

The Politics of Globalization in Tanzania: A Dialectical Perspective

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Abstract

This paper discusses how globalization has shaped the world political landscape, international politics, and Tanzanian political debates. Its main argument is that although globalization is not a new phenomenon, it has brought undeniable and notable changes to the world and to Tanzania. This article explores the subtle relationship between politics and the economy as well as social change such as the new emerging political culture in Tanzania.

Introduction

The decades after the 2nd World War witnessed major changes in international relationships. The late 1940s and the 1950s saw the reconstruction of international economic institutions, following the severe disruptions of the depression and the war. The new globalization brought with it a new orthodoxy: controlled markets, neoliberalism, and free trade. Governments backed off from the controls they formally imposed on private markets. cut budgets, reduced taxes, eliminated tariffs and currency controls, and removed subsidies and import licenses (Isbister, 2006; Mishra, 1996; Stiglitz, 2002; Peter-Martin and Schuhmann, 1996). This is the meaning of globalization as we begin our journey through the twenty-first century. It is not just a dense network of international relationships, rather it is the primacy of the capitalist market (Isbister, 2006). Current international trade, under the umbrella of 'globalization', has reduced the ability of sovereign states to make policy decisions on behalf of their citizens, especially when they are at variance with international norms. International organizations cannot fill the void. For example, the main obstacle to moving toward a regime of uniform controls over international corporations is that there is no international government. At the level of nation-state, regulations are imposed by passing laws in the legislatures. This mechanism is not available internationally, because the United Nations is not a world government. Nonetheless, the world seems to be withdrawing its faith in an unregulated

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capitalist market. Shivji (2006:198) discusses the relationship between trade and politics in the following way;

The state and the market are not opposites but complementary. They are two sides of the same coin. The state enables the market, it increases it, it protects it, and reinforces it...Trade cannot be divorced from politics nor can the market and the state run parallel or at loggerheads. Politics is concentrated economics just as economics reflects political decisions. Those who control economics control politics, and those who control politics make economic policies.

Power today rests with the International Financial Institutions (IFIs), namely the World Bank, International Monetary Fund (IMF) and World Trade Organization (WTO), and less with the United Nations. The UN, as a peacekeeper, depends upon the consensus of the great powers that are permanent members of the Security Council. In contrast, its economic policy is controlled by the General Assembly, in which each country has a vote; consequently, the poor countries dominate and for that reason, the rich countries have been unwilling to allow them claim much power. In this vein, the UN lacks the authority to regulate the global economic system. The World Bank, IMF and WTO are controlled by the rich countries. For example, it has been a tradition that the World Bank President comes from The United States of America and for the Director of the IMF to be appointed from European countries (Stiglitz, 2006). This shows how IFIs are under the control of European countries and the United States of America, while they are envisaged to support poor countries. As a result of such relationships, deliberately but subtly, IFIs are given more authority than the United Nations.

Globalization as a Social and Historical Process

Many scholars have associated globalization with the economy in terms of trade, investment, finance and technological advancement, which have created a state of international interconnectedness (Perraton, 2003; Soros, 2002; Bhalla, 1998; Thompson and Hirst, 2003; Sutcliffe and Glyn, 2003). But from a sociological and historical point of view, globalization is a process that encompasses not only economic aspects but other social aspects (Perraton, 2003:37-41). It has political and social aspects that have been shaped and are shaping politics, business, and societies. In this vein, the primary accumulation of wealth by European powers since the 15th century was part and parcel of the ongoing process of what today is known as

globalization. Thus, mercantilism, the slave trade and colonialism are stages in the development of capitalism (Marx and Engels, 1975; Giddens, 2006; Giddens 1993; Stiglitz, 2006; Amin, 2001: 7-11; Shivji, 2006a; 2006b; 2006c; Rugumamu, 2005).

International trade has a long history. It started at a point in time when there was a keen interest to accumulate capital by Europeans and that brought them to Africa and other areas of the global south. The arrival of Vasco da Gama in Africa and Christopher Columbus in Haiti, was among the earliest endeavors of international trade (Isbister, 2003: 71). Indeed, these contacts (in combination with other economic interests) led to the slave trade, the scramble for and partition of Africa, and consequently colonial occupation.

Changes at the International Level

From 1870 a new imperialism emerged, characterized by the dominance of finance capital, which gained more influence over public policy. For instance, colonization and colonial expansion was a result of the development of monopoly capitalism. This was undoubtedly part and parcel of what today is known as *globalization*. All these historical incidences were shaping the world's socio-economic and political situation. This is similar to the new wave of globalization, which has been responsible for changes in the economic and political cultures of indigenous peoples. At least after the Second World War and the emergence of the Cold War, international relations and trade were preoccupied with the political ideologies of the two super powers, namely the capitalist western bloc and the socialist eastern bloc, led by the United States of America and USSR respectively. After the fall of the Berlin Wall in 1989, the unification of West and East Germany in 1990, and consequently the end of the Cold War, a new era in world politics emerged (see Rugumamu, 2005). Led by President Putin, Russia joined the G7 in 1991. In 2001, China started negotiations to join the WTO, an organization which encompasses capitalist values and ideology. At the same time western countries, led by the USA, started to move into Chinese markets. Thus, the former enemies (especially ideologically) are getting closer and becoming the driving force for global trade.

These historical incidences were perceived differently by different people. Francis Fukuyama (1992) in his famous book *The End of History* celebrated the failure and the end of socialism and communism, while Samuel Huntington came out with his famous article '*The Clash of Civilizations*'. For many scholars, this process was apparent and indisputable. The world was

undergoing a fundamental change, first, politically and secondly economically. Various economic experts and journalists were of the opinion that this was the beginning of what is known as *globalization*. In fact, this was not the beginning of globalization. These were unprecedented historical events in world politics but they were within the ancient and ongoing process of the expansion of capital under the name of international trade and international politics.

Globalization has become the catchword of our time and has been influencing thinking and policy making as we enter the 21st century. Due to the difference experiences of different people in different places, within and between countries, we can hardly have a single and clear definition. At least the majority of us, no matter where we live, and despite which social status we belong to, agree that the process encompasses both a descriptive and prescriptive character, thus benefiting some while affecting others. As was the case earlier, the ideology of capitalism is based on an interest of maximizing profits. What has been changing as far as the capitalist mode of production is concerned, is the relationship between labour and capital in the production process and probably laissez-faire government policies.

The end of the cold war changed the political priorities of many countries in Africa, and some scholars, such as Huntington (1996: 20-40), argued that even the geography of international relations and politics changed, namely west and east, representing the capitalist and socialist blocs. It is within this context that Fukuyama was of the opinion that it is only capitalists (the west) who will prevail. According to him, of even more significance was when the leader of the socialist bloc (Russia) started to join western capitalist organizations such as the WTO and G7. Other recent examples are the expansion of NATO to include former socialist countries and the extension of the European Union (EU) to incorporate the eastern bloc (Poland, Hungary, and the Czech Republic).

Woodward (2003: 311-314) suggests that the debate on globalization has largely been conducted between two diametrically opposed schools of thought. First is the 'hyperglobalization thesis' which maintains that globalization has diffused power and authority away from the state to regional, global, and private actors. Second, is the sceptical view, the proponents of which accept that the world is becoming more integrated, but that these changes are superficial. Sceptics point out that the current level of interconnectedness is not unprecedented and therefore we cannot be said to

be living in an environment which is quite different from the past. Secondly, they argue that the evidence points not to globalization but to internationalization. This careful use of language infers that the majority of the world's political interactions continue to be between states, allowing them to argue that globalization is a myth, the state is unmolested, and that it should continue to form a primary focus for those engaged in the discipline of world politics.

In the following part of this article, an attempt is made to show how economic ideologies over decades have been changing Tanzanian political culture in terms of political ideologies, subjects, priorities, and practice. There is a subtle but significant relationship between the economy and politics, especially with respect to neoliberal ideologies and the globalization debate.

The Dialectical Relationship between Politics and Globalization

It is indisputable that, besides economic transformation, globalization involves changes in the social and political structures and the status of societies. Among others, Bhalla (1998) argues that politically, globalization entails the loss of national sovereignty. It is believed by opponents of globalization that in the global economy transnational, or global, corporations are becoming more powerful. The state is playing a lesser and different role in serving the business interests of the global corporations. Upholding this, Rugumamu (2005: 12) argued that:

It is important to emphasize that before World War II capital was largely national in character. Corporate interests, as national interests, were jealously guarded at home and abroad by such means as strong armies, tariff barriers, currency controls and citizenship. The two World Wars put an end to all this. The United States restructured the post-war world economy to reflect its own interests. ... The creation of the UN, the International Monetary Fund (IMF), the World Bank and the General Agreement on Tariffs and Trade (GATT) were intended to pre-empt further wars between core countries, and promote liberal democracy and decolonization, private property and to manage global economic liberalism.

The World Commission on the Social Dimension of Globalization, co-chaired by the former President of the United Republic of Tanzania Benjamin Mkapa and the President of the Republic of Finland Tarja Halonen, in their report titled *A Fair Globalization: Creating Opportunities for All*, admitted that 'the

economic policies adopted by countries in their respect for success in the global economy have often involved far-reaching liberalization of trade, investment and financial policies (ILO 2004). This has been associated with the collateral liberalization of the domestic economy involving privatization, a reduction in the role of state in economic management and regulation, and a general expansion in the role of the market. In the same context, Kiondo (1994:6) argues that:

...Politics cannot be divorced from economic interests and neither can economic interests exist free of politics... in western industrial countries the demarcation and relationship between 'the political' and economic interests are very clear... in developing societies, neither the line that divides 'the political' from the economic, nor the relationship between the two are clearly visible.

The view that globalization and politics are concomitant is based on the fact that political decisions (such as deregulation, privatization, and tax policies) on economic affairs have been paving the way for globalization (Peter-Martin & Schuhmann, 1996). For example, financial markets started to gain more economic power during the end of the 1970s, when European countries started to liberalize their financial markets, allowing capital to be transferred from one country to another. Another important aspect is the establishment and development of the World Economic Forum, whose stature increased tremendously in the 1980s and 1990s. This Forum has played a significant role in world economic and political affairs, depriving the United Nations of influence and power. With the establishment of the World Economic Forum a new political culture emerged, with politics no longer being left to politicians, bureaucrats and parliaments, but now the private sector represented by their Chief Executive Officers (CEOs) has a formal setting in which to influence and exchange ideas with political leaders on a global level. International relations priorities have changed from politics per se to economic issues and investments. Diplomacy is no longer an issue solely for embassies but multinational firms also engage in this activity. Since the 1980s the private sector has been more involved in development issues concerning poor countries, as well as economic strategies, as it has been engaged at the international level through such initiatives as the *Africa Growth And Opportunity Act (AGOA)*, passed by the American House of Congress to increase African accessibility to American markets, and the *Everything but not Arms* initiative of the European Community.

Peter-Martin and Schuhmann (1996) point out that deregulation was politically legitimized since parliaments and respective ministries were responsible for the regulation of the free market economy such as labour, tax, private property laws and privatization (see also Rugumamu, 2005). In connection with the above, Beck (1997) was of the opinion that globalization causes “a Brazilianization of labour market in Germany”. He compared the deterioration of employees’ status (security and income) to that of Brazil. People fear becoming unemployed and poor, which might lead to social upheavals, a fear that, when more people become poor, even democracy starts to deteriorate. Furthermore, it was pointed out in the German weekly newspaper *Der Spiegel* (The Mirror) that neoliberal policies have changed the German voters’ landscape. Many Social Democrat (SPD) voters were becoming discouraged with Gerhard Schroeder’s (the former German Chancellor) economic and social policies, such as employment, income, contributions to health care, unemployment and pension insurance. Since the unemployment rate kept on growing, insurance companies increased premiums to guard against unemployment because many people remained unemployed longer. Globalization for some economies has been synonymous with governmental deficits, an increase in the number of people who depend on government support (subsidies) and higher unemployment. This trend (particularly for Germany) was not common after the Second World War.

The dominance of neoliberal ideologies, multinational firms and International Financial Institutions led to the emergence of civil society organizations, both at the international and national level, which have been playing a ‘watchdog’ role. Not only that, it has been common in recent years that the meetings of the WTO, IMF and the World Bank have evoked mass protests wherever and whenever they are convened. This was evident in Seattle, Davos, and Washington (Stiglitz, 2006; Rugumamu, 2005). In addition, the civil society from Europe, the ‘European Social Forum’ joined those from the south to form the ‘World Social Forum’ as a counterpart to the World Economic Forum, where activists, local and international NGOs, and religious organizations meet to discuss issues concerning globalization, democracy, human rights and development. The World Social Forum (WSF) was established in 2001 in Porte Allerge, Brazil. The WSF was thought to provide an opportunity for progressives, activists, students, labour groups, grassroots movements, consumer and tenants’ organizations, and indigenous people to discuss and exchange ideas and experiences about the changes and challenges brought about by the neoliberal ideologies under the umbrella of

globalization. It views globalization, colonialism, and slavery as forms of the same socio-economic and political process, namely, imperialism. It is important at this point to argue that WSF and other civil society movements have been emerging as a public response to the consequences of imperialist expansion, which today is the buzzword known as globalization.

Political Hypocrisy as part of Globalization

If rich countries, especially those in the G7, which have a significant influence over the *Washington Consensus* propagated by the Bretton Woods Institutions (WB and IMF) really care about democracy and development in Africa, they would have supported genuine country-led processes rather than pushing reforms designed from outside. Moreover, the language of 'reforms' has too often been used to impose policies that African people didn't choose and don't want, such as privatizing services and opening up markets for the benefit of G7 investors. Such reforms have led some countries, like Tanzania, to enter into business contracts with the so-called investors which are exploitative in nature, such as that of the purchase of the radar and the concessions given in the mining sector.

At National Level

From the early 1960s when most African countries became independent, many of them, especially those of Sub-Saharan Africa, adopted a single-party system. In Tanzania, the private sector was very small and it was believed by the World Bank, IMF, and donors that private initiatives would not be sufficient to act as an engine for growth, to provide adequate marketing and distribution channels, or to act as an efficient allocator of resources. By the beginning of the 1980s, as a result of economic stagnation that started in the 1970s, the need for economic reforms in Africa became apparent. With the support of the so-called development partners, such as the World Bank, IMF and donor countries, African states began to undertake socio-economic reforms, commonly known as Structural Adjustment Programs (SAPs). As a result, Tanzania started its structural reform program and in 1986 accepted the IMF package of structural adjustment (Shivji, 1994). The government's main areas of adjustment included trade liberalization, a review of the tax structure, and banking and public sector reform. The main thrust of these reforms was the opening up of the economy and encouraging private initiatives to assume a leading role in accelerating economic growth and improving economic management. The government, in January 1992, first pronounced the parastatal sector reform policy. As a result, up until 2004, over 350 state-owned enterprises were privatized through outright sale, joint

ventures and lease as well as concession agreements. Out of them, 20 enterprises were sold 100 per cent to foreigners, and over 130 enterprises were sold to local investors (*Financial Times* 17/2/2004).

Economic reforms went hand-in-hand with political changes, namely the need to adopt a more democratic state by introducing a multi-party system and rule of law. Thus, democracy was simply equated with multi-partyism and less with people's ability and opportunity to fully participate in political affairs, such as public decision-making processes (Chachage, 2004; Mukandala, 1994; Shivji, 1994).

The political decision to liberalize and consequently privatize the state-owned companies, such as banks, tourist hotels, industries and mines, led to a new debate among Tanzanian politicians who felt that the legal contracts that the government had signed with mining firms were not drawn up to support the local economy but actually perpetuated exploitation. As a response, the fourth-phase government of Tanzania decided to review all mining contracts to protect the country's interests and ensure a win-win partnership between Tanzania and its investors.

The neoliberal ideology has not only been causing problems in Africa, as difficulties can be seen in Europe as well. For instance, the greed of multinational firms wanting to control the world market has led to an increase in the number of joint ventures, alliances and mergers among giant multinational firms, which has consequently led to mass unemployment among the rich western countries (Mishra, 1999). One of the consequences of such a decision from the private sector has been an increase in unemployment and a reduction in income. Within the European Community, mass lay-offs of workers occurred mainly in banks, insurance, airlines, and telecommunications (See Peter-Martin & Schumann, 1996: 145-151). As a result, more people were becoming vulnerable to poverty in central Europe. For instance, Peter-Martin and Schumann (1996: 215) pointed out that, up to 1996, more than 8 million people in Germany were living below the poverty line. In order to reduce production costs, many firms in Europe prefer to use cheap labour from outside, notably from former East European countries, thus, causing an influx of immigrants. Some European opposition parties have made these problems central themes of their election campaigns, especially during the end of the 1990s and early 2000s. The argument has been that foreigners, especially immigrants, exacerbated problems in European labour markets as well disrupting national social

welfare systems. The result has been a shift of political power from the democrats and conservatives to far right populist parties. This was the case (especially at the end of the 1990s and early 2000s) in countries like Austria, Denmark, Italy and the Netherlands.

Political Ideology and Globalization in Tanzania

Ideology provides a lens through which one sees the world, a set of beliefs that are held so firmly that one hardly needs empirical confirmation (Stiglitz, 2002: 222).

In connection to the above quote, Mukandala (1994: 55) suggested that 'every ideology is consequently a guide to practical action. It may of course be a good guide or a poor guide.' In this section an attempt is made to show how political ideology has been changing in Tanzania since independence, and how it has consequently been influencing the economic and development debates. Shivji (1994: 15) pointed out that 'three sets of policy which have been followed in Tanzania at one point or another may be identified. These are: modernization; statisation and liberalization.' A periodization of these policies would be something like this: modernization - late 1950s to 1960s; statisation - late 1970s to early 1980s and liberalization - the 1980s, particularly the second half, to the present. The modernization period implied an agrarian structure based on capitalist farmers firmly integrated in the world market whose linchpin would be the exploitation of the labour of the landless and poor peasantry. Statization is often linked to the Arusha Declaration and the nationalisations of banks, industries and insurance firms. Thus, it is characterized by a state monopoly in the purchase of peasant products. At the local level was the establishment of *ujamaa* villages as a focal point for agricultural productivity. It was thought that *ujamaa* villages, or socialism and self-reliance, would facilitate people-centred development. As Komba (1995: 36) argued, according to Nyerere, 'Africans by tradition had been socialist in the sense that their lives in extended-family settings were governed by three fundamental principles, namely, living together, working together and sharing equitably the fruits of their work.' The liberalisation process began in the first half of 1980s. In 1984, Tanzania paved the way for the *Washington Consensus* through the Structural Adjustment Policies (Shivji, 1994). I will deliberately end the discussion on liberalisation here, because it will be discussed in detail in the next section.

In the first half of the 1980s, Tanzania experienced its worst economic crisis since independence. After embarking on SAPs in the mid-1980s, Tanzania accepted the IMF Structural Adjustment Programme and contained social services and removed subsidies. This worked to undermine one of the two pillars of the *Ujamaa* ideology - welfare and equality. Under Mwinyi's second-phase government, the free market ideology under liberalisation began to gain momentum and started to guide the major economic policies of Tanzania.

The state was no longer seen as an agent of development. 'Privatization' and 'market' became the catch-words of liberalisation. The Parliament then passed a law permitting the setting up of private banks while the Investment Promotion Centre started wooing investors to come and invest in Tanzania. Shivji (1994: 29) holds that "*liberalization* literally means rehabilitating the former saboteurs, while making workers pay for education, water, health and medical care." Liberalisation, in this vein, occurs both in the economy and in politics.

The era of Mwalimu Julius K. Nyerere (1961-1985)

After independence, the first government under J.K. Nyerere had one major goal, namely, to build national unity and bring dignity and sovereignty to Tanzanians. Socio-economically, Mwalimu Nyerere believed that living together, working together, and sharing the produced wealth together were among the core prerequisites for national development. *Ujamaa* villages were thought to be a unit of community development. Nyerere, who was the architect of the Arusha Declaration, believed that equality and justice were the cornerstones of the development process. Thus, the introduction of the Arusha Declaration was aimed at creating a foundation for justice and equality among Tanzanians. Shivji (2006c) summarizes it in this way,

The vision of the Arusha Declaration was to build a society on equality, social justice and equity; a society where there is no exploitation of man by man and where everyone works; and a society where the major means of production are owned by the people through their state.

Thus, Nyerere believed that selective resettlement (*Ujamaa* villages) of Tanzanian citizens, especially the poor, in areas with good arable land would make it easy for the government to provide key socio-economic services, such as basic health care, clean water, education and the extension of

expertise for agricultural activities. It was a people-centred development that believed in people's capacity and knowledge to bring positive change. In other words, the ideology behind these endeavours was that people can develop themselves. But Nyerere did not deny the fact that people needed support to accelerate the process of development. The ideology of *Ujamaa* and self-reliance constructed a powerful critique and rejection of the existing social, economic, religious, administrative, political and cultural order (Mukandala, 1994).

Although the country's policy was self-reliance, the country became more aid-dependent after the Arusha Declaration. At home social services, such as health, education and water, were extended. Nonetheless, the economy grew at a moderate rate of 6.9% from 1966-1975. Investment stood between 15 and 20% while domestic savings financed 71% of investment during the 1966-1970 period. Thus, social indices, such as life expectancy, literacy rates, and infant mortality, showed reasonable improvement (Shivji, 2006c).

Mwinyi's Era (1985 to 1995)

From the early 1980s, it was apparent that the economy was in crisis. Politically, Tanzania started to experience a fundamental transition in political orientation from *Ujamaa* to neoliberalism (Shivji, 2006c). Consequently, in 1986, the second phase government signed an agreement with the IMF, and liberalized trade and financial regimes. At the same time, corruption increased and became more open. The second term of Mwinyi (1990-1995) was a period of rapid political reforms introduced in the wake of the formalization of the multi-party system. It was a period of rapid increase in the independent and private print media, which immediately provided a forum for discussions and debates. Between 1990 and 1992, some thirty newspapers were registered of which eighteen started publishing. By the end of 1994, there were more than forty registered newspapers, five television and four radio stations (Shivji, 2006c). Furthermore, this was a period which witnessed not only an increase in the number of foreign investors but also an increase in donor involvement in political affairs, such as donor sponsored workshops popularly referred to as the seminar 'industry'.

Another remarkable change was the mushrooming of NGOs and human rights groups. Thus, the second phase government initiated both political and economic reforms, which changed fundamentally the country's politics and economy. One of the indicators of ideological change was the themes and contents of CCM's election manifesto. Mukandala (1994: 60), for

instance, pointed out that 'the words 'socialism and self-reliance' were mentioned only twice in the opening and last parts of the 1990 election campaign manifesto of CCM. In contrast, those same words had been invoked thirteen times in the 1985 election manifesto. Relatedly, terms like *Ujamaa*, exploitation, anti-capitalist, and leadership code were rarely mentioned, both in the manifesto, and in the presidential and parliamentary campaigns.'

Tanzanian Politics and the Washington Consensus: the Zanzibar Resolution

The Zanzibar Resolution was a point of departure from the Arusha Declaration and the self-reliance policy in Tanzania. The resolution was a milestone in subsequent changes, politically and economically. Among other things, it led to adopting a neoliberal ideology propagated by proponents of the 'Anglo-American liberal model' or what is also known as 'laissez-faire' capitalism. As Mzee Mwinyi put it in a speech about the resolution: 'to every age its book', meaning that every time has its own guidance (Mwinyi, 1991).

In this vein, a completely different ideological approach to development emerged. Under Mwinyi the perception that people, with support, can develop themselves changed to the view that people need to be developed. Foreign Direct Investment (FDI), as propagated by neoliberal development consultants, became the 'panacea' of development problems. Neoliberal policies, from the middle of the 1980s, focused on the value of macro-economic stability in fighting the unfinished work of poverty. Market forces replaced local people's initiatives and knowledge in the development process.

Mkapa's Term (1995 to 2005)

The third-phase government under Mkapa concentrated on accelerating the process of privatization and taking care of the so-called economic fundamentals under the tutelage or the well known Washington Consensus ideology of the World Bank and IMF. This period was characterized by a consolidation of the macroeconomic statistics such as a steady growth rate, decline in inflation, and opening up money transfers.

Politically, Tanzania experienced a shift in foreign policy (from one of political liberation to one of economic diplomacy). For instance, since 2004, a new department in the Ministry of Foreign Affairs and International Cooperation has emerged, namely, 'The Department of Economic

Diplomacy'. This is a significant shift from political liberation, non-alignment (during the cold war) to economic liberation under neoliberalism. Indeed, the major aim of this economic diplomacy is to market Tanzania abroad with a view to attracting more FDI as well as promoting tourism and international trade (*Business Times*, 27 Oct-2 Nov, 2006).

All these endeavours to bring about neoliberal reforms were made not only in Tanzania but also in many other poor countries in order to attract more FDI. It is an indisputable fact that some economic indices have been improving, indicating economic growth. But the critique has been whether such economic growth translates into an improvement in the welfare of ordinary people. As Easterly (2001) suggests, we should not ask how much investment a country needs for development or what level of growth a country needs for development, because there is no such economic model that addresses that relationship. Despite the good news about economic performance, there has not been a trickle-down effect. The World Bank (2000: 3), in one of its publications titled *Poverty in an Age of Globalization*, pointed out that 'the share of the population in poverty has declined for developing countries as a whole. However, in spite of this broad-based progress, more than 40 developing countries with 400 million people have had negative or close to zero per capita income growth over the last thirty years. And this absolute number of poor have continued to increase in all regions except East Asia and the Middle East. Overall, despite impressive growth performance in many large developing countries, absolute poverty worldwide is still increasing.'

The Fourth-phase Government since 2005

It is too early to make any meaningful comments about the fourth-phase government. However, there are some aspects that can be noted in regard to ideology. Indeed, the fourth-phase government has continued to embrace FDI and to consolidate the private sector. Thus, the belief in neoliberalism still prevails. On the other hand, there has been an attempt to address some problems and difficulties confronting the public. The priorities of the government include a promise to combat corruption as well as to improve the welfare of ordinary people. This went hand-in-hand with the unfinished work of combating organized crime and armed robberies that have increased in recent years. Moreover, the idea to review contracts, especially in the mining sector, and the decision to change the ministry of Planning and Privatization to Planning and Empowerment revealed a new direction. As president Kikwete put it when presenting his cabinet, 'we have privatized

everything, thus, we do not need a ministry of privatization, instead there is a need to empower local people.' Of course, how far these initiatives, together with the ambition to improve the living standard of all Tanzanians, will become reality, only time will tell. But the fact that these aspects were addressed is a reflection of the government's direction and priority.

Conclusion

The debate on globalization has mainly focused on the assertion that it is a new phenomenon. In the same context, there has been a tendency to perceive it in economic terms, as an independent variable and treating other aspects of life as dependent variables, as if the other aspects of life have little to do with the development of globalization. As already discussed, globalization is not a new phenomenon, it is a long-term historical process. It is one of the stages within the development of the capitalist system. What has been changing is the way profits are generated and maximized. Another peculiar aspect of this phenomenon is the fact that the development of science and technology, especially in the sectors of transport, information and communication through the electronic revolution, has transformed production. Moreover, there is a subtle dialectical relationship between political ideologies and decisions, on the one hand, and the spread of the neoliberal ideology, which has led to the emergence of the globalization debate on the other. All over the world political decisions on things like deregulation, privatization, and tax reforms have been taken to favour FDI, and have been giving some multinational firms more power than nation states and their respective citizens.

The wave of privatization under the neoliberal ideology started during the 1990s and has resulted in a drastic increase in FDI in Tanzania. For instance, between 1990 and December 2003, the Tanzania Investment Centre approved 2,527 investment projects that created an estimated 497,539 jobs. Among those projects, 1,809 were new, and 718 were expansion and rehabilitation ones. Of these, 1,113 projects (44 per cent of the total) were locally owned, 609 (24 per cent) were foreign owned, and 805 (32 per cent) were joint ventures between local and foreign investors (Maliyamkono & Mason, 2006: 68). Statistically, some economic indices (GDP, inflation) have improved. For instance, GDP growth increased from 3.6 % in 1995 to 6.4 % in 2004, whereas inflation dropped from 27.4% in 1995 to 4.6% in 2004 (Maliyamkono & Mason, 2006: 78), Thus the interpretation has always been that the economy is growing. But looking at the human development indicators such as health

status (maternal death), life expectancy, and education, as well as accessibility and affordability of these basic services, one can note that these indicators have deteriorated. Maliyamkono & Mason (2006: 9-10), for instance, show that under the first-phase government, Tanzania abolished fees in state schools and built up an enviable reputation for comprehensive primary schooling. In 1979 93% of children of primary school age were enrolled in school. By 1995 this had fallen considerably, primarily as an indirect result of international loan conditionalities, and the net enrolment ratio was only a little over 66%. This was similar for health as the share of health in the national budget declined from 7.23 per cent in 1977/78 to 4.62 per cent in 1989/90. Furthermore, per capita spending on health declined by over a third between 1980s and 1986 (Lugalla, 2005: 245). This article has focused on how Tanzania's political ideology has changed over the last few decades, starting with *Ujamaa*, which focused on people-centred development, to neoliberalism. Since the second half of the 1980s, during the Mwinyi era, Tanzania's political ideology changed from the Arusha Declaration to the Zanzibar Resolution. The Mkapa era saw the continuation of the unfinished task of consolidating gains in macroeconomic statistics through privatization and strengthening the private sector. As we enter the Kikwete era, the government seems poised to continue to emphasize the role of the private sector through FDI in promoting economic growth and development. But the new government seems oriented toward addressing the importance of translating economic growth into an improvement in people's welfare.

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