comparative analysis of the geopolitical economy of the Atlantic World and the Indian Ocean World, especially in regard to trade, it employs some concepts from studies of West Africa’s spatial configurations.

²¹ Gareth Austin, email message to author, August 2, 2013.

²² Ibid.

²³ Ibid.

²⁴ Nicola Swainson, “The Rise of a National Bourgeoisie in Kenya,” *Review of African Political Economy* 4, no. 8 (January 1977): 40; Nicola Swainson, *The Development of Corporate Capitalism in Kenya, 1918-77* (Berkeley: University of California Press, 1980); Nicola Swainson, “Indigenous Capitalism in Postcolonial Kenya” in *The African Bourgeoisie: Capitalist Development in Nigeria, Kenya, and the Ivory Coast*, ed. Paul M. Lubeck (Boulder: L. Rienner Publishers, 1987).

Nevertheless, the major findings of McGowan and Bolland's study on the link between education and political elite formation are pertinent here. They encourage one to examine, econometrically, whether education is also linked to entrepreneurial elite formation.²⁵ However, in this dissertation the focus has been on the attempts of using business education to create such an elite and its relative success.

Partly influenced by the radical Dar es Salaam School of Political Economy of yesteryears, this dissertation shares some of its critiques on the utility of the concept of the elite.²⁶ One of the leading members of this school of thought, Shivji, notes that theories employing this conceptual term were initially advanced to counter Marx's theory of classes.²⁷ "The fact that in Africa it is difficult to find large social groups with their own mores, customs, social intercourse, intra-group marriages, etc.", he further notes, "has apparently lent greater credence to these theories [there] than in Europe."²⁸ This was in reference to the period between mid-1950s and mid-1970s in which he observed the theories as having continued "to be part of Western sociology and political science", and in which, they "came to be widely applied to underdeveloped countries and especially Africa."²⁹

²⁵ McGowan and Bolland, *The Political and Social Elite of Tanzania*, 22-28.

²⁶ For a historical overview of this school of thought and its critiques see: Issa G. Shivji, *Intellectuals at the Hill: Essays and Talks, 1969-1993* (Dar es Salaam: Dar es Salaam University Press, 1993); Horace Campbell, "The Impact of Walter Rodney and Progressive Scholars on the Dar es Salaam School," *Utafiti* 8, no. 2 (1986); Felicia Arudo Yieke, ed., *East Africa in Search of National and Regional Renewal* (Dakar: CODESRIA, 2005).

²⁷ Issa G. Shivji, *Class Struggles in Tanzania* (Dar es Salaam: Tanzania Publishing House, 1975), 24.

²⁸ *Ibid.*, 25.

²⁹ *Ibid.*, 24-25.

For Shivji, one of the Marxian school's objections to its applicability to Africa is that its theories are "static, undialectical, and ahistorical."³⁰ This critique stems from its apparent tendency to look inside the individual for supposedly innate elements for success. "Implied in the concept of elite", Shivji asserts, "is that the members of the elite are what they are because of their superior qualities."³¹ Such an apparent essentialism in elite theory leads him to affirm the assertion of the Marxist political scientist, Isaac Balbus, that it "is at the bottom of a theory of political inertia, an analysis of the tendency for political power to devolve into the hands of a small, cohesive and relatively closed elite which, notwithstanding democratic 'rules of the game' controls all decisions of major importance, is virtually invulnerable to opposition and is capable of forestalling any changes which are potentially threatening to its monopoly of power."³²

However, the employment of the term elite in this dissertation departs conceptually from that genealogy. It is not used here to imply that the emergent entrepreneurial elite of Dar es Salaam has superior qualities in terms of factors, such as innovation and networking, that are associated with entrepreneurship. Nor does it imply that it is invulnerable to opposition from other classes or incapable of forestalling changes inimical to its position. Rather, it is to stress how such a small group has capitalized on various opportunities in relation to its struggles against the racial limitations that were imposed through the long-term impact of the twin tragedies of slavery and colonialism that went hand in hand with the rise of capitalism.

In this sense, this dissertation is in agreement with Shivji's assertion that the "ideology and values" that the "theories of elite and their corollary, competing elites" imply, "needless to

³⁰ Ibid., 26.

³¹ Ibid., 25.

³² Ibid., 26.

mention, ... those of capitalism.”³³ Capitalist values here are thus not presented normatively, but historically. How such values have both been invoked to restrict, and embraced to enable, the rise of large-scale businesspeople of African descent is the utility of this concept of elite in relation to that of the entrepreneurial.

Useful as it is, the term elite, as Sven Beckert has also noted in the case of New York City between 1850 and 1896, could not sufficiently distinguish the American bourgeoisie as a fundamentally different kind of elite from its predecessors.³⁴ His working definition of the bourgeoisie – the *economic or entrepreneurial* bourgeoisie – as an ‘economic elite’ that derives its power from ownership of capital and that includes “substantial merchants, industrialists, and bankers, along with rentiers (people who lived off investments they did not manage themselves), real estate speculators, owners of service enterprises, and many professionals”, however, seems to capture the composition of the capitalist class that has been resurging in Dar es Salaam since the late 1980s.³⁵ This is hardly surprising since, under the tutelage of global financial forces, the post-Ujamaa state has been reforming its economic structures in line with institutions of capitalism in Euro-America, such as the commercial banks, stock exchanges and business associations.³⁶

³³ Ibid., 25.

³⁴ Sven Beckert, *The Monied Metropolis: New York City and the Consolidation of the American Bourgeoisie, 1850-1896* (Cambridge: Cambridge University Press, 2001), 7.

³⁵ Ibid.

³⁶ For an overview of these reforms and their critiques as they occurred see: Bruce Heilman and John Lucas, “A Social Movement for African Capitalism? A Comparison of Business Associations in Two African Cities,” *African Studies Review* 40, no. 2 (1997): 141–71, <https://doi.org/10.2307/525160>; Issa G Shivji, *Let the People Speak: Tanzania down the Road to Neo-Liberalism* (Dakar: CODESRIA, 2006); Chachage S. L. Chachage and Marjorie Mbilinyi, ed., *Against Neoliberalism: Gender, Democracy and Development* (Dar es Salaam: E & D Limited, 2003).

It is this dialectical role of the state with respect to the local vis-à-vis global dynamics that calls for a reconceptualization of the political-cum-economic elites in Tanzania as not entirely national and hardly fully international. The “idea of the national bourgeoisie in the countries of the Third World”, as the sociologists Leslie Sklair and Peter Robbins point out, “has been in circulation for some time.”³⁷ Its “main use”, they aptly note, “has been as a counterweight to pessimistic theories of imperialism which argue that there is little prospect of autonomous capitalist classes and, by implication, capitalism and its attendant revolutionary consequences emerging in these countries.”³⁸

Hence, instead “of genuine, autonomous capitalists”, they further point out, “imperialism was said to have created a class of comprador capitalists whose interests lie not in national development but in serving the interests of their foreign masters and selling out those of their compatriots.”³⁹ This usage that informs Marxist analyses on Tanzania in some ways, does not adequately capture the position of the capitalist class that has been resurging since the collapse of *Ujamaa*. It is no longer viable to dismiss it as a comprador class as that would imply that it lacks agency as far as internal capital accumulation is concerned. Nor is it practical to simply present it as national, let alone nationalist, as that would mean an autonomy in relation to the global capitalist economic order.

The dissertation also engages with the concept of multiparty democracy given that party politics is also relevant in making sense of the relationship between the state and the elite, not least because after independence a number of African states abandoned multiparty politics.

³⁷ Leslie Sklair and Peter T Robbins, “Global Capitalism and Major Corporations from the Third World,” *Third World Quarterly* 23, no. 1 (2002): 81, <https://doi.org/10.1080/01436590220108180>.

³⁸ Ibid.

³⁹ Ibid., 81-82.

This is of particular relevance given that during the struggles for independence some of these ruling parties had faced severe opposition from parties that attracted the then emerging entrepreneurial elites. For instance, in the early 1960s one researcher in Tanzania observed that, in contrast to the Tanganyika African National Union (TANU), the United Tanganyika Party (UTP) “seemed to concentrate on centers of population and on groups of the higher economic and educational stratum.”⁴⁰

This resonates with the return to multiparty politics in the early 1990s that witnessed similar alliances. For instance, Edwin Mtei, the founding governor of the Bank of Tanzania (BOT) who had fallen out with President Nyerere in the 1970s for promoting the International Monetary Fund’s (IMF) capitalist policies, used this opportunity to reenter politics. Under his leadership, some African entrepreneurial elites formed a party known as *Chama cha Maendeleo na Demokrasia (CHADEMA)* (Party of Democracy and Development) that is currently the leading opposition party.⁴¹

Observing such a state of affairs in Africa in the 1990s, the political scientist, Claude Ake, noted: “There is also the legacy of statism and accumulation with state power, which tends to draw potential business people into politics.”⁴² The formation of the Confederation of Tanzania Industries (CTI) in 1991 after splitting from the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) was a result of that legacy as it pitted a faction whose leader

⁴⁰ Margaret L. Bates, “Tanganyika,” in *African One-Party States*, ed. Gwendolen M. Carter (Ithaca: Cornell University Press, 1962), 425.

⁴¹ The ruling party is *Chama Cha Mapinduzi (CCM)* (The Party of the Revolution). It was formed in 1977 after uniting the then ruling party in Tanzania Mainland, TANU, and the then ruling party in Zanzibar, the Afro-Shirazi Party (ASP). For an account of the elitist formation of CHADEMA see this memoir of its founding chairperson: Edwin Mtei, *From Goatherd to Governor: The Autobiography of Edwin Mtei* (Dar es Salaam: Mkuki na Nyota, 2009).

⁴² Claude Ake, *The Feasibility of Democracy in Africa* (Dakar: CODESRIA, 2000), 130.

was closely connected to the ruling party against one with a leader who was in an opposition party aiming to win and run the state.⁴³

On the basis of this conceptual analysis, and drawing heavily from the cultural sociologist Kyong-Dong Kim, this dissertation thus employs a working definition of entrepreneurial elites as sole owners, shareholders and/or executives of relatively big business involved, as private entrepreneurship ventures, in the major industrial, manufacturing, construction, transportation and service sectors.⁴⁴ As Kyong-Dong notes, it is vital to distinguish “organizers and leaders of relatively large-scale industrial enterprises in the major areas of the private sector of the economy” from “other types of economic elite such as the managerial elite in the non-industrial sectors and the technocratic elite in the public enterprises, for these are basically political appointees and, hence, non-entrepreneurial in character.”⁴⁵ However, since some public enterprises in Dar es Salaam were either in joint ventures or partially privatized, this definition also includes their owners, shareholders and/or even executives.

In this regard, this dissertation utilizes the concepts of class and capital as both sociological categories and historical relations. The two, it argues, are not mutually exclusive as long as one is used, conceptually, to inform the other. As a sociological category, class can be defined in terms of quantifiable economic indices of wealth, such as income and assets, that indicate whether one belongs to an upper, middle, or lower class. Such wealth, however, is a result of a qualitative historical relation predicated on accumulation of capital in the process of

⁴³ Heilman and Lucas, “A Social Movement for African Capitalism,” 160.

⁴⁴ Kyong-Dong Kim, “Political Factors in the Formation of the Entrepreneurial Elite in South Korea,” *Asian Survey* 16, no. 5 (1976): 466, <https://doi.org/10.2307/2643194>.

⁴⁵ Ibid.

(re)production of commodities in the industrial sector and the exchange of its use value in the commercial sector. In this sense, capital can be both a thing, i.e. wealth, and a relation, i.e., capitalist.

This is why the definition of an entrepreneurial elite in this dissertation is not restricted to a class of owners and controllers of capital, or, in Marxian parlance, expropriators of labor and surplus value. Extending it to those who, by virtue of being innovative functionaries of capital, have climbed the economic ladder in terms of the sociological category of class, enables one to trace that trajectory. This distinction is particularly relevant given that one may not necessarily own or control capital directly in relation to labor and yet, in terms of bourgeois sensibility and networks, may become part and parcel of a capitalist class.

What informs this conception is a historical reading of class relations in Dar es Salaam both in their own right within the local arena and in relation to others in the global arena. As the urban sociologist Diane Davis notes, in relation to the caution from the seminal work of the sociologist Maurice Zeitlin, one may lose focus on the domestic classes by, or when, shifting to global dynamics.⁴⁶ In as much as this dissertation locates Dar es Salaam and its emergent entrepreneurial elite in the global history of capitalism and its apparent overwhelming racial and gendered dynamics, it also focuses on local agency. This provides a balance in terms of the victimhood and agency of some people of African descent who have attempted to constitute a capitalist class as how they managed to do so could not fit into prevailing global patterns.

The economic historian Peter Temin's conception of the democratization of business elites is also relevant in defining entrepreneurial elites.⁴⁷ In his analysis, he found that over the

⁴⁶ Diane E. Davis, *Discipline and Development: Middle Classes and Prosperity in East Asia and Latin America* (Cambridge: Cambridge University Press, 2004), 57.

⁴⁷ Peter Temin, "The American Business Elite in Historical Perspective," *National Bureau of Economic Research (NBER) Historical Paper no. 104*, 1997.

course of a century, the composition of the American business elite had remained the same, in terms of both race and gender. By the mid-1990s, when he was conducting his survey, the struggles against racism and sexism through the civil rights and feminist movements had, arguably, hardly democratized big business.

Thus, it is also important to define the entrepreneurial elite in Dar es Salaam in terms of its racial and gender composition across two global economies and related historical watersheds.⁴⁸ This is particularly relevant given that in the twilight of colonialism in Tanzania, business policies and institutional setups generally excluded entrepreneurial women, in terms of the intersection of race and gender.⁴⁹ Such a gendered racial legacy continued into the postcolonial period.

Another key concept is that of ‘capitalizing city’. The city, in relation to the countryside, has been central in the development of capitalism. “Capitalist production”, Karl Marx observed in the 19th century, caused an “ever-increasing preponderance of town population” through “collecting the population in great centres.”⁵⁰ Marx and Friedrich Engels ascribed the power to create such capitalizing cities to the bourgeoisie. It is this class, they pointed out, that “has created enormous cities”, “greatly increased the urban population as

⁴⁸ For the analytical utility of the concept of two global economies in business history see: Geoffrey Jones, “Business Enterprises and Global Worlds,” *Enterprise and Society* 3, no. 4 (2002): 581–605, <https://doi.org/10.1093/es/3.4.581>; Geoffrey Jones, “Entrepreneurs, Firms and Global Wealth since 1850” (Harvard Business School (HBS) Working Paper No. 13-076, March 2013); Geoffrey Jones, “International Business and Emerging Markets: A Long-Run Perspective” (Harvard Business School (HBS) Working Paper no. 18-020, September 2017).

⁴⁹ Susan Geiger, *TANU Women: Gender and Culture in the Making of Tanganyikan Nationalism, 1955-1965* (Dar es Salaam: Mkuki na Nyota, 1997), 34-35; Marjorie Mbilinyi, “This Is an Unforgettable Business: Colonial State Intervention in Urban Tanzania,” in *Women and the State in Africa*, ed. Jane L. Parpart and Kathleen A. Staudt (Boulder: L. Rienner Publishers, 1989), 122.

⁵⁰ Karl Marx, *Capital Volume 1: A Critique of Political Economy* (New York: Dover Publications, [1887] 2011), 554.

compared with the rural” and “subjected the country to the rule of the towns.”⁵¹ Even though they were primarily referring to the Euro-American bourgeoisie, their analysis has, partly, a universal applicability, the emergence of rural capitalism in Africa. notwithstanding.⁵²

In this dissertation, the juxtaposition of entrepreneurial elites with commercial capitals is conceived to be at the heart of the history of capitalism in Africa. It is out of the Central Business District (CBD) and affluent residential areas of these cities that elitist entrepreneurial networks are forged and dispersed locally, regionally, and globally. Entrepreneurial firms and their Chief Executive Officers (CEOs)/Executive Directors (EDs) and Board Directors are thus connected in concentric webs that stretch beyond the offices and boardrooms, to homes and social clubs.

In analyzing the expressive nature of corporate power exhibited by corporate-interlocking networks, the economic sociologist William Carroll affirms that “interlocking among firms based in the same city is a function of the presence of upper-class social clubs, suggesting that ‘local clubs facilitate intense and intimate local elite interaction which directors trust and thus lay the foundation for local interlocking.’”⁵³ This capitalist tendency, however,

⁵¹ Karl Marx and Friedrich Engels, “The Communist Manifesto,” in *Selected Works Volume 1*, Karl Marx and Friedrich Engels (Moscow: Progress Publishers, 1969), 112.

⁵² The dichotomy between urban capitalism and rural capitalism, especially as it applies to Africa, is conceptually blurry given that, historically, the rural and the urban both underwent capitalist production, distribution and consumption, with the rural tending to feed the urban. Nonetheless, there is a relatively extensive literature on these seemingly distinct forms of capitalism in Africa. See: Polly Hill, *Studies in Rural Capitalism in West Africa* (London: Cambridge University Press, 1970); John Iliffe, “The Origins of Rural Capitalism,” in *A Modern History of Tanganyika*, John Iliffe (Cambridge: Cambridge University Press, 1979), 273–311; Judith M. Abwunza, “Nyayo: Cultural Contradictions in Kenya Rural Capitalism,” *Anthropologica* 32, no. 2 (1990): 183–203, <https://doi.org/10.2307/25605577>; Chachage S.L. Chachage, “*The Development of Urban Capitalism in Tanzania (With an Example of Arusha Town)*” (MA diss., University of Dar es Salaam, 1983); Paul Lubeck, “Islamic Networks and Urban Capitalism: An Instance of Articulation from Northern Nigeria,” *Cahiers D’Études Africaines* 21, no. 1–3 (1981): 67–78. By focusing on urbanization, the following article also falls within this paradigm of the urban-rural capitalism dichotomy: M. Anne Pitcher, “Varieties of Residential Capitalism in Africa: Urban Housing Provision in Luanda and Nairobi,” *African Affairs* 116, no. 464 (2017): 365–90, <https://doi.org/10.1093/afraf/adx009>.

⁵³ William K. Carroll, *The Making of a Transnational Capitalist Class: Corporate Power in the Twenty-First Century* (London: Zed Book, 2010), 59.

is observable not only in what the global-cities perspective regards as the main global cities.⁵⁴ It is a basic feature of any capitalizing city. The difference is only that of degree.

Dar es Salaam, like many other African cities, has generally been excluded in the theorization and historicizing of both global cities and world cities. “They”, a critic chides global city research theorists, “also contend that there is no global city in Africa, with Johannesburg arguably the only exception.”⁵⁵ In “stark contrast to the earlier generations of scholarship, when Latin American and African cities gathered significant attention, only a handful of Latin American cities are being studied in global context these days,” Davis observes in similar vein, “with even fewer African (Johannesburg is the exception) and South Asian cities thrown into the mix — despite the clear importance of shifting global dynamics, urban and otherwise, in almost all these regions of the world.”⁵⁶ This dissertation thus also attempts to undo such a conceptual blinder.

It may thus be more fitting, in a Marxian sense, to speak of globalizing cities since, as centers of concentration of capitalists, major commercial cities of the Global South enable capital to do what it does best – globalize.⁵⁷ However, globalization is only an outcome of capitalist expansion and exchange of human, natural, financial, and technological resources. Hence, the concept of a capitalizing city is more fitting here.

⁵⁴ Ibid., 59-60; Also see: Saskia Sassen, ed., *Global Networks, Linked Cities* (New York: Routledge, 2002).

⁵⁵ Laurent Fourchard, “Between World History and State Formation: New Perspectives on Africa’s Cities,” *The Journal of African History* 52, no. 2 (2011): 224, <https://doi.org/10.1017/S0021853711000259>.

⁵⁶ Diane E. Davis, “Cities in Global Context: A Brief Intellectual History,” *International Journal of Urban and Regional Research* 29, no. 1 (March 2005): 100, <https://doi.org/10.1111/j.1468-2427.2005.00572.x>.

⁵⁷ Richard Grant, *Globalizing City: The Urban and Economic Transformation of Accra, Ghana* (Syracuse: Syracuse University Press, 2009).

One thus ought to adopt Carroll's conceptualization with caution. This dissertation firmly rejects his affirmation that "corporate interlocking generates a *multi-level network* in which the firm, not the city, is 'the prime agency of production and reproduction.'"⁵⁸ The capitalizing city, with its spatial clustering of firms and entrepreneurs, remains the prime site of production and reproduction, both of wealth and people. "FIRMS AND WORKERS", as an economic review and presentation of empirical evidence affirms, "are more productive, on average, in larger cities."⁵⁹ It is only the degree of inclusivity in capitalization and intensity in (re)production across the two global economies that has been changing historically. The Marxist historian, Rodney, captures the link between the city and the firm in East Africa during the transitory colonial era thus:

The pattern of appropriation of surplus in East Africa was easy to follow, in that there was centralisation of the extractive mechanisms in Nairobi and the port of Mombasa. All the big firms operated from Nairobi, with important offices in Mombasa to deal with warehousing, shipping, insuring, etc. Uganda and Tanganyika were then brought into the picture via their capital cities of Kampala and Dar es Salaam, where the big firms had branches. Up to the start of the last war, the volume of trade from East Africa was fairly small, but it jumped rapidly after that. For instance, the value of Kenya imports rose from £4 million in 1938 to £34 million in 1950 and to £70 million in 1960. The value of exports was of course rising at the same time, and the commercial firms were among the principal beneficiaries of the growth in foreign trade.⁶⁰

This centrality of the city to colonialism is uncontested. The political scientist, Margaret Bates, observed just after the departure of the British colonial government in Tanzania: "In Tanganyika's capital, Dar es Salaam, and in the northeast in Tanga and Arusha, an air of

⁵⁸ Carroll, *The Making of a Transnational Capitalist Class*, 59.

⁵⁹ Pierre-Philippe Combes, Gilles Duranton, Laurent Gobillon, Diego Puga and Sébastien Roux, "The Productivity Advantages of Large Cities: Distinguishing Agglomeration from Firm Selection," *Econometrica* 80, no. 6 (2012): 2543, <https://doi.org/10.3982/ECTA8442>.

⁶⁰ Walter Rodney, *How Europe Underdeveloped Africa* (Cape Town: Pambazuka Press, [1972] 2012), 157.

Bavaria still dominates much of the architecture. The conclusion is inescapable that the primary German contribution to Tanganyika was a material one.”⁶¹ In a similar vein, the historian, Frederick Cooper, notes: “What colonial regimes could do was control port cities. These became symbols of power – with their grid-like streets, European-style buildings, and segregated spaces – and they were nodal points in a communications system that had very few nodes.”⁶²

These nodal points, this dissertation contends, expanded with the emergence of entrepreneurial elites in the aftermath of independence. Dar es Salaam, as a capitalizing city, is such a nodal point. This is a story that has been muted by a plethora of scathing critiques of the post-colonial African state as being mainly anti-business prior to the neoliberal era.⁶³ Such critiques have been conventionally leveled at the Tanzanian state due to its attempts to build a socialist country through a primarily rural initiative. Yet, even through the socialist period, Dar es Salaam was urbanizing and capitalizing.⁶⁴

A Foil for Historiography

A scarlet thread runs through the historiography of capitalism in Africa – the relatively conspicuous absence of African capitalists. Often referred to, synonymously, as entrepreneurs,

⁶¹ Bates, “Tanganyika,” 401.

⁶² Frederick Cooper, “From Colonial State to Gatekeeper State in Africa” (The Mario Einaudi Center for International Studies Working Paper Series, Paper No. 04-05, October 2015), 3. Also see: Frederick Cooper, “Urban Space, Industrial Time, and Wage Labor in Africa,” in *Struggle for the City: Migrant Labor, Capital, and the State in Urban Africa*, ed. Frederick Cooper (Beverly Hills: Sage Publications, 1983), 7–50.

⁶³ This literature is reviewed in the section on historiography below.

⁶⁴ See: Issa G. Shivji, “Capitalism Unlimited: Public Corporations in Partnership with Multinational Corporations,” *The African Review* 3, no. 3 (1973): 359–381; Justinian F. Rweyemamu, *Underdevelopment and Industrialization in Tanzania: A Study of Perverse Capitalist Industrial Development* (Nairobi: Oxford University Press, 1973); Laura Fair, “Drive-In Socialism: Debating Modernities and Development in Dar es Salaam, Tanzania,” *The American Historical Review* 118, no. 4 (2013): 1077–1104, <https://doi.org/10.1093/ahr/118.4.1077>.

bourgeoisie or elites in the literature, this group has been either chided for being incompetent in capitalist production in contrast to its counterparts in Euro-America, or dismissed altogether as having slowly emerged as a response to external interventions. The state has also been criticized for allegedly curbing their emergence.⁶⁵

The historian Patrick Manning's position in this regard is unequivocal. "Capitalism", he asserts, "began in Europe."⁶⁶ For him, its medieval and early modern forms were not centered in African commercial towns of the times, such as Kilwa and Kano in Tanzania and Nigeria, respectively. Rather, it "was centered in the towns of north Italy, the Netherlands, and Belgium."⁶⁷ In his conception, capitalism only "came to Africa in the late nineteenth and twentieth centuries from three sources: European private enterprise, colonial government, and African private enterprise."⁶⁸

It is in this regard, the economic historian [Paul] Tiyambe Zeleza notes, that capitalism came to be associated with colonialism and consequently generally detested in a number of postcolonial African states.⁶⁹ "Capitalism", the social historian Emmanuel Akyeampong

⁶⁵ Richard Sandbrook, *The Politics of Africa's Economic Stagnation* (Cambridge: Cambridge University Press, 1985); Darko K. Opoku, "Political Dilemmas of Indigenous Capitalist Development in Africa: Ghana under the Provisional National Defence Council," *Africa Today* 55, no. 2 (2008): 25–50, <https://doi.org/10.2979/AFT.2009.55.2.24>; Paul Kennedy, "Political Barriers to African Capitalism," *The Journal of Modern African Studies* 32, no. 2 (1994): 191–213, <https://doi.org/10.1017/S0022278X00012726>; Tom G. Forrest, *The Advance of African Capital: The Growth of Nigerian Private Enterprise* (Charlottesville: University Press of Virginia, 1994), 248–249; Scott D. Taylor, *Globalization and the Cultures of Business in Africa: From Patrimonialism to Profit* (Bloomington: Indiana University Press, 2012); Ake, *The Feasibility of Democracy in Africa*; Heilman and Lucas, "A Social Movement for African Capitalism?"

⁶⁶ Patrick Manning, *Francophone Sub-Saharan Africa 1880–1995* (Cambridge: Cambridge University Press, 1998), 54.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Tiyambe Zeleza, "The Development of African Capitalism (Book Review)," *Africa Development* 17, no. 1 (January 1992): 129.

observes in similar vein, “when explored by these new governments, often smacked of ‘neo-colonialism’ because, by putting them back in the arms of Western expatriate capital, it would seem to subvert the achievement and purpose of political independence.”⁷⁰

As for the historian John Iliffe, his position in the early 1980s about “the existence, the history, and the distinctiveness of African capitalism” prior to, and in the wake of, colonialism slightly differed from that of Manning.⁷¹ “I shall argue”, he states in his lecture, “that it has indeed been distinctive and that its special qualities result, on the one hand, from the very late stage in the global history of capitalism at which that system of production developed in Africa, and, on the other hand, from the special characteristics of Africa’s pre-capitalist societies.”⁷²

In his earlier work, Iliffe locates Tanzania’s original link to capitalism in the 19th century. It “is important”, he cautions, “to remember also that it was not colonial rule that introduced Tanganyika to capitalism and the world economy.”⁷³ The political scientist, Scott Taylor, seems to agree with such a position. He argues that there “is a vast literature on the emergence of commercial enterprise in Africa prior to the advent of colonialism” and that it “stands in stark contrast to the caricature of the African continent as incompatible with business and capitalism.”⁷⁴

⁷⁰ Emmanuel Akyeampong, “African Socialism; or, the Search for an Indigenous Model of Economic Development?,” *Economic History of Developing Regions* 33, no. 1 (2018): 70, <https://doi.org/10.1080/20780389.2018.1434411>.

⁷¹ John Iliffe, *The Emergence of African Capitalism* (London: The Macmillan Press Ltd., 1983), 4.

⁷² Ibid.

⁷³ John Iliffe, *Agricultural Change in Modern Tanganyika: An Outline History* (Nairobi: East African Publishing House, 1971), 9.

⁷⁴ Taylor, *Globalization and the Cultures of Business in Africa*, 25.

The persistent tendency to conflate business and capitalism as if they are directly synonymous, however, tends to confuse their histories. Historically, business existed prior to capitalism. Economically, business can exist independently of capitalism. In this regard, one can see that the colonial states in Africa could promote capitalism yet undermine business. As Manning points out, the significant problems that undermined African private enterprise during colonialism included “shortages of funds and, especially, the fact that colonial governments and European firms used both fair means and foul to outcompete them.”⁷⁵ The Marxist analyst and former Minister responsible for Commerce in socialist Tanzania, Abdulrahman Babu, was more critical:

When contact with Europe was established and our gold and ivory acquired exchange value, all the surplus that accrued from the exchange of these commodities was appropriated by the European bourgeoisie, who paid low prices for what we sold and charged high prices for the otherwise cheap manufactured goods they sold us. Thus a long period of simple reproduction set in, which did not leave us with enough surplus to develop any new forms of social relations, feudalist or capitalist, even if we assume that the historical epoch was ripe for the development of either. But the epoch during which our contact with Europe was established was no longer a feudal one, it was the capitalist epoch.... For several hundred years Africa had contact with, and was influenced by, Europe through trade; and for more than 70 years it...came under the complete domination of Europe. Production in Africa was arranged to suit the production and consumption needs of capitalist Europe. But during this period, when our economies were so completely integrated with those of capitalist Europe, the latter prevented independent development of African capitalism, turning the continent instead into a supplier of raw materials and a market for their commodities.⁷⁶

The key question that emerges from this historiography that this dissertation has attempted to address in the case of Dar es Salaam is: How was it, that in the course of capitalism’s global ascendancy, the people of African descent in Africa and its Diaspora hardly fared well in

⁷⁵ Manning, *Francophone Sub-Saharan Africa*, 54.

⁷⁶ Abdulrahman Mohamed Babu, *African Socialism or Socialist Africa?* (Dar es Salaam: Tanzania Publishing House, 1981), 61.

business, and why did this tendency continue way after slavery and colonialism? “Why”, queries the business historian, Julieth Walker, in the case of the US, “after almost four hundred years, do we find black business activity in the early twenty-first century existing at virtually the same level of industry participation as it did under slavery?”⁷⁷ Addressing this “significant historical question”, she points out, would involve formulating “theoretical constructs that emphasize why businesses established by African Americans remain small and/or fail.”⁷⁸

For her, the implication of taking this approach would have been to limit her “study’s focus and content to an extensive analysis of multiple forms of racism and degree of business undercapitalization, rather than to the reconstruction of a history of black business activities.”⁷⁹ Her concern notwithstanding, the question has remained only partially answered, not only in regard to the local history of black business but also to its global history. This dissertation has attempted to partly answer it, without losing sight of the need to reconstruct a history of the business activities of Tanzanians of African descent. In doing so, it is thus contributing to filling the yawning gap in the historiography of both business history and the history of capitalism.

This dissertation agrees with Walker that “deliberate, systematic, and institutionalized actions of whites to exclude blacks from free access to and participation in the American business community during the age of slavery—almost 250 years—contributed a great deal to the myth that people of African descent lack a historic tradition of business participation.”⁸⁰ The same could be said of the colonial era in Africa. In Tanzania, for example, access to credit

⁷⁷ Juliet E. K. Walker, *The History of Black Business in America: Capitalism, Race, Entrepreneurship Volume I, to 1865*, 2nd ed. (Chapel Hill: University of North Carolina Press, 2009), xiii.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Ibid., xiv.

and admittance in commerce became increasingly colored. By “1961”, when Tanzania gained its independence from Britain, “about 34,581 Africans and 7,500 Asians held retail trading licenses”, but “Asians handled well over two-thirds of the trade volume.”⁸¹

One possible explanation for this glaring difference is the fact that entrepreneurs of Asian/Indian descent, though discriminated against with respect to Europeans, could borrow any amount of money from commercial banks. In contrast, aspiring entrepreneurs of African descent were restricted to only 100 Tanzanian shillings. The British colonial state also had a “regulation that prohibited foreign wholesalers from giving African goods worth more than” 600 Tanzanian shillings “on credit”.⁸²

People of African descent throughout the world, however, were not mere victims in the battle for business. Many of them, including Erica Fiah whose business ventures and activism this dissertation discusses, found inspiration through reading Marcus Garvey, for competing with businesspeople of Asian descent in Dar es Salaam. Garvey’s vision of black business was global. “I am here representing the Black Star Line Steamship Corporation of the world”, he once proclaimed and stated that the “purpose of the Black Star Line Steamship Corporation is to float a line of steamships to run between America, Canada, the West Indies, South and Central America and Africa, carrying freight and passengers, thus linking up the sentiments and wealth of the four hundred million Negroes of the world.”⁸³ However, his unsuccessful

⁸¹ Rugumamu and Mutagwaba, “Entrepreneurship Development in Africa”, 69.

⁸² Ibid., 68.

⁸³ Marcus A. Garvey, “Mr. Garvey’s Address,” in *The Marcus Garvey and Universal Negro Improvement Association Papers Volume II: August 27, 1919-August 31, 1920*, ed. Robert A. Hill (Berkeley: University of California Press, 1983), 119. Garvey delivered this “stirring speech” in Newport News, Virginia on October 25, 1919 and it was originally printed in *Negro World* on November 1, 1919.

ventures into shipping below epitomized the fact that, in general, black businesses hardly became that big despite such ambitious efforts:

Black Star Line, the UNIA's steamship corporation, made a series of disastrous investments in vessels that were dilapidated or downright unseaworthy. The Yarmouth, rechristened Frederick Douglass in April 1920, sank while docked in the winter of 1920-21. The Kanawha, rechristened Antonio Maceo, purchased in April 1920, was abandoned in Cuba in the fall of 1921. The Goethals, rechristened Booker T. Washington, purchased in 1925, was sold at public auction in 1926.⁸⁴

It is such dismal failures to establish sustainable big black business that led one of the leading African American scholars, E. Franklin Frazier, to define the black bourgeoisie in the US of the 1950s "as constituted of those Negroes who derive their income principally from the services of which they render as white-collar workers."⁸⁵ Despite "the dreams of Negro leaders at the turn of the century that Negro businessmen would become organizers of big industries and large financial undertakings", he clarifies, "Negroes have not become captains of industries nor even the managers of large corporations."⁸⁶ His portrayal of the composition of black business was similarly pessimistic:

What has come to be known as "Negro business" has consisted chiefly, with the exception of a few insurance companies, of a number of small banks, and newspapers, of small retail stores, restaurants, undertaking establishments, and similar enterprises which serve the needs of segregated Negro communities.⁸⁷

⁸⁴ Wilson J. Moses, "Marcus Garvey: Address at Newport News," in *Classical Black Nationalism: From the American Revolution to Marcus Garvey*, ed. Wilson J. Moses (New York: New York University Press, 1996), 241.

⁸⁵ E. Franklin Frazier, *Black Bourgeoisie* (Glencoe: Free Press, 1957), 43.

⁸⁶ Ibid.

⁸⁷ Ibid.

The story was more or less echoed in colonial Africa. With such examples, it is not surprising that, with few exceptions, the historiography of business and capitalism is replete with criticisms of the colonial state's constraints on nascent entrepreneurial elites. One exception is David Himbara's revisionist history of business and capitalism in Kenya that Taylor aptly critiques. He queries Himbara's insistence "that the idea that the colonial state hindered African business" is a myth.⁸⁸ In Taylor's estimation, this amounted to "challenging many of the seminal contributions to the so-called Kenya debate of the 1970s."⁸⁹ However, Himbara's challenge is based on "claims that colonial rulers in fact sought to provide infrastructure and engender "a business spirit" among Africans in the 1940s and 1950s through credit, provision of market stalls, establishment of African business chambers, and so on."⁹⁰ Taylor thus asserts:

With all due respect to the resiliency of African entrepreneurialism, Himbara is guilty of some romanticism here, as such initiatives were too little, too late. They came on the heels of the eve of independence, after fifty years of marginalization, and did little to provide a foundation for the African consumers who lacked the capital and capacity to support these fragile businesses, which struggled as a result.⁹¹

Such belated colonial interventions also took place in neighboring Tanzania, as the historian Michael Jennings underscores in his analysis of the changes in development policy during what has been referred to as the second colonial occupation in the 1940s and 1950s. For instance, it was only in the late 1950s, on the eve of independence, that the Local Development Loan Fund (LDF) was "expanded to include support for commercial activities and training."⁹² The fact

⁸⁸ Taylor, *Globalization and the Cultures of Business in Africa*, 2.

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Michael Jennings, "Building Better People: Modernity and Utopia in Late Colonial Tanganyika," *Journal of Eastern African Studies* 3, no. 1 (2009): 102, <https://doi.org/10.1080/17531050802682838>.

that it was initially intended for agricultural improvement indicates to the limited interest of the colonial state in the emergence of entrepreneurial elites in urban areas, such as the nodal points that Cooper was referring to above.

It is thus historically inaccurate to characterize the post-colonial state, at least in Tanzania, as being responsible for the underdevelopment of capitalism and business among Africans. To begin with, black business was already underdeveloped both locally and globally. Even neighboring Kenya did not fare that well, as the political scientist, Nicole Swainson, has revealed. “It was not until the political eclipse of the settlers and the victory of the national movement in the late 1950s”, she observes, “that the fetters on the expansion of indigenous capitalism were lifted.”⁹³ Ample evidence from historiography indicates that at least between 1961 and 1966 the state continued to promote capitalism with the aid of the businesses that were already in place.⁹⁴ “Thus from 1963 onwards”, she affirms, “the embryonic national bourgeoisie in Kenya was able to extend the basis of its accumulation assisted by the powers of the state”⁹⁵

Racialized structures of class relations and capital ownership continued in the aftermath of Tanzania’s independence in 1961 in favor of non-Africans. Even on the eve of independence, the World Bank (WB) was invited to send a mission to assess the country, which “advised the incoming government to create, among other things, more attractive incentives and to formulate liberal investment policies.”⁹⁶ The post-colonial government did exactly that

⁹³ Nicola Swainson, “The Rise of a National Bourgeoisie in Kenya,” 41.

⁹⁴ Peter Marris and Anthony Somerset, *African Businessmen: A Study of Entrepreneurship and Development in Kenya* (Nairobi: East African Publishing House, 1971), 10.

⁹⁵ Swainson, “The Rise of a National Bourgeoisie in Kenya”, 41.

⁹⁶ Severine Rugumamu, “State Regulation of Foreign Investment in Tanzania: An Assessment,” *Africa Development* 13, no. 4 (1988): 8.

when it adopted the first Three-Year Development Plan (1961-1964) that some capitalist countries from the Global North that had been eager to support on the eve of independence.⁹⁷ Its main argument in support of private capital was that the state had limited resources for investment, that is, public investments.⁹⁸ Due to the racialized colonial heritage, the private investors to be attracted were mainly Tanzanians of ‘Asian/Indian’ or foreign origin, that is, mainly Europeans and North Americans.

There is a general consensus in the literature that the period between 1961 and 1966 witnessed an increase of private capital in Tanzania. For instance, the political sociologist Jeannette Hartmann aptly characterizes it as a time of support to private capital.⁹⁹ After chiding the “Asians and Europeans”, as an “exploiting class”, for “carrying out little capital accumulation within the country with the extracted surpluses”, an expatriate who worked in the Ministry of Planning in the 1970s also went on to acknowledge that yet “there was a fairly impressive average annual rate of private capital formation of 15 percent between 1961 and 1966.”¹⁰⁰ A historical sociologist even asserted that independence in 1961 freed the capitalist forces within Tanzania that “were being fettered by the colonial monopoly interests.”¹⁰¹ As a result, he notes elsewhere, there was a mushrooming of manufacturing enterprises, that is,

⁹⁷ The New York Times, “Tanganyika Gets Pledge of U.S. Aid: Prime Minister Nyerere Pays Visit to White House,” *The New York Times*, July 18, 1961, 7; Patrick Keatley, “Mr Nyerere A Bitter Man: Disappointed in Quest for Aid,” *The Guardian*, July 22, 1961, 1; Patrick Keatley, “New Policy on Tanganyika: £12M. Guarantee from Britain,” *The Guardian*, August 5, 1961, 1; Arthur Maimane, “Cash, Skilled Personnel Needed by Tanganyika,” *The Washington Post*, July 16, 1963, B9.

⁹⁸ Chachage S. L. Chachage, “Land Issues and Tanzania’s Political Economy,” in *Agrarian Economy, State, and Society in Contemporary Tanzania*, ed. Peter G. Forster and Sam Maghimbi (Brookfield: Ashgate, 1999), 58.

⁹⁹ Jeannette Hartmann, “The Rise and Rise of Private Capital,” in *Capitalism, Socialism and the Development Crisis in Tanzania*, ed. Norman O’Neill and Kemal Mustafa (Aldershot: Avebury, 1990), 235.

¹⁰⁰ Idrian N Resnick, *The Long Transition: Building Socialism in Tanzania* (New York: Monthly Review Press, 1981), 60.

¹⁰¹ Chachage, “The Development of Urban Capitalism in Tanzania”, 81.

between 1961 and 1965 about 184 entities were established in contrast to only 101 that were established prior to 1946 and those established between 1946 and 1960.¹⁰² But, by 1966, the then burgeoning manufacturing industry had not restructured the inherited colonial-cum-capitalist political economy. The industrial and related policies that the state adopted prior to 1967 did not only integrate the country, but also its peasantry, to the international capitalist system.¹⁰³ The structure of the manufacturing sector in 1961 vis-à-vis agriculture summarized below that remained unchanged in 1966 explains why what a leading Tanzanian economist refers to as “pervasive capitalist industrialization” was also “capturing the peasantry” then:

About seventy percent of the manufacturing activities concentrated on processing agricultural commodities and minerals for export. Another fourteen percent was devoted to food processing and to other basic consumer items like clothing and footwear. In subsequent years, more and more of the same activities were introduced and expanded.¹⁰⁴

Nevertheless, what happened in Tanzania after 1966 remains contested and it is this contestation that this dissertation attempts to address. On the one hand, there are those who assert that *The Arusha Declaration of 1967 on Socialism and Self-Reliance* did not curb the consolidation of capitalism and capitalists in Tanzania, notwithstanding its apparent intention to do so.¹⁰⁵ In this group one finds these arguments: “in reality there is no evidence to support

¹⁰² C.S.L. (Chachage Seithy Loth) Chachage, “The Socio-Economic Crisis: Ask a Different Question,” in *Capitalism, Socialism and the Development Crisis in Tanzania*, ed. Norman O’Neill and Kemal Mustafa (Aldershot: Avebury, 1990), 270.

¹⁰³ Samwel E. Chambua, “The Development Debates and the Crisis of Development Theories: The Case of Tanzania with Special Emphasis on Peasants, State and Capital,” in *African Perspectives on Development: Controversies, Dilemmas and Openings*, ed. Ulf Himmelstrand, Kabiru Kinyanjui, and Edward Mburugu (London: James Currey Ltd., 1994), 40.

¹⁰⁴ Rugumamu, “State Regulation of Foreign Investment in Tanzania”, 9.

¹⁰⁵ This Declaration is a key policy and ideological document in the political and economic history of post-independence Tanzania as it virtually divides it into two distinct phases.

the view that the intention to pull out of the capitalist system was ever realized in Tanzania”¹⁰⁶; “The capitalists have been able to fling themselves massively and rapidly into the establishment of more enterprises, especially since 1967, because the state in Tanzania was able to accomplish what the colonial state failed to do in Tanzania: control of workers and peasants’ mass organizations”, that is to say, “keep the wages of the workers and the prices of peasant produce low.”¹⁰⁷

Others, on the other hand, assert that the Arusha Declaration and its subsequent policies stifled the entrepreneurial spirit of local African capitalists. “The fact”, insisted a legal expatriate scholar who taught in the country between 1979 and 1980, “is that the policies of Nyerere government have effectively destroyed the possibility of Tanzanian capitalism.”¹⁰⁸ Similarly, a political scientist who visited the country around the same time observed: “To accuse an African ruling class of retarding capitalism and its principal classes is virtually unheard of. However, this is what has happened in Tanzania, where state capital has consistently acted to forestall the development of a bourgeoisie and a proletariat by basing accumulation on the expansion of middle-peasant household production”¹⁰⁹ What these critiques also share is the assertion that, despite the stunting of capitalism, socialism hardly took off. “Many students of Tanzanian political economy”, two Tanzanian scholars also observe, “have variously argued that the net effect of the Leadership Code was to inhibit the

¹⁰⁶ Chambua, “The Development Debates and the Crisis of Development Theories”, 45.

¹⁰⁷ Chachage, “The Socio-Economic Crisis”, 273.

¹⁰⁸ Robert Martin, “Tanzania: Reality and Myth? (Book Review),” *Canadian Journal of African Studies* 17, no. 1 (January 1983): 117, <https://doi.org/10.2307/484667>.

¹⁰⁹ Susanne Mueller, “Retarded Capitalism in Tanzania,” *Socialist Register* 17 (1980): 203.

development of indigenous entrepreneurship and indeed to stunt capitalist development in the country without producing the desired socialist alternatives.”¹¹⁰

The main contribution of this dissertation has been to resolve, with relative success, the tension in this historiography. What follows is an outline of how it does so in relation to both historical and empirical evidence. It briefly presents the core arguments of the respective chapters and their main sources.

A Synopsis for Readers

The dissertation is divided into three main parts, each with two chapters: Business Cultures and the Colors of Capital (c. 1862-1960); Business Professions and the Politics of Capital (c. 1961-1985); and Business Institutions and the Intellectuals of Capital (c. 1986-2015). Since there are overlaps in historical accounts and actors, there is no rigid demarcation of timelines in terms of cutoff points. However, the transition between them provides a basis for relatively distinct, albeit related, themes.

Chapter 1 on ‘Racialization and the Spatialization of Business (c.1862-1939)’ provides the historical background to the zoning of colonial Dar es Salaam into three distinct racial zones: *Uzunguni*, *Uhindini* and *Uswahilini*, that is, the European, Indian/Asian and African, quarters, respectively. Although several studies have dealt with this question of space and race, the chapter focuses on how such racial-spatial configurations shaped the commercial and industrial trajectory of the city. In doing so, it shows that some Tanganyikans/Tanzanians of African descent saw their racial zone as an opportunity for developing some businesses, such as real estate and taverns, that were otherwise not open to them, whereas others still found the

¹¹⁰ Rugumamu and Mutagwaba, “Entrepreneurship Development in Africa”, 71.

zone limiting, especially when businesspeople of Asian/Indian descent were permitted to do business there.

The main sources that the chapter makes use of are from the Tanzania National Archives (TNA), particularly the files containing reports on native affairs in Dar es Salaam. Colonial surveys of the city that were conducted in the 1930s and 1950s are also used. Newspapers, such as *Tanganyika Standard*, and magazines, such as *Mamboleo* that started in the 1920s, are also consulted. In terms of the timeline, the chapter covers the period between the founding of the city in the 1860s to the interwar period in the 1930s.

Chapter 2 on ‘Decolonization and the Culturization of Business (c.1920-1960)’ makes use of the autobiographical and analytical writings of four pioneering elites in Tanganyika: Martin Kayamba, Kleist Sykes, Shaaban Robert and Erica Fiah. Since all of them attempted to do business or access credit at certain points in their lifetimes, the chapter uses their texts to capture how Tanganyikans engaged with and perceived the challenges of owning a business among African people. Of particular interest is the quest of people of African descent for credit access. It argues that, while embracing a culture associated with capitalism, these African trailblazers attempted to strip race of its colonial heritage. Hence, they did not reject race as a construct of modernity.

For them, the decolonization of race implied an attempt to ensure that the ‘African race’ participated fully in business and other undertakings that, in the colonial context, were primarily reserved for other ‘races’. The chapter uses the case of the gendered beer market in Dar es Salaam that members of this quartet either witnessed, participated, reflected upon or invoked in. Apart from the writings of the quartet, it also uses colonial data on credit to/for Africans. In terms of its timeline, the chapter thus covers the first half of the 20th century and, thematically, also speaks to both Chapters 1 and 3.

Chapter 3 on ‘Africanization and the Professionalization of Business (c.1961-1971)’ primarily makes use of parliamentary debates from the early years of independence and archival materials from the Dar es Salaam Chamber of Commerce, established in 1919, to argue that there was a significant attempt to create an African entrepreneurial elite. It also shows that the state paid serious attention to the needs of the private sector as far as African business expertise was concerned, even though the latter perceived it as promoting the needs of the public sector at its expense.

The chapter also employs several newspapers, such as *The Nationalist* and *Mwafrika*, to show to what extent the state attempted to promote the Africanization of the private sector in relation to the development of business education and colleges. In doing so, it also shows how the state’s cooption of cooperatives resonated with, and thus embraced rather than displaced, the quest for the Africanization of the private sector. In terms of timeline, the chapter mainly focuses on the first decade of independence i.e. the 1960s.

Chapter 4 on ‘Nationalization and the Internationalization of Business (c.1967-1979)’ focuses on the build-up to the *Arusha Declaration on Socialism and Self-Reliance* of 1967 and what happened afterwards in terms of the nationalization of large-scale industry and commerce. It argues that, in quantitative terms, nationalization did not arrest the development of the private sector; rather, it deteriorated qualitatively due to the crises that faced the country in general and parastatals (public companies/corporations) in particular. As a result, internationalization also increased.

The chapter extracts data from surveys of industrial production from the 1960s to the 1980s, together with capital accounts, to offer a revised analysis on capital formation in the private and public sectors. The then confidential correspondence between national and international political actors and archival materials from personal archives and newspapers, such as *Daily News* and *Uhuru*, buttress the analysis of these data to capture what transpired

on the ground. Finally, the chapter closes with an analysis of Mwalimu Nyerere's Ujamaa as a 'creed' that was deployed as an ideological strategy to build a socialist country in a society that was already embedded in a global capitalist economy. As such, the Arusha Declaration was mainly a statement of intent whose implementation was relatively unsuccessful given that it left capitalism intact and, as a result, nationalization soon gave way to privatization through internationalization.

Chapter 5 on 'Liberalization and the Indigenization of Business (c.1980-2005)' engages with the autobiographical writings and lives of another quartet - Tanzanians of African origin who have been the voice of the private sector during – and since – the transition to liberalization in the 1980s/90s: Juma Mwapachu, the late Wilfrem Mwakitwange, Iddi Simba and Ali Mufuruki. It shows that three of them disengaged with the creed of Ujamaa in the early 1980s and played an instrumental role in starting networks to push for an increasing role for the private sector. It uses the notion of intellectuals of capital to capture this role of thinking, writing and disseminating capitalist ideas.

As far as archival materials are concerned, the chapter makes use of the *Change Magazine* of the 1990s that Mwapachu founded as the managing editor and to which Simba contributed regularly. It also makes use of numerous newspapers of the time, and documents from the Confederation of Tanzania Industries (CTI) that they founded after falling out with Mwakitwange in running the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA). For the relative latecomer, Mufuruki, it uses the archives of the CEO Roundtable (CEOrt) that he co-founded. It also triangulates these sources with personal correspondence and autobiographical writings.

Moreover, this chapter focuses on the key umbrella institutions for the networking of key players in the private sector. It particularly looks at the formation of the Tanzania National Business Council (TNBC) and the Tanzania Private Sector Foundation (TPSF) at the turn of

the early 2000s in relation to the establishment of the Tanzania Investment Center (TIC) in the early 1990s. Although primarily local/national, these entities have been relying significantly on resources from bilateral donor agencies, such as SIDA, and UN organizations, such as the United Nations Development Programme (UNDP) and International Labour Organization (ILO), and International Financial Institutions (IFIs), such as the World Bank and the International Monetary Fund (IMF). This signifies that the place of African entrepreneurial elites in the global economy is still somewhat circumscribed by key players in the international capitalist arena.

Chapter 6 on ‘Privatization and the Transnationalization of Business (c.1990-2015)’ uses data from the then Presidential Parastatal Sector Reform Commission (PSRC) and its successor, the Consolidated Holding Corporation (CHC), to provide empirical evidence on the extent to which the privatization process fueled indigenization and vice versa. It argues that the seeds of privatization were sown in the context of socialism and nationalization, in which, seemingly dormant entrepreneurial elites were pushing and waiting for the moment to capture public property and use it as capital for investment or in joint ventures. Moreover, the chapter shows how the racist discourse of indigenization in the 1990s and 2000s is a continuation, rather than a disjuncture, from the discourses on Africanization of the 1960s discussed in Chapter 3.

The chapter also focuses on how International Finance Institutions (IFIs) referred to in Chapter 5 contributed to the financing of venture capital and other initiatives geared towards supporting local entrepreneurs. One such case was that of the United States Agency for International Development’s (USAID) initiative to support African women that Khadija Simba, whose business and networks the dissertation engages with, capitalized on. The extent to which these elites are captured as compradors vis-à-vis the extent to which they are owners or controllers of capital as captains of commerce and industry is the subject of the chapter.

Picking up from Chapter 5, it also makes use of biographical details of national and international members of TNBC, who constitute domestic and foreign investor forums, to tease out the place and role of African entrepreneurial elites in these ‘glocal’ relations. In this case, it engages with the business proprietorship of three apparently leading entrepreneurial elites who have been members of both the TNBC’s Local Investor Roundtable (LIR) and International Investors Roundtable (IIR): Michael Shirima, Ali Mufuruki, and Reginald Mengi. It also shows how they did not simply rise from rags to riches, but through individual and structural opportunities that both the state and the international community provided.

Finally, the dissertation concludes with a general overview of the apparent long-term impact of the emergence of an entrepreneurial elite. In doing so, it looks at how such a history is connected to the renewed quest for industrialization in Tanzania. It also suggests some areas for further historical research and methodological innovations.

PART I: Business Cultures and the Colors of Capital (c. 1862-1960)

Chapter 1: Racialization and the Spatialization of Business (c. 1862-1939)

We appeal to all thinking Europeans and Indians to regard themselves as ordinary citizens of Tanganyika; to preach no Divine Right of Europeans, no Divine Right of Indians and no Divine Right of Africans either...we are all East Africans....
Julius K. Nyerere¹¹¹

On October 19, 1856 Majid ibn Said became Sultan of the islands of Zanzibar. It had been sixteen years since his father, Said ibn Sultan, moved the capital of Oman from Muscat to Zanzibar.¹¹² The then heir apparent was only six years old. As the prince grew up in the 1830s, he hardly saw his father who spent most of his time in this East African archipelago that was increasingly becoming prosperous due to long-distance trade in the Indian Ocean World.¹¹³ By the time of his father's death, Zanzibar had outclassed the city-states of Kilwa and Mombasa that had dominated commerce in the East African coast during its medieval golden age.¹¹⁴ It was attracting American, Arab, British, German, and Indian merchants in a global web of trade in cotton, cloth and cloves, among other commodities.

¹¹¹ Nyerere, *Freedom and Unity*, 29. This is from his essay on 'The Race Problem in East Africa', that he wrote while a student at Edinburgh in the early 1950s. The term Indian in Tanzania tends to be used interchangeably with the term Asian. This will also be the case throughout this chapter. It generally refers to people originating from South East Asia, particularly India and Pakistan.

¹¹² The literature that addresses this shift is vast, including, inter alia: Abdul Sheriff, *Slaves, Spices and Ivory in Zanzibar: Integration of an East African Commercial Empire into the World Economy, 1770-1873* (London: James Currey, 1987); Gijsbert Oonk, *Settled Strangers: Asian Business Elites in East Africa (1800-2000)* (New Delhi: Sage Publications, 2013); Dana April Seidenberg, *Mercantile Adventurers: The World of East African Asians, 1750-1985* (New Delhi: New Age International, 1996); Randall L. Pouwels, *Horn and Crescent: Cultural Change and Traditional Islam on the East African Coast, 800-1900* (Cambridge: Cambridge University Press, 1987); Lawrence E. Y. Mbogoni, *Aspects of Colonial Tanzania History* (Dar es Salaam: Mkuki na Nyota, 2013); Frederick Cooper, *Plantation Slavery on the East Coast of Africa* (New Haven: Yale University Press, 1977); Jonathon Glassman, *Feasts and Riot: Revelry, Rebellion, and Popular Consciousness on the Swahili Coast, 1856-1888* (Portsmouth: Heinemann, 1995).

¹¹³ Iliffe, *A Modern History of Tanganyika*, 42. The Indian Ocean World refers, in general, to the littoral and terrestrial communities in Africa, the Middle East and South East Asia that have been connected through trade and other exchanges across this ocean. For further discussion of how this interplayed prior to the rise of Dar es Salaam see: Abdul Sheriff, *Dhow Culture of the Indian Ocean: Cosmopolitanism, Commerce and Islam* (New York: Columbia University Press, 2010); Neville Chittick, "Indian Relations with East Africa before the Arrival of the Portuguese," *Journal of the Royal Asiatic Society of Great Britain & Ireland* 112, no. 2 (1980): 117-27.

¹¹⁴ For first-hand accounts see the travelogues in: G S P (Greville Stewart Parker) Freeman-Grenville, ed., *The East African Coast: Select Documents from the First to the Earlier Nineteenth Century, 2nd ed.* (London: Rex Collins, 1975). For a critique of the concept of city-states in Africa see: Yusufu Bala Usman, *The*

Seyyid Majid attempted to follow in his father's footsteps.¹¹⁵ As early as 1862, he conceived the idea of constructing another capital, albeit in the fertile Mrima coast of East Africa.¹¹⁶ "I have the honour", Dr. G. Edward Seward of the British Consulate in Zanzibar began one official letter, "to report the return of the Sultan after a ten days' absence at Dhar Salaam [Dar es Salaam]."¹¹⁷ This "political agent" described it as "the proposed site of a new town on the mainland littoral, a few hours' steaming off Zanzibar."¹¹⁸ He also reported that the Sultan is "expending large sums of money upon transport of building material to this place, where he is at present erecting a palace, a fort, and dwellings for his officials."¹¹⁹

His "Highness hopes", he further reported, "to form the nucleus of a trading port, whence caravan routes shall radiate into the interior, and which bye and bye roads along the coast may connect with Keelwa [Kilwa] and Lamoo [Lamu]."¹²⁰ In the eyes of a European diplomat, such was a snapshot of the grand design the Sultan had of what would be the coastal city of Dar es Salaam, that is, the 'Haven of Peace'.¹²¹ Although this vision for Dar es Salaam was not realized during the life and times of Seyyid Majid, central actors in the two

Transformation of Katsina, 1400-1883: The Emergence and Overthrow of the Sarauta System and the Establishment of the Emirate (Zaria: Ahmadu Bello University Press, 1981), 52-53.

¹¹⁵ These Sultans from Āl Bū Sa'īd dynasty are addressed by their customary Omani titles, i.e. Seyyid, followed by their first names, e.g. Seyyid Said and Seyyid Majid, to distinguish them.

¹¹⁶ This stretches from the northern border of the present-day Tanzania and Kenya to the Rufiji Delta before giving way to the Mgao coast in southern Tanzania and Kerimba coast in northern Mozambique. For a detailed description see John Middleton, *The World of the Swahili: An African Mercantile Civilization* (New Haven: Yale University Press, 1992).

¹¹⁷ Letter dated November 10, 1866 reproduced in John Edward Giles Sutton, ed., "*Dar es Salaam: City, Port and Region*," *Tanzania Notes and Records* 71(1970): 201. This is a special journal on Dar es Salaam.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ The translation of this term remains contentious; the debate is partly addressed in this chapter.

main sectors that inspired the founding of the city – commerce and construction – contributed considerably to its configuration and consolidation. These actors included, among others, owners of merchant capital, dispossessed landlords, and enslaved laborers.

The growth of Dar es Salaam as a spatial configuration, however, predated Seyyid Majid. Nor did it unfold only in relation to the Omani Sultanate of Muscat and Zanzibar. It was, rather, an outcome of the social, political and economic encounters between disparate racial and ethnic groupings from at least three continents. As such, Dar es Salaam owes part of its business history to the upheaval in the Indian Ocean World that led to the rise and fall of various commercial city-states in the aftermath of the medieval era.

Predicated on the littoral and terrestrial geography of the eastern board of East Africa, this history unfolded in such a way that business became spatialized in terms of intersecting social categories. As Davis notes, both physical space and spatial patterns are crucial in explaining class identities and alliances.¹²² They do not only shape self-identification, but also how one is located in an urban or rural space in terms of how the state defines and rules its subjects or citizens.¹²³ Located between the rural-urban spaces in its formative period, Dar es Salaam became both a contested spot and melting pot for the spatialization of categories of people in terms of the trade they plied.

What this chapter aims to capture is how this historical background sets the stage for later development of the city, predicated on the intersections of class, gender, race, and

¹²²Diane Davis, “The Sociospatial Reconfiguration of Middle Classes and their Impact on Politics and Development in the Global South: Preliminary Ideas for Future Research,” ed. Diane Davis, *Political Power and Social Theory* 21 (2010), 258.

¹²³ This implies that the process is bi-directional and, hence, dialectical, with colonial state apparatuses attempting to impose, through categorization and institutionalization, identities while the subject attempts to resist or even consent with varying results. See: Mahmood Mamdani, *Define and Rule: Native as Political Identity* (Cambridge: Harvard University Press, 2012); Mahmood Mamdani, *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism* (Princeton: Princeton University Press, 1996).

related dynamics, in the commercial and industrial sectors. To that end, it engages with what transpired between those who would be classified as natives to – and those who came to settle in – Dar es Salaam during the late precolonial period; the relatively brief German colonial period; and the early decades of British colonialism. Its core argument is that people of African descent were part and parcel of the construction of Dar es Salaam as an entrepôt. However, it increasingly became a racial commercial capital due to the discourses of race that informed both merchant capitalism and colonialism. As a result, the spatialization of business in the city shaped their entrepreneurship prospects and vice versa.

A Haven for Commerce

On March 10, 1862, Britain and France signed an Anglo-French Agreement that the Germans also assented to.¹²⁴ Among other things, the rival European empires agreed to respect the independence of both Muscat and Zanzibar. Even though Seyyid Said had earlier moved his capital – or rather, residence – from the former to the latter, these two city-states continued to be part of a unitary Sultanate. Following his death, two of his sons became sultans of each of the city-states.¹²⁵

However, one of them opted to be independent. This was none other than Seyyid Majid of Zanzibar. What followed was a dispute that the British finally arbitrated in April 1861.¹²⁶ As a result, Zanzibar became a British Protectorate. This would have a significant bearing on the history of Dar es Salaam, in particular, and that of Tanganyika, in general.

¹²⁴ 348 Parl. Deb. H.L. (3rd ser.) (1890) col. 455. This debate on ‘The Anglo-French Agreement’ occurred on August 11 of the cited year in the UK Parliament, <https://api.parliament.uk/historic-hansard/lords/1890/aug/11/the-anglo-french-agreement>.

¹²⁵ This rendition mainly draws from: Joseph A Kechichian, *Oman and the World: The Emergence of an Independent Foreign Policy*, ed. (Santa Monica: Rand Corporation, 1995).

¹²⁶ Ibid.

It was the independence of the Sultanate of Zanzibar that partly made Seyyid Said's domination of the mainland coastal towns relatively easier. "Despite much resentment at Zanzibar's control", notes Iliffe, "the towns were too disunited to resist."¹²⁷ The Sultanate could thus enforce tariffs that were discriminatory. For instance, the Nyamwezi, who are discussed in the next section, were taxed almost twice as much as the Zanzibari for the ivory that came from their very own Nyamwezi territory.¹²⁸

As one of the earliest Swahili recollections indicates, this was the context in 1862 when Seyyid Majid started contemplating the idea of building a coastal city. "The original name of Dar es Salaam", it notes, "was Mzizima, which means the healthy town."¹²⁹ This town had leaders known as *Jumbe*. One of the Sultan's representatives, it notes, "gave them clothes, rice and much money, that is baksheesh...."¹³⁰ It also notes that the Sultan lent them money and they were pleased to receive his greetings. "The Jumbes are delighted", the representative is said to have told the Sultan, "now let us go and build there."¹³¹

It was then that the Sultan sent a "vessel with workmen able to build large stone houses, painters and timber fellers."¹³² Afterwards, he put his flag and sent *Mabanyani* (merchants of Indian origin) and someone, titled a *Liwali*, to govern it on his behalf.¹³³ "We

¹²⁷ Iliffe, *A Modern History of Tanganyika*, 43.

¹²⁸ Ibid.

¹²⁹ As reproduced in: Freeman-Grenville, *The East African Coast*, 234. It is from a translation of the original Swahili by C (Carl) Velten, *Prosa Und Poesie Der Suaheli* (Berlin: Im Selbstverlag des Verfassers, 1907).

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² Ibid.

¹³³ The Swahili terms used in the original recollection is *Mabanyani* (i.e. *Mabaniani*) for plural and *Banyani* (i.e. *Baniani*) for singular. The collector of the recollections, C. Velten, translated them as "Hindu". However, the terms were used in reference to merchants of Indian origin.

are of the opinion that our tax should be seven Syrian reals on every door”, they are quoted as telling the *Liwali*.¹³⁴

The Indian merchants are said to be the ones who paid the tax and the money was divided among forty *Jumbe*, the *Mwenye Mkuu* (Supreme Leader) and the Sheikhs who were all said to be content.¹³⁵ Its concluding remarks on this apparent transactional encounter provides a glimpse of the multiple financial interests that would shape the means upon which early local elites would accumulate wealth in Dar es Salaam:

[Ndipo] alipoipata nchi ya mrima, na kazi yao hulima mtama na mchele na muhogo na muhindi na chooko. na wale Mabanyani huleta nguo kulla aina. hukopa watoto wa majumbe. marra moja hukopa hamsini, marra nyingine hukopa mia. ndio kazi yao. na Wanyamwezi wa barra huja na pembe zao, kufanyiza biashara. na majumbe wakapewa ada zao pembe za inchi. (That is when he came to possess/get the country/land of Mrima. Their occupation was cultivating millet, rice, cassava, maize, and peas. The Indian merchants imported/brought cloth of every kind. They loan the children of the Jumbe. Sometimes they loan fifty, other times a hundred. Such is their occupation. And the Nyamwezi came from the interior/hinterland with their ivory to do business/trade. The Jumbe were given their fee/tax on the ivory of the country/land).¹³⁶

As a trope of origin, this account is prone to errors and myths. However, when triangulated with another early recollection there are certain similarities that enables one to partially reconstruct what transpired. The latter version reemphasizes peace as a means upon which Seyyid Majid came to possess and rename the town.¹³⁷ It also reiterates that the two leading

¹³⁴ As reproduced in: Freeman-Grenville, *The East African Coast*, 234.

¹³⁵ Mwenye Mkuu is the translation of the author of this dissertation, another translation is “Great Owner” that appears in John Middleton, *African Merchants of the Indian Ocean: Swahili of the East African Coast* (Long Grove: Waveland Press, 2004), 63.

¹³⁶ Velten, *Prosa Und Poesie Der Suaheli*, 292. The translation is the author of this dissertation’s improvisation on Velten’s. Probably on the basis of the context, Velten translates that these fifties and hundreds were money i.e. Persian reals rather the clothes. However, it is safe to leave it open to interpretation given that the original Swahili does not specifically say money or clothes. Given that cloth was associated with much else in Swahili cities, it is possible that they accumulated them as wealth.

¹³⁷ Chiefly based on typescript belonging to Pazi Degelobozi bin Mlawa as translated, footnoted and reproduced in: Morwenna Hartnoll, “A Story of the Origin of the Name of Bandar-Es-Salaam,” *Tanganyika Notes and*

ethnic groups in the area and its vicinity – Shomvi under the *Jumbe* and Zaramo under the *Pazi* – were all in accord.

This must have been necessary politically given that the former ethnonational group is said to have paid tribute continuously to the latter. Such an arrangement stemmed from the help they got to drive out the Kamba who had moved from the hinterland.¹³⁸ As such, it created a situation where the Shomvi's entitlement to their own town was predicated on these relations.

However, some of the accounts indicate that to some extent the Sultan exerted power over both prior to the negotiations. For instance, when he summoned all Shomvi men to go to the narrow channel of the harbor where his ship was anchored, they are said to have obeyed. His response, through a negotiator, to their initial disagreement about welcoming him also underscores this. "Tell them to go to their homes now and think it over and later call them together again" he stated, "but everyone must be present when they give me the answers."¹³⁹ When he came back, all the Shomvi men were there and the Zaramo men were also summoned.

The account also notes that the Sultan gave judgement on a murder case that is said to have prompted the call for him to come there, indicating that he was considered as an

Records 3 (1937): 117-119. An unnumbered footnote therein argues that Majid copied Haroun-al-Rashid, who gave the same name to Baghdad because he also took it without bloodshed. This interpretation, however, has not received wide coverage in the literature. It is plausible, though, given that both Oman and Baghdad were part of the Persian dispensation.

¹³⁸ Both versions seem in agreement with the Kamba account. However, it is important to note that the second version is written from a Shomvi's point of view whereas the latter is either written from a Zaramo or Swahili's point of view and is particularly sympathetic to both the Sultan's rule and German rule. This partly explains why Velten, who was an interpreter of the German Imperial Commander, Hermann von Wissman, in 1889 translated and then published it.

¹³⁹ As reproduced in: Freeman-Grenville, *The East African Coast*, 118.

adjudicator prior to his attempted move.¹⁴⁰ As has been noted above, his father had been in control of the coastal area. In a sense, the Sultanate was a de facto ruler of the area even prior to the time when it formally acquired the 10-mile strip through the Anglo-German Treaty of 1886.

This, coupled with wealth, partly explains why there was limited opposition to his son. Another factor that partly explains the peaceful encounter is that the ruling elites continued to own land and even got a market for mortgaging land. For instance, Jumbe Kitembe is said to have mortgaged his farm near Magogoni ferry in Dar es Salaam to the negotiator of the Sultan's move.¹⁴¹

Another recollection of the origin of Dar es Salaam gives credence to this commercial factor. On the basis of what he garnered from his Dar es Salaam ancestors, the lawyer Saidi Chaurembo notes that the Zaramo agreed that Sultan Majid's representatives, known by the title of *Akida*, would keep the harbors at Dar es Salaam and Kisiju.¹⁴² It was from these harbors, he notes, that the funds for the Zaramo came. He also notes that the Sultan "agreed that to help the country the dues on ivory should be divided among the Wazaramo themselves, and the dues on the incoming trade should be his for the payment of his" *Akida* and their *Askari* (guards/soldiers).¹⁴³

The question of labor, however, was challenging. Seward's record of Seyyid Majid's sojourn there in November 1866 was not optimistic about the prospect of resolving it, not

¹⁴⁰ Ibid., 117.

¹⁴¹ Ibid., 119.

¹⁴² Kisiju is on the outskirts of Dar es Salaam in what is known as the Coast region.

¹⁴³ Cambridge University Archives, *RCS/RCMS 126/5/7*, African Papers of Sir John Gray: 'Notes on Saidi Chaurembo's account of the early history of Dar es Salaam,' 3.

least because labor was coercive. Noting that forty enslaved laborers had decamped, he was of the view that “the one want of labour promises to be fatal” to the realization of the otherwise good conception.¹⁴⁴ In his estimation, no “considerable body of slaves could be kept together.”¹⁴⁵ His rationale for this viewpoint was that, in contrast to Lamu and Mombasa that were apparently “flanked by tribes more dangerous to the fugitive slave than the Arabs”, the “country behind Dhar Salaam [Dar es Salaam]” had “no such flight restraining terrors.”¹⁴⁶

This underscores the centrality of both coercive and consenting African labor in the making of Dar es Salaam as a modern city. The initial construction depended on the labor of enslaved people who were primarily Africans. Thereafter, with the abolition of slavery and ascendancy of colonialism, construction relied on a form of labor that resulted from a juxtaposition of coercion and consent through constraining the choices of colonial subjects.

Such questions of labor hardly bothered most of the European observers of the time notwithstanding Britain’s attempt to abolish slavery. For Captain G. L. Sullivan of a vessel known as *Daphne*, Dar es Salaam “had just become the Sultan’s abode, he having built himself a palace here.”¹⁴⁷ In the case of Commander Richard Bradshaw, he noted that “it is thought that this port will supersede Quiloa [Kilwa] as the domestic slave depot of the Sultan, the caravans from the interior altering their route for it in account of its proximity to Zanzibar, Quiloa being 160 miles distant, the difference being a great consideration to the

¹⁴⁴ Letter dated November 10, 1866 reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 201.

¹⁴⁵ Ibid.

¹⁴⁶ Ibid.

¹⁴⁷ An account from the year 1873 as reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 203. The original version is: G. L. Sullivan, *Dhow Chasing in Zanzibar Waters and on the Eastern Coast of Africa: Narrative of Five Years’ Experiences in the Suppression of the Slave Trade* (London: S. Low, Marston, Low & Searle, 1873).

dhows conveying slaves.”¹⁴⁸ However, as if slavery was not heavily involved in the ongoing construction, for him “the jungle” was simply “being rapidly cleared.”¹⁴⁹

This is not an assertion that these British consular officials and sea captains were not concerned with the slavery they were attempting to abolish. Rather, it is an assertion that with few exceptions, the question of labor per se in the construction of the city was not raised. As for the extension of the question of labor to the wider geopolitics, Seward raised some concerns. “Unless their slave labor can be largely supplemented, or entirely replaced by extraneous free labour”, he asserted, “there is no hope of any extension of this projected mainland settlement of the activity and seeming prosperity, which on the inconsiderable island of Zanzibar is sustained by violent and purely artificial means.”¹⁵⁰

Such a critique must have stemmed from his observation of how those who questioned the feasibility of the project were flogged. He noted that, out of fear, even the “Arabs who were reluctant to embark on this new venture” because their “slaves would flee” did not declare their reservations loudly.¹⁵¹ “Fed by enslavement, existing with a stolen life dwarfed by the very nature of its sustenance”, he concluded, “Zanzibar can never advance beyond the status of a petty insular Sultanat” hence it “can never give back to Africa the life it steals nor hold secure dominion there.”¹⁵² Orientalism’s racial discourse on the Omanis, and the Middle East in general, also ostensibly informed his prophecy of doom.

¹⁴⁸ An account from the year 1867 as reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 203. The original version was printed in: *The Mercantile Marine Magazine*, XV (no. 172, April 1968), 117-8 under the title ‘Darra Salaam – Africa.’

¹⁴⁹ Ibid.

¹⁵⁰ Letter dated November 10, 1866 reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 202.

¹⁵¹ Ibid.

¹⁵² Ibid.

Trade, to some extent, was also coerced. Joseph Thompson, a Scottish missionary who visited in 1879, was convinced that during Seyyid Majid's reign there was a deliberate attempt to promote Dar es Salaam at the expense of other coastal towns. "Caravans", he noted, "were ordered to make Dar-es-Salaam their trading port instead of Bagamoyo or Saadani, which were at that time the principal centres of activity on the coast."¹⁵³

Nevertheless, the expansion, or rather encroachment, of the Zanzibari commercial empire on the mainland also led to what Iliffe refers to as "boom towns", with Bagamoyo being the most notable.¹⁵⁴ This is why a survey of the coastal towns that the Holy Ghost fathers commissioned in 1866 revealed that Bagamoyo was the most suitable for building their mission. The surveyor, Antoine Horner, noted that this was the case because of "fertility of land, good harbour, proximity to Zanzibar town and an expanding population."¹⁵⁵

The prospect of Dar es Salaam overtaking Bagamoyo as a haven of commerce took a dent when Seyyid Majid died tragically in 1870. J. Federic Elton, a British Consul who visited three years later, noted that the property that had greatly depreciated in value since the Sultan's death had "during the past few months again diminished very considerably."¹⁵⁶ He attributed this further devaluation "to the prejudice of many Indian mortgages."¹⁵⁷

¹⁵³ An account from the year 1879 as reproduced in: John Edward Giles Sutton, ed., "*Dar es Salaam*," 207. Its original source is now available as a free electronic book: Joseph Thomson, *To the Central African Lakes and Back: The Narrative of the Royal Geographical Society's East Central African Expedition, 1878-1880*, ed. J. B (James Baird) (London: Sampson, Low, Marston, Searle & Rivington, 1881), <https://ia802607.us.archive.org/13/items/tocentralafrica02thomgoog/tocentralafrica02thomgoog.pdf>.

¹⁵⁴ Iliffe, *A Modern History of Tanganyika*, 43.

¹⁵⁵ Walter Brown, "Bagamoyo: An Historical Introduction," *Tanzania Notes and Records* 71 (1970): 71.

¹⁵⁶ An account from 1873 reproduced in: John Edward Giles Sutton, ed., "*Dar es Salaam*," 205. Its original source is now freely available as an electronic book: James Frederick Elton, *Travels and Researches among the Lakes and Mountains of Eastern & Central Africa*, ed. H B (Henry Bernard) Cotterill, *Eastern & Central Africa* (London: John Murray, 1879), <https://archive.org/download/travelsandrese00cottgoog/travelsandrese00cottgoog.pdf>.

¹⁵⁷ Ibid., 205.

Yet there was hope for a commercial revival. “It is said that a native caravan with 100 frasilahs of ivory is now within four days’ journey”, he cautiously noted, “and if should this arrive, the few merchants now left in the best laid-out town on the Mrima trust that trade may be re-attracted, and that people may return.”¹⁵⁸ However, by the time he was departing after his nine-day stay, this was his observation of the state of the city center:

[T]he boldly designed main streets are choked up with rank grasses and brushwood; the houses for the most part deserted and locked up, or giving way to decay, except at one enterprising corner, where a few Indians industriously strive to revive a falling trade with the interior. House property is almost valueless, and land around so depreciated that a plantation of some extent was shown me for sale, at a price of 40 dollars. A plot of land and half-finished house in the centre of town, mortgaged about two years ago for 500 dollars, would not fetch a reserve of 200 dollars when offered lately by auction; at the same time a thatched hut and two acres, in a good situation, went for 7 dollars.¹⁵⁹

Its decline accelerated further over the decade. “Daressalaam”, observed a German soldier known as August Leue in 1887, “had sunk as quickly as it had risen under Seyyid Majid.”¹⁶⁰ In a way, Seward’s prediction had come to pass. For what Leue was observing, chauvinistically, two decades later, were parts of the Sultan’s palace “where once the harim ladies’ tender feet had trodden, now clanked the prisoner’s chains.”¹⁶¹

Yet a decade earlier, when Thompson visited, the legacy of cosmopolitanism that would define its racist spatialization for decades to come was already evident. “From all quarters a motley crowd”, he observed, “came rushing to the anchorage in all stages of dress,

¹⁵⁸ Ibid., 204.

¹⁵⁹ Ibid., 205.

¹⁶⁰ An account from 1887 reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 213. It also appears in: Clement Gillman, “Dar es Salaam, 1860 to 1940: A Story of Growth and Change,” *Tanganyika Notes and Records* 20 (1945): 4.

¹⁶¹ Ibid.

undress, and no-dress—Arabs in all the ponderous glories of turbans kamerbands, and gorgeous clothes, Indians in their awkward though airy dresses, Waswahili in their kanzus, resembling night-shirts, and Wazaramo and other... in simple loin clothes—all hastening to see the Great Man, Dr. Kirk and his friends....”¹⁶²

The soon colonizing Germans were to thus encounter such a diverse community in terms of class, race, religion and ethnicity. Their mission, however, would be to rule according to racialist dictates that continued to inform colonization in the wake of scientific racism. This, they would do, in the context of trade wars with fellow colonizing European empires on the continent and resisting African polities in the hinterland.

A Battleground for Trade

On September 12, 1905 the Swahili lecturer and author, Mtoro bin Mwinyi Bakari (1869-1927), and his German wife, Bertha Hilske, arrived in Dar es Salaam. The arduous journey of the newlywed couple had started in the port of Berlin in Germany a month earlier. Sitting in a second-class cabin of a German postal steamer, they passed through Genoa in Italy and Tanga in Tanganyika. Having encountered racial animosity in Germany due to their marriage, they must have anticipated what was in store for them in a German colony.¹⁶³

Even his former Swahili student, Governor Gustav Adolf Graf von Götzen, who had been sympathetic enough to forward from the colony an official letter needed to solemnize the wedding in Berlin, was wary of the return of the native son. In his diary entry he partly blamed the law for permitting the union that had led to Bakari’s intention to dwell with his

¹⁶² An account from the year 1879 as reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 206.

¹⁶³ This account is based on: Ludger Wimmelbücker, *Mtoro Bin Mwinyi Bakari (c. 1869-1927): Swahili Lecturer and Author in Germany* (Dar es Salaam: Mkuki na Nyota, 2009).

wife in a “Negro dwelling.”¹⁶⁴ To avoid this, he had “the woman from Berlin prevented from landing” in Dar es Salaam.¹⁶⁵ “Facing her tears”, he noted, “the District Office tried to convince her that a Negro with German language skills and fairly good manners, as her Mtoro was able to reveal, would always find a more worthwhile employment and attain a higher repute than in Africa.”¹⁶⁶ Bakari’s recollection of what transpired provides additional details:

When I arrived in Tanga, the District Commissioner came on board and told me that I was not allowed to go ashore. The same thing took place in Dar es Salaam. The German District Commissioner came on board and told me I was not allowed to live in the country, and if I went ashore I would receive 25 strokes. When my wife asked him what was going to happen then, he said that the government would pay our return journey and I would be employed again at the School of Oriental Languages....¹⁶⁷

These colonial officials were even ready to see what they considered to be an interracial couple live in Germany where racism was in ascendancy or stay anywhere else other than in colonial Africa.¹⁶⁸ Such racist contradictions may have not been prevalent; however, they were encountered elsewhere in the German colonial empire. As the historian Sven Beckert notes, in regard to German colonialists who hired African American cotton experts in 1900 to teach farming in Togo, maintaining racial superiority while relying on the expertise of those they deemed racially inferior became challenging.¹⁶⁹ This was a challenge to the colonial

¹⁶⁴ Cited in: Wimmelbucker, *Mtoro Bin Mwinyi Bakari (c. 1869-1927)*, 46.

¹⁶⁵ Ibid.

¹⁶⁶ Ibid.

¹⁶⁷ Ibid., 54.

¹⁶⁸ Liberia and Ethiopia are countries in Africa that were, arguably, not colonized.

¹⁶⁹ Sven Beckert, “From Tuskegee to Togo: The Problem of Freedom in the Empire of Cotton,” *The Journal of American History* 92, no. 2 (2005): 498–526.

order due to what he refers to as the “treacherous shoals of a new and increasingly virulent discourse on race that stretched from Tuskegee to Berlin to Togo.”¹⁷⁰

In the case of Governor Götzen’s decision, however, the concern was also about maintaining a racial spatialization of the city, especially at a time when German colonialism was facing renewed resistance from Africans in the territory. “I do not know”, he entered in his diary, “whether the spread of plague from Zanzibar to Dar es Salaam, or the undermining of the repute of the white race, which would inevitably follow the appearance of a mixed black and white couple in the streets of Dar es Salaam, would have worsened our situation the more, at a time when, almost daily, the belief in our superiority is already contested.”¹⁷¹

As Ludger Wimmelbucker, Bakari’s biographer, notes, the beginning of the *Maji Maji* War (1905-1907) of resistance in Tanganyika had a bearing on such a reaction.¹⁷² Nevertheless, the Governor was drawing from a discourse that had been fomented prior to, and crystallized through, colonialism. As has been pointed out in the introduction to this dissertation, leading German thinkers during the European enlightenment, such as Hegel, participated in articulating racialism. This occurred in the wake of the global capitalist expansion of the 15th-19th centuries that went hand in hand with colonial conquests of other continents.

African resistance to German colonialism was as political as it was economic. On the one hand, Africans who opted to resist were attempting to preserve their political sovereignty following the Berlin Conference of 1884-1885 that absorbed their polities into *Deutsch-Ostafrika* (German East Africa). On the other hand, since some of their leaders had managed

¹⁷⁰ Ibid., 502.

¹⁷¹ Wimmelbucker, *Mtoro Bin Mwinyi Bakari (C. 1869-1927)*, 46.

¹⁷² Ibid.

to control parts of the thriving caravan trade, they opted to resist to protect their commercial strongholds. The case of how the leading terminus of the central caravan routes, Bagamoyo, lost its eminence to the then small town of Dar es Salaam is illustrative.

Prior to full-scale German colonialism, the *Deutsch-Ostafrikanische Gesellschaft* (DOAG), that is, German East Africa Company, signed several questionable treaties, mainly with some small African chieftains, to acquire land.¹⁷³ As Zeleza notes, this chartered company was undercapitalized and was thus mainly a speculative venture that only embarked on colonization in the context of inter-imperial rivalries among European powers.¹⁷⁴ Since the German state was still reluctant to govern its new colonial territory, the very next day following the Berlin Conference it granted imperial protection to DOAG's 'possessions' from its contentious treaties.¹⁷⁵ What controlled this company after shifting from being a "petty bourgeois society", notes the development historian Juhani Koponen, were "procolonial capitalists bent on making money."¹⁷⁶

As early as 1885, DOAG started attracting significant investments from German capitalists. These included Karl von der Heydt and F. A. Krupp.¹⁷⁷ Kaiser Wilhelm I also invested in it in 1886. Banks, such as Mendelsson-Bartody, Delbruck and Leo & Co also

¹⁷³ The Society for German Colonization was DOAG's predecessor and the German Explorer, Carl Peters, its institutional face in East Africa prior to the 1890s.

¹⁷⁴ Paul Tiyambe Zeleza, *A Modern Economic History of Africa* (Dakar, CODESRIA, 1993).

¹⁷⁵ Germany's apparent initial reluctance to fully colonize has attracted the attention of analysts; see, among others: H. P. Meritt, "Bismarck and the German Interest in East Africa, 1884–1885," *The Historical Journal* 21, no. 1 (March 11, 1978): 97–116; John Iliffe, *Tanganyika under German Rule, 1905-1912* (London: Cambridge University Press, 1969); Dick Foeken, "On the Causes of the Partition of Central Africa, 1875–1885," *Political Geography* 14, no. 1 (1995): 80–100.

¹⁷⁶ Juhani Koponen, *Development for Exploitation: German Colonial Policies in Mainland Tanzania, 1884-1914* (Helsinki: Finnish Historical Society, 1994), 78.

¹⁷⁷ Ibid.

bought shares. Hence, its share capital rose from 1.4 to 3.7 million Deutschmarks within two years.¹⁷⁸ Even though its financial and human resources were still relatively low, its intimacy with the state enabled it to continue, for some time, as the institutional and commercial face of German colonialism in East Africa.

By then, as has been noted in the previous section, Bagamoyo was already established as a commercial center. Hence, DOAG opted to make the town its nucleus as it attempted to secure more areas in the hinterland. One of its first moves was to ensure that it obtained the rights to control the customs section in Bagamoyo and other areas on the coast. It achieved this through a treaty that it signed with the Sultan of Zanzibar in April 1888.¹⁷⁹ The Swahili recollections of these events that a German interpreter, C. Velten, who visited the area in 1889, compiled, give a glimpse of what transpired a year earlier:

wakaja Wadeustchi na manowari za uzia, wakiwasili Unguja, wakimwambia sultan kwa ujanja – ya kuwa: “tunataka utupe amri ya forza, utupe kwa mshahara. Wakapata, wakaandika khattiya mkataba, wakashika forza ya Bagamoyo, hata wakawasili Benderrasallama. (The Germans came in trading vessels, arriving in Zanzibar, saying craftily to the sultan – that: “we want you to give us custom control, give it to us for hire.” They got it, and wrote a contract; thus, they took charge of Bagamoyo’s customs, until they arrived in Dar-es-Salaam).¹⁸⁰

DOAG, however, faced resistance and reacted forcefully. For instance, in August of the same year, a German armed vessel arrived in Bagamoyo and lowered the flag of the Sultan in his representative’s headquarters. A month later, after another altercation, “200 blue jackets with modern arms were landed” and over “100 natives were killed...”¹⁸¹ By October the situation

¹⁷⁸ Ibid.

¹⁷⁹ Brown, “Bagamoyo,” 80.

¹⁸⁰ Velten, *Prosa Und Poesie Der Suaheli*, 292. The author of this dissertation has improvised on Velten’s translation by triangulating the terms with other accounts of the events cited in this chapter.

¹⁸¹ Brown, “Bagamoyo,” 80.

was still dire, to the extent that a German commander stated: “Especially around Bagamoyo murder and plunder are rife.... Trade has been destroyed for a long time.... Germans and in particular Indians are suffering enormous damage.”¹⁸²

In contrast, the Dar es Salaam of the late 1880s was not yet a center of much attention. “When we set foot on its soil”, recalled Leue of its state in 1887, “it was a town of ruins.”¹⁸³ In his lamentation on its condition then, Reverend Father LeRoy of the Congregation du Saint-Espirit et du saint Cour de Marie made this observation:

The name itself was immediately changed: Dari-Salama, the safe roof, became Bandari-Salama, the safe harbour. A name only too correct, alas! Today, the safe old roofs are falling in but the harbour is still there, still fine, still peaceful, still safe and still unfrequented!¹⁸⁴

His interpretation of the name adds to the controversy surrounding its meaning.¹⁸⁵ “Dari” means ceiling or loft whereas “Dar” means haven or house. Nevertheless, his observation gives credence to the argument that as late as 1886 the Germans were still not much interested in Dar es Salaam compared to Bagamoyo. The *moyo* (heart) of Zanzibar was Bagamoyo. Hence, to curtail the dominance of Zanzibar one had to control or circumvent its heart. A self-described “roving correspondent” for *The Times of India* must have sensed this motive in 1889. “I may say”, she/he noted, “it is hinted that as soon as the Germans have settled the mainland it is their intention to seize Zanzibar itself....”¹⁸⁶

¹⁸² Cited in: Koponen, *Development for Exploitation*, 81.

¹⁸³ An account from 1887 as reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 213.

¹⁸⁴ An account from the year 1886 as reproduced in: John Edward Giles Sutton, ed., “*Dar es Salaam*,” 213. Its original source is *Les Missions Catholiques*, vol.18 (October 1886).

¹⁸⁵ See: J. W. T. Allen, “The Name ‘Dar es Salaam’,” *Tanganyika Notes and Records* 19 (1945): 1. Also compare it with recent literature; for instance, while researching more than half a century later, Brennan pointed out that the “etymological debate remains unresolved,” refer: James R. Brennan, “*Nation, Race and Urbanization in Dar Es Salaam, Tanzania, 1916–1976*” (PhD diss., Northwestern University, 2002), 7.

¹⁸⁶ Roving Correspondent, “East Africa,” *The Times of India*, September 20, 1889, 4.

Germany never seized Zanzibar. However, it continued to be its problem. The historian Franck Rimbault also notes that due to the coastal revolts of 1888-1890s, the German state could not limit itself to economic interests. Hence, he argues, “national prestige demanded that the colony free itself from Zanzibar’s influence.”¹⁸⁷ It is from “that point forward”, he concludes, that “Dar es Salaam established itself as the city to promote....”¹⁸⁸

Thus, in the 1890s, the reemerging Dar es Salaam would become a threat not only to Bagamoyo, but also to Zanzibar. As another unnamed correspondent for *The Times of India* would recall later, “the apprehension regarding the eclipse of Zanzibar by Mombasa and Dar es Salaam do not appear to be progressing towards realisation.”¹⁸⁹ Those apprehensions, however, seemed real for those who did not have that benefit of hindsight at the beginning of the decade. “It was feared that when Mombasa became the port of the Ugandan railway, and when the capital of German East Africa [i.e. Dar es Salaam] opened up communications with the interior”, this correspondent noted, “Zanzibar would speedily sink into comparative insignificance.”¹⁹⁰

An unnamed representative of the *Zanzibar Gazette* cited in the *Times of India* observed their contrasts and connections in 1891.¹⁹¹ She/he saw Dar es Salaam as “a beautiful harbour and... destined to become a great commercial centre in the course of a few years.”¹⁹²

¹⁸⁷ Franck Rimbault, “The Evolution of Dar Es Salaam’s Peri-Urban Space during the Period of German Colonisation,” in *From Dar es Salaam to Bongoland: Urban Mutations in Tanzania*, ed. Bernard Calas (Dar es Salaam: Mkuki na Nyota, 2009), 27.

¹⁸⁸ Ibid.

¹⁸⁹ The Times of India, “Zanzibar,” *The Times of India*, November 23, 1899, 4.

¹⁹⁰ Ibid.

¹⁹¹ The Times of India, “German East Africa: Dar-es-Salaam and Bagamoyo,” *The Times of India*, September 24, 1892, 6.

¹⁹² Ibid.

With regard to Bagamoyo, he/she noted that it is “also bound to be a large depot” on “account of its proximity to Zanzibar, whence steamers run to Europe and Bombay regularly...”¹⁹³ The information this correspondent got from a “High German Officer” indicated that one of the intentions of the Germans was to cut off the middlemen.¹⁹⁴

These middlemen were mainly merchants of Indian origin, then still known as *Banian*, *Banyani* or *Banias*, who connected Bagamoyo to Zanzibar. “Indian merchants”, s/he noted “are still confident that Bagamoyo will always maintain its hold upon trade with the interior...”¹⁹⁵ This was the case, she/he further noted, “despite the efforts made by the German Government to attract the caravans to Dar es Salaam in preference to Bagamoyo.”¹⁹⁶ Since Bagamoyo was closer to Zanzibar than Dar es Salaam, this strongly suggests that the shift of the capital was also about attempting to control, by way of diversion, the Sultanate’s stronghold on the caravan route. Another intention was to destroy the dominance of the Arabs at the heart of this trade network.

It seems the correspondent was sympathetic to the German colonizing mission. “A great many yarns have been circulated about the failures of the Germans to colonize”, she/he further noted, “but I can confidently assert the rumours are groundless—and in my opinion the Germans are going about the business in a sensible manner.”¹⁹⁷ By sensible, she/he meant that what appeared as erratic was actually methodical, as the overall goal was to shift political and economic power.

¹⁹³ Ibid.

¹⁹⁴ Ibid.

¹⁹⁵ Ibid.

¹⁹⁶ Ibid.

¹⁹⁷ Ibid.

However, by only focusing on the victimhood of Africans in the coastal towns, she/he failed to see or comment on how the German's methodical pacification extended beyond the coastal line to also curtail the access to trade through Bagamoyo that some Africans in the interior had. For her/him, the "native" was simply "docile" and had "been kept in a stage of bondage for centuries" with "his oppressors" being "the Arab and the Banian."¹⁹⁸ Extending the viewpoint to the whole territory, however, enables one to see how the shift of the capital from Bagamoyo to Dar es Salaam in 1891 also fitted into the German plan for pacification of Africans in the hinterland.

For instance, she/he observed "about 2,000 natives down from the interior" some of whom had "been detained in Bagamoyo much longer than usual owing to the troubles reported from [Tabora]."¹⁹⁹ However, "a caravan of some 800 men was being formed for the interior... and was to join the caravans fitting up at Dar es Salaam and proceed to the interior, under the protection of a body military from the latter place."²⁰⁰ Although it "was believed that the disturbances at" Tabora were "now at an end", he/she cautiously noted, "nothing definite was known."²⁰¹

This must have been in reference to the resistance that the Nyamwezi had marshalled in Tabora, the heart of their Unyanyembe polity. As the majority of African porters in the central caravan trade and hosts of its stronghold, they seemed indispensable. Iliffe notes that their caravans carried ivory, salt and iron hoes.²⁰² He also notes that the arrival of firearms

¹⁹⁸ Ibid.

¹⁹⁹ Ibid.

²⁰⁰ Ibid.

²⁰¹ Ibid.

²⁰² Iliffe, *A Modern History of Tanganyika*, 67.

and political rivalries enabled one of its leaders, Isike, to create a standing army and relatively more centralized polity than that of his predecessors and contemporaries.²⁰³ It was thus Isike and his army that the military escort from Dar es Salaam for the caravan to Tabora was aiming to contain in 1892.

As his biographer, Stephen J. Rockel notes, Isike had imposed tax on porter recruitment and other taxes for merchants.²⁰⁴ For three months in 1887 he even prevented ivory caravans heading to the coast. With over 1,000 firearms, he could achieve all this as the merchants could not resist him. Isike was thus not only attempting to control traders through taxation, but also the trade itself. After managing to repel three successive assaults from a private German expedition and its local allies between April and June in 1892, diplomatic overtures failed, and an impasse followed. “Some of the Arabs”, Rockel notes, “perhaps out of personal loyalty and no doubt because of their trading interest attempted to mediate.”²⁰⁵ Although he agreed to accept German terms in October of the same year, by January 1893 Isike was weakened and, finally, defeated.

Similarly, Mkwawa, the leader of the African polity of the Wahehe, resisted the Germans in the 1890s not least because of their encroachments on the caravan trade. The fact that the quarters of his fortress were named Zanzibar and Bagamoyo attests to the importance of these two centers of the caravan trade in his imagination.²⁰⁶ Among the demands that the then German Governor, Julius von Soden, made in order to negotiate peace with Mkwawa

²⁰³ Ibid., 62.

²⁰⁴ Stephen J. Rockel, “Isike,” in *Dictionary of African Biography Volume 3: Hailu-Lyaut*, ed. Emmanuel K. Akyeampong and Henry Louis Gates, Jr. (Oxford: Oxford University Press, 2012), 165.

²⁰⁵ Ibid.

²⁰⁶ See: Iliffe, *A Modern History of Tanganyika*, 78.

was the opening of his area to traders.²⁰⁷ By this, he meant that the Wahehe state should not have monopoly on trade conducted within and across its jurisdiction. Or, as Iliffe puts it, “Soden’s minimum demands were free access to a ‘protected’ Uhehe....”²⁰⁸

Akyeampong has observed, elsewhere, related patterns of chieftainship and their persistence in commerce. “One feature of nineteenth-century trade in West Africa” he notes, is “the prominence of chiefs in trade or business.”²⁰⁹ In its case, he further notes, it “survived into the twentieth century and the political economy of colonialism.”²¹⁰ However, this was hardly the case in Tanganyika, partly due to German pacification of the Nyamwezi and Hehe rulers who attempted to control and participate in trade.²¹¹ This, coupled with the dominance of people of Asian origin in business, contributed significantly to lowering the base upon which people of African origin started being businesspeople in Dar es Salaam.

Isike and Mkwawa, like many other African leaders, did not set foot in Dar es Salaam. However, their cases illustrate how the shift of the capital from Bagamoyo to Dar es Salaam was not only political and administrative. It was also economic, predicated on strengthening Dar es Salaam both as a commercial hub and military base from which the whole territory of Tanganyika would be pacified and controlled.²¹²

²⁰⁷ Ibid., 110.

²⁰⁸ Ibid.

²⁰⁹ Emmanuel Akyeampong, “Commerce, Credit, and Mobility in Late Nineteenth-Century Gold Coast: Changing Dynamics in Euro-African Trade,” in *Africa’s Development in Historical Perspective*, ed. Emmanuel Akyeampong et al. (New York: Cambridge University Press, 2014), 259.

²¹⁰ Ibid.

²¹¹ Centralization was among the factors that enabled these two rulers to attempt to monopolize trade. However, although some rulers from decentralized states also participated in the trade, they were not much of a threat. Distance, it seems, was another factor. For instance, Iliffe asserts that being “close to the coast, *Pare* rulers could not monopolize commerce.” Refer: Iliffe, *A Modern History of Tanganyika*, 61. There were other centralizing rulers; Isike and Mkwawa are only presented herein as cases.

²¹² The historian Ralph Austen argues that because the “East African coast was so accessible from the sea and cut off (until the nineteenth century) from its hinterland, commerce in the region could much more easily than in

The land economist, J.M. Lusugga Kironde, asserts that it is perhaps misleading to maintain that the German colonial government moved itself from Bagamoyo.²¹³ According to his interpretation of historical evidence, the decision to make Dar es Salaam its capital goes back to the beginning of German colonialism. For instance, he notes, in 1885, Commodore Paschen recommended Dar es Salaam to be suitable for a naval depot on the mainland coast after comparing it to Bagamoyo and other coastal settlements. This was after the German representative in Zanzibar, Rear Admiral Knorr, had tasked Paschen to survey them. Kironde also points out that Governor von Soden never stayed in Bagamoyo. Instead, he stayed in Zanzibar and then moved to Dar es Salaam.

However, the same evidence, when triangulated with other sources, indicates that the decision was strategic. It was informed by the resistance to German colonialism in the late 1880s. For instance, Kironde notes that the Imperial Commissioner “who vanquished the coastal rebellion”, Hermann von Wissmann, “had tried to balance the conflicting interests of the pro-Bagamoyo and pro-Dar es Salaam lobbies by staying at Bagamoyo, and turning Dar es Salaam into a military base...”²¹⁴

Nevertheless, as noted earlier, it is this military position of Dar es Salaam that enabled the German colonial government to intervene across the territory in an attempt to usurp both the political and commercial power of various African leaders and polities. As such, the rise of Dar es Salaam at the expense of Bagamoyo was strategically induced. The unnamed

Sudanic West Africa come under the control of foreign merchants,” refer: Ralph A. Austen, *African Economic History: Internal Development and External Dependency* (London: James Currey, 1987), 63.

²¹³ J. M. Lusugga Kironde, “*The Evolution of the Land Use Structure of Dar es Salaam 1890-1990: A Study in the Effects of Land Policy*” (PhD diss., University of Nairobi, 1994), 105.

²¹⁴ Ibid.

Zanzibar Gazette's representative referred to above thus captured how, within a year, resistance to colonialism and the shift of the capital affected Bagamoyo:

There appears to be a decided decline in the amount of business doing at this place...the large number of half-built and empty houses give a depressing air to the place.... As regards the buildings and arrangements of the town, there has been no change in Bagamoyo during the past year, except that fewer houses seemed to be occupied, and that several which were in course of construction twelve months ago have been left unfinished when first storey was completed, the prospects of the place having apparently not been sufficiently good to encourage the expenditure of very much money on house property. The Government buildings have not been enlarged, but the fort is now completed.... As regards the port, there have been no improvements....²¹⁵

Yet, on the basis of his conversation with merchants and observations of porters, she/he thought "its position would be absolutely secure if the projected railway is conducted from Dar-es-Salaam to Bagamoyo."²¹⁶ However, this railway was not constructed. Instead, a German company constructed a central railway that connected Dar es Salaam to the hinterland, stretching all the way to Ujiji on the shores of Lake Tanganyika via the pacified Tabora. Nevertheless, she/he glamorously captured the relatively high investments in the new capital in contrast to the old one:

As a contrast to Bagamoyo, this place has been greatly improved and extended during the past year....various homes and shops in different parts of town...the streets are remarkably wide, clean, and well lighted, the native bazaar being equal in this respect to the European....The Post Office arrangements are in advance of anything we have in Zanzibar....The Custom House is much smaller than ours however, it adjoins a very long and commodious building, now almost complete which is intended as terminus of the proposed railway...There is also a large hotel on the sea front, the Hotel Deutscher Kaiser....²¹⁷

²¹⁵ The Times of India, "German East Africa: Dar-es-Salaam and Bagamoyo," *The Times of India*, September 24, 1892, 6.

²¹⁶ Ibid.

²¹⁷ Ibid.

A few years later one Mrs. Balfour, a British traveler across African cities, provided a critical assessment. “The town is a remarkable production to be the work of only three years”, she noted, “but somehow looks more like a German watering-place than anything else; and in the European quarter there is hardly any signing of trade or business going on....”²¹⁸ This, however, does not mean that the Germans did not envision it as a commercial city. Rather, it is an indication of how slowly commerce picked up there over the decade. For, as another observer noted about its “trading facilities”, in the construction of Dar es Salaam “every requirement of commerce, every desire of enterprising trade” had “been anticipated and provided for.”²¹⁹

The spiritual leader of Indian Ismaili Khojas, The Aga Khan, also visited the area at the turn of the century. On the basis of his interviews with Indians and observations, he wrote a letter to the editor of the *Times of India*. It was a scathing response to an article that had asserted that “from Major Von Wissman onwards Germans have not concealed their conviction that the Bania is an undesirable superfluity in German possessions, and nowhere have things been made more uncomfortable for him than there.”²²⁰ For him, however, what he referred to as the “Indian Question” in the territory had been partly resolved through a guarantee for out of their taxes they got “absolute security of life and property....”²²¹

This must have been also a diplomatic gesture on behalf of his global diaspora of Khojas given that he acknowledged that he had been prejudiced against the Germans from

²¹⁸ The Spectator, “Miss Balfour in Africa,” *The Spectator*, January 18, 1896, 86.

²¹⁹ The Times of India, “An Experiment in Colonisation: The Germans in East Africa,” *The Times of India*, June 15, 1898, 7.

²²⁰ Aga Khan, “The Aga Khan on German East Africa: To the Editors of the Times of India,” *The Times of India*, November 20, 1899, 4.

²²¹ Ibid.

what he read in India prior to this trip. Nevertheless, it highlights the relatively better position that traders of Indian descent had compared to that of Africans. A rejoinder to the Aga Khan's letter captured this relative position, although it was couched in an essentialist racial discourse on Africans and commerce:

We are quite prepared to accept the assurance of his Highness that his compatriots now receive fair and equitable treatment at the hands of German officials, and that their values as an economic factor in the development of the country is amply recognised. The Bania, indeed, occupies a position in the coast towns of East Africa which no other man is exactly capable of filling. He stands midway between the native population, with their hereditary incapacity for commerce, and the European trader, with their notorious indifference to the minor requirements of trade.²²²

In regard to the capital, the Aga Khan did not reserve his praises. "In ten years the Germans have transformed Dar-es-Salaam from a dirty village into a splendid modern civilized town", he pinpointed, "and have laid the foundations of a great city for the future."²²³ However, those who penned a rejoinder to him could hardly agree:

What we complained of is that he has omitted to show us the reverse side of the shield. The solid buildings, the spacious hospitals, and the ubiquitous policemen of Dar-es-Salaam only represent one phase of German colonization. To appreciate to the full the limited success of the German administration in East Africa, we have also to take account of the deserted quays, the empty harbour, the huge custom-houses without a bale of goods, which are not less prominent features of the German Protectorate.²²⁴

Like many of the British observers of the times whom he cites, Iliffe also underplays the commercial growth of Dar es Salaam at the expense of other towns during the early German colonial period. For instance, he attributes the rising of its share of total foreign trade from 9 to 25 percent between 1890 and 1902 in contrast to the falling of Bagamoyo's share from 40

²²² Ibid.

²²³ Ibid.

²²⁴ Ibid.

to 24 percent to imports for European consumption.²²⁵ For him, the fact that a leading German firm, W. O'swald and Company, moved its headquarters to the mainland from Zanzibar only in 1902 and even then picked Bagamoyo instead of Dar es Salaam, is more proof that the latter was more of an administrative capital.²²⁶

However, observers who were more sympathetic than most of the critical British noted the glaring commercial progress of Dar es Salaam. For instance, in an article on 'A Rising African Town', one observer noted that by the turn of the century Dar es salaam could "boast of eight German commercial houses, three hotels, and three inns, a builder, a brewer, and a butcher."²²⁷ One may argue that these are also indications that the focus was German consumption. Nonetheless, this observer also noted that in "addition, there are two Greek, three Goanese, and 186 Indian and Arab shops."²²⁸ As for O'swald, the shift to Bagamoyo was one among its plans of opening various branches in the territory. In 1903 they opened a branch in Dar es Salaam and in 1906 one in Mwanza.²²⁹

One of the possible explanations for why most of the British observers were critical over the years is the position of their traders therein. For instance, in a British parliamentary debate in July 1909, Evelyn Cecil lamented that in "Dar-es-Salaam, the German capital of East Africa, it is remarkable that there is not a single British firm at all."²³⁰ To resolve this, he suggested that they establish a steamship line there to tap into the cargo that would

²²⁵ Iliffe, *A Modern History of Tanganyika*, 128.

²²⁶ Ibid.

²²⁷ The Times of India, "A Rising African Town," *The Times of India*, May 14, 1901, 5.

²²⁸ Ibid.

²²⁹ Somerset Playne, *East Africa (British): Its History, People, Commerce, Industries, and Resources* (London: The Foreign and Colonial Compiling and Publishing Co., 1908), 114.

²³⁰ 8 Parl. Deb. H.C. (5th ser.) (1909) col. 1045.

potentially include the then rapid growth of cotton, copper ore and coffee from Eastern and Central Africa²³¹ Wary of continuing losing to the Germans, he stressed:

I feel confident that His Majesty's Government will not refuse to assist, so far as they can, the increasing British trade in our Colonies, and prevent it going into the hands of foreigners. I know it is sometimes argued, "Why not let the Germans do it, because it is cheap, and if they can bring home British goods at a loss to themselves, so much the better for the British Empire." But are we sure of this? Are we so very certain that they do it at a loss?²³²

The expansion of Dar es Salaam as a commercial city, however, did not happen on an empty space. As the urban geographer Sarah L. Smiley notes, the Germans started expelling Africans from the eastern parts of the city and seizing their land, pushing them further west, as far back as 1887.²³³ For instance, the Swahili recollection cited above notes how one of the *Jumbe* known as Tambaza was forced to sell Dar es Salaam for 15 rupees.²³⁴ It also notes that this sale was disputed and Mwenyi Mshindo and other *Jumbe* resisted, telling the buyer "I do not want you here... nor do we want any of the other Europeans."²³⁵ The buyer, having taken command of Dar es Salaam, is said to have replied: "You will want us, you must."²³⁶ The pacification of Dar es Salaam ensued and it proved to be relatively easier compared to Bagamoyo and Tabora.

What resulted was a city with three racialized concentric zones. The first zone was the seat of the government that also included the residences of its administrators. Next was the

²³¹ Ibid.

²³² Ibid.

²³³ Sarah L. Smiley, "The City of Three Colors: Segregation in Colonial Dar Es Salaam 1891-1961," *Historical Geography* 37 (2009): 180.

²³⁴ As reproduced in: Freeman-Grenville, *The East African Coast*, 234.

²³⁵ Ibid.

²³⁶ Ibid., 235.

zone that contained plantations that belonged to Arabs, Indian merchants and some wealthy Swahili. African homes constituted the third, outer zone. Thus, by the time the colonial government enacted the first building ordinance four years later, its implementation and revision were only meant to perfect this early triad pattern of racial segregation.²³⁷

However, as it was in the 1860s, so it was in the 1890s for some of the local Dar es Salaam ruling elites. For instance, once again Jumbe Kitembe seized the opportunity to sell his *shamba* (farmland).²³⁸ A contract of purchase he entered with the German Governor von Soden on May 25, 1891 indicates that he was paid 400 rupees for one his plots.²³⁹ This bordered, among other things, the foreshore of the harbor and government premises. Another contract indicates that he was paid 40 rupees for his plot of land located in the Government Park adjacent to the Imperial Governor.²⁴⁰ Like his fellow land owners, he was also guaranteed 50 rupees if he settled elsewhere within Dar es Salaam. The contract refers to him and 15 other landlords as ‘natives’. It refers to the 17th landlord as an Arab, however, in this case and in another one, he only got 60 rupees. This indicates that ‘natives’ were still the landed patricians when the Germans came.

²³⁷ See: Smiley, “The City of Three Colors,” 180. She, however, refers to the second zone as only containing Arab plantations. Earlier recollections and leases indicate they were not the only ones.

²³⁸ It seems the options for resisting the leasing were limited not least because of German colonial pacification of Africans, including the ones in their coastal areas during the revolt of 1888-1890.

²³⁹ The original contract from *K.G.R File III K3 Vol Page 19* is reproduced in translation in: Kironde, “*The Evolution of the Land Use Structure*,” 567.

²⁴⁰ The original contract, dated May 16, 1891, from *K.G.R File III K3 Vol Page 4*, is reproduced in translation in: Kironde, “*The Evolution of the Land Use Structure*,” 566.



Figure 1.1. The Plan of the City of Dar es Salaam in 1911 (The Collections of Architect Anthony Bosco Almeida, the Dar es Salaam Center for Architectural Heritage (DARCH) Archives).

These legal purchases were complemented by an attempt at the legal systemization of racial spaces. It came in the form of the *Bauordnung für Dar es Salaam* (Building Ordinance of Dar es Salaam) of May 14, 1891 that divided the town into forty-six separate lots in which the construction of African style huts was strictly prohibited.²⁴¹ The lots facing the harbor were “exclusively for European settlement, which means, that in these lots only solid buildings in European style may be constructed.”²⁴² However, on the outskirts of the harbor, “in the Barra Rasta and in Indian Street, also other buildings are allowed, as long as these are

²⁴¹ For an original copy and its translation, see: Kironde, “The Evolution of the Land Use Structure,” 578-582.

²⁴² As reproduced and translated in: Kironde, “The Evolution of the Land Use Structure,” 581.

out of solid materials and as long as they cannot be categorized as Negro huts.”²⁴³ As Figure 1.1 above indicates, the racialized division of the town was maintained in the early 1900s.

This is the policy and legal landscape that made it impossible for the Bakaris to live in Dar es Salaam in 1905 as an interracial couple.²⁴⁴ Such was its spatial impact “notwithstanding Rimbault’s contention that “it is impossible to find traces of any desire on the side of the administration to impose racial segregation before 1906.”²⁴⁵ It is also a spatial configuration that would shape business interactions across races during British colonialism. On July 1, 1914, prior to the outbreak of the First World War that ended German colonialism in Tanganyika, the state amended its building ordinance.²⁴⁶ It provided for African style buildings in the third zone, thus cementing the triad racial segregation of Dar es Salaam as Figure 1.2. below on the status of the town plan in 1916 underscores.²⁴⁷

²⁴³ Ibid.

²⁴⁴ They went back to Germany, see Wimmelbucker, *Mtoro Bin Mwinyi Bakari*, 54.

²⁴⁵ Rimbault, “The Evolution of Dar es Salaam’s Peri-Urban Space during the period of German Colonisation,” 34.

²⁴⁶ *Bauordnung für Dar es Salaam, 1914*.

²⁴⁷ This is neither implies that the imposition was not resisted no denies its porosity, rather, it indicates how the process evolved to a stage where it was cemented legally and institutionally.



Figure 1.2. The Plan of the City of Dar es Salaam in 1916 (The Collections of Architect Anthony Bosco Almeida, the Dar es Salaam Center for Architectural Heritage (DARCH) Archives).

A Marketplace for Race

On March 6, 1934 the General Manager of Tanganyika Railways, Colonel G.A.P. Maxwell, met the British Governor of Tanganyika, Sir Harold Alfred MacMichael. “In the course of a conversation”, the latter expressed to the former, “a desire to start a market for Native Arts and Crafts.”²⁴⁸ These were to be drawn from the whole country with the aim of stimulating both their trade and industry. In the Governor’s consideration, “the institution of a system of market” for them would entail making them “readily available for sale to the public at places frequented by travelers e.g. Dar es Salaam and Tanga.”²⁴⁹

²⁴⁸ Tanzania National Archives (TNA) 22299, ‘Marketing of Native Industrial Products’, The Tanganyika Railway’s General Manager to The Chief Secretary to the Government, June 8, 1934.

²⁴⁹ TNA 22299, Governor to the Secretary of the State for the Colonies, March 29, 1935.

However, the debate about a suitable marketplace went on for about four years among British colonial officials. On realization that the wharf at Dar es Salaam's harbor was not sufficient, other areas were suggested. The then projected King George V Memorial museum was one of the suggestions. However, the colonial authority was reluctant to authorize it due to the legal and institutional setup of Dar es Salaam as a triad racial city. "I have now received advice from the Municipal Secretary", Colonel Maxwell wrote to the Chief Secretary on March 14, 1938, "that the proposal to erect a new Kiosk in close proximity to the new museum is impossible as trading in Zone I is prohibited."²⁵⁰

This prohibition dates back to September 11, 1924 when Alan Edward Stack, the Governor's Deputy, prescribed the areas specified in the first schedule of the *Township Rules, 1923* as Zone I. With regard to this area that circumscribed parts of the then Versailles Street and Selous Street, among other Europeanized streets, the schedule stipulated, "residential buildings of European type only may be erected."²⁵¹ Although it did not overtly proscribe any race from building, the reference to Europe had a covert racial undertone. Moreover, this also intersected with class as the cost of erecting buildings described as such required financial resources that only the wealthy had access to.

Such colonial exchanges on the applicability of these building rules laid bare the contradictions of racial spatialization. Although they were mainly intended to limit people of African descent from accessing Zone I unless it was for laboring, the zoning rules turned to be also limiting to authorities. A central publicity committee set up to oversee the local

²⁵⁰ TNA 22299, Chairman, Central Publicity Committee to The Chief Secretary to the Government, March 14, 1938.

²⁵¹ Cited from a copy of the original law reproduced in: Kironde, "*The Evolution of the Land Use Structure*," 583.

industry scheme felt circumscribed and attempted to circumvent the law.²⁵² “The Committee”, noted its chairperson, “feels that the prohibition was not intended to extend to the sale of native curios in the sphere of the Territory’s publicity and recommends that, if possible, a suitable exemption may be made.”²⁵³

Even though the Chief Secretary had responded to the central publicity committee’s letter in April, promising that the views of the Museum’s Board of Management would be ascertained, by early June the promised remained unfulfilled. The committee’s chairperson wanted a quick response for budgeting purposes, stressing that the “question is one of some urgency.”²⁵⁴ Probably sensing that the board was delaying due to legal hurdles, the committee came up with the following resolution that they thought would at least meet the apparent rigid requirement of the law:

If accommodation could be found within the Museum building for the Native Arts and Crafts Kiosk Section, so much the better. If not, it was presumed that it would be possible to overcome the restriction implied by Clause 84(a) of the Township Rules, Cap. 29 of the Laws, which precludes the erection of any but residential buildings of European type, and so allow a new Native Arts and Craft Kiosk to be placed near the projected Museum.²⁵⁵

After receiving a noncommittal response in June, the Committee gave up in August. What is striking is the reasons they gave. “In view of the fact that the site of the projected museum is likely to be some considerable distance from the point where all visitors to town come

²⁵² TNA 22299, Memorandum on the Encouragement of Native Industries (Undated, however, it contains a handwritten comment dated October 16, 1935).

²⁵³ TNA 22299, Chairman, Central Publicity Committee to The Chief Secretary to the Government, March 14, 1938.

²⁵⁴ TNA 22299, Chairman, Central Publicity Committee to The Chief Secretary to the Government, June 20, 1938.

²⁵⁵ TNA 22299, Chairman, Central Publicity Committee to The Chief Secretary to the Government, June 20, 1938.

ashore,” its minutes’ taker recorded, “it was decided to abandon the idea of building a new Kiosk near the Museum.”²⁵⁶ The Acting Chief Secretary duly informed the chair of the museum’s board in early September, thus closing the convoluted exchanges.

This account underscores the reach of the law of zoning that the British colonial officials inherited from their German predecessors.²⁵⁷ If the colonial officials themselves could hardly circumvent it in relation to Zone I, one can imagine what the situation was for colonial subjects. Zone I was highly impregnable for people of African descent irrespective of their class.

In a survey of Dar es Salaam in February 1931, E. C. Baker, then a District official, found that of 2,415 native houses, only 380 were in Zones I and II.²⁵⁸ The fact that his survey did not break this down further in terms of the two zones masks the reality on the ground. One possible explanation is that some people of African descent who were already residents prior to the zoning rules were not evicted. For instance, on May 16, 1931 seven such residents sent a petition to the Chief Secretary. Among them was Mohamed Tambaza, the son of Jumbe Tambaza.²⁵⁹

Noting that the government had ordered them to be evicted from their farmlands and houses in Upanga, they pleaded for mercy. One of the reasons they gave was that it was very

²⁵⁶ TNA 22299, Extracts from minutes of meeting of the Central Publicity Committee, held on Wednesday, August 10, 1938.

²⁵⁷ The British did not only translate the German Building Ordinance of 1914 in 1921, they also used it to enact their own Building Ordinance in 1923. See: Brennan, “*Nation, Race and Urbanization*,” 99; Smiley, “The City of Three Colors,” 183; Bashiru Ally, “*State and Market in Urban Land Conflicts: The Case of Dar es Salaam City, Tanzania: 1995-2015*” (PhD diss., University of Dar es Salaam, 2015), 65.

²⁵⁸ E. C. Baker, “Memorandum on the Social Conditions of Dar es Salaam, 4 June 1931,” 13. Copy available at the School of Oriental and African Studies (SOAS) Archives and in the personal possession of James R. Brennan.

²⁵⁹ Abdallah Tambaza, whose grandfather was a cousin of Jumbe Tambaza, confirmed this paternity, refer: Abdallah Tambaza, email message to author, March 29, 2018.

difficult for them to leave their properties and demolish their buildings, some of which they had worked so hard for or inherited from their ancestors. Reiterating how difficult it was for one to regain wealth, they queried, rhetorically, where the properties would be moved or who would look after them.²⁶⁰

Kironde notes that, although the District Office was adamant, the central government opted not to evict them.²⁶¹ To do so would have contravened the rules, given that they were freeholders. He also notes that, according to colonial officials, by December 1935 there were 99 native huts in Upanga.²⁶² Some of these could be part of the houses that Baker included in 1931 as part of Zone I and II referred to above.

An update of Baker's survey in August 1939 indicates that the number of native houses in Zone II was 184 out of 3,155.²⁶³ However, it does not present any figures for Zone I. This suggests that within eight years the remaining 196 native houses that were classified as being in Zones I and II had either moved out of the hands of Africans or, as in the case of Upanga, some had remained among African freeholders in Zone I.

²⁶⁰ This account is based on the Swahili wording of their petition that is fully reproduced in: Kironde, "*The Evolution of the Land Use Structure*," 586-587.

²⁶¹ Ibid., 183.

²⁶² Ibid. However, on page 302 he rounds that number to "some 100 huts." By "native huts" in the European zone, the colonial government meant structures that did not only belong to Africans but were also not constructed in line with the said standards of residential buildings of European type.

²⁶³ E. C. Baker, "Amendments to 'Memorandum'," in Deputy Information Officer to Chief Secretary, January 10, 1940, 3. TNA 18950/11/1A. Also, in the personal possession of James R. Brennan.

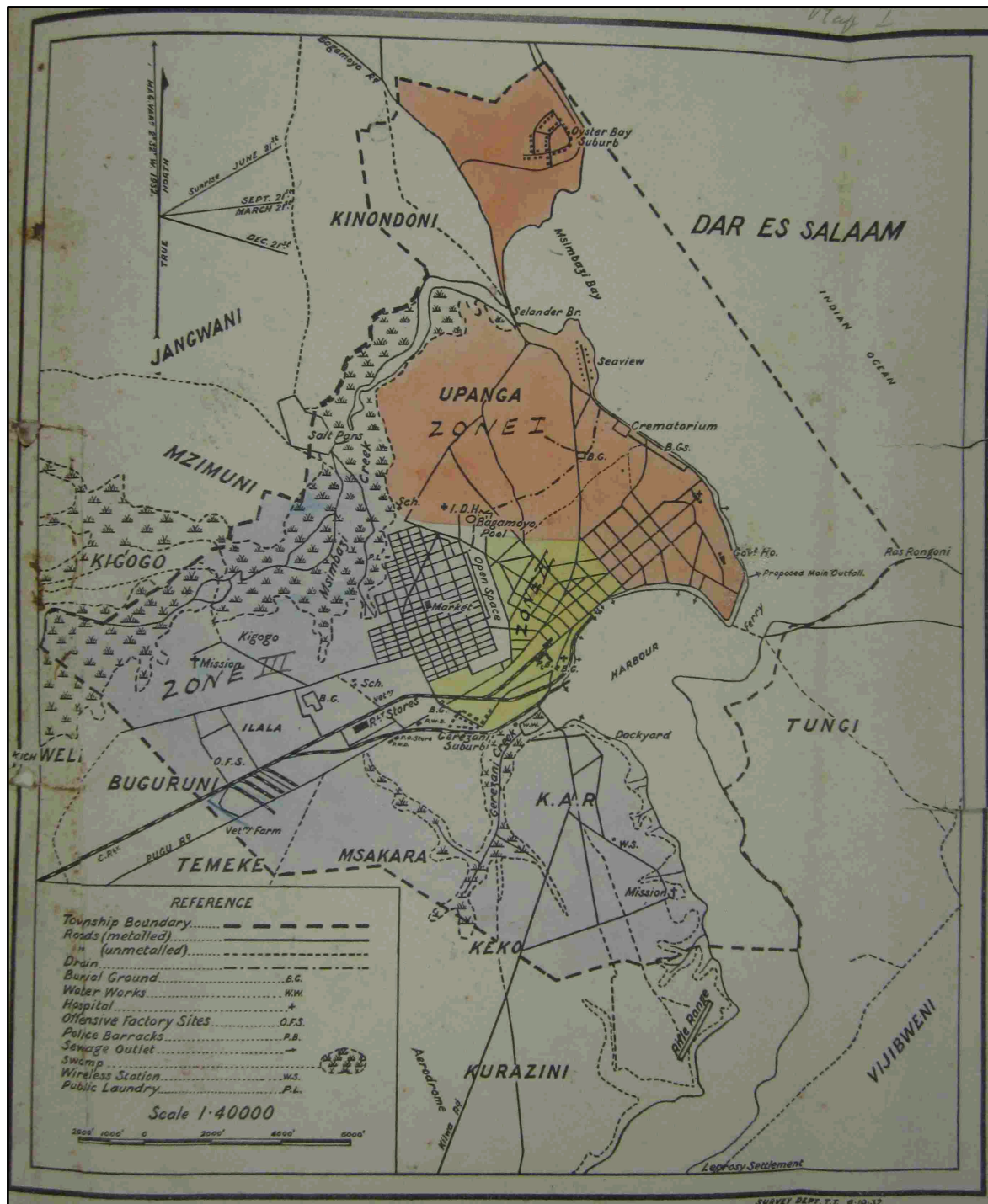


Figure 1.3. Racial Spatialization of Dar es Salaam into 3 Zones, adapted from Baker (1931, Map 1).

Figure 1.3 above from Baker highlights the three zones as they appeared in the 1930s with the open space – ostensibly a neutral zone – still demarcating Zone I and II.²⁶⁴ The number of

²⁶⁴ Baker, “Memorandum on the Social Conditions of Dar es Salaam, 4 June 1931.”

blocks in Zone III indicates the high population density compared to that in Zones I and II. Baker's survey also enables one to note to what extent the definition of Zone II cemented the relative dominance of people of Indian descent in commerce.

By prescribing that "residential and trading buildings only may be erected" in this zone that was associated with people of Indian descent, the *Township Rules of 1923* were, in effect, reserving business for them.²⁶⁵ As shall be discussed in detail in the next chapter, irrespective of prevalent orientalist racial attitudes, in colonial discourses people of Indian descent were highly regarded in terms of trade. For instance, an annual British government report to the United Nations in 1923 reiterated that "on the whole Indian merchants possess much business acumen and seldom fail to take advantage of opportunities...."²⁶⁶

The zones, as several historians have noted, remained relatively porous especially during the 1930s in the case of Zones II and III.²⁶⁷ However, this was more applicable to people of Indian origin and, to some extent, Arabs, in relation Zone III.²⁶⁸ As Baker notes, both big retail and wholesale merchants were predominantly of Indian origin.²⁶⁹ He also points out that the retailers were congregated in Zone II and partly spread to Zone III. The prestige and size of their business depended, it seemed, on the distance from either Zone I or Zone III that were west and east of Zone II, respectively. The businesses that were close to

²⁶⁵ The citation of the rules in this argument is from a copy of the original law reproduced in: Kironde, "*The Evolution of the Land Use Structure*," 583.

²⁶⁶ Colonial Office, "Report by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Tanganyika Territory for the year 1923," *Colonial No. 2* (1924), 11.

²⁶⁷ For instance, see: James R. Brennan et al., *Dar es Salaam: Histories from an Emerging African Metropolis* (Dar es Salaam: Mkuki na Nyota, 2007).

²⁶⁸ Baker noted that by then the significance of Arabs in trade had drastically declined.

²⁶⁹ Baker, "Memorandum on the Social Conditions of Dar es Salaam, 4 June 1931," 26.

the eastern side where Europeans resided were relatively prestigious as they had to cater for the bourgeois tastes and status of the colonial elites.

As the urban geographer, Harm de Blij, would observe in later years, this pattern that he termed a “racio-economic division” persisted.²⁷⁰ However, he then cautioned that “its existence within the central business district [CBD] may not be evident but which emerges when specific retail functions are mapped.”²⁷¹ Since Zone II would be the base upon which Dar es Salaam’s CBD emerged, it acted as a buffer between Zone I and Zone III in relation to both class and race that pitted whites on one pole and blacks on the other pole.

For instance, the Moloo Brothers and Co., that considered itself the largest curio shop in East Africa, had its main branch on Acacia Avenue in the eastern side of Zone II. Its founding owners emigrated from India to Zanzibar before moving to the Eastern coastal cities of Dar es Salaam and Mombasa in the early twentieth century.²⁷² On March 18, 1925, the company reached an agreement to rent its Premise No. 20 on Acacia Avenue for shillings 600 per month for a lease of 5 years to another Indian merchant, Lalchand Ramchand.²⁷³ It also opened another branch in Mosque Street on the western side of Zone II. This implies that one branch was eyeing those in Zone I while the other focused on those in Zone II.

²⁷⁰ Harm J. de Blij, *Dar es Salaam: A Study in Urban Geography* (Evanston: Northwestern University Press, 1963), 8.

²⁷¹ Ibid., 8.

²⁷² This account is based on analysis of a postcard on: *The Tanganyika Guide, 2nd ed.* (Dar es Salaam, 1948), 40. It is also based on the following recollection: I. I. Dewji, “Khojas in early Zanzibar History,” <http://khojawiki.org/Zanzibar> accessed April 1, 2018. The latter source describes itself as a “not-for-profit collaborative effort to systematically record living people’s stories about their own experiences and their recollection of the stories of their parents and other ancestors, in their own words, using the power of the Internet.” In this dissertation it is triangulated with other sources.

²⁷³ Contract cited in: Appeal No. 2 of 1926 between Moloo Bros. & Co. (Appellant) and Lalchand Ramchand (Respondent) to Civil Case No. 4/26 from H.M High Court of Tanganyika at Dar es Salaam.

As has been noted above, in the case of Zone III, Africans were not left to trade solely among themselves. Baker's survey, for instance, found that at the turn of 1930/1931 there were a total of 168 "non-native" traders most of them of Indian descent.²⁷⁴ Even though a trading area within this zone was also reserved for 'natives', he observed that they did not use them as the rent of shillings 100 per annum was too high. The economic depression that he refers to in passing earlier on, must have contributed to this.²⁷⁵

Another plausible explanation Baker gives is that "natives considered that they would be in too close proximity to non-natives for them to have any chance of success."²⁷⁶ However, this was not simply about individual business acumen. Baker captures its other structural dimension, that of a spatial limitation of not being "allowed to trade outside the trading area" that 'natives' feel as, alternately, they "would have freer scope for" their "activities and less expense...."²⁷⁷ For them, this would have enabled Africans to do exactly what the majority of Indians in Zone II were doing, that is, trading on the verandah of their own houses to cut operating costs.

By the end of his survey, Baker only found four native shops in Zone III that sold foodstuff. This figure did not include those who sold fruits, vegetables, and firewood. Since all of them were not in the prescribed trading lay-out, he was convinced that it was through an oversight that they were allowed to sell in residential areas.

The novelist Moyez G. Vassanji who grew up in colonial Tanganyika reconstructs in both his memoir and novels, respectively, how the zoning played out then. He asserts that the

²⁷⁴ Baker, "Memorandum on the Social Conditions of Dar es Salaam, 4 June 1931," 26.

²⁷⁵ Ibid., 26.

²⁷⁶ Ibid. 27.

²⁷⁷ Ibid.

commercial section in the old town of Dar es Salaam was the construction of his forefathers from India. Hence, they called it *Gaam* (Town) in their Gujarati language though it was to, therefore, be known as the Indian area. From his childhood, he recalls that the road that connected it to the African area was “lined all the way with Indian stores and homes.”²⁷⁸

This is partly in line with Baker’s survey on how some Indian retailers reached Zone III. “It was here”, Vasanji also recalls, “that my mother opened her ‘fancy goods’ store, when we moved fatherless from Nairobi to Dar.”²⁷⁹ This must have been particularly challenging given that the racial construction of an Indian as a trader or businessperson is gendered. “Running a small shop in a competitive market”, he further recalls, “and we all pitched in.”²⁸⁰

Baker also surveyed the main market that was located in Zone III’s trading area. “An Asian market master”, he noted, “is in charge....”²⁸¹ This poses another racial paradox. However, the zoning of Dar es Salaam did not mean a total racial separation. Even in apartheid South Africa, separation did not mean cessation of contact, as African labor was still needed in European areas. Similarly, in Tanganyika, the porosity of zones was primarily predicated on the needs of the colonial state to extract labor from its subjects. In this regard, some people of Indian origin were also instrumental, as clerks and middle-level managers, in managing Africans in the triad administrative racial setup. What seems to Kironde a “built-in functional contradiction” of racial spatialization was, in this sense, its internal logic necessary for attempting to maintain a semblance of a racial order in the midst of social fluidity.²⁸²

²⁷⁸ Moyez G Vassanji, *And Home Was Kariakoo: A Memoir* (Toronto: Doubleday Canada, 2014), 6.

²⁷⁹ Ibid.

²⁸⁰ Ibid.

²⁸¹ Baker, “Memorandum on the Social Conditions of Dar es Salaam, 4 June 1931,” 28.

²⁸² Brennan, “*Nation, Race and Urbanization*,” 193. A number of scholars of colonial Tanganyika have been employing this concept of social fluidity to imply, among other things, that colonial spatial boundaries were porous for social classes to permeate. See, for instance: Rona Elayne Peligal, “*Spatial Planning and Social*

The case of the physical market in Zone III follows such a pattern. Baker notes that it was moved there from Zone II. Figure 1.4 below shows the patterns that it initially had and its original location. In the first quadrant, one gets a glimpse of the way it looked in the German colonial period with a picture of a presumably European couple buying from an African circa 1910. The second quadrant shows where it was or would then be located at – *Bagamojostrasses* (Bagamoyo Street). In the third quadrant is how it looked circa 1920 in the British colonial period before it was moved. The fourth quadrant is a street upon which it was based, that is, within the Indian area of Zone II.

Luce Beeckmans, an architect, and James R. Brennan, a historian, note that although the original market was in Zone II, it was African traders and consumers who frequented it.²⁸³ As a result, it came to be known as a native market. Since colonial officials could not invoke race overtly, they gave other reasons to justify the shift to Kariakoo, one of them being a health hazard and another on prospects of constructing business premises befitting Zone II. However, they had to consider the apprehension of traders of Indian origin as they were arguably indispensable to British interest. To that end, they created for them about 600 non-native trade zones in Zone III. Since this happened in 1923, one can see why the aspiring African traders that Baker surveyed in 1931 were wary of the competition stemming from the proximity to Indian traders.

Fluidity: The Shifting Boundaries of Ethnicity, Gender, and Class in Arusha, Tanzania, 1920–1967” (PhD diss., Columbia University, 1999).

²⁸³ Ibid., 30.



Figure 1.4. The Evolution of the Market in Zone II Prior to its Shift to Zone III circa. 1910 - 1920, the Four Individual Postcards in the Collage Courtesy of Vintage East Africa.²⁸⁴

In the new central market that appears in the collage in Figure 1.5 below, cutting the middleman remained challenging. “There is no doubt”, Baker affirmed, “that the middlemen make a large profit at times....”²⁸⁵ What informed his affirmation was an investigation he conducted, which showed that, on average, their profit was 200 percent.²⁸⁶

²⁸⁴ The photo on the fourth quadrant also appears in: Luce Beeckmans and James R. Brennan, “In between Improvisation, Compensation and Negotiation: A Socio-Spatial Analysis of Kariakoo Market (Dar es Salaam) Dynamics under British Colonial Rule (1919–1961),” *History of Retailing and Consumption* 2, no. 1 (2016), 31.

²⁸⁵ Baker, “Memorandum on the Social Conditions of Dar es Salaam, 4 June 1931,” 28.

²⁸⁶ Ibid.

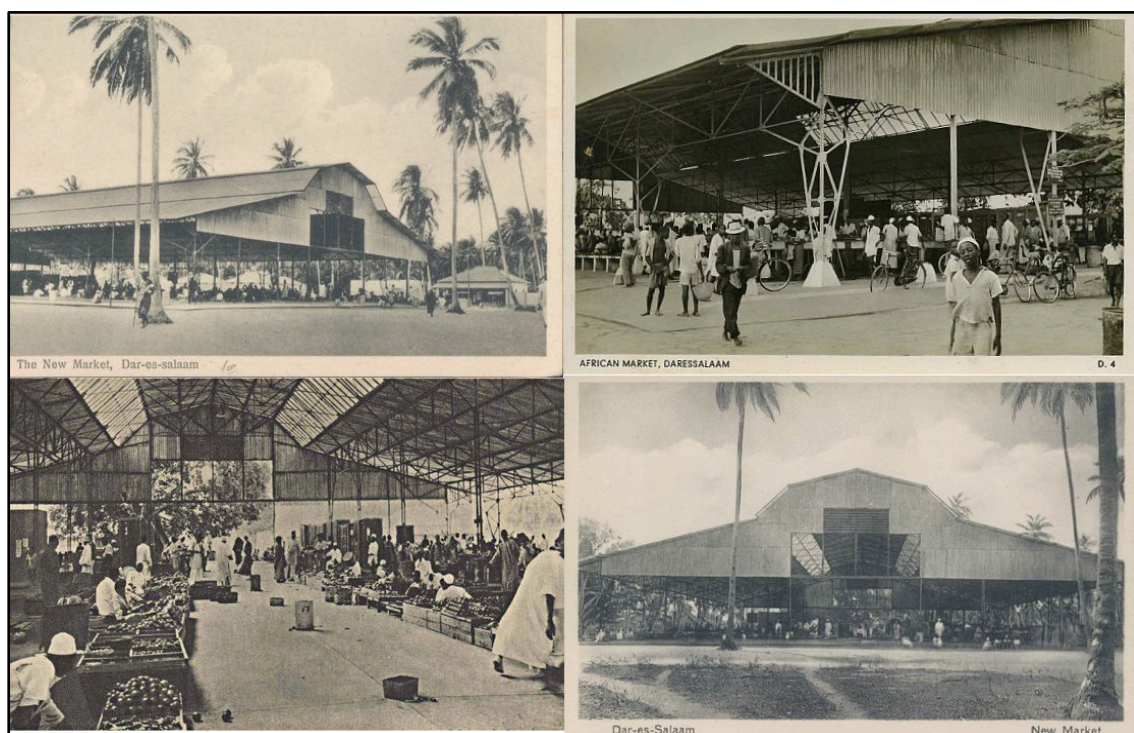


Figure 1.5. New Market after its Shift to Zone III from Zone II, circa 1920s - 1950s, the Four Individual Postcards in the Collage Courtesy of Vintage East Africa.²⁸⁷

Surveys conducted in the 1930s, however, indicate a need to account for the global impact of the Great Depression. The colonial archives indicate that it was a subject that was thoroughly discussed. For instance, the annual British official report to the United Nations in 1931 devoted more than three pages on its effect.²⁸⁸ The historian Andrew Burton also notes that, with its onset, “many East African major urban centers, including Nairobi and Dar es Salaam, actually suffered a decline in population, as people resorted to a more dependable rural subsistence.”²⁸⁹

²⁸⁷ Similar photos to the one in the third quadrant also appear in: Luce Beeckmans and James R. Brennan, “In between Improvisation, Compensation and Negotiation,” 32.

²⁸⁸ Colonial Office, “Report by His Majesty’s Government in the United Kingdom of Great Britain and Northern Island to the Council of the League of Nations on the Administration of Tanganyika Territory for the year,” *Colonial No. 71* (1932), 20-23.

²⁸⁹ Andrew Burton, “Urbanization in East Africa, circa 900–2010 CE” (Oxford Research Encyclopedia of African History, 2017), 19, <https://doi.org/10.1093/acrefore/9780190277734.013.31>.

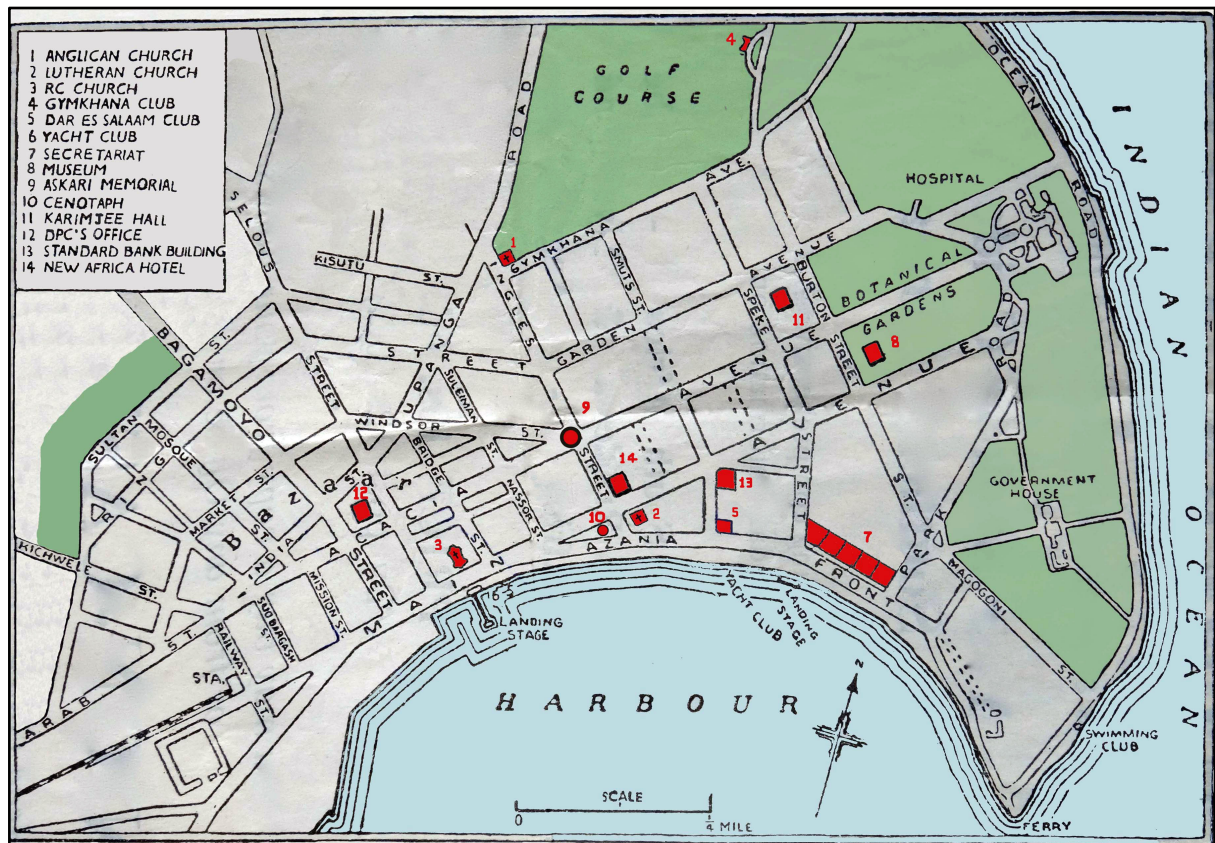


Figure 1.6: The Dar es Salaam City Center in 1957, adapted from Gordon-Brown (1957, Map 6).²⁹⁰

Innes Meek's recollection of growing up a son of a British colonial official in its aftermath partly captures the legacy of the triad intersection of race, class and gender during those troubling times. "Nevertheless", he recalls of those difficulties times, "as a 13-year-old boy walking around the beautiful and tranquil harbor of Dar es Salaam, I thought how lucky I was to have been born British – the Africans were poor and the Asians, though some were clearly very wealthy, were merely shopkeepers."²⁹¹ As Figure 1.6 above highlights, that would be the general lot of the three racial categories throughout the remaining years of British

²⁹⁰ A. Gordon-Brown, ed., *Year Book and Guide to East Africa, 1957* (London: Robert Hale, 1957).

²⁹¹ In: Charles Innes Meek, *Brief Authority: A Memoir of Colonial Administration in Tanganyika*, ed. Innes Meek (London: I.B. Tauris, 2011), 9.

colonialism: Europeans patronized the spaces associated with the high culture of capitalism, such as the Gymkhana club's golf course, Dar es Salaam club, botanical gardens and yacht club; Indians dominated the Bazaar and Africans struggled on the outskirts or frequented the other spaces as cheap laborers.

Conclusion

This chapter has traced the construction of Dar es Salaam mainly from the latter third of the 19th century to the first third of the 20th century. From its inception, the city has been a mosaic of ethnic and racial groups from at least three continents. As successive colonial powers – German and British – came to control it, Dar es Salaam became segregated in terms of race conflated with class.²⁹² Three racial-cum-class zones that were mainly associated with Europeans, Asians and Africans, respectively, emerged.

Its racial spatialization involved not only residence, but also trade, with people of African origin being pitted against people of Asian origin. Even in the case of the zone for Africans, traders of Asian origin became dominant in its commercial part partly because the British colonial state carved out a space for them. Although they were also subject to racialism, as a commercial and clerical class, some people of Asian origin were central in the management of the colonial state, as middlemen and mid-level administrators.

Colonial curtailment of African space in trade, however, goes back to German pacification of some militant African rulers who partly shared the control of the caravan trade with the Sultanate of Zanzibar. Given that their centralizing states that were located far from Dar es Salaam collapsed, the potential for their people to participate in the political economy

²⁹² The Sultanate of Zanzibar did not have control of the whole territory. Hence it does not fit into this category of being a colonial state of Tanganyika, unless one narrows it to its domination of Dar es Salaam. Yet, even in this case, control was not based on full-scale colonial occupation.

of the then emerging city was curtailed. As for the original inhabitants of Dar es Salaam, their decentralized polities did not control caravan trade. Rather, some of their relatively wealthy rulers and elites were subordinate to the Sultanate's trade networks hence they also suffered a similar fate when European colonizers seized control.

What resulted from of this was a very low base upon which people of African descent started to engage with business in the city of Dar es Salaam during colonial times. This was as true of the original inhabitants of Dar es Salaam as it was for those who moved to the city from the hinterlands that were pacified and cut off from territorial trade. Nonetheless, some of them attempted to rise from this base irrespective of the racial-spatial constraints. It is their history that the next chapter attempts to unearth. By 1956 when the colonial government commissioned one J.A.K Leslie to conduct a survey of the town, there were at least 12,000 houses that people of African descent owned whereby some had more than one for renting.²⁹³

²⁹³ See: J. A. K Leslie, *A Survey of Dar es Salaam* (Oxford: Oxford University Press, 1963).

Chapter 2: Decolonization and the Culturization of Business (c. 1920-1960)

And peoples from what is now this Republic [of India] were active in commerce and trade while mainland Tanzania was still being subdued by its first colonizer.
*Julius K. Nyerere*²⁹⁴

On September 1, 1907, Hugh Martin Thackeray (Martin) Kayamba was rehired as an assistant store clerk in Mombasa, Kenya. This was after closing his own business that he had started a few months earlier upon resignation.²⁹⁵ It must have been relatively easier for him, even as a subject of the German colony of Tanganyika, to secure again the job in the British colony of Kenya given that he was a graduate of St. Andrews College, Kiungani in Zanzibar whose quality of education was regarded as “unequalled in East Africa.”²⁹⁶

The reason he gave for this abrupt change was his mother’s objection, as she thought her son was too young to do business. Kayamba did not explain in detail why both his mother, Faith Kalekabula, and one of his godmothers – most likely the British godmother from whom he got his middle name, Caroline D.M Thackeray – “were against” him “doing trading business.”²⁹⁷ However, his later writings underscore the challenges potential Africans entrepreneurs had to surmount in the colonial era.²⁹⁸

²⁹⁴ Julius K. Nyerere, “The Indian Ocean as a Link,” in *Freedom and Development: A Selection from Writings and Speeches, 1968-1973*, Julius K. Nyerere (Dar es Salaam: Oxford University Press, 1973), 257.

²⁹⁵ Martin Kayamba Mdumi, “The Story of Martin Kayamba Mdumi, M.B.E., of Bondei Tribe, Written by Himself,” in *Ten Africans*, ed. Margery Perham, [2d ed.] (Evanston: Northwestern University Press, [1936] 1963), 179.

²⁹⁶ John Iliffe, “The Spokesman: Martin Kayamba,” in *Modern Tanzanians: A Volume of Biographies*, ed. John Iliffe (Dar es Salaam: East African Publishing House, 1973), 69.

²⁹⁷ Mdumi, “The Story of Martin Kayamba,” 179 cf. Andreana C. Prichard, *Sisters in Spirit : Christianity, Affect, and Community Building in East Africa, 1860-1970* (East Lansing: Michigan State University Press, 2017). The latter refers to the ‘motherly love’, albeit wielded with ‘strong maternal hand’, that Miss Thackeray, long-term headmistress of Mbweni Girls’ School, bestowed on those she regarded as ‘her daughters’ there.

²⁹⁸ His texts and articles are cited throughout this chapter.

As one of the most illustrious African embodiments of European enculturation of the times in Tanganyika, Kayamba's story and that of his contemporaries gives a glimpse of the racial dynamics involved in the quest of Africans to start their own business ventures. By engaging with their relatively scant autobiographical narratives, one gets only a peek into how African elites during colonialism perceived the notion of race in relation to culture and entrepreneurship. It is, however, a necessary endeavor in reconstructing history given the limits of relying primarily on the colonial and missionary accounts and archives. This necessitates an engagement with the history of ideas from these African elites' points of view in relation to their colonial experience.

This chapter, therefore, relives the times and writings of four African elites who attempted to engage in, or write about, matters pertaining to business in the first quarter of the 20th century: Martin Kayamba (1891-1939), Kleist Sykes (1894-1949), Erica Fiah (1880s-1966) and Shaaban Robert (1909-1962). It argues that, in addressing the relation between African culture and modern business, these trailblazers attempted to strip race of its colonial heritage rather than transcend its modernist origin.

In this sense, they did not deny race as a concept or category of modernity that predated colonialism in Africa. Rather, they embraced racialism vis-à-vis racism while attempting to decolonize race to ensure that Africans participate fully in business and related ventures alongside other 'races'. This took the ambivalent forms of embracing entrepreneurial enculturation as an indication that any 'race' can be entrepreneurial; or denouncing colonial-cum-racial biases against African cultures invoked to deny Africans credit and limit access to both financial capital and markets.

A Culture for Business

On December 31, 1913, Kayamba left for Tanga in Tanganyika to attempt, once again, to start his own business. His only relevant working experience had been that of

assisting with storekeeping at the Public Works Department (PWD) in Mombasa, Nyeri, Fort Hall (i.e. Muranga) and Nairobi in Kenya and in Kampala, Uganda between 1906 and 1912.

²⁹⁹ This second attempt to become a businessman indicates that it was something he had been contemplating all along. It is thus not surprising that when his friend, “Mr. J. Walker, a native of Sierra Leone, persuaded” him “to join the International Correspondence School of London”, Kayamba “chose the commercial course” for which he “had to pay about £20 in instalments.”³⁰⁰ John Iliffe points out that this involved “learning commercial mathematics and book-keeping.”³⁰¹ However, Kayamba notes that he “passed several subjects and the lessons were of immense benefit to” him.³⁰² Coupled with a need for independence from the exploitation and discrimination he had experienced as a salaried employee, this background gave him the confidence to try again. “I thought I needed some money”, he later reminisced about his rationale for starting business, “to better my prospect.”³⁰³

What he later dubbed the “British and German war” that engulfed the entire world got in the way of both his business education and endeavor.³⁰⁴ “I am sorry to say, owing to the intervention of war in 1914”, he lamented, “I was cut off from communication and could not complete my course.”³⁰⁵ It must have been a painful experience not to be able to fully follow

²⁹⁹ Iliffe, “The Spokesman,” 70.

³⁰⁰ Mdumi, “The Story of Martin Kayamba,” 181.

³⁰¹ Iliffe, “The Spokesman,” 71.

³⁰² Mdumi, “The Story of Martin Kayamba,” 181.

³⁰³ Kayamba to Provincial Commissioner, Tanga, 18 November 1932, TNA 304/874/181/19a cited in: Iliffe, “The Spokesman,” 71.

³⁰⁴ Emma Hunter, “‘Our Common Humanity’: Print, Power, and the Colonial Press in Interwar Tanganyika and French Cameroun,” *Journal of Global History* 7, no. 2 (2012): 289.

³⁰⁵ Mdumi, “The Story of Martin Kayamba,” 181.

in the footsteps of his father, Hugh Peter Kayamba, pictured in Figure 2.1 below, who joined the Universities Mission to Central Africa (U.M.C.A) as early as 1877 and was educated at its school before being sent to England five years later where, according to his son, he was “educated at Bloxham School, near Oxford.”³⁰⁶



Figure 2.1. Martin Kayamba's Father, Hugh, Courtesy of Bloxham School Archive, Banbury.³⁰⁷

Kayamba's first published journal article appeared a year after his highly publicized visit to London in 1931. It contains the term 'modern' in its title. However, its author does not

³⁰⁶ Ibid., 174.

³⁰⁷ Bloxham School Archive, "Album," <https://www.flickr.com/photos/bloxhamschoolarchive/32582936481/in/album-72157679850181886/>.

unpack it in the text. At the outset, the editor of the journal informs the readers that the author is a “native African” and that his “contribution is particularly welcome as it gives a vivid picture of present conditions in East Africa from the point of view of the educated African.”³⁰⁸ Hence the editor stresses that the “author’s manuscript is reproduced without alteration.”³⁰⁹ Although he employs neither the term ‘race’ nor ‘culture’, its contents indicate Kayamba was seriously grappling with them.

In his view, an African man was “bound by native law and custom to help every one of his relations either with money, goats, food, or advice.”³¹⁰ For him, this “is the principle of the communal law and society” and he insists it “is very expensive and wasteful, but after all this it inculcates the true spirit of brotherhood which is often lacking in the individualistic system.”³¹¹ By invoking concepts from the dichotomy of tradition and modernity in colonial anthropology, he was subscribing to a racial worldview that posited Africans as the other. However, his idea of Africa was predicated more on cultural change than on racial essentialism. Kayamba could then thus make this observation which both conflated and decoupled race and culture:

The influence of money is becoming the predominant element in Africa to-day. It is the cause of many changes in the African lives for good or for evil. It is becoming the deciding factor in everyday life of the African. Everyone is anxious to make money. Natives who were formerly contented and happy to remain at home and satisfied with their scanty wants are to-day on the main road to making money. Large and flowing caravans are to be seen everywhere to-day speeding their way to and from the industrial centres for the same purpose. The lure of money has its way in everything. It is money which is shaping Africa to-day more than anything else. The African is finding fault with everything owing to money. He is restless in his primitive

³⁰⁸ Editor in: H. M. T. (Hugh Martin Thackeray) Kayamba, “The Modern Life of the East African Native,” *Africa: Journal of the International African Institute* 5, no. 1 (1932): 50, doi:10.2307/1155322.

³⁰⁹ Ibid.

³¹⁰ Kayamba, “The Modern Life of the East African Native,” 51.

³¹¹ Ibid.

occupations owing to the same cause. He is dissatisfied with his old life due to the same cause. Money! Money! is the cry everywhere. Africans say ‘you never see Asiatics sit together without talking about making profits in anything they discuss’. Their first consideration or object in life is to make profit out of everything. The same will be applied to the Africans in future. There is only one redeeming character in his search for money, and that is he is not yet so affected by its absence as a non-native, and probably will never be to that extent, because he is always patient and is easily contented with things where...circumstances force him to take such a course.³¹²

It is instructive to note the extent to which Kayamba’s description in the 20th century fits into what Mary Pratt conceptualizes as the “Linnaean Watershed” of the 18th century.³¹³ As capital continued to march across the globe in search of cheap commodities, natural scientists used the opportunity to attempt to provide a systematic universal categorization of people and their purported physical traits and cultural behaviors. Emmanuel Eze notes that Carl Linnaeus thus articulated “an idea pervasive in eighteenth century: that an underlying hierarchical order in nature was established by God, or providence by itself, and that it is the duty of humans to discover this order and to classify everything that exists – from human to flora and fauna – accordingly.”³¹⁴ This “worldview”, Eze further notes, “led many writers... to the assumption that their classification of humans into races and their theories about this classification were guaranteed by an inviolable ‘order of nature.’”³¹⁵

It is the cross-fertilization of such totalizing schemas through debates and competing conceptions, as Pratt notes, rather than only Linnaeus’ own classificatory system, that

³¹² Ibid., 59.

³¹³ Mary Louise Pratt, *Imperial Eyes: Travel Writing and Transculturation*, 2nd ed. (London: Routledge, 2008).

³¹⁴ Emmanuel Chukwudi Eze, ed., *Race and the Enlightenment: A Reader* (Cambridge: Wiley-Blackwell, 1997), 10. The Reader contains selections from the introduction to Linnaeus’ *The System of Nature* (1735) i.e.: Carl von Linné, “The God Given Order of Nature,” in *Race and the Enlightenment: A Reader*, ed. Emmanuel Chukwudi Eze (Cambridge: Wiley-Blackwell, 1997), 10–14.

³¹⁵ Eze, *Race and the Enlightenment*, 10.

constituted the watershed.³¹⁶ “This watershed”, Patrick Rivers aptly notes, “intellectually constituted, through discourse, the emergence of racial binaries and modern racism.”³¹⁷

However, Linnaeus is the one who gave it the main impetus with his classification of *homo sapiens* into six varieties.³¹⁸ Among other things, the Asiatic and the African were classified as “covetous” and “indolent”, respectively.³¹⁹ Kayamba was thus drawing from the Linnaean Watershed though he may have not read Linnaeus’ texts.

Kayamba was acutely aware of the essentialist discourses that were invoked to justify racist commercial and industrial policies. “Very often”, he notes in a book he completed writing in 1937 but which was published posthumously, “it is said that Africans are not born traders as Indians are.”³²⁰ As such, he was critical of such stereotypes given that he did not view culture as innate. However, he credits his contrarian viewpoint to “one great gentleman” who told him while in London that confidence “is required in African traders (as has been the case elsewhere) to make them successful commercial men.”³²¹ Kayamba further recalls their encounter:

For instance, he said, in ‘X’ country before people had confidence in their traders the situation was similar to what is prevalent in East African to-day. As native trade improved, with confidence growing as to reliability and skill in the traders themselves, these natives of ‘X’ country prospered and their local trade is now in their own hand.³²²

³¹⁶ Pratt, *Imperial Eyes*, 28.

³¹⁷ Patrick Lynn Rivers, *Governing Hate and Race in the United States and South Africa* (Albany: State University of New York Press, 2008), 48.

³¹⁸ Linnaeus cited in: Pratt, *Imperial Eyes*, 32.

³¹⁹ Ibid.

³²⁰ H. Martin Th. Kayamba, *African Problems* (London: Lutterworth Press, 1948) , 73.

³²¹ Ibid.

³²² Ibid.

Kayamba's travel diary of his second trip to the United Kingdom in 1937, also published posthumously, strongly suggests that country X is India.³²³ The unnamed man is none other than Lord William Malcolm Hailey hailed as a leading British authority on African surveys who, according to Kayamba, informed him that he read his story that Lady Margery Perham had published.³²⁴ Kayamba's second book is entitled *African Problems* whereas Lord Hailey's book is subtitled *A Study of Problems arising in Africa south of the Sahara*.³²⁵ They thus jointly viewed society as being on a predetermined trajectory:

Lord Hailey was of the opinion that the present procedure which is followed in Native Courts in Tanganyika would in the course of time be altered to a more advanced procedure. The differing procedures followed in each court could not last; a uniform procedure would have to be adopted for the benefit of commercial litigants. It is a natural development in communities. It has happened in Europe and now in India and it is sure to happen in Africa. Revolving the matter in my mind the answer was manifest—progress and change are inevitable. A human being is naturally a progressive creature. He is not meant for stagnation but for progress because he is a rational animal. Lord Hailey was also of the opinion that the change would be rapid. Undoubtedly this is true. With aeroplanes, radio, television, cinemas and other things contributing to the contraction of world distances, contact of Africa with the civilized world will surely entail rapid changes never thought before.³²⁶

For Kayamba, however, the lack of education and capital were among the many factors “still which contribute obstacles and difficulties to block the way of the African trader.” Yet, in his estimation, “the greatest of all is the fact that Indians started business in East Africa almost a

³²³ H. Martin Th. Kayamba, *An African in Europe* (London: Lutterworth Press, 1948).

³²⁴ Ibid., 65. For how the British Africanist, missionary and political networks of Lady Margery Perham, Lord Frederick Lugard, Lord Lothian, General Jan Smuts and Joseph Oldham enabled Lord Hailey to become such an authority see: William Easterly, *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor* (New York: Basic Books, 2013).

³²⁵ Kayamba, *African Problems* cf. Lord Hailey (William Malcolm Hailey), *An African Survey: A Study of Problems Arising in Africa South of the Sahara* (London: Oxford University Press, 1938), https://ia802506.us.archive.org/32/items/AnAfricanSurvey/An_African_Survey.pdf.

³²⁶ Kayamba, *An African in Europe*, 65-66.

century ago and are firmly entrenched in business, having earned enormous goodwill of the African customers.”³²⁷ This observation led him to argue that it “is correct to say in the face of this it is very difficult for Africans to make a start and compete with them.”³²⁸

He also thus observed how Africans also became culpable in entrenching such an essentialist discourse of Indians as businesspeople: “Africans are so used to seeing trade in the Indians’ hands that they regard them as the only people capable of doing business. The African is inclined to say, ‘We cannot do it, it is Indians’ business.”³²⁹ To emphasize these arguments regarding the Africans’ mindset, he then provided the following anecdotes:

This belief being so deep-rooted in their minds they often do things that in civilized countries to-day would not be dreamt of and would even be considered to be suicidal to their own progress. Very often an African will prefer to buy from an Indian shop miles away the things which he can actually get cheaper from an African shop next door. An important African chief of an advanced African country told me one day that an African prefers, for instance, to buy a second-hand car of inferior condition from a non-native for a higher price rather than purchase a better second-hand car for less price from his fellow African. This being the case, he said, when he had his own car to sell, he got it renovated and sent it to a garage for sale. The seller did not expose his name to the buyer, indeed he may have said that the car belonged to a non-African and the buyer, believing him, bought it at a very high price. There was no delay in its purchase.³³⁰

It is at this juncture in his book’s chapter titled “African Traders” that Kayamba starts to use the term race to refer to Africans as a people. “This attitude of African mentality to the trade of their own people”, he points out, “has surprised and baffled many thoughtful people of their own race.”³³¹ He also introduces a caveat implying that what was in question was not

³²⁷ Kayamba, *African Problems*, 73.

³²⁸ Ibid.

³²⁹ Ibid.

³³⁰ Ibid., 74.

³³¹ Ibid.

their capability to trade per se but, rather, the alleged inability to inter-trade when it comes to commodities associated with Euro-American modernity. “Africans are ready and quick to buy anything that is produced by their own people from their own farms or tribal industries,” he clarified, “but hesitate to buy imported goods from the shops of their own people.” Baffled by this apparent contradiction between intra-trade and inter-trade, he thus hypothesized:

It may be that African traders lack tack and gumption in the conduct of general commercial business, or it may be due to the fact that as African trade in foreign goods is a new thing their people only have confidence in foreign traders. The attitude of Africans to traders of their own race is widely discussed among African communities and it requires a speedy abandonment of old prejudices.³³²

Such discussions date back to as early as January 1923 when the Education Department of the British colonial government of Tanganyika launched the first Swahili newspaper, *Mambo Leo*, with the aim of educating Africans.³³³ Its inaugural issue carried a cover story that generated a heated debate among African readers in the next issue.³³⁴ Kayamba was one of its readers as attested by the fact that his announcement on the establishment of the Tanga club with him as its founding chair was published in the second issue.

The lead story of this issue was succinctly entitled ‘Biashara’ i.e. ‘Business’.³³⁵ After pointing out that the author of the article on ‘Afrika ya Kesho’ i.e. ‘Tomorrow’s Africa’ in the inaugural issue shocked many people, it invokes its argument that Africans run after the garb of civilization, missing its core. “We know that there are many Indians in our place; we know all who own shops are Indians; we think they get a lot of profit and repatriate

³³² Ibid.

³³³ *Mambo Leo* No. 1, January 1923.

³³⁴ *Mambo Leo* No. 2, February 1923.

³³⁵ *Mambo Leo*, “Biashara,” *Mambo Leo* No. 2, February 1923, 1-3.

everything to their place”, it asserts and then queries, “is it only because the Indian is a person of civilization?”³³⁶ So, it insists:

If we truly want to win the contest of contemporary business it is imperative for everyone to be very civilizational, but even if one is civilized he may not get a lot of profit in his life. Hence let us investigate further this issue that is in the form of a riddle, that is, even though civilization is necessary for the development of people, not everyone necessarily progresses because of his civilization. To understand more about this issue let us look again at the Indian and how is his work.³³⁷

The article goes on to describe the daily routine of an Indian businessman as Africans ostensibly observed it. First, it asserts, they see him all day long in a shop he owns, selling his commodities. It further asserts that on the verandah sits his wife, helping him. When he is forced to go out to inspect another job, she alone covers for her husband in the shop. The author of the article also invites its readers to observe the Indian businessman, again, at night when he is counting the money he made that day and the way he records the transactions in his account book. After stressing that he does this every day, the article asks rhetorically the reasons for doing so and responds:

Because he wants to know about the development of his business and its profit. He knows very well that when the cost of the house is higher than his profit, his business will be reduced; therefore, he makes the value of his income lower than that of the profit he gets. How does he use the part of the remaining profit? He uses it to buy other commodities to increase the stock in his shop, and these commodities that are bought by the money from the profit also brings its own profit because profit begets profit.³³⁸

This was not only a lesson in the basics of business and culture of capitalism, but also a racist and gendered construction of an African as the ultimate other in terms of

³³⁶ Ibid, 1. Unless stated otherwise, all quotations from *Mambo Leo* in this chapter are translated from the original Swahili.

³³⁷ Ibid.

³³⁸ Ibid.

entrepreneurship enculturation. As a discursive space that the *Colonial Administration Conference's Resolution Number 103 of 1924* referred to as “the native newspaper” that was “meeting a long felt want and fulfilling a most useful purpose”, *Mambo Leo* was also serving colonialism.³³⁹ Hence the resolve that it “should be encouraged to the utmost by all Administrative and other Officers, and desires to record appreciation of the work of those responsible for its publication.”³⁴⁰

In the case of the articles on business, its role was thus not simply to teach the African businessman the trade and craft of the Asian businessman, but also to resolve a racial challenge the latter posed to the European businessman. This entailed attempting to intersect class, race and gender in the colonial economic structure without interfering with European interests. As such, the triad racial spatialization of Dar es Salaam discussed in Chapter 1 remained relatively intact.

Although the Asians in East Africa were not a single class, both historically and sociologically, the continued presence and dominance of the merchant section of their bourgeoisie into the 20th century in the economy necessitated the racial construction of a stereotypical Indian businessman. This construct was also facilitated by the relative fluidity of race, ethnicity, sect, caste and family affiliations that both colonial Tanganyika and Zanzibar provided in contrast to colonial India. Members of varying classes, ranging from the bourgeoisie comprising captains of commerce, capitalist farmers, transporters and manufacturers to petty bourgeoisie and semi-proletariat, thus came to be associated with one primary construct. “In reality”, the historian Martha Honey aptly notes, “distinctions among

³³⁹ Tanganyika Territory, Administrative Conference held in Dar es Salaam on October 27- November 27, 33 cited in: Martin Sturmer, *The Media History of Tanzania* (Mtwara: Ndanda Mission Press, 1998), 51.

³⁴⁰ Ibid.

these classes were greatly blurred, with members of all classes either directly or through their families taking part in commercial activities.”³⁴¹

The colonial state capitalized on this setup to crystallize the construct to ensure that Asian merchant capital served the interests of European capitalism in the British Empire. World War I provided the necessary conditions for entrenching this racialist discourse. Frank Weston, the Bishop of Zanzibar, highlights below how the British colonial state did not stop the wide circulation of such a construct:

Indians are at the moment exceedingly unpopular with Africans because of their gross conduct during the war. Their war-profits are an Imperial scandal. In German East Africa, especially, have they won a reputation for greed and hardness of heart they will not easily lose. Their Africans have in times of famine paid them almost their last piece, and pledged to them their hard-won crops, for the right to live.³⁴²

As Honey notes, the associate of Mahatma Gandhi, Charles Freers Andrews, concurred with these charges.³⁴³ However, this Church of England priest defended them as not being the only ones to blame. By this he meant that both the British and Germans were also culpable. While defending a people he had dedicated his service to as a missionary in India, the priest ended up unmasking the rationale for the construct by arguing, albeit paternalistically, that in East Africa Europeans carried on “a deliberate campaign of vilification of the Indian...and it has been in no way difficult to make the illiterate African believe that the Indian trader, with whom he deals, has been the cause of the high war prices.”³⁴⁴

³⁴¹ Martha Spencer Honey, “*A History of Indian Merchant Capital and Class Formation in Tanganyika: c. 1840-1940*” (PhD diss., University of Dar es Salaam, 1982), 31.

³⁴² Ibid., 219.

³⁴³ Ibid., 220.

³⁴⁴ Ibid.

These glaring examples by no means imply that the discourse of a shrewd and rather unscrupulous Indian businessman was entirely new. Rather, they illustrate that it took a novel overtone as the British won and consolidated their new position as colonial caretakers of Tanganyika on behalf of the League of Nations. One rationale for doing so was to stamp their authority by displaying the evidence that there was indeed a regime change from the Germans.

Such accentuation is aptly captured in the following sentiments from an unnamed British official who, according to Honey, grudgingly justified the return of Abdulrasul Satchu Pira to Dar es Salaam due to his status as a leading businessman even though he had been convicted as being pro-German during the war: “I consider him to be probably not overly scrupulous in business dealings, with an eye to his advantage, not better and no worse than many of his fellow merchants here.”³⁴⁵ Such background suggests that the lengthy articles on business in *Mambo Leo* in the aftermath of the war were not simply celebratory of the trade and craft of the typical Indian businessmen.

Moreover, it is important to note that it was the predominantly British staff of the Education Department who selected articles for publication in *Mambo Leo*. Although the identity of the author of the lead articles in the early 1920s was not revealed, it is likely that it was a British editor who penned them, probably with the aid of African subeditors who were not only conversant in Kiswahili but also held the colonial culture in high esteem. Such a conjecture is given credence by the fact that in the 1930s Martin Kayamba became an official subeditor of *Mambo Leo*.³⁴⁶

³⁴⁵ Ibid., 214-215.

³⁴⁶ R. Ronnenberg, “‘House of Believers’: Irony and Commensurability in Tanganyikan Colonial Discourse,” *African Identities* 10, no. 1 (February 1, 2012): 40.

It may thus be surprising that *Mambo Leo* did not use the European businessman as the model. However, as has been referred to above, the challenge the Asian businessman posed provided a small window of opportunity for the African businessman; hence the dialectical construction that benevolently pit them against each other as its article on *Biashara* continued to do so.

The article further asserted that the Indian businessman does not easily spend time chitchatting, or attend feasts and or *ngomas*, for fear that when customers see the shop closed, they would take their “cents” to another store which they would then get used to.³⁴⁷ By using the Swahili word *ngoma* that refers to African traditional dances, the article was picking from a litany of colonial anthropological discourses on Africans as carefree, time wasters in ‘wild’ dancing.³⁴⁸ Such discourses also trace their racist lineage to Linnaeus who characterized the African as “relaxed”, “indolent”, and negligent” and the Asiatic as “rigid”, “severe” and “haughty.”³⁴⁹ The article proposed the following solution, demonstrating the pervasiveness of the discourse:

We are all supposed to look closely at the qualities that forces someone with a shop to be as astute as the Indian. The qualities are focus, patience, industrious and thoroughness. An Indian is a person of focus because he does not look or chase after other things but his business only, he does not do anything else; he is a person of patience because when customers do not soon come to him, he does not close the door and go play or greet his friend, he patiently waits for them and, ultimately, they come to purchase from him; he is a person of industriousness because his heart is on his job, he is not more industrious in other than in making his business prosper; he is a thorough person because he closely looks at his profit and puts it where it would

³⁴⁷ Mambo Leo, “Biashara,” 2.

³⁴⁸ For a review of such literature see: Alan (Alan J.) Barnard, *Anthropology and the Bushman* (Oxford: Berg, 2007), https://www.ssoar.info/ssoar/bitstream/handle/document/27077/ssoar-2007-barnard-anthropology_and_the_bushman.pdf; Pippa Skotnes, ed., *Miscast: Negotiating the Presence of the Bushmen* (Cape Town: University of Cape Town Press, 1996); Bernth Lindfors, ed., *Africans on Stage : Studies in Ethnological Show Business* (Bloomington: Indiana University Press, 1999).

³⁴⁹ In: Eze, *Race and the Enlightenment* , 13.

increase the commodities in his shop. We truly ought to praise the Indian for all these qualities that bring success to him.³⁵⁰

In contrast, when visiting the shop of an African businessman three months down the line after seeing commodities from his shop being bought, Africans are “surprised to see the door is closed and the shop is not there.”³⁵¹ The article asserts that the reasons for this is that “he lost it like the way a lot of people of Africa lose it: he only looked at present things, not focusing on the future.” It thus reconstructs what generally occurs:

When he opened his shop, he had a small stock and started to sell the commodities therein, after a few days he sees money has slightly increased in his cabinet. He tells himself ‘Really! I got money. Money in hand, food in the stomach, let us go and hold a big feast so I earn respect from my friends.’ So, he spends his money without thinking about the things of tomorrow; he is not careful to focus on the future. Another day he hears about ngoma and he cannot restrain his desire, he locks the door and goes to dance in the ngoma, forgetting about his customers’ satisfaction because he does not have the focus and patience of watching over his work only - to stop playing during the time that is not for work, that is, after coming from work at night or on a holiday.³⁵²

When customers come and see the door of the shop is locked, the article further narrates, they say: “Really! He is not astute, he doesn’t care about our satisfaction, let’s take our purchasing to another shop where we will be invited well.”³⁵³ The article also asserts that the African businessman “continues to do his business” by using the same money he received from the decreasing number of customers without noticing even on a “single day” that the commodities have decreased and that he has to buy some more.³⁵⁴ It is when he goes to his

³⁵⁰ Mambo Leo, “Biashara,” 2.

³⁵¹ Ibid.

³⁵² Ibid.

³⁵³ Ibid.

³⁵⁴ Ibid.

cabinet that he realized that there is no money there and “remembers that he foolishly used a lot of money in holding a feast.”³⁵⁵

On the basis of this recounting, the article conclusively affirms that the African businessman is not like “that thorough person who counts his sales every day, setting money aside so he can buy new commodities when the initial stock is sold out.”³⁵⁶ The expression “thorough person” was meant to invoke the Asian businessman and, by implication, the European businessman. It then reveals, covertly, in whose interest were the short-lived attempts to promote African business:

There are lot of people, friends of the natives of Africa who wants to see him participate in, and have the right to, wealth and succeed in his country. Wake up ye people of Africa, be industrious in work, but if you want to be successful it is imperative that you abandon those qualities that you had since long time ago: laziness, coolness, indolence, lacking a focus on the future and other bad qualities that are not useful these days. You can prosper in business or any other jobs like other nations.³⁵⁷

The term ‘nations’ is directly translated from the Swahili word “mataifa” which is the plural of taifa. “Taifa... is today translated as ‘nation’”, notes James Brennan, “but seventy years ago ‘race’ would have been an equally accurate translation.”³⁵⁸ This is equally accurate for the 1920s as a close reading of its usage in *Mambo Leo* indicates. The article on Biashara is not only seeing Africans as a nation-cum-race but its penultimate conclusive paragraph attributes to Africans virtually all the qualities that Linnaeus had attributed. The final

³⁵⁵ Ibid.

³⁵⁶ Ibid.

³⁵⁷ Ibid., 2-3.

³⁵⁸ James R Brennan, *Taifa: Making Nation and Race in Urban Tanzania* (Athens: Ohio University Press, 2012), 1.

paragraph then asserts that if they cultivate among them the other qualities, Africans will “climb to the top via the ladder of success.”³⁵⁹

Shaaban Robert, a regular contributor to *Mambo Leo* and the leading Swahili language writer of the first half of the 20th century, also penned poems and prose on the need for cultivating such qualities. “I am sure that perhaps after many years”, he once wrote, “those who succeed us will be able to say like Europe, like Africa.”³⁶⁰ Elsewhere, in a lengthy piece on *Kutajirika* i.e. ‘Becoming Wealthy’, he expounds on what it takes to succeed in business.³⁶¹ “Be informed”, he states “that money has a nature of increasing; money begets money, and its offspring beget more; as such five shillings can beget six; which in turn can become seven shillings and a quarter; these can increase until they become one hundred shillings; the longer they are, the greater their economic value by bringing profit all the time; hence a person who squanders even one cent, destroys all the profit.”³⁶² As a customs clerk, such number crunching was routine.³⁶³

For him, this culture of thrift could not be overemphasized. “Don’t forget”, he reminds his readers, “that ninety shillings per year is a quarter per day” and goes on to explain its implications: “This small amount of money can be unconsciously squandered in the form of time or spending. If this money is put to good use, one can have his own savings

³⁵⁹ Mambo Leo, “Biashara,” 3.

³⁶⁰ Shaaban Robert, *Barua za Shaaban Robert, 1931-1958: Zilizolimbikizwa na Mwl. Yusufu Ulenge*, ed. M. M. (Mugyabuso M.) Mulokozi (Dar es Salaam: Taasisi ya Uchunguzi wa Kiswahili Chuo Kikuu cha Dar es Salaam, 2003), 191. This is a collection of Robert’s papers, which also contains this article on page 192: Shaaban Robert, “Kama Ulaya Kama Afrika,” *Mambo Leo*, June 1932, 128. Unless otherwise stated, all quotations from Robert in this chapter are translated from the original Swahili.

³⁶¹ Shaaban Robert, *Insha Na Mashairi* (London: Nelson, 1967), 86. Most of his writings appeared in various publications between 1930 and 1960 but were published as a collection posthumously.

³⁶² Ibid., 84.

³⁶³ Ibid., xi.

or ownership and use of all the ninety shillings. Similarly, if savings are used properly for investment, they bring great profit to a businessperson.”

As in the *Mambo Leo* article that stressed the need for African businesspeople to imitate the Indian businessman, Robert thus stresses the need to deal with such financial leakage: “Prevent this by noting all your daily expenditure, and of your daily income and profit. If you take the trouble of noting everything, you will discover how small and stupid expenses can mount up to a lot of money.”³⁶⁴ In his estimation, however, this could only be achieved if one was industrious, timely and frugal. “Remember”, he also tells his readers, “that time is wealth”, as is credibility.³⁶⁵ Hence, he asserts, if “you want to become wealthy think about how to be cautious and frugal” as “the eyes of the wealthy may happen to do more work than their two hands.”³⁶⁶ Robert thus sums up:

In short, the path to prosperity is as clear as the path to the marketplace, but it depends particularly on two things, that is, diligence and frugality; also ensure that you do not waste time or money. Make good use of diligence and thrift by taking care of the hours and the days; the weeks, months, and years will take care of themselves.³⁶⁷

One gets a glimpse of what Robert envisioned as an ultimate product of success in an incomplete entry he wrote for an essay competition on Sunlight soap that was organized in the early 1930s. “I speak with the freedom of history”, he notes, “and I hope without mistake that the Lever Brothers as a company...has a great [past] and it is still possible that it will have a great future.”³⁶⁸ After citing the honor it received in the Chicago World Fair of 1893

³⁶⁴ Ibid., 85.

³⁶⁵ Ibid., 83.

³⁶⁶ Ibid., 86.

³⁶⁷ Ibid., 85.

³⁶⁸ Robert, *Barua za Shaaban Robert*, 210.

and Paris exhibition of 1900, he asserts this “is proof enough of the zenith achieved by the company.”³⁶⁹ He then notes that:

In manufacturing much dexterity is shown, for it must be recorded the work is done by the best workers, well-suited for this particular transaction. These are the persons with brains equally to their tests. In packing too, some good workmanship is displayed to ensure security of the soap. Then it follows the conveying of the soap in large quantities to several countries of the Globe. The usual manner of carrying the goods to the overseas land is by means of ship. The soap that is destined to Tanganyika is put on board a steamer or to use the business terms, is “shipped” by any vessel that bounds for our ports [sic].³⁷⁰

Such constructs of the path an African (business) person ought to take sits well with what the philosopher Kwame A. Appiah refers to as Weberian modernity.³⁷¹ For him, Max Weber posits Western modernity in terms of the universal triumph of reason over the traditional mode of doing things and, thus, rationalization of the world. Although, with the benefit of hindsight, Appiah rejects Weber’s modernist conception of modernity not least because “the rationalization of the world can no longer be seen as the tendency either of the West or of history”, one may argue that it resonated with non-Western readers of *Mambo Leo* in the 1920s.³⁷² Weber’s seminal text, written in the same decade, was an attempt at explaining the West’s historical shift from traditional to modern business.³⁷³

One of the two things that a “rationalized capitalistic enterprise implies” for Weber, the introduction to his book notes, is “the regularised investment of capital.”³⁷⁴ This, the

³⁶⁹ Ibid.

³⁷⁰ Ibid.

³⁷¹ Kwame Anthony Appiah, “Is the Post- in Postmodernism the Post- in Postcolonial?” *Critical Inquiry* 17, no. 2 (1991): 336–57.

³⁷² Ibid., 343.

³⁷³ Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (London: Routledge, [1930] 2005).

³⁷⁴ Ibid., xi.

Anthony Giddens introduction further asserts, “contrasts profoundly with traditional types of economic activity.”³⁷⁵ It purportedly emerges when there is what Weber perceived as a reversal in “man” being “dominated by the making of money, by acquisition as the ultimate purpose of his life.”³⁷⁶ Thus, economic “acquisition is no longer subordinated to man as the means for the satisfaction of his material needs.”³⁷⁷

Rather, as Giddens sums it, it becomes the “regular reproduction of capital, involving its continual investment and reinvestment for the end of economic efficiency.”³⁷⁸ Hence, he concludes, it “is associated with an outlook of a very specific kind: the continual accumulation of wealth for its own sake, rather than for the material rewards that it can serve to bring.”³⁷⁹ It is such a construct of the Asiatic vis-à-vis African businessman that the author of the article on Biashara in *Mambo Leo* was attempting to present. This dialectical construct is more glaring in a rejoinder from Mwenyeji wa Nchi (Native of the Country) who wrote the article that initially sparked the debate.³⁸⁰ After noting that the article did not counter its arguments presented in the inaugural issue, he advises its author to add one more contrast that it had overlooked:

An Indian with a shop closely monitors the food he eats, he only cooks the food that is enough for him, not even a lavish meal. But when we [Africans] have a shop that is the time for us to eat a big fish, meat worth a rupee, and the same rice in the shop. So, does that place has business?³⁸¹

³⁷⁵ Ibid.

³⁷⁶ Ibid.

³⁷⁷ Ibid.

³⁷⁸ Ibid.

³⁷⁹ Ibid.

³⁸⁰ Mwenyeji wa Nchi, “Afrika ya Kesho: Majibu ya ‘Mwenyeji wa Nchi’,” *Mambo Leo* No. 3, March 1923, 7-8.

³⁸¹ Ibid., 7.

This interpretation is not an attempt to equate or conflate trade with capitalism. Rather, it is an attempt to unpack how the construction of the Indian businessman, as the relatively better ‘other’ of the European businessman more than the African businessman in the 1920s, was about the inculcation of the Weberian Spirit of Capitalism. As Joyce Appleby, clearly drawing from Weber’s Western conception of capitalist modernity, puts it, capitalism is a cultural system, albeit based on a particular economic structure.³⁸² “One of the big differences between capitalism and trade per se”, she asserts, “is that trade existed since the times of... Babylon... and lived comfortably...in the interstices of traditional societies.”³⁸³ It was pre-capitalist trading.

As such, in Appleby’s conception, one could be a trader without being a capitalist. “But capitalism which involved improvement”, she further argues, “couldn’t live in within the interstices of traditional societies, had to change, indicated changes in people’s habit, people’s attitude.”³⁸⁴ This dichotomy is useful in the sense that, although both African and Asian petty traders in Tanganyika continued to operate in what colonial discourses perceived as “interstices of traditional societies”, the country was already integrated, albeit marginally, in the world-wide web of global capitalism through both European colonialism and imperialism. As such, the discourse that both writers and readers of *Mambo Leo* were espousing was not about trade per se. Rather it was about its transformation from what was

³⁸² Joyce Oldham Appleby, *The Relentless Revolution: A History of Capitalism*, 1st ed. (New York: W.W Norton, 2010).

³⁸³ Joyce Appleby, interview by Marshall Poe, *New Books Network*, February 4, 2011: http://ir.uiowa.edu/history_nbih/142/.

³⁸⁴ Ibid.

perceived as traditional to what seemed modern. Kayamba's defense of his racist call to Africans thus captures this quest:

One could not be accused of nationalistic feelings in the matter, because it is the almost absolute absence of any African trade worth speaking of in East Africa that exercises the mind of those who care about the future of African people. How long will this deplorable state of affairs last? When will Africans occupy a place in the trade of their own country and among their own people? These are not simple questions but they are questions which ought to be pondered very seriously by Africans themselves because the remedy is in their own hands. It is only possible for Africans to divert general trade into their own hands if they realize what they must do before their wish can be fulfilled. The slogan, "Buy from your own traders," could only rectify the matter in time, and if and when African traders have sufficiently progressed to provide the goods and African customers are prepared to support them. But this, again, is not possible until African communities have understood both the conditions and methods of trade and inter-trade, and also the mentality of their own people as customers.³⁸⁵

Those nationalistic, indeed racist, sentiments resonate with the self-proclaimed Native of the Country cited in *Mambo Leo* above who concluded her/his rejoinder by thus contrasting the racialized categories in colonial Tanganyika, namely Asians, Africans and Europeans:

Indians. I have praised them and even now am praising them because they are taking our money. Indians have been industrious because they are civilized. We should also try hard to be like them, let us do business and get money, our money will circulate right here, within, and will not go far.... I insist my fellows of Tanganyika, if we want to be people, let us imitate Europeans for their intelligence, and their industriousness, and not by their nice voices and beautiful singing.³⁸⁶

Kleist Sykes attempted to do so. The historian Mohamed Said recalls that he carried himself as an aristocrat, both in his dress code and mannerism, as Figure 2.2. below reveals.³⁸⁷ He spoke English and German fluently and attempted to raise his children aristocratically. "My father Kleist", recalls Ally Sykes, "gave all his children comfortable life style, status, and

³⁸⁵ Kayamba, *African Problems*, 75-76.

³⁸⁶ Mwenyeji wa Nchi, "Afrika ya Kesho," 8.

³⁸⁷ Mohamed Said, interview by Chambi Chachage, Dar es Salaam, August 14, 2017.

social position and introduced us into colonial politics, business and the merit of public service.”³⁸⁸ This was not entirely possible before Sykes fully ventured into business in 1942 as the will he wrote as early as 1933 indicates. “My real desire (if God grants me life)”, he intimated, “is that each of you should reach the last class in school and then go to the commercial school at Tabora.”³⁸⁹

After that, his will insisted, they should go to Makerere College in Kampala, Uganda and study for at least three years the courses he prescribed for each of them -. Secretaryship, Shorthand and Correspondence for Abdulwahid Sykes, Draughtmanship and Engineering for Ally Sykes, Accountancy for Abbas Sykes, and Commerce for Ayoob Sykes.³⁹⁰ “I cannot promise you that I shall leave you wealth that would enable you to achieve this education”, he stated in the will and added: “If I fail to accomplish this in my lifetime, finish it yourselves. You can even study these things in Europe when you have started working and are able to pay for yourselves.”³⁹¹

These choices indicate that he put a lot of emphasis on subjects suitable for one to thrive in business. Unfortunately, the son he expected to study commerce died in 1934. It was the son whom he wanted to do engineering that became a businessman after a stint as a musician in a band known as Skylark, initially financed by Kleist Sykes himself.³⁹² However,

³⁸⁸ Mohamed Said, “Under the Shadow of British Colonialism in Tanganyika: The Life of Ally Sykes” (unpublished manuscript), HTML file. Reproduced in: Mohamed Said, “In Memory of Ally Kleist Sykes (1926 - 2013),” *Mohamed Said (blog)*, May 19, 2014, <http://www.mohammedsaid.com/2014/05/in-memory-of-ally-kleist-sykes-1926-2013.html>.

³⁸⁹ Daisy S. Buruku, “The Townsman: Kleist Sykes,” in *Modern Tanzanians: A Volume of Biographies*, ed. John Iliffe (Dar es Salaam: East African Publishing House, 1973), 112.

³⁹⁰ Ibid.

³⁹¹ Ibid.

³⁹² Mohamed Said, interview by Chambi Chachage; Buruku, “The Townsman,” 113.

when Sykes started business he attempted to build the building blocks of setting up a family business by doing what the proverbial Indian businessman seemed to do, that is, include his children in the business as apprentices and sources of labor.

Drawing from her grandfather's unpublished autobiography, Daisy Buruku notes that Kleist Sykes believed that "the Asian way of doing" business "was the best for improving himself, and if all other Africans could follow the same pattern, life would be better for them too."³⁹³ The attempt to copy Asian businesspeople by establishing several shops in Dar es Salaam, as his granddaughter further notes, hit a snag when the distant relatives he had asked to help him while he continued as a civil servant proved untrustworthy. He then resigned from the civil service and opened a big retail shop in Dar es Salaam. Famously known as the "Sykes Store", it was located at the corner of Aggrey Street, named after Dr. Aggrey, and Sikukuu Street (Zaramo Street) within an area demarcated for Africans in line with the triad racial zoning of colonial Dar es Salaam discussed above.

³⁹³ Ibid., 109.

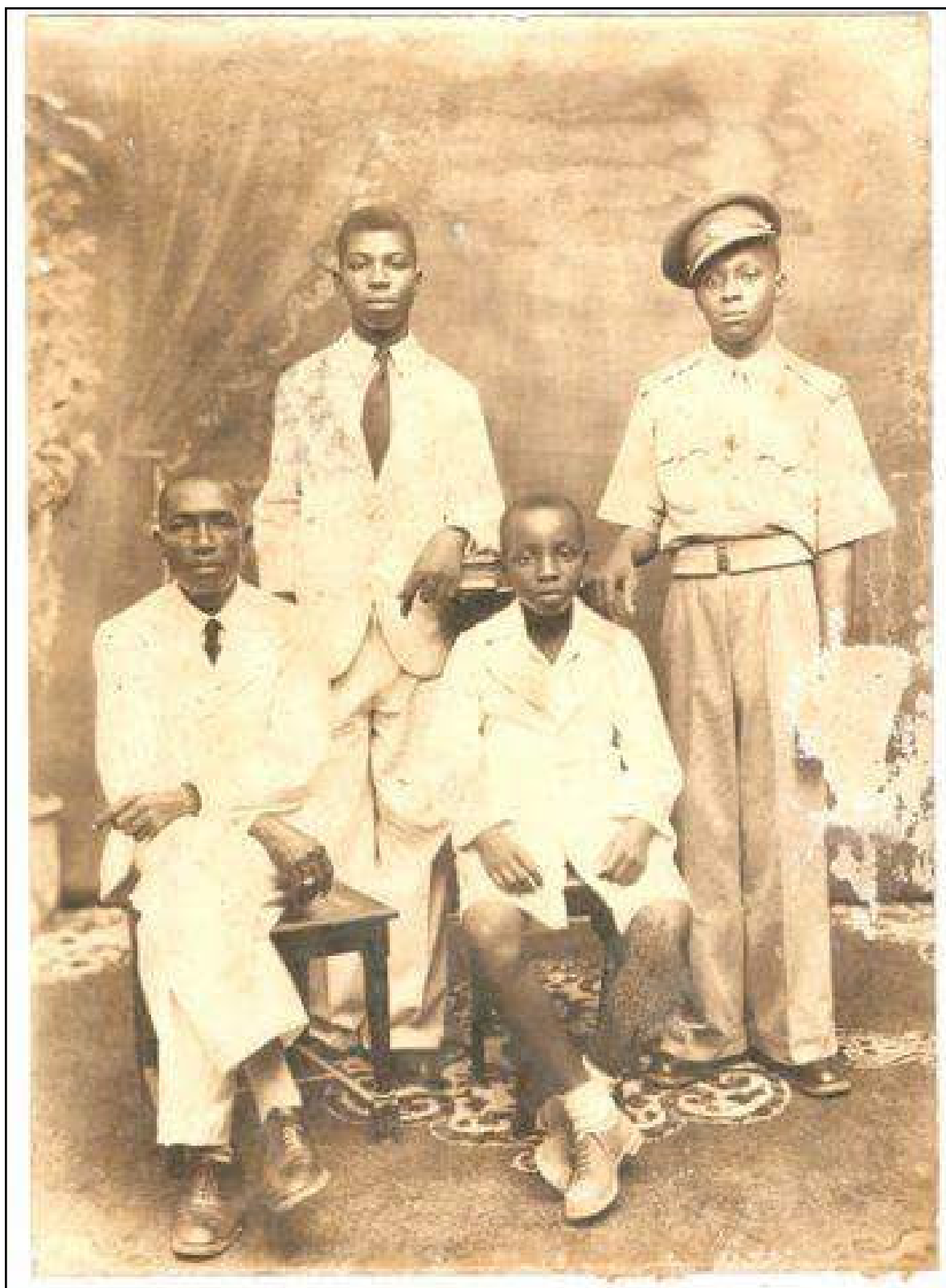


Figure 2.2. Kleist Sykes with his Three Sons in Dar es Salaam in 1942, Courtesy of Mohamed Said.³⁹⁴

³⁹⁴ Mohamed Said, "Kutoka JF: Barua ya African Association 1933 iliyoanza kwa 'Bismillah Rahman Rahim'," *Mohamed Said (blog)*, June 18, 2016, <http://www.mohammedsaid.com/2016/06/kutoka-jf-barua-ya-african-association.html>

Through the contacts he established with European officials, Kleist Sykes managed to get permission to collect lime from Mbwamaji lime quarries, ship it to the Malindi wharf in Dar es Salaam port and then from there use the railway to distribute it to customers.³⁹⁵ Since whitewash was popular in painting Africans' houses, he got a lot of money. Being the only prominent African in the lime business "competing only with Asians, who, however, had more resources than" him, he then decided to cooperate with them by joining their retail traders' association. Nationalist African traders criticized him for the move as they perceived it as a betrayal to his race. Fiah even grouped him among those who exploited Africans. "But along with this opposition", his granddaughter notes, "Kleist himself found it difficult to accept Asian ways and decided to form his African Retail Traders Association."³⁹⁶ A letter he wrote to his sons in October 1943, however, reveals how shrewd he became:

Another important thing is this, Ally: as you know the agreement to dig lime is ending at the end of this year. Although it was I who signed the present agreement on your behalf, this is no longer possible if we want to succeed in the next agreement. So I have decided that our business now should go in the style of 'K. Sykes & Sons', so I will now sign the new agreement on behalf of 'K. Sykes & Sons' and from now on this business will be owned by us together.³⁹⁷

Fiah, who did not see eye to eye with both Kayamba and Sykes, attempted to be more radical especially after his experience of opening a shop in 1932 as the first African clerk to do so. "At first", notes Nick Westcott based on Fiah's own account, "his enterprise received little support from the urban African population who did not believe that a clerk could run a shop properly, and preferred to patronize the Indian stores."³⁹⁸ Although it later prospered from the

³⁹⁵ Mohamed Said, interview by Chambi Chachage.

³⁹⁶ Buruku, "The Townsman," 109.

³⁹⁷ Ibid., 110.

³⁹⁸ N. J. Westcott, "An East African Radical: The Life of Erica Fiah," *The Journal of African History* 22, no. 1 (1981): 86, doi:10.1017/S0021853700019034.

custom of up-country African immigrants who were said to have had no such racist prejudice to the extent that Fiah could diversify into real estate, it is clear that he still felt racism restricted Africans.³⁹⁹ It is thus not surprising that, having moved from his home country of Uganda, Fiah was instrumental “in founding the African Commercial Association [ACA]” in September 1934 with the apparent intention of protecting “the African trader through co-operation against prejudicial Government legislation and against the near-monopoly of Asians in... retail trade.”⁴⁰⁰

His control of ACA, both as Secretary and Treasurer, ensured the stamp of his radical position in its pronouncements. “The intention of this association”, its first pronouncement read, “is to look for the path to civilization such as the Europeans, Indians, Arabs and Somalis have.”⁴⁰¹ The racial definition of Somalis, like that of Abyssinians/Ethiopians, in colonial Tanganyika shifted depending on the status of their countries of origin in the League of Nations and, subsequently, the United Nations.⁴⁰² For Fiah, however, money enabled the Somali to succeed “in linking himself to a very doubtful ancestry with the Arab, black and backward as he may be or look.”⁴⁰³ As for the Abyssinian, he insisted that save for their political independence, they were “purely African, barbaric and backward as we were or possibly are.”⁴⁰⁴ He was reacting to the Attorney General’s rationale that Somalis and

³⁹⁹ Ibid.

⁴⁰⁰ Ibid., 88.

⁴⁰¹ Ibid.

⁴⁰² For the contentions over, and shifts in, Somali identity see: Trusteeship Council, *Report of the Visiting Mission to the Territory of Tanganyika under British Administration: Petitions*, November 8, 1948, T/218/Add.1, https://digitallibrary.un.org/record/711072/files/T_218_Add-1-EN.pdf?version=1.

⁴⁰³ Brennan, “*Nation, Race and Urbanization*,” 261.

⁴⁰⁴ Ibid.

Abyssinians “were sufficiently astute and competent to conduct their business affairs unfettered by formalities and without the measure of protection which is considered necessary for the case of native Africans.”⁴⁰⁵ Its legal aspect is probed in the second section below.



Figure 2.3. Erica Fiah in 1933 appearing in his Newspaper, Kwetu, Courtesy of Mohamed Said.⁴⁰⁶

Thus, Fiah’s position, and ACA’s for that matter, did not transcend the civilization discourse; rather, it was an attempt at uniting Africans, so they could march in tune with Western modernity. Although ACA’s by-laws stipulated that it “may be entered by any person irrespective of race”, its racialism is evident in the articulation of its grievances. Lamenting

⁴⁰⁵ D. M. P. (Dennis Michael Patrick) McCarthy, *Colonial Bureaucracy and Creating Underdevelopment: Tanganyika, 1919-1940* (Ames: Iowa State University Press, 1982), 42.

⁴⁰⁶ Mohamed Said, “Kutoka JF.”

that “foreigners have come from afar to profit from us”, it set the rule that Kayamba critiques above as a slogan that will only succeed when African traders progress sufficiently: “All members must prefer the native shops to others.”⁴⁰⁷

As an avid reader of Marcus Garvey’s monthly magazine, *The Black Man*, Fiah found radical inspiration through Garveyism. Garvey’s vision of black business, as has been noted earlier, was global, for he wanted to connect the wealth of people of African descent across the world.⁴⁰⁸ In January 1936, Fiah thus “reorganized the ACA along much more ambitious and overtly Garveyite lines, renaming it the Tanganyika African Welfare and Commercial Association (TAWCA) and claiming it was now “dealing with the business and all other matters concerning the Africans.”⁴⁰⁹

In November 1937, Fiah became the first person to start a private Swahili newspaper. The name, *Kwetu*, which can mean “Our Place”, “Our Home” and even “Our Country”, captured his nationalistic sentiments. However, they were colored by his eclectic conception of race and culture in relation to his rivals. For instance, when Kayamba died he published a scathing obituary in the newspaper that used phrases such as “the most unAfrican” and “an African countryman” who rose to the highest rank “but without any use to his race.”⁴¹⁰ In another instance, he invoked the highly respected James Aggrey from the Gold Coast (i.e. Ghana) to attack Kleist Sykes:

The Zulu are our fellows from South Africa, just as we are from East Africa. Africa is a large continent like the others. I will not waste too much time talking about this, but rather of the Zulu who live here in East Africa, who deny that they are Africans. If a good chance occurs for the Africans, these Zulu call themselves Africans. These Zulu

⁴⁰⁷ Westcott, “An East African Radical,” 88.

⁴⁰⁸ Garvey, “Mr. Garvey’s Address.”

⁴⁰⁹ Westcott, “An East African Radical”, 89.

⁴¹⁰ *Kwetu*, June 29, 1940 cited in: Iliffe, “The Spokesman,” 93.

are great enemies of Africa. In West Africa there are many very highly educated Africans, but I do not think that they deny being Africans. Dr. Aggrey used to say that a man who was not proud of his colour was not worthy to live.⁴¹¹

Aggrey, a doctoral graduate of Columbia University, was a popular figure among the educated elites in colonial Tanganyika during the interwar period after his visits in 1920 and 1924 as a member of the Phelps-Stokes Commission.⁴¹² Both *Kwetu* and *Mambo Leo* cited him and published his writings.⁴¹³ He is said to have left a deep impression on Kleist Sykes who cherished his autographed book on *The History of the White and Black People*.⁴¹⁴ Even Kayamba, whom Fiah used Aggrey to criticize, had also invoked him in his defense of certain aspects of African traditions vis-à-vis Western modernity discussed above.:

The more any educated Africans knows of the outside world the more he values his being an African. Dr. Aggrey, who lived for twenty years in America, still felt he was not black enough and would have wished to have been reborn blacker than he was. An African has a place and position as one of his own people and is appreciated and respected by them whereas he could not have that same position had he been a member of another nationality. He can never think of exchanging one for another. Besides, even though Africans are said to be backward in many things, yet their mode of life is very advantageous to them. If Africans generally had reached a European standard and tried to live in all imitation of European civilization it would surely have been very difficult indeed for them during the depression.⁴¹⁵

For all their differences, one thread that consistently runs through their discourses on race and culture is that of progress through ‘modern’ ways of doing business. Even Erica Fiah, who

⁴¹¹ *Kwetu*, June 1944 cited in: Buruku, “The Townsman,” 103.

⁴¹² Pierre Bovet, “Education as Viewed by the Phelps-Stokes Commissions,” *International Review of Mission* 15, no. 3 (July 10, 1926): 483, <https://doi.org/10.1111/j.1758-6631.1926.tb04712.x>.

⁴¹³ *Mambo Leo* serialized his texts between September-October 1932 and also published the writings of other Black economic elites from Africa and the African Diaspora such as Booker T. Washington.

⁴¹⁴ David Henry Anthony III, “*Culture and Society in a Town in Transition: A People's History of Dar es Salaam, 1865-1939*” (PhD diss., University of Wisconsin-Madison, 1983), 114.

⁴¹⁵ Kayamba, *An African in Europe*, 79-80.

was very critical of the colonial state, is cited, almost in unison with Kleist Sykes, as saying that “there was no better profession in the world than commerce” and that any “country which does not know how to trade will never succeed.”⁴¹⁶ Like Martin Kayamba, he concluded that foreigners “would go on taking the resources out of the country if local people did not grasp this truth.”⁴¹⁷ Yet there was another truth that African businesspeople grasped, that is, the ‘reality’ of racialized access to credit.

A Race for Loans

On February 2, 1923, the colonial government gazetted the *Credit to Natives (Restriction) Ordinance*. In the colonial imagination, its Spirit of the Law stemmed from an intention “to give effect to the provisions in the Mandate relating to the regulation of usury.”⁴¹⁸ Hence, as Dennis McCarthy notes, its third section defined credit in terms of debt.⁴¹⁹ Like The Land Ordinance that the Governor of Tanganyika Territory, Horace Byatt, had assented to a month earlier, it invoked the paternalistic racist discourse.⁴²⁰ This discourse purported that Africans were in need of protection from the Indian businessman who, as the preceding section has noted, is a construct that was forged during the class-cum-racial struggles over the control of merchant capital. The “native”, a clause in the latter ordinance stipulated, “shall mean any native of Africa, not being of European or Asiatic

⁴¹⁶ *Kwetu*, December 7, 197 cited in: Chachage S. L. Chachage, “*Socialist Ideology and the Reality of Tanzania*” (PhD diss., University of Glasgow, 1986), 190.

⁴¹⁷ *Ibid.*

⁴¹⁸ Colonial Office, “Report by His Majesty’s Government in the United Kingdom of Great Britain and Northern Island to the Council of the League of Nations on the Administration of Tanganyika Territory for the year 1923,” *Colonial No. 2* (1924), 22.

⁴¹⁹ McCarthy, *Colonial Bureaucracy and Creating Underdevelopment*, 39.

⁴²⁰ Land Ordinance, 1923 (Ordinance No. 3 of 1923), <http://celp.org.uk/webpages/projects/laws/land/1923land/pdf/1923land.pdf>, accessed October 2, 2017.

origin of descent, and shall include a Swahili and a Somali.”⁴²¹ Although the change to being categorized as ‘non-native’ partly stems from Indian agency in the transition from German colonialism, the British colonial state also redefined the term in response to the Asians’ commercial threat.

These ordinances were coupled in such a way that the paternalistic mandate of protecting the African from selling his land to the Asian went hand in hand with limiting him/her from using it as a source of startup capital. “In many cases in the past Indians obtained mortgages on coconut and other plantations belonging to the natives on the coast as security lent or for credit given”, noted the colonial office as it affirmed that the *Credit to Natives (Restriction) Ordinance* “will prevent this in future as it debars suits for the recovery of money advanced to natives unless the debt was approved by an administrative officer in the first place.”⁴²² Yet the colonial office thus crafted its discourse to imply that the law was also protecting the Indian creditor:

The Ordinance discountenances the giving of credit to natives by non-natives by refusing to the creditor any redress in the courts unless the transaction has been specifically approved by an administrative officer, and thus, while not necessarily prohibiting trade on credit, makes it clear that a trader giving credit to a native does so at his own risk.⁴²³

It is ironic that the colonial government was passing such ordinances while the colonial Department of Education, through *Mambo Leo*, was nudging the African businessman to imitate the Asian businessman. Some Africanist scholars such as Sara Berry and Frederick Cooper assert convincingly that the colonial state, with its departments and officials, was not

⁴²¹ Ibid.

⁴²² Colonial Office, *Colonial No. 2* (1924), 94.

⁴²³ Ibid., 22.

monolithic as it had varying or conflicting interests.⁴²⁴ However, it is important to note that, in line with Mamdani's assertion on the centrality of defining and decentralizing despotism to colonial rule, there were unifying discourses that were weaved around the native question.⁴²⁵ In the case of business in inter-war Tanganyika, one may argue, this centered on using the racist discourse of the Asian vis-à-vis African businessman, not only to stave off or contain the competition the European businessman faced but also as a governing tool to resolve the native problem.

Such a reading captures why *Mambo Leo* could juxtapose an article promoting African business with a seemingly contradictory brief that rationalizes *The Credit to Natives (Restriction) Ordinance*.⁴²⁶ Entitled "The Government Order" and subtitled "On Giving Credit to the Native of the Country", the latter article informs its readers that the ordinance will be enforceable from the beginning of April.⁴²⁷ The choice of terminology regarding who was a native of the country is striking.

Whereas several other articles do not qualify it, this article brackets "Mwaafrika" (African) just after the term "mwenyeji wa inchi" (native of the country). This is of particular significance given that there were Indians and Arabs who had been in Tanganyika even prior to some Africans, such as the Ngoni, who migrated from South Africa during the Mfecane war of early 19th century.⁴²⁸ The article is even more blunt than the colonial office in justifying the law:

⁴²⁴ Sara Berry, *No Condition is Permanent: The Social Dynamics of Agrarian Change in Sub-Saharan Africa* (Madison: University of Wisconsin Press, 1993); Frederick Cooper, *Colonialism in Question: Theory, Knowledge, History* (Berkeley: University of California Press, 2005).

⁴²⁵ Mamdani, *Citizen and Subject*; Mamdani, *Define and Rule*.

⁴²⁶ It also contains a brief on a new restrictive license law discussed in the third section below.

⁴²⁷ Mambo Leo, "Amri ya Serikali: Juu ya Kukopesha Wenyeji wa Inchi," *Mambo Leo* No. 2, February 1923, 8.

⁴²⁸ Iliffe, *A Modern History of Tanganyika*, 54.

The aim of having this ordinance is to halt wealthy folks and owners of shops so they do not continue to give goods on credit to the natives of the country who do not know the trouble they would encounter later by paying more money compared to the actual value of the stuff they took on credit.⁴²⁹

Although the ordinance gave discretionary powers to the colonial administrator to approve credit to Africans in writing, it did not provide any exemption for those who needed it as business capital. Excluded from the colonial Legislative Council, African businessmen had to channel their grievances through a few progressive European members of the Council. For instance, McCarthy singles out Boyd-Moss and Major William Lead as those who pushed for the exemption. Boyd-Moss is cited as lamenting the “serious disability a native will be under if he is not allowed to obtain goods on credit” as “most of the trade in this country is done on the credit system and a small trader gets all his goods on credit and sells them before he pays for them.”⁴³⁰

Appearing to anticipate that some Africans and their creditors resisted by continuing with the practice, he expounded on the rationality that informs its clandestine continuity: “No firm is going to advance goods to a native if they cannot think that they are likely to obtain money for the goods afterwards.”⁴³¹ Lead built his case by stressing that certain “natives are becoming more sophisticated and really entering the realm of trade.”⁴³² However, this did not sway the colonial state, not least because the Governor who took over in 1925, Donald Cameron, was of the opinion that what Africans wanted “is assistance in co-operative

⁴²⁹ Mambo Leo, “Amri ya Serikali,” 8.

⁴³⁰ Proceedings of the Legislative Council (Dar es Salaam, 1931), fourth session, 1920/30, February 12, 1930, 177 cited in: McCarthy, *Colonial Bureaucracy and Creating Underdevelopment*, 40.

⁴³¹ Ibid.

⁴³² Ibid. This appears on page 172 of the Proceedings of the Legislative Council.

selling” thus doubting “if the natives want a great deal, if any credit facilities.”⁴³³ Hence, it was not until 1931 that they amended the ordinance.⁴³⁴ Although it provided for exemption permits for ‘native’ Africans who held trading licenses, it extended restriction to services such as banks.⁴³⁵

Even Kayamba was critical of it, albeit indirectly. “Besides”, he asserted in his book, “Indians have behind them the credit facilities of commercial houses which the Africans lack.”⁴³⁶ Moreover, the amendment added confusion. “Apparently, they had misunderstood the position”, the Governor Harold McMichael noted, paternalistically, when he interviewed critics of the ordinance from the Bukoba African Association he visited in 1934.⁴³⁷ “I explained it was introduced for the protection of the native as a whole”, he affirms, “and that if someone wanted to borrow from an Indian for trade he could do so with the D/C’s approval.”⁴³⁸

This paternalism echoes the article in *Mambo Leo* on the initial ordinance cited above that concluded by saying: “Hence when the government enacted this ordinance it did so for the relief of the natives of the country so they do not get themselves into debts and lose their property.”⁴³⁹ Some Africans petitioned, protested or attempted to come up with alternative means. This excerpt from a letter a wealthy trader in Mwanza, Issa bin Mangi, wrote to the

⁴³³ Ibid. This is in reference to: Donald Cameron’s minutes, December 5, 1930.

⁴³⁴ Credit to Natives (Restrictions) Bill, 1931 cited in: Brennan, “*Nation, Race and Urbanization*,” 42.

⁴³⁵ McCarthy, *Colonial Bureaucracy and Creating Underdevelopment*, 42.

⁴³⁶ Kayamba, *African Problems*, 73.

⁴³⁷ McCarthy, *Colonial Bureaucracy and Creating Underdevelopment*, 47.

⁴³⁸ Ibid.

⁴³⁹ Mambo Leo, “Amri ya Serikali,” 9.

immediate previous Governor, George Symens, captures such petitions and legal contradictions:

Before we were dealing together our trade with Europeans and Indians, now the Europeans and Indians are still dealing their trade, some they are putting their houses to the bank and they are getting credit from the Bank, but none of the Natives is allowed to get credit from the bank.... I am a trader, I know the work of trading very well, I am trying to put my house to the Bank the Bank refused fearing the Ordinance [issued in] 1923 [by] the Government.... I am begging help from the Government to help me to get a credit from the Bank.⁴⁴⁰

The main form of protest, as has been alluded to above, involved evasion. This also involved African creditors who used the opportunity to accumulate wealth. Even Fiah is said to have “indulged in a little money-lending.”⁴⁴¹ His broader vision, however, was institutional. He envisioned ACA and then TAWCA as entities that could provide, among other things, banking services to Africans “offering five percent interest on money deposited with it, and providing loans when business was bad.”⁴⁴²

However, the colonial state was apprehensive, not least because it also exhibited political ambitions. “Here we have a shopkeeper of doubtful antecedents”, Governor McMichael stated, “who puts up by-laws which reeks of politics and bad digestion, conflict with liberty of the individual and the responsibility of Government to the people and show signs of a desire to achieve influence and subscriptions.”⁴⁴³ This was clearly in reference to this line in its by-laws: “Every African is bound to obey the Association, whether he is

⁴⁴⁰ Issa bin Imangi to H.E., September 15, 1932 cited in: McCarthy, *Colonial Bureaucracy and Creating Underdevelopment*, 47.

⁴⁴¹ Westcott, “An East African Radical,” 86.

⁴⁴² Ibid., 88.

⁴⁴³ Ibid., 90.

contributing or not, just as he obeys the Government.”⁴⁴⁴ This imposition, coupled with competition and disillusionment with other associations with his rivals - must have contributed to Fiah’s abandonment of TAWCO in 1939.⁴⁴⁵

In response to the Africans’ agitation, and in line with its new policies of colonial developmentalism, the colonial state started to reform its approach to the administration of credit. Developmentalism, as Paul Zeleza notes, was born as an ideology of colonial and neo-colonial modernity during the Great Depression (1929-1934) and then expanded into a hegemonic discourse in the immediate aftermath of World War II (1939-1945).⁴⁴⁶ This period came to be regarded as the second colonial occupation among certain Africanist circles since the colonial developmentalist state became more interventionist in modernizing Africans.⁴⁴⁷ In the case of Tanganyika, it initiated a Ten-Year Development and Welfare program in 1946, and sought funds for it.⁴⁴⁸

However, since the colonial economy was still perceived as being predominantly peasant, in 1947 the state made a provision of only £50,000 as the initial capital for establishing the Local Development Loan Fund (LDLF).⁴⁴⁹ By 1948, the LDLF had been established with the objective of making “financial credit available for schemes for the improvement of peasant agricultural production.”⁴⁵⁰ The colonial office noted that loans had

⁴⁴⁴ James F. Scotton, “Tanganyika’s African Press, 1937-1960: A Nearly Forgotten Pre-Independence Forum,” *African Studies Review* 21, no. 1 (1978): 3, doi:DOI: 10.2307/523760.

⁴⁴⁵ Ibid., 5.

⁴⁴⁶ Paul Tiyambe Zeleza, *Manufacturing African Studies and Crises* (Dakar: CODESRIA, 1997).

⁴⁴⁷ For the history of the coinage and the applicability of term to Tanzania see: Michael Jennings, “Building Better People: Modernity and Utopia in Late Colonial Tanganyika,” *Journal of Eastern African Studies* 3, no. 1 (2009): 96, doi:10.1080/17531050802682838.

⁴⁴⁸ Colonial Office, *Colonial No. 220* (1947), 43.

⁴⁴⁹ Ibid., 49.

⁴⁵⁰ Colonial Office, *Colonial No. 242* (1948), 72.

already been approved “for the improvement of the copra industry and the development of rice production, the purchase of tools and equipment for local artisans.”⁴⁵¹ However, it took another decade for the colonial state to issue the authorization “to approve loans for capital equipment for African commercial enterprises.”⁴⁵² It was not until 1958 that the LDLF could expand “to include support for commercial activities and training.”⁴⁵³ The reason the state gave for this purports African agency:

Most of the Africans in the territory are peasant farmers and wholesale and retail trading is still mainly in the hands of Europeans and Asians. Nevertheless, Africans are showing a growing interest in commerce not only in the marketing of primary produce, especially through the co-operative society but also in retail trade. The progress of the African in small business enterprise is being further encouraged by an extension of the scope of the Local Development Loan Fund to permit loans to be made for capital equipment for commercial projects.⁴⁵⁴

Moreover, four years earlier the “Foreign Operation Administration of the United States of America gave a grant of £100,000 to the Tanganyika Government for the capitalization of a further revolving fund to be known as the ‘African Productivity Loan Fund’ [APLF] which, as its name implies, is to be used for granting loans to Africans in order to increase production.”⁴⁵⁵ However, according to the colonial office, in its first year the Fund used only £38,990 for 108 loans.⁴⁵⁶ “The restrictive factor in increasing the use of these revolving

⁴⁵¹ Ibid.

⁴⁵² Walter A. Hudson and J.P. Hayes, *The Economy of Tanganyika (Preliminary Memorandum for the IBRD Survey Mission) Report No. T.A.7* (Washington: International Bank for Reconstruction and Development, 1958), 35a-35b, <http://documents.worldbank.org/curated/en/199571468313183673/pdf/multi0page.pdf>.

⁴⁵³ Jennings, “Building Better People,” 102.

⁴⁵⁴ Colonial Office, *Colonial No. 342* (1958), 48.

⁴⁵⁵ Colonial Office, *Colonial No.* (1954), 30.

⁴⁵⁶ Colonial Office, *Colonial No.* (1955), 43.

loans”, the colonial office admitted, “is, of course, the difficulty experienced by many Africans in providing adequate security.”⁴⁵⁷ Yet it was quick to assert, rather defensively, that this dismal trend occurred even though “the operating committees adopt as liberal an attitude as possible.”⁴⁵⁸ Since it was dutifully reporting the figures to the United Nations, one can sense the need of presenting a good report.

An exchange that occurred in the British House of Commons on November 14, 1957 gives a glimpse of colonial contradictions inherent in the administration of the loans. John Hynd was left unconvinced after asking the Secretary of State for the Colonies why only 26 loans were granted from LDLF and APLF in the quarter April-June 1957, as against 53 in the preceding quarter.”⁴⁵⁹ The response to his query indicates that there was a downward trend.

First, John Profumo provided the statistics that were initially requested, proving that the LDLF went down from £13,453 in 1954, to £10,061 in 1955, and £9,352 in 1956; whereas the APLF fell from £35,215 in 1955 to £22,077 in 1956. “The number of applications for loans has fallen off to some extent in recent months”, he then asserted, “as a result of the increased use of normal commercial hire purchase, and partly also as a result of tightening up on credit issues in doubtful cases.”⁴⁶⁰ Hynd then asked the following questions to which Profumo could only respond by saying he would try to write and give him more details:

Does the latter remark of the Under-Secretary imply that there has been difficulty in getting repayment of instalments? Has this drop in the last quarter any seasonal

⁴⁵⁷ Ibid., 43-44.

⁴⁵⁸ Ibid., 44.

⁴⁵⁹ 577 Parl. Deb. H.C. (5th ser.) (1957) col. 1125. This debate on ‘Loan Funds (Grants) Oral Answers to Questions — Tanganyika’ occurred on November 14 of the cited year in the UK Parliament, <https://api.parliament.uk/historic-hansard/commons/1957/nov/14/loan-funds-grants>.

⁴⁶⁰ Ibid.

significance? Without asking him to go into every detail in question, will the hon. Gentleman consider whether he could give me some fuller statement than this in writing in order that we can study the matter more closely?"⁴⁶¹

In his memoir, Dick Eberlie reflects on his role, in early 1961, as the "Secretary of the Loans Funds Committee with the job of arranging loans to Africans out of Government funds."⁴⁶² As independence was approaching, with Tanganyika starting to practice self-government, he was put in the Loan Section of the Ministry of Commerce and Industry in "a newly-developed street off Acacia Avenue."⁴⁶³ Eberlie recalls that there "was much to learn" and he "did not really know what" he "was supposed to be doing at the new office for perhaps six weeks."⁴⁶⁴ This suggests that the departing colonial state and its remaining officials were still not fully committed to meet Africans' increasing demands. "The Ministry had three funds amounting to £260,000," he further recalls, "from which to provide loans to budding Tanganyikan entrepreneurs."⁴⁶⁵ By these, he meant APLF, LDLF and the Urban Housing Loan Fund (UHLF).

Since LDLF was to move to the Ministry of Agriculture, the bulk of his work "concerned the granting and monitoring of loans for commercial and industrial projects." This enabled him to observe, first hand, what he refers to as strict conditions imposed before one could get a loan. For instance, he recalls a condition stating one "must be able to repay

⁴⁶¹ Ibid.

⁴⁶² Dick Eberlie, "Winds and Wounds of Change: The Memoir of Dick Eberlie Part 3, 1961-1965," <http://www.britishempire.co.uk/article/windsandwoundsofchange.htm>.

⁴⁶³ Ibid.

⁴⁶⁴ Ibid.

⁴⁶⁵ Ibid.

the loan within five years so that the total sum available would never be significantly reduced.”⁴⁶⁶ Eberlie recounts his response:

We all realised that the strict rules made them inaccessible to many of those who applied for them, and we were told the Minister wanted the loans to be available on demand for almost every conceivable commercial activity, especially the building of hotels, bars and shops. So we decided to try and persuade the American funders to relax their standards and widen the sort of projects for which loans could be granted; and, at the end of February, I was told to write a memorandum to the Ministry on the matter. I recommended that he should ask the Americans to agree to simpler regulations to govern future borrowing of their money and to allow loans to be made available to any borrower who was credit-worthy, and for any commercial or industrial activity that would increase production and was assessed as sound in the opinion of the local Commercial Officer - a new breed of advisor who was being appointed in the bigger towns. I warned the Minister that even these criteria would lead to the rejection of three quarters of all applicants, and he would be under great pressure to waive them. I urged him to insist on them in order that the loan fund should be preserved, and the loans should be of practical benefit to the borrower and his fellow-countrymen.⁴⁶⁷

Official correspondence in the buildup to independence indicates that, despite such ambivalence of the colonial state in catering for African entrepreneurs’ need for credit, there were apprehensive attempts to showcase success and downplay failure. For instance, a letter dated February 12, 1960 indicates that a Mr. Ridley of the government newspaper, *Tanganyika Standard*, “was thinking of doing an article on loans.”⁴⁶⁸ Regarding Ridley’s suggestion that he take “pictures locally of the individual loans,” the letter states: “Unfortunately the Dar es Salaam area has only six loans in operation at the moment – three of the borrowers are dead, two have been unsuccessful and I am not sure that the sixth is yet operating.”⁴⁶⁹ Therefore, its author offers this alternative:

⁴⁶⁶ Ibid.

⁴⁶⁷ Ibid.

⁴⁶⁸ TNA/ST/2/9.

⁴⁶⁹ Ibid.

I would suggest that the Tanganyika Standard representative should contact the Commercial Officer, Mwanza, for photographs as it is most likely place to obtain them near to an urban area. If the Tanganyika Standard has a representative at Same, Arusha or Njombe, I can immediately think of suitable and successful loan schemes there.⁴⁷⁰

Curiously, the author of the letter also notes that “apparently” Ridley had been approached by Tanganyika African Trade Union (TATU). “A Sub-Committee of T.A.T.U”, this author further notes, “spent Thursday morning with me and were of the opinion that they had been ‘turned down’ by the Government.”⁴⁷¹ This context that is presented as having influenced the response from the state is particularly puzzling given the background of TATU. According to Iliffe, it was formed in 1956 to organize “a cooperative import-export firm by-passing Asian and European wholesalers.”⁴⁷² However, it “enjoyed little success” not least, one may argue, because the state “prohibited it from trading unless registered as a company.”⁴⁷³ Iliffe attributes its limited success to both inexperience and lack of capital while also alluding to accusations of corruption. However, TATU was reconstituted in 1959 and a new committee elected; and on October 31, 1960 its apparent growth led its president, P.M. Varian, to assert that it represented “the growing African middle class in this country.”⁴⁷⁴

Nevertheless, the author of the letter achieved his goal. After a series of correspondence, the state managed to obtain at least three cases.⁴⁷⁵ “In five years since Mr. Lameck Kisenha was granted a government loan of Shs. 5,500/- for installing a maize mill”,

⁴⁷⁰ Ibid.

⁴⁷¹ Ibid.

⁴⁷² John Iliffe, *A Modern History of Tanganyika*, 542-543.

⁴⁷³ Ibid., 543.

⁴⁷⁴ Ibid.

⁴⁷⁵ TNA/ST/2/9.

a case from Mwanza notes, “he has repaid the loan and bought more than Shs. 24,000/- worth of new milling equipment.”⁴⁷⁶ The entry also celebrates his attempt at diversification and notes that he managed to get a firm that was willing to extend credit to him. “As an [adjunct] to the milling business,” it further notes, “Mr. Kisenha, assisted by his brother, is also building up a wholesale and retail trade and keeps a [well-stocked] duka [shop]” which “sells items ranging from bicycles, spares and bata shoes to medicines and milk.”⁴⁷⁷

A letter from the Ministry for Commerce to the Director of Public Relations entitled ‘Publicity – African Loans’ thus directs the forwarding of those stories to Mr. Hulley instead of letting his newspaper do the sampling.⁴⁷⁸ “Following our interview”, its author concludes, “I think Mr. Hulley is fully primed on the general running of the African loan scheme and he is now merely awaiting suitable material of successful borrowers.”⁴⁷⁹ This illustrates how the state exerted its control by managing the publicity.

The African race for loans continued to gain momentum as complete independence of the country approached. “During the last quarter of 1961”, an officer responsible for African loans noted, “it is already obvious that more loan applications will be received or more loans granted in that quarter than the whole of 1960.”⁴⁸⁰ Figure 2.4 below shows a dramatic increase for LDLF and a modest one for APLF in the last quarter of 1961, including the month in which the country finally won its independence.

⁴⁷⁶ Entry entitled Mr. Lameck Kisenha in: TNA/ST/2/9.

⁴⁷⁷ Ibid.

⁴⁷⁸ A letter dated May 6, 1960 in: TNA/ST/2/9.

⁴⁷⁹ Ibid.

⁴⁸⁰ Quarterly Reports in: TNA/ST/2/9.

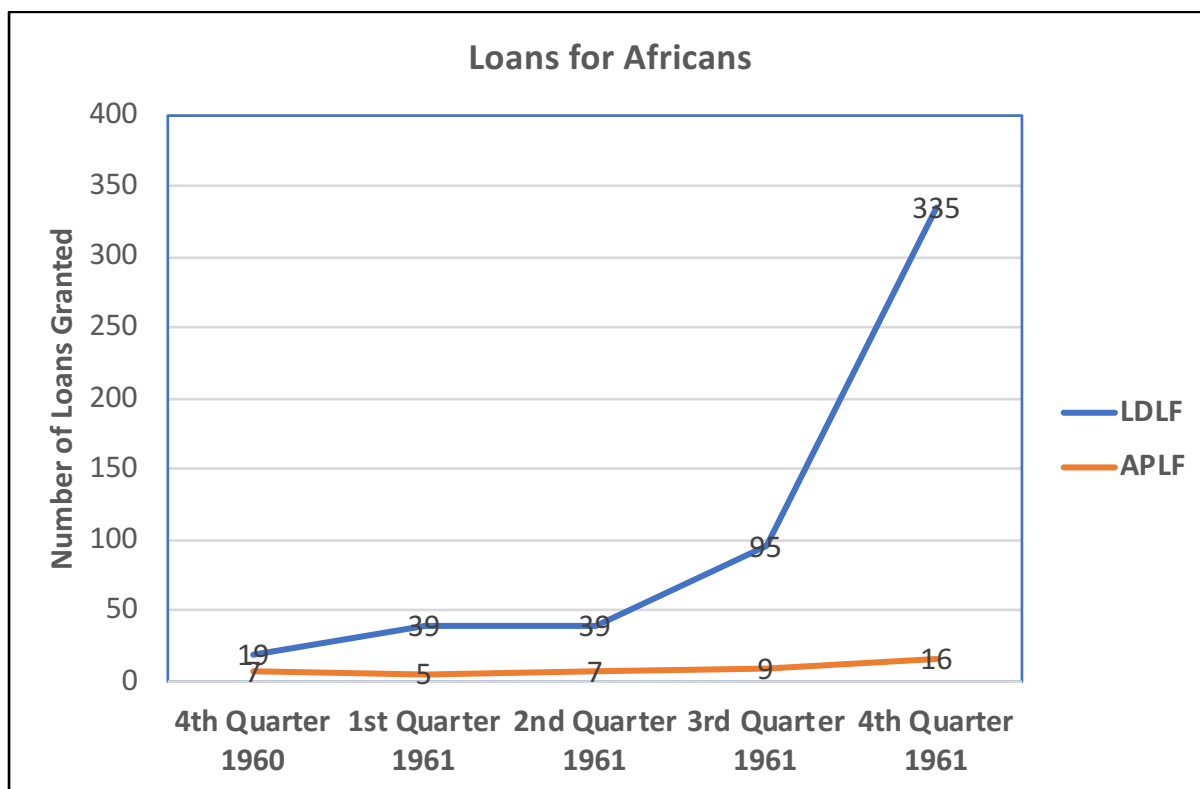


Figure 2.4. Number of Loans Granted During the Transition to Full Independence, TNA/ST/2/9⁴⁸¹

Struggles for the freedom to access credit, however, went hand in hand with a quest for licenses to also trade in the racialized marketplace. As the preeminent racially spatialized space, Dar es Salaam continued to be the hub of this quest. To this, the next section turns.

A License for Markets

On July 1, 1964, the National Assembly passed an Act to Re-entitle the Native Liquor Ordinance and to amend the Law relating to certain Locally Manufactured Liquors. Its Article 2(1) reads: “The Native Liquor Ordinance shall be re-entitled the Local Liquor Act, and may be so cited.”⁴⁸² The schedule to this Act substituted references to “natives” with

⁴⁸¹ The graph is based on the Tanganyikan Government’s Quarterly Reports available in: TNA/ST/2/9.

⁴⁸² Local Liquor (Amendment) Act, 1964, http://www.saflii.org/tz/legis/num_act/llaa1964225.pdf.

“persons” and those to “native liquor” with “local liquor.” This redefinition, which President Nyerere assented to on July 31st, may not have seemed a significant victory to a country that had won its independence three years earlier.⁴⁸³

However, the history of liquor access in Dar es Salaam marks this new Act as a milestone. In the twilight of British colonialism in the 1950s, Juma Mwapachu recalls from discussions with his father, three young turks struggling for Tanzania’s independence allegedly violated the ‘Whites Only’ billboard at the entrance of the Cosy Café in downtown Dar es Salaam by entering and ordering their favorite gin and tonic.⁴⁸⁴ In no time, the trio – Julius Nyerere, Abdulwahid Sykes and Hamza Mwapachu – were apparently forcibly thrown out. About an hour or two later, Abdulwahid is said to have returned with his little Morris car and driven straight into the small compound of the Café where Europeans were having their drinks.

This legendary storming of what was an exclusive club of colonial elites, exaggerated as it may be, is an instance of the protracted struggles for the inclusion of African elites in the prestigious circles of the globalizing gentlemanly capitalism.⁴⁸⁵ It is also a snapshot of the struggle to deracialize and decolonize the market which, like the colonial state as per Mamdanian conception, had been bifurcated between the ‘civil’ and ‘customary’.⁴⁸⁶

As one of the cultural symbols of capitalist modernity, ‘European Liquor’ became both a racial and class marker in relation to ‘Native Liquor’. This racial dichotomy was

⁴⁸³ Ibid.

⁴⁸⁴ Juma V. Mwapachu, email message to author, April 2, 2015.

⁴⁸⁵ Ibid.

⁴⁸⁶ In this Mamdanian sense, one may argue that the law for European Liquor operated in the domain of civil law and culture whereas the law for Native Liquor operated in the domain of customary law and customs as per the *Native Authority Ordinance No. 25 of 1923* and its amendment of 1926 that created native authorities for governing respective ethnic groupings.

legalized through the Native Liquor Ordinance Number 23 and the Intoxicating Liquor Ordinance Number 24, both of 1923. Both pieces of legislation reflected the Brussels Act of 1890, which was an outcome of the 1889-1890 Brussels conference that Britain brought about with the aim of, among other things, controlling the liquor traffic across Africa. It was not until the aftermath of World War II, i.e. in 1947, that the twin laws that prohibited Africans from drinking European liquors were amended.

In the wake of this change, Justin Willis notes, John Rupia became the first African to apply for a license to sell European beer in May 1947.⁴⁸⁷ However, he had to wait until 1948 to obtain the license. Interestingly, Rupia became the principal financier of the Tanganyika African National Party (TANU), the nationalist party that is credited with winning Tanzania's independence. Two of his contemporaries, Aziz Ali and Kleist Sykes, were the first to be issued with a special permit to consume European liquor, not least because they were wealthy landlords.⁴⁸⁸ Their sons, Dosa Aziz and Abdulwahid Sykes respectively, were also instrumental in the struggle for independence with the former nicknamed 'The Bank' and the latter 'The Sweet' for his smooth politicking.⁴⁸⁹ The paternalistic nature of the colonial state towards Africans was still evident as the following official account of the law reforms shows:

Until recently the sale of any intoxicating liquor to an indigenous person was illegal but this provision of the Ordinance has been amended to the extent of permitting the sale of wines and beers. The prohibition in respect of the sale of spirituous liquors has been retained in the interest of the indigenous people, but provision exists for exemption from this rule in special cases.⁴⁹⁰

⁴⁸⁷ Justin Willis, "Unpretentious Bars: Municipal Monopoly and Independent Drinking in Colonial Dar Es Salaam," in *Dar Es Salaam: Histories from an Emerging African Metropolis*, ed. James R. Brennan, Andrew Burton, and Yusufu Qwaray Lawi (Dar es Salaam: Mkuki na Nyota, 2007), 169.

⁴⁸⁸ Mohamed Said, *The Life and Times of Abdulwahid Sykes (1924-1968): The Untold Story of the Muslim Struggle against British Colonialism in Tanganyika* (London: Minerva Press, 1998), 31.

⁴⁸⁹ Mohamed Said, interview by Chambi Chachage.

⁴⁹⁰ Colonial Office, Colonial. No. 220 (1948), 139.

These preliminary reforms, however, were not simply handed out on a silver platter. They were partly a product of the protracted struggles that dated back to the interwar period. At the heart of these struggles were women who were later to form the backbone of TANU in the struggle for independence. The feminist scholar Marjorie Mbilinyi aptly documents that women's beer brewing business in Dar es Salaam was so lucrative that the colonial state, already getting substantial revenues from licensing and taxing them, debated the possibility of establishing a monopoly in the mid-1930s. This monopolistic approach was to follow the South African model known as the "Durban System", in which colonial municipalities made money by monopolizing the brewing of native beer.⁴⁹¹

Official records from the Colonial Office in Tanzania confirm the profitability that prompted this quest for monopoly. The average quantities of native beer sold in Dar es Salaam, one of its reports estimated, "amounted to approximately 4, 950 gallons per month."⁴⁹² It is highly likely that this figure was an understatement, given that Table 2.1 below indicates that over 2455 people were convicted for contravening the *Native Liquor Ordinance* that regulated such beer sales.

⁴⁹¹ Emmanuel Akyeampong, "What's in a Drink? Class Struggle, Popular Culture and the Politics of Akpeteshie (Local Gin) in Ghana, 1930-67," *The Journal of African History* 37, no. 2 (1996): 229, <http://www.jstor.org/stable/183184>.

⁴⁹² Colonial Office, Colonial. No. 128 (1937), 120.

Table 2.1: Cases Tried under the *Native Liquor Ordinance*⁴⁹³

Year	Number of Persons Charged				Number of Persons Convicted ⁴⁹⁴			
	Europeans	Asiatic	Natives	Total	Europeans	Asiatic	Natives	Total
1930				210				202
1931				283				239
1932				215				190
1933	3	4	324	331	3	4	309	316
1934				282				266
1935		1	245	246		1	221	222
1936			266	266			252	252
1937			318	318			304	304
1938			501	501			464	464
Total	3	5	1654	2652	3	5	1550	2455

The state also manipulated and thus accentuated gender and class divisions by using the views of those regarded as respectable middle-class natives to legitimize the then impending monopoly. Martin Kayamba, who had headed the District Office in Tanga under Philip Mitchell in 1923 before working in the office of the Secretary to Native affairs, was shrewdly quoted in the Legislative Council that deliberated on the matter.⁴⁹⁵ As the Secretary of Native Affairs, Mitchel invoked Kayamba's respected name in his paternalistic opening remarks below on a bill to establish by-laws for clamping down on African women brewers in favor of a private monopoly:

The old women who do it now are a dreadful lot and I think merely dummies for a local man of evil repute. The beer contains all sorts of impurities. [The] obligations to brew at the beer market make the middle part dirty and smokey and takes space which could

⁴⁹³ Based on: Colonial Office, *Colonial No. 60* (1931), 63; No. 71 (1932), 72; No. 81 (1933), 77; No. 93 (1934), 76; No. 105 (1935), 96; No. 113 (1936), 115; No. 128 (1937), 120; No. 148 (1938), 139; No. 165 (1939), 133.

⁴⁹⁴ This is a list "of persons convicted or in respect of whom orders have been made", see, for instance: Colonial Office, *Colonial No. 60* (1931), 63.

⁴⁹⁵ Chachage, "Socialist Ideology," 172-173.

be used to much better purpose. Mr. Kayamba assures me that respectable native opinion strongly favors the brewery plan.⁴⁹⁶

The move to monopolize the African beer market in Dar es Salaam, however, aroused opposition from a number of respectable Africans, indicating that the African middle class was not monolithic. Even though the state went ahead regardless, resistance took another form when most African consumers rejected the beer that Tanganyika Breweries Limited produced. An ‘official explanation’ was thus crafted:

At the end of 1935 the Company intimated that it did not wish to enter into a further contract as the first contract had fallen below expectations, principally on account of the turnover being below that anticipated. This was largely due to the fact that the Company was unable to manufacture the type of beer which appealed to the consumers. The result was a considerable drop in consumption.⁴⁹⁷

However, in Mbilinyi’s view, this did not simply occur on the grounds that the beer was not as good as that brewed by the women. For her, the Africans who failed the company’s beer in seventeen different trials prior to the contract were engaged in resistance against it. Her argument, in line with James Scott’s conceptualization of everyday forms of resistance, is given credence by the fact that the company failed, in three months of testing, to assess whether it could produce what would be acceptable to the African market.⁴⁹⁸

Mbilinyi also buttresses her assertion with proof that Fiah’s ACA had popularized this gendered battle for the beer market through a press statement and a letter directed to the Chief Secretary that provoked sarcastic rebuttals from Mitchell in the Legislative Council. In her view, other forms of resistance employed were illicit brewing and retailing. The

⁴⁹⁶ Mbilinyi, “This is an Unforgettable Business,” 118-119.

⁴⁹⁷ Colonial Office, Colonial. No. 128 (1937), 119.

⁴⁹⁸ James C. Scott, *Weapons of the Weak: Everyday Forms of Peasant Resistance* (New Haven: Yale University Press, 1985), 29; Mbilinyi, “This is an Unforgettable Business,” 118-119.

increasing number of Africans convicted under the *Intoxicating Liquor Ordinance* after 1934 (Table 2.2 below), together with the steady numbers of those convicted under the *Native Liquor Ordinance* shown in Table 2.1 above, serve as indicators of ‘everyday forms of resistance’ that characterized colonial Africa in the interwar period.⁴⁹⁹

Table 2.2. Cases Tried under the *Intoxicating Liquor Ordinance*⁵⁰⁰

Year	Number of Persons Charged				Number of Persons Convicted ⁵⁰¹			
	Europeans	Asiatic	Natives	Total	Europeans	Asiatic	Natives	Total
1930	6	24	23	53	5	19	22	46
1931	2	50	13	65	2	50	12	64
1932	27	9	16	52	27	6	15	48
1933	10	12	28	50	5	9	27	41
1934	5	16	44	65	4	12	40	56
1935	1	8	62	71	1	7	57	65
1936		7	134	141		4	125	129
1937	2	4	113	119	1	3	108	112
1938	5	8	171	184	5	6	156	167
Total	58	138	604	800	50	116	562	728

Willis attempts to offer an alternative interpretation.⁵⁰² He upholds the official version that the natives disliked the beer the company produced, adding a related argument that this was

⁴⁹⁹ See: Eric Allina-Pisano, “Resistance and the Social History of Africa,” *Journal of Social History* 37, no. 1 (2003): 187–98, <http://www.jstor.org/stable/3790323>; Andreas Eckert and Adam Jones, “Introduction: Historical Writing about Everyday Life,” *Journal of African Cultural Studies* 15, no. 1 (2002): 5–16, <http://www.jstor.org/stable/3181401>; Robin Cohen, “Resistance and Hidden Forms of Consciousness Amongst African Workers,” *Review of African Political Economy*, no. 19 (1980): 8–22, <http://www.jstor.org/stable/3998119>.

⁵⁰⁰ Based on: Colonial Office, *Colonial No. 60* (1931), 64; No. 71 (1932), 73; No. 81 (1933), 77; No. 93 (1934), 77; No. 105 (1935), 97; No. 113 (1936), 115–116; No. 128 (1937), 120–121; No. 148 (1938), 139–140; No. 165 (1939), 133–131.

⁵⁰¹ This is also a list “of persons convicted or in respect of whom orders have been made”, see, for instance: Colonial Office, *Colonial No. 60* (1931), 64.

⁵⁰² Willis, “Unpretentious Bars,” 157–173.

due to its distinctly low potency. While aware that the company was interested in expanding its market and in making profit after failing during trial runs, he still hypothesizes that this was its further gesture towards the state's aim to reduce drunkenness. The absence of credit, he also surmises, was significant in deterring consumers. Thus, he comes up with the following conjecture:

It would seem to have been this combination of factors that drove consumers away, rather than any politically-inspired 'boycott'. Mbilinyi argues for the existence of such a boycott on the basis of evidence of African opposition to the monopoly – the most vocal expression of which came from Erica Fiah, through the medium of the African Commercial Association.... Fiah did criticize the proposal to exclude women from brewing; but he did so in terms suggesting his own possible commercial interest: 'No Native will singly be in a position to satisfy the provisions of the bill for the manufacture of the Native liquor and the results will be that the whole business will pass into non-Native hands...' When the Township Authority did put the first tender out for pombe supply, Fiah bid for it–unsuccessfully. There is no evidence that he organized a successful boycott on political grounds, nor that any observer at the time believed that he had done so. Official opinion was that the beer market lost customers because its beer was bad.... This was not a problem unique to Dar es Salaam.⁵⁰³

Fiah's role under scrutiny notwithstanding, the women brewers submitted a petition as part of collective action that also involved sending two representatives. ACA also issued a press release that stated categorically that "it would not be fair to deprive native women of the business for which they have suffered from the beginning of the trade depression"⁵⁰⁴ and concluded that it "would be glad if the municipal beer compound be left to continue with the brewing by the African women."⁵⁰⁵ This victory that is aptly captured below was significant not least because the market for 'native liquor' was among the few avenues for African women to do urban business:

⁵⁰³ Ibid., 166-167.

⁵⁰⁴ Mbilinyi, "This is an Unforgettable Business," 118.

⁵⁰⁵ Ibid., 119.

At the beginning of January a new system was introduced whereby license were granted each month to 12 native brewers, usually women. Each licensee is provided with a stall, a kitchen for brewing and a lock-up store. All beer is under the direct supervision of the Township Authority and no beer is allowed to be removed from the premises of the market without a special permit. This system has proved to be more satisfactory than the previous one from every point of view; the natives prefer it, as with 12 different brewers every man is able to obtain a beer to his taste, and the authorities are better able to supervise the brewing than they were before.⁵⁰⁶

However, as Willis rightly notes, the decision of the colonial state to abandon the monopoly may not have been entirely a victory for the licensed women. The outcome coincided with an acceleration of the emergence of complex drinking patterns that led to the rise of affluent African men who competed with women or confined them to brewing while male licensees controlled the beer market at least in terms of sharing revenues. The following case also shows that women were ultimately differentiated in accessing the servicing of the (beer) market: “Pauline d/o Magagulo, who had a license to sell in the market in 1947 and 1948, and then lost it, complained in 1953 that she and others were being shut out of the market by the favored few licensees (of whom were still twelve).”⁵⁰⁷ As nationalistic struggles for independence intensified in the decade, more Africans applied for, and received, licenses for liquors.

Conclusion

This chapter has attempted to show the extent to which colonial discourses of race and culture were invoked in the domain of business in colonial Tanganyika. Through the lenses of early African elites, the chapter has shown how such discourses were both embraced and challenged. The explanation for this apparent contradiction is the ambivalent

⁵⁰⁶ Colonial Office, Colonial. No. 128 (1937), 119-120.

⁵⁰⁷ Willis, “Unpretentious Bars,” 169.

quest that these elites had in terms of wanting to see their people – the Africans – carve a place in the comity of nations as a ‘civilized race’ while attempting to decolonize the same notion of ‘race’ that had played an instrumental role in their marginalization in the global capitalist economy.

It is in this regard that the articulation of their grievances and injunctions for Africans to embrace or imitate the art and craft of trade took a modernist tone that bode well with racialist discourses about the relative progress of other ‘races’. This dialectical challenge, as shall be seen in the subsequent chapter, continued into the early post-colonial era as bureaucratic elites and aspiring entrepreneurs also attempted to undo the racial legacy.

PART II: Business Professions and the Politics of Capital (c. 1961-1979)

Chapter 3: Africanization and the Professionalization of Business (c. 1961-1971)

When we were struggling for independence how many of us did the capitalists invite to become directors?
Julius K. Nyerere⁵⁰⁸

On August 19, 1966, the then Tanganyika Association of Chambers of Commerce held its third annual meeting in Dar es Salaam. Its President, Jayantilal Keshavji Chande, delivered a report that criticized the government's policy of Africanizing the public sector as affecting the Africanization of the private sector.⁵⁰⁹ By this he meant filling positions in those sectors with Tanzanians of African descent. After noting that his association was frequently criticized for the lack of African management in business, he said: "I would respectfully ask the Government whether their policy in reserving for their own use, so far, practically the entire output of Tanzania African graduates is quite fair to commerce, in thus debarring from them the material most suitable for accelerated promotion to management level."⁵¹⁰

As one of the captains of industry and commerce from Tanzania's Asian community, Chande was shifting the blame for the post-colonial continuity of the racial marginalization of Tanzanians of African origins to the state.

One year later, the Minister of Health (the then former Minister of Commerce and Cooperatives and soon-to-be Minister responsible for Commerce and Industry), Abdulrahman Mohamed Babu, was cited in Nairobi, saying: "We recognize that we have failed to create an African middle class or to develop African entrepreneurs."⁵¹¹

⁵⁰⁸ The United Republic of Tanzania, *Arusha Declaration: Answers to Questions* (Dar es Salaam: Information Services Division, 1967), 7, <http://library.fes.de/fulltext/bibliothek/3-tanzania-s0019640.pdf>.

⁵⁰⁹ The Nationalist, "Chamber Criticises Policy on Graduates," *The Nationalist*, August 20, 1966, 2, <http://andychande.com/index.php/articles-speeches/22-industries-and-commerce-tourism/97-chamber-criticises-policy-on-graduates-iindustries-and-commerce-20-08-1966-the-nationalist>.

⁵¹⁰ Ibid.

⁵¹¹ Hugh Waterfield, "Babu Talks to the International Press: Why Tanzania is Nationalising," *Daily Nation*, May 20, 1967, 4.

For Babu, this was one of the rationales for the government's decision to focus on the public sector at the expense of the private sector through nationalization after President Julius K. Nyerere launched the *Arusha Declaration on Socialism and Self-Reliance* in 1967. What he did not tell Kenyans in Nairobi is to what extent the Tanzanian state had been interested in developing an African entrepreneurial elite and the trajectory that attempt took. This is puzzling given that two years earlier a delegation from Hong Kong that visited Dar es Salaam and met Babu had this to say:

We were much impressed by the prevailing sense of urgency in Tanzania to develop, to industrialize and to Africanize trade. As far as African participation in business is concerned, Tanzania has set a pattern which the other territories will follow in greater or lesser degree.⁵¹²

As a policy of replacing people of European and Asian descent with those of African origin in those domains from which Africans were generally excluded, Africanization proved to be polarizing. It was arguably an inevitable outcome of the decolonization process that had not ceased with the dawn of Tanganyika's independence. However, its rapid implementation in the public sector relative to, or at the expense of, that of the private sector limited the emergence of entrepreneurial elites of African descent.

This constraint did not go unchallenged. Some voices from the political cadre and business community pushed for its implementation in the commercial and industrial sectors. Avenues for Africanizing these sectors included the promotion of business education and management training. It also included, as an alternative, promoting business through cooperatives or public corporations. The aim of this chapter is to unpack how this dual

⁵¹² Hong Kong Trade Mission to East Africa, *Report of the Hong Kong Government Trade Mission to Kenya, Tanzania, Uganda, and Zambia: June-July, 1965* (Hong Kong: S. Young, 1965), 31.

process of Africanizing business unfolded and foreground the protagonists who paved the way for emergent African entrepreneurial elites. Through this simultaneous historical trajectory, the metamorphoses of Africanization, first, into nationalization and, then, into privatization, becomes evident.

A Push for Africanization

On December 9, 1961, the newly independent Tanganyika inherited the Africanization policy from the colonial government. By the time the British Governor of the United Nations Trust territory of Tanganyika, Sir Richard Turnbull, announced on December 15, 1959 that it would be granted internal self-government in 1960, the policy implementation was already underway.⁵¹³ The soon departing colonial administrators had started to be replaced with Africans of Tanganyikan origin.

As the Report by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the General Assembly of the United Nations for the year 1959 indicates, the focus of both the Trusteeship Council and Administering Authority was on the Africanization of the higher cadres of the civil service.⁵¹⁴ The Council acknowledged the difficulty the Authority was facing, yet, it “considered that the pace of progress in this direction was not sufficiently fast”, therefore, it promptly “recommended that the Africanisation of the civil service should be accelerated.”⁵¹⁵ In this sense, then, both the United Nations and the United Kingdom anticipated its inevitability and utility in the country.

⁵¹³ Betty George, *Education for Africans in Tanganyika: A Preliminary Survey* (Washington: United States Office of Health, Education and Welfare, 1960), 1, <https://files.eric.ed.gov/fulltext/ED543961.pdf>.

⁵¹⁴ Colonial Office, “Report by His Majesty’s Government in the United Kingdom of Great Britain and Northern Island to the Council of the League of Nations on the Administration of Tanganyika Territory for the year 1959,” *Colonial No. 346* (1960), 133.

⁵¹⁵ Ibid.

The “limiting factor in Africanisation”, a similar report from Her Majesty’s government for the year 1960 noted, “is not so much a lack of training facilities as a lack of local candidates with an adequate educational standard to make full use of the facilities.”⁵¹⁶ The departing colonial government, having in its heyday created a triadic racial civil service, with Europeans at the top as managers, Asians in the middle as clerks and Africans at the bottom as laborers, was now in haste to Africanize the bureaucracy. Little or no attention was given to the Africanization of business.

Tanganyika’s internal self-government of Prime Minister Nyerere followed suit.⁵¹⁷ In a heated debate in the National Assembly six months before Tanganyika gained its full independence, Ali Saidi Mtaki, a parliamentarian, asserted that, “although the Government is doing its level best to speed up the policy as given by the Prime Minister, there is no sign in companies about the policy of Africanisation.”⁵¹⁸ Bhoke Munanka, the Parliamentary Secretary to the Prime Minister, was among those who interrupted and taunted him.

However, Munanka had misunderstood Mtaki’s concern, given that he directed him to the statistics on the Africanization of the civil service that the Minister without portfolio, Lawi Sijaona, had presented to Chief Humbi Ziota, another parliamentarian, on May 17 of the same year.⁵¹⁹ Mtaki was thus compelled to clarify: “Mr. Speaker, Sir, although the hon.

⁵¹⁶ Colonial Office, “Report by His Majesty’s Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Tanganyika Territory for the year 1960,” *Colonial No. 349* (1961), 28.

⁵¹⁷ As a step towards gaining full independence, Tanganyika had a quasi-independent government under Prime Minister Nyerere. See: Colonial Office, “Independence of Tanganyika: Memorandum by the Secretary of the State for Colonies,” *C. (61) 32*. In this Cabinet document signed on March 3, 1961 and filed on March 6, 1961, the then Secretary of State for the Colonies, Iain Macleod, notes that he agreed with Nyerere on the implementation of a full internal self-government by mid-May 1961, <http://filestore.nationalarchives.gov.uk/pdfs/small/cab-129-104-c-32.pdf>, accessed June 19, 2018.

⁵¹⁸ Parl. Deb., 1 June 1965, Col. 883.

⁵¹⁹ Ibid., 17 May 1965, Col. 86.

Parliamentary Secretary says that I am not aware of that, I think I am quite aware, and you no doubt agree with me that I commended that the Government is doing its best for Africanisation, but I said from the beginning, I said—although I have been interrupted—I said that in companies that policy of Africanisation is not being speeded: in companies, I say.”⁵²⁰

By passionately insisting on the implementation of the policy in the private sector, this parliamentarian was shifting the gaze that had been fixated on the public sector. However, the Parliamentary Secretary did not budge: “I think the hon. Mr. Mtaki must be aware and must have already read in the Press that some companies have already started training Africans to managerial and some other responsible posts,” he retorted.⁵²¹ “He is asking a speeding up of Africanisation”, the Parliamentary Secretary reiterated, “I would ask him to be a little patient, then he will soon see the results.”⁵²²

Content analysis of the newspapers of the time reviewed in subsequent sections below confirms Munanka’s assertion about the relative progress made in training Africans. Mtaki’s response also indicates that they had reached a consensus. However, he lost his patience when the then Minister of Commerce and Industry, Nsilo Swai, chipped in with a sharp rebuttal in defense of the private sector:

Mr. Speaker, Sir, I am terribly sorry to have to interrupt the hon. Member as he has been interrupted several times. He is making a rather serious allegation. It is only proper that he should be put right. Companies have gone ahead with Africanisation as fast as possible and the concern is, Sir, that if things go on at the present rate, it may be that we shall have no qualified Africans left over to Africanise the Civil Service.⁵²³

⁵²⁰ Ibid., 1 June 1965, Col. 885.

⁵²¹ Ibid.

⁵²² Ibid.

⁵²³ Ibid.

Salary scales in the private vis-à-vis public sector indicate that it was relatively more lucrative to be employed as a top official in the government.⁵²⁴ The minister was thus projecting the state's priority instead of presenting statistical evidence. Mtaki, however, maintained that the rate in the private sector was too slow. No one seemed equipped to provide him with an adequate answer given the challenge of obtaining statistics from private corporations. It was at this point that an interruption from the parliamentarian, Edward Barongo, came to the rescue. "Does the Member", he queried, "suggest, Mr. Speaker, to the Government that the Government should interfere with the Companies' management to enforce Africanisation?"⁵²⁵

The Parliamentary Secretary to the Minister of Agriculture, Peter C. Walwa, shrewdly attempted to close the debate by insisting that Mtaki was wasting "everybody's time" and "should now resume his seat so that other people could speak."⁵²⁶ Mtaki stood his ground. "Mr. Speaker, Sir", he retorted, "I think I have got full right to point out before this House the complaints of the people so that this House will be able to know what the public say."⁵²⁷ By invoking the voice of those he was elected to represent in the parliament, Mtaki was calling for representatives of the state in the parliament and their allied parliamentarians to look beyond the dazzling posts in the media and official statistics. "If you go to the companies",

⁵²⁴ George Tobias, *High-Level Manpower Requirements and Resources in Tanganyika, 1962-1967* (Dar es Salaam: Government Printer, 1963). This document was issued as *Government Paper No. 2 of 1963*. It was based on a "Survey of High Level Manpower Requirements and Resources in Tanganyika" as "Prepared by George Tobias, Consultant to the Government of Tanganyika for Ford Foundation" on August 15, 1962. A copy of this survey is available in the following archival collection: Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁵²⁵ Parl. Deb., 1 June 1965, Col. 885.

⁵²⁶ Ibid.

⁵²⁷ Ibid.

he stressed, “you will find that there are no Africans on top except labourers.”⁵²⁸ In his estimation, they even had “no African clerks.”⁵²⁹

Mtaki, who would later join the government as a Regional Commissioner and then a junior minister responsible for commerce and cooperatives before quitting to start his own entrepreneurship venture, was exaggerating.⁵³⁰ Some Africans, such as those discussed in Chapter 2 of this dissertation, had already risen to positions of prominence in business. However, his concluding remarks below captured the general state of the private corporate sector on the eve of full independence:

Although the hon. Member told me to resume my seat I feel that it is my duty to point out before our Government so that they know the problems of the people. It was said some time before in this House by the Prime Minister of this country before the responsible Government about the companies in Tanganyika. If you go there you will find like India, or you will find like Europe. This is why I am appealing to this Government to find a solution of pursuing the policy of Africanisation so that we should not have such complaints from the public.⁵³¹

By one finding it is like India or Europe there, Mtaki meant that most of the employees in the companies were Indians and Europeans. This coded language must have been an attempt at not appearing racist since the Prime Minister that Mtaki was referring to was the same Nyerere who had been an ardent critic of both racialism and racism in the course of the nationalist struggle for independence. For him, as a new head of state, even implementing the Africanization policy in the public sector was a necessary compromise that he only reluctantly accepted.

⁵²⁸ Ibid.

⁵²⁹ Ibid.

⁵³⁰ His business profile is discussed in Chapter 4 below.

⁵³¹ Parl. Deb., 1 June 1965, Cols. 885-886.

Reflecting on pursuing that “deliberate policy”, Nyerere recalls that they did so “in full recognition that this was itself discriminatory”, for “before all citizens could be treated equally, it was necessary to rectify the position in which the nation’s civil service was dominated by non-Africans, and to make it reflect in some measures the composition of the society.”⁵³² What they were doing was thus tantamount to affirmative action. However, the process appeared to not prioritize those who had fought colonialism in order to get access to the large-scale business opportunities, such as access to credit and licenses to trade, that colonialism had denied them.

Since, in terms of the population of the country, the majority of the people were Africans and they were now in power, such a political process did not take long. “Therefore”, Nyerere further recalls, “until January 1964, Africans were appointed and promoted in preference to anyone else, and many of their promotions were very rapid and involved the suspension of normal qualification requirements about experience and education.”⁵³³ This they could do because they were now fully in charge of the public sector following the departure of the colonial administrators. The economic power, however, still resided with the minority.

The plan for Africanizing the Ministry of Commerce and Industry in the early 1960s, for instance, illustrates how the public sector absorbed those who could have otherwise work in the private sector. In 1962, its Division responsible for the two sectors had only 1 Asian, 9 expatriates, and 21 Africans.⁵³⁴ However, 8 Africans held junior positions. Since there were

⁵³² Julius K. Nyerere, “Tanzania Ten Years after Independence,” *The African Review* 2, no. 1 (1972): 6.

⁵³³ Ibid.

⁵³⁴ Tanganyika Government, *Report of the Africanisation Commission, 1962* (Dar es Salaam: Government Printers, 1963), 17.

three established posts for the position of a senior commercial officer and expatriates held two of them while there was a qualified African for one of the other two, the Ministry approached the Division to “take immediate steps to Africanise the post.”⁵³⁵ However, for the second post, they had to wait until the contract of the expatriate expired. As for the “remaining third post”, it was “reserved for one of the two suitable Africans” who were “under consideration by the Ministry.”⁵³⁶ A similar pattern emerged in other posts. For instance, it was projected that one of the three commercial officers who were expatriates would be replaced at the end of 1963, as the African “Assistant Commercial Officer will then be qualified for the purposes.”⁵³⁷

Hence, the pace of Africanization of the private sector could not outstrip or even match that of the public sector. “One of the most talked-about policies of the present Government”, observed the visiting Ian Michael Wright a year after Tanganyika’s full independence, “is the rapidity with which it is Africanizing the civil service”⁵³⁸ This speed, he argued, “is the direct result of the tremendous pressure brought by loyal party workers demanding rewards for their services.”⁵³⁹ Critical of the policy, this fellow of the Institute of Current World Affairs also noted that:

Working in Dar es Salaam has lured not only the unqualified but also some of the ablest of Tanganyikans. Many were teachers; so many in fact that Ministry of Education officials complain of de-Africanization in schools. Today there are fewer African secondary school teachers than there were two years ago, and this is why programs providing qualified American and British teachers are so well received and

⁵³⁵ Ibid.

⁵³⁶ Ibid.

⁵³⁷ Ibid.

⁵³⁸ Ian M. Wright to Richard H. Nolte, December 9, 1962, in *Ian Michael Wright Newsletters*, <https://www.icwa.org/ian-michael-wright-newsletters/>. This particular letter is entitled “Tanganyika: One Year After,” <http://www.icwa.org/wp-content/uploads/2015/11/IMW-29.pdf>. The collection is in the digitized archives of the Institute of Current World Affairs (ICWA), <https://www.icwa.org/icwa-archive/>

⁵³⁹ Ibid.

so important. Evidently, education ranks low in priorities of Africanization, so the need will continue to exist for a long time. It is also an excellent way of maintaining standards in education while freeing a large number of the better-educated for Government service where white faces are increasingly unacceptable.⁵⁴⁰

Table 3.1 below captures the acceleration of Africanization from the responsible government of 1960 to full independence of 1961 under the then Prime Minister Nyerere. Given that the number of Africans for the last quarter of 1956, 1957, 1958, and 1959 were 112, 115, 181, and 306 respectively, the transition to 1960 was a significant turning point in Africanization.⁵⁴¹ Within three years Africans had nearly doubled.

Table 3.1. The Africanization of Senior Posts in the Civil Service⁵⁴²

Quarters	Year	Africans	Non-Africans	Total
1	1960	346	121	467
2	1960	380	126	506
3	1960	422	150	572
4	1960	453	157	610
1	1961	547	177	724
2	1961	616	194	810

Table 3.2 below captures the pace of Africanization for both senior and middle grade posts within the first year of Tanganyika's independence. The number of Africans in the posts increased by about 21.5 percent. In contrast, the number of non-Africans decreased by about 6.1 percent. This trend prompted the "Government Statement on the Report of the Africanisation Commission" to point out that the figures reproduced in Table 3.2 "do not give

⁵⁴⁰ Ibid.

⁵⁴¹ Tanganyika Government, *Draft Five Year Africanisation Programme for the Civil Service* (Dar es Salaam: The Establishment Division-The Prime Ministers Office, 1961). These figures are presented on Appendix C of this then confidential draft.

⁵⁴² Ibid.

grounds for complacency.”⁵⁴³ Nevertheless, the statement affirmed, “they indicate a rate of progress which many would not have believed possible two years ago.”⁵⁴⁴

Table 3.2. The Africanization of Senior and Middle Grade Posts in the Civil Service⁵⁴⁵

Year	Africans	Non-Africans	Total
1961	1170	3282	4452
1962	1821	2902	4723

By March 31, 1965, statistics from the Ministry responsible for Regional Administration indicate, the Africanization of the civil service “stood at 58.7 percent as compared to the 24.6 percent at the end of December 1961.”⁵⁴⁶ Within half a decade, it had become less of an issue due to its rapid implementation. “The urgency of this Africanisation policy”, Nyerere summed up its rationale in his recollection, “arose out of the need to build up self-confidence of the people of Tanganyika.”⁵⁴⁷ He further noted that once “we had demonstrated—to ourselves and others—that being an African did not have to mean being a junior official, the nation was able to accept that in some fields we can, without shame, hire the skilled people we needed.”⁵⁴⁸

⁵⁴³ Tanganyika Government, *Report of the Africanisation Commission*, 1.

⁵⁴⁴ Ibid.

⁵⁴⁵ Ibid.

⁵⁴⁶ The then Minister in the President’s Office, Bhoke Munanka, cited in: The Nationalist, “Complete Localisation of Civil Service by 1980,” *The Nationalist*, July 1, 1965, 1.

⁵⁴⁷ Julius K. Nyerere, “Tanzania Ten Years after Independence,” *The African Review* 2, no. 1 (1972): 6.

⁵⁴⁸ Ibid.

In the case of the private sector, however, what Nyerere and his government could – or opted to –do was merely encourage Africanization. The option of enforcing it, as a state, seemed then neither desirable nor achievable given that it would have entailed compelling companies to hire even those who did not have the required skills, like the government did to some extent. In the heated parliamentary exchange cited above, Barongo was challenging Mtaki for seeming to be calling for an option., Mtaki stood alone for, until then, the state was reluctant to directly interfere with private capital.

A letter from the Principal Labor Officer to the Dar es Salaam Chamber of Commerce in 1963 illustrates how the state opted to approach, in practice, this question of Africanizing the private sector diplomatically. “Records maintained in this office”, the letter notes, “show that up to the end of September...only 692 persons had been placed in work with commercial concerns in this area.”⁵⁴⁹ Its purpose was to remind the Chamber of the “Special Registration Scheme” involving unemployed people who “were registered at the Employment Exchange throughout Tanganyika” in March of that year.⁵⁵⁰ As such, the officer was comfortable enough to issue this reminder: “I am sure you will agree that this is only a very small number and that further effort should be made to find additional employment opportunities with commercial concerns, that is, members of your Chamber.”⁵⁵¹

The figures the officer provided on prospective employees for these concerns included “572 clerks, supervisors etc.”⁵⁵² It also had “2828 skilled workers of all kinds” and

⁵⁴⁹ Cited in: Dar es Salaam Chamber of Commerce to All Members Ref. G82/64, October 31, 1963, EAF PER HF 163.D3/Bulletin: D’Salaam Chamber of Commerce, 1963-65.

⁵⁵⁰ Ibid.

⁵⁵¹ Ibid.

⁵⁵² Ibid.

“2051 unskilled workers.”⁵⁵³ What they indicate is that as the Africanization of the public sector was coming to an end, a significant number of Africans could no longer be absorbed in the labor force. hence the private sector was seen as an alternative. Yet they could not simply employ anyone for the sake of appeasing the state and its apparatuses.

Two mutually inclusive options, therefore, appeared appealing and workable for the state to deal with the Africanization of the private sector one focusing on cooperatives or public corporations and another relying on investing in management and business education in colleges and through in-house training. The former option became a bone of contention for the private corporate sector given that it had to compete with a state that was heavily investing in doing business through those two socialization entities. In contrast, it sat well with the latter option, not least because the private corporate sector also needed such professional graduates. However, as Chande’s complaints cited above indicate, both cases entailed competition between the private and public sectors for professionals who had acquired business management skills. It was in the process of resolving, simultaneously, these dialectical tensions between these two sectors that the indigenization through localization, that is Africanization, gave way to indigenization through socialization, that is, nationalization.⁵⁵⁴

⁵⁵³ Ibid.

⁵⁵⁴ The Tanzania political scientist, Samuel Mushi, argues that there were two alternative main models of indigenization that African countries pursued in their attempts to achieve economic nationalism, that is, Africanizing/localizing the economy without socializing it, and doing so by socializing it. For him, these models broadly corresponded to the two main forms of development path that these countries took, that is, capitalist and socialist. As such, the first model implied Africanizing capitalism whereas the second model amounted to Africanizing socialism. See: Samuel S. Mushi, “Tanzania,” in *Indigenization of African Economies*, ed. Adebayo Adedeji (New York: African Publishing Company, 1981), 204–205.

A Movement for Socialization

On August 16, 1964, the then Asian-dominated Dar es Salaam Merchants Chamber held a special general meeting on Africanization.⁵⁵⁵ Dropping its original name, i.e. the Indian Merchants Chamber, in 1960 to be politically correct had not transformed its racial relations. Its president, Manubhai M. Devani, issued proposals that were unanimously approved as they included a “wide-ranging plan to speed up African participation in trade, to identify the present trading community with the new Tanganyika society and to provide mid-day meals for shop and office workers in the commercial areas.”⁵⁵⁶ The significance of these three action points stems from the nagging criticisms leveled against the Tanzanian Asian business community in regard to disassociating with Africans and devaluing African labor.

Amir Jamal, a respected member of Tanzania’s Asian community who was a Minister of State in the President’s Office, was cited as saying that the proposals were “truly on progressive lines, deserving the full co-operation of all” and that anyone who opposed them would be committing suicide.⁵⁵⁷ This must have been in reference to the racial tensions that had not fully dissipated since the buildup to the enactment of *The Citizenship Act of 1961*.⁵⁵⁸ Nyerere had then warned that “because of the situation we have inherited in this country, where economic classes are also identical with race, that we live on dynamite, that it might explode any day, unless we do something about it.”⁵⁵⁹ Three years later, he had to issue a circular that stated, among other things, that “the reasons which were valid in 1961 are not

⁵⁵⁵ Ripota Wetu, “Waasia Wenye Maduka Wataka Umoja na Waafrika,” *Mwafrika*, August 17, 1964, 1.

⁵⁵⁶ The Nationalist, “Jamal Praises Traders’ Plan,” *The Nationalist*, August 18, 1964, 2.

⁵⁵⁷ Ibid.

⁵⁵⁸ The Citizenship Act, 1961. For an overview of the parliamentary debate on its bill see: Chachage, “*Socialist Ideology*,” 349-350; Ronald Aminzade, *Race, Nation, and Citizenship in Post-Colonial Africa* (New York: Cambridge University Press, 2013), 115-118, <https://doi.org/10.1017/CBO9781107360259>.

⁵⁵⁹ Nyerere, *Freedom and Unity*, 129.

valid in 1964” and the “distinction between citizens of African descent and citizens of Non-African descent must now be ended.”⁵⁶⁰

The Nationalist and *Tanganyika Standard* covered the Dar es Salaam Merchants Chamber’s special general meeting on Africanization.⁵⁶¹ However, as the mouthpiece of the ruling party, *The Nationalist* seemed skeptical. Two years later it would feel its skepticism was justifiable when it echoed the racialists sentiments on Tanzanians of Asian origin by reiterating that these “are the people who have failed to offer any substantial Africanisation in their businesses.”⁵⁶²

Mwafrika, i.e. ‘The African’, also published the outcome of the meeting as its cover story. “Waasia wenye Maduka wataka Umoja na Waafrika” (‘Asians shop owners want Unity with Africans’), its headline read.⁵⁶³ This was sensationally juxtaposed to a picture of Devani with the heading “Tutashirikiana” (‘We shall Cooperate’).⁵⁶⁴ The newspaper’s reporter interpreted the Chamber’s first action point as meaning the employment of many Africans in their shops. S/he also added the provision of know-how. Regarding the same action point, the reporter cited Devani as saying that the Chambers’ proposals included supporting the businesses of Africans in all regards, formulating ideas of how to run business and engaging with Africans as partners.

⁵⁶⁰ Ibid., 258-259.

⁵⁶¹ See: Brennan, *Taifa*, 255.

⁵⁶² *The Nationalist*, November 26, 1966 quoted in: James R. Brennan, “Blood Enemies: Exploitation and Urban Citizenship in the Nationalist Political Thought of Tanzania, 1958-75,” *The Journal of African History* 47, no. 3 (2006): 407, <http://www.jstor.org/stable/4501070>.

⁵⁶³ Ripota Wetu, “Waasia Wenye Maduka Wataka Umoja na Waafrika,” 1.

⁵⁶⁴ Ibid.

The editorial of *Mwafrika* on the following day, however, was celebratory as it was cautious.⁵⁶⁵ We welcome the proposals of the plan, it remarked, and trust that it is a step that will make Asians identify with Africans. “Truth be told”, it went on, “such measures should have been taken earlier; nevertheless, if they are implemented with an open heart, their success would not take long.”⁵⁶⁶ It also called for Tanzanians of Asian origin to extend their cooperation with those of African origin in other sectors of the economy in line with the then national motto of nation-building.

Similarly, the African-dominated Tanganyika National Chamber of Commerce, Industry and Agriculture issued a cautious statement of support through its Chair, Philbert Verian Mutabuzi. “We feel it is a right step”, he noted, “towards the ambitions which we have in mind to create an integrated economic society keeping pace with the methods of peaceful evolution adopted in the country.”⁵⁶⁷ However, he also reiterated that it was a slow step, although those who had taken it were responsible people and organisations. Seemingly wary of the then muted call for a revolutionary approach to Africanization, the statement from this relatively new business association added this caution: “Our National Chamber is anxious and concerned to see the above theory put into practice right now before the members and Africans become impatient.”⁵⁶⁸

As Dharam Ghai and Yash Ghai observed a year later, some “Asians” indeed “started business in partnership with Africans” and many of the larger commercial and industrial

⁵⁶⁵ Mwafrika, “Upatna wa Waasia na Waafrika,” *Mwafrika*, August 18, 1964, 2.

⁵⁶⁶ Ibid. Translated by the author of this dissertation from its original Kiswahili version.

⁵⁶⁷ The Nationalist, “Dar Traders’ Plan ‘Right Way Ahead’,” *The Nationalist*, August 21, 1964, 2.

⁵⁶⁸ Ibid.

firms” also “initiated policies of Africanisation.”⁵⁶⁹ However, these two self-identified East African Asian scholars who convened a symposium to appraise the state of their community in East Africa felt that “the Asian response to the need to increase the share of Africans in wholesale and retail trade has not been sufficiently swift or thoroughgoing.”⁵⁷⁰ Such a delay partly provided the context that led to the state’s increasingly assertive attempt to coopt the cooperative movement of people of African descent, that predated Tanganyika’s independence, to address what has come to be perceived as the “Asian Question.”⁵⁷¹

A restructuring of the Ministry of Commerce and Industry occurred within this context of racial polarization regarding the dominance of people of Asian descent in these twin sectors. Prior to the commencement of the 1964/1965 financial year, President Nyerere renamed it the Ministry of Commerce and Cooperatives. For the first time in the history of the country, Commerce became separated from Industry at the ministerial level with the latter combined with Mineral Resources and Power.

It is puzzling that the minister responsible for both Commerce and Industry, George Clement Kahama, was moved to the Ministry of Communication and Works. The “Management guru”, as his brother-in-law, Juma Mwapachu, who has known him since 1962 recalls, was President Nyerere’s “trusted person.”⁵⁷² A World Bank classified briefing would

⁵⁶⁹ Dharam P. Ghai and Yash P. Ghai, “Asians in East Africa: Problems and Prospects,” *The Journal of Modern African Studies* 3, no. 1 (1965): 35–51, <http://www.jstor.org/stable/158968>.

⁵⁷⁰ Ibid.

⁵⁷¹ See: David Himbara, “The ‘Asian Question’ in East Africa,” *African Studies* 56, no. 1 (January 1997): 1–18, <https://doi.org/10.1080/00020189708707857>; Suleman Sumra, “The Indigenous Capital and the Asian Question” (Paper, SIDA Socio-economic Group Meeting, April 6, 1990, Dar es salaam); Mahmood Mamdani, “The Asian Question Again: A Reflection,” *Pambazuka News*, May 9, 2007, <https://www.pambazuka.org/governance/asian-question-again-reflection>.

⁵⁷² Juma V. Mwapachu in: Joseph Kulwa Kahama, *Sir George: A Thematic History of Tanzania through His Fifty Years of Public Service* (Beijing: Foreign Languages Press, 2010), ix.

also describe him as a “versatile, able administrator.”⁵⁷³ He was a graduate of a course in cooperative management at Loughborough College in the United Kingdom, former general manager of the Bukoba Native Cooperative Union (BNCU), former Minister of Social and Cooperative Development, and former Minister of Home Affairs instrumental in the Africanization of civil service.⁵⁷⁴

During his tenure as the Minister responsible for Commerce, Kahama had addressed the financial needs of cooperatives even though they were under another Ministry. For instance, he played a part in attempting to decolonize one of the two loan schemes inherited from the colonial period.⁵⁷⁵ “The African Productivity Loan Fund”, he pointed out in his 1962/1963 ministerial budget speech, “for which we are still responsible is reserved for the development of African enterprises.”⁵⁷⁶ These funds, as has been noted in Chapter 2 of this dissertation, were products of the second, post-World War II colonial occupation. This was a form of colonialism that relaxed, on the pretext of developmentalism, some of the pre-World War II’s racist restrictions on providing credit to people of African descent.⁵⁷⁷

For Kahama, this racist colonial hangover persisted in post-colonial Tanganyika, since the “purposes to which the moneys in the Funds can be applied” were “laid down in an Agreement drawn up between the United Kingdom Government and the United States

⁵⁷³ National Development Corporation, Travel Briefs, Tanzania (01/01/1970-31/01/1970), Folder ID 1772531, ISAD(G) Reference Code WB IBRD/IDA 03 EXC-10-4540S, Records of President Robert S. McNamara], World Bank Group Archives, Washington, D.C., United States, <http://pubdocs.worldbank.org/en/847831391202110111/wbg-archives-1772531.pdf>. This item, dated December 22, 1969, is a profile of Kahama as the then General Manager of NDC.

⁵⁷⁴ Ibid. Also see: Kahama, *Sir George*.

⁵⁷⁵ The other fund being the Local Development Loan Fund (LDLF).

⁵⁷⁶ Parl. Deb., 14 June 1962, Col. 444.

⁵⁷⁷ Jennings, “Building Better People,” 102.

Government who provided the Funds.”⁵⁷⁸ However, the Ministry’s attempt to decolonize the funds yielded modest results. “The purposes laid down are somewhat restrictive with the result that the funds available to us are not being fully utilized”, he lamented, “and although we have recently applied a more liberal interpretation to the terms of the Agreement we consider that they are in need of more fundamental revision to extend the scope of the enterprises which can be assisted from the Fund.”⁵⁷⁹ The statistics below that Kahama presented on the loans that they had then “recently approved or under consideration” and which give “some indications of the nature of the enterprises”, underscore the relatively low capital base with which emergent African entrepreneurs started in post-independent

Tanganyika:

A loan of £6,000 to a Transport Co-operative to operate a taxi service, a loan of £1,900 to a private individual for the construction of commercial and residential premises, a loan of £1,000 to assist a tailoring business, three loans of about £1,500 each for the purchase of lorries for transport work and a loan of £1,500 to an African-owned company for the purchase of saw milling machinery. We are also considering the granting of a loan of approximately £35,000 to a co-operative society to enable the society to purchase a controlling interest in an established produce buying concern.⁵⁸⁰

These figures also indicate that cooperatives were, arguably, the readily available models for people of African descent to raise the amount of capital necessary to start a relatively large industrial or commercial concern. By then the foreign banks based in Dar es Salaam had not been nationalized or deracialized. Hence, it was still difficult for people of African origin to access loans that were large enough to start a relatively big business that could compete with those that belonged to the Captains of Commerce and Industry of Asian origin.

⁵⁷⁸ Parl. Deb., 14 June 1962, Col. 444.

⁵⁷⁹ Ibid.

⁵⁸⁰ Ibid.

Kahama was also bold enough to question the dominant commercial class of Asian descent. For instance, he was vocal about the role of the Asian-dominated Dar es Salaam Merchants Chamber in sidelining the embryonic commercial class of African origin. “We demand they cease NOW”, Kahama is quoted as shouting at the ostensible refusal of traders of Asian descent to rent their up-country properties to African businessmen and for colluding to drive them out of business altogether, when he was addressing this Chamber on August 24, 1963.⁵⁸¹

One possible reason for not reappointing Kahama in neither the Ministry responsible for Commerce and Cooperatives nor the Ministry responsible for Industry in 1964 was that this was the first Union cabinet after Tanganyika united with Zanzibar to form Tanzania. Therefore, Nyerere was obliged to also appoint Zanzibaris. Another plausible, and related, reason is that Nyerere was increasingly attempting to implement the socialist ideals that he had been espousing since his student years at Edinburgh University in the United Kingdom. This is given credence by the fact that he appointed in succession two Zanzibari Marxists – Abdullah Kassim Hanga and Babu – to the ministry responsible for industry during the watershed years that culminated in the 1967 declaration on socialism.⁵⁸²

Nonetheless, the context strongly suggests that the decision to combine Commerce and Cooperatives was based as much on the politics of containment as on the economics of racialism. On the one hand, the state wished to contain the increasing autonomy of the cooperative movement. As Frene S. Ginwala, a South African Marxist exile in Tanganyika had warned Nyerere a year earlier, seeds of class friction were already being sown in the

⁵⁸¹ Brennan, *Taifa*, 185.

⁵⁸² The New York Times, “Nyerere Names Zanzibar Marxists to Cabinet; Tanganyikan Seeks to End Island's Drift to Left as Union Takes Effect,” *The New York Times*, April 28, 1964, 2, <https://www.nytimes.com/1964/04/28/nyerere-names-zanzibar-marxists-to-cabinet.html>.

country.⁵⁸³ While “Tanganyika prides herself on the Co-operative movement”, she told him, “it is often ignored that the movement is largely composed of the cooperative marketing of individually produced products, as distinct from the cooperative production of commodities.”⁵⁸⁴ In such a setup, one may argue, powerful individuals emerge in cooperatives, making them and those entities a threat to the state that does not control production.

On the other hand, the state wanted to curb the dominance of the generally non-Africanizing minority in the commercial sector. As Nyerere would illustrate three years later, this was not only a class issue. For him, it was also a racial one. Or, in the parlance of the black radical tradition, it was racial capitalism, conflating the category of class and the construct of race.⁵⁸⁵ This is how Nyerere put it:

Wafanya biashara wa nchi hii zaidi ni wahindi. Kwa hiyo, pamoja na tatizo la kawaida la kuwa na kikundi kidogo cha watu kinachotawala biashara ya nchi nzima, tuna tatizo zaidi ya kwamba kikundi hiki ni cha wageni au wananchi wenye rangi tofauti na wengine. Nyongeza hii ya rangi inafanya tatizo letu liwe gumu zaidi. Lakini tatizo letu ni lile lile la kuzuia kundi dogo la watu kutawala sehemu kubwa ya Uchumi inayotegemewa na watu (The businesspeople of this country are mainly Indians. Hence, apart from the usual problem of having a small group of people dominating business in the whole country, there is the additional problem that this is a group of foreigners or citizens whose color is different. This additional factor of color makes the problem even more difficult. But the problem of our country is the same, it regards stopping a small group of people from controlling a large part of the economy that people depend on).⁵⁸⁶

⁵⁸³ Frene N. Ginwala, “No Party State?” *Spearhead*, February 1963, 3.

⁵⁸⁴ Ibid.

⁵⁸⁵ See: Cedric J. Robinson, *Black Marxism: The Making of the Black Radical Tradition* (Chapel Hill: University of North Carolina Press, 2000); Nancy Leong, “Racial Capitalism,” *Harvard Law Review* 126, no. 8 (2013): 2151-2226; Peter James Hudson, *Bankers and Empire: How Wall Street Colonized the Caribbean* (Chicago: The University of Chicago Press, 2017).

⁵⁸⁶ Julius K. Nyerere, “Miaka Mitatu ya Azimio,” *Risala ya Rais wa Jamhuri wa Muungano*, Mwalimu Julius K. Nyerere, juu ya Azimio la Arusha, February 7, 1970. Translation is the author’s.

Thus, by the reappointment of Jeremiah S. Kasambala to head the Ministry responsible for Cooperatives and by adding to his portfolio the responsibility for Commerce, Nyerere was increasingly gravitating towards the Africanization of commerce through cooperatives. This restructuring and reappointment must have also signaled a warning to the Asian commercial class. Having headed the Rungwe Native Cooperative Union (RNCU) before becoming a Minister responsible for Cooperatives and Community Development, Kasambala had the requisite experience.⁵⁸⁷ He also had an opportunity to engage with the commercial sector. For instance, in his trip to Kuala Lumpur he found himself clarifying terms of trade. “We would like to sell more cotton to Malaysia”, he stated, before promising that in “turn, we will be buying more rubber from Malaysia as there are plans to start a tyre factory in my country.”⁵⁸⁸

Coupled with his pragmatic approach to Africanization, the new minister became a potent force in the state’s move to coopt the cooperative movement. In his inaugural budget speech on the annual estimates for 1964/1965 to the National Assembly, Kasambala stressed that it “will be our task to ensure we control internal marketing through co-operative societies and commodity boards, whilst at the same time seeking to increase our share of foreign markets through the trade channels being continually explored by our overseas trade representatives and delegates.”⁵⁸⁹ He naively thought that controlling the internal market while connecting to the international market could carve Tanzania a place in global trade.

Nevertheless, as Chande would recall later about their trip to negotiate the first bilateral trade and cultural agreement with Egypt, Kasambala was an astute negotiator:

⁵⁸⁷ Marco Surveys Limited, *Who’s Who in East Africa 1963-64* (Nairobi: Marco Surveys Limited, 1964), 14; E. D. Wilson, ed., *Who’s Who in East Africa 1965-66* (Nairobi: Marco Publishers (Africa) Limited, 1966), 34; Evelyn Wilson, ed., *Who’s Who in East Africa 1967-68* (Nairobi: Marco Publishers (Africa) Limited, 1968), 36.

⁵⁸⁸ The Straits Times, “Nyerere’s Minister backs Malaysia’s Rights,” *The Straits Times*, February 22, 1964, 5.

⁵⁸⁹ Parl. Deb., 26 June 1964, Col. 623.

“Despite the long flight, the long wait, and everything he had consumed along the way, he still readily accepted our hosts’ offer to spend a few hours at the local Sahara City Night Club....The following morning...the Minister, replete with dark glasses, after hurriedly downing two large pitchers of milk, gave one of the most brilliant extemporaneous speeches I have ever heard, putting forward in the most cogent terms Tanzania’s proposals for negotiations.... Three days later we returned to Dar es Salaam, with the agreement in the Minister’s pocket.”⁵⁹⁰

However, Kasambala’s primary focus remained that of Africanizing the internal market through the cooperative movement. His budget speech was republished as a supplement in *The Nationalist*, which was increasingly becoming the mouthpiece of Africanization, as its editorials revealed.⁵⁹¹ The choice for its title – i.e. ‘Internal Marketing through Co-operative Societies’ – emphasizes this.⁵⁹² Tanzania had just formulated its first Five-Year Development Plan (1964-1969), to which every Ministry was required to align its budget. “If Commerce is the life-blood of any Government”, Kasambala further stressed in his budget speech, “the commercial sector is obviously of paramount importance.”⁵⁹³ To ensure that one of the aims of the Plan, of doubling the capita National Income from the then low level of £20, was achieved, he argued, the country needed a well-developed commercial network that would enable a high rate of growth of goods.

⁵⁹⁰ J.K. Chande, *A Knight in Africa: Journey from Bukene* (Newcastle: Penumbra Press, 2005), 84.

⁵⁹¹ See, for instance: *The Nationalist*, “Africanisation,” *The Nationalist*, March 16, 1965, 4.

⁵⁹² J. S. Kasambala, “Internal Marketing Through Co-operative Societies,” *The Nationalist*, July 2, 1964, Supplement, XIV.

⁵⁹³ Parl. Deb., 26 June 1964, Col. 623.

Noting that “40 percent of our exports worth £25,000,000” were “now marketed through our Co-operative movement – the largest in Africa”, he argued “that the merging of the commercial and co-operative sectors brings an increasingly large proportion of our market system under the control of my Ministry and opens up exciting prospects for the future.”⁵⁹⁴ This envisaged future was one in which the numbers of cooperative would be doubled within the life span of the Five-Year Development Plan. As such, his Ministry expected that “by 1970 all produce in Tanganyika with the exception of sisal and tea will be marketed by growers themselves.”⁵⁹⁵ By ‘growers’, he meant mainly African peasants, given that sisal and tea were both predominantly under plantation agriculture that European and Asian capital continued to dominate.

However, as a pragmatist, Kasambala was aware of the importance of acknowledging the limitations that cooperatives had in terms of business knowledge and expertise. “Africans have never been let into business before”, he asserted in his budget speech, “and so cannot be blamed.”⁵⁹⁶ For him, it was important to exercise caution. “I dare say, Sir,” he stated, “that if I wished I could direct COSATA [Cooperative Supply Association of Tanganyika] to open hundreds of co-operative shops in Dar es Salaam next month, but I have no intention of doing so, as I have no intention of ruining them and their members financially in the process.”⁵⁹⁷

Hence, after reiterating earlier that “co-operation has in fact become a feature of our national life”, he issued this caution: “Flattered as I am by the constant references both inside and outside this House to the desirability of establishing new co-operatives of every sort and

⁵⁹⁴ Ibid.

⁵⁹⁵ Ibid.

⁵⁹⁶ Ibid., Col. 631.

⁵⁹⁷ Ibid.

kind, and vastly expanding at great speed the activities of the existing societies, *I must make it quite clear that as the Minister responsible I am here to encourage the establishment of successful co-operatives only, and not just a mushroom of hay-wire prestige co-operatives.*"⁵⁹⁸ By then, registered cooperative societies were 1,277 nationwide.⁵⁹⁹ Given that, within one year, there was an increase of about 17.5 percent, the rate seems to indicate that Tanzanians of African descent were eagerly embracing the Co-operative Movement.⁶⁰⁰

However, several studies contend that the surge was primarily due to political pressure from above. For instance, they cite the amendment of the Co-operative Societies Ordinance of 1932 in 1963 as the turning point, at which the Registrar of these entities was stripped of the final power to refuse registration when he/she was not satisfied with their viability.⁶⁰¹ These studies cite statistics that ostensibly affirm this apparent causality for such a calculated shift. For instance, Jeannette Hartmann contends that, as "a result of this change in the ordinance, registered co-operatives increased from 657 in 1961 to 1,533 by the end of April 1966."⁶⁰² However, such assertions do not take into account the longer trend that indicates that, even prior to independence, there was already a strong demand. Hence independence would only give more room for agency. As early as 1959 the UK Member of Parliament for Hayes and Harlington, Arthur Skeffington, could thus attest:

I suppose that there are few countries in the world where cooperative development has taken place so rapidly and, on the whole, so successfully. I believe that there are

⁵⁹⁸ Ibid., Col. 630. Italics in the original.

⁵⁹⁹ Ibid., Col. 624.

⁶⁰⁰ Ibid.

⁶⁰¹ Jeannette Hartmann, "Development Policy Making in Tanzania 1962-1982: A Critique of Sociological Interpretations" (PhD diss., University of Hull, 1983), 122; Jon R. Moris, John Harris, John Honalde, C.M. Kazi, William Mbaga, and Joseph Semboja, *Tanzania's Productivity Crisis: A Social and Institutional Profile* (Dar es Salaam: USAID, 1985), 302.

⁶⁰² Hartmann, "Development Policy," 122.

now 470 co-operative societies in Tanganyika. That is an increase of sixty-four even since I was there two years ago.⁶⁰³

What proved to be a daunting task for Kasambala and his colleagues was to establish demand-driven consumer cooperatives that were particularly tailored to Africanize retail trade through (COSATA. In the case of Dar es Salaam, he noted in his budget speech, they decided to construct what they intended to be the highest building in the country i.e. a 14-storey tower in Lumumba Street that would “house a supermarket, departmental store, and COSATA showrooms” as well as offices.⁶⁰⁴

Dar es Salaam had then started witnessing the rapid construction of skyscrapers and the one for COSATA was among three high rise buildings that would change the face of the city, the others being Kilimanjaro Hotel and TANU Youth League building in Lumumba Street.⁶⁰⁵ “I trust”, Kasambala further noted as Members of Parliament applauded, “that you will share my view that this magnificent building situated in our new national street near the scene of our early freedom struggles will show the world the vital importance of our Co-operatives to Tanganyika, and indeed Africa as a whole.”⁶⁰⁶ Such grandeur was expected to attract African urban consumers and make them cooperative enough to shop there more than they did in stores owned by people of Asian descent. Kasambala was thus resolute about the prospect of using consumer cooperatives to Africanize the consumer market:

Mr. Speaker, Sir, our consumer co-operatives, are perhaps the greatest test of the loyalty and zeal of our co-operators. Unlike our rural co-operatives, they are still

⁶⁰³ 606 Parl. Deb. H.C. (5th ser.) (1959) col. 141. This debate on ‘Tanganyika’ occurred on June 2 of the cited year in the UK Parliament, <http://hansard.millbanksystems.com/commons/1959/jun/02/tanganyika>.

⁶⁰⁴ Parl. Deb., 26 June 1964, Col. 627.

⁶⁰⁵ Thipa Msowoya, “Changing Skyline of Dar: The Storey and Storey of 3 Concrete Giants” *The Nationalist*, July 26, 1965.

⁶⁰⁶ Parl. Deb., 26 June 1964, Col. 627.

faced with intensive competition of a ruthless kind, and they have not yet achieved a “breakthrough” into our urban market. I am, however, determined willy nilly that COSATA must be successful and it is going to be.... It is scarcely two years since COSATA commenced its operations, and in that short period it has established offices, showrooms and wholesale warehouses in Dar es Salaam, Mwanza, Tanga, Moshi, Mbeya and Mtwara.

By “intensive competition of a ruthless kind”, he meant that emanating from Tanzania’s Asian wholesale and retail traders. As has been noted in Chapter 2, their dominance dated back to precolonial times and, to some extent, was consolidated in colonial times with the trope of the Indian being emblematic of the quintessential trader. The Asian wholesaler, however, seemed to be the ruthless competitor that the postcolonial state aimed to tame or outfox through the cooperatives.

The government became increasingly unsettled by its limited role in the process of Africanizing the private sector. In his cabinet reshuffle on November 4, 1964, President Nyerere moved Kasambala to the Ministry responsible for Industry to take over from Hanga, and Babu became the Minister responsible for Commerce and Cooperatives. In March 1965, the state formulated an imposing policy statement and sent it to all chambers of commerce, cooperatives and other business entities in the country. “Government’s determination to Africanise the economy of the country is well known”, its preamble read, “but it seems to give rise to a certain amount of misunderstanding on all sides.”⁶⁰⁷ Therefore, the government wished to clarify on its principles, hoping they “will receive full support from the industrial and business circles in Tanzania.”⁶⁰⁸ However, the statement went on to invoke the nationalist rhetoric that Kasambala and the cooperatives were basking in:

⁶⁰⁷ The Nationalist, “Africanising the Economy: Government Explains Steps to be Followed,” *The Nationalist*, March 15, 1965, 5.

⁶⁰⁸ Ibid.

There can be no compromise on our national aim to get real control of the Tanzanian economy by the people of this country. The virtual monopoly of business and commerce which is now held by foreign firms and minority communities within Tanzania must be broken. It must be broken not by destroying what exists but by the policies adopted in our expansion. These must be such that we gradually extend the collectively-owned sector of the economy and thus ensure both growth itself and the capability of our economy to serve the national interests always. We must secure this public ownership and partnership of public and private capital through the use of the National Development Corporation, the Mwananchi Development Corporation, the Workers' Investment Corporation, and Intrata; and through the Co-operatives such as the K.N.C.U., the V.F.C.U., the B.N.C.U., the R.N.C.U., Ngomat, and Cosata etc. These bodies are our prime instruments for socialisation and Africanisation.⁶⁰⁹

Editors of the self-branded "First African owned English Daily in East Africa", i.e. *The Nationalist* vigorously defended the policy statement.⁶¹⁰ "It will bring to an end the present monopoly of business and commercial concentration which has been held hitherto by foreigners and other minority communities in the country", their editorial affirmed.⁶¹¹ By other minority communities, they primarily meant Tanzanians of Asian origin. "This is not a negative attitude based solely on the destruction of the present monopolies", they reiterated, "but rather it is a forward looking policy which aims at expanding our national economy in all fields."⁶¹² The editors also used this opportunity to stress the need for the government to ensure that the private sector Africanized its managerial class. To that end, they subtly suggested it "can fix a timetable whereby all foreign firms in this country should be able to train local personnel to the managerial level to run many of the enterprises now being operated in the country."⁶¹³

⁶⁰⁹ Ibid.

⁶¹⁰ The Nationalist, "Africanisation," 4.

⁶¹¹ Ibid.

⁶¹² Ibid.

⁶¹³ Ibid.

The then editor of this newspaper was the Ghanaian James Markham.⁶¹⁴ He had worked with George Padmore, a staunch Pan-African Marxist.⁶¹⁵ Markham had also been the aide of the first President of Ghana, Kwame Nkrumah, who was also an ardent Marxist and Pan-Africanist.⁶¹⁶ He had therefore found an African context where he could amplify critiques of the racial dominance of the commercial class of Asian origin and advocate for Africanization.

Thus, the rationale for Nyerere's state placing emphasis on cooperatives instead of companies in the Ministry responsible for commerce and letting radical nationalists and Marxists lead it as Ministers and junior Minister, was not simply about a clash between the African bureaucratic bourgeoisie and the Asian commercial class.⁶¹⁷ Nor was it simply about channeling commercial capital accumulation through such quasi-public-private entities and/or public corporations instead of private ones.⁶¹⁸

Rather, it stemmed from the need to Africanize the commercial class and thus make room for more people of African descent to participate in this sector. To achieve that, commercial capital accumulation had also to be rechanneled to people of African origin. In

⁶¹⁴ See: Trevor Grundy, "Frene Ginwala, the Lenin Supplement, and the Storm Drains of History," *PoliticsWeb*, August 15, 2017, <http://www.politicsweb.co.za/opinion/frene-ginwala-the-lenin-supplement-and-the-storm-d>; Henry Bienen, *Tanzania: Party Transformation and Economic Development*, (Princeton, New Jersey, [1970] 2015), 207.

⁶¹⁵ Matteo Grilli, "African Liberation and Unity in Nkrumah's Ghana: A Study of the Role of 'Pan-African Institutions' in the Making of Ghana's Foreign Policy, 1957 - 1966" (PhD diss., Leiden University, 2015), 26.

⁶¹⁶ *Ibid.*, 27.

⁶¹⁷ For arguments and counterarguments on the struggles between the East African Asian commercial class and East Africa's African bureaucratic bourgeoisie see: Issa G. Shivji, *Class Struggles in Tanzania*; Yashpal Tandon and Arnold. Raphael, *The New Position of East Africa's Asians: Problems of a Displaced Minority* (London: Minority Rights Group, 1984); Honey, "A History of Indian Merchant Capital"; Mahmood Mamdani, "Class Struggles in Uganda," *Review of African Political Economy* 2, no. 4 (1975): 26–61, <https://doi.org/10.1080/03056247508703264>; Ghai and Ghai, "Asians in East Africa: Problems and Prospects."

⁶¹⁸ As it has been noted earlier, capitalist entities continued to partner with public entities.

this sense, the clash also involved an African entrepreneurial bourgeoisie in the making, backed by some section of the African bureaucratic bourgeoisie and, in some cases, even the Asian commercial bourgeoisie. This, as the next section shows, was also evident in the demand and supply of business and management training.

A Demand for Professionalization

On May 2, 1967, Winifred Armstrong, then an international economist for a merger of American Metal Company Limited and Climax Molybdenum Company known as AMAX, penned a memorandum on a conversation she had with her “Tanzanian friend” who “was taking a course at the World Bank.”⁶¹⁹ Therein she describes “this man” as someone “who formerly ran the Development Corporation of TANU, the political party, and will now be directing the new Tanzania Finance Corporation, to promote and lend to private enterprises, probably mostly middle sized....”⁶²⁰ The unnamed friend happened to be Abdu Faraji.⁶²¹

A schedule of courses for 1967-1969 at the Economic Development Institute of the World Bank shows that he took the Industrial Projects Course.⁶²² This, it notes, was “intended for officials whose work involves the selection, preparation and evaluation of public projects in the industrial sector or private projects in this sector as they are affected by government policies and regulations.”⁶²³ Among other things, those who took this course

⁶¹⁹ Winifred Armstrong, Memorandum: Conversation with Tanzanian Friend re Chandaria, Recent Development in Tanzania, May 2, 1967, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁶²⁰ Ibid.

⁶²¹ Juma V. Mwapachu, email message to author, February 23, 2018.

⁶²² The World Bank, *The Economic Development Institute, 1967-68* (Washington: The World Bank, 1967), 8, <http://documents.worldbank.org/curated/en/928741468329074164/pdf/932170WP0EDI019670Box114004B00OU0090.pdf>.

⁶²³ Ibid., 8.

were taught the “analysis of working capital requirements”, “market analysis”, “industrial location”, “choice of industries; protection; tax incentives; government guarantees to investors”, and “the role of industry in the growth of national income and employment.”⁶²⁴ Five months earlier, the party-state had adopted its declaration on socialism and self-reliance; yet it was now sending someone to learn how to support capitalist ventures. Faraji’s experience thus epitomizes the great demand for business and management professions in the first decade of independence.

In general, the country had a low pool of African graduates from higher learning institutions during the transition to independence. One preliminary survey indicated that by mid-1959 there were only 70 Tanganyikans of African descent with a college degree.⁶²⁵ By the time it gained independence, the number had only gone up to 100.⁶²⁶ The numbers did not change significantly given that in 1961 the enrolment of Tanganyikans in the three colleges of Makerere, Nairobi and Dar es Salaam, that constituted the University of East Africa, stood at 178.⁶²⁷ Hence, it needed massive investments in education to even raise that number of enrolment to 1658 in 1967.⁶²⁸

The Africanization of the public and private sectors, as has been pointed out in the previous sections, had to compete for this small pool. At the same time, in the case of

⁶²⁴ Ibid., 8-9.

⁶²⁵ George, *Education for Africans in Tanganyika*, 92.

⁶²⁶ Courtney Nelson, *Administration and Economic Planning in Eastern Africa: A Ford Foundation Program Evaluation* (New York: Ford Foundation, 1977), 1, <http://www.developmentstrategies.org/Archives/1977ReviewEastAfrica/real.htm>.

⁶²⁷ Bikas C. Sanyal and Michael J. Kinunda, *Higher Education for Self-Reliance: The Tanzanian Experience*. (Paris: International Institute for Educational Planning, 1977), 81, <http://unesdoc.unesco.org/images/0006/000693/069326eo.pdf>.

⁶²⁸ Ibid.

business and management, several initiatives were taken to rectify this dearth of professionals. For instance, in his inaugural budget speech on the annual estimates of the then Ministry of Commerce and Industry for 1962/1963 to the National Assembly, Kahama passionately declared that “we are doing all we can, and will continue to do all we can, to instruct small traders and industrialists in the techniques of Business Management by providing courses of instruction to those who wish to take advantage of them.”⁶²⁹

He reiterated that his “Ministry will continue to give whatever advice and assistance it can to those business houses and firms who are staging, or who intend to stage, their own business training programmes both for their own employees and for African traders.”⁶³⁰ A “number of organizations and companies”, he pointed out, had “already sought out advice.”⁶³¹ and that his Ministry was “seriously considering the establishment” of an “Institute of Business Management which will be able to produce personnel qualified to occupy top posts in commercial and industrial undertakings.”⁶³²

The Dar es Salaam Chamber of Commerce also started attempting to rectify this situation as early as the eve of independence. It formed a “special sub-committee dealing with training schemes for the benefit of African businessmen.”⁶³³ A letter dated August 5, 1961 from its president to his “dear Prime Minister” of the soon-to-be independent Tanganyika indicates that the incoming government was supportive.⁶³⁴ “I am writing

⁶²⁹ Parl. Deb., 14 June 1962, Col. 443.

⁶³⁰ Ibid., Cols. 443-444.

⁶³¹ Ibid., Col. 444.

⁶³² Ibid.

⁶³³ Allison B. Herrick, *Area Handbook for Tanzania* (Washington: Foreign Area Studies of the American University, 1968), 194.

⁶³⁴ J.K. Chande to J.K. Nyerere, August 5, 1961, Mwalimu Nyerere Foundation (MNF) Archives.

personally to express my deep appreciation and my grateful thanks”, Chande wrote to Nyerere, “for your having attended my Chamber’s Annual Dinner.”⁶³⁵ The letter closed with a promise of sending the pictures of the event to Nyerere. As the collage of photographs from this dinner in Figure 3.1 below shows, Nyerere had not yet abandoned the bourgeois dress code associated with the business class. By accepting to be the guest of honor, he was endorsing the initiatives of big business. “I am sure that this recognition will do much to emphasise the importance of Commerce”, Chande also noted, “and will act as an incentive to us all to increase our value to enhance the future economic development of our country.”⁶³⁶

⁶³⁵ Ibid.

⁶³⁶ Ibid.



Figure 3.1. J.K Chande Hosting J.K. Nyerere at the Dar es Salaam Chamber of Commerce's Annual Dinner in 1961, Courtesy of Sir Andy Chande.⁶³⁷

Entries in the Chamber of Commerce Bulletins to Members give a glimpse of its efforts at equipping emergent entrepreneurs.⁶³⁸ For instance, the April 1963 issue reemphasized the

⁶³⁷ Sir Andy Chande, "Pictures and Events," <http://www.andychande.com/index.php/pictures-events>.

⁶³⁸ These were monthly bulletins, some of them are deposited at the TNA and others at the EAF.

information “regarding a Mr. Brighton Lwiza” that had “appeared in the last two Bulletins under Notice of (seeking) Employment.”⁶³⁹ It noted that the President of the Chamber was “very anxious for any member of the firm who can help to come forward particularly as the matter” had “been personally represented by the Minister of Commerce and Industry, Hon. C. G. Kahama himself.”⁶⁴⁰

Kahama’s working relationship with the Dar es Salaam Chamber of Commerce continued to be cordial, as their regular correspondence indicates. “Following the Chamber’s recommendations in June 1962”, its Bulletin noted in 1963, “the formation of a Business Advisory Council has just been announced to advise the Minister for Commerce and Industry on matters connected with the Commercial and Industrial development of Tanganyika.”⁶⁴¹

His successor, Kasambala, followed suit. For instance, when he met members of the Dar es Salaam Chamber of Commerce on July 30, 1964, he urged them “to aim that within the next five years there will be competent Africans who can take over responsible posts in commerce, in the managerial and accountancy cadres.”⁶⁴² He also shared his plan of starting a scheme for assisting small African businessmen after noting that the drive to train and encourage them was lacking. The Minister also informed them of his aim to revitalize their joint consultative bodies. “I have in mind”, he pointed out, “the Tanganyika Association of

⁶³⁹ Dar es Salaam Chamber of Commerce, “Notice 126: Commercial Opportunity of Theoretical and Practical Training,” Bulletin to Members Ref. 4/63, April 1963, EAF PER HF 163.D3/Bulletin: D’Salaam Chamber of Commerce, 1963-65.

⁶⁴⁰ Ibid.

⁶⁴¹ Ibid., Notice 128: Business Advisory Council.

⁶⁴² The Nationalist, “Business urged to formulate Africanisation Policy: Government to give Training Help,” *The Nationalist*, July 31, 1964, 1.

Chambers of Commerce, the Business Advisory Council and an Export Promotion Advisory Board.”⁶⁴³

After a fortnight Kasambala attended a brief ceremony in Dar es Salaam, where leading members of Tanzania’s Asian business community, Abdulkarim Karimjee from the prominent Karimjee Jivanjee Group of Companies and Hakim Adamjee of the New India Assurance Company, handed over to him checks worth £600 for a Business Training Institute Special Fund that stood at £5,000.⁶⁴⁴ The then Director of the Institute, Dr. Herbert Fleckenstein, informed *The Nationalist* that the money “will be used for local scholarships to help African students to learn more about business.”⁶⁴⁵

When a mission from the International Labour Office (ILO) visited the country for the second time in a year in August 1964, it took note of such initiatives aimed at rectifying the state of business knowledge and management among Africans.⁶⁴⁶ For instance, it observed a “number of the larger concerns in industry, commerce, mines and plantations” running “internal management training schemes from supervisory level upwards.”⁶⁴⁷ Moreover, some of them were sending “promising trainees for further specialised instruction abroad.”⁶⁴⁸

The ILO mission also observed that the government had secured aid from the then Federal Republic of Germany (i.e. West Germany) to construct the Tanzania Business Training Institute in Dar es Salaam and the construction was underway. Among other things,

⁶⁴³ Ibid.

⁶⁴⁴ *The Nationalist*, “£600 Presented for Business Training Fund,” *The Nationalist*, August 15, 1964, 2.

⁶⁴⁵ Ibid.

⁶⁴⁶ International Labour Office, *Survey of Management Training Needs and Facilities in Some African Countries, 1964* (Geneva: ILO, 1965), 54, https://archive.org/details/ERIC_ED016901.

⁶⁴⁷ Ibid.

⁶⁴⁸ Ibid.

it was designed to train Africans in middle management commercial skills. Due to “an acute shortage” of those “qualified to hold middle management posts in commerce and industry”, the focus was to be on those who already had jobs in those two sectors.⁶⁴⁹ Its plan was to take 120 students. However, it started with only 28 students and one program, a two-year Diploma in Business Administration.⁶⁵⁰

It is important to note that when President Nyerere opened this college officially on January 21, 1965, his union government had already established the first and then only public university in Dar es Salaam. Its focus, however, was not on business per se, and it was not until fourteen years later that the Faculty of Commerce and Management was established on the main campus of the University of Dar es Salaam.⁶⁵¹ The colorful event was adequately covered in the media. “Mwalimu opens business college”, read a headline on the front page of *The Nationalist*.⁶⁵² In his address, President Nyerere stressed that the students “have to learn new techniques” and “understand the society in which industry and business will operate.”⁶⁵³

He also noted that 12 Tanzanian firms contributed a total of £20,100, while the main sources of the funding were a loan the Tanzanian government had secured from USAID [United States Agency of International Development] , and a grant of £200,000 from the

⁶⁴⁹ Ibid.

⁶⁵⁰ College of Business Education, *College of Business Education Tracer Study Report on CBE Graduates in the Labour Market* (Dar es Salaam: CBE, 2016), 1.

⁶⁵¹ See: Isaria N. Kimambo, Bertram Baltasar Mapunda, and Yusufu Qwaray Lawi, ed., *In Search of Relevance: A History of the University of Dar es Salaam* (Dar es Salaam: Dar es Salaam University Press, 2008), 94.

⁶⁵² The Nationalist, “Mwalimu Opens Business College,” *The Nationalist*, January 22, 1965, 1.

⁶⁵³ Ibid.

West German government.⁶⁵⁴ Apart from “the two-year full-time and evening courses”, the President further noted, “special courses will also be held for commercial officers and assistants, wholesale and retail businessmen and others.”⁶⁵⁵ Expounding on the college’s overall purpose, President Nyerere stated:

Quite simply, it is intended to provide one of the weapons through which we can improve the business and managerial efficiency of our country. Young people who have Standard XII education – particularly if they have some experience in the administration of business – will have an extensive two-year full-time course here. At the end of that time we believe they will be better able to take an active part in the management of the growing industrial and commercial sector of our economy, and be able to quickly absorb the practical experience which is an essential part of any skilled businessman. Shortly, too, the College will be opening an evening course at a somewhat lower level but directed to the same needs.⁶⁵⁶

This relatively obscure presidential address gives a glimpse of Nyerere’s early conception of big business and the role of the functionaries of capital. He commended “the extension work of the Ministry of Commerce and Co-operatives” in “helping very small firms (usually one-man business)” as providing “greater benefit to the community as well as greater profit for themselves.”⁶⁵⁷ His sights, however, was broadly on a shift to an economy of scale. “This extension work will continue”, he assured aspiring businesspeople, “and will in time be expanded with the help of the staff, and later the graduates of this College.” The “emphasis here”, Nyerere categorically stated, “will be, however, on training people who will work as management personnel in the larger businesses.”⁶⁵⁸

⁶⁵⁴ Ibid., 1-4. The second part of the same news report appears on the fourth page of *The Nationalist*. However, it is entitled, “College will Improve Business Efficiency.”

⁶⁵⁵ Ibid., 4.

⁶⁵⁶ Ibid.

⁶⁵⁷ Ibid.

⁶⁵⁸ Ibid.

At that time, he did not find any serious contradiction between capitalist business ventures and his yet embryonic vision of establishing a socialist nation-state within the structures of global capitalism and limits of liberal democracy. “Nyerere” then, Shivji asserts, “did not always fully understand or appreciate imperialism as a world system based on the political economy of capitalism.”⁶⁵⁹ In his conception, capital accumulation in the private sector could pragmatically be harnessed to socialize the country towards egalitarianism. Hence, the eclectic Nyerere could state, as he did in his speech to the then Association of Chambers of Commerce in 1963, that:

We are committed to a philosophy of African Socialism and basic to it is the principle of human equality. The important question is, how can we deal with the income inequalities given the present facts of our economic life? First, we must energetically pursue policies which will increase the amount of wealth produced in this country; secondly, we must not allow the present income differentials to become sacrosanct.⁶⁶⁰

Thus, while opening the Business Institute, the pre-Arusha Declaration Nyerere could go as far as admitting that: “It is no secret that Government is anxious for Tanzanians to take a much larger part in the running of the industries and business which operate in our country.”⁶⁶¹ However, he too care to speak against unreserved and substandard Africanization, without however, using the term, which, because of its racial connotations, was increasingly being avoided in favour of the term localization.⁶⁶² “But”, he stressed, “it would be extremely short-sighted for us to demand that any firm should use unqualified and inefficient people just because they are Tanzanians.”⁶⁶³ In “the long run the country as a

⁶⁵⁹ Issa G. Shivji, “Nyerere, Nationalism and Pan-Africanism,” *Pambazuka News*, March 17, 2011, <https://www.pambazuka.org/pan-africanism/nyerere-nationalism-and-pan-africanism>.

⁶⁶⁰ Cited in: Parl. Deb., 26 June 1964, Col. 637.

⁶⁶¹ The Nationalist, “College will Improve Business Efficiency,” *The Nationalist*, January 22, 1965, 4.

⁶⁶² Laura S. Kurtz, *Historical Dictionary of Tanzania* (Metuchen: The Scarecrow Press, 1978), 4-5.

⁶⁶³ The Nationalist, “College Will Improve Business Efficiency,” 4.

whole could suffer a great deal from such a development”, Nyerere cautioned, “for inefficient business is a drag on our development, not an asset to it.”⁶⁶⁴ He then noted:

Yet up to now we have to admit that we have done very little to help private enterprises or organisations like Mwananchi or the Workers’ Investment Corporation, to obtain trained people. This College will provide such facilities, and it is my very sincere hope that all firms operating in Tanzania will see the importance not only of giving money to help this College to be run, but also of sending young men to it to be trained. I was extremely disappointed the other day to see the announcement that qualified applicants for the coming course were insufficient. I very much hope that in the next few days private and other businesses will see the importance of sending young men for this training.⁶⁶⁵

The Dar es Salaam Chamber of Commerce paid heed. Its monthly Bulletin to Members acted as a bridge for soliciting funds.⁶⁶⁶ The Chamber also used the media to showcase its support to the business college. For instance, after reiterating its success in organizing “a number of courses for the training of Africans at various levels prior to the setting up of the new college of business education”, L. H. Snelling, the Chamber president, noted in his farewell speech to the Chamber: “We now feel that the major effort in this field will be made by the college, to which we are giving our continued co-operation and support.”⁶⁶⁷

It was in this context that on June 11, 1965, the Parliament of the United Republic of Tanzania passed a Bill that President Nyerere assented to on July 8, thus enacting an “Act to Establish a Governing Body for the government of the College of Business Education and for purposes connected therewith.”⁶⁶⁸ *The Nationalist* interpreted it as “autonomy for business

⁶⁶⁴ Ibid.

⁶⁶⁵ Ibid.

⁶⁶⁶ See, for instance: Dar es Salaam Chamber of Commerce, Bulletin to Members Ref. G.7/65, February 1965 and Ref. G.59/65, September 1965, EAF PER HF 163.D3/Bulletin: D’Salaam Chamber of Commerce, 1963-65; Bulletin to Members, October 1966, EAF PER HF 163.D3/Bulletin: Dar Chamber of Commerce, 1966-67.

⁶⁶⁷ The Nationalist, “African Elected Dar Chamber’s President,” *The Nationalist*, July 22, 1965, 4.

⁶⁶⁸ The College of Business Education Act, 1965, 1,
http://www.tanzania.go.tz/egov_uploads/documents/The_College_of_Business_Education_Act,_31-1965.pdf.

college.”⁶⁶⁹ However, the state continued to exert its influence - the ten members of the Body were to include one member nominated by the then ruling party, one member from the public service and a third responsible for education nominated by the Minister from time to time.⁶⁷⁰

Nevertheless, its schedule provided for the inclusion of “one member nominated by the Tanganyika Association of Chambers of Commerce.”⁶⁷¹ However, it also stipulated the inclusion of “one member nominated by a Chamber of Commerce not affiliated to the Tanganyika Association of Chambers of Commerce.”⁶⁷² This was particularly important, given that Europeans continued to dominate the Association, notwithstanding the passing of the presidential mantle to a person of Indian origin, i.e. Chande, in 1961. As the mother Chamber in Tanzania, the Dar es Salaam Chamber of Commerce continued to wield influence and most of the other Chambers had representation in the commercial capital.

As far as its leadership is concerned, the Africanization of the Dar es Salaam Chamber of Commerce was also a protracted affair. Since its formation during colonial times in 1919, this Chamber had only white men as presidents until Chande became one. It took four years after Tanganyika’s independence for it to get its first president of African descent. This was Joseph Timothy Lupembe who became the president on July 22, 1965 after a stint as one of its vice-presidents in 1964. For the first time in the Chamber’s history, as Figure 3.2 below shows, official portraits of its presidents that used to hang at its premises in the Dar es Salaam Central Business District included an African face.

⁶⁶⁹ The Nationalist, “Autonomy for Business College,” *The Nationalist*, July 12, 1965, 2.

⁶⁷⁰ The College of Business Education Act, 1965, 4.

⁶⁷¹ Ibid.

⁶⁷² Ibid.

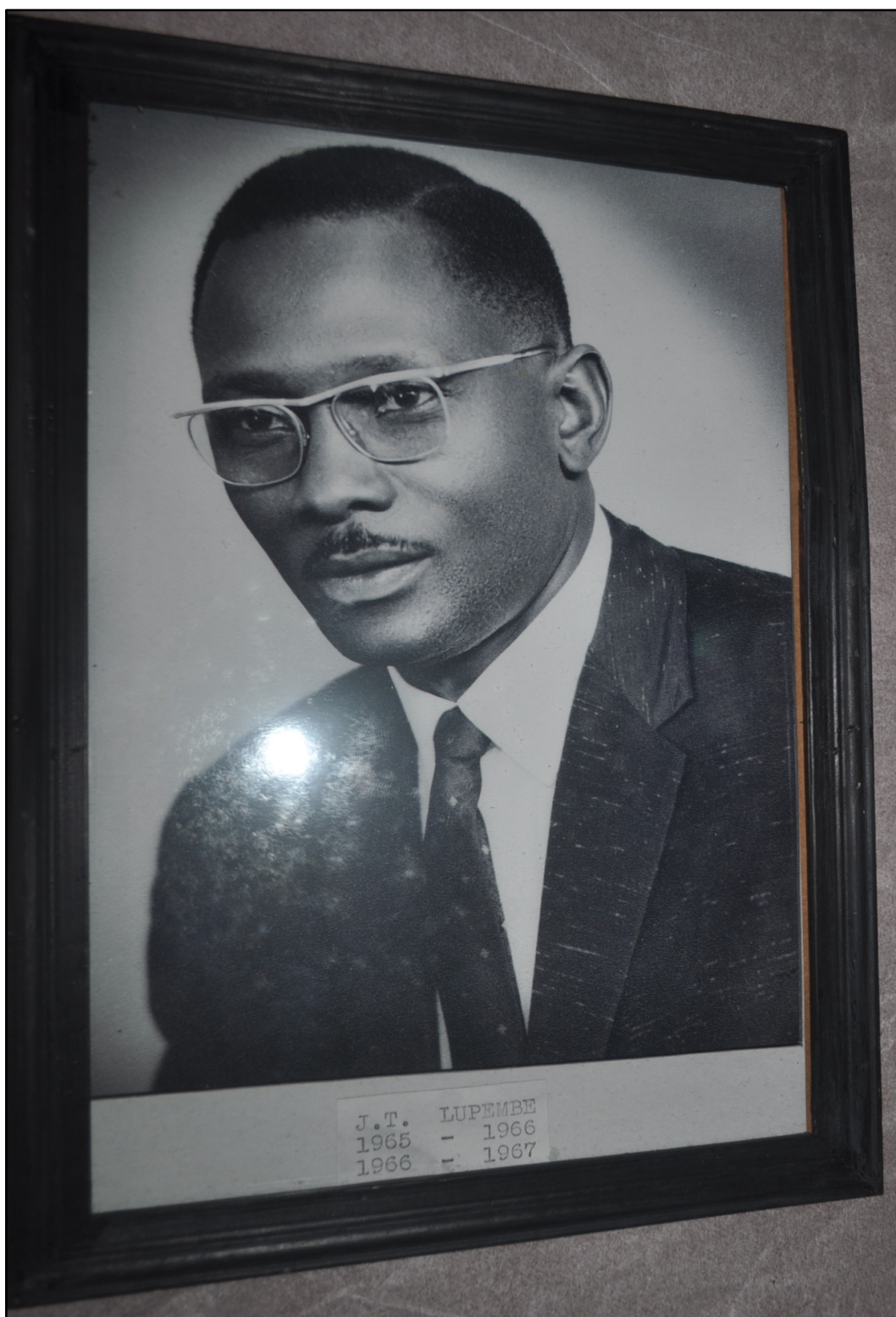


Figure 3.2. The Official Portrait of Joseph T. Lupembe as President of the Dar es Salaam Chamber of Commerce, Courtesy of the Tanzania National Museum and House of Culture.

Born in 1927 in Iringa in the Southern Highlands of Tanzania, Lupembe had his formative education at the prestigious Malangali Secondary School (1939-1945) and Tabora Senior Secondary School (1946-1949).⁶⁷³ His biographical profile also indicates that he started work as an Assistant Accountant at the Stirling-Astaldi (Coast) Limited in the late 1940s.⁶⁷⁴ In 1950 he joined the Makerere University College in Kampala. His education and experience enabled him to rise to the position of Assistant Manager at Stirling Astaldi in 1960. Within two years he became its Manager. As his official portrait above indicates, he had an aura of bourgeois sensibility associated with the culture of capitalism discussed in Chapter 2. This is also evident in the ways he articulated the agenda of the business community within the Dar es Salaam Chamber of Commerce and in the National Assembly.

Out of this Chamber's 11 elected officers in 1965, only 4 were Tanzanians of African descent – the other 3 being: S. P. Muro from the International Trading & Credit Company of Tanganyika Ltd (INTRATA); R. J. Mwakalundwa from the Co-operative Supply Association of Tanganyika Limited (COSATA); and J. H. Oyugi of the Tanganyika Shell Limited. This, however, was an improvement from the previous year when only 2 Tanzanians of African origin were elected officers. In both cases there were no women, reflecting entrenched gendered exclusivity of elite entrepreneurship networks that continued until it became defunct in the postsocialist period.

All the Tanzanians of African descent in this Chamber were also representatives, rather than owners, of businesses. Even the capital for establishing COSATA came partly

⁶⁷³ Andreas Eckert, *Herrschen Und Verwalten: Afrikanische Bürokraten, Staatliche Ordnung Und Politik in Tanzania, 1920-1970* (München: Oldenbourg Verlag, 2007), 270.

⁶⁷⁴ Marco Surveys Limited, *Who's Who in East Africa 1963-64*, 18.; E. D. Wilson, ed., *Who's Who in East Africa 1965-66*, 45. Evelyn Wilson, ed., *Who's Who in East Africa 1967-68*, 49.

from the Israeli government, and it was the Israelis who managed it.⁶⁷⁵ One could argue that all these Tanzanians were compradors. However, this would be applicable in a soft, non-Marxian sense. The sociologist Paul Kennedy, who is critical of the concept as being too simplistic to grasp the intricacies of glaring changes in modern African business landscapes, captures such an erstwhile sense.⁶⁷⁶ He notes that the term “is normally meant to imply the existence of a state of collaboration or complementarity between foreign and local capital such that the coincidence of interests is sufficient to maintain the relationship.”⁶⁷⁷

For the members of the Dar es Salaam Chamber of Commerce, as shall be evident in Lupembe’s submissions discussed in the next chapter, their primary focus was to carve a place for indigenous African entrepreneurs through collaboration, complementarity and, in some cases, constructive criticism. One could say they were patriots or even nationalists in as far as they viewed that role as being tantamount to attempting to make their country have a say in commerce.

As for the radical Marxian sense of the term comprador, Leslie Sklair and Peter Robbins’ critique is apt as they point out that “imperialism was said to have created a class of comprador capitalists whose interests lie not in national development but in serving the interests of their foreign masters and selling out those of their compatriots.”⁶⁷⁸ Proponents of that outlook, such as the historian Walter Rodney, viewed such functionaries of capital as

⁶⁷⁵ See: Deborah Fahy Bryceson, “*Food Insecurity and the Social Division of Labour in Tanzania, 1919-1985*” (PhD diss., Oxford University, 1988), 171; Hong Kong Trade Mission to East Africa, *Report of the Hong Kong Government Trade Mission*, 30; Barbara Huddleston, *A Market for U.S. Products in East Africa* (Washington: US Department of Commerce, 1966), 46, <https://ia800605.us.archive.org/10/items/marketforusprodu00hudd/marketforusprodu00hudd.pdf>.

⁶⁷⁶ Paul Kennedy, “Indigenous Capitalism in Ghana,” *Review of African Political Economy* 4, no. 8 (1977): 34, <https://doi.org/10.1080/03056247708703309>.

⁶⁷⁷ Ibid.

⁶⁷⁸ Sklair and Robbins, “Global Capitalism and Major Corporations from the Third World,” 81.

petty bourgeoisie who “cannot be described as ‘entrepreneurs, ‘pioneers, ‘captains of industry, ‘robber barons’ or in any of the other swash-buckling terms coined to glorify the primary accumulation of capital.”⁶⁷⁹ Drawing from the psychoanalyst Frantz Fanon, Rodney further argues that their “role in the international capitalist system has always been that of compradors” given that “in any event, most of the African petty bourgeoisie is not directly involved in economic enterprises – their real sphere being the professions, the administration and the military/police hierarchy.”⁶⁸⁰

Strong as it is, any attempt to apply this scathing critique to the case of the then embryonic group of Tanzanians who were coming out of the heels of colonialism would not capture their agency in attempting to become – in their own right – what Rodney calls the “bourgeoisie proper” in reference to those in Northern Europe who were “spearheads of national unity in which capitalism was first engendered.”⁶⁸¹ As the first cohort of post-independence champions of the private sector, such Tanzanians were not yet a fully-fledged class. Rather, by engaging in widening the then constricted space for Africans in the Dar es Salaam Chamber of Commerce and the racialist business world, they were paving the way for their successors.

Despite their efforts and relative success, when Kahama met the Dar es Salaam Chamber of Commerce as the General Manager of the National Development Corporation (NDC), he questioned the inertia of the business community in absorbing Africans.⁶⁸² *The*

⁶⁷⁹ Walter Rodney, “Aspects of the International Class Struggle in Africa, the Caribbean and America” in *Resolutions and Selected Speeches from the Sixth Pan African Congress* (Dar es Salaam: Tanzania Publishing House, 1976), 24.

⁶⁸⁰ Ibid.

⁶⁸¹ Ibid., 23.

⁶⁸² The Nationalist, “Kahama Gingers Up Tanzanian Businessmen,” *The Nationalist*, April 28, 1967, 1.

Nationalist rephrased him as saying that “there were a good number of people in the country with good commercial experience but whenever a good business manager was required, he had to be recruited from overseas.”⁶⁸³ Although he did not invoke the then shunned term ‘Africanization’, it was the gist of his message. “We talk about confidence, about investment climate, about political stability”, he remarked, “and yet we have a business community here in Dar es Salaam which has free access to Ministers and even the President.”⁶⁸⁴

The times, however, had changed. It was now the era of the nationalizations that, Lupembe had forewarned about.⁶⁸⁵ Yet, as shall be evident in the next chapter, they did not simply give up, but continued their attempts at carving a space in a country with a party-state that had consciously chosen to create a socialist society.

Conclusion

Africanization is only one of the three convoluted, albeit connected, phases that the indigenization of business in Tanzania has gone through in the second half of the 20th century. In its case, as will be evident from the other two cases of nationalization and privatization, the ideological state apparatuses and the embryonic entrepreneurial elites exerted their relative agency in promoting big business among aspiring Africans. This narrative is contrary to the conventional view that the state moved linearly from being covertly unsupportive of, to being overtly repressive to, business before and during the Arusha Declaration, respectively.

⁶⁸³ Ibid.

⁶⁸⁴ Ibid.

⁶⁸⁵ This forewarning is cited and discussed in the introduction of Chapter 4 below.

By circumventing this conceptual hurdle, the chapter has managed to marshal archival sources and statistical evidence that historians of Tanzania have paid scant attention to or have primarily interpreted in terms of socialist anti-business sentiments and retreat of the business community. The process of Africanization proved to be a nuanced one due to the tension between the public and private sectors in absorbing prospective professionals in business management and opening up the commercial sector to the majority. The attempts to resolve this tension, which manifested itself in the demand for professionalization and socialization, have underscored the ways an entrepreneurial elite started to emerge. What remains is to highlight how this embryonic elite engaged with nationalization and, to some extent, survived it and set the stage, as trailblazers, for their successors during privatization.

Chapter 4: Nationalization and the Internationalization of Business (c. 1967-1979)

We shall not create socialist societies overnight; because we have to start from where we are, we shall have to make compromises with capitalist money and skill, and we shall have to take risks in our development.
Mwalimu Julius K. Nyerere⁶⁸⁶

On June 23, 1966, the first president of African descent of the Dar es Salaam Chamber of Commerce, Joseph T. Lupembe, took to task a parliamentarian who had suggested three days earlier that the government should nationalize some industries. Since on that day he had to hastily travel to Nairobi, Lupembe missed an opportunity to respond promptly. Now the floor was open to him. “When you mention the word nationalization”, he stressed, “you have to interpret it.”⁶⁸⁷ His concern was that the term had “a big meaning for those who hear it”, therefore implying that it could amount to undoing what the government was working on.⁶⁸⁸ By this, he meant the task of the then expanding role of the National Development Corporation (NDC) to bring industries to the country.

To stress his concern, he cited President Nyerere’s most recent speech to parliamentarians in which he praised and encouraged this public corporation’s initiative of attracting private investments in the industrial sector.⁶⁸⁹ Being a board member of NDC, Lupembe was not only defending it, but also speaking for his other colleagues in the private sector. Yet he noted that NDC was in the process of buying a sufficient number of industries

⁶⁸⁶ Julius K. Nyerere, “Socialism: The Rational Choice,” in *Rasilimali: Tanzania Investment Outlook*, ed. C. Kahangi, J. Loxley, J. Rweyemamu, K. Tibesigwa and A. Mosille (Dar es Salaam: Tanzania Investment Bank, 1973), 9.

⁶⁸⁷ Parl. Deb., 23 June 1966, Col. 804. Translated from Kiswahili by the author of this dissertation.

⁶⁸⁸ Ibid.

⁶⁸⁹ Ibid.

and it was the intention of the government that not long afterwards, as it gets more funds, it would buy all of them.

By then, through the *Tanganyika Development Corporation (Amendment) Act, 1964*, NDC had already been vested, as a holding company, with several bodies corporate and investments.⁶⁹⁰ These included the Nyanza Salt Mines Limited in Mwanza, Tanganyika Packers Limited in Dar es Salaam, and Williamson Diamonds Limited in Shinyanga.⁶⁹¹ The Act also stipulated that the following could also be transferred to NDC: Kahama Nzega Igembesabo Co-operative Union Ltd., Lake Manyara Hotels Ltd., Ralli Estates Ltd., Sikh Saw Mills (T) Ltd., Tanganyika Development Finance Co. Ltd (TDFL), Tanganyika Meerscham Corporation Ltd, Tanganyika and Italian Petroleum Refinery Company (TIPER) Ltd., Tanita Company Ltd., and Uplands Bacon Factory (Kenya) Ltd.⁶⁹²

Lupembe was, therefore, not only addressing the misunderstanding about the term nationalization, but also its trending that predated the Arusha Declaration that is regarded as nationalization's watershed. His parliamentary submission also highlights the tensions over nationalization that continued afterwards and, to some extent, remain unresolved to date. These tensions did not only surface in the public political arena, but also in the private chambers of commerce.

Hence, protagonists from the public-private divide sought each other out to get clarification or compromise and avoid confrontation. This was particularly evident in the private gatherings that political commentators of the time were either not privy to or too

⁶⁹⁰ Tanganyika Development Corporation (Amendment) Act, 1964, 8, http://www.saflii.org/tz/legis/num_act/tdca1964447.pdf.

⁶⁹¹ Ibid.

⁶⁹² Ibid.

discreet to disclose. The effect of this relative lack of access to information was the amplification of a dominant discourse on the embryonic entrepreneurial elites of African origin as primarily being voiceless victims of Tanzania's socialist era, only to sturdily emerge – through liberalization – during the transition to its postsocialist era.

This chapter, therefore, argues that it was the dialectics of internationalization and localization that shaped the convoluted trajectory that nationalization took in the late 1960s and early 1970s. On the one hand, there was a desire to gain both financial capital and knowhow through international business relations, that is, Foreign Direct Investments (FDIs) and joint ventures with Multinational Corporations (MNCs). On the other hand, there was a need to promote local investments and products from both the private and public sector that manifested itself through the promotion of 'Buy Tanzania[n] Week' and related patriotic initiatives.

It is this tension that informed the selective nationalization that took place in the context of the Arusha Declaration. Attempts to resolve this tension necessitated the state to engage with the business community, notably the Dar es Salaam Chamber of Commerce that was increasingly becoming populated with members of African origin. Chaired by Lupembe, who also became the president of the Tanganyika Association of Chambers of Commerce, the Dar es Salaam Chamber subjected party and government leaders to critical questions and aired alternatives in this period. To grasp the contexts and dialectics of nationalization, it is instructive to juxtapose them with the dual quests for internationalization and localization, respectively.

A Dilemma for Nationalization

On February 14, 1967, President Nyerere continued publishing his series of articles to clarify contentious issues in the Arusha Declaration that his party-state had issued at the beginning of the month. This time he opted to tackle the issue of racialism in relation to the

main bone of contention, that is, nationalization vis-à-vis private capital. He also fittingly decided to publish in *The Nationalist*, a mouth-piece of the ruling party – the Tanganyika African National Union (TANU). After remarking that racialism can go hand in hand with fascism even when a state owns a controlling interest that amounts to public ownership, Nyerere made this observation on Tanzania:

For it is true that because of our colonial history the vast majority of the capitalist organisations in this country are owned and run by Asians or by Western Europeans. Twenty years ago we could have said all the capitalists in this country were from those areas; we cannot say this now. For the truth is that capitalism and capitalist attitudes have nothing whatsoever to do with the race or national origin of those who believe in them or practise them.⁶⁹³

By invoking the discourse of color blindness, Nyerere was distancing himself from the policy on Africanization that he had reluctantly agreed to implement in the immediate aftermath of independence. Jeannette Hartmann locates, at an institutional level, Nyerere's wavering position in the tension inherent in his dual mandate as the head of the government and chair of the ruling party. For her, what intensified this conflict was the party activists' stance against private capital as accentuating social inequality, vis-à-vis the government technocrats' support for it for the sake of economic growth.

Drawing from Hartmann and Raymond Hopkin's study, among other seminal sources, the political and historical sociologist Ronald Aminzade makes a related observation. He argues that members of these "closely connected but separate institutions" were often at odds due to their "ideological differences, divergent social backgrounds and organizational interests."⁶⁹⁴

⁶⁹³ Julius K. Nyerere, "Socialism is not Racialism," *The African Communist*, no. 29, 1967, 70, <http://www.sacp.org.za/pubs/acommunist/1967/issue29.pdf>. The document was originally published in: *The Nationalist*, February 14, 1967.

⁶⁹⁴ Aminzade, *Race, Nation, and Citizenship in Post-Colonial Africa*, 154. <https://doi.org/10.1017/CBO9781107360259>.

However, on the basis of sources that these political and historical sociologists of the Arusha Declaration did not have access to or engage with, this chapter locates Nyerere's contradictory position in relation to both factions. "Indeed," Nyerere pointed out a fortnight after the deliberations that led to the Declaration, "nobody who was at Arusha needs any more proof that the temptations of capitalism ignore colour boundaries."⁶⁹⁵ Here he was referring to members of the ruling party who attended the meeting of its National Executive Committee (NEC) in Arusha:

Even leaders of T.A.N.U. were getting deeply involved in the practices of capitalism and landlordism. A few had started talking of 'my Company'. And very many others would have done so if they could; they were capitalists by desire even when they could not be so in practice. Hence the resolution on leadership. Hence the difficulties we must expect in enforcing this resolution.⁶⁹⁶

This strongly suggests that the opposition and dilemma regarding nationalization and the Arusha Declaration's stance on private capital that Nyerere faced stemmed from both within the leadership of the party and from the government. Moreover, during this time top government leaders also had to be members of the party and, in the case of Cabinet Ministers, they had to be Members of Parliament (MPs). After the meeting, MPs were given a chance to submit their questions about the Arusha Declaration.

The then Second Vice-President of Tanzania, Rashidi Mfaume Kawawa, promised in April 1967 that the questions would be answered. "Unfortunately," read the preamble of a booklet with the answers, "almost all the questions received related to just one section of the Arusha Declaration—that on qualifications for leadership."⁶⁹⁷ As has been noted above, these

⁶⁹⁵ Nyerere, "Socialism is not Racialism," 70.

⁶⁹⁶ Ibid.

⁶⁹⁷ The United Republic of Tanzania, *Arusha Declaration: Answers to Questions*.

qualifications pertained to a code that restricted capitalist accumulation among the party-state leaders.

The questions reveal the extent to which the ethos of private capital had entrenched itself among the leaders. “If a man is not allowed to invest in property by building and renting out a house,” read the first part of question four, “is this not barring Africans from participating in the development of Dar es Salaam and other towns, and handing this development over to Asians and foreigners?”⁶⁹⁸ Nyerere’s response is as consistent as it is critical of the race card invoked in Africanization:

This is an old trick. It is the appeal to racialism by a selfish minority, which hopes to confuse the majority and thus secure benefit for themselves. The Arusha Declaration does not stop the activities of African capitalists, or would-be African capitalists, any more [than] it stops other capitalists, be they European or Asian. What the Arusha Declaration does is to say that if Africans or any other Tanzanian Citizens [choose] to be capitalists, then they must forfeit their right to lead a Socialist Party or hold a position of responsibility in a Government committed to socialist objectives.⁶⁹⁹

The recollections of the then Publicity Secretary of TANU, F. Lwanyantika Masha, also underscore the extent to which capitalist tendencies had become entrenched among party leaders. “A few hours later”, he recalls about what transpired in the Arusha City Hall on January 23, 1967, “the jubilant faces of the meeting had changed.”⁷⁰⁰ They were all weighing the implications of what Nyerere said and some of them “could not believe what was being said.”⁷⁰¹

⁶⁹⁸ Ibid., 2.

⁶⁹⁹ Ibid.

⁷⁰⁰ F. Lwanyantika Masha, *The Story of the Arusha Declaration (1967)* (Mwanza, 2011), 13.

⁷⁰¹ Ibid., 42.

As Masha recalls, their response to the attempt of the Secretary-General, Oscar Kambona, to cheer them up by singing the name of Nyerere was disappointing. On the morning after, he recalls, most of them were still stupefied and some had not gotten enough sleep. This anxiety must have then taken a toll on them given that a week earlier, on January 19, the party's press release containing these assertions were also read over the national radio:

There are a lot of complaints throughout the country against businessmen who raise prices unduly.... There is also the capitalistic practice of giving shares or positions of responsibility to Africans in order to use them as stooges. There are some leaders with shares or holding directorships in capitalist companies.... Therefore, as has been announced by the Second Vice-President in parliament, the National Executive Committee will look into the holding of shares or directorships by TANU leaders and members of parliament in capitalist companies.⁷⁰²

Nyerere's speech on the Arusha Declaration that left both TANU and government leaders in a state of apprehension, Masha recalls, was not written. Masha's transcription and translation of it is helpful in gauging both its undertones and aftereffects. In regard to TANU's creed of socialism, Nyerere argued that it "refuses" its members "ownership of big houses, big plantations, and big factories."⁷⁰³ Employing an example of someone who owns 20 houses, Nyerere thus outlined in seemingly Marxian parlance the steps it takes to accumulate capital at the expense of labour and through the collection of both ground and differential rent from land:

Every exploitation has a beginning. People do not just suddenly become big exploiters. It grows. Today you own one house, tomorrow two, the day after three, and so forth. And then we learn that you spend your time in casinos in Nairobi. You get rent from your house in Dar es Salaam, others you rent to the government; and you are not even here!⁷⁰⁴

⁷⁰² Ibid., 12.

⁷⁰³ Ibid., 21-22.

⁷⁰⁴ Ibid., 23.

This Nyerere seemed glaringly different from the one who frequently graced annual galas of various chambers of commerce in Dar es Salaam as instanced in the previous chapter. His main concern here, however, was not wholly containing capitalism among the citizenry. Rather, it was to close all the avenues of capitalist accumulation among the leaders of the ruling party who, in most cases, happened also to be government leaders in what was then a one-party state. What he had to say to the leaders implied that he perceived them as potential compradors:

A leader will not own shares in companies because he will be collaborating with exploiters who suck other people's blood. He will not be a Director in a capitalist company. He can become a Director of a government institution, because they pay him a salary. But he will not be a Director in a capitalist company where by attending one or two meetings, he draws income annually from the works of other people....⁷⁰⁵

It was not only income inequality that informed Nyerere's scathing critique on interlocking directorships. At the heart of his rejection of this fictitious means of earning money was the question of labor. Even though he did not overtly invoke Marxian analysis, for him, capital would have a free reign on labor if the very leaders who were supposed to support the working class sided with it. To illustrate this, he thus used the case of the National Union of Tanzania Workers (NUTA), a leading trade union in the country:

We will not accept a TANU leader who own shares; who, when NUTA demands higher wages, he will say: "Oh! That will reduce my profits for the year!" He won't say, "No! For the benefit of the country, wage demands will upset the economy". No. He says, "NUTA demands will reduce profits, thus I won't get as much as I expect at the end of the year."⁷⁰⁶

⁷⁰⁵ Ibid., 24.

⁷⁰⁶ Ibid., 24.

However, when these credos were issued as part of the Arusha Declaration, it became clear that what Nyerere's party-state intended was to separate business from politics.⁷⁰⁷ As such, through its Leadership Code, the very Declaration that has been critiqued as causing the demise of business provided the impetus for some leaders to leave politics and fully engage in business. In this sense, it was not against business per se but against those leaders in the public sector who would use their position to promote their private business and thus undermine work ethics and the spirit of Ujamaa.

Ali Saidi Mtaki, a champion of Africanization of the private sector prior to the Arusha Declaration, as has been noted in the previous chapter, was one of the leaders who took this exit route. Born in 1931, he attended the prestigious Malangali Secondary School (1949-1952) in Iringa that boasted graduates such as Jeremiah Kasambala and Joseph T. Lupembe. Failing to proceed to the prestigious Tabora Senior Secondary School, he became employed as a railway clerk (1953-1954). Mtaki attributes the failure to secure a place at Tabora to a colonial conspiracy against his political activism in school.

Hence, he became a tea salesman for Brooke Bond in Mbeya, Dar es Salaam and Singida in 1955. The company had branches in Nairobi, Kenya and its headquarters in London, UK.⁷⁰⁸ In his later recollections, Mtaki also mentions that he had a stint as an assistant to the manager of the Dar es Salaam Motor Transport (DMT).⁷⁰⁹ It was also in the

⁷⁰⁷ See: Lionel Cliffe, "Personal or Class Interest: Tanzania Leadership Conditions," in *Socialism in Tanzania*, ed. Lionel Cliffe and John S. Saul (Dar es Salaam: East African Publishing House, 1972), 255; Issa G. Shivji, "Analysis: The Rise and Fall of the Arusha Declaration", *Rosa Luxemburg Stiftung (blog)*, August 2017, <https://www.rosalux.co.tz/2017/08/25/the-rise-and-fall-of-the-arusha-declaration/>; Sabatho Nyamsenda, "Tanzania: Giant Parties' Political Bankruptcy and Grassroots Alternatives," *Pambazuka News*, November 24, 2015, <https://www.pambazuka.org/global-south/tanzania-giant-parties'-political-bankruptcy-and-grassroots-alternatives>.

⁷⁰⁸ For a detailed history of Brooke Bond's capitalist intervention in East Africa see: Swainson, *The Development of Corporate Capitalism in Kenya, 1918-77*.

⁷⁰⁹ Ali Saidi Mtaki, "Mahojiano Kati ya Ng'wanza Kamata na Mzee Ali Said Mtaki: Dodoma Tarehe 08-09-2012," Ali Saidi Mtaki, interview by Ng'wanza Kamata, NRC, September 8, 2012, Transcript, 9.

mid-1950s that he participated in the building of TANU, rising to various positions before becoming a Member of Parliament and then a Junior Minister in 1964.

These political positions did not deter him from picking up where he had left at Malangali in terms of progressing in further education. He sat as a private candidate for the London examinations on Advanced Secondary School certification.⁷¹⁰ Then he got a scholarship to study at the Kalo Lamsle College in Denmark, earning a Diploma in economics. Mysore Orientation Center in India is also listed as one of the institutions that educated him in 1960 and “Cert. Comm” and “Interm. R.S.A” are cited as his qualifications.⁷¹¹ This educational background, coupled with previous experience in business and his political clout, would prove useful after quitting his government post.

One of the initial impetuses for Mtaki’s exit from his prestigious role as a Parliamentary Secretary of the Ministry responsible for Commerce, after the one-year grace period provided for complying with the Leadership Code, was to continue with his position in an international company.⁷¹² Another impetus is said to be a storied building he was not ready to give up.⁷¹³ Later recollections, however, indicate that Mtaki did not want to be a hypocrite in supporting the Leadership Code while continuing with his side businesses. “I am

⁷¹⁰ Ibid., 22.

⁷¹¹ Evelyn Wilson, ed., *Who’s Who in East Africa 1967-68*, 70 cf. E. D. Wilson, ed., *Who’s Who in East Africa 1965-66*, 64.

⁷¹² See: Aili Mari Tripp, *Changing the Rules: The Politics of Liberalization and the Urban Informal Economy in Tanzania* (Berkeley: University of California Press, 1997), 174.

⁷¹³ Mwananchi, “Bunge Lapokea Barua ya Rostam Kujiuzulu,” *Mwananchi*, July 24, 2011, <http://www.mwananchi.co.tz/habari/1597578-1600106-i2wmy/index.html>.

in the commercial sector”, he recalls of his state in those days, “owning an apartment and transporting petroleum to Zambia.”⁷¹⁴

Thus, the dialectics of internationalization and localization also operated at an individual level. Although he had his own local business, Mtaki could not resist the lure and prestige of working for an international company. In 1967 he thus became a General Sales Manager of Rothmans of Pall Mall in Dar es Salaam, another British multinational that also had a branch in Nairobi. Mtaki fondly recalls his instrumental role there, asserting that he was instrumental in setting up “intelligence” gathering through some workers in their rival company, the British American Tobacco (BAT).⁷¹⁵

Mtaki’s case underscores that the Arusha Declaration was not against individuals who opted to fully engage in business in the private sector. Rather, it was against public servants who did so, as its ideal goal was for the public sector to control what it regarded as the major means of production and exchange. Its list of these “instruments” included:

[Land]; forests; minerals; water; oil and electricity; news media; communications; banks, insurance, import and export trade, wholesale trade; iron and steel, machine tool, arms, motor-car, cement, fertilizer, and textile industries; and any big factory on which a large section of the people depend for their living, or which provides essential components of other industries; large plantations, and especially those which provide raw materials essential to important industries.⁷¹⁶

In regard to these entities, Nyerere had promptly clarified that “we have rejected the domination of private investments, but we shall continue to welcome private investments in

⁷¹⁴ Ali Saidi Mtaki, “Mahojiano Kati ya Ng’wanza Kamata na Mzee Ali Said Mtaki: Dodoma Tarehe 09-09-2012,” Ali Saidi Mtaki, interview by Ng’wanza Kamata, NRC, September 9, 2012, Transcript, 2.

⁷¹⁵ Ibid.

⁷¹⁶ Nyerere, *Freedom and Socialism*, 234.

all those areas not reserved for government in the Arusha Declaration.”⁷¹⁷ However, as shall be discussed in subsequent sections, this rejection amounted to public entities getting into joint ventures with private entities that had a minority, albeit powerful, stake. It also implied that the nationalization of those reserved areas took time and shifted, depending on the dialectics of internationalization and localization. This, in turn, shaped the policies and politics of national development and international relations predicated on foreign aid and external debt. As Figure 4.1 indicates, they continued to rise in the 1970s, notwithstanding Tanzania’s twin policy and ideology of socialism and self-reliance.

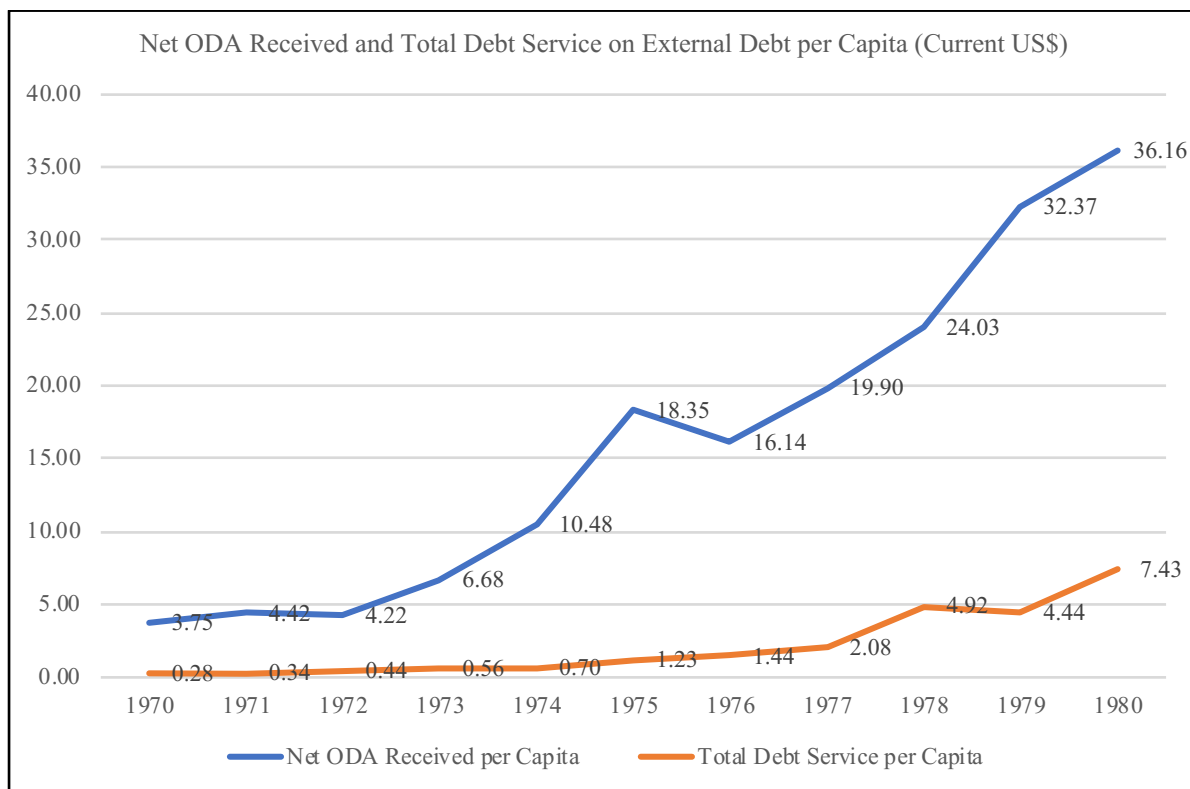


Figure 4.1. Trends in Foreign Aid and External Debt in Tanzania in the 1970s, World Bank Group.⁷¹⁸

⁷¹⁷ Ibid., 254. The quote is from a government document on ‘Public Ownership in Tanzania’ originally published in the *Sunday News*, a government newspaper, on February 12, 1967 whereby according to Nyerere it, among other things, “elaborated on the future position of private enterprise,” Ibid, 251.

⁷¹⁸ Drawn from: “World Development Indicators”, World Bank Group, last modified June 28, 2018, <https://data.worldbank.org/country/tanzania>. The data source defines the Total Debt Service (TDS) as “the sum of principal repayments and interest actually paid in currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF,” Ibid. These have been divided by the

Such a backdrop enables a historian to partly explain why private entities, including those that Africans owned, in both commerce and industry kept increasing in Tanzania during the 1970s. One may argue, as the economists Arne Bigsten, Deogratias Mutalemwa, Yvonne Tsikata and Samuel Wangwe do in the case of capital formation in the 1980s, that this is a matter of quantity rather than quality – or matter of scale as opposed to scope.⁷¹⁹

Nevertheless, in this case numbers do not lie as the statistics indicate that the state continued to give room for the growth of the private sector notwithstanding its own commitment to expanding business in the public sector through its public corporations such as the NDC.

A Quest for Internationalization

On September 8-10, 1970, the Tanzanian government clarified its rules of engagement with international business in a position paper submitted at the third Non-Aligned Summit Conference in Lusaka, Zambia. Among other things, it argued that Multinational Corporations (MNCs) “are nonetheless likely to be interested in raising the level of economic development in selected Third World economies, provided that they can participate as investors, managers, financiers, and suppliers.”⁷²⁰ The rationale it gave for this is that MNCs “are sophisticated businesses, which take both a broad and a long-term view of

historical population to get the TDS per Capita. The source also defines net Official Development Assistance (ODA) per capita as consisting of “disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients; and is calculated by dividing net ODA received by the midyear population estimate” and “includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent),” Ibid. These data are used in this dissertation only to highlight the trend.

⁷¹⁹ Arne Bigsten et al., “Tanzania,” in *Aid and Reform in Africa: Lessons from Ten Case Studies*, ed. Shantayanan Devarajan, David R. Dollar, and Torgny Holmgren (Washington: World Bank, 2001), 330, <http://documents.worldbank.org/curated/en/110381468751519166/pdf/multi0page.pdf>.

⁷²⁰ United Republic of Tanzania, “Cooperation against Poverty,” *Africa Today* 18, no. 3 (1971): 44.

their operations.”⁷²¹ However, this manifesto did not argue for a wholesale rejection of foreign investors. Rather, after cautioning “that Third World countries need to consider very carefully the potentialities and the dangers of” MNCs, it asserted that they “need to take deliberate decisions about when, and how, it is in our interests to work with them.”⁷²²

In her draft letters directed to the then head of the Tanzania Mission to the U.N., Salim Ahmed Salim, and the then Tanzanian ambassador to the United States, Gosbert. M. Rutabanzibwa, Winifred Armstrong noted how useful this Tanzanian position paper would be “to those most closely concerned here with precisely these problems.”⁷²³ By this she meant concerns about “the growing gap between the richer and poorer nations, and the role of international business.”⁷²⁴ To that end, she “discussed this with President Nyerere during his visit” to the United States.⁷²⁵ Armstrong recalled that Nyerere “was much interested in the fact that new and alternate roles of international business were much under discussion in business and other groups here... and was agreeable to a number of these pamphlets being sent to interested parties.”⁷²⁶

As has been noted in the previous chapter, Armstrong’s engagement with members of the political and business community in Tanzania predated the Arusha Declaration of 1967 and continued in its immediate aftermath. Her focus had not only been to promote the

⁷²¹ Ibid.

⁷²² Ibid.

⁷²³ Winifred Armstrong to Salim Ahmed Salim, March 10, 1971, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52; Winifred Armstrong to Gosbert. M. Rutabanzibwa, March 10, 1971, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁷²⁴ Ibid.

⁷²⁵ Ibid.

⁷²⁶ Ibid.

development of African private enterprises, but also to link them to American private enterprises. Tanzania's clarification coming three years after the Declaration was yet another opportunity to continue the mutual quest for promoting international business relations between Armstrong and her African counterparts. The case from five years earlier and its continuity is illustrative.

On October 5, 1965 several delegates from African countries assembled inside the Georgia Room of the Americana Hotel in New York City. A letter of invitation had been drafted about a fortnight earlier, inviting friends to "an important conference entitled 'Recent Trends and New Needs in Attracting Private United States Investments to Africa'."⁷²⁷ The host, Kenneth M. Spang, who was the President of the African-American Chamber of Commerce, Inc., signed it. "The occasion of the World Bank and I.M.F meeting in Washington during the week of September 27", it stressed, "makes our meeting all the more timely and appropriate."⁷²⁸

This invocation of the twin International Financial Institutions [IFIs] must have struck a familiar chord for African invitees who paid regular visits to the headquarters of these Bretton Woods institutions to negotiate loans on behalf of their countries. "Representatives of the Africa Development Bank, A.I.D [Agency for International Development], the U.S. Department of Commerce, and the Department of State, will also be present", the invitation letter also noted.⁷²⁹ The main rationale for the gathering, however, is highlighted in this earlier, and lengthiest, paragraph of the letter:

⁷²⁷ Kenneth M. Spang to Dear Friend, September 24, 1965, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁷²⁸ Ibid.

⁷²⁹ Ibid.

The very existence of the African-American Chamber of Commerce is one manifestation of the interest of American business in the development of investment and trade relations with countries in Tropical Africa, and this meeting will provide for an exchange of views by Chamber representatives and African Ministers of Finance on specific ways of organizing and expanding private investment in Africa.⁷³⁰

The main motive, however, is captured in an inter-office memorandum of the company that Armstrong was now working for i.e. the American Metal Climax, Inc. “It was just stated”, the memorandum notes in regard to the preparation for the conference, “that Mr. Spang be asked to make a short introduction to the Purposes and Functions of the African-American Chamber of Commerce; and that you [F. Taylor Ostrander] and Bob Fleming make short...talks on this subject.”⁷³¹ As for their possible contents, it suggested “throwing out for consideration some of the ideas for stimulating more private investment in Africa which have been considered over the past few months.”⁷³² These were ideas about the “promotion of joint small enterprises, inter-governmental consortium of private businesses, analogous to Adela, etc.).”⁷³³

An earlier memorandum from Armstrong to Ostrander, in references to the “Washington Conference to explore the possibilities of establishing joint small and medium scale enterprises between American and African businessmen, held July 29, 1965”, fleshes out what transpired in those past few months to pave the way for the New York Conference.⁷³⁴ “The final sense of the meeting”, it notes, “was that there are a considerable

⁷³⁰ Ibid.

⁷³¹ Winifred Armstrong to F. Taylor Ostrander, Inter-Office Memorandum: Confirmation of African-American Chamber of Commerce Meeting (and Summary of our Last Meeting), September 1, 1967, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁷³² Ibid.

⁷³³ Ibid.

⁷³⁴ Winifred Armstrong to F. Taylor Ostrander, Inter-Office Memorandum: Washington Conference to Explore the Possibilities of Establishing Joint Small and Medium Scale Enterprises Between American and African

number of American businessmen who would be willing to invest their money and time in such ventures....”⁷³⁵ However, it further notes “that there are a number of rather formidable but not overwhelming factors to render success difficult of immediate achievements.”⁷³⁶ In this regard, the memorandum recommended “that probably a limited program of fostering such joint enterprises should be attempted.”⁷³⁷

Such considerable numbers could be postulated from the list of those who attended that included 20 people from “medium and large American business firms and associations” who were joined by 10 people from the government.⁷³⁸ They also stemmed from the estimate of “over 100 American companies” that were, by then, “established in Nigeria.”⁷³⁹ This indicates that the decolonization of the majority of African countries in the 1960s did not deter foreign investors. Rather, it attracted them to opportunities that partly arose from the fact that, notwithstanding their attempts at Africanization, most of these countries still lacked the required human resources to run both the public and private sectors.

The then Assistant Secretary of State for African Affairs, Governor G. Mennen Williams, sponsored the Washington Conference with the “cooperation of the Small Business Administration, the Department of Commerce, and AID [Agency for International Development].”⁷⁴⁰ He also chaired it and is recorded as noting that “almost all African

Businessmen, held July 29, 1965, August 5, 1967, 1, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁷³⁵ Ibid.

⁷³⁶ Ibid.

⁷³⁷ Ibid.

⁷³⁸ Ibid.

⁷³⁹ Ibid., 3.

⁷⁴⁰ Ibid., 1.

countries are anxious to attract American private investment, notwithstanding their pronouncements regarding economic and political ideologies.”⁷⁴¹ Probably with Nyerere’s 1962 publication of *Ujamaa - The Basis of African Socialism* in mind, he is also recorded as observing “that African socialism is a pragmatic, not a fixed idea and should be viewed more as a semantic than a structural concept.”⁷⁴²

A letter that Armstrong drafted but did not send to Williams indicates that the organizers of the New York Conference felt that the issues that were raised in the Washington Conference needed a plan of action. It “is our belief that the impetus for promoting African/American joint enterprises should come at least from the American private sector”, she affirmed.⁷⁴³ Then she noted that they “had informal discussions with several colleagues” in “New York on the matter and would be happy to follow up in such other ways as” Governor Williams “may think valuable.”⁷⁴⁴

Such is the backdrop and buildup to the meeting of October 5, 1965 in New York that Paul Bomani, the then Minister of Economic Affairs and Development Planning of Tanzania, attended. The tentative framework of the meeting indicates that one of the key questions they discussed was: “What are some of the problems faced by African nations in attracting and

⁷⁴¹ Ibid.

⁷⁴² Ibid. Cf. Julius K. Nyerere, *Ujamaa - The Basis of African Socialism* (Dar es Salaam: Government Printers, 1962).

⁷⁴³ Winifred Armstrong, Draft of Letter to Gov. Williams from WA, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁷⁴⁴ Ibid.

building up private investments in their own countries?”⁷⁴⁵ Another question was: “What are some of the recent institutions devised to facilitate this process?”⁷⁴⁶

The delegates were not only expected to provide examples, but also indicate if they were adequate. To bring the point close to home, the organizers also wanted attendees to discuss whether “existing resources, expertise and institutions for promoting American private investment”, such as “USAID, foundations, development and private banks”, were “adequate”?⁷⁴⁷ As has been noted in Chapters 3 and 4 of this dissertation, Tanzanian political and business leaders grappled with such questions in the parliament and chambers of commerce, respectively.

Although Bomani was not yet the Minister responsible for Commerce and Industry, he was well equipped to represent the interests of Tanzania in attracting foreign investments. Born in 1925, he started his career in teaching before joining the cooperative movement and rising to become the Secretary of Mwanza African Traders Cooperatives. One of the reasons for this meteoric rise is said to be his dedication to “strengthening the African farmer vis-à-vis the Asian middleman.”⁷⁴⁸ He also became the founding General Manager of the Victoria Federation of Cooperatives Union Limited (VFCU) that was famous for cotton production and marketing.

⁷⁴⁵ African-American Chamber of Commerce, Inc., Conference: Recent Trends and New Needs in Attracting American Private Investment to Africa, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁷⁴⁶ Ibid.

⁷⁴⁷ Ibid.

⁷⁴⁸ Ministry of Economic Affairs and Development Planning, Travel Briefs, Tanzania (01/01/1970-31/01/1970), Folder ID 1772531, ISAD(G) Reference Code WB IBRD/IDA 03 EXC-10-4540S, Records of President Robert S. McNamara], World Bank Group Archives, Washington, D.C., United States, <http://pubdocs.worldbank.org/en/847831391202110111/wbg-archives-1772531.pdf>. This item, dated December 18, 1969, is a profile of Bomani as the then Minister.

In 1953 Bomani earned a Higher Certificate in Cooperative Accounts from the Loughborough Cooperative College in the United Kingdom. By touring France, the Netherlands, Germany and Denmark in the 1950s to observe cooperative projects, he qualified as one of the most well-travelled Tanzanians of his time. Fondly nicknamed Kishamapanda ('The Trailblazer') in his hometown, Bomani became a member of President Nyerere's first ministerial cabinet after supporting the struggle for independence.⁷⁴⁹ Hence, by the mid-1960s, he was one of the leading national figures, reputed to be "solid and competent."⁷⁵⁰ Such must have been the aura he carried while attending the New York Conference on business networking in 1965.

Pragmatically, Bomani seized the opportunity by calling "a small gathering."⁷⁵¹ Jacque Fisher, the then President of the East African Chamber of Commerce in the US, attended this side event. Located in 17 E. 63rd Street in New York City, this Chamber seemed to be in its infancy - its president informed Armstrong that until then it had "68 members mainly American companies" and expected "to have 200 to 300 by the end of the year."⁷⁵²

One of the reasons why Fisher attended Bomani's networking event, it seems, was because the Chamber was "trying to arrange a trip to Tanzania of a number of American businessmen, who would pay their own way but would be entertained and transported free in

⁷⁴⁹ Kathleen Bomani, email message to author, February 4, 2010. Kathleen is the granddaughter of Bomani, she recalls how her grandfather used to sign Kishamapanda in all their birthday cards and Christmas cards. Cf. Chambi Chachage, "New African Elites: A Tanzanian Profile," *Pambazuka News*, September 7, 2010, <https://www.pambazuka.org/governance/new-african-elites-tanzanian-profile>.

⁷⁵⁰ Ministry of Economic Affairs and Development Planning, Travel Briefs.

⁷⁵¹ Winifred Armstrong to F. T. Ostrander, East African Chamber of Commerce of the U.S., October 14, 1965, Hoover Institution Archives/Winifred Armstrong Papers/Collection No. 2012C52.

⁷⁵² Ibid.

Tanzania.”⁷⁵³ Such was the business appeal the country continued to have since 1963 when the U.S. Trade and Development Mission to East Africa “carried 445 Business Proposals from U.S. firms and developed contacts for 240 of these proposals” alongside “230 specific leads for U.S. exporters, plus development of 101 investment opportunities.”⁷⁵⁴

Barely a year after Bomani returned from the New York Conference, Barbara Huddleston spent four weeks in “principal commercial cities of East Africa” where she gathered information on the market for US products.⁷⁵⁵ She then prepared a report for the U.S. Department of Commerce’s Bureau of International Commerce. Therein she notes that the first Five-Year Plan for Economic and Social Development of 1964 indicated that the Tanzanian government recognized it could attract \$325 million from private investors.⁷⁵⁶

However, Tanzania could achieve this “only if” these investors “believe that they can make a profit and will be allowed to export their profit if they wish to do so.”⁷⁵⁷ Her reviews of its progress captures the country’s quest for foreign investments. “In this connection”, she observed, “Tanzania has promulgated a Foreign Investments Act and signed an Investment Guarantee Agreement with the United States.”⁷⁵⁸ The legal and institutional setup thus became conducive for interaction between the private investors across the two countries and state institutions. Such a setup partly explains why multinationals from, or connected to, the

⁷⁵³ Ibid.

⁷⁵⁴ Bernard Blankenheimer, “Far-Reaching Changes Stir East Africa,” in *Do Business in Kenya, Tanganyika, Uganda: Report of the 1963 Trade Mission to Kenya, Tanganyika, Uganda* (Washington, US Department of Commerce, 1964), 5, <http://hdl.handle.net/2027/uiug.30112020499254>.

⁷⁵⁵ Barbara Huddleston, *A Market for U.S. Products in East Africa*, ii.

⁷⁵⁶ Ibid., 20.

⁷⁵⁷ Ibid.

⁷⁵⁸ Ibid.

United States of America continued to operate in Tanzania, solely through subsidiaries or as joint ventures with state corporations, even after some of them were nationalized.

For instance, Caltex Oil Tanzania Limited that was established on February 3, 1961, continued to operate as a subsidiary of Caltex Petroleum Corporation from the US. The parent company had a 100 percent holding as late as 1974.⁷⁵⁹ It seems the need for petroleum, especially during the recurring oil crises and price volatilities of the 1970s, necessitated Tanzania continuing with such arrangements.

Prior to the Arusha Declaration, Huddleston had noted that petroleum “products accounted for some 6 percent of U.S. exports to East Africa.”⁷⁶⁰ Her prediction about the future also proved to be useful to American investors. Although “the market is keenly competitive”, she stressed, “American firms can be expected to retain an important position in this lucrative market.”⁷⁶¹ Samuel Sitta, a Tanzanian of African descent who would become NDC’s Director of Administration (1969-1975) and Tanzania Investment Center’s (TIC) Managing Director (1996-2005) was one of Caltex Oil Tanzania Limited Branch Managers (1967-1969).⁷⁶²

In the case of General Tyre East African Limited, its establishment took place on January 26, 1969. The Arusha Declaration did not stop it from being jointly owned. Tanzania, through NDC, had a 74 percent holding. The General Tyre and Rubber Company

⁷⁵⁹ Carol Barker and David Wield, “Notes on International Firms in Tanzania,” *Utafiti* 3, no. 2 (1978): 321.

⁷⁶⁰ Huddleston, *A Market for U.S. Products in East Africa*, 37.

⁷⁶¹ Ibid.

⁷⁶² See: Samuel Sitta, Willibrod Slaa, John Momose Cheyo and Mark Ashurst, *Bunge Lenye Meno: A Parliament with Teeth, for Tanzania* (London: Africa Research Institute, 2008), 26; The Business Year, “Interview: Greater Lakes,” *The Business Year*, Tanzania 2015, 17, <https://www.thebusinessyear.com/tanzania-2015/greater-lakes/interview>. The details on the years are from the cache of Sitta’s profile that used to appear in the official website of the Parliament of Tanzania when he was the Speaker of Parliament.

from the US had the remaining 26 percent. However, such percentages can mask the power that the foreign company had. The management agreement ensured that the American managerial class had equal or more power in decision-making. For instance, as the economist Andrew Coulson notes, during the construction project of one of the tyre factories, the Americans asked the Overseas Construction Company (OCC) from the Netherlands to redesign it, instead of the local Mwananchi Engineering and Construction Company (MECCO).⁷⁶³ They also paid OCC directly in the Netherlands. Yet OCC subcontracted MECCO to construct the factory.

When the then President of the World Bank, Robert McNamara, visited Tanzania in 1970, the earlier apprehension about the Arusha Declaration seemed to have waned. A declassified briefing that his aide drafted a year earlier paints a picture that is in stark contrast to the revisionist historicizing of the closing of that decade as marked by a glaring retreat of business. After noting that the “nationalization measures had an immediate depressing effect on business”, the briefing continues: “However, the recovery of the business community from the initial shock to confidence and energetic government measures to curb unauthorized action against Asian merchants brought about a rather rapid revival of business, and by mid-1967 production and trade were nearly back to normal.”⁷⁶⁴

Judging by Lupembe’s chairmanship speech at the Dar es Salaam Chamber of Commerce’s Annual Dinner on August 23, 1969, the business community was indeed upbeat after the initial scare of 1967. “On the subject of development of the industrial section”, he

⁷⁶³ Andrew Coulson, *Tanzania: A Political Economy* (Oxford: Clarendon Press, 1982), 296-297.

⁷⁶⁴ Nationalization and The Arusha Declaration, Travel Briefs, Tanzania (01/01/1970-31/01/1970), Folder ID 1772531, ISAD(G) Reference Code WB IBRD/IDA 03 EXC-10-4540S, Records of President Robert S. McNamara], World Bank Group Archives, Washington, D.C., United States, <http://pubdocs.worldbank.org/en/847831391202110111/wbg-archives-1772531.pdf>. This three-page item is dated December 22, 1969 and the quote appears on its page 3.

noted, “I am pleased to report that most industries operated at an appreciably higher level than in the previous years with significant increase in paint, cement industry, beer and cigarettes industries.”⁷⁶⁵ He also took this opportunity of the presence of the then Vice President of the Country, Rashidi Kawawa, to critique, albeit diplomatically, the government’s new taxation regime. “I feel sure that”, Lupembe stated, “in spite of the temporary set-back which one may notice on account of introduction of sales tax, the trend will continue to improve.”⁷⁶⁶ For him, one of the indicators of this positive trend was “a 37% increase over 1967 in the value of buildings given planning approval in Dar es Salaam in 1968.”⁷⁶⁷

Nyerere’s decision to recombine Commerce and Industry at the Ministerial level on November 5, 1970 reflected these trends.⁷⁶⁸ This time he appointed Bomani to lead it.⁷⁶⁹ As has been noted above, this was someone who had been at the forefront of attracting investors as a sympathizer of private capital. Moreover, as the political scientist Andrew Kiondo notes, he would become “a renowned marketeer” because of sympathizing with market forces during the liberalization of the economy in the 1980s.⁷⁷⁰ In him the business community did not only find a sympathetic ear, but also someone who shared part of their experience.

⁷⁶⁵ Dar es Salaam Chamber of Commerce, “Speech...by Hon. J.T. Lupembe, M.P, Chairman of the Dar es Salaam Chamber of Commerce at the Chamber’s Annual Dinner on Saturday the 23rd August 1969,” Bulletin to Members Ref. G. 45/69, August 30, 1969, EAF PER HF 163.D3/Bulletin: Dar es Salaam Chamber of Commerce, 1969.

⁷⁶⁶ Ibid.

⁷⁶⁷ Ibid.

⁷⁶⁸ Uhuru, “Rais Atawazwa na Kutaja Baraza la Mawaziri,” *Uhuru*, November 6, 1970, 1.

⁷⁶⁹ Paul Bjerck, “Bomani, Paul,” in *Dictionary of African Biography Volume 1: Abach-Brand*, ed. Emmanuel K. Akyeampong and Henry Louis Gates Jr. (Oxford: Oxford University Press, 2012), 485.

⁷⁷⁰ Andrew Salehe Zuakuu Kiondo, “*The Politics of Economic Reforms in Tanzania: 1977-1988*” (PhD diss., The University of Toronto, 1989), 280.

In his speech as the Guest of Honor during the Dar es Salaam Chamber of Commerce's Annual Dinner on October 15, 1971 in New Africa Hotel, Bomani reiterated the government's quest for investments.⁷⁷¹ Noting that the Chamber's members were "aware that since independence the efforts of the Government have been relentless", he raised the issue of divergence.⁷⁷² Time "and again", he queried, "we have looked at our industrial situation and compared it with the progress of western and eastern countries and asked ourselves the same question: What is the cause of this situation?"⁷⁷³ Making this comparison is an indication that the country wanted to emulate the industrialized countries. "I do not believe", he asserted regarding such a situation, "it comes from any lack of desire to have industries in our countries...."⁷⁷⁴

For him, resolving this situation required an adequate awareness of the wealth that the country holds. This entails investment in extracting that wealth. In his estimation, however, the task necessitated the role of both the public and private sectors. "Certain areas [have been] earmarked for the private sector", he reiterated, "but only a few have been exploited..."⁷⁷⁵ To that end, he directed them to the information on these areas of investments "in the Guide to Investors which can be obtained from the Ministry."⁷⁷⁶

⁷⁷¹ Dar es Salaam Chamber of Commerce, "Reply...made by Hon. P. Bomani, M.P, Minister for Commerce and Industry," Bulletin to Members Ref. G. 36/71, October 30, 1971, EAF PER HF 163.D3/Bulletin: Dar es Salaam Chamber of Commerce, 1971.

⁷⁷² Ibid.

⁷⁷³ Ibid.

⁷⁷⁴ Ibid.

⁷⁷⁵ Ibid.

⁷⁷⁶ Ibid.

Bomani was referring to what had been a long-held practice of the Ministry responsible for Commerce and Industry to issue guides for investors. For instance, as independence was approaching in December 1961, the Ministry issued a third edition of its book on the sectors whose blurb noted that it was published “to meet the need for background information required by those who are considering investing, trading, manufacturing, mining or farming in Tanganyika.”⁷⁷⁷ Among other things, the book stressed it “is the Government’s policy to encourage capital investment in Tanganyika from both local and foreign sources.”⁷⁷⁸

This practice continued in 1967 when the Ministry published *A Short Guide to Investors and Industries Open to Private Sector Enterprises in Tanzania*.⁷⁷⁹ One of the objectives of these guides was to clarify the role and scope of both local and foreign investors following the initial confusions about the Arusha Declaration. The former guide stressed that industries that are fully privately owned are permitted. However, the latter guide expounded, this was only permissible in those areas that the Arusha Declaration had earmarked as the commanding height of the economy. In this regard they were welcome to invest in, among other products, textiles, rubber, glass and machinery.⁷⁸⁰ Investors were also welcomed to get into joint ventures with the government through NDC, that is, if they wished not to run them as fully private entities.

⁷⁷⁷ Ministry of Commerce and Industry, *Commerce and Industry in Tanganyika* (Arusha: Ministry of Commerce and Industry, 1961).

⁷⁷⁸ Ibid., 72.

⁷⁷⁹ United Republic of Tanzania, *A Short Guide to Investors* (Dar es Salaam: Ministry of Commerce and Industries, 1967); United Republic of Tanzania, *Industries Open to Private Enterprise in Tanzania* (Dar es Salaam: Ministry of Commerce and Industries, 1967). Also see: Chachage, “*Socialist Ideology*,” 426-427.

⁷⁸⁰ The United Republic of Tanzania, *Industries Open to Private Enterprise in Tanzania*, 1.

These avenues for private investments were what Bomani was referring to in 1971 when he dined with members of the Dar es Salaam Chamber of Commerce. In as much as the party and the state had committed themselves to building socialism through public corporations and cooperatives, they could neither fully contain nor abandon the private sector. Even the delineation of fully public-owned ventures was primarily a statement of intent given that joint ventures continued to thrive in this arena in the 1970s.

For instance, in their survey of 300 of the biggest companies registered in 1974, researchers of industrial development, Carol Barker and David Wield concluded that “foreign capital represents somewhere near one half of all investments in Tanzania.”⁷⁸¹ They arrived at this conclusion based on ownership of equity capital. In terms of these calculations, foreign private capital was invested in enterprises in which the state also had a holding share of 23 percent worth 373 million shillings (~USD 52.3 million).⁷⁸² As for foreign private capital that invested in wholly private enterprises, the share was 25 percent worth 410 million shillings (~USD 57.5 million). This constituted 48 percent of foreign capital and could even be more than half given that the share of state capital invested in enterprises in which foreign private capital also had a holding was also 23 percent, worth 279 million shillings (~USD 39.1 million).

The share of state capital invested in enterprises that were fully state-owned enterprises was only 23 percent, albeit worth 420 million shillings (~USD 58.9 million). The remaining share of 4 percent came from local capital invested in wholly private enterprises

⁷⁸¹ Barker and Wield, “Notes on International Firms in Tanzania,” 321.

⁷⁸² Ibid. Unless stated otherwise, all the conversion from this source are based on an exchange rate of USD 1 = TSh 7.134 from: United States of America’s Department of Treasury Financial Management Service, *Treasury Reporting Rates of Exchange as of March 31, 1974, Amendment No. 2* (Washington: US Department of the Treasury, 1974), 4, https://www.gpo.gov/fdsys/pkg/GOVPUB-T63_100-953ef7e79a66697c1c6e99309a5d200c/pdf/GOVPUB-T63_100-953ef7e79a66697c1c6e99309a5d200c.pdf.

worth 69 million shillings (~USD 9.7 million). Their survey captures the trend of the biggest companies out of the 5200 companies that were registered in the country. As such, it captures the marginality of the local private sector in big business.

However, the survey does capture the overall trend of the whole sector over the decade. Such amounts might appear small, however, for a country that started at a very low base. “Quantities of capital which are extremely small compared with the investments of U.S. and Western European firms based in those countries”, they note, “may in the underdeveloped country play an important role in shaping social, economic and political reality.”⁷⁸³

What these figures reveal is that private capital, especially foreign capital, did not retreat. Even local private capital continued to survive the initial shock of nationalization. The share of the private sector in monetary Gross Domestic Product (GDP) presented in Figure 4.2 below partly illustrates this. Although the share declined from the 72.7 percent of the first year after the Arusha Declaration to 64.5 percent in the middle of the 1970s, over that decade it remained above 60 percent. This is still remarkable as it accounts for more than half of the monetary GDP. The upward trend even slightly picked up after the end of the first economic crisis of 1972-1973, and continued with an upward trend until the country began to face another major crisis in 1978-1979 that continued into the 1980s.

⁷⁸³ Barker and Wield, “Notes on International Firms in Tanzania,” 316.

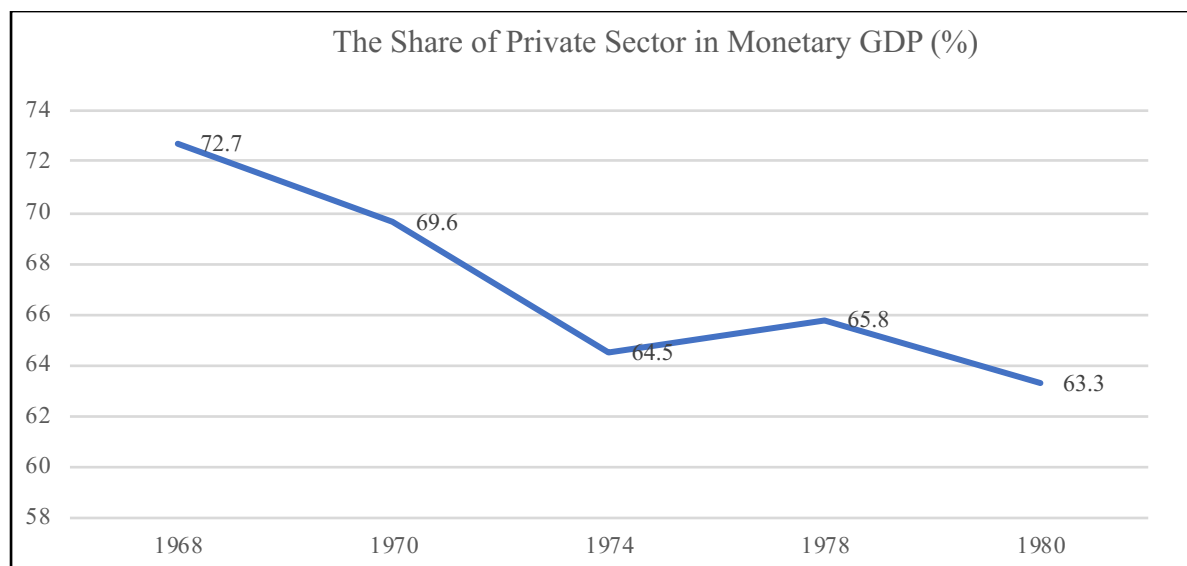


Figure 4.2. Trends in the Share of Private Sector in Tanzania in the 1970s, Mboya S.D. Bagachwa.⁷⁸⁴

The causes of the economic crises of the 1970s divided opinion then as they do now, with one side advancing external reasons and another, internal reasons.⁷⁸⁵ Brian Van Arkadie, an expatriate economist who once advised the government, has attempted to strike a balance between the camps in regard to the first crisis.⁷⁸⁶ “The proximate causes of the economic crisis”, he asserts, “were two sets of exogenous shocks: drought resulting in harvest failure and the sharp deterioration in the terms of trade following the first oil shock.”⁷⁸⁷ What is particularly striking, as he and his colleagues have elaborated elsewhere, is the relative ease

⁷⁸⁴ Recalculated from: Mboya S. D. Bagachwa, “The Challenges and Potentials of the New Investment Promotion Policy,” in *Market Reforms and Parastatal Restructuring in Tanzania*, ed. Mboya S. D. Bagachwa, Amon V.Y. Mbelle, and Brian van Arkadie (Dar es Salaam: University of Dar es Salaam’s Economics Department and Economic Research Bureau, 1992), 210. Some of these figures differ slightly from those of Bagachwa as there was a mismatch between what was in his tables and what he reported in text. His figures were drawn from the National Bureau of Statistics and: J.J. Semboja and S.M. Rugumisa, *The Role of the Private Sector in Development: Report to the Ministry of Planning and Economic Affairs – Tanzania* (Dar es Salaam: Ministry of Planning and Economic Affairs, 1985).

⁷⁸⁵ See: Chachage, “The Socio-Economic Crisis,” 255.

⁷⁸⁶ Brian Van Arkadie, “Economic Strategy and Structural Adjustment in Tanzania” (Sector Development Department Occasional Paper No. 18, World Bank, October 1995), <http://documents.worldbank.org/curated/en/649601468765032908/pdf/multi0page.pdf>.

⁷⁸⁷ Ibid., 7.

with which the government weathered it.⁷⁸⁸ It is this recovery that partly explains why the private sector continued to survive and, in some few cases even thrive, in the mid-1970s.

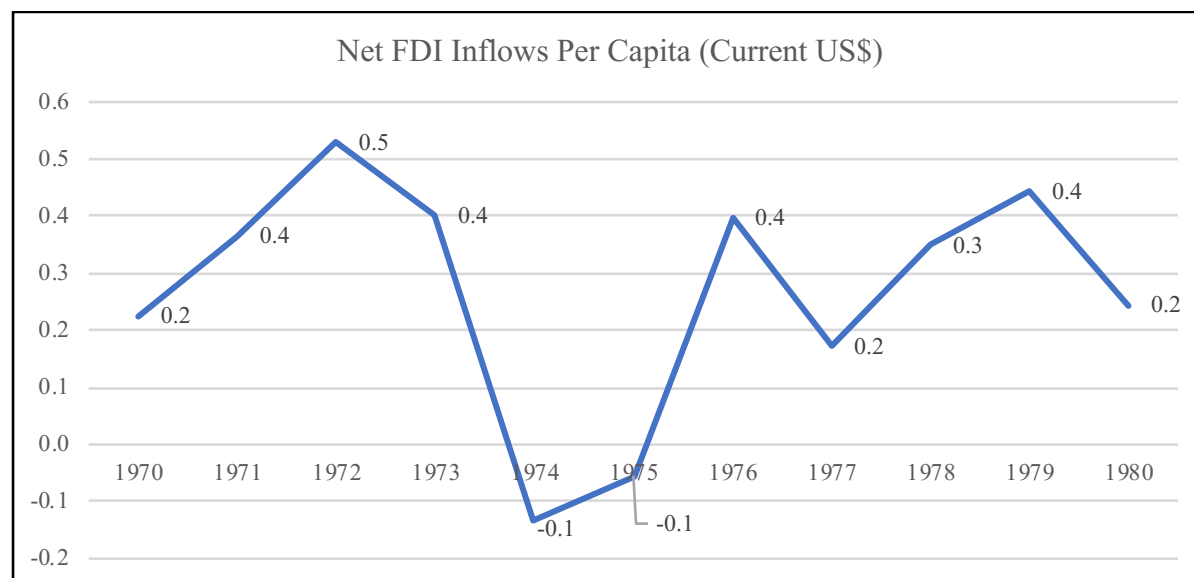


Figure 4.3. Net Inflows of Foreign Direct Investments per Capita in the 1970s, World Bank Group.⁷⁸⁹

Figure 4.3 above indicates that the net inflow per capita rose from 0.2 in 1970 to 0.5 in 1972, slightly dropping to 0.4 in 1973 before shifting to a record low of -0.1 during the final year of the first economic crisis. However, it picked up again after the country resolved the crisis. What is particularly striking is that, apart from a slight decline in 1976-1977, the trend continued to rise until the second economic crisis started to peak in 1979.

⁷⁸⁸ Reginald Herbold Green, D. G. Rwegasira and Brian Van Arkadie, *Economic Shocks and National Policy Making: Tanzania in the 1970s* (The Hague: Institute of Social Studies, 1980).

⁷⁸⁹ Drawn from: "World Development Indicators", World Bank Group, last modified June 28, 2018, <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=TZ>. The data source employs this definition: "Foreign direct investment refers to direct investment equity flows in the reporting economy. It is the sum of equity capital, reinvestment of earnings, and other capital. Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Ownership of 10 percent or more of the ordinary shares of voting stock is the criterion for determining the existence of a direct investment relationship," Ibid. These have been divided by the historical population to get the FDI per Capita. This method is only used in this dissertation to capture the trend of inflows reaching each citizen.

When the then Minister for Industries, Cleopa David Msuya, penned his foreword to a *Manual for Investors in Tanzania* in November 1979, he was continuing with the quest for internationalization through foreign investments and assistance that had characterized the 1970s.⁷⁹⁰ Printed by Carey and Claridge Limited from London and accompanied with an image of a white man picking up a telephone on the cover page, the manual seemed to be mainly targeting foreign investors from Euro-America.⁷⁹¹ In similar vein, after asserting that “Tanzania has a high investment rate, in that capital formation has been more than 20% of GDP throughout the 1970s”, the manual declared that:

This level of investment cannot be sustained by government funds alone. Other sources are finance and technical assistance from overseas and local co-operative and private investment.... While public investment continues to be the main agent of industrialisation in Tanzania, private enterprise can complement these efforts in the manufacture of consumer goods, machinery and equipment, some industrial materials and in some sectors of activity where the public sector’s production of goods and services is insufficient.⁷⁹²

Figure 4.4 below captures the extent to which the financial system credited the private sector during the 1970s. Although the trend fluctuated over the decade, in the final year of the first economic crisis, the claims on private sector as a percentage of broad money shifted from a low -4.3 in 1973 to a high 3.2. in 1974. The significant lower levels in 1970 and 1971 could be partly explained by the massive nationalization of real estate that primarily affected people of Asian descent. Apart from a dip to -1.8 in 1976, the trend remained on a positive upward trajectory throughout the second half of the decade, reaching a modest high of 3.6 before the

⁷⁹⁰ C.D. Msuya, “Foreword by the Minister for Industries,” in *A Manual for Investors in Tanzania* (Dar es Salaam: Tanzania Industrial Studies and Consulting Organisation, 1980), i.

⁷⁹¹ Tanzania Industrial Studies and Consulting Organisation, *A Manual for Investors in Tanzania* (Dar es Salaam: TISCO, 1980).

⁷⁹² Ibid., 9.

second economic crisis witnessed lower, albeit positive value at the turn of the decade. This went hand in hand with the Ministry for Industry's renewed vigor to encourage private investment. "Throughout 1978-1979", Hartmann notes, "the Minister of Industry, Msuya, continued to mobilise and encourage private investors to invest in production."⁷⁹³ In him, the national and international business community found an ally.

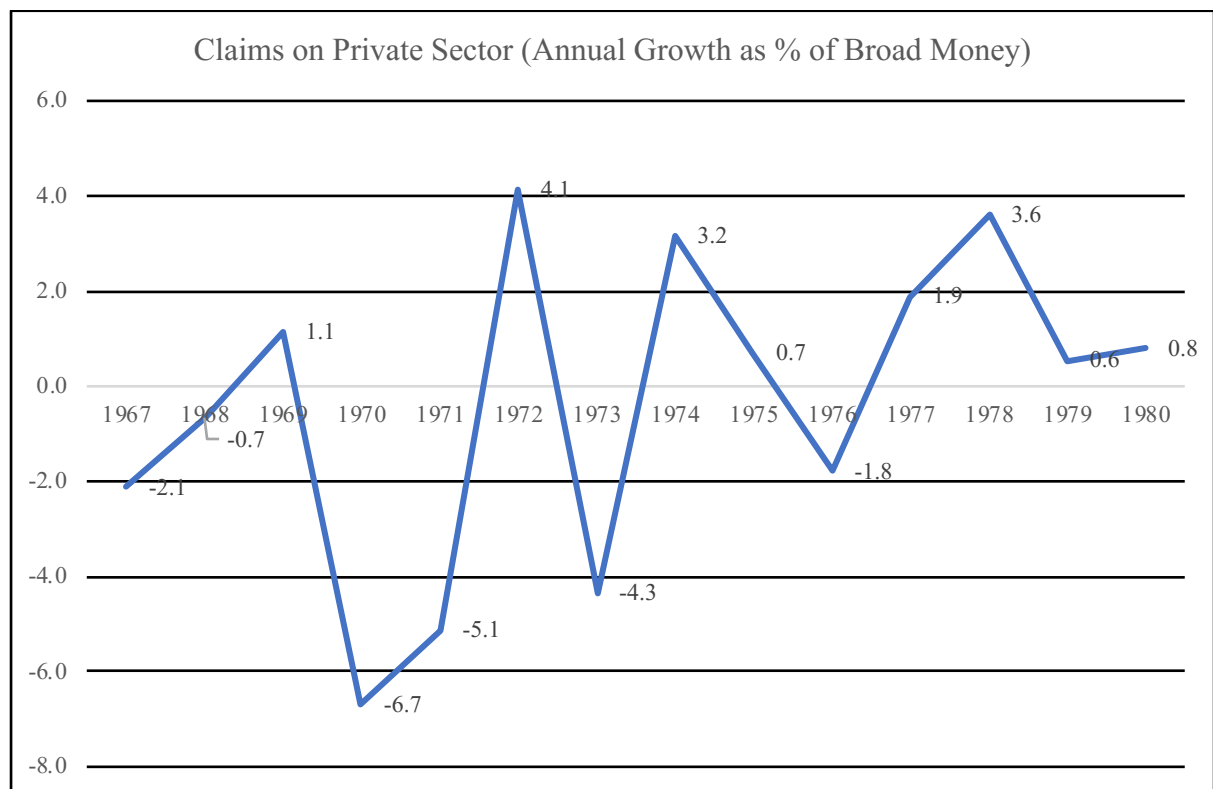


Figure 4.4. Trend in the Claims on Private Sector in Tanzania in the 1970s, World Bank Group.⁷⁹⁴

As has been noted earlier in previous chapters, both the Tanzanian state and its ruling party were not entirely monolithic – and hence not fully rigid – in dealing with the question of

⁷⁹³ Hartmann, "Development Policy, 336.

⁷⁹⁴ Truncated from: "World Development Indicators", World Bank Group, last modified June 28, 2018, <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=TZ>. The data source refers to Claims on Private Sector as including "gross credit from the financial system to individuals, enterprises, nonfinancial public entities not included under net domestic credit, and financial institutions not included elsewhere," Ibid.

private capital in the country. It is this pragmatism that the drafters of the World Bank briefing for its president observed about post-1967. “Since that time”, they noted, “the Government has adopted a relatively hospitable attitude towards private investment, though in any major new enterprise the Government has normally required that the state participates through the NDC.”⁷⁹⁵

In the case of tourism, they even observed that the “Government has indicated that it would welcome private enterprise even on an exclusive basis.”⁷⁹⁶ The reactions of the critics of capitalism on this policy on tourism illustrates how a socialist state was pragmatic enough to embrace what Nyerere had earlier affirmed as having “to make compromises with capitalist money and skill.”⁷⁹⁷ Arthur D. Little Inc., the same American consultant company that had prepared a government report on the *Tanganyika Industrial Development* in 1961, was commissioned to draw up a ten-year plan of tourism for Tanzania that came out in 1971.⁷⁹⁸ However, this sparked what came to be known as the “Tourism Debate” in the then government newspaper known as *The Standard*.⁷⁹⁹ As the leading debater noted, the debate raged on “for almost three months” in the local media.⁸⁰⁰

⁷⁹⁵ Nationalization and the Arusha Declaration, Travel Briefs, 3.

⁷⁹⁶ Ibid.

⁷⁹⁷ Nyerere, “Socialism: The Rational Choice,” 9.

⁷⁹⁸ Ministry of Commerce and Industry and Arthur D. Little, *Tanganyika Industrial Development: A Preliminary Study of Bases for the Expansion of Industrial Processing Activities* (Dar es Salaam: Ministry of Commerce and Industry, 1961).

⁷⁹⁹ Issa G. Shivji, “Preface,” in *Tourism and Socialist Development*, ed. I. G. Shivji (Dar es Salaam: Tanzania Publishing House, 1973), vii. This edited book is a collection of the debates that Shivji and his then fellow students ignited after publishing a two-part article in *The Standard* on May 25 and 26, 1970 following President Nyerere’s call for students to critically debate such policies. Shivji and Hirji were primarily involved in drafting the articles. Issa G. Shivji, email message to author, March 9, 2018. However, Hirji notes that his contribution was small and that it was Shivji and others who did most of the work. Karim F. Hirji, email message to author, March 30, 2018.

⁸⁰⁰ Shivji, “Preface,” vii.

The debaters included, among others, Marxist students at the University College, Dar es Salaam, who were members of the TANU Youth League (TYL), and radical lecturers. “If the chief beneficiaries of the tourist industry which is maintained at a high cost by Tanzania are foreign monopoly capitalists (hotel financiers, tourist airline proprietors, building and road material supplies, etc.)”, queried rhetorically the law lecturer Josaphat L. Kanywanywi, “how can we say that tourism is one means of capital accumulation and a ‘foreign exchange earner’?”⁸⁰¹ TYL attempted to break down the numbers on the basis of an estimate of 40 percent of the revenues going to foreign trading companies, another 40 percent to the private sector, and the remaining 20 percent to the government. However, they aptly pointed out that “in the case of Tanzania, this estimate must take into account the fact that the NDC normally goes into partnership with foreign and local capitalists in various tourist business.”⁸⁰²

For them, this was both an ideological and statistical issue. “The truth”, they declared, “is that tourism directly and/or indirectly benefits the ‘international bourgeoisie’ and on a small scale – i.e. the crumbs are spread to the local petty bourgeoisie and the upper strata of the working class.”⁸⁰³ This arose from their observation that the “national and petty bourgeoisies” were working “as the on-the scenes agents of the international bourgeoisie” who owned the means of the tourism industry production.⁸⁰⁴ It also stemmed from their observation that “a large portion of the local sub-capitalist who hitherto used to be engaged

⁸⁰¹ J. L. Kanywanyi, “Tourism Benefits the Capitalists,” in *Tourism and Socialist Development*, ed. I. G. Shivji (Dar es Salaam: Tanzania Publishing House, 1973), 55.

⁸⁰² I.G. Shivji, ed., *Tourism and Socialist Development*, 5.

⁸⁰³ Ibid., 8.

⁸⁰⁴ Ibid., 9.

generally in commerce” was “now branching out into the ‘tourist industry’ – hotel business, touring companies, taxi fleets etc....”⁸⁰⁵

The then student of political science who is the current Minister of Foreign Affairs in Tanzania, Andrew P. Mahiga, also disagreed with the affirmative argument. For him, it was “based on capitalist theories and interests which seek to keep the developing countries satellites of the economies of the metropolitan countries for their benefits, while the TYL articles are based on socialist beliefs, the essence of which is to opt out of the capitalist system and its global connections.”⁸⁰⁶ However, like TYL, he overemphasized this essence that did not exist, given that neither the state nor the party were purposefully and practically delinking from the international capitalist system.

In contrast, Ngila R. L. Mwase, an economics student who would later become an intellectual of capital, critiqued those who “failed to appreciate the gains for tourism resulting from localisation of tour operators, increased hotel levy, measures bent on discouraging and substituting imports as outlined in the 1970/71 Government Budget.”⁸⁰⁷ However, he is said to have changed some of his views due to the impact of socialist-oriented studies at the University.⁸⁰⁸ Yet his disclaimer affirmed he was “still supporting tourism from its Foreign Exchange earning possibilities.”⁸⁰⁹

⁸⁰⁵ Ibid.

⁸⁰⁶ A. P. Mahiga, “Tourism and the Arusha Declaration: A Contradiction,” in *Tourism and Socialist Development*, ed. I. G. Shivji (Dar es Salaam: Tanzania Publishing House, 1973), 44.

⁸⁰⁷ Ngila R.L. Mwase, “Tourism Brings Revenue,” in *Tourism and Socialist Development*, ed. I. G. Shivji (Dar es Salaam: Tanzania Publishing House, 1973), 68.

⁸⁰⁸ Ibid.

⁸⁰⁹ Ibid.

This is only a snapshot of the lengthy debate. Nonetheless, it underlines the endurance of business practices associated with capitalism in what was arguably becoming socialist Tanzania. It also highlights the role of American companies and other foreign firms in relation to their state of origin and host states as well as local counterparts in pushing for, and accessing, spaces for private capitalist investments in the country. This partly explains why, as has been highlighted earlier, private capitalist investments continued to rise quantitatively even after the Arusha Declaration and the implementation of nationalization.

The chairman of the Dar es Salaam Chamber of Commerce fittingly captured this symbiotic relationship even before the debate was raging on after observing that the tourist industry was making considerable headway in 1968. For him, one of the indicators of this trend was the increase of 17 percent from the preceding year in the number of bed-nights.⁸¹⁰ What Lupembe also found particularly promising was the involvement of both the government and the private sector in promoting the booming construction of more and better hotels. “No field of activities in our country”, he affirmed, “is presenting such a broad basis of happy co-operation between government and private enterprise as tourism.”⁸¹¹ In his estimation, no industry was “enjoying such a popular support in all directions as our vast growing tourist industry.”⁸¹²

As a country that was increasingly attracting international visitors from foreign aid agencies and the managerial class involved in running its joint ventures, Tanzania was clearly venturing into tourist capitalism. This quest for internationalization also permeated other

⁸¹⁰ Dar es Salaam Chamber of Commerce, Speech by Hon. J.T. Lupembe, M.P, Chairman of the Dar es Salaam Chamber of Commerce at the Chamber’s Annual Dinner on Saturday the 23rd August 1969.

⁸¹¹ Ibid.

⁸¹² Ibid.

sectors, revealing the contradictions of the state's intent of constructing a socialist country.

Bomani captured this dilemma in 1971 when he offered the following advice to the Dar es

Salaam Chamber of Commerce:

In our development efforts, we cannot live in isolation, that although the cashew farmer did not attend nor were his views represented at the United Nations Monetary and Financial Conference at Bretton Woods...to promote international currency stability and to help finance the reconstruction and development of World Bank member states of which Tanzania later became one, his lot is nonetheless affected today by the necessary international co-existence to which we have been and continue to be committed. That is why we have to take part in international organisations like the United Nations Conference on Trade and Development. If we are to survive in a competitive world which demands the maximum utilization of all our resources we have to keep our eyes wide open and watch what is going on next door. It is necessary for us to develop a special relationship, the Government, Business and customer and create a partnership which will yield positive results....⁸¹³

Balancing this dialectic internationalization and localization became a pursuit that galvanized both the state and a section of the private sector over the decade. At its heart were the same twin sectors of commerce and industry. This balancing act is the subject of the next section.

A Campaign for Localization

On December 14, 1976, *The Standard* in Kenya published a controversial article on an alleged Tanzanian Cabinet paper that had apparently been leaked.⁸¹⁴ The article seemed to be insinuating that the then Tanzania's Minister for Finance and Planning, Amir Jamal, was behind the leakage. The following day the newspaper clarified that it was only "a top level advisory document."⁸¹⁵ This did not deter John Worrall from sensationally publishing a brief

⁸¹³ Dar es Salaam Chamber of Commerce, Reply made by Hon. P. Bomani, M.P, Minister for Commerce and Industry, Bulletin to Members Ref. G. 36/71, October 30, 1971.

⁸¹⁴ Cited in: Bashir Rahim [Legal Counsel] to A.G. [Attorney General], December 28, 1976, AR/MISR: Amir H. Jamal Records, 1956-1989.

⁸¹⁵ Ibid.

on it in the *Financial Times* in the United Kingdom.⁸¹⁶ Among other things, he attributed to it the assertion that “a panel of local economists” had advised President Nyerere “to drop socialism and return to private enterprise capitalism to remedy the country’s severe 18-month old economic crisis.”⁸¹⁷

Jamal was so upset that he seriously contemplated suing *The Standard* for libel. However, this would have entailed the sharing of the classified document. After a lengthy exchange about the legal implications with the then Attorney General, Joseph Sinde Warioba, he sought the approval of President Nyerere.⁸¹⁸ After going through their convoluted exchange and explaining his reasoning to Jamal, Nyerere concluded with this advice that captures the policy direction that Tanzania had essentially been taking on the ground at least since the mid-1970s:

Incidentally, I believe, that “at this stage of development, Tanzania does not have the resources to socialize the entire economy.” I believe further, that “there is no reason why this Government should restrict the activities of petty capitalists when it is working reasonably well, or use scarce Government resources to replace small-scale private production” So, my advice is, forget it, and let’s build socialism, but intelligently and unashamedly.⁸¹⁹

This could mean that Nyerere was simply dissuading Jamal from suing while protecting his government from the embarrassment of having to prematurely declassify a document.

⁸¹⁶ John Worrall, “Economists urge Nyerere to Abandon Socialism,” *Financial Times*, December 16, 1976, 6, <https://ia800601.us.archive.org/12/items/FinancialTimes1976UKEnglish/Dec%2016%201976%2C%20Financia%20Times%2C%20%2327151%2C%20UK%20%28en%29.pdf>.

⁸¹⁷ Ibid.

⁸¹⁸ J.S.W. [Joseph Sinde Warioba] A.G. [Attorney General] to MF [Minister of Finance], January 4, 1977, AR/MISR: Amir H. Jamal Records, 1956-1989; Minister for Finance & Planning to A.G., January 5, 1977, Ibid.; J.S.W. A.G. to MF, January 6, 1977, Ibid.; Minister for Finance & Planning to A.G., January 11, 1977, Ibid.; J.S.W. A.G. to MF, January 15, 1977, *ibid.*; Minister for Finance & Planning to President, January 15, 1977, Ibid.

⁸¹⁹ [Nyerere] to Amir [Jamal], January 25, 1977, Ibid.

However, the tension between internationalization and localization circumscribed socialization by nationalization. As has been noted in the previous section, the pursuit of internationalization ensured that foreign entities had either shares in, or partly managed – and, in some cases, financed – public corporations.

In the case of localization, as seen in the previous chapter, attempts were made to Africanize the management of public corporations. At the same time, there were attempts to do so through cooperatives. However, these were also akin to what is now termed Public-Private Partnership (PPP) that involves both the public and private sectors.⁸²⁰

This marriage of convenience between the public and private sectors was intimately expressed in the buildup to the inauguration of the Buy Tanzania[n] Week.⁸²¹ On March 21, 1966 the Dar es Salaam Chamber of Commerce received a letter from the Tanganyika Association of Chambers of Commerce indicating that the Second Vice President of Tanzania, Kawawa, had “proposed that a permanent National Exhibition Centre should be erected in a central location in Dar es Salaam.”⁸²² It was further suggested that it “should display the industrial and agricultural products of Tanzania both for the benefit of overseas visitors and for the local citizens.”⁸²³ Since this also involved the private sector, the state did not want to only rely on public coffers. “The Second Vice President”, the Association noted, “we believe, has suggested that local industries together with cooperatives and marketing

⁸²⁰ United Republic of Tanzania, *National Public Private Partnership (PPP) Policy* (Dar es Salaam: Prime Minister’s Office, 2009), <http://tanzania.eregulations.org/media/PPP%20Policy.pdf>.

⁸²¹ The Nationalist, “Buy Tanzanian Week to be Held in Dar,” *The Nationalist*, April 2, 1966, 2.

⁸²² Dar es Salaam Chamber of Commerce, “National Exhibition Centre,” Bulletin to Members Ref. G. 11/66, March 29, 1966, EAF PER HF 163.D3/Bulletin: Dar Chamber of Commerce, 1966-67.

⁸²³ Ibid.

boards could contribute to the building of this Centre as the idea is intended primarily to promote the interest of Tanzanian manufacturers and agriculturalists.”⁸²⁴

The same discourse of localization provided the context for the organizers of the 1966 National Agricultural and Trade Fair at the National Exhibition Grounds, popularly known as *Saba Saba*, on Kilwa Road in Dar es Salaam, who invited applications from, among others, “Manufactures of Tanzania products....”⁸²⁵ The organization of the first Buy Tanzania[n] Week happened in the same context. According to an entry in the Dar es Salaam Chamber of Commerce Bulletin to Members, the then Tanzania Products Promotion Council under the Ministry of Commerce and Co-operatives was responsible for organizing the event.⁸²⁶ “The intention”, it announced, “is to encourage as many retail shopkeepers as possible to concentrate upon special displays of locally manufactured and produced goods during this week so that the public may be made fully conscious of the goods which are available from local manufacturing and producing sources.”⁸²⁷

However, the week was not reserved to retailers only, as one of the two cups promised to winners was “to be an open award for which the large stores may also compete.”⁸²⁸ Even President Nyerere seemed to have endorsed such business contests.⁸²⁹ Since both the retailers and wholesalers were only the middlepersons between the producers

⁸²⁴ Ibid.

⁸²⁵ Dar es Salaam Chamber of Commerce, “Trade Fair,” Bulletin to Members Ref. G. 11/66, March 29, 1966, EAF PER HF 163.D3/Bulletin: Dar Chamber of Commerce, 1966-67.

⁸²⁶ Dar es Salaam Chamber of Commerce, “Buy Tanzania Week,” Bulletin to Members Ref. G. 15/66, May 1, 1966, EAF PER HF 163.D3/Bulletin: Dar Chamber of Commerce, 1966-67.

⁸²⁷ Ibid.

⁸²⁸ Ibid.

⁸²⁹ The Nationalist, “Presidential Awards for ‘Buy Tanzanian’ Week winners,” *The Nationalist*, May 25, 1966, 2.

and consumers, the organizers paid particular attention to those who actually made the products locally. To that end, a circular was “sent to all local manufacturers and producers suggesting ways in which they can participate....”⁸³⁰ As a platform for many of them, the Dar es Salaam Chamber of Commerce became an information outlet and source of organizational support.

The Arusha Declaration did not affect the Buy Tanzanian Week. For instance, in 1969 it was reported that there were 323 contestants.⁸³¹ The event continued to bring together the public and private sectors even in the heyday of Ujamaa. Winners of its prizes on the best window display came from both sectors. In 1971, for example, the first prize went to the Echo African Bazar on Uhuru Street.⁸³² The Tanzania Shoe Company and Tanzania Breweries won the second and third prizes, respectively, whereas “the National Small Industries won a consolation prize.”⁸³³

Uhuru, the ruling party’s newspaper, was at pains to explain that the week was compatible with the state’s socialist ideals. In its editorial entitled *Nunua Tanzania* (Buy Tanzania) on July 2, 1969 it pointed out that was not unlikely that some people would go around claiming that the campaign would fill the pockets of *makabaila* (feudalists) by advancing their business.⁸³⁴ Apparently, the editorial was conflating the Kiswahili terms *makabaila* and *mabepari* (capitalists), since its main focus was to discourage the buying of products from private manufacturers. When the choice was between a local and foreign

⁸³⁰ Dar es Salaam Chamber of Commerce, Buy Tanzania Week.

⁸³¹ The Nationalist, “323 Enter ‘Buy Tanzanian’ Contest,” *The Nationalist*, July 1, 1969, 1.

⁸³² Tanzania Information Services, “Press Release: Bomani inaugurates ‘Buy Tanzania Week’,” December 5, 1971, TNA Accession 550, C/2643/71. Some people recall that it was called Heko.

⁸³³ Ibid.

⁸³⁴ *Uhuru*, “Nunua Tanzania,” *Uhuru*, February 22, 1969, 2.

manufacturer, however, the party's mouthpiece was partly ready to compromise its support on public manufacturers:

*Ni kweli kwamba tukinunua bidhaa za hapa tunakuza viwanda vya hapa nchini, na kwamba baadhi ya viwanda hivyo ni vya makabaila. Lakini hata kabaila afadhali umjuaye. Isitoshe kabaila wa hapa tunaweza kumkaba koo asizitoe pesa zetu nje bali apanulie viwanda vya humu nchini. Yule wa nje ni mrija mia kwa mia (It is true that if we buy commodities from within the country we are advancing local industries, and that some of those industries are owned by feudalists. But even if it is a feudalist, better the one you know. Besides, we can prevent a local feudalist from taking our money out of the country, and instead use it to expand local industries. The foreign feudalist, however, is an exploiter through and through.).*⁸³⁵

With the waning of the discourse of Africanization through indigenization, the term local as applied to commerce and industry lacked a racial connotation. It included the industries owned by people of Asian origin in Tanzania. Some of them even capitalized on the campaign. For instance, one F.W Mawji based in Aggrey Street used the following slogan to advertise his textile business in Dar es Salaam: “*Nunua Humu Humu Nunua Tanzania*” (Buy Right Here Buy Tanzania).⁸³⁶ Similarly, Mansoor Daya Chemical Limited advertised its products by using this slogan: “*Jitegemee Nunua Mali ya Tanzania*” (Be Self-Reliant Buy the Product of Tanzania).⁸³⁷

The Buy Tanzania[n] Week was usually held in the middle of the year to coincide with *Saba Saba*. However, the date changed in 1971 to coincide with the celebrations of ten years of independence.⁸³⁸ This indicates that it had become a potent ideological avenue for

⁸³⁵ Ibid.

⁸³⁶ F.W. Mawji, “Nunua Humu Humu Nunua Tanzania,” *Uhuru*, February 22, 1969, 2.

⁸³⁷ Mansoor Daya Chemical Ltd., “Jitegemee Nunua Mali ya Tanzania,” *Uhuru*, July 2, 1969, vi.

⁸³⁸ Dar es Salaam Chamber of Commerce, “Speech...made by Mr. H.O. Kifile, Vice Chairman at the Dinner Held on 15th October, 1971,” Bulletin to Members Ref. G. 36/71, October 30, 1971, EAF PER HF 163.D3/Bulletin: Dar es Salaam Chamber of Commerce, 1971.

promoting localization of commerce and industry. The minister responsible for these sectors, Bomani, used this opportunity to remind the nation of how “Tanzania had moved a long way in the field of locally produced goods which are in great demand, not only in the country but also overseas markets.”⁸³⁹ The same minister who had been at the forefront of inviting foreign investors in line with internationalization was now championing localization of investments. “Initially”, he asserted, “locally made goods faced a stiff competition from imported goods mainly because the people’s tastes had been foreign oriented, and they had a tendency to doubt the quality of whatever was produced locally.”⁸⁴⁰

One can discern a tone of propaganda given that in some cases the issue was not only foreign taste. For instance, in a letter to the editor, Mtaka Bora (One Who Wants Quality) asserted that one of the reasons women rush to buy a garment known as *khanga* from abroad was because of the relatively low quality of those made in Tanzania.⁸⁴¹ Unpacking President Nyerere’s admonition, “*Tununue mali ya Tanzania Lakini viberiti viwake*” (Let us buy Tanzanian products but the matchstick must ignite), Mtaka Bora stressed that this meant all local products ought to be strong and thus durable.⁸⁴²

Nevertheless, for Minister Bomani the main concern was what was for him the misguided belief that foreign products were better than local ones. Hence, he declared that “this myth has been dispelled and now the line of Tanzanian made goods is moving very fast and their demand both locally and internationally is so great that it is sometimes difficult to

⁸³⁹ Tanzania Information Services, “Press Release: Bomani inaugurates ‘Buy Tanzania Week.’”

⁸⁴⁰ Ibid.

⁸⁴¹ Uhuru, “‘Khanga za ‘Urafiki’ Ziwe Imara”, *Uhuru*, November 26, 1969, 4.

⁸⁴² Ibid.

satisfy all market requirement.”⁸⁴³ Invoking the discourse of protectionism, he concluded: “This was an acknowledgement of the fact that Tanzanian goods are just as good as or even better than most imported ones and it is up to those engaged in industrial production to make more goods available to the people in fair price.”⁸⁴⁴ When he dined with the Dar es Salaam Chamber of Commerce a month earlier, however, he was more forthright about the reality on the ground:

As businessmen, we need to improve the quality of our service to the public, new tastes have developed, this in turn has influenced the range of supplies and customers; but in whatever export field of business we may be, let us not forget that our vital duty is to the nation and the public we serve. We must therefore improve our management skills use better and modern techniques and as our socialization of trade and industry develops, our conduct of business to an increasing extent becomes a team operation.⁸⁴⁵

Operating in a national business space that is circumscribed by international business norms, the business community in Dar es Salaam found itself having to compete with foreign entities while attempting to meet local needs; all this was couched in a language of cooperation. This dialectical tension between local and foreign products as well as international and national markets continued throughout the decade. However, as Tanzania succumbed to the economic crisis and the demands of the global capitalist economic order, the balance continued to tilt in favor of international finance capital that continued to penetrate in the country through both competition and cooperation with national entities in both the private and public sectors.

⁸⁴³ Press Release: Bomanı inaugurates “Buy Tanzania Week.”

⁸⁴⁴ Ibid.

⁸⁴⁵ Dar es Salaam Chamber of Commerce, Reply made by Hon. P. Bomanı.

Conclusion

Private capital continued to rise even after the nationalization of some major private companies and real estate in the wake of the Arusha Declaration. What has emerged in this chapter is the apparent contradiction between the twin quests for localization and internationalization that continued throughout the Ujamaa era. This contradiction, the chapter has shown, resulted from the desire to simultaneously catch up with industrialized countries while aspiring to be a self-reliant socialist country that was inward looking. What resulted was an assortment of policies and strategies that both promoted and downgraded the local private sector. In some cases, the promotion went hand in hand with partnership with the foreign private sector while in other cases, the demotion occurred while consolidating the local public sector and its partnership with the foreign private sector. In both cases, it was international capital which gained.

Such a potpourri is what led *A Manual for Investors* to conclude that in “1976, of 524 manufacturing establishments with ten or more workers, 477 were private and 47 parastatals companies, of which the latter were substantially bigger than average.”⁸⁴⁶ By then, the state was already increasingly partnering with private capital. The capitalist seeds for promoting private investments, both quantitatively and qualitatively, were thus sown before the major economic crisis Tanzania experienced in the 1980s. This quest for foreign investments, as, the economists Beatrice K. Mkenda and Adolf F. Mkenda note, partly stemmed from having a low domestic saving.⁸⁴⁷ FDIs were thus seen as a source for “bridging the resource gaps.”⁸⁴⁸

⁸⁴⁶ Tanzania Industrial Studies and Consulting Organisation, *A Manual for Investors in Tanzania*, 9.

⁸⁴⁷ Beatrice K. Mkenda and Adolf F. Mkenda, “Determinants of FDI Inflows to African Countries: A Panel Data Analysis” (Economic and Social Research Foundation Globalisation and East Africa Working Paper Series No. 11, April 2004), 3, http://global.esrftz.org/output/WPS11_Mkenda_FDI%20Determinants.pdf.

⁸⁴⁸ Ibid., 1.

Probably none captured the prospective role of a local emergent entrepreneurial elite in the new dispensation more fittingly than the then Minister for Industries when he penned these words in November 1979: “The process of industrialization in Tanzania will entail the establishment of new industries, the emergence of new industrial promoters and institutions, and, above all, the rise of young Tanzanian industrial executives and technocrats.”⁸⁴⁹ Little did Msuya know that what would follow would be a lost decade of the 1980s that witnessed the collapse of many of the public industries. Nevertheless, these were precisely the formative years for intellectuals and capital and emerging captains of commerce and industry.

⁸⁴⁹ Msuya, “Foreword by the Minister for Industries,” i.

PART III: Business Institutions and the Intellectuals of Capital (c. 1980-2015)

Chapter 5: Liberalization and the Indigenization of Business (c. 1980-2005)

Why then, are capitalists of the South not being allowed to develop their own forms of capitalism?

*Julius K. Nyerere*⁸⁵⁰

On May 2, 1989, six months before the fall of the Berlin Wall that symbolically marked the collapse of socialism on a global scale, Tanzania's ruling party organized a seminar to exchange ideas with "wazalishaji wakubwa" (large-scale producers).⁸⁵¹ The 'Party of the Revolution' (*Chama Cha Mapinduzi-CCM*) still considered itself socialist. However, the waves of liberalization deemed it necessary to revisit its ideological position on capitalist business ventures. Its then chair and former president of the country, Julius Nyerere, attended and, ironically, affirmed he was the one who had personally asked for the dialogue.⁸⁵²

In his closing speech, Nyerere, the leading intellectual of Tanzania's brand of African Socialism known as *Ujamaa*, both in his role as former president and chair of the ruling party, singled out some intellectual and institutional faces of capitalism in the country: Iddi Simba, Reginald Mengi and Wilfrem Mwakitwange.⁸⁵³ His challenge for them was how to ensure that their entrepreneurial efforts lift the Tanzanian – indeed, more broadly, the African – economy from its state of dependency on the Global North.⁸⁵⁴ The chief architect of *The Arusha Declaration of 1967 on Socialism and Self-Reliance* was at last welcoming, albeit

⁸⁵⁰ Julius K. Nyerere, "Leadership and Management of Change" (Keynote Speech, Quinquennial General Conference of the Association of Commonwealth Universities in Ottawa, Canada, August 17, 1998). Reproduced in: Godfrey Mwakikagile, *Life under Nyerere* (Dar es Salaam: New Africa Press, 2006), 115.

⁸⁵¹ The reference is from the preamble of the ruling party's newspaper to the following speech: Julius K. Nyerere, "Jitihada Zetu Zilenge Kujitoa katika Hali ya Uchumi Tegemezi," *Mzalendo*, May 21, 1989. Copy available at NRC.

⁸⁵² Nyerere, "Jitihada zetu Zilenge Kujitoa katika Hali ya Uchumi Tegemezi."

⁸⁵³ Ibid.

⁸⁵⁴ Ibid.

reluctantly, the role of entrepreneurial elites in the national economy. Yet he continued to be a staunch critic of capitalists and a diehard defender of Ujamaa.⁸⁵⁵

Nyerere's apparent compromising position was partly an outcome of witnessing the decline of most of the public corporations in both industry and commerce during his presidential tenure that ended in 1985. This decline of nearly 400 entities amounted to deindustrialization. It thus set the impetus for a push to revive them through the private sector. Nearly 400 public corporations were to then operate in a liberalized economy that both international and national intellectuals of capital advocated.

For Nyerere, however, this amounted to dogmatic capitalism not least because it was predicated on market fundamentalism. "Its preachers", he would later lament, "believe that it is both feasible and rational to ask Burkina Faso, and China, and India, and Russia, and Poland, and Brazil, and Tanzania, and Laos, and Fiji to clone American capitalism."⁸⁵⁶ This partly explains his earlier openness for the voices of capital in the country to develop Tanzania's own form of capitalism.

CCM issued a resolution, which, as a contrast to the Arusha Declaration, is often referred to as the Zanzibar Declaration of 1991. The latter, in effect, rendered the basic tenets of the former Declaration as espoused in its Leadership Code, that restricted state and party officials from accumulating capital, redundant. This shift opened wide the gates for the involvement of politicians and public servants in business and financial investments.

Building on the Gramscian concept of traditional versus organic intellectuals, this chapter argues that the ideas that Tanzania's champions of capitalism espoused in line with

⁸⁵⁵ See: Chambi Chachage, "Mwalimu Nyerere as Global Conscience," in *Global Africa: Into the Twenty-First Century*, ed. Dorothy L. Hodgson and Judith A. Byfield (Oakland: University of California Press, 2017), 106.

⁸⁵⁶ Nyerere, "Leadership and Management of Change" as reproduced in: Mwakikagile, *Life under Nyerere*, 115.

the IFIs started to shift from the margins into the mainstream of national policymaking and implementation at the turn of Africa's 'lost decade' of the 1980s.⁸⁵⁷ Hence these pioneering promoters of the private sector during the transition towards post-socialist Tanzania and their successors were instrumental in pushing for a greater role for the private sector in the 1990s. This push, however, galvanized the quest for the indigenization of business that had been aborted during the Africanization and nationalization of the 1960s and 1970s.

The chapter, therefore, focuses on the trajectory and agency of three leading African intellectuals of capital: Iddi Simba, Juma Mwapachu, and Ali Mufuruki.⁸⁵⁸ As entrepreneurial elites, they participated, both intellectually and institutionally, in shaping the transition to postsocialism through liberalization. It is through their formative entrepreneurship networks that the contested process of mainstreaming their once marginal ideas on business into the polity was channeled.

A Requiem for Socialism

On September 17, 1962, three months before the newly independent Tanganyika became a republic, Hamza Kibwana Mwapachu passed away. It was the same year his former classmate at Makerere University, Nyerere, published *Ujamaa - The Basis of African Socialism*.⁸⁵⁹ As students in the United Kingdom during the second Colonial Occupation of the 1940s, that had a relatively greater focus on the development and welfare of Africans

⁸⁵⁷ For the link between the discourse of the 'lost decade' and the IFIs' capitalist agenda see: Issa G Shivji, *Accumulation in an African Periphery: A Theoretical Framework* (Dar es Salaam: Mkuki na Nyota, 2009), 10-12.

⁸⁵⁸ See: Brian Cooksey and Tim Kelsall, *The Political Economy of the Investment Climate in Tanzania: Research Report* (London: Overseas Development Institute, [2011] 2012), 32, <http://www.institutions-africa.org/filestream/20121217-the-political-economy-of-the-investment-climate-in-tanzania>.

⁸⁵⁹ Nyerere, *Ujamaa-The Basis of African Socialism*.

compared to the past, both were closely associated with, and partly influenced by, the Fabian Society – then known as the Fabian Colonial Bureau – that espoused socialism.⁸⁶⁰

They came to find themselves in a position to implement it in their home country, with Nyerere as the Prime Minister and soon-to-be President and Hamza Mwapachu as the Principal Assistant Secretary in the Ministry of Home Affairs. Hamza Mwapachu's untimely death, at the early age of 49, robbed him of the opportunity of attempting to build a socialist country with his trusted ally, Nyerere. It is thus ironic that one of his sons, Juma Mwapachu, became a leading intellectual of capital during Tanzania's post-socialist turn in the 1980s/1990s. When asked for access to his father's papers, he reminisced:

Hamza Mwapachu was a radical socialist and thus business and him were antithetical. As a family, we were brought up under Hamza's rigid socialist beliefs. Thus, as a family, we have no archive of any kind on business. Personally, I have never owned a business. I have merely been a business executive, an acronym for being employed in a business firm – parastatal and private.”⁸⁶¹

Juma Mwapachu's intellectual path went through significant shifts in terms of the socialist-capitalist divide since the time he “experienced the tranquil of Dar-es-Salaam as a young boy living with” his “parents at a small, two bedroomed government house, No. 55 Ilala Quarters.”⁸⁶² Such was the family life of an African Welfare Officer living in the first houses

⁸⁶⁰ Juma Mwapachu, “The Life and Times of Hamza Mwapachu,” *Vijana FM (blog)*, September 18, 2012, <http://www.vijana.fm/2012/09/18/the-life-and-times-of-hamza-mwapachu/>; Thomas Molony, *Nyerere: The Early Years* (Woodbridge: James Currey, 2014), 145; Fabian socialism attracted a number of prominent first-generation African leaders, as the following sources underscore: Akyeampong, “African Socialism; or, the Search for an Indigenous Model of Economic Development?”, 4; Nkunde Mwase and Benno J. Ndulu, “Tanzania: Explaining Four Decades of Episodic Growth,” in *The Political Economy of Economic Growth in Africa, 1960-2000 Volume 2: Country Studies*, ed. Benno J. Ndulu, Jean-Paul Azam, Stephen A. O’Connell, Robert H. Bates, Augustin K. Fosu, Dominique Nijinkeu (Cambridge: Cambridge University Press, 2008), 432.

⁸⁶¹ Juma Mwapachu, email message to author, November 21, 2014.

⁸⁶² Juma V. Mwapachu, *Tanzania in the Age of Change and Transformation* (Dar es Salaam: E & D Vision Publishing Limited, 2018), 84. Also see: Ludigija Boniface Bulamile, “*Homeowners Architectural Responses to Crime in Dar es Salaam: Its Impacts and Implications to Urban Architecture, Urban Design and Urban Management*” (PhD diss., Royal Institute of Technology, 2009), 18, <https://www.diva-portal.org/smash/get/diva2:275287/FULLTEXT01.pdf>.

that the colonial government constructed for natives; yet he was socialist and nationalist enough to complain in 1950 that “it is everything in Dar es Salaam to the neglect and expense to the other centres in the territory.”⁸⁶³ By both precept and practice, he had laid a socialist foundation for his children.



Figure 5.1 Hamza Kibwana Mwapachu, Courtesy of Mohamed Said⁸⁶⁴

This navigation of the transition from the public to the private – and an attempt to bridge the gap between them – is what transformed Juma Mwapachu into one of the leading

⁸⁶³ Hamza Mwapachu cited in: Iliffe, *A Modern History of Tanganyika*, 468.

⁸⁶⁴ Mohamed Said, “Kutoka Maktaba ya Juma Mwapachu: Barua ya Baba yake kwa Baba wa Taifa Mwalimu Julius Nyerere 1949,” *Mohamed Said (blog)*, April 16, 2018, <http://www.mohammedsaid.com/2018/04/kutoka-maktaba-ya-juma-mwapachu-barua.html>.

intellectuals of capital, mastermind of business networking and champion of public-private partnerships. When Nyerere launched the Arusha Declaration, this alumna of Tabora Boys School was an undergraduate student. A day after Professor Terence Ranger passed away, Mwapachu reminisced of those days: “I was in familiar ground of Ranger’s theatre of radical historiography of African struggle for liberation at the University College, Dar-es-Salaam from 1966 to 1968. Those were interesting times because whilst I was a law student, I was never divorced from what was taking place in the lecture theatres of politics and history.”⁸⁶⁵ Like most educated elites of the Ujamaa era, he joined the public sector after graduating.⁸⁶⁶

Two years prior to Juma Mwapachu’s graduation in 1969, Nyerere’s then single-party state nationalized major private banks through “An Act to Establish the National Bank of Commerce and to Vest in that Bank the Assets and Liabilities of Banks Hitherto Carrying on Banking Business in the United Republic.”⁸⁶⁷ That same year, the then young state attorney who had chaired TYL at UDSM after being brought up under rigid socialist beliefs of Nyerere’s late political ally, Hamza, was seconded, as an Assistant Legal Secretary, to the National Bank of Commerce that was established to further the Tanzanian brand of socialism.

As such, between October 1969 and August 1973, the brilliant lawyer, who had won the Gloria Scholae in 1964, participated fully in the attempt to use Tanzania’s major financial institution to institutionalize Ujamaa through the following positions that he held successively: Assistant Legal Secretary in the Legal and Trustee Department; Personnel Manager heading the Personnel Division of the Bank; and Chief Manpower Manager

⁸⁶⁵ Juma V. Mwapachu, email message to author, January 16, 2015.

⁸⁶⁶ See: Hopkins, *Political Roles in a New State*, 72-73.

⁸⁶⁷ The National Bank of Commerce (Establishment and Vesting of Assets and Liabilities) Act, 1967, 1. Reproduced in: “Tanzania Nationalization Laws,” *International Legal Materials* 6 (1967), 1194.

responsible for all personnel functions (manpower planning, recruitment and salary administration) of the Bank.⁸⁶⁸ In the 1970s, he published a series of articles that attempted to shape discourses on the public sector, which he left in August 1980 to join the Tanzania office of the British PriceWaterhouse Coopers – then called Coopers and Lybrand Associates Limited – in the private sector.⁸⁶⁹

Having experienced, firsthand, what it was to work in what he would later – in 2015 – refer to as “our parastatals which simply became vampires on our body economic”, Juma Mwapachu became their critic and advocate of their streamlining.⁸⁷⁰ As early as 1973 he published an article on “Manpower Development and Training in the National Bank of Commerce, Tanzania.”⁸⁷¹ Concerned with the increasing waves of workers’ unrest and decreasing productivity in the early 1970s, in the same year he also published an article on “Industrial Labour Protest in Tanzania: An Analysis of Influential Variables”.⁸⁷² An article on “Management of Public Sector Banking in Tanzania” followed in 1974.⁸⁷³ His intellectual focus then partly shifted to rural socialism not least because, in September 1973, the government appointed him as the District Development Director of Shinyanga under the ‘Decentralization Policy of 1972’, a post he held until April 1976.

⁸⁶⁸ Drawn from the undated “Curriculum Vitae of Juma Volter Mwapachu,” in the possession of the author of this dissertation.

⁸⁶⁹ Ibid.

⁸⁷⁰ Juma V. Mwapachu, email message to author, March 10, 2015.

⁸⁷¹ Juma V. Mwapachu, “Manpower Development and Training in the National Bank of Commerce, Tanzania,” *Prajnan – A Journal of the National Institute of Bank Management* 2, no. 3 (1973): 329–251.

⁸⁷² Juma V. Mwapachu, “Industrial Labour Protest in Tanzania: An Analysis of Influential Variables,” *The African Review* 3, no. 3 (1973): 383–401.

⁸⁷³ Juma Volter Mwapachu, “The Management of Public Sector Banking in Tanzania,” *Prajnan – a Journal of the National Institute of Bank Management* 3, no. 2 (1974): 131–74.

Here it is important to recall that one of the policy documents that Nyerere issued in 1967 to supplement the Arusha Declaration was on socialism and rural development.⁸⁷⁴ It is thus not surprising that Juma Mwapachu's chapter on "Decentralised Participatory Development in Tanzania: An Institutional Strategy for Managing Rural Development" and an article on "Operation Planned Villages in Rural Tanzania: A Revolutionary Strategy for Development" were influential, especially among expatriates who flocked to the country to aid or study what became dubbed as 'Tanzania's Socialist Experiment'.⁸⁷⁵ However, his writings on public companies in Tanzania remained relatively obscure until they got a lease of life in the neoliberal turn of the 1980s that he partly participated to usher in.

By way of revision, these writings, especially the ones he published in the latter half of the decade, were to form the building blocks for his 1983 influential book on *Management of Public Enterprises in Developing Countries: The Tanzania Experience*, that significantly informed the World Bank's 1988 report on *Parastatals in Tanzania: Towards a Reform Program*.⁸⁷⁶ They include "Commercial Bank Branch Expansion Policy in Tanzania: An Appraisal" and "Control of Public Sector Enterprises in Tanzania: Case of the National Bank

⁸⁷⁴ Julius K. Nyerere, *Socialism and Rural Development* (Dar es Salaam: Government Printers, 1967).

⁸⁷⁵ Juma V. Mwapachu, "Decentralized Participatory Development in Tanzania: An Institutional Strategy for Managing Rural Development," *Prajnan – A Journal of the National Institute of Bank Management* 5, no. 4 (1976): 385–420; Juma Mwapachu, "Operation Planned Villages in Rural Tanzania: A Revolutionary Strategy for Development," *African Review* 6, no. 1 (1976): 1–16. For invocation of the discourse of Ujamaa as a failed Tanzania's social experiment see, for instance: Erik Larson and Ron Aminzade, "Neoliberalism and Racial Redress: Indigenization and Politics in Tanzania and Fiji," in *Politics and Neoliberalism: Structure, Process and Outcome*, ed. Harland N. Prechel (Amsterdam: Elsevier JAI Press, 2007), 133; Government of the United Republic of Tanzania and the World Bank, *Tanzania at the Turn of the Century: Background Papers and Statistics* (Washington, The World Bank: 2002), 57. For a critical review of this discourse see: Priya Lal, *African Socialism in Postcolonial Tanzania: Between the Village and the World* (New York: Cambridge University Press, 2015), 12.

⁸⁷⁶ Juma V. Mwapachu, *Management of Public Enterprises in Developing Countries: The Tanzania Experience* (New Delhi: Oxford & IBH Publishers, 1983); World Bank, *Parastatals in Tanzania: Towards a Reform Program* (Washington: World Bank, 1988), <http://documents.worldbank.org/curated/en/824721468116369551/pdf/multi-page.pdf>.

of Commerce”. The latter came out in 1977, the year that Nyerere issued *The Arusha Declaration: Ten Years After*, that candidly assessed the successes and failures of favoring the public sector at the expense of the private sector.⁸⁷⁷ As such, Juma Mwapachu was also attempting to contribute by appraising a socialist project that was then under severe strain.

Up to 1978, as his article on “Motivation Theory and Worker Productivity in Tanzania: Field in Transition” indicates, he had not yet lost hope – at least publicly – on Nyerere’s Ujamaa.⁸⁷⁸ Therein Mwapachu, then a Councilor in the Tanzania High Commission in India, wondered why, paradoxically, the industrial labor strikes took place between 1970 and 1974, a time when, according to him, political maturity had peaked in industrial management of public enterprises. In his view, as a “blueprint of socialist construction”, the Arusha Declaration had “clearly put man at the centre of the development effort” and thus “the years between 1967 and 1971 in Tanzania witnessed the development of a clear ideological framework, conceptually and organizationally, of the whole broad question of the role of workers, their rights and duties, in the management of public enterprises.”⁸⁷⁹ Why, then, was the labor question still unresolved by a party-state of peasants and workers?

For him, therefore, the labor problematic was not simply about low-waged workers’ need for material incentives, i.e. a clamor “for money and equality of wealth with their managers”; rather, it was more about the moral incentives that Nyerere had catalyzed,

⁸⁷⁷ Juma V. Mwapachu, “Public Sector Commercial Bank Lending and Investment Policy: Case of Tanzania,” *Lok Udyog – A Journal of the Bureau of Public Enterprises and Public Sector* 15, no. 4 (1977): 37–50; Juma V. Mwapachu, “Control of Public Sector Enterprises in Tanzania: Case of the National Bank of Commerce,” *Indian Journal of Public Administration* 23, no. 4 (1977): 970–90; Julius K. Nyerere, *The Arusha Declaration - Ten Years After* (Dar es Salaam: Government Printers, 1977).

⁸⁷⁸ Juma Volter Mwapachu, “Motivation Theory and Worker Productivity in Tanzania: Field in Transition,” *Indian Journal of Industrial Relations* 13, no. 3 (1978): 339–369.

⁸⁷⁹ *Ibid.*, 339.

especially after issuing *Mwongozo* – i.e. Guidelines – in 1970 that aimed, among other things, to institutionalize workers’ participation in the management of both public and private enterprises in line with the country’s socialist path.⁸⁸⁰ In this regard, he was siding with labor against capital, a tendency that preoccupied Marxian intellectuals of the time.⁸⁸¹

As seen in his first book, Juma Mwapachu’s proposed solution, then, was to radically recast the basic worker-management power relations in public enterprises without sacrificing the motivation and incentives needed for optimum performance and productivity. “The introduction of workers’ participation in business enterprises”, it was then observed regarding their ‘apathy’ and ‘slackness’, “does not appear to have brought about visible and tangible change.”⁸⁸² Therefore, he called for a “socialist incentive theory” in Tanzania that “will necessarily have to incorporate a radical restructuring of work organisations and the involvement of more acceptable structures of material egalitarianism.”⁸⁸³ In his analytical frame, Tanzanian socialism and the material incentives associated with capitalism were not mutually exclusive. Nevertheless, he thus concluded:

Though inequality of rewards is important in this process, our view is that it is mainly the inequality of power and the deprivation of workers from exercising an effective part in the corporate decision-making processes which constitute the root cause of industrial labour protests and its concomitant lack of work commitment, poor job performance and low productivity.⁸⁸⁴

⁸⁸⁰ Ibid., 342.

⁸⁸¹ Particularly Issa Shivji, Henry Mapolu, and Paschal Mihyo who are also cited in this dissertation.

⁸⁸² Mwapachu, *Management of Public Enterprises in Developing Countries*, 320.

⁸⁸³ Ibid., 324.

⁸⁸⁴ Ibid., 355.

The trajectory followed by another leading intellectual of capital, Iddi Simba, during the heyday of Ujamaa is in stark contrast to that of Juma Mwapachu. Born in 1935, he also grew up in Dar es Salaam where he received his primary and secondary education.⁸⁸⁵ Like Juma Mwapachu, he is also a graduate of the elite Tabora Boys School. He was one of the first university graduates in postcolonial Tanganyika after obtaining a Bachelor of Science in Agriculture in 1961 from Panjab University in Pakistan.⁸⁸⁶ Iddi Simba proceeded to the Institute of Development at University of Toulouse in France where he was trained as an agricultural economist.⁸⁸⁷ After graduating in 1964 he came back to Tanzania to work for the government.

In his two-year stint in the Ministry of Economic Affairs and Development Planning as an Assistant Director of Planning, one of his tasks was to promote the implementation of the first Five-Year Plan. For instance, as a senior planning officer he travelled to the United States of America with Kasambala to observe major river basin projects with the aim of attempting to adopt them in Tanzania.⁸⁸⁸ The journey had a lasting impression on him - promoting grand schemes that required massive capital injection became a lifelong passion.

As has been noted in Chapter 4, the Five-Year Development plan supported private capital. Hence, Iddi Simba also had a role in promoting it. For instance, in his address to 200 members of the Ismailia community in 1965, he “appealed to them to initiate some projects

⁸⁸⁵ Iddi Simba, “Portrait of a Leading African Tanzanian Entrepreneur,” interview by Change Magazine, *Change*, Issue No. 1, January 1993, 9.

⁸⁸⁶ Ibid.

⁸⁸⁷ Ibid.

⁸⁸⁸ May-Britt Öhman, “*Taming Exotic Beauties: Swedish Hydropower Constructions in Tanzania in the Era of Development Assistance, 1960s-1990s*” (PhD diss., Royal Institute of Technology, 2007), 157, <http://www.diva-portal.org/smash/get/diva2:12267/FULLTEXT01.pdf%26sa=U%26ei=w3n3UoCWJIqskgW2xoCQBQ%26ved=0COgCEBYwQA%26usg=AFQjCNFT6Cvs4CKqJGP9SmlMFE6jmqJMRQ>.

for their own benefit and for the benefit of the country” with the assurance “that Government will protect the private sector in the country against foreign competition.”⁸⁸⁹

He then joined the World Bank at the end of 1966 as one of the Executive Directors representing East Africa.⁸⁹⁰ Two years later he became the Chair and Director General of the East African Development Bank based in Kampala, Uganda.⁸⁹¹ Ten years later, he became the Resident Director of the African Development Bank (ADB) in London, UK.⁸⁹²

Simba’s primary responsibility was to establish a representative office for ADB and represent it in Euro-currency markets.⁸⁹³ This path shaped his market-oriented views. As such, he possessed little, if any, of the socialist heritage that his (future) colleague in the private sector had. Moreover, when he came back in the late 1970s he continued working in a socialist regime, although he hardly concealed his capitalist disposition.

Nevertheless, they both fully plunged themselves into the private sector in the early 1980s. Iddi Simba became the founding Managing Director of the International Finance Advisory Services, a financial consultancy business that he set up on January 18, 1983 at Plot Number 2237/28 and 2352/2 on the famous Ohio Street that is within the Dar es Salaam Business District. Juma Mwapachu climbed the corporate ladder from a management consultant of an audit company in 1981-1982 to become the Managing Director of a leading

⁸⁸⁹ United Republic of Tanzania, “Local Businessmen Urged to Establish Industries,” *Tanzania Trade and Industry* No. 14, October/December, 1965, 19. Copy available in EAF.

⁸⁹⁰ Festo Higirow-Semajenge, “*Planning Institutional Change for Economic Growth: A Study of the Effect of Public Institutions on the Rise of Indigenous Entrepreneurs in East Africa*” (PhD diss., University of Southern California, 1968), 11.

⁸⁹¹ Kwame Donkoh Fordwor, *The African Development Bank: Problems of International Cooperation* (New York: Pergamon Press, 1981), 19.

⁸⁹² *Ibid.*, 175.

⁸⁹³ Change, “Profile of the CTI Chairman: Mr Iddi Simba,” *Change*, Issue No. 9, September 1993, 7.

private sector group in the country, Juthalal Velji Limited (a holding Company of JV Group), in 1988.

An assessment of Tanzania's private sector prepared for USAID in the early 1990s made this observation that captures how an African could rise to such a position: "The JV Group, despite its obvious Indian origin, has committed capital investment and business activities in Tanzania. It has extremely close links with the indigenous Tanzanian community, including intellectual, political and business leadership."⁸⁹⁴ This can be classified as one of the outcomes of the earlier push for Africanization in the Asian-dominated companies that has been discussed in Chapter 3.

When Tanzania was going through the transition from a command to a market economy, both the men thus played significant intellectual and institutional roles, although they did not always agree. Moreover, they cultivated a lifetime friendship – indeed brotherhood – that also enabled them to cooperate in building business lobbies. They did not only participate in the founding of the Tanzania Chambers of Commerce, Industries and Agriculture (TCCIA) when Ujamaa was on its deathbed, but also left it to form the Confederation of Tanzania Industries (CTI) after falling out with the first TCCIA's President, Wilfrem Mwakitwange.

As far as the ending of socialism is concerned, Mwakitwange's life story is even more dramatic. Born in 1934, he received his early education in the Rungwe Moravian Mission before joining Mpuguso Government School.⁸⁹⁵ After graduating from the Rungwe Alliance Teachers Teaching College, he became a school teacher in 1954. In the same year he became

⁸⁹⁴ USAID, *Tanzania Private Sector Assessment: Final Report* (USAID's Bureau for Private Enterprise, 1992), 82, https://pdf.usaid.gov/pdf_docs/PNABL104.pdf.

⁸⁹⁵ E. D. Wilson, ed., *Who's Who in East Africa 1965-66*, 68.

the TANU regional secretary, a position he held until 1957 when engaged with ‘Road Transport Organisation & Management’ until 1965.⁸⁹⁶ He also had a stint as the Director of Pan Africa Ins. Company between 1964-1965.⁸⁹⁷ This position partly coincided with his role in the Cotton Wool Products Limited and Tanganyika Industrial Corporation Limited in 1964.⁸⁹⁸ Mwakitwange also attended a West German Government course on cooperative movements as he held the following positions: Vice-President, Co-operative Union of Tanganyika Ltd.; Committee Member, Co-operative & Development Bank of Tanganyika Ltd.; Member of...COSATA and...Manager, Tanganyika National Transport Co-operative Ltd.”⁸⁹⁹

These interlocking directorships indicate that Mwakitwange was versatile. In 1964 he also served as Mayor of the Tanga Municipal Council.⁹⁰⁰ Yet he managed to chair a convention of Tanganyika Transport Co-operative societies in Dar es Salaam that culminated in the formation of the Tanganyika National Transport Co-operative Ltd.⁹⁰¹ The rationale for this merger, he stated, was to “improve efficiency” and “avoid conflict in business operations among the various transport” entities “to put a full weight in the Five-Year Development Plan.”⁹⁰² The 12 representatives of regional societies that boasted 300 members and 200

⁸⁹⁶ Ibid.

⁸⁹⁷ Ibid.

⁸⁹⁸ Ibid.

⁸⁹⁹ Ibid.

⁹⁰⁰ Evelyn Wilson, ed., *Who's Who in East Africa 1967-68*, 75.

⁹⁰¹ The Nationalist, “National Co-op for Transport Societies,” *The Nationalist*, October 29, 1964, 10.

⁹⁰² Ibid.

vehicles selected Dar es Salaam as the headquarters of the new organization not least because it was the hub of the transportation sector in Tanzania,.

Mwakitwange's business background thus suited the pre-Arusha Declaration policy landscape. As a Mayor, he also attempted to use its insights in Tanga, a town that was to rival Dar es Salaam in terms of industrialization. For instance, in a well-attended meeting of leading businessmen and Government officials in Tanga, he "said that if residents in the municipality wanted more industries established they had to cooperate with the Municipal Council to attract investors to bring their capital."⁹⁰³

After serving the Tanganyika Association of Chambers of Commerce (TACC), Mwakitwange secured a parliamentary seat as a national Member of Parliament (MP) in 1965.⁹⁰⁴ He became one of the leading MPs in terms of contributions to the parliamentary debates.⁹⁰⁵ One of the burning issues for him was the place of people of African descent relative to those of Asian descent in the transportation sector. In a debate in 1966, for instance, he passionately queried the move to impose a corporation tax on fledgling African transport cooperatives, insisting that it would mark the return of the dominance of "*akina Patel*" (The Patels) in the transport sector.⁹⁰⁶ By this stereotypical identity marker, he meant businesspeople of Indian origin.

The turning point for Mwakitwange as far as Ujamaa was concerned came early on, in August 1968, when he was among the MPs expelled from the party.⁹⁰⁷ Masha, who was

⁹⁰³ Tanzania Information Services, "Press Release: Tanga Mayor Appeals for Cooperation," June 25, 1964, TNA Accession 550, A/1281/64.

⁹⁰⁴ J. Harris Proctor, "The National Members of the Tanzania Parliament: A Study of Legislative Behaviour," *The African Review* 3, no. 1 (1973): 4.

⁹⁰⁵ Helge Kjekshus, "The Question Hour in Tanzania's Bunge," *The African Review* 2, no. 3 (1972): 368.

⁹⁰⁶ Parl. Deb., 21 June 1966, Col. 600.

⁹⁰⁷ Masha, *The Story of the Arusha Declaration* (1967), 75.

another, notes that there were allegations that they were expelled for rejecting Tanzania's blueprint on Socialism and Self Reliance.⁹⁰⁸ "As far as I know", he cautiously stresses, "the expulsion of the nine had nothing to do with the Arusha Declaration." He insisted that there "was never any rejection of the Declaration by any of the nine."⁹⁰⁹

Mwakitwange was, in fact, more in line with its egalitarian ideals when he mobilized MPs to pass "the first motion in Parliament which was not sponsored by the government," with the aim of blocking President "Nyerere's decision to give Area and Regional Commissioners bonuses."⁹¹⁰ The attempt did not succeed and what followed was a tug of war between them and the state that culminated in them losing their positions as MPs -one had to be a party member to qualify as an MP.

Nevertheless, the expulsion was a turning point as it enabled Mwakitwange to return to his earlier preoccupation with business. By January 1978, for instance, he was the biggest shareholder of African origin of the Tanganyika Industrial Corporation Limited (TIC).⁹¹¹ His 608 shares, however, were miniscule compared to those of the top shareholders, such as Anver Ali Karimjee (65,000 shares) and Alibhai M. A. Karimjee (20,000), who were of Asian origin.⁹¹² His wealth of experience in leading transport cooperatives proved handy in running a relatively successful transport business. The savings from this business and

⁹⁰⁸ Ibid.

⁹⁰⁹ Ibid.

⁹¹⁰ Bruce Heilman, "*Capitalism as a Social Movement: The Case of Tanzania during the Mageuzi Era*" (PhD diss., Indiana University, 1998), 192.

⁹¹¹ John Raphael Shao, "*Some Features of Tanzanian Manufacturing Industry*" (MA diss., University of Dar es Salaam, 1978), 122.

⁹¹² Ibid.

agribusiness enabled him to shift to the tourism sector in 1978 by building the Rungwe Oceanic Hotel on the shores of Dar es Salaam off the Old Bagamoyo Road.⁹¹³

In the 1980s Mwakitwange participated in the raging debate on liberalization of the economy, becoming one of the pioneering voices of capital. For instance, in his presentation at a seminar that the Tanzania Marketing Association organized in Arusha in November 1987, he stated: “Regarding the question of government hostility to private enterprise, I propose that serious attempts should be made by the government to move from its ivory tower and create goodwill with the private sector.”⁹¹⁴ He also called for “local African businessmen” to participate in managing regional trading corporations and that their “equity participation” should be welcome to “remove inefficiency and lack of finance.”⁹¹⁵

As a relative latecomer, Mufuruki who had spent most of his formative years in Germany where he was studying engineering, hardly engaged with the socialist period in Tanzania. However, he initially benefitted from its emphasis on public corporations such as the National Development Corporation (NDC,) as it went hand in hand with its manpower policy of training Tanzanians to run them. NDC “sent me to Germany to study engineering on a scholarship of the Government of then West Germany in 1980”, he recalls, “and when I returned, NDC assigned me to work at NECO.”⁹¹⁶ The National Engineering Company (NECO) was a subsidiary of NDC. He thus worked there “for a total of 18 months between Jan 1987 and 1988.”⁹¹⁷ Like Mengi, and to a smaller extent, Simba, Mufuruki had been pro-

⁹¹³ Timothy Ranja, “Development of National Entrepreneurship in the East African Tourism Industry” (Economic and Social Research Foundation Globalisation and East Africa Working Paper Series No. 9, October 2003), 17, http://global.esrftz.org/output/WPS09_Ranja_Tourism.pdf.

⁹¹⁴ Cited in: Kiondo, “*The Politics of Economic Reforms*,” 452.

⁹¹⁵ Ibid.

⁹¹⁶ Ali A. Mufuruki, email message to author, May 16, 2018.

⁹¹⁷ Ibid.

capitalist from an early stage hence he hardly experienced Mwapachu and Mwakitwange's transition from a socialist heritage.

The role of the trio in relation to the rest during the transition, however, is discussed in the next section. Chapter 6 also revisits their entrepreneurship journeys in relation to business networking. Here it suffices to conclude that if there is one common thread that unites the triad and other intellectuals of capital in Tanzania, it is that of a thoroughgoing critique of *Ujamaa* as stifling the private sector and stalling entrepreneurs, notwithstanding Mwapachu's claim that he is one of those who "still swears by Nyerere's socialist ideas."⁹¹⁸

A Prologue for Postsocialism

On March 25, 1993, the then Managing Director of InfoTech Computers Limited, Mufuruki, penned a letter to the editor of a magazine from his office at the HI-TECH building that was then located on Pugu Road, a leading industrial area of Dar es Salaam.⁹¹⁹ The addressee was none other than Juma Mwapachu, the then Managing Editor of *Change: The Magazine of Business Politics and Economics*, a monthly publication that he had launched in 1993 following the liberalization of the Tanzanian media industry in 1992.⁹²⁰ "It was about time that we came up with a magazine of our own," Mufuruki commended the editor. For Mufuruki, the magazine was "looking into and analyzing matters that concern us

⁹¹⁸ Juma V. Mwapachu, "President Kikwete-Tanzania: Shape up or be unattractive," *The Citizen*, December 22, 2013, <http://www.thecitizen.co.tz/oped/THINKING-DIFFERENTLY--President-Kikwete-Tanzania--Shape-up/1840568-2121946-1fst03/index.html>.

⁹¹⁹ Ali A. Mufuruki, "'Change' Magazine," *Change*, Issue No. 5, May 1993, 4.

⁹²⁰ Ibid. For a historical review of the liberalization of the media in Tanzania within the context of neoliberal reforms see: Ayub Rioba, "*Media Accountability* in Tanzania's Multiparty Democracy: Does Self-Regulation Work?" (PhD diss., University of Tampere, 2012); Sturmer, *The Media History*.

and our country as part of this fast-changing world, our own future and that of the coming generations, from our own viewpoint in a thought provoking and philosophical manner.”⁹²¹

Excitedly, he concluded: “I also wish to assure you of my personal support and that of my company whenever and wherever possible.”⁹²² By highlighting the collective possessives, both the author and editor were stressing that the magazine was an intellectual voice of, and for, the Tanzanian entrepreneurial elite in relation to other key players on the global stage. One of its calls for advertisements captured this ambition: “Advertise in CHANGE...the magazine read by people who make decisions.”⁹²³

In his doctoral study that was conducted in the early 1990s, the political scientist Bruce Heilman rightly characterizes it as “the unofficial voice” of the Confederation of Tanzania Industry (CTI).⁹²⁴ Although it also published Marxist intellectuals, such as Issa Shivji and Haroub Othman, this occurred only occasionally, especially when they were addressing crosscutting issues of public interest.⁹²⁵ It was primarily the mouthpiece of the pro-capitalism lobby, with Juma Mwapachu and Simba as the leading voices.⁹²⁶

As the first Chair of CTI that was registered on November 27, 1990, Simba received wide coverage in the magazine. In his note on “CTI Takes Off”, he argued that “political activism, in a business sense, has been the expected response of the time.”⁹²⁷ By this, he

⁹²¹ Mufuruki, “‘Change’ Magazine.”

⁹²² Ibid.

⁹²³ Change, “Advertise in Change,” *Change*, Issue No. 9, September 1993, 3.

⁹²⁴ Heilman, “*Capitalism as a Social Movement*,” 153.

⁹²⁵ Haroub Othman, “Tanzania: Towards a New Constitutional Order?” *Change*, July-September 1996, 36-41; Issa Shivji, “Towards A New Constitutional Order: The State of the Debate,” Ibid.

⁹²⁶ Mwapachu wrote editorials and some cover features whereas Simba was interviewed and profiled.

⁹²⁷ Iddi Simba, “CTI Takes Off,” *Change*, Issue No. 9, September 1993, 5.

meant the aftermath of the government's adoption of the Economic Recovery Programme (ERP) in 1986, and the ensuing liberalization of the economy that Tanzania adopted to address the economic crisis.⁹²⁸ For the intellectual entrepreneurs, this post-socialist moment “opened wide possibilities for intensive and cooperative dialogue between the government and the business sector....”⁹²⁹ It was an entry point for them to take a lead in lobbying:

Many of us in the business sector clearly discerned the challenge and opportunity to be seized – the challenge to create a strong representative body of businesspersons and organisations which would act as an instrument for stimulation of ideas and proposals; and an opportunity for the business sector to have an important stake in government policies and decisions.⁹³⁰

To that end, CTI managed to lobby the then President of the country, Ali Hassan Mwinyi, to be its first patron. Its first Executive Council had a mix of members of African and Asian descent, indicating that it was an inclusive body, the then raging debate on indigenization notwithstanding. These included Simba, Arnold B. S. Kilewo, Sabino A. Noronha, Vulfrida G. Mahalu, Hussein Kiaratu, Rupin Rajani, Saidi H. Nkya, Reginald Mengi, Girish T. Chande, Juma Mwapachu, Abdu C. Faraji and Dr. Alex Khalid. However, only one member, that is, Mahalu, was a woman.

The choice of Simba as chair stemmed from, among other things, him being a “well known public figure” who was then serving as the “Chairman of the Board of Directors of the

⁹²⁸ See: Hamisi Hassan Mwinyimvua, “*The Impact of Macroeconomic Policies on the Level of Taxation in Developing Countries: The Case of Tanzania*” (PhD diss., University of Dar es Salaam, 1996), 178; Servacius Beda Likwelile, “An Analysis of Efficiency in the Trucking Industry in Tanzania” (PhD diss., University of Dar es Salaam, 1996), 10-11; Samuel Wangwe, Donald Mmari, Jehovanes Aikaeli, Neema Rutatina, Thadeus Mboghoina and Abel Kinyondo, “The Performance of the Manufacturing Sector in Tanzania: Challenges and the Way Forward” (WIDER Working Paper 2014/085, May 2014), 7, <https://www.wider.unu.edu/sites/default/files/wp2014-085.pdf>.

⁹²⁹ Simba, “CTI Takes Off,” 5.

⁹³⁰ Ibid.

National Insurance Company (NIC) and the National Textile Corporation (TEXCO).⁹³¹ He also had interlocking directorships in the boards of the Tanzania Electric Supply Company Limited (TANESCO), the Tanganyika Wattle Company (TANWAT), which was a community development corporation, and the Meridian Biao Bank Tanzania Limited. Apart from the bank, the companies were public or community-based.

With such connections, CTI managed to secure an office on Wing A of “the 10th floor of the prestigious NIC Investment House”, then the highest building in the city, located on the most important street in the Dar es Salaam Central Business District, that is, Samora Avenue.⁹³² It also got advertisements from NIC.⁹³³ Records from the Business Registration and Licensing Agency (BRELA) indicate that CTI did not even file the annual returns during its first two years.⁹³⁴ With the President as its patron, CTI commanded ample respect from top officials. For instance, it was the then Minister of Industries and Trade, Cleopa D. Msuya, who graced its official launching on July 20, 1991 and the then Prime Minister and First Vice President, John S. Malecela was the Guest of Honor during the inaugural dinner.⁹³⁵

As a leader of the faction that left the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), Simba was a natural choice for founding chairperson of CTI. Heilman explains the split as an outcome of the tension between the “publicly restrained but imposing” Simba and the confrontational Mwakitwange who served as the founding

⁹³¹ Change, “Profile of the CTI Chairman,” 7.

⁹³² J.V. Mwapachu, “The Confederation of Tanzania Industries Lobby Power: A Review Article,” *Change*, Issue No. 9, September 1993, 7. It later moved to the 9th floor.

⁹³³ See the back cover of *Change*, May 1993 and *Change*, March-April 1995.

⁹³⁴ Business Registrations and Licensing Agency, “Public Notice to All Company Owners in Tanzania,” February 8, 2017, 1478, http://www.brela.go.tz/brela_uploads/documents/news/tangazo_english.pdf. The notice lists 75,698 companies that were asked to file their annual returns.

⁹³⁵ Mwapachu, “The Confederation of Tanzania Industries Lobby Power,” 8.

chairperson of TCCIA for five years from 1988.⁹³⁶ “The Simba led faction”, he argues, “felt that the purpose of the chamber was not to confront the government but to work with it to promote business interests.”⁹³⁷ Reflecting on what he lamented as the “bad history” for the “business sector in Tanzania”, TCCIA’s first “Charter Secretary” and CTI’s founding Executive Council member, Juma Mwapachu, also contrasts them:

In many ways, the birth of [CTI] resulted from the failure of TCCIA. Lessons had been learnt the hard way. CTI’s key belief is that the economy should be honeycombed by associations of different kinds and that through the co-ordination of the views of such associations, through the CTI, the policies and actions of the government are to be shaped... Since its establishment, the CTI has adopted a strategy of political activism to push the interests of its members. This political activism, however, has not been confrontational. Rather, it has taken the framework of consultation, interaction and dialogue. Two elements have reinforced this framework. First, CTI has been in the forefront in ensuring that there is a united front in the industrial business sector. Secondly, CTI has regarded the government as an ally rather than, as TCCIA mistakenly did, a foe. It is not CTI’s strategy to practice “cry baby capitalism” using the government as a crutch.⁹³⁸

For them, however, there was no need to cry to the government. CTI’s Executive Council boasted some respected members who were former or then current government bureaucrats. Kilewo had headed two public corporations, the National Development Corporation (NDC) and Tanzania Breweries Limited (TBL). Dr. Khalid had been the Managing Director of the National Bank of Commerce (NBC) and on July 8, 1992 he had a business luncheon with members of CTI in that capacity.⁹³⁹ Mahalu had been the General Manager of Ubungo Garments Limited. Chande had directed the National Milling Corporation (NMC). As such,

⁹³⁶ Heilman, “*Capitalism as a Social Movement*,” 192-193.

⁹³⁷ Ibid., 193.

⁹³⁸ Mwapachu, “The Confederation of Tanzania Industries Lobby Power,” 5-6.

⁹³⁹ Ibid., 9.

CTI was – and had – “lobby power”, as the title of one of *Change Magazine*’s issues declared.⁹⁴⁰

One can thus argue that, by using the phrase ‘political activism’ in explaining CTI’s approach, both Simba and Juma Mwapachu had in mind what Heilman conceptualizes as a social movement for capitalism in Tanzania. Drawing from Richard Sklar, who adapted Martin Sklar’s extension of the concept to include pressure groups that included the powerful and privileged, he argues that the Tanzanian business community struggled vis-à-vis a state whose hostility to it during Ujamaa had partly been extended to the then *Mageuzi* (Reform) era of Liberalization.⁹⁴¹ “As business interests became institutionalized during the 1990s”, Heilman observed as early as 1995, “the utility of conceptualizing private sector development as a social movement” had “waned.”⁹⁴²

To wane in such a short period of time, one may argue, is in itself an indicator that the institutionalization occurred as an alignment of business and state interests, rather than a struggle. Moreover, as Heilman notes, social movements are generally conceptualized in terms of the oppressed and underprivileged struggling against those who wield political and economic power. In both senses, CTI could hardly qualify as a social movement. It started on higher ground. Its self-image regarding its position and relation with the state is thus captured in these remarks:

The CTI takes the view that **the government should be on tap, not on top**. In other words, business firms should enjoy a privileged position in society because the nation has placed in their hands the task for investing and mobilizing its economic human resources. It is business which determines the country’s resource allocation, industrial

⁹⁴⁰ Ibid., 4.

⁹⁴¹ Heilman, “*Capitalism as a Social Movement*,” 2.

⁹⁴² Ibid., 209.

technology, employment, market structure and employee compensation. It is this new culture of state governance which informs the role of the CTI.⁹⁴³

This elevated image and illustrious profile of its leadership partly explains why, relatively, CTI enjoyed government attention, at least in its formative years. A compendium of its initial activities attests to this.⁹⁴⁴ On October 23, 1992 CTI's leadership met with the then Minister responsible for Energy, Jakaya Mrisho Kikwete, to discuss the energy crisis that affected the business community through load shedding. In March 1993, they met the then Governor of the Bank of Tanzania (BOT), Gilman Rutihinda, to discuss the state of the economy that had been severely hit by drought and the energy crisis. This was followed by a policy dialogue with the government that the Prime Minister chaired.

It also had a luncheon on March 30, 1993 with its patron, President Ali Hassan Mwinyi, who came with his Minister of Finance, Professor Kighoma A. Malima, and the Minister for Industries and Trade, Msuya. CTI also had an opportunity to engage with selected Members of Parliament on July 21, 1993 to apprise them of its activities. By October 1993 they had already conducted an Industrial Policy Study and submitted "to the President the CTI Report: Manufacturing Industry in Crisis – Measure to avert Deindustrialisation."⁹⁴⁵ Although the funding came from USAID, it was the government that initiated it. Juma Mwapachu recalls:

Moreover, the CTI Council invariably involves key members of CTI from various sub-sectors in subscribing views on issues of collective interest. For instance, faced with a request from the Patron of the CTI who is also the State President for elaborate views on what needs to be done to help industries and to promote foreign exchange earning businesses such as tourism and transit trade, the CTI constituted a Task Force

⁹⁴³ Mwapachu, "The Confederation of Tanzania Industries Lobby Power," 6.

⁹⁴⁴ Ibid., 8-9.

⁹⁴⁵ Ibid., 9.

compromising of both Council members and general members to undertake the assignment.⁹⁴⁶

Kilewo chaired the Task Force whereas Juma Mwapachu served as its Secretary.⁹⁴⁷ Among other things, they called for exporting manufacturing industries to be “allowed to borrow working capital in the international financial markets and banks.”⁹⁴⁸ Their rationale was that such “a scheme would leverage the competitiveness of export of manufactures.”⁹⁴⁹ In line with the discourse of localization, they were thus calling for protectionism. Similarly, they recommended that a “majority of Commodity Import Support (CIS) should be channeled through the Term Lending Institutions like TIB [Tanzania Investment Bank] and TDFL, to facilitate importation of capital goods by Industry rather than using some of the CIS funds for purchase of finished consumption goods.”⁹⁵⁰

Juma Mwapachu and Simba particularly impressed President Mwinyi, to the extent that he specially requested them in 1993, as CTI leaders, to assess the overall state of corruption within the sectors related to business. According to Juma Mwapachu, what triggered it were tax evasion on imports in relation to grand corruption and the ways in which some government officials allowed all this to happen at the expense of the national economy.⁹⁵¹ They then submitted, apprehensively, the “Red Book”, as they called their

⁹⁴⁶ Ibid., 7.

⁹⁴⁷ Change, “Confederation of Tanzania Industries: Manufacturing Industry in Crisis – Measure to avert Deindustrialisation: A Report to the President H.E. Ali Hassan Mwinyi,” *Change*, Issue No. 11/12, November-December 1993, 56.

⁹⁴⁸ Ibid, 60.

⁹⁴⁹ Ibid.

⁹⁵⁰ Ibid. The CIS is discussed in detail below.

⁹⁵¹ Juma V. Mwapachu, email message to author, May 16, 2017.

report.⁹⁵² “Fortunately, (for us, not for the country)”, he notes, “it was not put out in the public domain because it would have cost us our lives!”⁹⁵³

However, Juma Mwapachu suspects that President Mwinyi showed it to his Cabinet Ministers, hence arousing animosity.⁹⁵⁴ It is thus ironic that Simba would come to lead a parliamentary probe committee that forced the Minister of Finance, Professor Simon Mbilinyi, to resign in 1996 because of an alleged tax exemption scandal, only for himself to end up being forced to resign three years later due to a scandal along similar lines.⁹⁵⁵

The USAID Mission in Dar es Salaam also commissioned two political scientists, Michael L. Lofchie and Thomas Callaghy, both from prestigious universities in the United States of America, to profile the diversity in the Tanzania business community and thus assess its implications. “Ironically”, they observed, “economic liberalization has made some portions of the business community more dependent than ever on state action.”⁹⁵⁶ This was a critique of CTI. “Although the members of this organization have access to the highest ranking government officials”, they further critiqued, “they feel powerless to affect the business environment in their favor.”⁹⁵⁷ What partly led them to conclude that CTI’s

⁹⁵² Ibid.

⁹⁵³ Mwapachu, *Tanzania in the Age of Change and Transformation*, 213.

⁹⁵⁴ Juma V. Mwapachu, email message to author, May 16, 2017.

⁹⁵⁵ Britain-Tanzania Society, “Simba Resigns - Ngasongwa Re-Instated,” *Tanzania Affairs*, Issue 71, January-April 2002, 15-16, https://www.tzaffairs.org/wp-content/uploads/pdf/tzaffairs_71.pdf; Joachim Mwalongo, “Mkapa Forms Committee to Probe Into Sugar Scandal,” *TOMRIC News Agency*, August 27, 2001; The Indian Ocean Newsletter, “How Mkapa Really Came to Drop Simba,” *The Indian Ocean Newsletter*, November 10, 2001, <https://www.africaintelligence.com/ion/corridors-of-power/2001/11/10/how-mkapa-really-came-to-drop-simba.2720068-art>; Faustine Rwambali, “Mkapa’s Choice of Minister Questioned,” *The East African*, December 3, 2001, <https://allafrica.com/stories/200108270214.html>.

⁹⁵⁶ Michael F. Lofchie and Thomas Callaghy, “Diversity in the Tanzanian Business Community: Its Implications for Economic Growth” (Dar es Salaam: USAID Mission, 1996), 15, https://pdf.usaid.gov/pdf_docs/PNABY324.pdf. An earlier version is also available in Lofchie’s university website at: <http://www.sscnet.ucla.edu/polisci/faculty/lofchie/tanzaniabusinessstudy.pdf>.

⁹⁵⁷ Ibid.

members felt this powerlessness was the fact that on January 16, 1993 they held their “Second Annual General Meeting which, inter alia, adopted a policy paper on ‘Protection of Local Industries.’”⁹⁵⁸

To these American political scientists, it was the “flood of imports unleashed by trade liberalization and poor enforcement of whatever protection” that remained, which “caused the older manufacturing sector, organized in the Confederation of Tanzanian Industries, to clamor for more effective enforcement of tariffs.”⁹⁵⁹ However, as has been noted in Chapter 4, the quest for protectionism in Tanzania predated liberalization and continued to the present. As such, CTI was only expressing a long-held desire that stretched back to the heyday of early post-independence Africanization and continues to inform nationally-oriented businesspeople.

As the de facto mouthpiece of CTI, *Change Magazine* published its ‘Tanzania Industrialisation and Strategy and Proposal for Policy Reform’ to “elicit comments and views which may reinforce them and enable the Government to come up with a comprehensive industrial policy.”⁹⁶⁰ Among other things, it supported the government’s move for privatization of parastatals and, as discussed in Chapter 6, some of its members were its beneficiaries. What is relevant in this chapter is the influential role these intellectuals of capital played in attempting to shape the policy trajectory the government took. “While the Government recognises the need to attract capital, technology and entrepreneurship from the

⁹⁵⁸ Mwapachu, “The Confederation of Tanzania Industries Lobby Power,” 9.

⁹⁵⁹ Lofchie and Callaghy, “Diversity in the Tanzanian Business Community”, 15.

⁹⁶⁰ *Change*, “Tanzania Industrialisation and Strategy and Proposal for Policy Reform,” 4.

private sector, particularly foreign investors,” CTI noted, “the issue of protecting indigenous interests is a real one.”⁹⁶¹

To address this issue, CTI called for a “mechanism for encouraging domestic public shareholding, including shareholding by employees” to “ensure wider participation of the indigenous population in the ownership and management of productive assets.”⁹⁶² For CTI, however, such a mechanism was only a means to an end, with the end being primarily increased indigenous ownership in commerce and industry. “This”, their proposals stressed, “will also provide opportunities for sharing profits of privatised enterprises and encourage domestic savings by diversifying investment channels and promoting opportunities for future direct ownership.”⁹⁶³ Wary and in anticipation of a rush for privatization that would bedevil the process and reignite racial rivalry, CTI forewarned:

In spite of the Government’s support for the divestiture of parastatal enterprises the speed of privatisation will be mostly dependent on the degree of preparedness and availability of would be potential investors. Government policy should not be made too favourable in an effort to encourage private sector participation. The Government should resist pressure from private investors for preferential treatment, including guaranteed monopoly status, ban of competing imports, high tariff protection, duty exemptions and preferential access to credit, as conditions for participating in parastatal restructuring. Replacing inefficient public industries by uncompetitive private companies would be counter-productive.⁹⁶⁴

The proposals also called for the improvement of the *Investment Promotion Policy*, a review of the *Investment Protection Act* and amendment of the company’s ordinances.⁹⁶⁵ As has

⁹⁶¹ Ibid., 14.

⁹⁶² Ibid.

⁹⁶³ Ibid.

⁹⁶⁴ Ibid.

⁹⁶⁵ Ibid., 12-13.

been noted earlier, this policy and its corresponding legislation led to the establishment of the Investment Promotion Center (IPC). It is evident that the government also incorporated some of CTI's specific suggestions when it amended the laws and changed IPC into the Tanzania Investment Center (TIC).⁹⁶⁶

For instance, following Bob Karashani, Aminzade notes that Mkapa's administration responded to the advocates of domestic entrepreneurs "with a revised Investment Act that reduced the minimal capital required for Tanzanian citizens seeking support for projects from the Investment Promotion Center and the creation of a special IPC section for prospective local investors."⁹⁶⁷ The government's reforms were also aligned with CTI's proposal that the "industrial reservation clauses of the" Investment Code "should also be interpreted flexibly to allow entry of new firms into areas that hitherto" had only "been reserved for the public sector."⁹⁶⁸

Hawa Sinare, a prominent Tanzanian corporate lawyer, was instrumental in co-reviewing the investment policy and law in 1996 that the government took on board as it institutionalized TIC.⁹⁶⁹ "One of the major findings of the study", a conference brief notes, "pointed-out the existence of about 600 pieces of legislation that were perceived to be anti-business."⁹⁷⁰ Although their interventions were undertaken under the auspices of the think-

⁹⁶⁶ Juma V. Mwapachu, *Confronting New Realities: Reflections on Tanzania's Radical Transformation* (Dar es Salaam: E & D Limited, 2005), 126-127.

⁹⁶⁷ Aminzade, *Race, Nation, and Citizenship in Post-Colonial Africa.*, 297.

⁹⁶⁸ Change, "Tanzania Industrialisation and Strategy and Proposal for Policy Reform," 13.

⁹⁶⁹ "FDI and Domestic Private Sector Development in Africa: The Experience of Tanzania," in OECD's Global Forum on International Investment: Attracting Foreign Direct Investment for Development held in Shanghai, China, December 5-6, 2002, 7, <https://www.oecd.org/investment/investmentfordevelopment/2764661.pdf>. She is now known as Dr. Eva Hawa Sinare.

⁹⁷⁰ Ibid.

tank Economic and Social Research Foundation (ESRF), they reflected the interests of CTI as reflected in their aforementioned proposals. It is interesting to note that CTI's annual report for 2004 lists Sinare as a member of its standing committee on legal and regulatory affairs.⁹⁷¹

Another recommendation from CTI was that of streamlining the “activities of the Industrial Licensing Board under the Ministry of Industries and Trade.”⁹⁷² This was so “that issuance of new industrial licenses by either IPC or the Ministry take into consideration the domestic market and industrial capacity in existence.”⁹⁷³ This also stemmed from CTI's desire that local industries are not only protected, but also nurtured progressively.

A recommendation that has continued to be a bone of contention is that of tax incentives for investors, especially foreign ones. “One potential area of concern”, CTI noted, “is that of tax holidays that are allowed in the Investment Code may be too generous and result in too much foregone and seriously needed Government revenue, and do offer unfair competitive advantages on new projects sanctioned by the Centre vis-à-vis existing firms.”⁹⁷⁴ Drawing lessons from its reading of international experience, it also argued that these were not effective in attracting the investment needed. “Low and uniform tax rates and a stable tax regime”, it asserted, “offer more conducive investment environment in the longer-run.”⁹⁷⁵ Yet this has not been the case.

By stressing the potential disadvantage for existing vis-à-vis new firms, CTI was primarily defending the interests of its members. As Simba noted in his final year as its chair,

⁹⁷¹ Confederation of Tanzania Industries, *Annual Report 2004* (Dar es Salaam: CTI, 2005), 33, http://www.tanzaniagateway.org/docs/CTI_%20annual_report_2004.pdf.

⁹⁷² Change, “Tanzania Industrialisation and Strategy and Proposal for Policy Reform,” 13.

⁹⁷³ Ibid.

⁹⁷⁴ Ibid.

⁹⁷⁵ Ibid.

CTI had only 114 members, representative of “industrial companies in both the parastatal and the private sector.”⁹⁷⁶ Since most of them in the private sector were already established prior to the push for privatization, the process provided both threats and opportunities. The threats came from local newcomers and foreign investors while the opportunities came from the public assets that were earmarked for divestment.

It is thus easy to dismiss CTI as a powerless group that was too dependent on the state, as Lofchie and Callaghy did, based on their call for protectionism.⁹⁷⁷ However, it is evident that CTI had viewed FDIs favorably. “Industrialisation based on domestic savings alone,” it admitted, “is hardly achievable taking into consideration the low level of domestic savings.”⁹⁷⁸ As “such”, it opined, “any improvements in the investment incentives should also aim at attracting more foreign capital for industrial development.”⁹⁷⁹ What they were calling for, as their relatively more elaborate proposals indicate, was not simply protection, but rather, the “development of indigenous entrepreneurs” along these lines:

Previous development policies have neglected the issue of indigenous entrepreneurship. A deliberate policy should provide correct incentives for grooming up commercial and industrial production units owned and managed by indigenous Tanzanians of African origin. This is crucial in order to minimise the obvious and growing imbalances between Africans and non-indigenous community. Such a measure is even more important for enhancing national cohesion and political stability, for apart from creating new jobs, opening up new markets and competition, the promotion of a viable indigenous business sector can be an important form of equalizing wealth and redistributing it, thus alleviating poverty and stimulating social progress. There is an urgent need therefore for the government to introduce affirmative action measures that will ensure development of this group. Such

⁹⁷⁶ Iddi Simba, “Message from the Chairman Confederation of Tanzanian Industries,” in *Tanzania Business Contacts 1995* (Dar es Salaam: Tanzania Chamber of Commerce Industry & Agriculture, 1995), 9.

⁹⁷⁷ Lofchie and Callaghy, “Diversity in the Tanzanian Business Community”, 15.

⁹⁷⁸ Change, “Tanzania Industrialisation and Strategy and Proposal for Policy Reform,” 13.

⁹⁷⁹ Ibid.

measures could include: preferential access to credit, licenses and tailored training courses to cater for the needs of the entrepreneurs.⁹⁸⁰

Like any institution with diverse members with at least one common goal, CTI is – and was – not monolithic. Its members did and do not necessarily share Simba’s views. Even Juma Mwapachu still asserts that he agreed with Mwalimu Nyerere’s opposition to indigenization, stressing that “Economic empowerment was achievable by means other than a racially biased policy.”⁹⁸¹ What is relevant is that, in terms of collective responsibility, CTI pushed for policy proposals that supported indigenization.

Even more relevant for this chapter is the fact that, as a leading intellectual of capital, Mwapachu provided a safe space for Simba to broadcast his ideas on the matter, thus influencing the institution he was chairing. For instance, in the inaugural issue of *Change*, Juma Mwapachu devoted nine pages on interviews he conducted with two “prominent Tanzanians, one of African and the other of Indian origins”, namely Iddi Simba and Hatim Amir Karimjee, respectively.⁹⁸²

The rationale for doing so, he asserted, was “to put the sensitive subject into a dispassionate perspective and to bring into focus the various views on it.”⁹⁸³ These interviews were part of a cover feature that he wrote with the hope that it “will lead to a reasoned and unemotional dialogue and debate on how our country can effectively achieve some racial

⁹⁸⁰ Ibid., 10-11.

⁹⁸¹ Juma V. Mwapachu, email message to author, June 22, 2017.

⁹⁸² J.V. Mwapachu, “Indigenisation: Jump Start or Racist Ploy,” *Change*, Issue No. 1, January 1993, 5.

⁹⁸³ Ibid.

balance in the wealth creation process.”⁹⁸⁴ Its profile of Simba thus captures the general position that Juma Mwapachu – and indeed *Change Magazine* and CTI – had on the issue:

The organized Tanzania private sector business since colonial days has consistently been dominated and controlled by Tanzanians of Indian origin. However, the last decade has witnessed the emergence of business startups begun by Tanzanian entrepreneurs of African origin. These national African entrepreneurs have contributed a fresh outlook and new business attitudes to the traditional low-profile Indian business culture. Iddi Simba 57, a financial and management consultant and an investor in private industrial enterprise exemplifies this new African-style entrepreneurship.⁹⁸⁵

As will be evident in Chapter 6, the debate on indigenization was primarily framed in the context of privatization of public corporations in the early 1990s. Aware of this context, the editor framed the issue to give room for Simba to disentangle them. Simba’s response underlines what has been his lifetime intellectual commitment to theorize and advance it even after the rush for privatization had waned. “The hullabaloo about indigenization has precious little to do with the privatisation of parastatals”, he asserted and lamented that it “is most unfortunate that the important and very issue” has “got confused and completely messed up with racial prejudices and parastatals reforms.”⁹⁸⁶

Being the leading theorist of the concept, he thus thought to bring clarity to the polity. “I think”, he pointed out, it is necessary to define indigenization and to put this whole issue in its historical and current political perspectives.”⁹⁸⁷ The following definition that he presented anticipated economic empowerment policies that the state would formulate and implement:

In the context of our national economy which is still backward and which we now have to modernize with the maximum use of our internal resources, indigenisation is a

⁹⁸⁴ Ibid.

⁹⁸⁵ *Change Magazine* in: Simba, “Portrait of a Leading African Tanzanian Entrepreneur,” 9.

⁹⁸⁶ Simba, “Portrait of a Leading African Tanzanian Entrepreneur,” 11.

⁹⁸⁷ Ibid.

process of involving actively African Tanzanians individually or as corporate bodies in all modern commercial enterprises. It is a process which aims at the total mobilisation of African entrepreneurial, managerial and technical skills so that the ownership and control of the agricultural, manufacturing, trade and services enterprises will progressively reflect the people of this country. This is a process which aims at redressing the colonial practice which, albeit with modification, was extended by the independence government later on denying Africans the opportunity to engage in modern large-scale private business.⁹⁸⁸

Simba viewed indigenization also as an intellectual process. “It is further a process of liberating the mentality of some African politicians and bureaucrats”, he asserted, “who, after many years of discriminatory practice, have been conditioned to identify commercial activity only with foreign and non-indigenous entities.”⁹⁸⁹ However, he acknowledged the attempt to Africanize the economy during the Ujamaa era. “[I]f the Arusha Declaration had been successfully implemented”, he affirmed, “indigenisation would not have been an issue today.”⁹⁹⁰ Similarly, in his interview with USAID in the early 1990s, he was paraphrased as stating that despite the then “public policy of encouraging and favoring SOEs [State Owned Enterprises] in an effort to overwhelm and eliminated private (largely Asian) businesses, precisely the opposite has been achieved.”⁹⁹¹

In line with his agenda for indigenization, Simba thus locates the reasons for this failure in the assumption that parastatals would become successful and thus render insignificant the private Asian business that the state had allegedly been promoting as a temporary measure. “After the adoption of the Arusha Declaration, and especially after the

⁹⁸⁸ Ibid.

⁹⁸⁹ Ibid.

⁹⁹⁰ Ibid.

⁹⁹¹ USAID, *Tanzania Private Sector Assessment*, 65-66.

nationalisation of buildings”, he recalled, “it would have been possible to develop a class of African private entrepreneurs.”⁹⁹² This counterfactual reading of history continues to plague Tanzania’s intellectuals of capital.⁹⁹³

Both the lobby power of CTI and policy space for indigenization thus received additional reinforcement after the 1995 general elections when Simba became a Member of Parliament for Ilala where the Dar es Salaam CBD is located and, subsequently, the Minister of Industry and Commerce on September 9, 1999. To have a leading voice on indigenization within the high echelons of government implied that the President had found some merit in it.

Aminzade rightly characterizes President Mkapa’s appointment of Simba as the turning point in the position of the ruling party on the matter. “His most controversial proposal”, he notes, “was a law to reserve certain sectors of the economy for domestic entrepreneurs and others for joint ventures with foreign investors.”⁹⁹⁴ However, he erroneously attributes the *National Employment Promotion Service Act No. 9 of 1999*, which he refers to as the indigenization law, to Simba.⁹⁹⁵ It was the then Minister responsible for Labor, Paul Kimiti, who was responsible for tabling the Bill to Parliament; President Mkapa assented to it on June 2, 1999.⁹⁹⁶ If there was any role that Simba played in this regard, then it would have been shaping debates on the Bill in Cabinet meetings and in Parliament.

⁹⁹² Simba, “Portrait of a Leading African Tanzanian Entrepreneur,” 11.

⁹⁹³ For recent reiteration see: Mwapachu, *Tanzania in the Age of Change and Transformation*; Ali A. Mufuruki, Rahim Mawji, Gilman Kasiga and Moremi Marawa, *Tanzania’s Industrialisation Journey, 2016 – 2056: From an Agrarian to a Modern Industrialised State in Forty Years* (Nairobi: Moran Publishers, 2017); Reginald Abraham Mengi, *I Can, I Must, I Will: The Spirit of Success* (Dar es Salaam: IPP Limited, 2018).

⁹⁹⁴ Aminzade, *Race, Nation, and Citizenship in Post-Colonial Africa.*, 298.

⁹⁹⁵ National Employment Service Act, 1999, 5,
<http://www.parliament.go.tz/polis/uploads/bills/acts/1457512007-ActNo-9-1999.pdf>.

⁹⁹⁶ Ibid.; Parl. Deb., 16 April 1999, Col. 35.

The indigenous segment of the business community seized the opportunity accorded by the appointment of one of their own. For instance, members of CTI from Arusha and Kilimanjaro who gathered to launch their branch in February 1999 invited Simba to grace the occasion and lobby for their interests. “President Benjamin Mkapa has done you a favour by bringing me into the cabinet”, Simba assured them, “because I’m one of you.”⁹⁹⁷ As “a businessman”, he promised them, “I’m going to fight for the rights of my fellow businessmen.”⁹⁹⁸ He was allaying the fears among some of them who questioned his ability to effect changes in their favor within the constraints of his new position as Minister. “Don't you worry”, he stressed, “they will listen to me because they brought me in to bring some fresh air into the cabinet.”⁹⁹⁹

Juma Mwapachu, who had taken the baton of the chairpersonship of CTI from him, used the occasion to raise concerns about the penetration of foreign capital in the form of department stores that would perpetuate the dominance of foreigners in the retail trade. “Foreign companies which want to invest in Tanzania will be compelled to identify local partners”, Simba responded, boldly asserting that if “they cannot do so, the government will help them identify partners because we are now aiming at localising and promoting local participation in investments.”¹⁰⁰⁰ Here, he was referring to a draft joint venture investment policy that he was instrumental in formulating. Upon its endorsement, he pointed out, “it will

⁹⁹⁷ Quoted in: Premy Kibanga, “Tanzania Minister Defends New Joint Venture Policy,” *The East African*, February 22, 1999, <http://allafrica.com/stories/199902220023.html>.

⁹⁹⁸ Ibid.

⁹⁹⁹ Ibid.

¹⁰⁰⁰ Ibid.

no longer be possible for foreigners to go it alone.”¹⁰⁰¹ *Tanzania Affairs* captures what informed this policy idea thus:

Responding to criticism of his proposal to introduce a positive discrimination policy backed by law to economically empower indigenous Tanzanians, Minister for Industry and Commerce Iddi Simba pointed out that, since South Africa had adopted a similar policy in 1994, Black African businesses had increased their ownership of businesses on the Johannesburg Stock Exchange from 0.3% to 11%. He added that it would be absurd to associate the Tanzanian government with any policy which propagated racial discrimination. The government would not stop the further progress of any successful enterprise he said.¹⁰⁰²

Although Iddi Simba’s tenure as a Minister was cut short, as noted above, when he resigned in November 2001 following a scandal involving the approval of sugar import licenses, his intellectual role of pushing for indigenous capitalism continued. The resignation process itself was a protracted struggle, indicating that his services as a voice of local capital were still required. Radio Tanzania reported that President Mkapa even asked him to stay on at least until the end of the World Trade Organization (WTO) ministerial meeting in Doha, Qatar.¹⁰⁰³ His role as a leading voice of the interests of Least Developing Countries (LDCs) in general and Africa in particular in the contentious meeting is widely cited.¹⁰⁰⁴ Regarding this role, Iddi Simba recalls:

¹⁰⁰¹ Ibid.

¹⁰⁰² Britain-Tanzania Society, “Business News,” *Tanzania Affairs*, Issue 65, January-April 2000, 23, https://www.tzaffairs.org/wp-content/uploads/pdf/tzaffairs_65.pdf.

¹⁰⁰³ As reported in: SAP/AFP, “Sugar Scam Turns Bitter”, *News24*, November 5, 2001, <https://www.news24.com/xArchive/Archive/Sugar-scam-turns-bitter-20011105>.

¹⁰⁰⁴ See: Caroline Lucas, “The Ill Wind of Trade,” *The Guardian*, November 21, 2001, <https://www.theguardian.com/society/2001/nov/21/globalisation.guardiansocietysupplement>; 381 Parl. Deb. H.C. (5th ser.) (2002) col. 1116. This debate on ‘Fair Trade’ that Ann McKechin representing Glasgow, Maryhill initiated occurred on August 14 of the cited year in the UK Parliament, <https://api.parliament.uk/historic-hansard/commons/2002/mar/14/fair-trade>; Yashpal Tandon, *Trade Is War: The West’s War against the World* (New York: OR Books, 2015), 27; Gumisai Mutume, “Africa Opposes New Round of Trade Talks,” *Africa Recovery*, Vol.15 no. 3, October 2001, 7, <http://www.un.org/en/africarenewal/vol15no3/153trade.htm>; Jane Ford, *A Social Theory of the WTO: Trading Cultures* (New York: Palgrave Macmillan, 2003), 5; “MFA Press Release: Statement by Minister for Foreign Affairs George Yeo at the United Nations General Assembly 65th Session General Debate in New York on 28

.... I went to a conference of less developed countries and I told them we were in trouble, because there would be a round of trade talks. I invited them all to Zanzibar, to form a negotiating bloc. We managed to have this meeting and we went to Doha with one voice. That is how I got involved in the so-called “green room” at Doha, where all the deals are made. We were put together with powerful people from developed countries, and there we were, negotiating on behalf of least developed countries. We tried ... but we struggled.¹⁰⁰⁵

The meeting marked the end of Iddi Simba’s career as a government minister. Reminiscing on his presidential tenure, Mkapa lamented his acceptance of the resignation of one of his key cabinet ministers as one of the two crucial decisions he made in his tenure after being forced “to agree to it due to public pressure....”¹⁰⁰⁶ Although he did not name anyone, the context suggests that it was none other than his able advocate of capital.

Iddi Simba had to seek alternative avenues without the state machinery. With his friend Juma Mwapachu as the President of the University of Dar es Salaam Convocation, it was easy to access its platform to advance his ideas on local capital. For instance, when the Convocation organized a symposium on ‘Why is Tanzania Still Poor 40 Years After Independence?’ he was invited to present a paper. “I do not intend to confine myself”, he noted in the paper, “only to the industrial sector perspective as requested by the organisers of the symposium.”¹⁰⁰⁷ He opted to connect the twin sectors of Commerce and Industry. This enabled him to expound on his pet intellectual project.

September 2010,” Ministry of Foreign Affairs-Singapore, September 29, 2010, <https://www1.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2010/09/MFA-Press-Release-Statement-by-Minister-for-Foreign-Affairs-George-Yeo-at-the-United-Nations-General>.

¹⁰⁰⁵ Cited in: Africa Research Institute, “How to be a Friend of Africa,” November 27, 2008, <https://www.africaresearchinstitute.org/newsite/event/how-to-be-a-friend-of-africa/>.

¹⁰⁰⁶ Peter Nyanje, “Mkapa’s legacy 8 years on: ‘I brought Tanzania back from the edge’,” *The Citizen*, November 20, 2013, <http://www.thecitizen.co.tz/News/Mkapa-speaks-on-the-tough-times-of-his-presidency/1840340-2080228-o94yq6/index.html>.

¹⁰⁰⁷ Iddi Simba, “Going Beyond the Rhetoric: Why is Tanzania Still Poor 40 Years After Independence?” (Paper, Annual Convocation Symposium, University of Dar es Salaam, May 15-16, 2003), 1. This paper was later modified and published as: Iddi Simba, “Why Is Tanzania Still Poor 40 Years after Independence?,” in

Employing what he referred to as the perspective of social compartmentalization, Simba argued that Tanganyika inherited three distinct communities from the colonial administration: Colonial Administrator (Europeans); Business Community (a combination of European and American Multinationals, Asians and Arabs); and Africans who provided administrative assistance, labor, domestic service, petty trading and peasant farming).¹⁰⁰⁸ “Between 1961 and 1967”, he further argued, “we cleaned up the compartments and merged the first and third into one, thus leaving the Business Community to co-exist with the poor indigenous Tanzanians with political power.”¹⁰⁰⁹ For him, this indigenization of the political and bureaucratic leadership did not yield the intended result for two decades. Hence what was needed during the economic reforms of the 1980s was an elaborate program of what Simba referred to as ‘bureaucratic de-briefing’.

One of the reasons that called for this, Simba argued, was because “after twenty five years of intensive training and indoctrination, the bureaucratic machinery could not be expected to know how to deal with the private sector which, with an abrupt shift of policy, became the engine of economic growth.”¹⁰¹⁰ Although, in his estimation, this opportunity was lost, he felt it was still the way out of the country’s poverty quagmire. “Ours is still a country of large and petty traders, peasant farmers and very few corporate entities, in the productive sector, which are just beginning to understand the workings of this economy”, he noted.¹⁰¹¹ Then he warned: “Unless and until we vigorously stimulate the enterprise spirit of the local

Why Is Tanzania Still Poor 40 Years after Independence? Proceedings of the 6th Convocation Symposium, 2003, ed. Saida Yahya-Othman et al. (Dar es Salaam: UDSM Convocation, 2004), 91–104.

¹⁰⁰⁸ Simba, “Going Beyond the Rhetoric,” 2.

¹⁰⁰⁹ *Ibid.*, 4.

¹⁰¹⁰ *Ibid.*, 13.

¹⁰¹¹ *Ibid.*, 14.

‘Wazawa’ community, mobilize youth and change the mindset of our educated political and bureaucratic leadership, the response to the conducive environment will be...very slow.”¹⁰¹²

Adopting Marxian parlance to appeal to the intellectual community at the University of Dar es Salaam, Simba delved into the question of capitalist production. “If we accept the notion that poverty eradication is a direct function of increased production and appropriate distribution system”, he appealed, “I would suggest that we examine critically the issue of indigenous entrepreneurship and its engagement in the production system.”¹⁰¹³ Arising from his critical examination, he posited that indigenization would go hand in hand with economic empowerment. This, however, entails embarking “upon a programme of indigenisation which embraces total mobilization of domestic human and material resources in all our systems of production and distribution.”¹⁰¹⁴ Noting that a case for an indigenization policy was more relevant then than it had ever been, the former Minister recapped the challenges ahead:

For a variety of reasons, however, the subject of indigenisation has been amazingly difficult to push through the socio-political fabric of this country. But with the passage of time, the forces of regional and international cooperation in the field of commerce and investment have introduced new dimension to the fundamental arguments for indigenisation. With the Common Market in East Africa and SADC, we shall soon see free entry of labour and other factors of production and distribution into our country. Furthermore, the global trend is transforming the world into one globally regulated market to become operational within the next two decades. Under these circumstances, it must be clear that the issue of indigenisation has to take a very high priority.¹⁰¹⁵

¹⁰¹² Ibid., 15.

¹⁰¹³ Ibid., 16.

¹⁰¹⁴ Ibid., 16-17.

¹⁰¹⁵ Ibid., 17.

In the same month Simba published a booklet that reignited the debate within the ruling party and the government.¹⁰¹⁶ Drawing heavily from the paper he presented at the University of Dar es Salaam, he gives the concept of indigenization a broader, albeit populist, appeal. “Our concept of indigenisation”, he shrewdly asserted, “calls for a vigorous campaign to **restore the hope, confidence and dignity** which the Arusha Declaration had bestowed to Africans of this country, but which they now seem to be losing, in terms of their ability to own and manage big private business.”¹⁰¹⁷ He also noted that, among other things, it “is about noisy **‘wake-up’**, and about raising ALARM for total mobilization of the disadvantaged citizens for active participation in World-class business.”¹⁰¹⁸

However, departing from the Arusha Declaration’s Leadership Code, Simba pointed out that the concept is also “about debriefing and re-training politicians and bureaucrats in dealing with the private sector and, especially, in encouraging the growth of entrepreneurship including their own.”¹⁰¹⁹ Aminzade has provided an apt review of the public debate that the book sparked in the media and the party.¹⁰²⁰ Of relevance to this chapter, however, is the extent to which Simba, as an intellectual of capital, used this concept to shape the public discourse and influence policy.

For instance, even though the ruling party claimed that indigenization was not its policy, the *National Economic Empowerment Policy* that its government formulated in 2004

¹⁰¹⁶ Iddi Simba, *A Concept of Indigenisation*, 2003. Most likely due to the sensitivity of the topic the booklet mentions neither the publisher nor the printer, indicating that it was self-published.

¹⁰¹⁷ Ibid., 9.

¹⁰¹⁸ Ibid., 9.

¹⁰¹⁹ Ibid., 9-10.

¹⁰²⁰ Aminzade, *Race, Nation, and Citizenship in Post-Colonial Africa.*, 334-335.

contained traces of Simba's conceptualization.¹⁰²¹ This is evident in its statement of intent: "The National Economic Empowerment Policy is intended to address all economic empowerment needs of the individual citizens of Tanzania and local companies in which Tanzania citizens hold not less than fifty percent of the shares."¹⁰²² To that end it states, among other things, that "sector policies will give preferential treatment to nationals where necessary so as to enhance their bargaining position and opportunities."¹⁰²³ Similarly, it calls for measures to ensure "that local companies are given preferential treatment when the Government awards procurement tenders."¹⁰²⁴ However, by 2017 the National Economic Empowerment Council (NEEC) that was established in 2005 following the enactment of the *National Economic Empowerment Act, 2004* had started to revise the policy.¹⁰²⁵

Another avenue that intellectuals of capital have used to advance their ideas is think-tanks. For instance, in an event that the ESRF organized in 1996, Mufuruki presented a paper on tax evasion that attempted to shape the then popular discourse on anti-corruption.¹⁰²⁶ Four years later, ESRF appointed Mufuruki to its Board of Trustees to take the place of other members whose tenure had come to an end, including Juma Mwapachu. The former editor of *Change Magazine* had also provided his services as the "Editorial Consultant for ESRF's

¹⁰²¹ United Republic of Tanzania, *National Economic Empowerment Policy* (Dar es Salaam: The Prime Minister Office, 2004).

¹⁰²² *Ibid.*, 3.

¹⁰²³ *Ibid.*, 6.

¹⁰²⁴ *Ibid.*, 19.

¹⁰²⁵ Beatrice Philemon, "NEEC unveils its New Empowerment Policy," *The Guardian*, April 1, 2017, <https://www.ippmedia.com/en/news/nec-unveils-its-new-empowerment-policy>.

¹⁰²⁶ Ali A. Mufuruki and James B. Rugemalira, "Tax Evasion—Its Causes and Logical Cure" (Paper, Workshop organised by the Economic and Social Research Foundation, March 21, 1996, Sheraton Hotel, Dar es Salaam). An earlier version cited in: Lofchie and Callaghy, "Diversity in the Tanzanian Business Community," 11.

Policy Dialogue Series.”¹⁰²⁷ Hence he got a chance to leave his mark on its think pieces that economists and other social scientists from the University of Dar es Salaam generally wrote. Commenting on ESRF’s role in policy networking, its founding Director, Samuel Wangwe, and his fellow authors note:

CTI, jointly with other sectoral associations, have made representations to government, although not always successfully, over taxation, industrial policy and privatization. The ESRF in Dar es Salaam (which has close ties with CTI) has been active in bringing together government, donors and the private sector to discuss liberalization with the express purpose of opening a policy dialogue in Tanzania. The first time the brokerage role started, three parties were involved: ESRF, USAID and the private sector. USAID financed a study on the diversity of the business sector in Tanzania in 1995. In order to disseminate the results of that study, USAID asked ESRF if a workshop could be organized for that purpose. The workshop was organized in March 1996, in which some private sector persons were invited to be discussants and participants.¹⁰²⁸

The role of USAID and other international organizations in amplifying the voice of capital in Tanzania is discussed in detail in the final chapter of this dissertation. What is important to note in finalizing this section is that as the decade of the 1990s came to a close, the influence of CTI waned. It is thus not surprising that *Change Magazine* also ceased publication. “In 1996”, Juma Mwapachu recalls, “I decided to close down the *Change Magazine* because of lack of national support to fund the publishing.”¹⁰²⁹ New voices of capital, however, were emerging.

¹⁰²⁷ Economic and Social Research Foundation, *Annual Report 1999* (Dar es Salaam: ESRF, 2000), 31, <http://esrf.or.tz/docs/annualreport-1999.pdf>.

¹⁰²⁸ Tom Hewitt, Sam Wangwe, and David Wield, “Seeing Eye to Eye: Organizational Behaviour, Brokering and Building Trust in Tanzania,” *Public Administration and Development* 22, no. 2 (2002), 104, <https://doi.org/10.1002/pad.214>. The study they are referring to is: Lofchie and Callaghy, “Diversity in the Tanzanian Business Community.”

¹⁰²⁹ Juma V. Mwapachu, email message to author, July 5, 2017.

A Chorus for Entrepreneurialism

On October 14, 1999, the Civil Service Department in Tanzania President's Office convened a second consultative workshop with members of key networks in the private sector on the modalities of instituting a joint body.¹⁰³⁰ "Members of the public will recall the efforts made in the past to establish TNBC", noted the TPSF Press Release, "as a forum for dialogue between the public and private sectors in order to advance the initiative."¹⁰³¹ TPSF also informed the public that it was the second workshop that resolved to set up a Task Force that had the following private sector representatives: Arnold B. S. Kilewo, Aristabulus Elvis Musiba, Mariot Kalanje, Aloyce P. Mushi, Natwar Gotecha, Manubhai M. Devani, Emmanuel Jengo and an unnamed representative from the Bankers Association.

Government representatives included, among others, the Ministry responsible for Commerce, whose Minister at the time was Simba. "To determine the functions, structure and size" and "propose an implementation schedule, leading to the establishment of the TNBC by March 2000", were their terms of reference. Most of the members from the private sector in this Task Force came from TPSF, as it was the one that had taken the lead, compared to CTI which had only one member.¹⁰³² In fact, the Press Release directed the public to send their suggestions about the formation of TNBC to the chairperson of TPSF.

However, as TNBC notes, its formal establishment was realized a year later following the signing of *Presidential Circular No. 1* on September 12, 2001 and its gazetting, as

¹⁰³⁰ Ironically, this was the day the first President of Tanzania, Julius K. Nyerere, who is often criticized for suppressing the private sector, passed away in London.

¹⁰³¹ Tanzania Private Sector Foundation, "Formation of the Tanzania National Business Council," *Financial Times*, December 29, 1999-January 4, 2000, 5.

¹⁰³² Louis Accaro, interview by Chambi Chachage, Dar es Salaam, August 14, 2017.

Government Notice No. 691, on September 28, 2001.¹⁰³³ Nevertheless, it was not until March 2002 that TNBC, as the supreme consultative body between the private and public sectors, became operational. It is always chaired by the sitting President of Tanzania. Though a national initiative, it was USAID, UNIDO, UNDP, DANIDA and SIDA that played what President Mkapa referred to as the role of helping to “midwife” TNBC.¹⁰³⁴

Efforts to establish it, however, go back as early as 1995 when Juma Mwapachu wrote an editorial on “A Case for the Establishment of a National Business Council” in *Change Magazine*.¹⁰³⁵ Once again, he decried the lack of a collective voice among business associations that represented sectoral interests, singling out one association for not living up to that promise. “There is the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) originally established to constitute a national umbrella organisation to represent all actors in the economy”, he noted, “but whose concentration has turned out to be on trade and commerce.”¹⁰³⁶

It is important to recall that as its co-founder, he was particularly heartbroken by the infighting that led to the birth of CTI. My “heart bleeds”, he had intimated two years earlier, “to think of what” ultimately “become of TCCIA – a dead institution, corrupted by greed for power, of self, not of the collective; for self-aggrandisement and absolute abuse of constitutional authority.”¹⁰³⁷ He did not name names.

¹⁰³³ Presidential Circular No. 1 of 2001: Establishment of the Tanzania National Business Council, <http://tnbc.go.tz/v2/wp-content/uploads/2015/06/Presidential-Circular.pdf>.

¹⁰³⁴ Benjamin W. Mkapa, “Speech by The President of the United Republic of Tanzania, His Excellency Benjamin William Mkapa, at the Inauguration of the Tanzania National Business Council, Dar es Salaam Sheraton Hotel, 9 April 2001,” in the possession of the author of this dissertation.

¹⁰³⁵ J.V. Mwapachu, “A Case for the Establishment of a National Business Council,” *Change*, Vol. 3 No. 3 & 4, 1995, 2-3.

¹⁰³⁶ *Ibid.*, 2.

¹⁰³⁷ Mwapachu, “The Confederation of Tanzania Industries Lobby Power,” 5.

However, the following updated version of his statement indicates clearly that Juma Mwapachu was referring to Mwakitwange, who reverted to party politics after the country reinstituted multiparty democracy: “The elected President of the Chamber chose to use the organisation for his own political self-aggrandisement, resulting in the absolute abuse of the Chamber’s constitutional authority.”¹⁰³⁸ Thus, for him, this setback “at the dawn of political pluralism” left the “broad business community” lacking “an effective national umbrella civic platform to have its extensive presence well felt.”¹⁰³⁹ This “state of balkanization”, he later argued, was also “detrimental to the government and the country as a whole because, as globalization eases its way into the developing economies, the role of economic actors rather than governments; will increasingly take the centre stage in economic policy making.”¹⁰⁴⁰

Juma Mwapachu was thus exhibiting the general tendency of intellectuals of capital to conceptualize globalization as if it is a phenomenon that Africa only experienced in the wake of liberalization.¹⁰⁴¹ This is in contrast to Marxian intellectuals who view it in terms of the long trajectory of the history of capitalism that unravels its spatial expansionism, and thus globalizing tendency, as capital traverses the globe in search of commodities and profits.¹⁰⁴²

By invoking the pro-capitalist discourse on globalization as a rationale for forming a national business council, Mwapachu was also attempting to influence the then upcoming

¹⁰³⁸ Mwapachu, *Confronting New Realities*, 378.

¹⁰³⁹ Mwapachu, “The Confederation of Tanzania Industries Lobby Power,” 5; Mwapachu, *Confronting New Realities*, 378.

¹⁰⁴⁰ Mwapachu, “A Case for the Establishment of a National Business Council,” 2.

¹⁰⁴¹ See: Joseph Semboja, Juma Volter Mwapachu, and Eduard Jansen, ed. *Local Perspectives on Globalisation: The African Case* (Dar es Salaam: Mkuki na Nyota, 2002).

¹⁰⁴² See: Tade Akin Aina, C. S. L. Chachage, and Elisabeth Annan-Yao, *Globalization and Social Policy in Africa* (Dakar: CODESRIA, 2004).

first multiparty elections. In anticipation, the issue of *Change* Magazine that carried his editorial on the case for a national business council informed its readers that the theme of the next issue “will be ‘Governance and the role of Markets in the Economy.’”¹⁰⁴³ In that subsequent issue, he aligned himself with a presidential candidate who would win and champion the same discourse on globalization. “Can a President Benjamin Mkapa really reinstate the Arusha Declaration, lock, stock and barrel?” he rhetorically asked.¹⁰⁴⁴ “Personally”, he then responded, “I don’t think so.”¹⁰⁴⁵ This stemmed from profiling Mkapa as “an intellectual of the highest order” who “respects intellect” and would objectively assess the costs and benefits of Nyerere’s socialist path in comparison to Mwinyi’s “market economy path.”¹⁰⁴⁶

By this, he meant that out of “rationality” and “pragmatism” that were regarded as his “forte and the basis of his decision,” Mkapa would not allow the support his presidential campaign received from Nyerere to cloud his judgment.¹⁰⁴⁷ “Tanzania”, Juma Mwapachu stressed, “needs a strong government led by a person who knows the world, who is intelligent enough to know that static and dogmatic policies do not work in a world which is increasingly globalized in economic terms.”¹⁰⁴⁸ This was a subtle description of Mkapa in relation to their discourse on globalization that his presidency would proceed to champion.

¹⁰⁴³ *Change*, “Watch Out for Change Magazine,” *Change*, Vol. 3 No. 3 & 4, 1995, 63.

¹⁰⁴⁴ J.V. Mwapachu, “After the Elections: A Return to Socialism,” *Change*, Vol. 3 No. 5, 6 & 7, 1995, 3.

¹⁰⁴⁵ *Ibid.*

¹⁰⁴⁶ *Ibid.*

¹⁰⁴⁷ *Ibid.*

¹⁰⁴⁸ *Ibid.*, 7.

The “market reforms which President Mwinyi has effected”, he concluded, “are generally in the right direction” as he thus endorsed his candidate: “Indeed, the challenge of the next government, which we hope and trust will be Benjamin Mkapa’s, will, in our view, be MARKETS AND GOVERNANCE.”¹⁰⁴⁹ This part of history is particularly relevant in contextualizing the formation of TNBC because Mkapa became a President who fully heeded the call Juma Mwapachu had thus amplified in the earlier issue:

It is therefore critical that during the transition from our present nascent market economic structures and policies to globalisation-driven business environments, strong and resourceful national business representative organs are established to act as pathfinders in shaping a national competitive business future. In this context, a strong and viable National Business Council which would co-ordinate and lead an institutional network of different sectoral business associations would not only provide a central ally for the government but would also be the rallying point for lobby work, business support, promotion and development, information gathering and dissemination, managing a code of ethics, providing entrepreneurship training and dealing with external institutions involved in trade and investments.¹⁰⁵⁰

As far as intellectualizing capital and business networking were concerned, theirs was a meeting of the minds. In his speech at the official launch of TNBC on April 9, 2001, President Mkapa seemed to echo Juma Mwapachu. “Soon after assuming office, in November 1995”, he recalled, “I realised the need to change the way the national economy is managed.”¹⁰⁵¹ For Mkapa, Mwinyi had not done enough to open the country widely to the penetration of capital; hence the need for further change. “This need”, he intimated, “was made more acute by the fact that our country was moving from a public sector led economy to a private sector driven market economy.”¹⁰⁵²

¹⁰⁴⁹ Ibid.

¹⁰⁵⁰ Mwapachu, “A Case for the Establishment of a National Business Council,” 3.

¹⁰⁵¹ “Speech by the President of the United Republic of Tanzania, His Excellency Benjamin William Mkapa, at the Inauguration of the Tanzania National Business Council.”

¹⁰⁵² Ibid.

This necessitated his government to maintain what he referred to as a continuous dialogue on matters that were crucial to the economy with this sector that was assuming an increasingly larger role. “That is why, I committed myself to creating a forum and a mechanism for institutionalised dialogue between the Government and the Private Sector,” he elaborated. “But, little did I know then,” he noted, “that the negotiations and the preparatory phase for the establishment of the National Business Council would outlive the entire first term of my administration!”¹⁰⁵³

Recalling the urgency of Mkapa’s presidency, the then Vice-Chair of TPSF, Musiba, reminded him that on “the 8th of February 1998, you, Mr. President invited some of us to an informal discussion” whereby “Mr. President, at that time you felt that the TNBC should have been in place “yesterday”!”¹⁰⁵⁴ It is this presidential haste, he noted, that encouraged them to forge ahead on “a long and sometimes a frustrating journey” of forming TNBC.¹⁰⁵⁵

As if to cover for lost ground, President Mkapa did not opt for the parliamentary process that Juma Mwapachu had once suggested. The latter had called for the Ministry of Industries and Trade to take a lead in establishing the National Business Council through an Act of Parliament.¹⁰⁵⁶ To ensure its fiduciary stability and sustainability, he also proposed “the levying of membership subscription fees through the Finance Act.”¹⁰⁵⁷

¹⁰⁵³ Ibid.

¹⁰⁵⁴ A. E. Musiba, “Speech by, Mr A. E. Musiba: Vice- Chairman, Tanzania Private Sector Foundation (TPSF) on the Occasion of Launching the Tanzania National Business Council (TNBC) at The Sheraton Hotel, Dar es Salaam, 9th April 2001,” in the possession of the author of this dissertation.

¹⁰⁵⁵ Ibid.

¹⁰⁵⁶ Mwapachu, “A Case for the Establishment of a National Business Council,” 3.

¹⁰⁵⁷ Ibid.

The President, however, opted to sign a presidential circular that has this mode of financing: “The business and affairs of TNBC shall be financed on a cost-sharing basis between the Government and the private sector. The government contribution (subvention) to TNBC will be routed through the vote of the designated entry point.”¹⁰⁵⁸ However, the “entry point of TNBC business in government”, the circular stipulates, “will be determined by the President as he deems appropriate.”¹⁰⁵⁹

One of the implications of such a formulation is that convening TBNC depends on the political will of a sitting president. Mengi captures the implication in his autobiography. “During the ten years of President Kikwete’s administration”, he recalls, “the TNBC met only three times, making a mockery of the intended objective for its establishment and its role.”¹⁰⁶⁰ He, therefore, attributes this relative lack of interest to the wide discretionary powers vested in the President:

Indeed, the main reason why the TNBC has so far been ineffectual as evidenced by the lack of meetings particularly between 2008 and 2013 is probably because of the strict requirement that the TNBC is chaired by the President and thus his absence or unavailability makes it impossible for the TNBC to meet.¹⁰⁶¹

Around the same time, at the turn of the century, Mufuruki, a co-founding member of TNBC, was also co-establishing the CEO Roundtable of Tanzania (CEOrt). It started as an informal policy discussion forum for a group of 25 Chief Executive Officers (CEOs) of private sector companies with Roger Ivens, then at BP Tanzania, being its first lead CEO from 2000 to

¹⁰⁵⁸ Presidential Circular No. 1 of 2001, 5.

¹⁰⁵⁹ Ibid., 4.

¹⁰⁶⁰ Mengi, *I Can, I Must, I Will*, 140.

¹⁰⁶¹ Ibid., 134.

2001.¹⁰⁶² The “objectives”, declare its official records, “was to create a forum through which the captains of industry, commerce and agriculture in Tanzania could constructively engage the Government, its development partners and other stakeholders with a view to creating a more conducive environment for business to prosper and for the country to develop in an atmosphere of peace and tranquility.”¹⁰⁶³ As such, its mandate was similar to that of TCCIA.

However, as has been discussed above, TCCIA was then no longer credible and its offshoot – CTI – was primarily a network of manufacturers. Being in the service sector, Mufuruki needed a broader association. “I have never been a member of either TCCIA or CTI”, he informed the author of this chapter when queried about what transpired then.¹⁰⁶⁴ However, some CEOrt members had linkages with CTI. For instance, its lead CEO from 2001-2002, Natwar Gotecha from the Tanzania Cigarette Company is listed as a representative of CTI in the Task Force that led to the formation of TNBC.¹⁰⁶⁵

In CEOrt Mufuruki thus found an entrepreneurial intellectual niche, rising to the position of its lead CEO in 2005 after the tenure of Noli Mantheakis from Tanrus Investment Limited ended. Like Simba and Juma Mwapachu, Mufuruki regards Mkapa’s presidency as a watershed that widened their space as it welcomed advocates of the private sector. Bidding him farewell in 2005, he intimated:

Mr. President, I recall a meeting you convened at the State House in 1996 as Tanzania was preparing to host the first International Investment Forum. You expressed your frustration at the lack of a credible private sector leadership with whom to engage in a productive public private dialogue on matters of economic policy. What was remarkable about that observation was that it was probably the first time in the history of our country that a Head of State showed genuine concern for or even acknowledge

¹⁰⁶² CEOrt Archives/CEO Roundtable of Tanzania.

¹⁰⁶³ Ibid.

¹⁰⁶⁴ Ali A. Mufuruki, email message to author, February 23, 2016.

¹⁰⁶⁵ Tanzania Private Sector Foundation, “Formation of the Tanzania National Business Council,” 5.

the private sector as a partner despite its many problems. For the few private sector representatives present at that meeting, and I was lucky to be one of them, that day marked an important milestone in the history of the relationship between the Government of Tanzania and the private sector.¹⁰⁶⁶

Such a reading of history clouds the memory of the times President Nyerere graced, annually as has been shown in Chapter 3, the meetings of Tanganyika Association of Chambers of Commerce and other networks in the private sector. It is such a perspective that led Mufuruki to argue in an influential presentation to the leading opposition party in Tanzania, CHADEMA, that there is no evidence that Nyerere's administration between 1961 and 1967 had any specific strategy to control its economy on its own or through its citizens.¹⁰⁶⁷ For him, this failure to indigenize the economy resulted in the continuity of the dominance of those he refers to as a people that the colonial state brought to the country.¹⁰⁶⁸

In his estimation, the Arusha Declaration demolished rather than built. The major problem with this policy, he stresses, is that instead of transferring the business capacity and management of the economy from those citizens from outside and immigrants to the indigenous citizens, the government waged war with the private sector in its totality without distinguishing its members.¹⁰⁶⁹ For him, the state thus hammered a nail in the coffin of the free market economy by proclaiming that Tanzania is a country of peasants and workers only.¹⁰⁷⁰

¹⁰⁶⁶ CEOrt Archives/CEO Roundtable of Tanzania.

¹⁰⁶⁷ Ali A. Mufuruki, "Political Management of the National Economy," (Presentation, CHADEMA Leaders' Retreat, Moshi, January 9, 2014), 4, <http://ali-ea-foundation.net/docs/CHADEMA%20Presentation.pdf>.

¹⁰⁶⁸ Ibid., 5.

¹⁰⁶⁹ Ibid., 6.

¹⁰⁷⁰ Ibid.

Hence Mufuruki strongly argues that the government did not use the particular opportunity in the late 1980s and early 1990s to privatize into the hands of indigenous Tanzanians the major companies it had nationalized in the late 1960s and early 1970s.¹⁰⁷¹ For him, this was a golden opportunity for creating a base for them to participate in the national economy that was lost by returning those companies to their previous owners – i.e. foreign nationals and Tanzanians of Asian origin – or leaving them to become defunct.

However, such Simban ideas on indigenization hardly informed the formation of the CEOrt. It continues to be multiracial and international notwithstanding Mufuruki's collective self-identification as "indigenous Tanzanians like myself."¹⁰⁷² Yet the underlying argument about the stifling of the private sector and the need to revive it shaped its engagement. Its "founders", CEOrt's official records point out regarding the rationale for its inception and objective, "realised that Tanzania as a nation was still learning to walk in a tumultuous and fast changing world characterised by globalisation, democratization and civil unrest almost everywhere you look."¹⁰⁷³ To that end, it hosted regular meetings with various leaders from the government. Reminiscing on such a meeting with President Mkapa, Mufuruki noted:

Mr. President, you will also recall our first formal meeting of the CEO Roundtable with you that took place in April 2000 at the Sea Cliff Hotel. The theme of that meeting was partnership. Together, we analysed the factors constraining the private sector from becoming an effective engine of growth. We discussed the impact of macro-economic stabilisation on private sector investment activity. We highlighted the big priority issues critical for growth. We proposed some solutions and realised we share a common vision. We agreed on the economic reform strategy while recognizing some of the obstacles standing in the way of the transformation process at

¹⁰⁷¹ Ibid., 9.

¹⁰⁷² Ali A. Mufuruki, "Embracing Change is Key to Success in Today's Multi-Cultural World" (Keynote Address, Launch of the Ismaili Professionals Network, Dar es Salaam, June 19, 2013), 1, <http://infotech.co.tz/wp-content/uploads/2017/09/Ismaili-Professionals-Ali-Mufuruki.pdf>.

¹⁰⁷³ CEOrt Archives/CEO Roundtable of Tanzania.

that time. We realised then as we do now that we are on the same side. We had a true, constructive dialogue.¹⁰⁷⁴

They were indeed on the same side, siding with capital as it penetrated deeply into their society through several policy and legal changes. “By all accounts”, Mufuruki further affirmed Mkapa’s role as an “exceptional friend” of the private sector, “yours has been an extraordinary presidency that has seen Tanzania change its course from a 23-year experiment in African Socialism to one where Tanzania has aligned itself with the reality of the globalizing world we live in, accepting the private sector as the engine of growth and principal partner of the government in the matters of economic development.”¹⁰⁷⁵

This perspective, as has been noted in the case of Juma Mwapachu, owes its inspiration to discourses on the inevitability and irreversibility of globalization as an entity with no alternative. As Shivji points out, the broad theoretical and ideological frameworks that inform the dominant discourse on globalization are neoliberal.¹⁰⁷⁶ “Spearheaded by mainstream economists”, he further notes, “its analytical categories are all too familiar – free market, efficiency, economic rationality, comparative advantage, growth, etc.”¹⁰⁷⁷ Since the “site of its analysis is microeconomic and its epistemology is grounded in ahistorical empiricism of the statistical kind”, he further notes, its “research is focused on policy i.e. prescriptive as opposed to academic or critical (diagnostic) which it often derides.”¹⁰⁷⁸

¹⁰⁷⁴ Ali A. Mufuruki, “Speech” (CEO Roundtable Farewell Dinner for H.E. President Benjamin W. Mkapa, Mövenpick Royal Palm Hotel, Dar es Salaam, December 2, 2005), 4, CEOrt Archives.

¹⁰⁷⁵ Mufuruki, “Speech,” 7.

¹⁰⁷⁶ Issa G. Shivji, “Globalisation and Popular Resistance,” in *Local Perspectives on Globalisation: The African Case*, ed. Joseph Semboja, Juma Volter Mwapachu, and Eduard Jansen (Dar es Salaam: Mkuki na Nyota, 2002), 102.

¹⁰⁷⁷ Ibid.

¹⁰⁷⁸ Ibid.

Shivji's critique thus enables one to partly make sense of why policy dialogues with the government and their development partners appeal to intellectuals of capital.

As a long-serving lead CEO of CEOrt, the reach of Mufuruki's ideas on capital and access to the corridors of power cannot be overemphasized.¹⁰⁷⁹ For instance, in September 12, 2008 the Ministry of Finance and Economic Affairs requested a copy of his Annual CEO Presentation to President Kikwete in 2007.¹⁰⁸⁰ "Thoughts contained therein", it noted, "would constitute vital inputs in preparing the Medium Term Public Investment Plan."¹⁰⁸¹ One of the outcomes of the meeting with the then President on October 8, 2007 was the official launching of the Enhancing Public Services Project (EPSL).¹⁰⁸² "EPSL", note CEOrt's official records, "is a three-year USD 2.3 million project that was conceived by the CEO Roundtable in consultation with the Government of Tanzania and its purpose is to provide

¹⁰⁷⁹ See: Sturmius Mtweve, "Mwinyi Honoured for Political, Economic Reforms," *The Citizen*, December 8, 2013, <http://www.thecitizen.co.tz/News/national/Dar-business-honors-Mwinyi/1840392-2103538-y86765/index.html>; Bernard James, "Dar CEOs Stick to their Guns in Gas Auction Row," *The Citizen*, October 27, 2013, <http://www.thecitizen.co.tz/News/national/CEOs-vexed-by-reckless-gas-plans/1840392-2048682-140oesu/index.html>; Pamella Sittoni, "Business Leaders Must Stop Sitting on the Fence and State their Stand," *The East African*, October 10, 2015; Prosper Makene, "CEO Roundtable Vows to Back Govt's Industrialization Vision," *The Guardian*, April 14, 2016, <http://www.ippmedia.com/en/news/ceo-roundtable-vows-back-govt-s-industrialization-vision>; Louis Kolumbia, "Mufuruki among Magufuli's latest key appointees," *The Citizen*, December 20, 2016, <http://www.thecitizen.co.tz/News/Mufuruki-among-Magufuli-s-latest-key-appointees/1840340-3492162-10uiuc5z/index.html>; Alfred Zacharia, "Mufuruki Lashes out at 'Abuse of Power' after TRA Raid," *The Citizen*, October 21, 2017, <http://www.thecitizen.co.tz/News/Mufuruki-lashes-out-at--abuse-of-power--after-tra-raid/1840340-4148784-hsynf8/index.html>; Andualem Sisay, "African Leaders Agree to Sign Free Continental Trade Treaty in March," *The East African*, January 29, 2008, <http://www.theeastafrican.co.ke/business/African-leaders-agree-to-sign-CFTA/2560-4283494-b1ce82/index.html>.

¹⁰⁸⁰ Mugisha G. Kamugisha to Ali A. Mufuruki, "Request for a Copy of the Annual CEO Presentation of 2007," September 12, 2008, CEOrt Archives.

¹⁰⁸¹ Ibid.

¹⁰⁸² "Programu ya Kuimarisha Uongozi wa Utumishi wa Umma katika Utandawazi (Enhancing Public Service Leadership in the Globalization Era Programme - EPSL)", CEO Roundtable, accessed July 27, 2018, <http://www.ceo-roundtable.co.tz/docs/EPSL%20-%20swahili%20profile.pdf>.

high impact mindset transformation experiences through learning to senior leaders in the civil service.”¹⁰⁸³

Such a perspective, as has been shown in the case of Iddi Simba, stems from a reading of history that gives much credence to *Ujamaa* in shaping the thoughts and practices of Tanzanians, rather than their agency. “The ultimate goal”, CEOrt records further declare, “is to develop leaders in the Government who are equipped to deal with the challenges facing leaders in a globalized world economy that require governments to engage in Public-Private-Partnerships (PPP) with confidence, knowledge and integrity.”¹⁰⁸⁴ Its genesis, however, dates as far back as the Presidency of Mkapa in 2002.¹⁰⁸⁵

Being in line with the dominant discourse on globalization, EPSL did not only receive funding from the government but also from the World Bank.¹⁰⁸⁶ This bank, Shivji asserts, is one of the institutional homes of the leading spokespersons of the dominant discourse on globalization.¹⁰⁸⁷ EPSL also received money from the then BEST-AC, a component of Business Environment Strengthening for Tanzania (BEST) that the governments of Netherlands, Denmark and the UK funded.¹⁰⁸⁸ It is the entrepreneurship elitism of such initiatives that led even Juma Mwapachu to critique the leading business networks:

¹⁰⁸³ CEOrt Archives/CEO Roundtable of Tanzania.

¹⁰⁸⁴ Ibid.

¹⁰⁸⁵ Ibid.

¹⁰⁸⁶ Ibid.

¹⁰⁸⁷ Shivji, “Globalisation and Popular Resistance.”

¹⁰⁸⁸ Felix Lazaro, “Best-AC Scheme for Transformation,” *The Citizen*, June 26, 2014, <http://www.thecitizen.co.tz/News/Business/Best-AC-scheme-for-transformation/1840414-2362172-dc96qr/index.html>; Department for International Development, *BEST-AC Longitudinal Impact Assessment: Fifth Annual Report* (Reading: Coffey International Development, 2015), <http://www.best-dialogue.org/wp-content/uploads/2016/10/BEST-AC-LIA-2015-short-case-studies.pdf?x82837>; United Nations Conference on Trade and Development, *Investment Policy Review The United Republic of Tanzania* (Geneva: United Nations, 2002), http://unctad.org/en/Docs/iteipcmisc9_en.pdf.

In fact, what I see as a major weakness in the operations of business bodies - TCCIA, CTI, TPSF and even the CEO Roundtable, is their being overly locked into an exclusive engagement framework with the government. They have so far failed to engage society about their role and contribution. For example, I am yet to witness national dialogues being initiated by these institutions on subjects such as the changing national social and economic dynamics within a turbulent global system and what role business can play. There are a number of ideas gaining currency that need to be addressed on a collective, national, basis; ideas such as shared value, social licence to operate, which go beyond corporate social responsibility (CSR) and philanthropy, sustainability (ecological, environmental and climate change issues) and what defines effective and dynamic business leadership in the Tanzanian-type political economy environment.¹⁰⁸⁹

By preoccupying themselves with selling the idea of capital to the ideological state apparatuses, these business networks lost sight of the question of labor that is as fundamental to capitalism as it is to socialism. The issue of changing the mind-set to make it capital oriented proved to be nagging. For instance, in their discussions geared towards addressing the question ‘Has Tanzania really embraced Capitalism?’ in 2006, members of CEOrt agreed that the core of the government’s seemingly deep-rooted level of distrust towards the private sector was mind-set.¹⁰⁹⁰ As a result, one may conclude, intellectuals of capital in Tanzania have made it their mission to change mind-sets through their business networks.

Conclusion

This chapter has revisited the role of intellectuals of capital in amplifying the interests of the private sector and forging business networks to promote and safeguard those interests in Tanzania. Every dominant system of production has its public intellectuals, that is, those

¹⁰⁸⁹ Mwapachu, *Tanzania in the Age of Change and Transformation*, 212-213.

¹⁰⁹⁰ CEOrt Archives/Minutes of the Meeting of the CEO Roundtable held on October 10, 2006 at the Kilimanjaro Kempinski Hotel.

who expound its merit and espouse its vision in the society. In the Tanzanian case, the chapter has shown, such intellectuals operated in a contradictory landscape.

On the one hand, they emerged in a country that was attempting to build socialism while continuing to be integrated in the global capitalist system through foreign direct investments and aid. Yet, on the other hand, they consolidated their position during the post-socialist turn that saw their seemingly marginal ideas increasingly integrated into government policies. These ideas on capital were by no means marginal among the International Financial Institutions, i.e. the World Bank and the IMF, or international development agencies, such as USAID and ILO, that attempted to inculcate them in Tanzania through aid and related packages. It is such a dialectic of marginalization and dominance of capitalist ideas that the chapter has unpacked through the lenses of three leading indigenous intellectuals of capital.

This task has necessitated one to also look at the business networks that these intellectuals of capital forged and exploited to advance the primacy of the private sector in the national economy. However, the chapter has shown that with the explosion of sectoral interests, capital has managed to both consolidate and fragment these business associations. As a relation, capital promotes both cooperation and competition among capitalists vis-à-vis labor. It is out of this dialectic that alliances have been felt to be closer among those sectors that are in one way or another delinked from – and thus competing with – other sectors. The cases of manufacturers and industrialists under the auspices of the Confederation of Tanzania Industries (CTI), with their general pursuit of protectionism, vis-à-vis the retailers and wholesalers in their general quest for cheap imports have been illustrative in this chapter.

One can thus conclude that these sectoral differentiations have played a key role in making emergent entrepreneurial elites become conscious of themselves as a social class, albeit with internal differentiations. Cognizant of this, as the chapter has shown, these nascent captains of industry and commerce have been invoking the discourse of unity in diversity as

they founded apex networks such as the Tanzania Chambers of Commerce, Industries and Agriculture (TCCIA), Tanzania Private Sector Foundation (TPSF), Tanzania National Business Council (TNBC) and the CEO Roundtable (CEOrt). Yet they have also been divided in terms of the concept of indigenization and its implication for their relationship with International Finance Capital. As the defensive reactions to the leading intellectuals of indigenous capital from the International Financial Institutions have shown, capitalism masks its racialism under internationalization. This racial capitalism is what Nyerere's epigraph blasts for not allowing capitalists of the Global South to envision their own forms.

Chapter 6: Privatization and the Transnationalization of Business (c. 1990-2015)

You people here are busy privatising not nothing, we did build something, we built something to privatise.
Julius K. Nyerere¹⁰⁹¹

On May 10, 1988 the Center for Privatization (CFP) that was founded in 1984 in Washington, DC sent a two-man survey team to Dar es Salaam.¹⁰⁹² Their task was to assess, among other things, the feasibility of privatizing public corporations in Tanzania as they had recently done in Mozambique and would soon do in Malawi. Such an undertaking was in line with CFP's mandate of providing "expert advisory services to developing countries and their indigenous private sectors in planning and implementing programs to divest and privatize their state-owned or controlled enterprises and activities."¹⁰⁹³

From its inception, CFP was tied to the United States Agency for International Development (USAID). Reminiscing on its establishment, Gordon Johnson recalls that he cofounded it "as a contractor and adviser to USAID."¹⁰⁹⁴ Since CFP continued to be fully funded under a contract involving USAID, the survey team prepared its report for USAID's Bureau for Private Enterprises (BPE) in July 1988. Although they observed that Tanzania was still clinging to state control of business, the team was optimistic that this would change. "Successful operation of at least two of" Tanzania's "industrial enterprises by foreign

¹⁰⁹¹ Julius K. Nyerere, "Reflections," in *Reflections on Leadership in Africa: Forty Years after Independence: Essays in Honour of Mwalimu Julius K. Nyerere, on the Occasion of His 75th Birthday*, ed. Haroub Othman (Brussels: VUB University Press, 2000), 21.

¹⁰⁹² Gordon E. Thompson and David C. Fitch, *A Survey on Parastatal Enterprises in Southern African Countries* (Washington: Center for Privatization, 1988).

¹⁰⁹³ Ibid., i.

¹⁰⁹⁴ Gordon E. Thompson, "Creating a Climate for Private Sector Investment," in *Faith in Development: Partnership between the World Bank and the Churches of Africa*, ed. Deryke Belshaw, Robert Calderisi, and Chris Sugden (Oxford: Regnum Books International, 2001), 186, <http://documents.worldbank.org/curated/en/689531468740134034/pdf/multi0page.pdf>.

management contracts”, they noted, “is, however, starting to open discussion about and possibilities for additional moves towards greater acceptability for privatization.”¹⁰⁹⁵

The same month that CFA submitted its report to USAID, the World Bank received a report on public corporations in Tanzania from its research team.¹⁰⁹⁶ One of their key recommendations was that certain public corporations ought to be divested. These were said to be “those which no longer serve any useful purpose, which are clearly not capable of becoming economically viable in a reasonable period of time or which the Government decides it no longer wishes to manage itself and prefers to turn over in part or whole to the private sector.”¹⁰⁹⁷

As one of the IFIs that were supervising economic reforms in Tanzania, the World Bank issued recommendations that had policy implications to a country in transition. “In this case,” their report noted, the aim of the recommendations from the team was, largely, “to initiate a process that will produce and implement a Parastatal Recovery Program that is consistent with and complementary to the Economic Recovery Program [ERP].”¹⁰⁹⁸ As has been pointed out in the previous chapter, ERP was launched two years earlier under the aegis of the World Bank and the IMF to avert Tanzania’s lengthy economic crisis.¹⁰⁹⁹

¹⁰⁹⁵ Thompson and Fitch, *A Survey on Parastatal Enterprises in Southern African Countries*, 1.

¹⁰⁹⁶ World Bank, *Parastatals in Tanzania: Towards a Reform Program* (Washington: World Bank, 1988), <http://documents.worldbank.org/curated/en/824721468116369551/Parastatals-in-Tanzania-towards-a-reform-program>. The Tanzanian economist Joseph Semboja was a team member alongside Sunita Kikeri, Russell Muir, John Nellis, and Mary Shirley, with Ronald G. Ridker as the team leader.

¹⁰⁹⁷ *Ibid.*, 42.

¹⁰⁹⁸ *Ibid.*, i.

¹⁰⁹⁹ See: Aili Mari Tripp, *Changing the Rules: The Politics of Liberalization and the Urban Informal Economy in Tanzania* (Berkeley: University of California Press, 1997), 75. Also see: Peter Gibbon and Phil Rikes, *Structural Adjustment in Tanzania*. (Copenhagen: Center for Development Research, 1995), 12.

This virtually simultaneous publication of USAID and the World Bank's pro-privatization reports was not coincidental. The transitions from the 1980s to the 1990s and thereafter to the 2000s were an opportune time for such international organizations to vigorously engage in initiatives that promoted privatization and the private sector. As has been noted in Chapter 5, such initiatives included the commissioning of influential studies on Tanzania that drew insights from intellectuals of capital and state bureaucrats. They also involved funding the establishment of private sector institutions. These international institutions found supporters of such initiatives in both the Tanzanian state and the business community, including those who had been pushing for policy and ideological changes in the 1970s.

One of the aims of this chapter, therefore, is to reconstruct these historical encounters in relation to the agency of the African business community that continued to be predominantly centered in Tanzania's commercial capital of Dar es Salaam. Although there has been a meeting of minds and interests between this local business community and its foreign counterparts, their interactions have been uneven. This unevenness stems from what can be described as a Corporate-State-Civil Society (CSC) Tripartite Foreign Direct Investment (FDI) Setup.

This setup is defined herein as the interplay of international power relations in, and on, a host country between state and corporate entities emanating from a foreign country with the overall aim of benefitting the latter. Although couched in the language of mutual benefit, the setup has benefitted foreign investors more. One of the reasons for this is that the governmental and non-governmental organizations from foreign states have made relatively more use of it to open up markets and access to natural resources for their respective business communities.

The CSC setup has been both beneficial and detrimental to entrepreneurs of African descent in the host country as their state hardly uses the setup to also benefit from the foreign countries - beneficial in the sense that some of them have received funds and expertise from foreign agencies; detrimental in the sense that some of them have also used their relative competitive edge to dominate the local market or even undermine local entrepreneurs.

Interventions of the Bretton Woods Institutions, USAID and related international organizations in the 1960s and 1970s went hand in hand with persistent attempts of business entities from their countries of origin to find an investment niche in socialist Tanzania. Their interventions in postsocialist Tanzania draw from such an CSC setup. Such interventions in the 1980s and 1990s, however, were not simply a continuation or a repetition. Rather, what occurred was an intensification of a process that the critics of capitalism challenged, albeit hardly abetted, during the era of Ujamaa. Or, as Issa Shivji observed in the mid-1990s, Tanzania's history appeared to repeat itself, yet, not quite, as the country was now embracing what he characterized as LIMP i.e. "Liberalization, Marketization and Privatization" that left Tanzania limping economically.¹¹⁰⁰

Privatization, as one of the outcomes and cornerstones of liberalization, provided the context for this intensification of the CSC setup. As CFP's follow-up surveys observed, by the close of the decade of the 1980s the government was already "developing a privatization strategy as a part of an economy reform program in which Tanzania" had "received strong financial support from donors."¹¹⁰¹ With the increasing transnationalization of the economy

¹¹⁰⁰ Issa G. Shivji, "Welcome Investors, Welcome Saviours!" *Family Mirror*, February 15-30, 1994. Republished in: Issa G. Shivji, *Let the People Speak: Tanzania down the Road to Neo-Liberalism, Tanzania down the Road to Neo-Liberalism* (Dakar: CODESRIA, 2006), 169.

¹¹⁰¹ Center for Privatization, *Privatization Survey for Developing Countries* (Washington: CFP, 1989), 70; Center for Privatization, *Privatization Survey for Developing Countries* (Washington: CFP, 1990), 78.

in the 1990s, foreign entities intensified their interactions with, and financing of, the institutionalization of the Tanzanian private sector. This paved the way for the 2000s to be a decade for consolidating transnational networks of capital(ists) in line with the globalizing tendency of capital(ism). In this sense, privatization fostered greater transnationalization of business than it did its indigenization.

At least three areas of engagement in the country capture this privatization-transnationalization nexus: investing, financing, and networking. The first is about the pull and push for privatization to initiate private investments. The second involved the demand and supply of finance for entrepreneurship and related ventures. The third is with regard to the formation and expansion of networks to ease transnational flows of finance capital. What ties them, historically, is the institutionalization of capitalist institutions that informed the neoliberal economic reforms in Tanzania, with Dar es Salaam as the epicenter of their engagements.

A Fortune for Privatizers

On August 17, 1990 the second President of Tanzania, Ali Hassan Mwinyi, became the chair of the ruling party, CCM, after Nyerere stepped down. One of his first roles was to chair the party's National Executive Committee (NEC) meeting that issued a resolution that is often referred to as the Zanzibar Declaration of 1991.¹¹⁰² This arguably rendered the basic tenets of the Arusha Declaration, espoused in its Leadership Code, that restricted state and party officials from private accumulation of capital, redundant.

¹¹⁰² Britain-Tanzania Society, "The Zanzibar Declaration," *Tanzania Affairs*, Issue 39, May-June 1991, 12, https://www.tzaffairs.org/wp-content/uploads/pdf/tzaffairs_39.pdf.

Nevertheless, on February 25, 1991 President Mwinyi met with members of his party and representatives of the public and private sector at the Diamond Jubilee Hall in Dar es Salaam to clarify the Zanzibar Declaration. He pointed out that, among other things, it permitted the involvement of party members in real estate private investments and private small-scale business. Probably anticipating Nyerere's criticism, he quoted him as clarifying, during the 20th anniversary of the Arusha Declaration in 1987, that the Leadership Code does not restrict them from subletting extra rooms in their houses.

However, in the case of employees, President Mwinyi stressed that business activities had to be undertaken after work. The resolution on business seemed to be aimed at the lower and, to some extent, middle cadres of the party membership given that the examples of permitted businesses that he highlighted were relatively small-scale. They included milling, transportation, fishery, tailoring, and packaging.

As for the upper, and to some extent middle, cadre of the party membership, the chairperson's clarification seemed to be predicated on large-scale corporations. President Mwinyi clarified that they had resolved to permit members of the party to have shares in the then over 400 public corporations. The rationale for this decision, he stressed, was that by being shareholders they would be assisting financially those public corporations that were struggling with finances. To illustrate how this could be possible, he gave an example of a Tanzanian who paid TSh 7 million (USD 35,158) in advance for services from a leather industry.¹¹⁰³ Since it had temporarily stopped operation due to high running costs, the

¹¹⁰³ Based on an exchange rate of USD 1 = TSh 199.1 from: United States of America's Department of Treasury Financial Management Service, *Treasury Reporting Rates of Exchange as of March 31, 1991* (Washington: US Department of the Treasury, 1992), 4, https://www.gpo.gov/fdsys/pkg/GOVPUB-T63_100-03122c2d85476df04b6b1b7d442bd942/pdf/GOVPUB-T63_100-03122c2d85476df04b6b1b7d442bd942.pdf.

advance payment revitalized the dormant factory. For President Mwinyi, this was analogous to the buying of shares.

It was also resolved that if public corporations wished to involve any citizens in joint ventures they could do so. As such, CCM's party members were now fully free to be shareholders and/or business partners of public corporations. President Mwinyi reiterated that this was in line with the national policy of investment that stated that business partnership could also involve local and foreign investors. The policy reserved, among others, the following economic activities for Tanzanian citizens: "business representation of foreign companies."¹¹⁰⁴ By the time Mwinyi was referring to this policy, the *National Investment (Promotion and Protection) Act, 1990* was already operational. The Zanzibar Declaration was thus providing the political legitimacy to the then emergent postsocialist legal dispensation in Tanzania.¹¹⁰⁵

Apart from lifting the restrictions on party members from investing in public corporations, the new resolution permitted them to have shares in what President Mwinyi described as capitalist companies. However, in line with his underlying argument that they were not abolishing the Arusha Declaration, he stressed that the Zanzibar Declaration only allowed such shareholdings in special circumstances. Reiterating that Tanzania had such

¹¹⁰⁴ The United Republic of Tanzania, *National Investment Promotion Policy* (Dar es Salaam: The President's Office - Planning Commission, 1990), 5.

¹¹⁰⁵ For the utility and applicability of the concepts of 'postsocialist' and 'postsocialism', that are generally derived from the former socialist countries in Eastern Europe, to African countries that attempted to practice socialism in general and Tanzania in particular see: Marie-Aude Fouéré, "La Préférence Nationale En Tanzanie Postsocialiste," *Politique Africaine* 115, no. 3 (2009): 137, <https://doi.org/10.3917/polaf.115.0137>; M. Pitcher And Kelly Askew, "African Socialisms And Postsocialisms," *Africa (Pre-2011)* 76, no. 1 (2006): 1–14; Kelly Michelle Askew, "Sung and Unsung: Musical Reflections on Tanzanian Postsocialisms," *Africa: The Journal of the International African Institute* 76, no. 1 (2006): 15–43, <https://doi.org/10.3366/afr.2006.0002>; Michael Degani, "The City Electric: Infrastructure and Ingenuity in Postsocialist Tanzania" (PhD diss., Yale University, 2015); Geoffrey Owens, "From Collective Villages to Private Ownership: Ujamaa, Tamaa, and the Postsocialist Transformation of Peri-Urban Dar Es Salaam, 1970-1990," *Journal of Anthropological Research* 70, no. 2 (2014): 1.

capitalist companies even before 1967 and that they had been continuing to provide, to some extent, employment to both workers and party members after the Arusha Declaration, he elaborated on those circumstances.

One such circumstance is when the owner of a capitalist firm, from his/her own volition, sells shares to her/his workers. For Mwinyi, this was not only legal, but also amounted to the transformation of capitalism through partnership with workers. As such, he concluded, this would be akin to a cooperative society and both the ruling party and the government would see the actions of such a capitalist as developmental.

In effect, the Zanzibar Declaration opened wide the gates for the involvement of politicians and public servants in business and financial investments. Although Mwinyi stressed that party members were still not permitted to hold shares as directors in companies, its conditions were relatively more lax than those of the Arusha Declaration. For instance, it gave room for interlocking directorships in private companies as long as one was not a shareholder. To justify non-shareholding directorships, President Mwinyi asserted that even the Arusha Declaration had never rejected worker on the grounds of working for capitalist companies. What he did not acknowledge though is that, even in the case where board members were not shareholders, they received other generous packages that could be sources of financial capital. Coupled with the business networks that those directorships forged, such accumulation could go a long way in launching one's own private company.

The ensuing public debates indicate that the resolution was yet another turning point for the transition from socialism. The then Secretary General of the ruling party, Horace Kolimba, captured one of the rationales for these changes when he was quoted as saying that

“they would encourage more individual participation in economic activities and thus reduce the pressure on government institutions and parastatal organisations.”¹¹⁰⁶

What followed were a series of legal and institutional reforms geared towards increased participation of the private sector in the national economy. On February 17, 1992 President Mwinyi assented to a Bill that the National Assembly had passed a few weeks earlier. Its resulting legislation was *The Public Corporations Act*.¹¹⁰⁷ This was an “Act to make better provisions for the establishment, management and streamlining of public corporations...”¹¹⁰⁸ By using the adjective ‘better’, this law was implying that the preceding laws premised on the spirit of nationalization were not good enough for the new era.¹¹⁰⁹ Through legal fiat, a public corporation in Tanzania was redefined from one in which the government or its agent owns 50 percent or more of the shares to one in which it owns 51 percent or more.

Such legal subtlety led the founding Secretary General of the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) and co-founder of the Confederation of Tanzanian Industry (CTI), Juma Mwapachu, to wonder “how many parastatals firms have or would become transformed through this mere definitional change.”¹¹¹⁰ This shrewd redefinition effectively rendered corporations in which the government or its agent owned less than fifty percent of the shares, private. The control of these entities thus passed to

¹¹⁰⁶ Quoted in: Britain-Tanzania Society, “The Zanzibar Declaration,” 13.

¹¹⁰⁷ The Public Corporations Act, 1992,
https://www.tanzania.go.tz/egov_uploads/documents/The_Public_Corporations_Act_2-1992_sw.pdf.

¹¹⁰⁸ Ibid, 5.

¹¹⁰⁹ This implied the new law was better suited to liberalization than The Public Corporation Act, 1969 and Parastatal Organizations (Modification of Management Provisions) Act, 1976 that it repealed.

¹¹¹⁰ Juma V. Mwapachu, “The Tanzania Audit Corporation and the Changing Environment,” *Change*, April 1993, 43.

private partners with majority shares, the legal implication being that independent – i.e. private – auditing firms would audit the entities as the Tanzania Audit Corporation and its successor could no longer audit them and issue a report for parliamentary scrutiny.¹¹¹¹ In other words, they became primarily private companies and hence their finances could not be subjected to the scrutiny of the National Audit Office (NAO) that audited public companies.

These changes at the national level went hand in hand with those at the international level. For instance, on June 17, 1992 Tanzania's signature to join the International Center for Settlement of Investment Disputes (ICSID), a World Bank initiative, went into force.¹¹¹² Two days later, it also joined another World Bank Group organization, the Multilateral Investment Guarantee Agency (MIGA).¹¹¹³ Established through a convention that was submitted in October 1985 to the International Bank for Reconstruction and Development Board of Governors, MIGA became a tool for mobilizing financial capital.

No sooner had the convention gone into effect on April 12, 1988 than MIGA started recruiting more members from the Global South. "The Contracting States", its preamble states, were "*Recognizing* that the flow of foreign investment to developing countries would be facilitated and further encouraged by alleviating concerns related to non-commercial

¹¹¹¹ The former operated through the Audit Corporation (Amendment) Act, 1970 that amended the Audit Corporation Act, 1968 but it became defunct when the Public Finance Act, 2001 (revised 2004) mandated the head of the National Audit Office of Tanzania (NAOT) i.e. the Controller and Auditor General (CAG) to undertake the role, a mandate that was also later reinforced through the Public Audit Act, 2008. For more details see: "Our Mandate," The United Republic of Tanzania's National Audit Office of Tanzania, last modified 2012, <http://www.nao.go.tz/about/our-mandate/>.

¹¹¹² The signature is dated January 10, 1992 and the deposit of ratification, May 18, 1992. See: "Database of ICSID Member States," International Center for Settlement of Investment Disputes, last modified 2018, <https://icsid.worldbank.org/en/Pages/about/Database-of-Member-States.aspx>. Also see: "Members Countries," The World Bank Group, last modified 2018, <http://www.worldbank.org/en/about/leadership/members#5>.

¹¹¹³ "Members Countries," The World Bank Group, last modified 2018, <http://www.worldbank.org/en/about/leadership/members#4>.

risks...”¹¹¹⁴ To that end they were “*Convinced* that the Multilateral Investment Guarantee Agency can play an important role in the encouragement of foreign investment complementing national and regional investment guarantee programs and private insurers of non-commercial risk....”¹¹¹⁵

Joining these then relatively new World Bank Group organizations was also a sluggish affair,¹¹¹⁶ Tanzania still wavering between its ideological socialist past and idealized postsocialist future. As early as December 1989, President Mwinyi had promised foreign investors during his six-day state visit in Japan that it would do so.¹¹¹⁷ It seems, however, the pro-privatization lobby in his government and the ruling party had to first succeed in promptly changing the national laws and policies to pave the way for these international instruments of promoting and safeguarding private investments.

Due to such hasty legal transformations, barely a year elapsed until President Mwinyi assented to a Bill aimed at amending *The Public Corporations Act, 1992*. Its successor, *The Public Corporations (Amendment) Act, 1993* went a step further by establishing the Presidential Parastatal Sector Reform Commission (PSRC).¹¹¹⁸ In one of its annual reviews, PSRC points out that its creation was meant to facilitate the Parastatal Sector Reform

¹¹¹⁴ Multilateral Investment Guarantee Agency, *Convention Establishing the Multilateral Investment Guarantee Agency* (Washington: MIGA, 2016), 1, <https://www.miga.org/Documents/MIGA%20Convention%20February%202016.pdf>.

¹¹¹⁵ Ibid.

¹¹¹⁶ Tanganyika joined IBRD, IDA and IFC nearly a year after it gained independence in 1961 however, as has been pointed out, it took some time before Tanzania joined both ICSID and MIGA. For the actual dates see: “Member Countries,” The World Bank Group, last modified 2018, <http://www.worldbank.org/en/about/leadership/members>.

¹¹¹⁷ See: Britain-Tanzania Society, “Mwinyi Outlines Investment Code,” *Tanzania Affairs*, Issue 35, January 1991, 9, https://www.tzaffairs.org/wp-content/uploads/pdf/tzaffairs_35.pdf.

¹¹¹⁸ The Public Corporations (Amendment) Act, 1993, 7.

Programme, which was also officially launched in 1992/1993.¹¹¹⁹ It also noted that the assistance of the World Bank Group International Development Association (IDA) and other donors was instrumental in this launching.¹¹²⁰

One of the principal functions for the PSRC's then specified five-year tenure was "to formulate and execute detailed plans for the restructuring of all specified public corporations."¹¹²¹ As such, this involved preparing "a list of public corporations and make recommendations to the Government on the restructuring/divestiture options...."¹¹²² The Act defined such a structural change as "any form of restructuring as a result of which ownership, structure or control of that specified public corporation or specified government minority shares is altered."¹¹²³

This Act did not use the term privatization. Probably to appease staunch critics of privatizing public corporations such as Nyerere and Marxist scholars at the University of Dar es Salaam, it resorted to the discourse of political correctness by avoiding the term. However, to all intents and purposes, the spirit of the law was to privatize most of those entities. "The Commission", PSRC affirmed later, "was created to drive the process of privatisation in order to create a competitive economy which will operate successfully internationally, regionally

¹¹¹⁹ The United Republic of Tanzania, *Privatisation in Tanzania: Annual Review 2006/2007 and Action Plan 2007/2008* (Dar es Salaam, PSRC: 2007), 1.

¹¹²⁰ Ibid.

¹¹²¹ The Public Corporations (Amendment) Act, 1993, 7.

¹¹²² The United Republic of Tanzania, *Privatisation in Tanzania*, 1.

¹¹²³ The Public Corporations (Amendment) Act, 1993, 2.

and domestically.”¹¹²⁴ However, what transpired was a race for primitive accumulation of capital through privatization of public entities.¹¹²⁵

What qualifies this accumulation as primitive is the reality that most of the public corporations were sold at a throwaway price and a significant part of their labor force was fired. This race for financial capital, as has been alluded to in Chapter 5, manifested itself in the battle for or against indigenization that also raged in the early 1990s. On the one hand, there was what Juma Mwapachu referred to as “a determined call for African-Tanzanians (termed indigenous nationals) to be offered the first priority and to be financially enabled to acquire ownership, lease or management of the parastatals being privatized depending on the form of privatisation the Government determines.”¹¹²⁶

On the other hand, for Nyerere, the renewed wave of indigenization was tantamount to racism. Since, by then, he had retired from both the presidency of the country and chairmanship of the ruling party, his influence had diminished. However, he did not shy away from airing his critical opinion. “Let me state at the outset”, the weekend mouthpiece of the ruling party quoted him on December 6, 1992 as saying, “that I am baffled by this concept of indigenization.”¹¹²⁷

He then affirmed that, as far as his understanding of indigenization was concerned, it was unacceptable. “When you start to sell these parastatals to a few people and assert that that they are African-Tanzanians and hail such as Africanisation”, Nyerere cautioned, “you

¹¹²⁴ The United Republic of Tanzania, *Privatisation in Tanzania*, 1.

¹¹²⁵ For a spirited defense of privatization, see the following document from the ruling party that argues on its cover page that public corporations were not sold for “*bei poa*” (low price): Chama cha Mapinduzi, *Mafanikio ya Ubinafishaji* (Dodoma, Halmashauri Kuu ya Taifa ya CCM: 2004).

¹¹²⁶ Juma V. Mwapachu, “Indigenisation: Jump Start or Racist Ploy?” *Change*, January 1993, 5.

¹¹²⁷ Quoted from *Mzalendo* by way of translation in: Mwapachu, “Indigenisation,” 5.

will soon discover that Africanisation is not monolithic – rather, it is also balkanized.”¹¹²⁸ By this he meant that indigenous nationals were also divided across religious and ethnic lines, hence indigenization may aggravate or promote social divisions that were not yet fully manifest. For him, it seems, the pursuit of indigenization in the 1990s was akin to the quest for Africanization in the 1960s, hence his conflation of the terms. Yet, as has been noted in Chapter 3, it also seems he did not find the same level of governance rationality that led his presidency to purposefully briefly implement Africanization and abandon it as soon it had partially fulfilled its practical purpose of deracializing the civil service.

Nyerere’s long-serving Personal Assistant during and immediately after his presidency, Joan Wicken, shared similar sentiments. In her letter to the editor of *Change* Magazine, she queried the following classification presented in Note 4 of a study on Tanzanian entrepreneurs: “[An] enterprise is classified as being Asian if more than 50% of the enterprise share are in Asian ownership – no matter whether or not the owner is a Tanzanian citizen – and if at the same time the enterprise is directed by an Asian (who does not necessarily have to be shareholder himself).”¹¹²⁹ The letter also noted that an “African enterprise is classified in an analogous way.”¹¹³⁰

For Wicken, this classification implied that both local Asian investors and foreign Asian investors were being treated differently compared to other local investors and foreign investors. “Why (according to Note 4)”, she rhetorically asked, “is it regarded as irrelevant whether the so-called ‘Asian owners’ are citizens or not?”¹¹³¹ In her opinion, there was also a

¹¹²⁸ Ibid.

¹¹²⁹ Heidi Willer and Paul-Gerhardt Rosch, “Tanzanian Entrepreneurs: The Adaption Strategies in a Shifting Economic Environment,” *Change*, September 1993, 18.

¹¹³⁰ Ibid.

¹¹³¹ Joan Wicken, “Article by H. Willer and P.G. Rosch,” *Change*, October 1993, 4.

need for the raw data of the study to be reanalyzed to help the people of Tanzania make rational economic decisions for greater economic efficiency or social harmony. “And why”, she worriedly queried, “contrary to our constitution – and to all the ‘Human Rights’ we hear so much about – are Tanzanian citizens of Asian descent regarded as different in this classification from other citizens of this country – whether they be Black, White, or any other colour you can think of?”¹¹³²

This, however, did not stop the debate from raging on. It also did not stop the rush for privatization, which arguably became the means of getting or supplementing the startup capital for emergent investors. It was also a means for the established investors to add to their initial finance capital. Accumulation through privatization was the discourse that guided the presidential Commission, i.e. PSRC, in supervising privatization. “Public ownership has succeeded in helping to develop a cadre of business managers and technicians”, PSRC claimed.¹¹³³ “It has not, however, helped create an entrepreneurial class, which generates or has access to savings, nor does it seem likely to do so even if public ownership were continued for decades”.¹¹³⁴

PSRC was thus promoting privatization relative to, or at the expense of, other alternatives for restructuring public corporations, such as merging or decentralizing. Through this statement, it was also trying to allay the fears of Tanzanians of African descent who were asking if private “ownership may become concentrated in the minorities?”¹¹³⁵ By these

¹¹³² Ibid.

¹¹³³ “Fears about Privatisation,” Presidential Parastatal Sector Reform Commission, last modified January 1, 2006, <http://www.psrtz.com/Privatisation/fears.htm>. Since PSRC is defunct, the website is no longer available. A printed copy of the downloaded webpage is available in the private collections of the late Chachage S. L. Chachage in Dar es Salaam.

¹¹³⁴ Ibid.

¹¹³⁵ Ibid.

minorities, they mainly meant Tanzanians of Asian descent as the critical indigenization discourses were mainly directed towards them.

Those simmering tensions exploded briefly on September 3, 1993 when Dar es Salaam City Council attempted to remove itinerant traders of African descent from Congo Street, a street dominated by shops belonging to businesspeople of Asian origin. The former went on a rampage, plundering the businesses of the latter.¹¹³⁶ To some extent such racially charged attacks drew their inspiration from the hate speeches of the founder of the Democratic Party (DP), Reverend Christopher Mtikila. For instance, he talked about people of Asian descent in Tanzania returning to major commercial cities of India and Pakistan: “They should leave now. Otherwise they risk going back to Bombay and Karachi in coffins, or being thrown into the seas...”¹¹³⁷

Nevertheless, several Tanzanians of African and Asian origin continued with their rush for privatization. Some Tanzanians of European descent – such as the Greek and the British – also participated in this rush. The same can be said of Tanzanians of Arab and Persian origin, given that the term Asian was/is still used interchangeably with Indian to refer to those who originated from the Indian subcontinent, particularly India and Pakistan. Since official statistics, such as censuses, in Tanzania do not categorize people in terms of race, ethnicity or religion to avoid racist, tribal, and religious extremism, one can only estimate the racial component of privatization. In this dissertation, as noted in its introduction, the objective is not to promote racialization. Rather, it is to historicize the articulations and implications of racialism in the business landscape.

¹¹³⁶ Kajubi D. Mukajanga, “*The Resurgence of Racial Tensions in Tanganyika 1991—1994: The Gabacholi Phenomenon*” (BA diss., University of Dar es Salaam, 1994), 31.

¹¹³⁷ Ibid., vi.

Table 6.1 below, drawn from various official statistics, indicates that between 1990 and 2015 about 118 transactions of public entities, fully or partially located in Dar es Salaam, were undertaken.¹¹³⁸ Since the total number of transactions for the whole country was about 340, A third of them thus occurred in Dar es Salaam.¹¹³⁹ Such skewed divestiture transactions underscore the primacy of this city in the national development of an industrial and commercial base. They also highlight why, in a country with thirty-one administrative regions with their own capital towns or cities, Dar es salaam region has the nation’s industrial and commercial capital.¹¹⁴⁰

Table 6.1. The Privatization of Public Entities Based in Dar es Salaam from 1993 to 2008

	Company	Investor	Divestiture	Year
1.	Tanzania Dairies Limited (TDL): Dar es Salaam Plant	Royal Dairy Product	Liquidation	1997
2.	Tanzamex	Placed Under Receivership before PSRC	Liquidation	1993
3.	Kiwalani Central Workshop	Plyfoam Tanzania Ltd	Asset Sale	1998
4.	Tanzania Liquid Storage	United Molasses	Share Sale	2001
5.	National Milling Corporation (NMC): Head Office	S.S. Bhakressa Ltd	Asset Sale	2001
6.	NMC: Rice Mills-Mzizima Plot 5	S.S Bakhresa & Co. Ltd	Outright Sale	1998
7.	NMC: Mzizima Maize Mills	Maungu Seed Co. (T) Ltd	Asset Sale	2004
8.	Tanganyika Packers Ltd	Al Ghurair Investment	Asset Sale	2002

¹¹³⁸ These figures are based on triangulation of data from the following sources: Chama cha Mapinduzi, *Mafanikio ya Ubinafsisishaji* (Dodoma, Halmashauri Kuu ya Taifa ya CCM: 2004), 20-31; “Completed Divestitures at Sales and Agreements Stage as of 30th June 2005,” The United Republic of Tanzania’s Ministry of Finance, accessed May 27, 2018, <http://www.mof.go.tz/mofdocs/assets/c.pdf>; The United Republic of Tanzania’s Presidential Parastatal Sector Reform Commission (PSRC), *Privatisation in Tanzania: Annual Review 2006/2007 and Action Plan 2007/2008* (Dar es Salaam, PSRC: 2007), 13-51; The United Republic of Tanzania’s National Audit Office, *United Republic of Tanzania National Audit Office Report of The Controller and Auditor General on the Financial Statements of Public Authorities and Other Bodies for the Financial Year ended 30th June, 2007*. (Dar es Salaam, NAOT: 2008), 110-114; The World Bank, *Tanzania: Privatization and Private Sector Development Project* (Washington: The World Bank, 2010), 44-70, <http://documents.worldbank.org/curated/en/658961468312049748/pdf/ICR14590P049831ficial0Use0Only01091.pdf>; The United Republic of Tanzania’s Consolidated Holdings Corporation (CHC), *Taarifa ya Kamati ya Wataalam ya Ufuatiliaji wa Viwanda Viliyobinafsishwa ambavyo Havijaendelezwa kwa Mujibu wa Mikataba ya Mauzo August, 2011* (Dar es Salaam, CHC: 2011), 92-96; “Re-Issuance of Notice to All Purchasers of the Privatized Industries and Farms,” The United Republic of Tanzania’s The Office of the Treasury Registrar, last accessed May 25, 2018, <http://tro.go.tz/component/docstation/download.raw/787-privatised-entities>. This contains a list of “Privatized entities under the Office of the Treasury Registrar as at 30th December, 2015.” It is no longer available online. A downloaded copy is in the possession of the author of this dissertation.

¹¹³⁹ Using the term ‘transaction’, instead of ‘entity’, ‘company’ or ‘unit’, enables one to also count those subsidiary companies that were privatized independent of their parent companies.

¹¹⁴⁰ There are 26 regions in Tanzania Mainland and five in Zanzibar.

Table 6.1. Continued

9.	NMC: Kurasini Complex	21st Century Foods & Packaging Ltd	Asset Sale	2001
10.	Cashewnut Board of Tanzania: TANITA I Factory	Cielmac Ltd	Asset Sale	2005
11.	Cashewnut Board of Tanzania: TANITA II Factory	Bunda Oil Industries Ltd.	Asset Sale	2006
12.	Afina Pencils Co.	Placed Under Receivership before PSRC	Liquidation	1993
13.	Tanzania Breweries Limited (TBL)	Indol International BV	Share Sale	1993
14.	TBL	Fedha Fund	Share Sale	2000
15.	TBL	Rasilimali Ltd	Share Sale	2001
16.	TBL	Share Floatation/IPO	Share Sale	1998
17.	TBL	East African Breweries Ltd (EABL)	Share Sale	2002
18.	TBL	International Finance Corporation (IFC)	Share Sale	1993*
19.	TBL	Unit Trust of Tanzania (UTT)	Share Sale	2005*
20.	Tanzania Sewing Thread Manufacturers Co.	Placed Under Receivership by Creditors	Liquidation	1993
21.	Tanzania Shoe Company	NAS Hauliers Ltd	Asset Sale	1995
22.	Tanzania Starch Manufacturers	Coastal Starch Manufacturing Co.	Outright Sale	1994
23.	Tanzania Watch Assembly Co.	Placed Under Receivership before PSRC	Liquidation	1994
24.	Light Source Manufacturers Co. Ltd.	TATA Exports	Share Sale	1995
25.	Tanzania Cigarette Company	RJ Reynolds Tobacco Ltd	Share Sale	1994
26.	Tanzania Cigarette Company	JT International Hold BV	Share Sale	1995
27.	Tanzania Cigarette Company	Tanzania's Public	IPO	2000
28.	Carnaud Metal Box (CMB) (T)	Carnaud Metal Box Overseas Ltd	Share Sale	1997
29.	Friendship Textile Mills (URAFIKI)	Diequ Textile Dyeing & Printing Group Co Ltd	Share Sale	1996
30.	National Pharmaceutical Co. Ltd (NAPCO)	Placed Under Receivership before PSRC	Liquidation	1996
31.	Saruji Trucking Co.	Placed Under Receivership by Creditors	Liquidation	1996
32.	Tanganyika Dyeing & Weaving	Placed Under Receivership by Creditors	Liquidation	1996
33.	Typesetting Services	Placed Under Receivership by Creditors	Liquidation	1996
34.	Keko Pharmaceutical Industries	Diocare Ltd	Share Sale	1997
35.	Aluminium Africa (ALAF)	Clovis Co. Ltd & EDFDC Ltd	Share Sale	1997
36.	National Bicycles Company	Avon Cycles Ltd	Share Sale	1997
37.	Tanzania Cables	Dae Sung Cable Co. Ltd	Share Sale	1997
38.	National Engineering Co. Ltd	Modern Trading Agencies	Share Sale	1997
39.	Blanket Manufacturers	JTK Investments Co.	Share Sale	1997
40.	Kibo Paper Industries	Industrial Promotion Services Ltd	Share Sale	1998
41.	Polysacks Co.	Outright Sale	Outright Sale	1998
42.	Ubungo Spinning Mill	New Ubungo Spinning Ltd	Share Sale	1998
43.	Tanzania Portland Cement Co.	Scancem International ANS & Swedfund	Share Sale	1998
44.	Tanzania Sheet Glass (Mbagala)	Uncompleted Project Transferred to NDC	Transfer	1998
45.	Automech	Comafic Ltd	Share Sale	1998
46.	Tanzania Handicrafts Marketing Co.	Management Employee Buy-Outs (MEBO)	MEBO	1998
47.	Tanzania Bag Corporation	Tanzania Packages Manufacturers (TPM) 1998 Ltd	Asset Sale	1999
48.	Ubungo Garments Ltd	VMB Holdings Ltd	Asset Sale	1999
49.	Trailers & Lowloaders Manuf. Co. (TRALLCO)	Modern Trading Agencies	Asset Sale	1998
50.	Dar Brew Ltd	Tanzania Breweries Limited (TBL)	Share Sale	1998
51.	Burns & Blane Ltd	Jiefang Motors Tanzania Ltd	Asset Sale	2000
52.	Ubungo Farm Implements (UFI)	Tianjin Import & Export Corp. Gp	Debt Swap	1996
53.	National Printing Co. Ltd	KIUTA (1998) Ltd	MEBO	2001/2
54.	LRT Motors Ltd	LRT (2000) Ltd	Share Sale	2003
55.	Tanzania Industrial Services Consulting Organisation (TISCO)	Tisco Consultants and Associates Ltd.	MEBO	2002
56.	Household Supplies Co. Ltd (HOSCO)	Hosco (2000) Co.	MEBO	2003
57.	Dar es Salaam Regional Trading Co. Ltd (DRTC)	DRTC Trading Co. Ltd.	MEBO	2003
58.	Stationery and Office Supplies Co. Ltd.	S & O (2001) Company Ltd.	Asset Sale	2004
59.	Tanzania Saruji Corporation	Closed	Wound Up	2002

Table 6.1. Continued

60.	Tanzania Karatasi Associated Industries	Closed	Wound Up	2002
61.	State Motor Corporation	Closed	Wound Up	2003
62.	Express Tanzania Ltd	Oceans and Drylands Co. Ltd	Share Sale	2003
63.	Biashara Consumer Services Co. Ltd	BCS (2000) Co. Ltd/MEBO	Share Sale	2005
64.	TOL Limited	SAAMI Holdings Ltd	Share Sale	2005
65.	National Steel Corporation	New National Steel (2000) Ltd	MEBO1141	2001
66.	Tanzania Publishing House	TPH Investment Promotion Ltd	MEBO1142	1995
67.	Tanzania Ports Authority (TPA)	Tanzania International Container Services Ltd (TICS)	Lease	2000
68.	DSM Airport Handling Co. Ltd (DAHACO)	Swissport	Share Sale	2000
69.	DAHACO	Share Sale	IPO	2000
70.	Tanzania Telecommunications Co. Ltd (TTCL)	Consortium of Detecon & MSI	Share Sale	2001
71.	TTCL Motor Vehicle Repair Shop	Yudika Mremi	Asset Sale	2001
72.	Air Tanzania Corporation Ltd (ATCL)	South African Airways (SAA)	Share Sale	2002
73.	MIC (T) Ltd	Milicom International Cellular S. A.	Share Sale	2004
74.	International House Property Ltd	Public Service Pension Fund (PSPF)	Share Sale	2004
75.	Tanzania Coastal Shipping Lines (TACOSHILI)	Maajar, Rwechungura & Kameja-Receiver Managers	Liquidation	1999
76.	Tanzania Gemstone Industries	Euro African Investment Corporation	Asset Sale	1999
77.	Oryx Oil Company Ltd	Oryx Oil & Gas S. A.	Share Sale	2004
78.	New Africa Hotel	TADEMA Overseas Limited	Share Sale	1993
79.	TTC Gift Shops	Liquidated by Government before PSRC	Liquidation	1993
80.	Kunduchi Beach Hotel	AC Gomes (1997) Limited	Asset Sale	1997
81.	Bahari Beach Hotel	Feram Holdings & Investments & Trading International	Share Sale	1998
82.	Kilimanjaro Hotels Ltd	ASB Holdings Ltd	Asset Sale	2003
83.	NBC (1997) Limited [National Bank of Commerce]	ABSA Group of South Africa	Share Sale	1999
84.	NBC	International Finance Corporation (IFC)	Share Sale	1999
85.	Tanzania Audit Corporation (TAC)	TAC Associates/MEBO	Asset Sale	2004
86.	National Insurance Corporation's (NIC) Bima Motors	Tanzania Motor Assemblies Co. Ltd	Asset Sale	2001
87.	Mwananchi. Engineering & Construction Company (MECCO)	Sisi Construction Limited	Share Sale	2001
88.	Dar es Salaam Water and Sewerage Authority (DAWASA)	City Water Services Ltd ["Lease Agreement Terminated"]	Lease	2003
89.	Tanzania Legal Corporation	Tanzania Law Chambers	MEBO	2006
90.	National Distributors Limited	Transferred to Loans & Advance Realization Trust (LART)	Receivership	1993
91.	Tanzania Animal Feeds Co. Limited	Transferred to LART	Receivership	1993
92.	Kigamboni Poultry Farm Limited	Transferred to LART	Receivership	1999
93.	Tanzania Cotton Lint and Seed Board (TCMB)	Transferred to LART	Receivership	2001
94.	Tanzania Tea Blenders Limited	Transferred to LART	Receivership	2001
95.	National Poultry Company (NAPOCO) Majohe Farm	Transferred to LART	Receivership	2000
96.	NAPOCO Ukonga Farm	Transferred to LART	Receivership	2000
97.	Agricultural and Industrial Supplies Co. Ltd	Transferred to LART	Receivership	1994
98.	Kilimanjaro Textiles (KILTEX)	Transferred to LART	Receivership	1994
99.	Tanzania Textile Corporation (TEXCO)	Transferred to LART	Receivership	1994
100.	Motor Mart Tanzania Ltd	Transferred to LART	Receivership	1999
101.	Printpak (Tanzania) Ltd	Transferred to LART	Receivership	2001
102.	Tanganyika Tegry Plastics	Transferred to LART	Receivership	2003/4
103.	Building Hardware and Electrical Supplies Co. Ltd	Transferred to LART	Receivership	2004/5

¹¹⁴¹ The sale agreement, however, was signed on May 16, 2005.

¹¹⁴² The sale agreement, however, was signed on June 7, 2006.

Table 6.1. Continued

104.	National Shipping Agencies Company (NASACO) ¹¹⁴³	Transferred to LART	Receivership	2004/5
105.	Azania Shipping Agency Co. Ltd	Transferred to LART	Receivership	2004/5
106.	Oceanic Shipping Agency Co. Ltd	Transferred to LART	Receivership	2004/5
107.	Victoria Shipping Agency Co. Ltd	Transferred to LART	Receivership	2004/5
108.	Worldwide Shipping Agency Co. 48 Ltd	Transferred to LART	Receivership	2004/5
109.	State Motor Corporation (SMC)	Transferred to LART	Receivership	2001
110.	Tanzania Hides and Skins Ltd	Transferred to LART	Receivership	1993
111.	State Travel Services Ltd	Transferred to LART	Receivership	2001
112.	Tanzania Elimu Supplies Ltd	Transferred to LART	Receivership	2003
113.	Tanzania Film Co. Ltd	Transferred to LART	Receivership	1999
114.	Wazo Engineering Ltd.	WEL SACCOS Ltd.	MEBO	2006
115.	Plant and Equipment Hire Co. Ltd (PEHCOL)	Tan Plant Ltd	Asset Sale	2003
116.	CelTel Tanzania Ltd	Mobile Systems International Cellular Investments (Tanzania) BV	Share Sale	2005
117.	Shirika la Usafiri DSM (UDA) ¹¹⁴⁴	Simon Group Ltd (SGL)	Share Sale	2011
118.	Enterprises Tanzania Ltd (Embassy Hotel)	Karmali Juma and Sons Ltd	Share Sale	2008

By the end of Mwinyi's presidential tenure in 1995, only about 19 transactions of public entities within Dar es Salaam out of 118, that is, approximately 16 percent, had been undertaken. The privatization process was slow in the beginning. During President Mkapa's first presidential term (1995-2000), it slightly accelerated with about 45 transactions (i.e. ~38 percent) occurring. However, this pace did not seem sufficient for either the local or foreign privatization lobby. As a result, in the early 2000s the World Bank extended credit of USD 45.9 million to the government of Tanzania for a Privatization and Private Sector Development Project (PPSDP).¹¹⁴⁵

Among other things, PPSDP aimed at widening the involvement of Tanzanians in doing business and broadening their ownership of businesses. To that end, this five-year project envisaged Tanzanians' involvement "in the privatization process increased through share ownership, through spin offs, local businesses supplying privatized companies."¹¹⁴⁶ By

¹¹⁴³ This was a holding company for number 105-108 in the list.

¹¹⁴⁴ This is Dar es Salaam city's public transport company that has been running city buses.

¹¹⁴⁵ World Bank, *Tanzania*, 1.

¹¹⁴⁶ *Ibid.*, iv.

the middle of 2010, the World Bank “estimated that, of all firms divested since the beginning of the privatization program, about 66 percent were sold to Tanzanians.”¹¹⁴⁷ This, alongside an estimate of 21 percent that were sold to joint-ventures among Tanzanians, foreigners and the Government, prompted the World Bank to proudly conclude that the “objective of promoting Tanzanian ownership of divested” Public Enterprises (PEs) “was largely achieved.”¹¹⁴⁸

These statistics conceal the number of Tanzanians of African descent relative to those of Asian descent in such ownership. They also conceal the monetary size of local ownership relative to that of foreigners who were sold the remaining 13 percent. As for race, there are no official statistics on the racial composition. However, one can use the debate on indigenization, coupled with the profile of some of the leading privatized companies, as proxies of the extent to which privatization was racialized. For instance, in 1996 a media story entitled “Sale of Parastatals: State Organs Harass Indigenous Buyers” on the front page of a newspaper owned by one of the leading businessmen of African descent, captured their general sentiments.¹¹⁴⁹ Indigenous “Tanzanians seeking to buy shares in parastatals organizations being privatized are constantly being quizzed by state organs as to the sources of their money”, it reported, “unlike Tanzanians of Asian origin.”¹¹⁵⁰

Regarding size, the World Bank notes that the firms bought by local investors were “usually the small ones which were of little interest to international investors.”¹¹⁵¹ Tanzanian

¹¹⁴⁷ Ibid., 14.

¹¹⁴⁸ Ibid.

¹¹⁴⁹ Cited in: Aminzade, *Race, Nation, and Citizenship in Post-Colonial Africa*, 322, <https://doi.org/10.1017/CBO9781107360259>. The owner of the newspaper is Reginald Mengi whose business profile is discussed in detail below.

¹¹⁵⁰ Ibid.

¹¹⁵¹ World Bank, *Tanzania*, 14.

business scholars have also attempted to explain the paradox of the high number of entities being privatized to local investors relative to foreign investors yet having, comparatively, lower monetary value. For instance, on the basis of a brief survey that she conducted in 2002, the scholar Cylvia S. Temu concluded that some of the reasons for this were their relative lack of capital, low income and limited access to credit from financial institutions.¹¹⁵²

Another Tanzanian scholar, Samuel Waigama, notes that most of the smaller firms that local investors bought had been closed down, hence they were “disposed as asset sales.”¹¹⁵³ In the absence of sufficient capital, the implication of this is that the task of reviving them was daunting. There are some investors of African descent who capitalized on privatization to expand or launch business ventures with relative success.

For instance, by buying the Tanzania Telecommunications Company Limited’s (TTCL) motor vehicle repair shop in 2001, businessman Yudika Mremi was adding value to his transport business. The company started with one vehicle during the socialist era, that is, in 1978, when it was transiting goods between Dar es Salaam and Morogoro. Within a year, its owner transformed it to a one-bus transport company along the same route.¹¹⁵⁴ As it slowly expanded, it abandoned this route that Abood Bus Limited and Hood Bus Limited came to dominate.

It then shifted to the northern route, connecting Dar es Salaam to Kilimanjaro and Arusha. By 2013, it had a fleet of 28 buses and by 2016, this increased to over 30 buses that

¹¹⁵² Cylvia S. Temu, “The Privatisation Process and the Participation of Local Investors in Tanzania,” *Utafiti* 6, no. 1 (2005): 173.

¹¹⁵³ Samwel M. S. Waigama, “Privatization Process and Asset Valuation: A case study of Tanzania,” 85.

¹¹⁵⁴ Onael W. Mushi, “*Service Quality and Customer Satisfaction in Transport Service Industry in Tanzania: A Case of Dar Express Bus Company Mzumbe*” (MBA diss., Royal Mzumbe University, 2013), 2.

do not only ferry passengers from Dar es Salaam to other Tanzanian towns, but also to Nairobi in Kenya via Arusha in Tanzania.¹¹⁵⁵ Moreover, Mremi diversified by cofounding a freight and forwarding company known as Juni Trust Freight (T) Limited.¹¹⁵⁶

Vulfrida Grace Mahalu (née Mlay) is also one of those who also capitalized on the national privatization program in the 1990s. Her company, VMB Holdings (1996) Company Ltd., bought the textile public company, then known as Ubungo Garments. One of the rationales for its privatization came from a World Bank report:

This parastatal firm has been operating very poorly. Because of the need to react rapidly to market conditions, garment-making could be best left to private entrepreneurs. At this stage, it is unadvisable to incur new expenses in a plant manned by staff inexperienced in the design and marketing of clothing.¹¹⁵⁷

Ubungo Garments was thus divested in June 1996. However, according to the Ministry of Finance, the Sale Agreement was signed on March 25, 1999.¹¹⁵⁸ As has been noted in Chapter 5, Mahalu was one of the founding Executive Council members of the CTI. Hence, she also participated in pushing for privatization and, in turn, reaped its benefit through Ubungo Garments in Dar es Salaam and Bagamoyo Farms-Pimbini in Pwani.¹¹⁵⁹

¹¹⁵⁵ Mushi, “Service Quality,” 2; Scania, “Scania Launches and Delivers the New Marcopolo Bus Models in Tanzania,” *Scania Magazine*, Issue No. 5 2016, 10, <https://www.scania.com/content/dam/scanianoe/market/ke/experience-scania/publications/Scania-News-4.pdf>.

¹¹⁵⁶ “List of Licensed Customs Agents for the Year 2015,” The United Republic of Tanzania’s Tanzania Revenue Authority, last modified 2015, <http://www.tra.go.tz/documents/List%20of%20licensed%20customs%20agents%202015.pdf>.

¹¹⁵⁷ World Bank, *Tanzania: An Agenda for Industrial Recovery Volume II: Annexes and Statistical Appendix* (Washington: World Bank, 1988), 5, <http://documents.worldbank.org/curated/en/719641468132891750/pdf/multi0page.pdf>.

¹¹⁵⁸ “Completed Divestitures at Sales and Agreements Stage as of 30th June 2005.”

¹¹⁵⁹ For details about the latter transaction, see: Chambi Chachage and Richard Mbunda, *The State of the then NAFCO, NARCO and Absentee Landlords’ Farms/Ranches in Tanzania* (Dar es Salaam: Land Rights Research and Resources Institute-LARRRI/HAKIARDHI, 2009), 12.

According to the Consolidated Holding Corporation's (CHC) evaluation survey, the Sales Agreement for the former required Mahalu to first pay TSh 12 million (USD 17,404) prior to the signing and then Tsh 46 million (USD 66,715) on the day she signed.¹¹⁶⁰ She did so. The government was then required to provide her with the title of the factory thirty days after signing the Sales Agreement. However, when the CHC's team visited the site more than a decade later, she had not yet received the title.

To meet the conditions of the Sales Agreement, Mahalu was also supposed to develop and expand the textile factory.¹¹⁶¹ However, by June 2011, the only thing she had done was to build a wall around it and erect a gate. The main reasons for failing to revive it, Mahalu informed CHC, was because she did not have the title and could not access credit from financial institutions due to lack of collateral.¹¹⁶²

The Sales Agreement required her to invest not less than USD 1 million within four years after signing it. Since the total cost of the factory was Tsh 150 million (USD 217,549), she was also required to pay Tsh 92 million (USD 133,430) that she still owed the government within 24 months from the signing date. Although CHC was under the government, its opinion was that "both parties, the government and investor, had failed to meet the conditions set in the contract."¹¹⁶³ However, it asserted that the investor did not

¹¹⁶⁰ The United Republic of Tanzania's Consolidated Holdings Corporation (CHC), *Taarifa ya Kamati*, 38. The currency conversion is based on the US Treasury Reporting of Exchange as of March 31, 1999 whereby USD1 was equal to TSh 689.5. See: United States of America's Department of Treasury Financial Management Service, *Treasury Reporting Rates of Exchange as of March 31, 1999* (Washington: US Department of the Treasury, 1999), 4, https://www.gpo.gov/fdsys/pkg/GOVPUB-T63_100-0c3e625b6893f57915d6382b28968a2c/content-detail.html.

¹¹⁶¹ The United Republic of Tanzania's Consolidated Holdings Corporation (CHC), *Taarifa ya Kamati*, 38.

¹¹⁶² *Ibid.*, 36.

¹¹⁶³ As reproduced by way of translation in: The Citizen, "Privatised Industries in the List of Government's Little Black Book," *The Citizen*, May 6, 2016, <http://www.thecitizen.co.tz/News/Privatised-industries-in-the-list-of--government-s-little/1840340-3192546-10si4m0/index.html>. For the original Swahili report see: The United Republic of Tanzania's Consolidated Holdings Corporation (CHC), *Taarifa ya Kamati*, 37.

seem capable of developing the factory and was thus using the government's failure to grant her a lease as an excuse.¹¹⁶⁴

Such a convoluted may partly be explained by the fact that her husband, Costa Ricky Mahalu, who was Tanzania's ambassador in Italy, had been charged in *Economic Criminal Case Number 1 of 2007*.¹¹⁶⁵ The sensational case on, among other things, alleged corruption, dragged on for five years until it went to trial and Mahalu was acquitted.¹¹⁶⁶ It was the first time in the history of the country that a former president, in this case Mkapa, served as a witness in court.¹¹⁶⁷ Mahalu, a former appointee of President Mkapa, was the one who called him to testify on his behalf.¹¹⁶⁸

In 2007 there were also reports that Tanzania's Prevention and Combating of Corruption Bureau (PCCB) was investigating Vulfrida Mahalu's company, VMB Holdings Limited.¹¹⁶⁹ Around the same time a consortium of opposition parties under the leadership of CHADEMA issued a "list of shame" that accused, among others, those involved in getting money through Mwananchi Gold Company Limited that allegedly siphoned funds from the

¹¹⁶⁴ The United Republic of Tanzania's Consolidated Holdings Corporation (CHC), *Taarifa ya Kamati*, 36.

¹¹⁶⁵ Republic v. Prof Dr Costa R. Mahalu and Grace Alfred Martin, Resident Magistrates Court of Dar es Salaam at Kisutu, Economic Criminal Case No 1 of 2007.

¹¹⁶⁶ The Citizen Reporter, "DPP Drops Mahalu Case," *The Citizen*, March 15, 2014, <http://www.thecitizen.co.tz/News/national/DPP-drops-Mahalu-case/1840392-2245308-k1j8j8z/index.html>.

¹¹⁶⁷ See: Mohammed A. Bakari, "Annual State of Constitutionalism in Tanzania Mainland 2012: Challenges and Prospects," in *The Annual State of Constitutionalism in East Africa, 2009*, ed. Christopher Mbazira (Kampala: Fountain Publishers, 2012), 85, http://www.kituoachakatiba.org/sites/default/files/publications/Annual%20State%20of%20Constitutionalism%20in%20East%20Africa%202012_0.pdf.

¹¹⁶⁸ Julius Bwahama, "Mkapa defends Mahalu on Rome Building," *Daily News*, May 7, 2012, <http://www.dailynews.co.tz/news/mkapa-defends-mahalu-on-rome-building2.aspx>.

¹¹⁶⁹ United Republic of Tanzania, *General Budget Support (GBS) 2007 Annual Review Report* (Ministry of Finance: Dar es Salaam, 2007), 144, <http://www.mof.go.tz/mofdocs/GBS/GBS%20Report%20CEF.pdf>. This report was prepared by Samuel Wangwe, D.P. Mutalemwa and Godwill G. Wanga of Daima Associates Limited.

Bank of Tanzania (BOT).¹¹⁷⁰ The list alleged that Vulfrida Mahalu was one of its shareholders. Later, the chair of the Presidential Commission of Inquiry against Corruption during Mkapa's tenure, Joseph Sinde Warioba, who was accused of allegedly benefitting from the company's money, affirmed that Vulfrida Mahalu's company had 5 percent shares in it through Mwananchi Trust Limited.¹¹⁷¹ However, he defended it alongside other similarly relatively small companies, arguing that Mwananchi Trust Limited was started in order to meet the need for having one big company that will include smaller ones in holding joint shares in Mwananchi Gold Company Limited.¹¹⁷²

What this case of VMB Holdings illustrates is how the process of privatization brought in some former and current public servants as well as some members of the private sector in capitalizing on public property. By participating in this primitive accumulation, some of them hoped they would raise the necessary finance capital for reinvestment in productive forms of capitalist accumulation. Although they did not couch their investment aspirations in these Marxian conceptual terms, there seemed to be a consensus on such a prospect even when there were conflicts between the state and the potential entrepreneurs. It is in this regard that CHC's evaluation committee advised the government "to issue the title deeds, and demand that the investor meets" her "end of the bargain."¹¹⁷³

It is in this regard that the state and the ruling party vigorously defended privatization of public entities. President Mkapa was a leading voice, arguing that privatization was not

¹¹⁷⁰ Joseph Mangweha, "'List of Shame' - Country Losing Direction," *The Citizen*, October 24, 2007, <https://allafrica.com/stories/200710261245.html>.

¹¹⁷¹ Raia Mwema, "Dhamiri Yangu Safi – Warioba," *Raia Mwema*, May 30, 2012, <http://www.raiamwema.co.tz/dhamiri-yangu-safi-warioba/>.

¹¹⁷² Ibid. Also see: Raia Mwema, "Warioba: Huu ndio Ukweli kuhusu Mwananchi Gold," *Raia Mwema*, May 30, 2012, <http://www.raiamwema.co.tz/warioba-huu-ndio-ukweli-kuhusu-mwananchi-gold/>.

¹¹⁷³ The Citizen, "Privatised Industries in the List of Government's Little Black Book."

unique to Tanzania; almost every country in the world was privatizing and within Africa no country was not privatizing.¹¹⁷⁴ By the time his second – and final – presidential tenure ended in 2005, privatized transactions of public entities in Dar es Salaam had jumped from about 45 (38 percent) at the end of 2000 to about 96 (81 percent).¹¹⁷⁵

A Capital for Entrepreneurs

On February 16, 1992, a government newspaper ran an article on the then Entrepreneurs Development Fund (EDF) that President Mwinyi had inaugurated in Dar es Salaam more than a year earlier.¹¹⁷⁶ A day later, he assented to a bill that paved the way for massive privatization of public corporations. The trustee of EDF was none other than Mengi who was increasingly becoming the face of the spirit of capitalism in the country. He had managed to mobilize pledges totaling Tsh 29,200,000 (USD 125,483) from members of the private sector, such as J.V. Industries, Jeetu Patel and his friend Juma V. Mwapachu.¹¹⁷⁷

EDF and related funds epitomized the efforts of the emerging entrepreneurial elites and their allies in the international development and financial community to encourage and finance entrepreneurship. While such efforts predated privatization, they either paved the way for it or supported its implementation. In the latter regard, their institutionalization became

¹¹⁷⁴ Chama cha Mapinduzi, *Mafanikio ya Ubinafsisishaji* (Dodoma, Halmashauri Kuu ya Taifa ya CCM: 2004), 14.

¹¹⁷⁵ This means that between 2000 and 2005 about 48 transactions were added (41 percent) on the figures from Table 6.1 above.

¹¹⁷⁶ Methuen Chinyuka, “Share Development Fund with Youths in Zanzibar, Vijana Advised,” *Sunday News*, February 16, 2012, 3.

¹¹⁷⁷ Ibid. The dollar figure is based on an exchange rate of USD 1 = TSh 199.1, from: United States of America’s Department of Treasury Financial Management Service, *Treasury Reporting Rates of Exchange as of March 31, 1992* (Washington: US Department of the Treasury, 1993), 4, https://www.gpo.gov/fdsys/pkg/GOVPUB-T63_100-a73982792118bb55b74de2f9af97203f/pdf/GOVPUB-T63_100-a73982792118bb55b74de2f9af97203f.pdf.

both parallel and mutual. One of their outcomes has been the widening of the space for both local and foreign investors. As was the case in the colonial and socialist period, Dar es Salaam continued to attract more attention and resources relative to other cities in Tanzania. This, in turn, has contributed to its meteoric rise to become one of the twenty fastest growing cities in the world; it is projected to be a megacity by 2030 i.e. a city with more than 10 million people.¹¹⁷⁸

The establishment of the Tanzanian Venture Capital Fund (TVCF) illustrates how such funds privileged the dominant emergent entrepreneurial elite based in Dar es Salaam at the expense of their counterparts in other urban areas as well as rural areas. This occurred despite the rhetoric and attempts to address the divide between the city and countryside in terms of access to capital.

USAID was also instrumental in establishing TVCF as part of its then proposed Finance and Enterprise Development (FED) Fund.¹¹⁷⁹ In 1992 its Mission in Dar es Salaam commissioned Harvey & Company from Washington, DC to conduct a pre-feasibility study on the potential for venture capital in Tanzania. This form of capital, as the submitted pre-feasibility report noted, involves a venture capitalist taking a minority equity in a generally small investee company.¹¹⁸⁰ As both its promoter and partner, this capitalist would thus support it to grow through effective management and marketing strategies. Although venture capital appears philanthropic, it is hardly a form of charity, not least because the venture

¹¹⁷⁸ United Nations, *The World's Cities in 2016*, 4. This report projects that Dar es Salaam will have 10.76 million people in 2030 cf. United Nations, *World Urbanization Prospects: The 2014 Revision* (Washington: United Nations' Department of Economic and Social Affairs, Population Division, 2014), 18. <https://esa.un.org/unpd/wup/Publications/Files/WUP2014-Report.pdf>.

¹¹⁷⁹ Harvey & Company, Inc., *US Agency for International Development Africa Venture Capital Project: Pre-Feasibility Report on Establishment of a Venture Capital Fund in Tanzania* (Washington, Harvey & Company, Inc.: 1992), 11.

¹¹⁸⁰ *Ibid.*, 1.

capitalist would also extract profit once she/he is done with supporting his/her apprentice.

The report thus captures the expected mutual expectations of the investor and investee:

When the project is mature, the venture capitalist disposes of his shares, reaping the benefit of the asset growth he has promoted. Venture capital involves no foreign currency debt or repayment obligation. It helps entrepreneurs to reach a sound leverage ratio, and it provides them with additional management and business skills. For all these reasons it is particularly appropriate to the development of the smaller-scale productive sector in Africa.¹¹⁸¹

This must have been appealing for the United States of America's Corporate-State-Civil Society (CSC) setup in Tanzania as served both its aid agenda and investment initiatives. On the one hand, USAID would be aiding in developing Tanzania; on the other, it would be supporting American companies and their local business partners in Tanzania. Mengi was among the potential local venture capitalists of African descent recommended in the pre-feasibility report; his IPP Limited was commended for having "already promoted the Entrepreneurial Development Fund [EDF] which makes small sums available to craftsmen, then provides them with formal loans as they grow."¹¹⁸²

The report also included Iddi Simba and Wilfrem Mwakitwange in its list of potential local venture capitalists of African descent. Only one member of Tanzania's Asian community, Girish Chande, was listed as a potential venture capitalist. Given the relatively greater availability of successful entrepreneurs of Asian descent, this in itself is an indication that venture capital was generally meant to assist potential entrepreneurs of African descent.

The report also recommended a potential venture capitalist, Abdu Faraji, who was increasingly operating from Arusha although his initial base was Dar es Salaam. His ACF

¹¹⁸¹ Ibid.

¹¹⁸² Ibid., 36.

Holdings Ltd, it noted, had “already made a provisional pledge of \$ 100,000 to future Fund.”¹¹⁸³ Faraji had come a long way since his times as a World Bank-trained head of Tanzanian public corporations, as noted in Chapter 4, to his transition as part and parcel of the private sector lobby discussed in Chapter 5. His business credentials were well known among international organizations in Tanzania. In the World Bank Group IFC discussion paper on ‘African Entrepreneurs, Pioneers of Development’ issued on October 1990, he was described as “managing director and major shareholder of The Tanzanian Food Corporation, a limited liability company engaged in the manufacture of biscuits and pasta with an annual turnover in excess of US\$2 million.”¹¹⁸⁴

The IFC paper also noted that he was the “managing director and principal owner of four other companies producing sisal, tobacco and baby foods, distributing food products and acting as agents for foreign manufacturers of agricultural equipment and food processing machinery.” His group of companies was employing “500 workers and had a turnover of US\$6.25 million in 1989.”¹¹⁸⁵ Even before the pre-feasibility study cited above recommended him as a potential local venture capitalist, he was already engaging with initiatives that were akin to venture capitalism. “Mr. Faraji”, the IFC paper noted, “speaks highly about the assistance received from his international and domestic business partners and from” the IFC’s Africa Project Development Facility (APDF) “which assisted him in preparing his expansion project.”¹¹⁸⁶ It also noted that a Dutch Management Agency was managing well his

¹¹⁸³ Ibid.

¹¹⁸⁴ Keith Marsden, “African Entrepreneurs: Pioneers of Development” (International Finance Corporation Discussion Paper No. 9, The World Bank, Washington, 1990), 45, <http://documents.worldbank.org/curated/en/435281468202452468/pdf/multi-page.pdf>.

¹¹⁸⁵ Ibid.

¹¹⁸⁶ Ibid., 46.

agricultural estate operation on the basis of a “flat fee plus a profit-related bonus” and the “Dutch aid organization FMO” had “a 25 percent equity stake in this enterprise.”¹¹⁸⁷ Faraji’s paper presented to the conference of the Royal African Society held at Oxford in 1993 sums up his position on the then state of capitalization and the need for finance capital:

The liberalization of policies that are important to private investment has still to be attained in Tanzania. For instance, investors are reluctant to commit funds if there is a probability that the currency will be devalued in the near future. There is therefore a need to speed up the process of exchange-rate unification and removal of the remaining foreign-exchange controls, particularly for current account transactions.... The requirement that exporters surrender a substantial part of their foreign-exchange earnings at the official exchange rate needs to be reviewed, since it represents a tax on export. This is important, because investors shift funds to countries where the risk-adjusted rates of return are higher.¹¹⁸⁸

This background and perspective partly explain why Faraji became the Director of the Equity Investment Management Limited (EIM), based in Dar es Salaam, that was established to manage the Tanzania Venture Capital Fund (TVCF).¹¹⁸⁹ TVCF started with a capital of USD 7.6 Million.¹¹⁹⁰ By the end of its five-year lifetime it had seven investor-partners: The British Commonwealth Development Corporation (CDC), German Investment and Development Company (DEG), the Netherlands Development Finance Company (FMO), French

¹¹⁸⁷ Ibid.

¹¹⁸⁸ Abdul C. Faraji, “Tanzania: Debt, Aid, Foreign Investment,” in *Action in Africa: The Experience of People Involved in Government, Business and Aid*, ed. Douglas Rimmer (London: Royal African Society, 1993), 128.

¹¹⁸⁹ William Kedrock, James Emery, Deanna Madvin, Peter Michaelson, Laurence Morse, and Michaela Walsh, *Recommendations for a Southern Africa Enterprise Development Fund* (Washington: U.S. Agency for International Development’s Bureau for Global Programs, Field Support and Research, 1994), 74.

¹¹⁹⁰ 389 Parl. Deb. H.C. (5th ser.) (2002) col. 580. This debate on ‘CDC Capital Partners’ occurred on July 19 of the cited year in the UK Parliament with Claire Short, the then Secretary of State for International Development, “holding answers 11 July 2002”, <https://api.parliament.uk/historic-hansard/written-answers/2002/jul/19/cdc-capital-partners>; Andrew E. Temu and Jean M Due, “The Business Environment in Tanzania after Socialism: Challenges of Reforming Banks, Parastatals, Taxation and the Civil Service,” *The Journal of Modern African Studies* 38, no. 4 (2000), 690.

Development Finance Institution (PROPARCO), Swedish Swedfund, Tanzanian National Provident Fund (NPF), and Tanzania Development Finance Limited (TDFL).¹¹⁹¹

Although USAID was not one of the shareholding partners, it indirectly supported TVCF by heavily financing EIM through its Finance and Enterprise Development (FED) project. By the end of 1997, the amount stood at USD 662,000.¹¹⁹² This appears to be part of an elaborate CSC setup given that over the same decade, USAID's USD 50 million FED project funded related projects geared towards, among other things, opening up Tanzania to American investors. For instance, it used more than USD 6 million for the establishment of The Business Center (TBC) in Dar es Salaam in 1993-1994. "TBC was set up to help new entrepreneurs become established in business, assist existing businesses to expand," notes its first-year evaluation, "and stimulate trade and investment between the Tanzanian business community and foreign companies, particularly US Companies."¹¹⁹³

Although the target of TBC was Tanzania's micro and small-scale businesses, the same size limit was not necessarily applied to business from the United States of America. For instance, one of TBC's celebrated success stories involved a multinational firm known as Kingsway International "that processes seaweed for use in laboratories, pharmaceutical and food industries."¹¹⁹⁴ Having failed to "establish a network of suppliers in a rural fishing village north of Dar es Salaam" due to what USAID's review refers to as villagers' "apathy,

¹¹⁹¹ SIDA Department for Infrastructure and Economic Cooperation (INEC), *Financial Sector Development: A Report by a SIDA Task Force* (Stockholm: INEC, 1997), 60.

¹¹⁹² Jim Maxwell and Richard Gordon, *Innovative Approaches to Agribusiness Development in Sub-Saharan Africa Volume 5: Southern Africa* (Washington: AMEX International, Inc., 1997), 132.

¹¹⁹³ USAID Tanzania, *Evaluation of the Business Centre Project in Tanzania* (Dar es Salaam: USAID Tanzania, 1995), 1. This was evaluated by Vethouse Associates, Inc.

¹¹⁹⁴ USAID Tanzania, *FY 2000 Results Review/Resources Request* (Dar es Salaam: USAID Tanzania, 1998), 48.

disinterest in development project” and the multinational firm’s “inappropriate” approach, it sought support from TBC.¹¹⁹⁵

After “engaging USAID’s The Business Center for technical assistance in community mobilization and business management skills training”, the review notes, “Kingsway was able to successfully partner with its rural village suppliers.” The result, it points out, was “over 300 jobs, about 60% of which” were held by “self-employed women who” were now earning “on average more than twice the minimum wage.”¹¹⁹⁶ As impressive as this intervention seems to be, it masks the fact that it still gave the multinational an upper hand in terms of extracting both labor and resources from local people instead of enabling them to start their own firms for supplying fish.

Members of TBC’s advisory committee included, among others, Khadija Simba and Ernest Massawe, who were part of an emergent entrepreneurial elite in Dar es Salaam.¹¹⁹⁷ The former’s engagement with USAID, however, predates her role as an advisor at TBC. As early as 1992, she was a member of the Steering Committee of its Women in the Market Initiative. “The goal of this initiative”, it was noted in the minutes of one of their meetings in Nairobi, “is to promote the development of women-owned enterprises in Africa.”¹¹⁹⁸

This stemmed from the realization that race and gender intersected in limiting women entrepreneurs’ access to capital; hence the need to resolve their business position in an

¹¹⁹⁵ Ibid.

¹¹⁹⁶ Ibid.

¹¹⁹⁷ Other members were: Rose Lyimo of Rossy Bureau De Change; Eric Munisi of Tanzania Exporters Association; and Yovina Msowoya of SERO Enterprise Initiatives (T) Ltd. See: USAID Tanzania, *FY 2000 Results Review/Resources Request*, 57.

¹¹⁹⁸ Evelyn K. Mungai, “Background and Goals of the Initiative,” in *Women in the Market Initiative: Meeting of the Steering Committee Members Held Between 23rd and 25th November, 1992 Nairobi, Kenya*, ed. Evelyn K. Mungai (Nairobi: LABAT-ANDERSON Incorporated, 1993), 1, https://pdf.usaid.gov/pdf_docs/PNABR725.pdf.

African setting. “Because of the universal prejudice against the black race,” Khadija Simba stressed in her presentation to the committee, “the African woman is facing the worst of all obstacles to human endeavor.”¹¹⁹⁹ Her business endeavour to a significant extent has been predicated on this gendered struggle.

Khadija Simba started her own company known as Kay’s Hygiene Products in the early 1980s in a warehouse in Dar es Salaam.¹²⁰⁰ This was the time when the then socialist Tanzania was facing a severe economic crisis that led to shortages of basic home products in stores. However, the company survived, and by 1997 it was employing 30 full time workers. TCCIA’s records from the mid-1990s, however, put its employment figures at 50.¹²⁰¹

Its main market was Tanzania and the neighboring country of Zambia. The company both manufactured and distributed feminine products. She credits her husband, Iddi Simba, who also served as chairperson of the company, for his support in her businesses. This is how she describes the gendered dynamics of owning a business in one’s own right while also having a business-oriented spouse:

My main activity involves manufacturing sanitary pads and surgical cotton. I am also involved in general trading and representing foreign businesses. In all these activities I have had to face the following normal problems...Lack of long-term loans and working capital...Acquisition of land titles.... Marketing... In tackling all these problems, I have had to face the general attitudinal constraints related to the societal prejudices.... At the same time, I had to maintain my firm position as a wife and mother and to cope constantly with the pressures of a husband who is equally ambitious in pursuit of his own ideals.¹²⁰²

¹¹⁹⁹ Khadija Simba, “Woman Entrepreneur: Obstacles and Constraints,” in *Women in the Market Initiative: Meeting of the Steering Committee Members Held Between 23rd and 25th November, 1992 Nairobi, Kenya*, 97.

¹²⁰⁰ Jozefina Cutura, *Voices of Women Entrepreneurs in Tanzania* (Washington: International Financial Corporation, 2007), 14, http://www.tzdpd.or.tz/fileadmin/documents/dpg_internal/dpg_working_groups_clusters/cluster_1/industry/trade/psd/documents_library/women.entrepreneurs.tanzania.IFC.pdf.

¹²⁰¹ Tanzania Chamber of Commerce and Agriculture, *Tanzania Business Contacts 1995* (Dar es Salaam: Tanzania Chamber of Commerce Industry & Agriculture, 1995), 345-363.

¹²⁰² Khadija Simba, “Woman Entrepreneur,” 99.

Her rise as an entrepreneurial elite illustrates the changing lot of the bourgeoisies in the wake of Tanzania's transition to post-socialism in terms of access to capital. The liberalization of the economy, coupled with expanding networks within the public and private sectors, enabled Khadija Simba to connect with both local and international investors. For instance, on June 17, 2004, Enterprise Homes Limited was incorporated as a joint venture between Kays Hygiene Products Limited and Serengeti Capital Limited as well as Enterprise Homes LLC of Andover, Massachusetts, USA.¹²⁰³

Apart from Khadija Simba, the then website of Enterprise Homes Limited listed these directors: Charles Stith, a former US Ambassador to Tanzania; Kyle McKinney, a former real estate developer in the US, and Daniel Yona Jr., a Tanzanian engineer and son of a former Minister for Finance who, like his father, capitalized on the privatization of public corporations in terms of brokering asset acquisitions.¹²⁰⁴

Khadija Simba also served at the East African Development Bank (EADB) as a Director representing the private sector in Tanzania. She has been a longstanding member of the Confederation of Tanzanian Industry (CTI). In 2004, for instance, she served as a member of CTI's governing council as a councilor.¹²⁰⁵ She was also a member of its Standing Committee on "Textiles and Garments" and another one on "Utilities, Transport and Infrastructure."¹²⁰⁶ Four years later, she was still a member of CTI's Governing Council.¹²⁰⁷

¹²⁰³ "Enterprise Homes Tanzania Limited," accessed February 14, 2014, <http://www.enterprisehomestanzania.com>. The website is no longer accessible.

¹²⁰⁴ Ibid.

¹²⁰⁵ Confederation of Tanzania Industries, *Annual Report 2004*, 21.

¹²⁰⁶ Ibid., 33.

¹²⁰⁷ Confederation of Tanzania Industries, *Annual Report 2008* (Dar es Salaam: CTI, 2009), 21.

By 2015, Khadija Simba was the chairperson of CTI's Standing Committee on "Enterprise Development."¹²⁰⁸

Her position and connections in the hierarchy of the entrepreneurial elite partly explain why she attended the inaugural meeting of the exclusive Tanzanian National Business Council (TNBC) at the Royal Palm Hotel in Dar es Salaam on March 22, 2002. However, as the subsequent section shows, when it came to the relatively more exclusive capitalist networks she did not feature; they were predominantly gendered in favor of businessmen.

Nevertheless, Khadija Simba continued to sit on several company boards, such as that of the Tanga Cement Company Limited, as the only or one of the few women board members.¹²⁰⁹ Moreover, Khadija Simba continued to be part of initiatives to empower potential women entrepreneurs. For instance, she has been a board member of the Tanzania Women's Bank Limited (TWB) that was "inaugurated in July 2009 to support the business activities undertaken by women."¹²¹⁰

As for Ernest Massawe, chairperson of Ernst & Young East Africa, he has played an advisory role in financial and tax matters since the 1980s. However, it was not until 1994 that he founded the Tanzania Security Limited (TSL). According to its official website, the original Massawe & Company was established in 1978 with its founding partners registered

¹²⁰⁸ Confederation of Tanzania Industries, *Annual Report 2015* (Dar es Salaam: CTI, 2016), 35.

¹²⁰⁹ Tanga Cement Company Limited, *Annual Report/Taarifa Kwa Umma 2012* (Dar es Salaam: Tanga Cement Company Limited, 2013), 4, <http://dse.co.tz/sites/default/files/TANGA%20CEMENT%20ANNUAL%20REPORT%202012.pdf>. In this case, Khadija was the only woman member of the board out of 8 members.

¹²¹⁰ Serengeti Advisors, *Tanzania Banking Survey 2011* (Dar es Salaam: Serengeti Advisors, 2011), 95, <http://www.tccia.com/tccia/wp-content/uploads/2011/07/Tanzania-Banking-Survey-2011-FINAL-April-2011.pdf>.

as Ernest S. Massawe, Omari D. Mshana and Anael Patrick Kavishe. Other partners who later joined the firm were identified as Gotfrid S. Tesha, in 1994, Paul K. Moshi, also in 1994, and Sydney T. Bvurere in 2002.

In 1995, this company merged with the international auditing firm Ernst & Young to form what came to be known as Massawe Ernst & Young. It later changed its name to Ernst & Young East Africa with Massawe as one of the partners. Erncon Holdings Limited, established in 1993 as a family investment company, had the sole purpose of managing his family's various investments. Its initial directors were Ernest Massawe and his wife Consolata Massawe, Maryanne Massawe, Andrew Massawe, and Mr. Justin Massawe.¹²¹¹ This is the same company that by 2008 had a 4.69 percent share in the Akiba Commercial Bank (ACB).¹²¹²

A seminal survey on the banking sector in Tanzania points out that although the bank was founded in 1993, it only started operation when it was registered in 1997 “as an initiative of over 300 Tanzanian entrepreneurs” to “support the emergence of Tanzania businesses.”¹²¹³ In early 1995, during the buildup to its launching, Ernest Massawe and his fellow businesspeople were cited as referring to it as “the first truly indigenous bank in Tanzania.”¹²¹⁴

¹²¹¹ Akiba Commercial Bank PLC, *Annual Report and Audited Financial Statements 2014* (Dar es Salaam: ACB, 2015), 23, <http://acbtz.com/sites/default/files/Akiba%20Annual%20Report%202014%20final%20draft.pdf>; Akiba Commercial Bank PLC, *Annual Report and Audited Financial Statements 2015* (Dar es Salaam: ACB, 2016), 28, <http://acbtz.com/sites/default/files/ACB%20ANNUAL%20REPORT%202015%20Web.V.pdf>.

¹²¹² Akiba Commercial Bank PLC, *Annual Report and Audited Financial Statements 2008* (Dar es Salaam: ACB, 2009), http://www.mixmarket.org/sites/default/files/Akiba_AR_08.pdf. The report, however, is no longer accessible online.

¹²¹³ Serengeti Advisors Limited, *Tanzania Banking Survey 2011*, 25.

¹²¹⁴ Leo O. Omolo, “First Indigenous Bank Launched,” *African Business*, March 1995, Issue 197, 31.

At that time, he was the chairperson of its promotion committee;; “Dar es Salaam committee of 16 business men and women” met “weekly to monitor progress on the sales of shares.”¹²¹⁵

Since their aim was to “encourage indigenous business men and women to share in the banking experience”, they started by “offering 15,000 ordinary fully paid shares at an issue price of Tshs100,000 (\$185) per share.”¹²¹⁶ Their choice of name was also strategic in terms of attracting shareholders, given that the Swahili term *Akiba* means savings. Although the main target for shareholders was Dar es Salaam, they also opened promotional spaces in the growing urban centers of Arusha and Mwanza. For them, the bank was “the most important initiative that has been undertaken by the indigenous business community in Tanzania since independence in 1961.”¹²¹⁷

Throughout the continuing lifespan of Akiba Commercial Bank, Massawe has been active, holding various strategic positions over the years. For instance, in 2013 he was both the chair of the Audit Committee and a member of the Executive Committee on top of being a member of the board of directors.¹²¹⁸ In 2014, he became the chair of the board, a position he continued to hold in 2015.¹²¹⁹ Massawe has also been a member of the relatively exclusive CEO Roundtable. Like Khadija Simba, he has also been a regular attendee of TNBC meetings and local investors’ roundtable that are subjects of the subsequent section.

¹²¹⁵ Ibid.

¹²¹⁶ Ibid.

¹²¹⁷ Ibid.

¹²¹⁸ Akiba Commercial Bank PLC, *Annual Report and Audited Financial Statements 2013* (Dar es Salaam: ACB, 2014), 38, <http://acbtz.com/sites/default/files/Akiba%20Annual%20Report%202013.pdf>.

¹²¹⁹ Akiba Commercial Bank PLC, *Annual Report and Audited Financial Statements 2014*, 23; *Annual Report and Audited Financial Statements 2015*, 39.

USAID's TBC might not have foreseen such a stellar rise. However, by then Massawe was already well-established as an emergent entrepreneurial elite. Since his company was providing audit services, an initiative such as TBC that aimed at equipping micro and small businesses with such business practices would want to have him as an advisor. The future role that USAID envisaged for the advisory council in terms of the sustainability of TBC after the funding project ends also indicates why they needed entrepreneurs of Massawe's and Khadija Simba's caliber. However, one cannot overlook their own initiative in seeking opportunities and connections that came with access to networks of such international organizations as operating in the context of the CSC setup.

A Table for Investors

On July 17, 2002 the then President of the World Bank, James Wolfensohn, graced the inauguration of the Tanzania International Investors Round Table (IIRT) at the Royal Palm Hotel in Dar es Salaam.¹²²⁰ His host, the then President of Tanzania, Benjamin Mkapa, presented him with ten reasons why investors should invest in the country: "political stability, correct economic and fiscal policies, abundant resources, investment incentives, unrestrained transfer of capital and profits, investment guarantees, settlement of disputes, the one-stop Tanzania Investment Center (TIC), Tanzania's qualified access to Europe and the USA's AGOA [African Growth and Opportunity Act] and its geographical location which enabled it

¹²²⁰ British-Tanzania Society, "Ten Good Reasons," *African Affairs*, September 1, 2002, <https://www.tzaffairs.org/2002/09/business-and-the-economy-12/>. This article draws from a media report in the *East African* newspaper.

to reach a market of over 250 million people in East, Central and Southern Africa.”¹²²¹ He was thus paraphrasing the TIC advertisements for attracting investors.¹²²²

The President of what is imposingly referred to as ‘The Bank’ which, together with the International Monetary Fund (IMF), whose then Director General – Horst Kohler – also attended the inauguration, were supporting the initiative, is said to have added an eleventh reason, that is, “President Mkapa’s able leadership.”¹²²³ In his memoir, Andy Chande also recalls that, “Wolfensohn remarked that having someone like Mkapa as head of state was additional bonus for prospective investors.”¹²²⁴ The media also cited Wolfensohn as saying that “the Bank supported President Mkapa’s determination to stay the course, encourage private investment....”¹²²⁵

This tale of an encounter between two presidents is only a microcosm of the part that the IFIs and development agencies have been playing in promoting capitalist investments in the country for over half a century.¹²²⁶ These entities worked hand in hand with the state and the business community. The 1990s were particularly favorable due to the massive privatization of public corporations that several local and international investors benefitted from.

¹²²¹ Ibid.

¹²²² National Bureau of Statistics of Tanzania, Bank of Tanzania and Tanzania Investment Centre, *Tanzania Investment Report: Report on the Study of Foreign Private Capital Flows in Mainland Tanzania* (Dar es Salaam: NBS, BOT and TIC, 2001), 1.

¹²²³ British-Tanzania Society, “Ten Good Reasons.”

¹²²⁴ Chande, *A Knight in Africa*, 185.

¹²²⁵ British-Tanzania Society, “Ten Good Reasons.”

¹²²⁶ As has been noted in Chapter 3, Tanganyika’s First Three-Year Development Plan was prepared under the auspices of the World Bank and advocated private investment.

The IIRT, like its national counterpart known as Local Investors Round Table (LIRT), came into being through the Tanzania National Business Council (TNBC). As has been noted in Chapter 5, the TPSF was instrumental in its formation in the early 2000s, albeit with support from the donor community. After consulting the two IFIs that have been instrumental in the liberalization of the Tanzanian economy since the 1980s, that is, the WB and the IMF, TNBC established an Investors Round Table (IRT). It is this forum that branched into an IIRT and a LIRT. These forums include key members of the government, selected local private businesspeople and foreign investors. By 2004, 72 prominent investors - 49 local and 24 international - had accepted the presidential invitation to serve in the IRT.

In this case, Michael N. Shirima, Reginald A. Mengi, and Ali A. Mufuruki stand out among Tanzanians of African descent. They were members of both the LIRT and IIRT between 2002 and 2009. Given that IIRT had space for about 12 local businessmen and since the category 'local' included Tanzanians of European and Asian descent, these three represented the crème de la crème among entrepreneurial elites. What distinguished them in the first decade of the 21st century was more than the amount of financial capital they owned or controlled. It was also their own visibility or that of their companies as a business brand in a country with relatively few large-scale investors of African descent.

Shirima hails from Kilimanjaro region, one of the bastions of capital accumulation through coffee production and consumption.¹²²⁷ Born in 1943 in Rombo District, he received his earlier education in the country before proceeding to Perth in Scotland for further

¹²²⁷ For an overview of the vast literature on Kilimanjaro region in general and Moshi town in particular in relation to the Chagga ethnic group as entrepreneurs see: Ralph A. Austen, *Northwest Tanzania under German and British Rule: Colonial Policy and Tribal Politics, 1889-1939* (New Haven: Yale University Press, 1968); Thomas Fisher, "Chagga Elites and the Politics of Ethnicity in Kilimanjaro, Tanzania" (PhD diss., The University of Edinburgh, 2012); Ludger Wimmelbücker, *Kilimanjaro: A Regional History. Volume I: Production and Living Conditions, c.1800-1920* (Hamburg: LIT, 2002).

education in 1963. He attended the Airwork Services Training College and by early 1965 he had “made his first solo flight as a pilot.”¹²²⁸ The then East African Airways Corporation (EAA) financed his studies in the UK after he won a bursary offered to celebrate the independence of Kenya, with the promise of hiring him as a second officer upon graduation.¹²²⁹ When he came back he joined EAA and worked there for 11 years.¹²³⁰ “In 1977” the certified Aircraft Performance Engineer “joined the task force established to set up the National Airline Air Tanzania and was appointed Operations Director.”¹²³¹ He was thus instrumental in the founding of Air Tanzania Corporation (ATC) after the East African Community, jointly owned by Tanzania, Kenya and Uganda, collapsed in 1977.¹²³²

As a businessman, Shirima started off with a coffee business venture known as Rombo Millers, that enabled him to raise capital and diversify to other businesses.¹²³³ However, it was not until the dawn of post-socialism in Tanzania that he embarked on his biggest business project yet. After a stint with aerial spraying of crops and venturing in tourist charter operations in the 1980s, he transformed the business into a privately-owned airline company in 1993 known as Precision Air Services Ltd.

As a former executive at the defunct EAA and struggling ATC, Shirima knew that building Tanzania’s first privately owned airline would require substantial outside capital.

¹²²⁸ The Nationalist, “Mr. Michael N. Shirima,” *The Nationalist*, January 6, 1965, 2.

¹²²⁹ Ibid.

¹²³⁰ “Mr. Michael N. Shirima: Chairman,” Precision Air, <https://www.precisionairtz.com/about-us/board-of-directors>, accessed July 29, 2018.

¹²³¹ Ibid.

¹²³² The EAC has been revived; however, the EAA remains defunct as the three countries now have their own national carriers. The new member, Rwanda, also runs its own national airline.

¹²³³ Imrani Khanbhai, “These are Our Nominees: Michael Shirima,” <http://archive.is/IHfwo>, accessed July 29, 2018.

Therefore, he approached the IFC's Africa Project Development Facility (APDF), which after a thorough feasibility study confirmed the viability of the project and found potential investors. This resulted in the aviation company raising US\$333,000 in equity financing from the Tanzania Venture Capital Fund (TVCF).¹²³⁴ As has been noted in the previous section, TVCF was started in the same decade to primarily promote local investors. This financing, used for acquiring new airplanes, was thus critical for building the enterprise. Since the company expanded considerably, in 1996, it approached the APDF again in order to replace the airplanes with larger and faster ones. This time it was able to raise USD 400,000 from the East African Development Bank (EADB).¹²³⁵ However, this amount was for debt servicing and, coupled with the sale of its Cessna craft, it managed to take "a second ATR lease, three 19-seater LET 410s and one Cessna Grand Caravan."¹²³⁶ By the beginning of the 21st century it had three ATR42 planes that turned its fortunes dramatically.

The protracted process of privatizing Air Tanzania Corporation (ATC) occurred at an opportune time for Shirima. With the weakening of this national carrier that primarily catered for the local markets, his Precision Air (PW) consolidated its market position within the country.¹²³⁷ He capitalized on the competition that ensued during the privatization of ATC. When it became obvious that South African Airways (SAA) would win the privatization bid for ATC in 2003, Kenyan Airways (KQ) withdrew its bid and joined PW.¹²³⁸ Shirima

¹²³⁴ Ranja, "Development of National Entrepreneurship in the East African Tourism Industry," 19.

¹²³⁵ Organisation for Economic Co-Operation and Development, *Promoting SMEs for Development: The Enabling Environment and Trade and Investment Capacity Building* (Paris: OECD, 2004), 24. <http://www.oecd.org/dataoecd/6/7/31919278.pdf>.

¹²³⁶ Ellinami Minja, "Precision Air Services Ltd – Jostling for Position in Tanzanian Airspace," *Emerald Emerging Markets Case Studies* 1, no. 1 (2011): 3, <https://doi.org/10.1108/20450621111110483>.

¹²³⁷ Deo Nshunju, "Precision Air's Rags to Riches Story," *eTurboNews (eTN)*, April 13, 2010, <https://www.eturbonews.com/30200/precision-air-rags-riches-story>.

¹²³⁸ Ibid.

retained a majority share of 51 percent whilst KQ held 49 percent and the venture went on to outcompete ATC Limited in terms of market share.

The board of the Tanzania Civil Aviation Authority (TCAA) sat at the Mövenpick Royal Palm Hotel on October 21, 2009 and granted the Precision Air Ground Handling Company Limited a license to operate in all airports in Tanzania.¹²³⁹ Within a fortnight it had begun ground handling operations. This affected Swissport Tanzania Limited, a privatized company, leading its then board chair, Juan Jose Andres Alvez, to thus lament:

The exit of Precisionair as one of our ground handling customers indeed affected our market share in terms of number of flights handled, but without impacting our profits. Further liberalisation may not be favourable for the industry and the country, therefore we have addressed our concerns and it is our belief the authorities will look at the matter critically in the interest of the customers and the public.¹²⁴⁰

On May 19, 2010, at its board meeting held at Kilimanjaro Hotel Kempinski in Dar es Salaam, TCAA renewed Precision Air Services Limited's license, allowing it to operate on 23 routes; only five of these (i.e. 22 percent) did not involve flying to or from Dar es Salaam.¹²⁴¹ Precision Air was then controlling 65 percent of the domestic market. Its founder continued to use it as a platform for expanding his capitalist network. By March 2012, its

¹²³⁹ Tanzania Civil Aviation Authority, "Public Notice: Board Decisions on Applications for Air and Ground Handling Services Licences," <http://www.tcaa.go.tz/files/Board%20Decision%20for%20the%20meeting%20held%20on%2021%20October%202009.pdf>, accessed May 31, 2018.

¹²⁴⁰ Swissport Tanzania Limited, *Annual Report 2009* (Dar es Salaam: Swissport, 2010), 3, <https://www.dse.co.tz/sites/default/files/SWISSPORT%20ANNUAL%20REPORT%202009.pdf>.

¹²⁴¹ Tanzania Civil Aviation Authority, "Public Notice: Board Decisions on Applications for Air and Ground Handling Services Licences," <http://www.tcaa.go.tz/files/Board%20Decision%20for%20the%20meeting%20held%20on%2010%20May%202010.pdf>.

shareholders included, among others, the Tanzanian individual shareholder Damas Dismas Kamani (0.30 percent) and the Tanzanian corporate shareholder NICOL (0.12 percent).¹²⁴²

As has been observed in Chapter 5, Ali Mufuruki rose to prominence in the Tanzanian business community as an intellectual of capital and business networker at the turn of the 21st century. However, his journey as a businessman in his own right started slightly earlier. On October 25, 1988, at the tender age of thirty and upon retiring early as the head of the mechanical engineering department of the National Engineering Company (NECO), a public corporation, he registered his own private company: Infotech Computers Limited.¹²⁴³ It was located in the Tanzania Development Finance Limited (TDFL) building at the intersection of Ohio Street and Upanga Road (now Ali Hassan Mwinyi Road) on the edge of the Dar es Salaam CBD. TDFL, another public corporation subjected to privatization, was renting space to private companies.¹²⁴⁴

Information and Communication Technology (ICT) was in its infancy in Tanzania. Having graduated, in 1986, from the *Fachhochschule fuer Wirtschaft und Technik* in Reutlingen, Germany with a B.Sc. in Mechanical Design Engineering, Mufuruki could gauge that there was a potential market for electronic hardware and software as well their servicing.¹²⁴⁵ Among its competitors in the CBD were the Computer Services (Tanzania)

¹²⁴² Precision Air Services PLC, *Directors' Report and Financial Statements 31 March 2012* (Dar es Salaam: Precision Air Services PLC, 2012), 7, <https://www.dse.co.tz/sites/default/files/PRECISION%20AIR%20-%20FINANCIAL%20RESULTS%202012.pdf>.

¹²⁴³ Ali A. Mufuruki, email message to author, May 16, 2018. Also see: David S. Fick, *Africa: Continent of Economic Opportunities* (Johannesburg: STE Publishers, 2006), 326.

¹²⁴⁴ For a discussion of the public and private role and structure of TDFL during the socialist period see: Chachage S. L. Chachage, *The State, Parastatals and Privatisation* (Cape Town: Alternative Information & Development Centre, 2007), 61-62; Andrew Coulson, *Tanzania: A Political Economy*, Second Edition (Oxford: Oxford University Press, 2013), 325.

¹²⁴⁵ Ali A. Mufuruki, email message to author, May 16, 2018.

Limited, located in Mkwepu Street, and National Computer Company Limited, located in Nkrumah Street, that were also established in 1988. Other competitors would be the African Business Computers Limited located in Samora Avenue, established a year later; Abacus Computer Limited, located in Mkwepu Street, and Microtech Computers Limited, located at the junction of Morogoro Road and Libya Street, both established in 1990.¹²⁴⁶

There were other competitors in the city that were located outside its CBD, such as the Computer Center Limited that was also established in 1988 on Pugu Road. As mentioned in the previous chapter, Mufuruki's company also moved to this industrial area in the 1990s. The database of Tanzania's Business Registrations and Licensing Agency (BRELA) indicates that more ICT companies were established in Dar es Salaam in the 1990s, expanding the sector and extending competition.¹²⁴⁷

Hence, Mufuruki was among the pioneering businessmen in the Tanzanian IT sector. Since businessmen of Asian descent also seized the opportunity provided by the then emergent sector, he was also among the businessmen of African descent who managed to compete with them with relative success. By the middle of the 1990s, Mufuruki's company had grown enough to enter its second phase of expansion. This entailed transforming it into a fully-fledged family business and diversifying into real estate and retail trade, among other business sectors.

Thus, on August 20, 1996 the Mufurukis registered the Infotech Investment Group Limited. Its initial location was the third floor of the Print Park Building on Maktaba Street that is located on the edge of Dar es Salaam's CBD. Ali Mufuruki became its main

¹²⁴⁶ Business Registrations and Licensing Agency. "Public Notice to All Company Owners in Tanzania."

¹²⁴⁷ Ibid.

shareholder, with 88 percent. His wife, Saada Ibrahim Mufuruki, owned the remaining shares.

As a graduate with a creative design diploma from the Kenya Polytechnic, coupled with her marketing experience as a CEO of ScanAd Tanzania Limited, she brought into the family business the expertise it needed to diversify.¹²⁴⁸ To that end, she also served as the Managing Director of one of its operating divisions known as M & M Communications Tanzania Limited that had already been incorporated in the country as early as 1993.¹²⁴⁹ Nevertheless, Ali Mufuruki continued to be the face – indeed brand – of the business.

Other operating divisions of the Mufurukis' family business included the Infotech Computers Limited itself. Three years later they added another division after Woolworths Holdings Limited (WHL), a leading retail multinational from South Africa, allowed them to hold their franchise in Tanzania. Reminiscing about this period more than a decade later, Ali Mufuruki details how the state of this sector in the country was three years after he joined it. "Ten years ago," he recalled, "Dar es Salaam and by extension the whole of Tanzania did not have a single modern shopping mall, and modern retail works best in shopping malls."¹²⁵⁰

Yet he had managed to start the retail business under the legal name of W-Stores Company (Tanzania) Limited, strategically locating it at the heart of Dar es Salaam's CBD. The ground floor of Parastatal Pension Fund (PPF) Tower, on Garden Avenue, proved to be

¹²⁴⁸ Infotech Investment Group, "Who We Are." Accessed May 31, 2018, <http://infotech.co.tz/index.php/who-we-are/>. ScanAd Tanzania Limited was established on May 19, 1990 and she became its CEO in 1992.

¹²⁴⁹ Carol Kinsey Goman, *The Silent Language of Leaders: How Body Language Can Help—or Hurt—How You Lead* (San Francisco: Jossey-Bass, 2011), 198-199.

¹²⁵⁰ Ali A. Mufuruki, "Doing Business in East Africa: A Personal Perspective," in *The East African Community After Ten Years: Deepening Integration*, ed. Hamid R. Davoodi (Arusha: East African Community, 2012), 106, <https://www.imf.org/external/np/afr/2012/121712.pdf>.

an ideal place to attract potential customers. Mufuruki also capitalized on the shopping spree that characterizes the festive season by opening the store for the first time in December 1999.

However, he also notes in his recollections, this business “needed to expand, and Tanzania was not enough.”¹²⁵¹ For him, it seems, both Dar es Salaam and other urban areas in the country still had a relatively low market base for the expensive brands that Woolworth was marketing. Their prices were also higher compared to those in South Africa due to the cost of shipping and the exchange rate.¹²⁵²

The Tanzanian middle class that could afford such expensive brands was barely emerging and the expatriates had access to similar products abroad at a relatively lower cost. “So”, Mufuruki recalls, “we had run out of options in Tanzania and started looking beyond our borders.”¹²⁵³ The closest place they could think of was the city that had become the business capital of East Africa partly due to the center-periphery colonial legacy discussed in chapter one. “The most obvious destination”, he reminisces, “was Nairobi, Kenya, because of its more developed retail infrastructure.”¹²⁵⁴ However, he further recalls, “the franchise we were holding, was already taken by a Kenyan business group, so it had to be Uganda.”¹²⁵⁵

By establishing the first Woolworth franchise in Dar es Salaam and Kampala, Mufuruki’s family business became one of the pioneers of setting up ultra-modern retail businesses associated with consumer capitalism in these cities. As a family business that is conscious of its racial position in a market that was still dominated by East Africans of Asian

¹²⁵¹ Ibid.

¹²⁵² See: Chambi Chachage. “*Modernity, Transnationalism and South African Foreign Direct Investments in Tanzania: The Example of Shoprite*” (BA (Hon.) diss., University of Cape Town, 2004).

¹²⁵³ Mufuruki, “Doing Business in East Africa,” 106.

¹²⁵⁴ Ibid.

¹²⁵⁵ Ibid.

descent, it did not shy away from publicly referring to itself as ‘indigenous’. Its official website thus employed that term in its name brand, instead of using the term ‘local’:

“Infotech Investment Group – IIG – Indigenous Tanzanian.”¹²⁵⁶

Its channeling of capital from South Africa to East Africa through retail business may seem to be compradorial as it implies that its actual ownership is not local. Such an argument can also be extended to Infotech Investment Group Limited’s other operating divisions. For instance, its IIG Retail Limited that was established in 2006 operated as a franchise of the American company, Levi Strauss & Co., famously known for its brand name, Levi’s.¹²⁵⁷ In 2000 it also entered into a technology joint venture with a Norwegian company through its other operating division. They named it Tellus Africa Limited as it specialized “in the development and distribution of tourism systems over the internet.”¹²⁵⁸

However, employing the concept of comprador to designate emergent entrepreneurial elites of African descent who seem to serve international finance capital is limiting. Focusing on their subservient role downplays their attempts to access finance capital and business expertise from their transnational counterpart, not only in order to own businesses but also control them. The concept may seem applicable in the case of the Mufurukis when one focuses only on their franchises of multinationals and joint ventures with foreign companies. To see the racial struggles involved in attempting to scale up one’s business in a racialized global business setup, one may need to look at the intended goal of such relations.

By widening its business tentacles, for instance, Infotech Investment Group Limited managed to have a holding of 34 percent in a five-storey building that doubles as its office

¹²⁵⁶ Infotech Investment Group, “Who We Are.”

¹²⁵⁷ Fick, *Africa*, 326.

¹²⁵⁸ Ibid.

and a real estate venture. Located off Mwai Kibaki Road (formerly Old Bagamoyo Road) in Kawe and proximal to the Mikocheni Industrial area, the building, branded as the Infotech Place, has been an additional source of finance capital for the family business. The official figures of Infotech Investment Group stand at Tsh 2 billion in terms of authorized share capital and Tsh 1.2 billion in terms of paid up share capital.¹²⁵⁹

However, according to the National Audit Office's (NAO) report, by end of June 2007, the Infotech Investment Group had outstanding rent of Tsh 23,734,114 after being one of the "individual commercial tenants" of the Tanzania Ports Authority (TPA).¹²⁶⁰ Since TPA, as a public corporation, had been earmarked for divestiture, such an accumulated debt, in itself, is an indicator that the Mufurukis' family business also partly capitalized on, and benefitted from, the protracted privatization process. The Infotech Group has also managed to acquire a small minority share in Chai Bora, a private company that also emerged from the privatization of the public corporation known as Tanzania Tea Packers Limited (TATEPA).¹²⁶¹ They, however, can hardly be compared to the beneficiary privatizers who are discussed in the previous section.

Moreover, even in terms of the notion of the comprador, over the years the Mufurukis have been negotiating for higher stakes in Woolworth. For instance, in September 2011, Ali Mufuruki and Glenn Gilzean, the Woolworths group director for retail operations, met at the

¹²⁵⁹ Infotech Investment Group, "Who We Are."

¹²⁶⁰ The United Republic of Tanzania's National Audit Office, *United Republic of Tanzania National Audit Office Report of The Controller and Auditor General on the Financial Statements of Public Authorities and Other Bodies for the Financial Year ended 30th June, 2007*, 43-44.

¹²⁶¹ Superbrands East Africa, "Chai Bora," *Superbrands East Africa* Volume 3, 41, <https://superbrands.s3.amazonaws.com/online-ebook-html5/East%20Africa%20Volume%203/index.html#page=10>.

Infotech Place to sign a joint-venture agreement.¹²⁶² The Mufurukis retained a share of 41 percent, but within half a decade their holding on Woolworth in Tanzania rose to 49 percent. Seeking higher stakes is an indication that they had been seeking a seat at the table as equal transnational capitalist partners.

Such business networking acumen made Ali Mufuruki one of the most sought-after candidates for board membership of both local and foreign companies, private as well as public. For instance, he started chairing the board of Air Tanzania Company Limited (ATCL) after the controversial privatization of its predecessor, Air Tanzania Corporation (ATC), discussed in the case of Shirima and Precision Air above. “Air Tanzania was owned by the Tanzania government by 51% before I took over its board of directors as chairman in 2002”, Mufuruki recalled in 2015, “and by the time I left in 2007 the government owned it 100% and continues to do so today.”¹²⁶³

This does not mean that he was not in favor of the private sector running the national carrier. Rather, it was a result of the failure of privatization to revive it. In his interview on fifty years of the World Bank in Tanzania, he elaborates on what he refers to as the dilemma they faced: “The Government resumed 100% ownership but it could have outsourced management to a private sector entity, adopted a private sector management style where you separate ownership from management, with the Government being just the shareholder but appointing an autonomous board.”¹²⁶⁴

¹²⁶² Infotech Investment Group, “Woolworths Expands Brand Presence in Tanzania, Announces Joint Venture and Opening of New Stores,” September 11, 2011, <http://infotech.co.tz/index.php/2011/09/11/woolworths-expands-brand-presence-in-tanzania-announces-joint-venture-and-opening-of-new-stores/>.

¹²⁶³ Ali A. Mufuruki, email message to author, April 21, 2015.

¹²⁶⁴ The World Bank, *50 Years of Development Partnership: The World Bank and the United Republic of Tanzania* (Dar es Salaam: World Bank, 2015), 107.

Mufuruki also became a board member of the Bank of Tanzania (BOT). Between 2008 and 2011, he was the chair of its Audit Committee. Other entities based in Tanzania that he has served as board member are Stanbic Bank and Vodacom. However, these are also subsidiaries of foreign companies.

In the international arena, Mufuruki has served as a member of the IMF Advisory Group for Sub-Saharan Africa (AGSA),¹²⁶⁵ and also as a board member of the Nation Media Group in Kenya and Technoserve, Inc. of Washington, DC. Trade Mark East Africa also invited him as a board member. The All Party Parliamentary Group (APPG) for Trade Out of Poverty, an informal group of parliamentary members of the UK's House of Commons (HC) and House of Lords (HL) appointed him in 2016 to co-chair an Inquiry into the UK's Africa Free Trade Initiative (AFTI).¹²⁶⁶ Coupled with his business networking through the CEO Roundtable that he chaired from 2003 to 2017, such transnational capitalist links made him an entrepreneurial elite of the elites, thus earning him a place in the IIRT.

With the exception of Mengi, no other entrepreneurial elite of African descent from Tanzania is as visible as Mufuruki in terms of personal brand and global business networking. It is this, more than his family business turnover - relatively small compared to some other local large-scale business - that sets him apart, together with Mengi, as the leading faces of transnational capitalist networking among Tanzanians of African descent. It was such visibility that made Ventures Africa, a platform that profiles business elites in the

¹²⁶⁵ Ali A. Mufuruki, "Opening Remarks," (IMF Advisory Group for Sub-Saharan Africa Meeting, Washington DC, 20 April 2015), <http://infotech.co.tz/wp-content/uploads/2017/09/IMF-AGSA-Keynote-20042015.pdf>.

¹²⁶⁶ All-Party Parliamentary Group for Trade out of Poverty, *Inquiry into the UK's Africa Free Trade Initiative: Final Report* (London: APPG, 2016), <http://tradeoutofpoverty.org/wp-content/uploads/2016/10/Inquiry-Into-The-UKs-Africa-Free-Trade-Initiative-final-approved.pdf>.

tradition of Forbes Magazine, feature them in 2012, estimating Mufuruki and Mengi as having a net worth of USD110 million and USD 280 million, respectively.¹²⁶⁷

Mengi epitomizes in a significant way the consolidation of an entrepreneurial elite as a social class in postsocialist Tanzania. Forbes Magazine ranked him as one of the 20 most powerful people in African Business in 2011.¹²⁶⁸ For the same year, it ranked him as one of the five most powerful African media moguls.¹²⁶⁹ In 2013 it ranked him as the 34th richest African.¹²⁷⁰ However, in 2014 it ranked him as number 45, before dropping him from the top 50 in 2015 following a difficult business year.¹²⁷¹ Nevertheless, as Figure 6.1 below indicates, during his peak in 2014 Forbes estimated that he had a net worth of USD 550 million. In that year, it also featured an article on inspirational quotes from him to inspire, among others, businesspeople and aspiring entrepreneurs on matters related to business and development.¹²⁷²

¹²⁶⁷ Uzodinma Iweala, "Africa's Secret Millionaires: The 5 Richest Tanzanians You've Never Heard Of," *Ventures*, November 23, 2012, <http://venturesafrica.com/africas-secret-millionaires-the-5-richest-tanzanians-youve-never-heard-of/>.

¹²⁶⁸ Mfonobong Nsehe, "The 20 Most Powerful People in African Business," *Forbes*, April 15, 2011, <https://www.forbes.com/sites/mfonobongnsehe/2011/04/15/the-20-most-powerful-people-in-african-business/7/#9e35b89765ad>.

¹²⁶⁹ Mfonobong Nsehe, "The Five Most Powerful African Media Moguls," *Forbes*, July 15, 2011, <https://www.forbes.com/sites/mfonobongnsehe/2011/07/15/the-five-most-powerful-african-media-moguls/#69ac04a12eb9>.

¹²⁷⁰ Mfonobong Nsehe, "Africa's 50 Richest 2013: The Newcomers," *Forbes*, November 13, 2013, <https://www.forbes.com/sites/mfonobongnsehe/2013/11/13/africas-50-richest-2013-the-newcomers/#96ebfc0779f1>; Alawi Masare and Mkinga Mkinga, "Rostam, Dewji, Mengi in 50 Richest Africans List," *The Citizen*, November 15, 2013, <http://www.thecitizen.co.tz/News/national/Rostam--Dewji--Mengi-in-50-richest-Africans-list/1840392-2073538-u9bhe0/index.html>.

¹²⁷¹ "Profile: Reginald Mengi," *Forbes*, <https://www.forbes.com/profile/reginald-mengi/> accessed August 1, 2018; Mfonobong Nsehe, "Africa's 50 Richest 2015: The Dropoffs," *Forbes*, November 18, 2015, <https://www.forbes.com/sites/mfonobongnsehe/2015/11/18/africas-50-richest-2015-the-dropoffs/#358ea5ab2edf>.

¹²⁷² Mfonobong Nsehe, "10 Inspirational Quotes from Tanzanian Multi-Millionaire Reginald Mengi," *Forbes*, November 2, 2014, <https://www.forbes.com/sites/mfonobongnsehe/2014/11/02/10-inspirational-quotes-from-tanzanian-multi-millionaire-reginald-mengi/#1c0a44922a5f>.



Figure 6.1. Portrait of Reginald Mengi on the Cover of Forbes Magazine for Africa, Forbes.¹²⁷³

¹²⁷³ Forbes, “Barefoot to \$550 Million,” *Forbes*, July 1, 2014 Edition.

Like Shirima, Massawe, and Mahalu (née Mlay), Mengi hails from the region of Kilimanjaro and, by virtue of their ethnicity, these four constitute what the Africanist researcher, Thomas Fisher, refers to as the “Chagga Elite”.¹²⁷⁴ As is the case of Tanzanians of Asian origin, this ethnic group - a conglomerate of several distinct groupings - is stereotypically attributed with a business acumen.¹²⁷⁵ Both ethnicity and the culture associated with it hardly explain how such a purported Chagga entrepreneurial elite rose to prominence in the business landscape of Tanzania in general and Dar es Salaam in particular.

The prevailing narrative of Mengi’s rise in business is typical of the capitalist discourse of rising from rags to riches. In unpacking this discourse, the Guyanese historian, Walter Rodney, cites the case of the American industrialist, John D. Rockefeller.¹²⁷⁶ “It is a common myth within capitalist thought”, he points out, “that the individual through drive and hard work can become a capitalist.”¹²⁷⁷ This kind of discourse masks the structural and labor conditions that make it possible for the few, such as Rockefeller, to rise relative to the majority. “To complete the moral of the Rockefeller success story”, Rodney stresses, “it would be necessary to fill in the details on all the millions of people who had to be exploited in order for one man to become a multi-millionaire.”¹²⁷⁸

This is not to deny the toil that some capitalists had expended prior to their primitive accumulation of capital that ended up reproducing itself through the labor of workers and expanded reproduction of capitalist relations. Rather, it is to emphasize that hard work may

¹²⁷⁴ Thomas Fisher, “*Chagga Elites*”, 38-41.

¹²⁷⁵ *Ibid.*, 19.

¹²⁷⁶ Walter Rodney, *How Europe Underdeveloped Africa*, 255.

¹²⁷⁷ *Ibid.*

¹²⁷⁸ *Ibid.*

not necessarily be the primary reason for the emergence of an entrepreneurial elite or any bourgeois class. As Rodney asserts, “acquisition of wealth is not due to hard work alone, or the Africans working as slaves in America and the West Indies would have been the wealthiest group in the world.”¹²⁷⁹ Hence, he insists that the “individualism of the capitalist must be seen against the hard and unrewarded work of the masses.”¹²⁸⁰

Partly to inspire aspiring entrepreneurs, Mengi also appeals to such discourse. His official website provides a biographical account of being “born into a poor family in Northern Tanzania and raised in a mud hut which the family shared with cows, sheep, goats and chickens.”¹²⁸¹ It further recounts that he “had one meal a day and sometimes none at all and walked to school barefoot.”¹²⁸² Forbes Magazine goes a step further. “On occasion”, it states, “he had to sell small foodstuff along with his elder siblings to raise money for school and books.”¹²⁸³

What all these sources underscore is that, despite these difficult circumstances, Mengi managed to complete both primary and O level secondary school, thus setting the stage for further success. This subsequent rise started with dropping out from A level secondary school after applying for, and winning, a scholarship to go the Glasgow, UK to take a six-month course on accountancy for clerks at the Scottish College of Commerce. The financing came from the Kilimanjaro Native Cooperative Union (KNCU). As has been discussed in Chapter

¹²⁷⁹ Ibid.

¹²⁸⁰ Ibid.

¹²⁸¹ Reginald Mengi, “Biography: Dr. Mengi Portal,” <http://reginald-mengi.com/about-mengi/>, accessed May 31, 2018.

¹²⁸² Ibid.

¹²⁸³ Mfonobong Nsehe, “Meet Reginald Mengi, The Tanzanian Millionaire Media Mogul Giving His Fortune Away,” *Forbes*, October 11, 2013, <https://www.forbes.com/sites/mfonobongnsehe/2013/10/11/the-african-millionaire-media-mogul-giving-it-away/#281ae4246660>.

3, these cooperatives were instrumental in the Africanization process through promoting business education, in itself an indication that the rise was a result of both individual and institutional efforts.

In his detailed interview with one of his biographers, Moky Makura, Mengi reminisces on how he also dropped out from the clerks' course in the UK, thus forfeiting KNCU's scholarship.¹²⁸⁴ Instead, he joined evening A level classes that his trading brother financed. To achieve his ambition of becoming a prestigious chartered accountant, after graduating he came under the tutelage of an accounting firm. "So I joined a firm called Cooper Brothers", he recalls, "which later became Coopers and Lybrand, and became an article clerk."¹²⁸⁵

When Mengi decided to go back to Tanzania in 1971, the company posted him in its branch in Nairobi instead of Dar es Salaam or Moshi where it also had branches. This was because the Kenyan city was the leading commercial center in East Africa. As one of the few chartered accountants of African descent in the region, his services were in high demand in Nairobi. Mengi soon resigned and went back to his hometown of Moshi where he landed a job at the Coopers Brothers office in Moshi after KNCU rejected his application for a job.

However, his sights were set on the then commercial, industrial and political capital of Tanzania. "When I transferred to Dar es Salaam", he recalls, "things changed very quickly."¹²⁸⁶ First, within two years of qualifying as a chartered accountant, the company made him a partner. Thereafter, he became a senior partner and senior manager. Although he criticized the then socialist fiscal policies for punishing high salaried earners such as himself,

¹²⁸⁴ Moky Makura, *Africa's Greatest Entrepreneurs* (Johannesburg: Penguin Books, 2008), 167.

¹²⁸⁵ Ibid., 168.

¹²⁸⁶ Ibid., 169.

Mengi had a 30 percent share of profit in this company.¹²⁸⁷ This is also a testament, as argued in Chapter 4, that some emergent entrepreneurs of African origin in the private sector continued to exist and even thrive during the early socialist era of the Arusha Declaration.

Moreover, Mengi recalls that he then asked the company to reduce his share to five percent, so that he could concentrate on starting his own business. It was then that he capitalized on the global commodity crisis and Tanzania's implementation of the policy of Import Substitution Industrialization (ISI).¹²⁸⁸ "At that time one could not import ready-made products", he recalls in regard to ISI, "but one could import 'knock-downs'."¹²⁸⁹ Since Mengi had noticed there was a scarcity of ballpoint pens, he opted to implement ISI in that regard. The way Mengi struggled to get a manufacturer from abroad so that he could import the components for assembling, highlights how access to credit was still racialized. He recalls:

I flew to Mombasa to meet with the supplier and asked him if I could buy the components on credit; he said no. I flew back to Dar es Salaam and met an Indian friend who knew the manufacturer in Mombasa. He told him that I was a reliable person, a man of my word and that I would honour my promise. After a while the supplier agreed to sell the components to me.¹²⁹⁰

As in the case of Kleist Sykes, Mengi had to network with businesspeople of Asian descent. His credentials from a leading accountancy firm were not sufficient to get credit for him. It had to take the word of a businessperson of Asian descent from Dar es Salaam to convince the manufacturer in Mombasa. Networks of mutual trust were thus predicated on both race and performance.

¹²⁸⁷ Ibid., 170.

¹²⁸⁸ John Aglionby, "Interview with Tanzanian Media Mogul Reginald Mengi," *Financial Times*, July 13, 2016, <https://www.ft.com/content/14f5b22c-41ca-11e6-9b66-0712b3873ae1>.

¹²⁸⁹ Makura, *Africa's Greatest Entrepreneurs*, 171.

¹²⁹⁰ Ibid., 171-172.

By the time he left the firm in 1989, after his partners rejected the plan of remaining while making money elsewhere, Mengi had had the experience of managing at least 100 staff across its branches in a couple of urban spaces in the country.¹²⁹¹ It was in this firm that he forged lasting bonds with his future coworker, Juma Mwapachu, that would prove useful in the founding of the Confederation of Tanzania Industries (CTI) and related capitalist business networks. The duo would also form a troika with Iddi Simba, constituting a committee to recommend economic reforms for the ruling party to spearhead in the early 1990s.¹²⁹²

Nevertheless, the utility of such networks and mutual support among the then aspiring entrepreneurs of African descent are hardly emphasized in Tanzania, not least because of the discourse of the self-made entrepreneur. This is particularly puzzling, given that it was from their attempts to be independent from such companies from Europe that they rose to forge an African entrepreneurial elite. In his interview with Makura, Mengi reinforces a narrative devoid of such alliances and more in line with the self-made entrepreneur:

I started the business of assembling plastic ballpoint pens in my small bedroom because I did not have any bigger space.... I would load my merchandise in the boot of my little car and deliver them to my wholesale customer on my way to the office.¹²⁹³

The Tanzanian economic anthropologist, Jacqueline Mgumia, unpacks the motivational dimension of tales of how Mengi started small. “This myth of rags to riches”, she notes, “is thus used to inspire youth from poor backgrounds to believe that it is within their own individual power to make it too, even if they are still facing structural

¹²⁹¹ Ibid., 170.

¹²⁹² Juma V. Mwapachu, “Taazia: Comrade Kingunge Ngombale Mwiru (1930-2018) na Juma Volter Mwapachu,” *Mohamed Said (blog)*, February 2, 2018, <http://www.mohammedsaid.com/2018/02/taazia-comrade-kingunge-ngombale-mwiru.html>; Juma V. Mwapachu, email message to author, May 16, 2018.

¹²⁹³ Makura, *Africa's Greatest Entrepreneurs*, 163.

constraints.”¹²⁹⁴ It is in line with this discourse that Makura has included him in her preliminary list of Africa’s 16 Greatest Entrepreneurs. She traces the rise of “Reginald Mengi – The Philanthropic Entrepreneur.”¹²⁹⁵ From a small car and a small bedroom, the narrative of her illustrious interviewee shifts to big business:

The business became bigger and the bedroom became too small. I moved to the living room and then to the garden. I needed an industrial building when the garden also became too small, could not afford the rent for this. I asked the owner of an industrial building to rent me part of the outer wall of his building, which he did, although he thought I was crazy. I bought iron sheets, built a sizeable shack against the wall and started from there. I diversified into importation of marker pen components. In the first year I made my first million dollars.¹²⁹⁶

Since Mengi has been one of the most sought-after motivational speakers for business startups, such colorful accounts of how he made it have prevailed. For instance, “Defying the Odds: Dr. Reginald Mengi’s Journey to Success”, was the cover story of *IRIS Executive* magazine’s mid-2014 issue.¹²⁹⁷ In similar vein, *The Citizen* ran a story on “Mengi: From bedroom to boardroom with \$550m.”¹²⁹⁸ Even the title of Mengi’s autobiography, *I Can, I Must, I Will: The Spirit of Success*, is primarily couched in terms of a self-made entrepreneur.¹²⁹⁹

¹²⁹⁴ Jacqueline Halima Mgumia, “*Choices on Money: Entrepreneurship and Youth Aspirations in Tanzania*” (PhD diss., The University of the Witwatersrand, 2017), 111.

¹²⁹⁵ Makura, *Africa's Greatest Entrepreneurs*, 162.

¹²⁹⁶ *Ibid.*, 163.

¹²⁹⁷ IRIS Executive, “Defying the Odds: Dr. Reginald Mengi’s Journey to Success.” *IRIS Executive*, 2014, 18.

¹²⁹⁸ The Citizen Reporter, “Mengi: From bedroom to boardroom with \$550m,” *The Citizen*, July 11, 2014, <http://www.thecitizen.co.tz/News/national/Mengi--From-bedroom-to-boardroom-with--550m-/1840392-2379822-whecmqz/index.html>.

¹²⁹⁹ Mengi, *I Can, I Must, I Will*.

This discourse of from rags to riches in Mengi's business journey is not confined to Tanzania or the continent of Africa; it is pervasive. For instance, in his approved judgement on a case in London's High Court, Justice Bean invoked it. "From humble beginnings", the Judge notes, "Mr Mengi has achieved a position of enormous wealth and considerable influence in Tanzania."¹³⁰⁰ As has been noted earlier, the shortage of goods in shops during the severe economic crisis of the 1970s and 1980s provided the structural opportunity upon which such an individual entrepreneur could rise. It is the interaction of such structuralism and individualism that explains how Mengi became an entrepreneurial elite of African descent *par excellence* in Tanzania and the continent.

In its assessment of the Tanzanian Private Sector in March 1992, USAID made this apt observation on the way IPP Limited was operating: "Import Substitution Production heavily dependent on local revenue to service debt incurred to expand any units profitable, some not."¹³⁰¹ By then, IPP had at least seven units, with six of them operating in Dar es Salaam. The seventh, Bonite Bottlers Limited (BBL), was based in the capital of Mengi's home region, that is, Moshi, Kilimanjaro; it was the regional Coca-Cola franchise that included sodas such as Fanta, Sprite, and Krest.

The ones based in Dar es Salaam included: Anche Mwedu Limited (AML) specializing in "utensils, dishes, vacuum flasks, containers, bags," and "foam rubber products"; Tanpack Industries Limited whose products were "REXA" and "ESPA" toilet paper as well as "SEVI" table napkins; Tanzania Kalamu Company Limited assembling "Lasca and Epica ballpoint pens, pipes, terrazo strips, crayons" and "erasers"; Industrial

¹³⁰⁰ Mengi v Hermitage [2012] EWHC 3445 (QB), at [2].

¹³⁰¹ USAID Bureau for Private Enterprise, *Tanzania Private Sector Assessment: Appendices – Final Report* (USAID Bureau for Private Enterprise, 1992), 279.

Chemicals Limited producing “SIMO and BEAM detergents, putty, polish”, and “DM boiler solution”; Bodycare Limited producing “VALENE petroleum jelly” and “G-Tol antiseptic”; Medicare Limited with “Colgate Toothpaste, Revola soap, Palmolive soap, Komesha” and “Baby Love brands soaps.”¹³⁰²

Such a concentration necessitated Mengi continuing to reside in Dar es Salaam as it was, and continued to be, the main base of the IPP conglomerate. In his witness statement submitted to a London, UK court more than a decade later, he reiterated such a rationale. “I am for all intents and purposes geographically based in Dar es Salaam”, he affirmed, “although I have a residence and a business, namely Bonite Bottlers Limited, in Moshi Town.”¹³⁰³ It was from his base in Dar es Salaam that he managed to secure funds from the Commodity Import Support (CIS). This initiative involved donor countries such as Japan, Italy, Norway, and Canada, that were supporting Tanzania through its economic crisis of the 1970s-1980s; the crisis had resulted in a shortage of manufactured commodities.¹³⁰⁴ CIS funds are the loans the USAID assessment was referring to above as characterizing the IPP Group Ltd.

In 2009, a public exchange of accusations between Mengi and Rostam Aziz, a Tanzanian businessman of Iranian origin stereotypically mistaken for being of Indian origin, unearthed information on how those companies benefitted from the loans. In the case of Bonite Bottlers, Aziz asserted, it received a CIS loan of € 0.5199 million from the European

¹³⁰² Ibid., 280.

¹³⁰³ Mengi v Hermitage [2012] EWHC 3445 (QB), at [56].

¹³⁰⁴ See: Kjell Havnevik, Bertil Odén, and Rune Skarstein ed., *Nordic Commodity Import Support to Tanzania: Experiences and Issues* (Uppsalla: Scandinavian Institute of African Studies, 1990); Howard White, “Import Support Aid: Experiences from Tanzania and Zambia,” ed. Howard White, *Development Policy Review* 13, no. 1 (1995): 41–63, <https://doi.org/10.1111/j.1467-7679.1995.tb00080.x>.

Economic Commission (EEC) in 1988/1989; and Japanese Yen 160 million from Japan in 1991/1992.¹³⁰⁵ Mengi's lawyers did not deny these figures; rather, they attempted to prove that IPP Limited had repaid the loans.¹³⁰⁶

What this case highlights is how international finance penetrated the national space in Tanzania through the private businesses and thus set the stage for deepening transnational capitalist networks. Although a company such as Bonite Bottlers continued to be stationed in Moshi, and later Arusha, Dar es Salaam continued to be the hub through which such finance passed. It was also in this commercial capital that Mengi managed to secure an exclusive franchise from the American multinational company, Coca-Cola, for Bonite Bottlers.¹³⁰⁷ He also secured a loan of USD 10 million for this subsidiary from the World Bank Groups' International Finance Corporation (IFC).¹³⁰⁸

It is thus puzzling that the narrative of Mengi starting business tends to be centered, conventionally, on the activities of only one of the seven subsidiaries. Even Nyerere, in his meeting with leading members of the private sector in 1989 discussed in the previous chapter,

¹³⁰⁵ "Statement made by Hon. Rostam Aziz at the Press Conference held on Sunday, 3 May 2009," <https://www.jamiiforums.com/attachments/rostan-aziz-3-may-2009-press-statement-doc.4499/>, accessed July 29, 2018; "Rostam Aziz Press Conference (1)," YouTube video, 9:53, posted by "mkweba," May 3, 2009, <https://www.youtube.com/watch?v=h3Tx3xfmpkg>; "Rostam Aziz Press Conference (2)," YouTube video, 9:53, posted by "mkweba," May 3, 2009, <https://www.youtube.com/watch?v=zHx6qxf6Emg&frags=pl%2Cwn>; "Rostam Aziz Press Conference (2)," YouTube video, 9:54, posted by "mkweba," May 3, 2009, <https://www.youtube.com/watch?v=AnuxRbFDrV8&frags=pl%2Cwn>.

¹³⁰⁶ "Reginald Mengi's Response to Rostam's allegations (1)," YouTube video, 9: 53, posted by "mkweba," May 4, 2009, https://www.youtube.com/watch?v=Uo6w_2uk5PE; "Reginald Mengi - 4th May - Part 2," YouTube video, 9:40, posted by "JamiiMedia," May 4, 2009, <https://www.youtube.com/watch?v=cWUvv3noTAW>; "Reginald Mengi - 4th May - Part 3," YouTube video, 9:40, posted by "JamiiMedia," May 4, 2009, <https://www.youtube.com/watch?v=vW3Ma-8iZ-I>; "Reginald Mengi - 4th May - Part 4," YouTube video, 3:39, posted by "JamiiMedia," May 4, 2009, <https://www.youtube.com/watch?v=RVzzo0CgK8Y&t=1s>.

¹³⁰⁷ The Indian Ocean Newsletter, "IFC gives a leg up to Reginald Mengi in Tanzania," *The Indian Ocean Newsletter*, April 16, 2005, <https://www.africaintelligence.com/ion/business-intelligence/2005/04/16/ifc-gives-a-leg-up-to-reginald-mengi-in-tanzania,13515241-art>.

¹³⁰⁸ Ibid.

turned to him and asked him a leading question: “Mengi, si ulianza na kalamu? (Mengi, didn’t you start with pens?). The case of AML, however, aptly illustrates the lengthy journey that also owes its success to public corporations and international financiers.

A revised edition of the *Industrial Directory – Tanzania 1983* published by the Tanzania Industrial Studies and Consulting Organisation (TISCO), a public corporation under the Ministry of Industries, notes that AML started in 1979.¹³⁰⁹ However, BRELA’s records indicate that it was legally established on January 8, 1974.¹³¹⁰ TISCO’s directory indicates that, by 1981, it was producing 60,000 flasks per year and had a turnover of Tsh 4,800,000.¹³¹¹ Then located on Plot 26 D on the then Pugu Road, its General Manager was Wilfred Malekia who managed 54 employees.¹³¹² After Mengi established IPP Media Limited, Malekia soon became its “Administrateur délégué adjoint, commerce” (Assistant managing director, trade).¹³¹³

Data from the Norwegian Agency for Development Cooperation (NORAD) indicates that AML started receiving CIS loans from Norway as early as 1981. The first amount was

¹³⁰⁹ Tanzania Industrial Studies and Consulting Organisation, *Industrial Directory Tanzania 1983* (Dar es Salaam: Tanzania Industrial Studies and Consulting Organisation, 1983), 118.

¹³¹⁰ Business Registrations and Licensing Agency, “Public Notice to All Company Owners in Tanzania,” 179.

¹³¹¹ Tanzania Industrial Studies and Consulting Organisation, *Industrial Directory Tanzania 1983* (Dar es Salaam: Tanzania Industrial Studies and Consulting Organisation, 1983), 118.

¹³¹² Ibid.

¹³¹³ L’Organisation des Nations Unies pour le Développement industriel, *La Revitalisation De L’industrie Tanzanienne Liberalisation et Privatisation: Problemes et Possibilites – Etudes sur La Réhabilitation de L’industrie Africaine No. 15*. (Geneva: ONIDO, 1991), 51, [https://open.unido.org/api/documents/4840516/download/LA%20REVITALISATION%20DE%20L%27INDUSTRIE%20TANZANIENNE%20-%20LIBERALISATION%20ET%20PRIVATISATION.%20PROBLEMES%20ET%20POSSIBILITES.%20ETUDES%20SUR%20LA%20REHABILITATION%20DE%20L%27INDUSTRIE%20AFRICAINNE%20NO.15%20\(18102f.fr\).](https://open.unido.org/api/documents/4840516/download/LA%20REVITALISATION%20DE%20L%27INDUSTRIE%20TANZANIENNE%20-%20LIBERALISATION%20ET%20PRIVATISATION.%20PROBLEMES%20ET%20POSSIBILITES.%20ETUDES%20SUR%20LA%20REHABILITATION%20DE%20L%27INDUSTRIE%20AFRICAINNE%20NO.15%20(18102f.fr).)

NOK three million.¹³¹⁴ In 1988 and 1989 it received NOK six and NOK four million, respectively.¹³¹⁵ These latter figures are similar to those that Aziz presented in his counter-accusation of Mengi.¹³¹⁶

An oral hearing of arbitration in the International Chamber of Commerce's (ICC) International Court of Arbitration in Paris on January 20-22, 1991 captures the convoluted link between the National Bank of Commerce and AML.¹³¹⁷ On the one hand there was J.G. Vacuum Flasks Private Limited from India as both a claimant and respondent; on the other hand, there were NBC as the first respondent and AML as both the second respondent and claimant. Mengi presented evidence as one of the witnesses on the side of NBC and AML. This was about the disputes that "arose between the parties in connection with AML's project for the construction of a glassware factory in Tanzania, the 'Mikocheni project' at Dar es Salaam...."¹³¹⁸ Since NBC was the then guarantor in the transaction and the Indian company is said to have sold defective materials to AML, the soon-to-be privatized public bank found itself in a protracted legal dispute that outlived it as CHC took over matters pertaining to the defunct parastatal.¹³¹⁹

After the ICC issued its award, AML opened a court case against NBC in Dar es Salaam. Mengi's lawyers who responded to Aziz's accusations cited above affirmed that they

¹³¹⁴ Gun Eriksson Skoog, "*The Soft Budget Constraint: The Emergence, Persistence and Logic of an Institution – The Case of Tanzania 1967-1992*" (PhD diss., Stockholm School of Economics, 1998), 338.

¹³¹⁵ Ibid.

¹³¹⁶ "Statement made by Hon. Rostam Aziz."

¹³¹⁷ Case No. 6763/BGD [1991].

¹³¹⁸ Ibid, 1.

¹³¹⁹ Consolidated Holding Corporation v. Anche Mwedu Ltd., Civil Appeal No. 12 of 1999, Court of Appeal of Tanzania at Dar es salaam (unreported).

won the case against NBC hence AML did not have to pay it money. Despite the outcomes of this case, Mengi's accumulation of capital had partly been tied to access to credit from NBC. His defense at the London High Court supports this. In the buildup to ascertain if IPP media outlets did not publish stories of NBC's debtors, James Price QC cross-examined Mengi thus:

Q. Did you never have borrowings from the NBC?

A. In business you borrow and pay back. There is not a single businessman -- I came to ----

Q. I am just asking you a simple question, did you have borrowings from the NBC?

A. Yes, borrowing is a normal part of business but you borrow and pay back.¹³²⁰

This harks back to Mengi's response nearly a decade earlier, through his lawyer, regarding AML and Tanpack, that there was "nothing surprising in these companies making use of bank facilities via overdrafts."¹³²¹ In this case, the statement was given in relation to similar accusations about not repaying NBC. A media report had this to say in summing up:

Fresh information indicates that more than two years ago, two companies belonging to Reginald Mengi, Anche Mwedu (thermos manufacturers) and Tanpack (toilet paper manufacturers) were granted credit in the form of a bank overdraft by the parastatal National Bank of Commerce of Dar es Salaam amounting to 700 million Tanzanian shillings (about US\$1.3 million at the current exchange rate). As at December 28, 1994, the bank accounts of the companies showed a debit balance, totalling the derisory amount of 200 shillings for Anche Mwedu, but totalling the larger sum of 537,077,949.95 Tsh. (just under US\$1 million) for Tanpack. At the beginning of 1995, it appears that NBC asked its largest debtors to repay amounts advanced. The dossiers of some debtors were transmitted to the head of NBC to study possible recovery procedures appropriate to each case.¹³²²

The year 1992 was a critical juncture in the business history of Tanzania, during which a significant number of new policies and laws geared toward liberalization were enacted. It

¹³²⁰ Mengi v Hermitage, Claim No: HQ10D04585, Proceedings Day 2, November 7, 2012, 216, Transcript of the Stenograph/Shorthand Notes of Marten Walsh Cherer Ltd.

¹³²¹ The Indian Ocean Newsletter, "Reginald Mengi." *The Indian Ocean Newsletter*, March 25, 1995, <https://www.africaintelligence.com/ion/power-brokers/1995/03/25/reginald-mengi,30295-art>.

¹³²² Ibid.

also proved to be an opportune year for Mengi. Although he founded the IPP Group in the 1980s and, in a way capitalized on the then Tanzania's economic crisis to accumulate capital and build a business empire, it was in the 1990s that his fortune started to grow dramatically. Prior to the reintroduction of multiparty politics in 1992, private broadcasting was prohibited in the country. Tanzania Mainland did not even have public television. Moreover, only the state and the ruling party owned newspapers. When liberalization of the media was introduced, Makura notes, "Mengi decided to diversify his business to include media – IPP Media – after 10 years of manufacturing just about everything he could."¹³²³ The decision, however, was informed by his stint as the chair of the board overseeing the publication of government newspaper, that is, the Standard Group that the state had nationalized. Andy Chande recalls how he came to be replaced as its chair, hinting at its future implication:

Reginald Mengi, an astute and able businessman from the Kilimanjaro Region, who was to become a rising star in the local media market, was appointed to replace me as chairman. I left with good memories, and no regrets. The days of the 'cricketing' editorial staff, and of Tiny Rowlands, were now thankfully behind us. With people like Mkapu at the helm, and with Mengi coming forward, I was no longer needed as I once had been. The fortunes of the Standard Group were no longer dependent upon events in Nairobi or London. Tanzanians were now at last rightly carrying all the load. A few months later I read a short news item reporting that Mengi had resigned as chairman to pursue the setting up of his own media company.¹³²⁴

By chairing the board, Mengi gained knowledge of how the media market operated in East Africa. He also gained insights on state-media relations. When the Queen's Counsel, Price, asked in the London High Court why "was it in 1992, Mr. Mengi, that you decided to establish media outlets?" his response displayed such a background:

At that time, I realised that there was a vacuum in the media and I took the opportunity to try and fill that vacuum. There was need for unbiased news, which at

¹³²³ Makura, *Africa's Greatest Entrepreneurs*, 176.

¹³²⁴ Chande, *A Knight in Africa*, 143.

that time was not forthcoming, but I saw this as an opportunity to fill the vacuum and, also, I saw a business opportunity in this field.¹³²⁵

He thus started with a radio station – Radio One – and later added two others: East Africa Radio and Capital FM. As Makura notes, Mengi established the Independent Television Limited (ITV) in 1994, five years before the government launched a public television station, thus becoming the first person to start television broadcasting in the country.¹³²⁶ He also established a newspaper publishing industry that, by 2008, boasted 11 newspapers.

The liberalization of the economy also further opened up the mining sector for multinationals. However, Mengi, whom Makura quotes as saying that Tanzanians “do not have to wait for big international companies to do it for” them, also decided to compete in this sector purportedly to show compatriots “that it can be done.”¹³²⁷ To that end, by then six years into this new business, he could boast that “IPP’s mining subsidiary companies own more than 100 mining concessions and are prospecting for gold, diamonds, platinum, uranium, nickel, bauxite, copper, coal and tanzanite.”¹³²⁸

The case of Handeni Gold Inc., however, indicates that his mining ventures have also been forged through relations with international investors. “In accordance with the terms of the Acquisition Agreement, effective September 21, 2010”, its Form 10-K notes, “IPP Gold has now become a major stakeholder in our Company.”¹³²⁹ This involved issuing

¹³²⁵ Mengi v Hermitage, Claim No: HQ10D04585, Proceedings Day 1, November 6, 2012, 3, Transcript of the Stenograph/Shorthand Notes of Marten Walsh Cherer Ltd.

¹³²⁶ Makura, *Africa's Greatest Entrepreneurs*, 176.

¹³²⁷ Ibid., 178.

¹³²⁸ Makura, *Africa's Greatest Entrepreneurs*, 178.

¹³²⁹ United States Securities and Exchange Commission, “Form 10-K. Commission file number 000-50907. Handeni Gold Inc.,” 3, <https://www.sec.gov/Archives/edgar/data/1297223/000106299312003255/form10k.htm>, accessed July 29, 2018.

“133,333,333 restricted shares of common stock to IPP Gold in exchange for 100% interest in the four PLs of the Handeni Project, with no further payments in shares or cash required.”¹³³⁰

The capitalist network forged between Mengi and his fellow entrepreneurial elites is vast. As noted, he has been chairing the Investment Committee of the National Investment Company Limited (NICOL) with Iddi Simba as the vice chairperson and Arnold Kilewo as a member. Until July 2011 NICOL was listed in the Dar es Salaam Stock Exchange (DSE). According to Serengeti Advisers Limited’s *Tanzania Banking Survey 2011*, Mengi’s IPP Limited held shares in CRDB Bank valued at 5.4 percent.¹³³¹ This private commercial bank that has been under the managing directorship of the economist Charles Kimei was established in 1996 after the privatization of the then nationally owned Cooperative Rural Development Bank.

Handeni Gold Inc. in which Mengi has the largest shareholding also has Ole Naiko, the former Tanzania Investment Center (TIC) Executive Director and a former member of the TPSF board that Mengi chairs. In 2014 Naiko had “200,000 shares of” Handeni Gold Inc.’s “common stock and 200,000 fully vested stock options with an exercise price at \$0.08 per share exercisable by July 4, 2022.”¹³³²

Having started at a relatively low base and then grown modestly since independence, the entrepreneurial elite in Dar es Salaam remains a small, albeit burgeoning group. As such, it is relatively easy to form networks in which virtually everyone knows everyone else. In a

¹³³⁰ Ibid.

¹³³¹ Serengeti Advisors, *Tanzania Banking Survey 2011*, 45.

¹³³² United States Securities and Exchange Commission “Form 10-K,” 41.

¹³³² Ibid.

way, it is this situation that causes key associations in the private sector to share the same members. For instance, when Iddi Simba was the chairperson of the Confederation of Tanzania Industries (CTI) in 1995, Mengi was a member of its Executive Council. Ten years later CTI's chairperson was Mengi who, as noted above, had been chairing an investment committee that had Simba as vice chairperson.

Such closed networks are prone to accusations of corruption. By rotating positions among themselves, they seem to open doors for shady deals. Thus, what can easily be termed 'crony capitalism' by critics of the state in Africa may, in a way, be the work of a restricted network of a few capitalists in a relatively young country that emerged out of colonialism with an embryonic capitalist class that got stifled during the socialism-building phase.

Conclusion

Accumulation of capital among the leading entrepreneurial elites of Dar es Salaam has not merely been an outcome of diligence but, rather, a process of capitalizing on opportunities of access to local and international finance. Privatization of public corporations has also partly contributed to such capitalization where some Tanzanians of African descent benefitted alongside those of Asian and European descent. The state has played a significant role in facilitating such forms of primitive accumulation or, in some cases, limiting it. International Financial Institutions (IFIs) and development agencies of some advanced capitalist countries have also been instrumental in facilitating this form of accumulation.

In all these cases, at least at the level of rhetoric, the end goal has been to create a robust entrepreneurial elite which would enable the private sector to indeed be the engine of development. However, privatization has had a checkered history - a dismal failure in some cases, modestly successful in others. As for the entrepreneurial elite of African descent in Tanzania, it has seized the opportunity to widen its space by having a seat at the table of both

the state and the international business community to shape the trajectory of Tanzanian capitalism.

Epilogue

But I still think that in the end Tanzania will return to the values and basic principles of the Arusha Declaration
*Julius K. Nyerere*¹³³³

On December 3, 2015, President John Magufuli met, for the first time, with the entrepreneurial elite in Dar es Salaam as head of state. The chair of TPSF, Reginald Mengi, and the then chair of the CEO Roundtable, Ali Mufuruki, led the visiting business community to State House. “Through the Tanzania National Business Council (TNBC)”, *The Citizen* notes, “they presented to the President a memorandum on issues they would like his administration to address to enhance the business environment and attract more investments.”¹³³⁴

The newly elected President restated commitments he had made during his opening speech to the parliament in Dodoma after winning the elections.¹³³⁵ Then he had categorically stated that his government would focus on industrialization. In line with this, he promised that it would support investors, businesspeople, entrepreneurs and the private sector in general.¹³³⁶ In line with his two predecessors, he gave this assurance:

Natambua kwamba sekta binafsi ndiyo mhimili mkubwa wa kujenga uchumi wa viwanda, hatuna njia nyingine kama kweli tunataka kujenga msingi wa uchumi endelevu katika nchi yetu utakaopaisha uchumi na maisha ya watu wetu. (I acknowledge that the private sector is the major base for building an industrial based economy, we do not have any

¹³³³ Julius Nyerere, “The Heart of Africa: Interview with Julius Nyerere on Anti-colonialism,” interview by Ikaweba Bunting, *New Internationalist Magazine*, Issue 309, January-February 1999, <http://www.hartford-hwp.com/archives/30/049.html>.

¹³³⁴ Athuman Mtulya, “JPM: Why I’m doing what I’m doing,” *The Citizen*, December 4, 2015, <http://www.thecitizen.co.tz/News/JPM--Why-I-m-doing-what-I-m-doing/1840340-2983662-syxr02/index.html>.

¹³³⁵ John P. J. Magufuli, “Hotuba ya Rais wa Jamhuri wa Muungano wa Tanzania, Mheshimiwa John Pombe Joseph Magufuli, akifungua rasmi Bunge Jipya la Jamhuri ya Muungano wa Tanzania, Dodoma, 20 Novemba 2015” (Speech, Dodoma, November 20, 2015), <http://parliament.go.tz/polis/uploads/documents/1462514103-1453817825-20NOV,2015-1%20Session%201-4.pdf>.

¹³³⁶ *Ibid.*, 24.

other way if we truly want to build a foundation for a sustainable economy in our country that would propel upward the economy and livelihoods of our people)¹³³⁷

Now, in Dar es Salaam, the leading members of Tanzania's private sector had a chance to hear, first hand, such assurances. This time, however, President Magufuli spent time to stress the importance of patriotism in business. Facing Mengi and Mufuruki on the high table, he stated that:

There is no country which did not support its own. When you empower the locals they will eventually collaborate with foreign investors, we can't say that locals can't invest in big sectors. I want you to believe in yourselves and take on opportunities but you should be patriotic first and foremost.¹³³⁸

Even as staunch a critic of capitalism and capitalists as Shivji was impressed with this promising patriotic start. In his review of the first fifty days of Magufuli, Shivji pointed to indications that the President was leaning towards the creation of a national economy through a national bourgeoisie.¹³³⁹ The local entrepreneurial elite were also generally impressed. However, they called for further policy interventions. For instance, in his speech, Mengi called for an "overarching local content policy" that would empower locals to participate in all economic sectors in Tanzania.¹³⁴⁰ Although he affirmed that there is also a need for foreign investments, Mengi stressed that it was important to have a balance between local and foreign investors.¹³⁴¹

¹³³⁷ Ibid., 11.

¹³³⁸ Quoted in Mtulya, Athuman, "JPM: Why I'm doing what I'm doing," *The Citizen*, December 4, 2015.

¹³³⁹ Issa Shivji, "Shivji: Magufuli kama Sokoine," *Raia Mwema*, December 30, 2015, <http://www.raiamwema.co.tz/shivji-magufuli-kama-sokoine/>.

¹³⁴⁰ Reginald Mengi, "Hotuba ya Dkt. Reginald Mengi, Mwenyekiti wa Taasisi ya Sekta Binafsi Tanzania katika Mkutano na Mheshimiwa Rais wa Jamhuri ya Muungano wa Tanzania, Dkt. John Pombe Joseph Magufuli na Sekta Binafsi – Tarehe 3 Desemba 2015, Ikulu, Dar es Salaam," (Speech, Dar es Salaam, December 3, 2015), <http://reginald-mengi.com/hotuba-ya-dkt-mengi/>.

¹³⁴¹ Ibid.

The two presidential speeches, within the span of one month since being sworn in, became the benchmark for assessing President Magufuli in terms of promoting the private sector in the country. What is particularly striking is how these speeches and subsequent ones invoke themes that have preoccupied previous governments and the business communities as discussed in previous chapters. Of particular interest are the enduring legacy of the Arusha Declaration and its policy on *Ujamaa na Kujitegemea* (Socialism and Self-Reliance), industrialization and the centrality of Dar es Salaam.

A Nostalgia for Ujamaa

On October 16, 2015, President Jakaya Kikwete officiated at the opening of the new National Microfinance Bank (NMB) headquarters in Dar es Salaam. This was to be one of his last official functions as President. It was also a symbolic victory for the shareholders of this property that is located at the junction of Ali Hassan Mwinyi Road and Ohio Street on the edge of the Dar es Salaam CBD. Finally, they had displaced *Nyumba ya Sanaa* (House of Art) despite protests from its founder, Sister Jean Pruitt of the Maryknoll Sisters and some local activists.

The Dar es Salaam landscape had thus changed dramatically since 1983 when President Nyerere presented Sister Pruitt with an award for contributing to the development of the small-scale industry.¹³⁴² As one of the expatriates who were attracted to Tanzania's *Arusha Declaration on Socialism and Self-Reliance* of 1967, she had been instrumental in starting a crafts cooperative in 1972 that came to be known as *Nyumba ya Sanaa* (House of Arts).¹³⁴³

¹³⁴² Maryknoll Sisters, "Sister Jean Pruitt, Maryknoll Sister for 58 Years Dies," *Maryknollsisters.org*, <https://www.maryknollsisters.org/2017/09/13/sister-jean-pruitt-maryknoll-sister-58-years-dies/>.

¹³⁴³ Ibid.

By 1981 she had managed, in collaboration with local artists, to construct a center under the same name. Nyerere provided the land and became its patron.¹³⁴⁴ The center doubled as a store for artwork and space for learning. During its zenith, it came to serve 600 craftspeople from Tanzania. “This is not just a business”, Sister Pruitt would later reiterate, “I saw it as an act of social justice, aiming at self-reliance.”¹³⁴⁵

For one growing up in Dar es Salaam in the 1980s, it was a marvel to see its captivating George Lilanga's Tingatinga murals on its walls, signaling that one was about to enter the CBD.¹³⁴⁶ “This lovely structure”, a visitor from *Seattle Times* would observe later, “built around a central courtyard filled with plantings and fish ponds, sits beside the table-flat Gymkhana Club golf course... and is a centre for demonstrations of native arts....”¹³⁴⁷ To honor its first patron, it was renamed Nyerere’s Cultural Center.

However, as noted in the previous chapter, Tanzania’s Liberalization, Marketization and Privatization (LIMP) approach continued to shape the growth of Dar es Salaam in the 2000s. A glaring outcome has been the increasing construction of high-rise buildings – the skyscrapers – in the CBD. “One casualty”, The Britain-Tanzania Society observed in 2011, “is the *Nyumba ya Sanaa*...which has been demolished to make way for a tower.”¹³⁴⁸ Its

¹³⁴⁴ Jean Pruitt, “A Discussion with Sister Jean Pruitt, Maryknoll Sisters,” *Berkley Center for Religion, Peace & World Affairs at Georgetown University*, May 9, 2017, <https://berkeleycenter.georgetown.edu/interviews/a-discussion-with-sister-jean-pruitt-maryknoll-sisters>.

¹³⁴⁵ Robert Calderisi, *Earthly Mission: The Catholic Church and World Development* (New Haven: Yale University Press, 2013), 215-216.

¹³⁴⁶ George Lilanga was a Tanzanian artist of international acclaim. He started his career at *Nyumba ya Sanaa*. For a brief on what befell his murals that graced *Nyumba ya Sanaa* before its demolition, see: Rehema Chachage, “Tanzania is at the dawn of a cultural awakening: An important and unique cultural heritage rescued,” *Vijana FM (blog)*, September 4, 2014, <http://www.vijana.fm/2014/09/04/tanzania-is-at-the-dawn-of-a-cultural-awakening-an-important-and-unique-cultural-heritage-rescued/>.

¹³⁴⁷ Donn Fry, “Dar es Salaam,” *Edmonton Journal*, November 15, 1996, F6.

¹³⁴⁸ Britain-Tanzania Society, “Dar es Salaam Construction Boom,” *Tanzania Affairs*, Issue 98, January-April 2011, 16, https://www.tzaffairs.org/wp-content/uploads/pdf/tzaffairs_98.pdf.

location was then shifted far from the CBD. The National Microfinance Bank (NMB), a product of the privatization of the National Bank of Commerce (NBC) discussed in Chapter 5, thus erected its modern 10-storey tower to replace it.

This case is a microcosm of how some of the developments from the socialist era of the Arusha Declaration and its policy of Ujamaa have given way to the postsocialist era of LIMP. However, the fact that some people protested– and continue to agitate against – the demolition of historical sites in Dar es Salaam is an indication that some of the initiatives and ideals from the previous era still hold an important place.¹³⁴⁹ In a way, such critical engagements with what the journalist Mariam Said has referred to as “Dar es Salaam Skyline – Clash of the Old and New” is an indication that Nyerere’s prediction of Tanzanians going back to the values and principles of the Arusha Declaration is increasingly becoming a reality.

President Magufuli’s speech in Zanzibar on October 14, 2017 to commemorate Nyerere Day is a testament to this renewed interest in revisiting the Arusha Declaration. Therein he points out that the first president of Tanzania had a grand and farsighted vision pertaining to building an independent and self-reliant nation that values human dignity. Moreover, Magufuli declared that he also had strategies to realize that vision. These strategies stemmed from Nyerere’s realization about the centrality of the state. Magufuli recalled:

Ndani ya miaka michache tu baada ya nchi yetu kupata uhuru Mwalimu Nyerere alibaini kwamba huwezi kujenga Taifa huru linalojitegemea kama njia kuu za uzalishaji zitamilikiwa au kusimamiwa na wageni ama watu binafsi peke yake. Ni lazima serikali

¹³⁴⁹ This was primarily an online protest with the slogan, “Save Nyumba ya Sanaa”. However, there was also disagreement within its board of management on whether to house it within the then proposed new building or relocate it at another place. For the former, see: Chambi Chachage, “Whither Mwalimu Nyerere’s Nyumba ya Sanaa!” *Udadisi (blog)*, November 28, 2010, <http://udadisi.blogspot.com/2010/11/whither-mwalimu-nyereres-nyumba-ya.html>. For the latter, see the following media reports: Ray Naluyaga, “Tanzania: Nyerere Heritage at Centre of Multibillions Tug of War,” *The Citizen*, July 1, 2009, <http://allafrica.com/stories/200907010850.html>; Ray Naluyaga, “Tanzania: Nyumba ya Sanaa Wrangle Lands in Court,” *The Citizen*, July 22, 2009, <http://allafrica.com/stories/200907220937.html>.

ishiriki kikamilifu. Na huo ndiyo ukweli wenyewe. Nchi zote zilizofanikiwa kiuchumi duniani, Serikali zao zilishiriki moja kwa moja katika shughuli za kiuchumi. Hivyo basi, aliona upo umuhimu wa kujenga misingi itakayoweza Serikali kushiriki kikamilifu kwenye shughuli za uzalishaji. Na hapo ndipo Azimio la Arusha likazaliwa.... (Within a few years after our country gained independence Mwalimu Nyerere realized that we cannot build a free nation that is self-reliant if the commanding heights of production are only owned or controlled by foreigners or a few private individuals. It is imperative for the government to fully participate. And that is the truth. All the countries that have succeeded economically in the world, their governments participated directly in economic activities. Therefore, he saw the importance of building the foundations that would enable the government to participate fully in activities pertaining to production. And that is when the Arusha Declaration was born....)¹³⁵⁰

By positing that the state has to be fully involved while maintaining his position of supporting a market economy, President Magufuli has been evoking the discourse of the developmental state.¹³⁵¹ This partly explains his government's increasing interest and relations with the governments of Malaysia and Vietnam, both seemingly relatively successful as developmental states.¹³⁵² This is in line with his apparent zeal to curb capital flows, as his further recollections on the Arusha Declaration indicate:

¹³⁵⁰ "Hotuba ya Rais Magufuli Nyerere Day Zanzibar," YouTube video, 54: 31, posted by "George Nyambo," October 16, 2017, <https://www.youtube.com/watch?v=mVc9VqpbKN4>.

¹³⁵¹ For a critical review of how the post-socialist Tanzanian state is attempting to intervene in the national economy as a developmental state see: Jesse Salah Ovidia and Christina Wolf, "Studying the Developmental State: Theory and Method in Research on Industrial Policy and State-Led Development in Africa," *Third World Quarterly* 39, no. 6 (June 3, 2018): 1056–76, doi:10.1080/01436597.2017.1368382. See Section 3.5 on "The 'bulldozer' or the 'builder'?" The vulnerability of the authoritarian coalition and the potential developmental state under Magufuli" for projections in: Antonio Andreoni, "Anti-Corruption in Tanzania: A Political Settlements Analysis" (Anti-Corruption Evidence (ACE) Working Paper No. 001, October 2017), http://eprints.soas.ac.uk/24853/1/ACE-WorkingPaper001-TZ-AntiCorruption-171102_final%20revised.pdf. Also see: Chilenye Nwapi and Nathan Andrews, "A 'New' Developmental State in Africa? Evaluating Recent State Interventions Vis-a-Vis Resource Extraction in Kenya, Tanzania, and Rwanda," *McGill Journal of Sustainable Development Law* 13, no. 2 (2017): 224.

¹³⁵² For President Magufuli's attempts to emulate these countries see the second section of this epilogue below. In the particular case of Vietnam see the following media report: Bernard Lugongo, "Tanzania, Vietnam Eye \$1BN Trade Volume," *The Citizen*, March 10, 2016, <http://www.thecitizen.co.tz/News/Tanzania--Vietnam-eye--1bn-trade-volume-/1840340-3110366-grqo3sz/index.html>; Dao, Pham, "A Visit to Traditional Friends," *Nhân Dân*, March 16, 2016, <http://en.nhandan.com.vn/politics/external-relations/item/4112402-french-chamber-of-deputies-ratifies-vietnam-eu-agreement.html>; Vietnam News Agency (VNA), "Tanzanian President Pledges Favorable Conditions for Vietnamese Investors," *VNA*, August 2, 2017, <https://en.vietnamplus.vn/tanzanian-president-pledges-favorable-conditions-for-vietnamese-investors/115731.vnp>.

Mbali na Azimio la Arusha kuweka miiko ili kuwabana viongozi kutumia nafasi zao kujilimbikizia mali kwa Serikali kupitisha kwa Azimio la Arusha, kulisaidia kuzuia mashirika na makampuni ambayo yalitumiwa na mabepari kutorosha rasilimali zetu kwenda nje ya nchi. Lakini pia Serikali yetu ilijenga viwanda pamoja na kuanzisha mashirika na makampuni mengine mapya. Tukawa na viwanda vingi tu, vikiwemo vya nguo, viatu, matairi, nyama, ngozi, na kadhalika. Na hivyo, tukapunguza utegemezi wa kuagiza bidhaa hizo kutoka nje.... (Apart from the Arusha Declaration setting up codes of conduct to curb leaders from using their position to accumulate wealth, the Arusha Declaration also helped to stop organizations and companies that were used by capitalists to siphon our resources out of the country. But the government also built industries and started new organizations and corporations. Then we had a lot of industries, including ones of textiles, shoes, tires, meat, leather, etcetera. So, we reduced our dependency on imported commodities....)¹³⁵³

The attempt to return to the basic principles of the Arusha Declaration leadership code, however, predates Magufuli's presidency. Already, in 2009, President Kikwete was quoted as saying that they saw "the need for a new leadership code" because ever "since businessmen and women were allowed to hold posts in the government and CCM", they were "witnessing a lot of conflicts of interest."¹³⁵⁴ What partly prompted this move were the increasing scandals of grand corruption. "We", Kikwete stated elsewhere, "will define the conduct of business persons who want to take political positions."¹³⁵⁵

Nevertheless, the *Public Leadership Code Act of 1995* as amended in 2001 remained intact.¹³⁵⁶ *The Africa Report* observed that a powerful clique was against a new code that

¹³⁵³ "Hotuba ya Rais Magufuli Nyerere Day Zanzibar," YouTube video, 54: 31, posted by "George Nyambo," October 16, 2017, <https://www.youtube.com/watch?v=mVc9VqpbKN4>.

¹³⁵⁴ Quoted in Daily News's article reproduced in these two media sources: The Zimbabwean, "Tanzania: New Leadership Code for CCM," *The Zimbabwean*, August 25, 2018, <http://www.thezimbabwean.co/2009/08/tanzania-new-leadership-code-for-ccm/>; Rajesh Babu, "Tanzania Ruling Party CCM Drawing Up New Leadership Code," *South-South News*, August 26, 2009.

¹³⁵⁵ Peter Häussler, "Mwalimu Nyerere as a Role Model of Good Leadership," in *Tanzania: Political Handbook and NGO Calendar 2010*, ed. Peter Häussler (Dar es Salaam: Friedrich Ebert Stiftung, 2010), 75.

¹³⁵⁶ These are also entitled *Act No 13 of 1995* and *Act No 5 of 2001*, respectively. They have been implemented, respectively, through the *Public Leadership Code of Ethics (Declaration of Interests, Assets and Liabilities) Regulations G.N. No. 108 of 1996* and *G.N. No. 261 of 2001*.

would have overhauled this Act that simply requires public leaders to declare their assets.¹³⁵⁷

The proposed further amendment of this Act was, in fact, the eleventh parliamentary resolution following its special probing of a scandal involving the national electric company, TANESCO, and an alleged American supplier known as Richmond Development Company LLC in 2008.¹³⁵⁸

The nostalgia for some aspects of the Arusha Declaration is also evident in academic institutions, think-tanks, and related centers of learning. For instance, the Nyerere Resource Center (NRC) commemorated the Declaration's fiftieth anniversary in 2017. During the year, it organized a number of events such as the relaunching of Nyerere's speech when he was announcing the declaration and debates on its history and legacy in the country.¹³⁵⁹

What is particularly striking is the way Nyerere anticipated these events and even provided the rationale that would resonate with their discourses. For instance, in his response to a question on whether the Arusha Declaration was still relevant then, two years prior to his death, Nyerere stated: "I still travel around with it. I read it over and over to see what I would change. Maybe I would improve on the Kiswahili that was used but the Declaration is still valid: I would not change a thing."¹³⁶⁰ In slightly similar vein, President Magufuli remarked during his speech on Nyerere Day:

¹³⁵⁷ Extracts from *The African Report* Number 14 of December-January 8, 2019 in: Donovan McGrath, "Tanzania in the International Media," *Tanzania Affairs*, Issue 93, May-August 2009, 22, https://www.tzaffairs.org/wp-content/uploads/pdf/tzaffairs_93.pdf.

¹³⁵⁸ William H. Shelukindo, "Maoni ya Kamati ya Kudumu ya Bunge ya Nishati na Madini kuhusu Utekelezaji wa Maazimio ya Bunge kuhusu Mkataba Baina ya Tanesco na Richmond Development Company LLC" (Speech, Dodoma, February 10, 2010), 48, <http://parliament.go.tz/polis/uploads/documents/1463719054-HS-18-13-2010.pdf>.

¹³⁵⁹ For a brief on the NRC's successive events see: Issa Shivji and Bashiru Ally, "Awamu ya Tatu ya Maadhimisho ya Miaka 50 ya Azimio la Arusha," *Raia Mwema*, August 24, 2017, <http://www.raiamwema.co.tz/awamu-ya-tatu-ya-maadhimisho-ya-miaka-50-ya-azimio-la-arusha/>.

¹³⁶⁰ Nyerere, "The Heart of Africa."

Lakini swali kubwa ninalojiuliza kila wakati ni kwa nini tuliliacha Azimio la Arusha wakati maudhui na misingi yake ilikuwa si mibaya? Inawezekana palihitajika mabadiliko machache machache. Tunachoweza kujadiliana ni kuhusu mikakati ya utekelezaji wake nyakati za sasa (But the big question that I keep asking myself is why did we abandon the Arusha Declaration when its contents and foundations were not bad? It is possible that it needs a few changes. What we can discuss is the strategies for its implementation in current times).¹³⁶¹

Such nostalgia is hardly evident in, or resonates with, the private sector circles or the network of intellectuals of capital discussed in Chapter 5. However, by becoming part and parcel of public discourse it has been demanding their attention.¹³⁶² This was particularly manifest at the meeting between members of the private sector and President Magufuli at the annual TNBC gathering. A key theme that the President has been especially nostalgic about in relation to the Arusha Declaration is industrialization, the subject of the next section.

A Drive for Reindustrialization

On August 29, 2017 the Minister of Finance, Philip Mpango launched a book on *Tanzania's Industrial Journey, 2016-2056* at the Hyatt Regency Kilimanjaro Hotel in Dar es Salaam.¹³⁶³ Its lead author is Ali Mufuruki of the CEO Roundtable of Tanzania, (CEOrt)

¹³⁶¹ “Hotuba ya Rais Magufuli Nyerere Day Zanzibar,” YouTube video, 54: 31, posted by “George Nyambo,” October 16, 2017, <https://www.youtube.com/watch?v=mVc9VqpbKN4>.

¹³⁶² See: Daily News, “Nation Yearns for Nyerere Values,” *Daily News*, October 14, 2016, <http://allafrica.com/stories/201610171178.html>; Sunday News Reporter, “Befitting Tribute to Nyerere as Magufuli Evokes Arusha Declaration Thoughts,” *Sunday News*, October 15, 2017; The Guardian Reporter, “How ‘Magufuli-nomics’ is slowly Changing Tanzania,” *The Guardian on Sunday*, October 15, 2017, <https://www.ippmedia.com/en/news/how-magufuli-nomics-slowly-changing-tanzania>; Makwaia wa Kuhenga, “Dr. Magufuli’s Appreciation of the Arusha Declaration: Good Tidings Ahead!” *Daily News*, October 20, 2017; Frank Kimboy and Jasper Sabuni, “The Balancing Act to Keep Arusha Declaration Alive,” *The Citizen*, February 8, 2017, <http://www.thecitizen.co.tz/magazine/politicalreforms/The-balancing-act-to-keep-Arusha-Declaration-alive/1843776-3804838-xukvqj/index.html>; James Mpinga, “Wangwe: Magufuli Government Carries . . . ‘Seeds of Hope’ for Poor,” *Sunday News*, December 24, 2017.

¹³⁶³ Philip Mpango, “Speech by Hon. Dr. Philip Mpango (MP), Minister for Finance and Planning, at the Launch of a Book Titled ‘Tanzania’s Industrialisation Journey 2016-2056’ Co-Authored by Ali Mufuruki, Rahim Mawji, Moremi Marwa & Gilman Kasiga” (Speech, Dar es Salaam, August 29, 2017), https://ceo-roundtable.co.tz/wp-content/uploads/2017/10/Hon.-Mpango_Industrialisation-Journey-Book-Launch.pdf. Also see: The Citizen Reporter, “Mpango: This is what will Impede Industrialisation,” *The Citizen*, August 30, 2017,

which hosted the event.¹³⁶⁴ What also made this celebrated event particularly significant was that President John Magufuli had endorsed the book by writing its foreword. Therein he asserts that the experience from recent success stories of economic transformation in countries such as China, Malaysia, Vietnam and Brazil” teaches Tanzanians “that successful economic change happens when the political elite makes a decision to seriously commit to the development of the state....”¹³⁶⁵ After emphasizing his goal for Tanzania to industrialize, he states:

Achieving this ambitious goal will require, among other things, a rigorous questioning of the status quo (why are we under-developed, who are we, what is our proper place in the global community, what can we realistically achieve if we put our best foot forward?) It will also require us as a people and as a nation to re-discover our capability to build industries and make things happen. We will have to revamp our education institutions, build an innovation culture and entrench entrepreneurship in our society.¹³⁶⁶

President Magufuli’s foreword was signed in March 2017, 50 years since President Nyerere launched the then *Arusha Declaration on Socialism and Self-Reliance*. Although the presidential foreword does not directly cite the now defunct document, one of its underlying messages speaks to its relative achievement in the industrialization of the country. By calling the nation to rediscover its capability to industrialize, it is thus referring to the deindustrialization that ensued with the economic crises of the 1980s and accelerated through the privatization of public corporations.

<http://www.thecitizen.co.tz/News/Mpango--This-is-what-will-impede-industrialisation-/1840340-4076430-brd7vl/index.html>.

¹³⁶⁴ Mufuruki et al., *Tanzania’s Industrialisation Journey, 2016 – 2056*.

¹³⁶⁵ John J.P. Magufuli, “Foreword,” in *Tanzania’s Industrialisation Journey, 2016 – 2056: From an Agrarian to a Modern Industrialised State in Forty Years* (Nairobi: Moran Publishers, 2017), viii.

¹³⁶⁶ Ibid.

However, they particularly differ in terms of the primary driver of industrialization. Whereas Nyerere's state initially attempted to empower entrepreneurs through Africanization of business and entrepreneurship education in the 1960s, it mainly focused on using public corporations to industrialize, especially after the Arusha Declaration. The ostensible failure of privatization to reverse deindustrialization, it seems, has renewed the impetus for reindustrialization in contemporary Tanzania. Nevertheless, the relative success of the emergent entrepreneurial elite that to some extent benefitted from privatization, in building the Tanzanian private sector, has increasingly earned them more space in national affairs.

As President Magufuli's speech on Nyerere Day in Zanzibar cited in the previous section indicates, his benchmark for industrialization remains the era of the Arusha Declaration, his reference to the Asian Tigers notwithstanding. For him, it was a relative success story; hence deindustrialization through privatization was uncalled for. To that end, he seems to be calling for reindustrialization through both reversing privatization and constructing new industries. In his Nyerere Day speech he laments:

Pamoja na misingi mizuri iliyowekwa na Baba wa Taifa kupitia Azimio la Arusha, miaka michache baada ya Mwalimu Nyerere kung'atuka tulilitupa Azimio hilo. Sasa sijui ilitokea kwa makusudi au kwa bahati mbaya. Mimi sijui ila ukweli ni kwamba tulilitupa. Na baada ya kulitupa tukaanza kuuza mashirika na viwanda vyetu hata vile vilivyojionesha na kujiendesha kwa faida, kwa matarajio kuwa tutakaowauzia wangeviendesha kwa ufanisi zaidi. Lakini haikuwa hivyo. Viwanda na mashirika mengi tuliyoyabinafsisha sasa yamekufa....Mathalan, kwa takwimu tulizonazo jumla ya viwanda 197 vimekufa na kubaki magofu.... Kwa nini tuliamua kuuza viwanda vyetu?

(Despite the good foundations that were laid by the Father of the Nation through the Arusha Declaration, a few years after he stepped down, we abandoned the Declaration. Now I don't know whether it was deliberate or not. I don't really know for sure why we abandoned it. And after that we started selling our corporations and industries, including those that were operating at profit, hoping that those whom we sold to would operate them more efficiently. But that was not the case. A lot of the industries and corporations that we privatized are now non-operational For

instance, the statistics that we have indicate that 197 industries are and in ruins.... Why did we decide to sell our industries?)¹³⁶⁷

Although Dar es Salaam continues to receive massive investment in infrastructure compared to other areas, the attempts at reindustrialization seem to target the whole country.¹³⁶⁸ For instance, following President Magufuli's call to construct pharmaceutical industries, Mengi has started the initial process of constructing one in Kerege, Bagamoyo.¹³⁶⁹ What remains to be seen is the extent to which this drive for reindustrialization would strike a balance between local and foreign investors as well as that between Dar es Salaam and other urban areas. Regarding the latter, the prospects have been mixed, as discussed in the section below.

A Contest for Primacy

On May 21, 2016, MPs assembled in the National Assembly in Dodoma to debate the first budget speech of the Ministry responsible for land during Magufuli's presidency. Dar es Salaam dominated the debate, with the Minister responsible for land, William Lukuvi, notifying the MPs that his Ministry had sent 217 urban planning cadastral maps to its 106 streets as an example for other municipalities.¹³⁷⁰ The Minister also noted that 481 plots had

¹³⁶⁷ "Hotuba ya Rais Magufuli Nyerere Day Zanzibar," YouTube video, 54: 31, posted by "George Nyambo," October 16, 2017, <https://www.youtube.com/watch?v=mVc9VqpbKN4>.

¹³⁶⁸ See: The United Republic of Tanzania, *National Five-Year Development Plan 2016/17 – 2020/2* (Dar es Salaam: Ministry of Finance, 2016), http://www.mof.go.tz/mofdocs/msemaji/Five%202016_17_2020_21.pdf; Charles J.P. Mwijage, "Hotuba ya Waziri wa Viwanda, Biashara na Uwekezaji Mhe. Charles J. P. Mwijage (MB), akiwasilisha Bungeni Mpango na Makadirio ya Mapato na Matumizi ya Fedha kwa Mwaka 2017/2018 - kama ilivyowasilishwa Mezani" (Speech, Dodoma, May 17, 2017), 165-166, <http://parliament.go.tz/polis/uploads/documents/1501653297-17%20MEI%202017.pdf>.

¹³⁶⁹ Henry Mwangonde, "IPP in Joint Venture Project to Build Pharmaceutical Plant in Bagamoyo," *The Guardian*, May 7, 2018, <https://www.ippmedia.com/en/news/ipp-joint-venture-project-build-pharmaceutical-plant-bagamoyo>; Reginald A. Mengi, Conversation with Chambi Chachage, Dar es Salaam, June 28 and July 6, 2017.

¹³⁷⁰ William V. Lukuvi, "Hotuba ya Waziri wa Ardhi, Nyumba na Maendeleo ya Makazi, Mheshimiwa William V. Lukuvi (MB.), akiwasilisha Bungeni Makadirio ya Mapato na Matumizi ya Wizara kwa Mwaka wa Fedha

been planned and designated for industries in Pembamnazi ward in Kigamboni, Dar es Salaam.¹³⁷¹

Nevertheless, in her contribution to the debate, an MP from the main opposition party, Anatropia Theonista argued that the city had been prioritized, as it should be, in terms of land. In her estimation, Dar es Salaam was and is “*kitovu cha ardhi*” (the nucleus of the land).¹³⁷² Applauded by other MPs, the MP who was also a member of the Parliamentary Standing Committee on Industries, Trade and Environment, wondered why, with a population of more than four million, Dar es Salaam was still using a master plan from 1977.¹³⁷³ Prior to that she thus brought up a discourse of the primacy of this city:

Ndugu zangu sote tunajua Dar es Salaam ndiyo Tanzania, wote tunajua changamoto zinazoikuta Dar es Salaam zinasambaa katika mikoa mingine. Dar es Salaam ikiwa mbovu, haitamaniki, tunategemea kwamba sura ya Tanzania itapotea (My fellows we all know that Dar es Salaam is Tanzania, we all know the challenges that face Dar es Salaam spread to other regions. When Dar es Salaam is bad, is totally unattractive, we expect the face of Tanzania to disappear.)¹³⁷⁴

She was drawing from a discourse that ostensibly all her fellow MPs were familiar with. For instance, a month earlier another MP, Mariam Kisangi from the ruling party, reiterated that “*Dar es Salaam ni Kioo cha Tanzania*” (Dar es Salaam is the Mirror of Tanzania).¹³⁷⁵ What is striking is how this discourse resonates with President Magufuli’s rationale for the massive infrastructural investments in Dar es Salaam. In his first meeting with Dar es Salaam elders on

2016/17 kama ilivyowasilishwa Mezani” (Speech, Dodoma, May 21, 2016), 15 & 37, <http://parliament.go.tz/polis/uploads/documents/1474436097-21%20MEI,%202016.pdf>.

¹³⁷¹ Ibid., 16 & 35.

¹³⁷² Parl. Deb., 21 May 2016, 132, <http://parliament.go.tz/polis/uploads/documents/1474436097-21%20MEI,%202016.pdf>.

¹³⁷³ Ibid.

¹³⁷⁴ Ibid.

¹³⁷⁵ Parl. Deb., 5 May 2016, 149, <http://parliament.go.tz/polis/uploads/documents/1465565333-5MEI,2016.pdf>.

February 13, 2016, he elaborated that these include, among other investments, the construction of a Dar Salaam flyover at the junction of Nyerere Road and Sam Nujoma Road in what used to be called the Pugu Industrial area; a highway with six lanes and seven flyovers between Dar es Salaam and Chalinze; a World Bank-funded three-storey interchange in Ubungu; a bridge over the ocean between Coco Beach in Oysterbay and the Aga Khan Hospital around Seaview.¹³⁷⁶ To highlight their utility to the country, the President asserted that:

Dar es Salaam ndiyo kioo cha Tanzania. Bila Dar es Salaam hakuna Tanzania (Dar es Salaam is the mirror of Tanzania. Without Dar es Salaam there is no Tanzania).¹³⁷⁷

However, on July 23, 2016 President Magufuli revealed that his government would move from Dar es Salaam to Dodoma, the *de jure* capital of the country, within the five years of his presidential tenure. This decision came as a surprise, given that the ruling party's election manifesto in 2015 was not that strong on the commitment to move, although it did promise, among other things, to continue with ensuring that all ministerial buildings were built in Dodoma instead of Dar es Salaam.¹³⁷⁸ Both the public and private sectors received the news with mixed feelings.¹³⁷⁹ Sensing the apprehension, the government has been appealing to the

¹³⁷⁶ The elders of Dar es Salaam are generally drawn from affiliates of the ruling party, CCM.

¹³⁷⁷ "Rais Magufuli ahutubia wazee wa Dar es Salaam," YouTube video, 57: 24, posted by "JamiiForums," February 13, 2016, <https://www.youtube.com/watch?v=l4zCfQo4U3k>.

¹³⁷⁸ Chama cha Mapinduzi, *Ilani ya CCM kwa Ajili ya Uchaguzi wa Mwaka 2015* (Dodoma: Halmashauri Kuu ya Taifa ya CCM, 2015), 194, https://temco.udsm.ac.tz/images/stories/Election_Manifesto/ILANI_CCM_2015.pdf.

¹³⁷⁹ See: Editors, "Why Shifting to Dodoma is Easier than Staying in Dar," *The Guardian*, July 28, 2016, <https://ippmedia.com/en/editorial/why-shifting-dodoma-easier-staying-dar>; The Citizen Reporter, "Special Report: What Makes Shift of Govt Seat Relevant 43yrs on?" *The Citizen*, July 31, 2016, <http://www.thecitizen.co.tz/News/What-makes-shift-of-govt-seat-relevant-43yrs-on-/1840340-3324090-r2641q/index.html>; Sharon Sauwa and Habel Chidawali, "Special Report: Turning Dodoma into Hub of State a Huge Test," *The Citizen*, September 1, 2016, <http://www.thecitizen.co.tz/News/SPECIAL-REPORT---Turning-Dodoma-into-hub-of-state-a-huge-test/1840340-3365084-1188i82z/index.html>; Deogratias Kamagi, "Why Embassies are in No Hurry to Go to Dodoma," *The Citizen*, March 20, 2017, <http://www.thecitizen.co.tz/News/Why-embassies-are-in-no-hurry-to-go-to-Dodoma/1840340-3856550-xrn4rp/index.html>; Polycarp Machira, "Why Dodoma is 'Woefully Unprepared' for Capital City," *The Guardian*, August 17, 2016, <https://www.ippmedia.com/en/news/why-dodoma-woefully-unprepared-capital>.

latter. For instance, on August 15, 2015 the Minister in the Office of The Prime Minister responsible for policy, Jenister Mhagama, and the Director General of the then Dodoma Capital Development Authority (CDA), Paskasi Muragili, attended the TPSF meeting in Dar es Salaam. They showcased potential areas of investment in Dodoma, urging local investors to invest.¹³⁸⁰

The chair of TPSF, Mengi, endorsed the move, urging Tanzanians to invest in Dodoma. “It is not a simple task to make tough decisions like this”, he is cited as saying, “which failed to materialise for the past 40 years.”¹³⁸¹ Although, in principle, TPSF members committed themselves to support the shift, they were reported as stressing that the government ought to ensure it puts measures that would attract the business community to invest there.¹³⁸²

Similarly, Godfrey Simbeye, the Executive Director of TPSF, had earlier endorsed the move. “The private sector sees the government intention to shift to Dodoma”, he affirmed, “as new business opportunity because a lot of investments will be required to meet the demand of the increasing population.”¹³⁸³ However, he used the case of Abuja and Lagos in Nigeria to stress that “Dar es Salaam will also remain the commercial capital...”¹³⁸⁴ As was the case with the contest between Bagamoyo and Dar es Salaam discussed in Chapter 1, this shift to Dodoma

city; Karl Lyimo, “Is Govt Seat Shift Beneficial to Ordinary Tanzanians?” *The Citizen*, August 25, 2016, <http://www.thecitizen.co.tz/oped/1840568-3357128-w5d6cjz/index.html>.

¹³⁸⁰ See: Daily News, “Private Sector Urged to Invest in Dodoma,” *Daily News*, August 16, 2016, <http://allafrica.com/stories/201608160068.html>; Henry Mwangonde, “Govt Urged to Involve Private Sector in Move to Dodoma,” *The Guardian*, May 7, 2018, <https://www.ippmedia.com/en/news/govt-urged-involve-private-sector-move-dodoma>.

¹³⁸¹ Daily News, “Private Sector Urged to Invest in Dodoma,” *Daily News*, August 16, 2016, <http://allafrica.com/stories/201608160068.html>.

¹³⁸² Ibid.

¹³⁸³ Quoted in: Lydia Shekighenda, “Private Sector Nods to Dodoma,” *Daily News*, July 28, 2016, <http://allafrica.com/stories/201607280060.html>.

¹³⁸⁴ Ibid.

seems to set the stage for a struggle that may either reduce or eclipse the primacy of Dar es Salaam. That struggle for primacy has led a recent media report to warn that “if we allow Dar to die, we will come to regret it.”¹³⁸⁵

Conclusion

This epilogue has captured some of the recent developments that stem from, or speak to, the major historical aspects of the emergence of Dar es Salaam and its entrepreneurial elite from about 1862 to 2015. On the one hand, what has transpired since then has been the continuing consolidation of this elite through its closeness to both the state and the international business community in terms of shaping the trajectory of Tanzanian capitalism in general and the glocal business landscape in particular. The voice of intellectuals of capital, such as Mufuruki, are increasingly being heard alongside those of the face of capitalism in Tanzania, such as Mengi.

On the other hand, there are signs of state encroachment on the business landscape that is causing the entrepreneurial elite to be apprehensive. Although this seems to be more of a developmental state, rather than a socialist state, parallels are starting to be drawn between Nyerere’s regime and Magufuli’s regime. It remains to be seen, however, how this will pan out, given that the latter regime continues to present the private sector as the engine of development through massive investments in industrialization, in contrast to the former regime that focused on people-centered development in rural areas. Nonetheless, Dar es Salaam, as a capitalizing city, is as central to the latter regime as it was to the former.

¹³⁸⁵ Neville Meena, “Tukiruhusu Dar ife, Tutajuta Baadaye,” *Raia Mwema*, May 16, 1 & 13.

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