

Politics and Politicisation of the Tanzania's Agricultural Marketing Co-operatives

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Abstract

This paper examines the significance politics and politisation of the agricultural co-operative the movement from 1961 to 1982. It critically examines the co-operative promotion policies and political decisions between 1962 and 1966 that provided for increased footprint and number of co-operatives achieved under top-down promotional approach. Finally a clampdown era spanned from 1967 to 1982 that was characterised by enlisting co-operatives in national development plans. It was followed by strangulating and amalgamating them based on political and administrative boundaries, eventually disbanded them in 1976 and their reinstatement in 1982.

Keywords: Tanzania, co-operatives, politicisation, ujamaa

1.1 Introduction

In the years following the end Second World War there was impressive growth and development of co-operative movement in Tanzania. This development was prompted by having a facilitative policy that resulted in the expansion in the cash crop producing areas as a result of intensified involvement of marketing boards support that also had an effect in the growth of co-operatives in Kilimanjaro, Bukoba, the WCGA and Southern Province (Mbeya, and Iringa) and Southern (Ruvuma region) but also regional inequality emerged as shown in table 1 below;

Table 1: Geographical Distribution of Co-operative Societies in 1959 and 1960

s/n	Provinces	Total
1	Northern	61
2	Southern	33
3	Southern highlands	59
4	West Lake	79
5	Lake	341
6	Tanga	8
7	Eastern	34
8	Western	1
9	Central	1
Total		617

Source: Annual Report on Co-operative Development 1959, Dar Es Salaam, 1960

1.2 Motivation behind promotion of co-operatives

When Tanzania attained independence in December 1961 under TANU inherited the economy governed by capitalist policies that led to growing social inequality in both rural and urban areas. As new independent state, Tanzania government leadership found itself facing not only economic as well as political.

The political challenge was posed by numerous political parties some with territorial coverage such as the United Tanganyika Party (UTP), African National Congress (ANC). More political parties were formed between 1962 and 1963 such as Peoples' Convention Party (PCP) and People's Democratic Party (PDP). Whereas others were religious based such as the All Muslim National Union of Tanganyika (AMNUT) and People's Conversion Party led by Christians² and there were some which were confined within ethnic/tribal affiliation such as the Chagga Democratic Party among the WaChagga of Kilimanjaro³ the Hehe Democratic Party among the Wahehe of Iriga⁴ and Kianja Labour Association which was confined to Kianja in Bukoba district.⁵

Such development reflected development of democracy but also the opposition to the ruling party, Tanganyika African National Union (TANU). However, this was a challenge to TANU in unifying a country

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² Frieder Ludwig; Church and State in Tanzania: Aspects of Changing Relationship, 1961 – 1964. (Leiden: Brill,1999), p.66.

³ Kathleen M. Stahl, The Chagga in P.H. Gullier (ed); Tradition and Transition in East Africa: Studies of the Tribal Factor (London: Routledge, 1969), p. 219.

⁴ Frieder Ludwig; Church and State in Tanzania: Aspects of Changing Relationship, 1961 – 1964. (Leiden: Brill,1999), p.66.

⁵ Göran Hydén, *Uncaptured Peasantry*. (Berkeley: University of California. Press, 1980), p. 84

characterized by opposition political parties, independent Members of Parliament and Councilors who had diversified policies, religious and tribal interests also ethnic groups amounting to over 120; all too fragile or delicate to handle also a threat to national unity if poorly handled.

To achieve a national unity a legal steps were taken which had political implications. Such measures involved such legislation as the African Chief (Repeal) Act No. 13 of 1963 that brought the indirect rule, a chief-based administrative system introduced in 1926 and the Native Authority to an end. The system was replaced by elected district councils. Also the Chiefs (Abolition of Office: Consequential Provisions) Act, 1963 made illegal for former chiefs to reclaim or challenge their lost position and a number of them were absorbed as civil servants with ambassadorial positions. Such reforms were designed to stamp out chiefs who oppose the ruling party TANU before and after independence. In so doing it provided for centralisation political power under TANU. This was also a significant step in stamping out tribalism that posed a threat to national unity.

Nevertheless, the abolition of the NA created a vacuum in regard to implementation of rural development; this provided a need for promotion of the co-operatives and district councils to take over such function. The idea to promote mass co-operative societies across the country had both political agenda. The political agenda was linked to an idea to utilize co-operatives as a tool to unify the Tanzanians under the co-operatives which was not tainted owing to restriction imposed by the colonial authority from having them engaged in politics. To achieve a national unity required the direct government and the ruling party TANU (CCM from 1977) engaged a policy move by adoption some of potential co-operative movement leaders into Ministerial positions. Such leaders were George Kahama from the BCU (Home Affairs Ministry), Paul Bomani from the VFCUs (Agriculture), Asanterabi Zaphaniah Silo Swai from Meru Co-operative Union (Commerce and Industries), and Jeremiah Christina Kasambala from Rugwe Co-operative Union (Transport and Buildings, under reshuffle he became Minister for Co-operative and Community development). Such adoption created a sense of recognition and trust across the co-operative movement that any attempt on becoming a political party or the government's opponent was weakened. Also the movement found itself fall under control by the government that was achieved through the formation and registration the apex co-operative body the Co-operative Union of Tanganyika (CUT) in 1962. Under the CUT all regional co-operative unions were brought together under its umbrella sponsored by the government and was incorporated into ruling party machinery.

The economic agenda was also primary revolving around an attempt by the government to improve the livelihoods of rural communities but, basically the intention was to promote cash crop production and to control crop marketing. It has to be noted that the only asset that was at the disposal of Tanzanians was the co-operative movement. The government vowed to effectively utilize them which signified an important policy commitment and a continuity of the post-war co-operative renaissance era. The inherited co-operative movement footprint was limited to some regions and non-existent in most of them. This in itself was viewed as part of the economic inequality that the government had to address through promotion of co-operatives across the country.

The government preference the agricultural co-operatives was because they were rural based and thus, were considered most suitable institutions to facilitate and executing the government's rural development policies. This was based on the fact that it would be a daunting task for the government to administer projects by targeting individuals who are not organized in groups, mainly co-operatives for projects and services that designed for raising production and productivity in agriculture.

In this respect the established co-operatives were charged to handle consumer goods businesses and broaden their function to include food crops (grain – maize, rice), livestock, cashew nut, oil seed, honey, timber and sisal formerly handled by private traders mainly Asians. Entry into most of crop marketing was facilitated under the NAPB. Additionally, the attempt towards this direction was justified by other aspects. One of them was Africanisation of the economy owing to the fact that it was under control of the foreigners mostly Asians who had enterprising knowledge and skills. They had overwhelmingly vigour in crop marketing. Unlike Africans they were advantageous acting as middlemen between crop exporters and African producers and some of them were owners or managers of exporting companies.

The attempts were made to replace private buyers in agricultural produce marketing. This was implemented by having the government controlled agencies and co-operative organizations have monopoly in geared towards control over export earnings. This was realized by strengthening powers of the marketing boards some of which inherited from the colonial power with the African Agricultural (Control and Marketing) Ordinance, No. 5 of 1949 being amended and renamed National Agricultural Products (Control and Marketing Act) No. 56 which was passed in of 1962 and amended as Act No. 13 of 1962. The Act provided for promotion of the co-operatives which were vested with monopoly power on agricultural produce partly to suffocate the middlemen of whom being non Tanzanians.

Such racial motivation was demonstrated by the post-colonial government by setting up co-operatives not in every part of the country but entirely on every sector ranging from credit, industrial, the Co-operative Supply Association of Tanganyika (COSATA) formed in 1962 as a wholesaler and supplier of consumer co-

operative societies,¹ transport which were traditionally under the control of Asians.² At the same time, the Tanzania government asked for assistance from Nordic governments (Denmark, Finland, Norway and Sweden) as well other Swedish and other Nordic co-operative organizations on the ground of their rich experience, and technical know-how to provide technical assistance specifically in consumer co-operatives. The political factors were considered in forging partnership by both parties. For example, the Nordic countries never had colonies in Africa or anywhere else and they remained neutral to during the cold war era with no attachment to either Socialist or Capitalist bloc and Tanzania pursued non-alignment foreign policy.

1.3 The significance politics and politisation of the movement

The drive towards the direction was dominated by intensive government participation in promoting co-operatives. Many politicians and government officials were deployed in rural areas where they encouraged growers to set up co-operatives in public meetings. But the challenge in accomplishing the objective was co-operative legislation that provided for registration of societies with limited liability with such assessment made by the Registrar. In a move to facilitate and simplified registration the government embarked upon a political move in amending the 1932 Co-operative Ordinance in November 1962.³ This was the first new post-colonial law governing the registration of societies. The amendment stripped the Registrar of powers to register societies. This was viewed necessary since the Registrar had powers to register and reject an application of the co-operative societies; such powers it was considered could retard the government commitment.

To enhance the commitment such powers were vested in the Minister responsible for the co-operatives who was granted political powers to register societies regardless of their status and economic viability. Against this backdrop, the ordinance undermined the ICA procedures and marked a shift from the inherited society registration procedures. Since the Minister approved societies the key role of the Registrar was reduced to record keeping for registered societies and membership.

Given the desire of the politicians to have the co-operatives across the country, the whole mobilisation exercise was through top-down approach and communities were given no chance to accumulate interest for spontaneous development of their own societies to serve their interests. In this, there was disregard for members' voluntarism and need as the basis for forming new co-operatives. It was envisaged transplanting was a suitable approach and a success of such initiatives required deliberate political efforts. This was a crash programme and hastily prepared since did not adhere to certain basic aspects. At Independence TANU regarded the co-operatives as suitable rural institutions that would facilitate economic independence. Against this view, it was considered that Africans would have control of the economy that for many years was under the control of the expatriates.⁴

Such enthusiasm forced the Co-operative Development Department to play a predominant role in initiating and implementing co-operative programmes because of the belief that co-operative members could not do without government intervention, hence top-down or transplanting approach dominated the whole exercise in promoting and registration of the societies on one hand. However, a source of such difficulty or confusion was embedded on a lack of knowledge and experience on co-operation among the members involved in the 'campaigns' as those from developed co-operative movement areas were hardly part of the team on the other. Additionally, the key stakeholder, growers were not given a chance to digest, decide and make a choice; also they had to be passive and accept organisations imposed on them from above which were not for their interest but for government's political interests.

The expansion of societies also demonstrated the supremacy of the government and politicians which was yet another step away from ICA principles whereby, co-operatives should be formed by the members to address their desired needs. Basically, this was yet another government policy that undermined the opportunity for the growth and development of a genuine co-operative movement owing to the fact that co-operative movement was new and unknown not only to prospective members but also to government officials and politicians that is why the government and politician intervention was contrary to internationally accepted principles and values and they failed to accommodate traditional co-operatives business model that is guided by democracy, voluntariness, freedom, equality and social responsibility.

Nevertheless, the political point of view was undisputed which envisaged transplanting was a suitable approach and a success of such initiatives required deliberate political efforts. It should be noted that the significance of the cash crop economy during the colonial era which was inherited after independence that

¹ URT, Annual Report on Co-operative Development. ((Dar Es Salaam:Government Printers, 1964), p.20.

² Muungano wa Vyama vya Ushirika. *Ushirika Wetu*. (CUT: Dar E Salaam, 1977),p.55

³ Under the Co-operative Societies Ordinance (Amendment) Act, No. 72 of 1962, Cap. 211 the amendments were made in sections 37, 49, 50, 55, of by deleting a word registrar" and substituting therefor the word 'Minister'. Section 45 of the Ordinance is hereby amended by deleting the words 'Governor in Council' wherever they appear therein except where they form part of the expression 'Governor in council of Ministers and substituted therefor in each case the word 'Minister'.

⁴ URT: Report of the Presidential Committee of Enquiry into co-operative movement and marketing Boards. (Dar Es Salaam: Government Printer, 1966), p.5.

rendered the country to be dependent on it for export earnings. To sustain such development promotion of the agricultural co-operatives was unavoidable aspect. As a result of political efforts the process led to a burgeoning of the co-operative movement across the country is summarised in table 3b below;

Table 2: Distribution of Co-operatives in 1965 in Regions¹

Region	Unions	Societies	Type of produce
Arusha	2	14	Coffee (Arabica), pyrethrum, maize
Dodoma	1	53	Oil seeds, maize, paddy
Coast	1	10	Seed cotton, cashew nut, oil seeds, paddy
Iringa	2	40	Coffee (Arabica), Maize, and pyrethrum
Kilimanjaro	5	84	Coffee (Arabica), Maize, and seed cotton
Kigoma	1	13	Coffee, paddy, seed cotton and mixed produce
Mara	4	85	Coffee, Maize, millet, Ghee, rice/paddy, sisal and seed cotton
Mbeya	4	59	Coffee (Arabica), oil seed, cashew nut, Maize, rice/paddy, and mixed produce
Morogoro	3	37	Coffee (Arabica and Robusta), Maize, rice/paddy, oil seed, and mixed produce
Mtwara	1	98	Cashew nuts, oil seeds, maize paddy, and mixed produce
Mwanza	12	261	seed cotton, sisal and rice/paddy
Ruvuma	2	35	Coffee (Arabica), tobacco, oil seed, maize and mixed produce
Singida	1	20	oil seed, maize, paddy, honey and cotton
Shinyanga	6	161	seed cotton, sisal and rice/paddy, cattle and goats
Tanga	2	18	Copra, maize, Seed cotton, timber, oil seed wattle park, cashew nut, mixed produce
Tabora	2	73	Seed cotton, maize, paddy and mixed produce
West Lake (Kagera)	2	87	Coffee (Arabica and Robusta) and mixed produce

Source: URT: Annual Report on Co-Operative Development; (Dar Es Salaam: Government Printer, 1965), pp.36 – 37.

Table 2 above shows a number of agriculture marketing co-operative societies, both primary and unions for each region in the country by 1965. It also indicates types of crops that they were handling which was a priority of the post-colonial government. The table also provides an evidence that co-operative movement footprint has grown so much to cover the whole country unlike in 1960. The policy objective was to increase control and crop marketing under the National Agricultural Production Board (NAPB)² that was set up in 1963 and provision of the colonial Co-operative Societies Ordinance section 36 (Part 1) so as to achieve to be able to;

- Increase the tax revenue of Tanganyika so that the unavoidable governmental and development expenditures can be more satisfactorily covered by the state itself;
- create additional possibilities for industrial processing of agricultural products; and
- increase the market possibilities for the consumer industry by strengthening the buying power of the production, i.e. of rural families.

In accordance to expansion policy the co-operative unions were also encouraged by the government (see table 3 below). These Unions and those formed before independence were assigned by the government a number of functions such as distribution and control of agriculture credit to societies ultimately to growers.³ The new Unions are;

¹ Regions are new political administrative area that replaced Provinces in 1962

² Repealed the African Agricultural Products Control and Marketing ordinance No. 5 of 1949 and was abolished in 1973 and replaced by crop authorities

³ URT: Annual Report on Co-operative Development for Tanganyika. (Dar Es Salaam: Government Printer, 1965), p. 1.

Table 3: The Co-operative Unions Registered after Independence

Union	Region	Year
Njombe	Iringa	June 1962
Mbeya	Mbeya	April 1963
Tarime	Mara	June 1963
Ulanga	Morogoro	October 1963
Mtwara	Mtwara	December 1963
Kilosa	Morogoro	February 1964
Singida	Singida	July 1964
Tanga	Tanga	July 1964
Kigoma	Kigoma	February 1965
Nguvumali	Tabora	June 1965
Igokelo	Kagera	1965 ¹
Tunduru	Ruvuma	June 1965

Source: Muungano wa Vyama vya Ushirika Tanganyika (Dar Es Salaam: CUT, 1977), p.51

Table 3 above shows a list of ‘new’ co-operative Unions that were set up after independence in regions and districts which did not exist during the colonial era. It is evident from the table that there were no additional Unions in Bukoba, Kilimanjaro and WCGA as they were already saturated. A focus therefore had to be in other locations where there was a lack of or limited number of Unions. Two Unions were set up in Morogoro region (part of formerly Eastern Province). Two Unions were set up in Iringa and Mbeya which were part of Southern Highland Province. Three Unions in Mtwara and Ruvuma regions and Tunduru district in the then Southern Province. Two were also set up in Kigoma and Tabora regions in the then district of Western Province. Also, one in Singida regions in the then district in Central Province and Tarime district in Mara region in the then Lake Province.

The expansion of societies also demonstrated the supremacy of the government and politicians which was yet another step away from ICA principles whereby, co-operatives should be formed by the members to address their desired needs. A top down approach was evident since registration of co-operatives which did not reflect the members’ desired need in which the Co-operative Development Department and politicians played a dominant role in initiating the co-operatives because of the belief that co-operative members could not do so on their own.

The rate of growth of the movement did not in any way correspond to the rate of growth of the departmental staff and availability of staff to serve societies. In 1960 there were only 157 co-operatives officers employed by the government who were responsible for providing technical support to 691 societies. Most of them were in a few regions/provinces where the co-operatives were active; whilst in 1966 there were only 331 serving 1616 societies that had grown like weeds for co-operative officers to provide effective guide. It was also provided that, out of the 331 co-operative officers, only 137 were fully trained and the rest were apprentices. Consequently, a lack of supervision meant that dishonest persons found it only too easy to steal from new societies.²

Technical judgement in handling mass co-operative societies suggests that officers were under pressure to serve newly established societies even to provide assistance to enable them to make sound decisions and manage cooperatives. Financial resources had to be overstretched and it is obvious that it was too demanding to produce and develop a healthy new movement. So the old societies were affected by a lack of attention. Lack of professional support from the Co-operative Department led to critical inefficiency among newly introduced organisations; the ‘old’ organisations that comprised of the primary and secondary societies were also affected as they experienced decreased efficiency.

1.4 Engagement of co-operatives in the national development plans

The government’s First Five-Year Development Plan (1964 – 1969) clearly stipulated that the entire marketing of export crops produced by African peasants would be handled by the co-operatives by 1970.³ Such policy direction same as consumer co-operatives was geared to curtail the Asians from control of the agricultural marketing as well as the retail and whole trade. The Asians were targeted for their failure to support Tanganyika struggle for independence and their control of trade was viewed as a factor that undermined Africans commercial prosperity and hostility for lack of readiness to accommodate Africans in their businesses.⁴

¹ URT., Annual Report on Co-operative Development. (Dar Es Salaam: Government Printer, 1965), p.22.

² Nyerere, J.K *Tanzania: Ten Years after Independence*. (Dar Es Salaam, Government Printer, 1971): p.10.

³ URT., First Five-Year Plan for Economic and Social Development (1964-1969), Vol. I. (Dar es Salaam: Government Printer, 1964), p. 41.

⁴ URT., Report of the Presidential Special Committee into Co-operatives and Marketing Boards. (Dar Es Salaam: Government

This clearly presented the deliberate political determination in undermining and suffocating as well as controlling private sector which was embedded in the First Five-year Plan¹ marked a beginning of the political shift away from capitalism towards socialism unveiled under the Arusha Declaration in February 5th 1967² in which the major means of production and exchange were extensively nationalised and placed under the control of the workers and peasants through the government and co-operatives. Thus the movement became an integral part in the control of all the major means of production and exchange. It was argued that;

...to build and maintain socialism it was essential that all the major means of production and exchange in the nation were controlled and owned by peasants through the machinery of their government and their co-operatives.³

Under such policy direction the government envisaged co-operatives embracing businesses beyond marketing and it provided protection by awarding them monopoly against competition from private sector. In this respect, the secondary societies became multipurpose whereby new business ventures in addition to serving affiliated primary societies like wholesale and transport, hotel services, tractor services and crop cultivation were established. To facilitate this function, the government facilitated with land and plantations, this was the case with the KNCU which was given nationalized coffee plantations. The VFCU was provided tractors to enhance cotton plantations and block farms was also established by the government for rice production. The BCU was assigned a new tea farming projects. At this juncture the economy of the country was under state capitalism with co-operative movement acting as one of the key players.

However, implementation of the co-operative development policy during the First Five-Year Plan lacked a sense of generating competitiveness as it focused on cutting out the middlemen, in most cases Asian traders. The government drive to root out Asian traders was anchored upon reorganisation of the co-operatives into performing multipurpose functions to include those under Asian business spheres. This policy direction which was politically motivated had enormous ramification to societies as it led to disruption plans that were in place that affected their performance and progress. It also overburdened their managerial and financial capacity in addition to poor performance because of lack of knowledge and experiences to execute some of the business. Within the implementation of the First Five-Year Development Plan, the Presidential Special Committee of Enquiry into the Co-operatives Movement and Marketing Boards was appointed in 1966 amid complaints from growers and co-operative members of terms of payments on their produce. The Committee was given the following terms of reference:

...to review the staffing and, where necessary, the organisational structure of the co-operative movement and Marketing Boards in order to recommend what steps should be taken to strengthen them for the maximum benefit of producers and consumers alike.

The 1966 Commission of Enquiry recommended strengthening of the Co-operative Unions and in January 1968 the VFCUs was dismantled (see chapter 6 for further details). Under the 1968 Act section 73 the Unions were compelled to amalgamate into the regional co-operative unions and their area of operation should be within regional administrative boundaries. In this effect, the co-operative unions assumed regional boundaries. All these were carried out without the consent of the members. In implementing this order the authority considered regional administrative boundaries as a primary factor and totally neglected key aspects such as business risks and prospects, and importantly, members' interest and commitment for an idea.

To this effect, the government strengthened the administrative apparatus responsible for co-operation, adjusted the co-operative legislation to fit the new strategy, and became subject to strictly political and ideological imperatives under the Government Paper No.4 of 1967 that provided a new policy direction that the movement should embark upon. The policy emphasised for the creation of multi-purpose co-operative societies. All in all, the marketing was retained as the backbone of the movement. It was envisaged that for effective utilisation and profit realization co-operative movement had to diversify their businesses to include marketing food crops, processing plants and agriculture production so that they become multi-purpose co-operatives.⁴ This signified a shift of emphasis by having co-operatives to undertake new businesses were in addition to serving affiliated primary societies that enormously disrupted and restarted their plans, performance and progress. It overburdened their managerial and financial capacity apart from a lack of knowledge to execute some of the business. For example, in an attempt to comply with government policy it had to engage in new business ventures that required financial resources; at the same time new ventures required knowledge and skills that societies lacked.

Fourthly, the post-Arusha Declaration especially the Second Five Year Development Plan (1969 – 1974)

Printers, 1966), pp.41 - 52

¹URT., First Five-Year Plan for Economic and Social Development (1964-1969), Vol. I. (Dar es Salaam: Government Printer, 1964), p. 43.

² Julius Nyerere, Ujamaa: Essays on Socialism. (Dar es Salaam: Oxford University Press, 1968), pp.13-37.

³Nyerere, J.K. Freedom and Socialism. (DUP: Dar es Salaam, 1968), pp.233 - 234

⁴ URT, Second Five Year Development Plan, (Dar Es Salaam: Government Printer, 1969), p.31 - 32

supposedly revolved on the ArD policy led to a significant adjustment of the ICA co-operation pattern supposedly to be more appropriate and specific to the national context and by enlisting them to suit in country's ideological orientation. The salient feature of the co-operative policy was that, the movement was perceived as key instrument for the implementation of socialist policy as well as rural development. It was held that they were promoted by governments as an integral part of socialist/Ujamaa policy. On the other hand, Nyerere asserted that Government is active for two reasons. First, because it strongly believed that it was only through co-operatives that it could help the people defend themselves against exploitation at the same time as achieving modernisation.

The co-operatives were considered and expected to fully participate in building a socialist society in rural areas where they had a strong base among growers. The movement was considered since it was the only institution with a rural stronghold and had thousands of members to whom socialist/ujamaa ideals could be passed. It was argued by the government that;

There was no other type of organisation which was so suited to the problem and concept of rural development...it would be impossible for government's administrative machinery to deal with individuals requiring government assistance and services, including credit for raising production and productivity. Without the use of co-operatives, the number of people wanting government help would make dissemination of government services and assistance financially very expensive and administratively almost impossible.¹

A further shift was embodied in a policy document the Socialism and Rural Development (*Ujamaa na Maendeleo Vijinini*) in September, 1967 which unveiled to address social and economic inequality in rural areas and bringing to an end exploitation of man by man. The policy was a framework for rural and national development that was further underlined in the Second Five Year Development Plan (1969-74) and the Presidential Circular No. 1 of 1969 that stressed the importance of rural transformation under² the *ujamaa* villages which was a government's priority. The paper placed more emphasis on the role of co-operatives in building *Ujamaa*. Under this socialist policy the agricultural marketing co-operatives were integral part in building and maintaining socialism. They were an integral part in the control of all the major means of production and exchange. Thus, the country was transformed into a nation of peasants and workers;

..to build and maintain socialism it was essential that all the major means of production and exchange in the nation were controlled and owned by peasants through the machinery of their government and their co-operatives.³

It was during this period that the specific approach that Tanzania adjusted the colonial model pattern of co-operation which was supposedly more appropriate in the specific national context which was a shift away from such traditional ICA principles characterised by intensification of Government's involvement in co-operative development. The salient feature of the co-operative policy is that, the movement was perceived as a key instrument for the implementation of socialist policy as well as rural development. This was a shift away from having co-operatives to save the interest of its members to save broad national development plans and ideological interests.

The basis for promotion of co-operatives was that they in theory and practice are an integral part of socialism which was to promote the welfare of the poor. Since the Tanzania development policy was anchored upon *ujamaa* the involvement of the government was justified. On the other hand Nyerere asserted that Government is active was strongly held that it was through them that growers could defend themselves against exploitation at the same time as achieving modernisation. This reinforced further the Government Paper No.4 of 1967 which stated that;

"there was no other type of organisation (than co-operatives) which was so suited to the problems and concept of rural development ... The reutilization of the co-operative movement in Tanzania was therefore vital to any programme of rural development. It was also emphasised that a co-operative society was basically a socialist institution and a considerable strength for the growth of socialism. This underlined a push by the government of the co-operatives core orientation from their original crop marketing purpose to concentration on serving the party's *Ujamaa* ideological objectives.⁴

1.5 Strangulation Disband of co-operatives

To realize rural development and eventually socialism the villages had a role to play. It was therefore envisaged that villagers in nucleated settlements would be working communally in a co-operative farms. Such policy was embedded in Arusha Declaration, the Second Five Year Development Plan; also the Socialism and Rural

¹URT (1967): Paper No 4. 1967

² Presidential Circular No. 1 of 1969, The Development of *Ujamaa* Villages, State House, Dar Es Salaam, March 20th 1969, (Mimeo), p.3.

³Nyerere, J.K. (1968): Freedom and Socialism. DUP: Dar es Salaam, pp.233 - 234

⁴Nyerere, J.K. (1968): *Freedom and Socialism*. (DUP: Dar es Salaam), p. 67 and 352

Development (*Ujamaa na Maendeleo Vijinini*) and the Presidential Circular No. 1 of 1969.

The rural community was expected to voluntarily settle in planned villages and embark upon economic projects communally. However, villagers were reluctant. This prompted a compulsion instituted by the government from November 1973 with fixed deadlines. As a result all rural population in the country was moved to designated settlements by end of 1976.

Before the completion of moving the people in new locations the village and Ujamaa villages Act of 1975 was passed to provide legality to all newly established settlements. Significantly, collective production was emphasized in which a village had to function as a production unit eventually it marked the commencement of co-operative production that the ICA's co-operative model failed to achieve.

The Act was a milestone that backed the government policy reorganisation of the co-operative movement. The Act rendered previous co-operative legislation redundant as primary co-operative societies that were a dominant feature in villages had to be replaced by village which with that were recognized as co-operative entities responsible for and acted as sub-agent of marketing boards charged with multi-purpose functions (marketing or collection of crops input distribution).

Practically, the effect of the Act was to by-pass and eventually makes the primary co-operative societies and the regional co-operative unions redundant as it provided the villages opportunity to buy crops from producers and market their produce directly to the statutory crop authorities on the one hand and denied the primary co-operative societies to do so. The village as a lowest level in the government's hierarchical structure appeared unlike co-operatives more suitable to be incorporated in both political control of the rural community and engaged in supervision of crop production as well as marketing.

Against this background, the regional co-operative unions could no longer have access to crops that they had been buying and selling for years. This was also an indication of declining government interest in the traditional model of co-operative for both as an agents of change as well as for political purposes. This because the Act designated villages as agents and basic crop collection points for crop authorities for Coffee, Cotton (formerly referred as the marketing boards) also newly formed institutions such as National Milling Corporation (NMC), General Agricultural Export Company (GAPEX) all created in 1973 with vested much wider vertical responsibilities for production, development, and marketing of the crops. The accommodation of such trading pattern was implementation of the recommendation put forward by the Presidential Commission of Enquiry on Co-operative and Boards in 1966. Under the new marketing arrangement the primary co-operative societies and Unions were made redundant.

However, the co-operatives raised concerns over the engagement of crop authorities in crop marketing. This was viewed by the movement as disruptive. As a result, in the 1975 the government appointed a Massomo Committee mainly to address impending challenges. The Commission was also charged with a task to identify ideal economic plans and economic viability of all co-operative unions and recommend for deregistration of uneconomic viable unions. The Committee recommended deregistration of four unions and strengthening of 16 of them to attain for economic viability.¹ However, the government shelved Masomo recommendations; instead, the co-operatives were dissolved in May 15th 1976. This was unfortunate moment for co-operatives which managed to be the most advanced in Africa. This was when ground work for commodity boards which were converted into crop authorities; and it was when setting up villages and legalised them to undertake crop marketing function was completed. All these was strategically timely and manipulated to ensure that growers were not affected by handing over all co-operative functions to crop authorities which were empowered to buy produce directly from the peasant.

Dissolving of the movement was however, a shock to growers as the agencies were imposed on them were not their choice but only to dictate government's terms. This marked a beginning of villages and entire rural community to come under direct control of the government through its parastatals. This could be described as a political decision that culminated the move towards nationalization of major means of economy of which the agriculture sector was finally placed under the government socialist-planned and controlled economy. With such background, when the government introduces socialistic co-operatives at the village level, the socialization of the means of production, detached the farmer from his or her assets and make them more public. Farmers are separated from their property in a new co-operative arrangement at the expense of household private capital accumulation. This pattern of capital accumulation at the local household level creates apathy and low level commitment to the new village co-operative. In this way, state mobilization could not produce genuine membership and genuine co-operative organizations in Tanzania.

Under new marketing arrangements the peasants were subjected to cheating and in most cases growers or their payments were delayed. In response, passive resistance was wide spread among coffee growers who uprooted coffee trees to plant other crops. Some of them who had capital diverted their production activities to

¹ Cited in URT., Report on the special presidential committee on reviving, strengthening and developing the co-operatives in Tanzania, (Dar Es Salaam; Government Printer, 2005), p.11

other crops such as fruits and vegetables so that they could earn income and maintain their livelihood. Those who had no capital and depended were exposed to financial difficulties to manage their coffee farming as they could not afford agricultural inputs. As a result cash crops decline among the growers was evident. This was a serious setback to agriculture dependent country in generating foreign revenue. As a result of this downward trend institutional changes have had to be made, and in 1982 the co-operative were to be reintroduced.

There were other factors that prompted the government to take such decision; for example with wake of the 1973 oil crisis and drought in the early 1970s Tanzania experienced economic crisis. Other factors were, declining price for agricultural products in the international markets and worsened terms of trade¹ which had far reaching effect on its balance of payments. Government control over the entire economy was thought could salvage it from the crisis for example, dissolution of the co-operatives was a stepping stone towards access and control of levy accrued by the co-operatives for every kilogram sold by every growers in the country. It should be realized that the government's decision to dissolve the agricultural marketing co-operatives whereas the consumer, industrial and savings and credit co-operatives were not affected. However, the government economic crisis should not be justification for exposing the growers into subjugation.

Such decision had a serious impact as growers were left without an institutional arrangement or forum where they could meet, discuss and decide on the fate of their general welfare. Understandably, such functions were handed over to the village government and were expected presumably to operate as Kibbutz. But, the village leadership in this respect paid more attention on matters of the ruling party's interests than those of the co-operatives. To this effect, issues regarding co-operatives were neglected by the leadership. Thus, the village as a co-operative or kibbutz concept failed to nurture from the onset as they were more geared for political ends managed by ruling party branch leaders who lacked skills, training and knowledge of the co-operative business.

There were also neither legal mechanisms nor by-laws that provided for managing village co-operative business. The only guidance available was based on the village's party branch powers, functions structure that had nothing to do with the co-operative. The government did not take an interest in considering utilizing competence on matters regarding co-operative management which could be offered by ousted staff and committees into village government. Under this circumstance, the co-operative model was shredded, crippled and became meaningless and was paid lip service by the ruling party. In a worse degree, the co-operative was used to demonstrate draconian political approach in suppressing growers' interests in accordance to co-operative principles.

Such transformation was against the original Rochdale co-operative philosophy and model towards a new co-operative model under which a village had to reorganise into a multi-purpose producer co-operative society responsible for agricultural production and marketing. Such societies established under the legislation are merely the pseudo co-operatives with its leaders appointed by the government as well as a political party, TANU and later CCM which was in power. At this juncture, the co-operative principles were marginalised and completely replaced by the political features, structures and political objectives were slotted in.

The village based co-operatives society was a product of legalistic government directive. Membership was automatic at 18 years old. This meant lack of incentive to join and need for commitment to co-operatives action because membership was not free and voluntary. When co-operatives are externally driven and mobilized by the government we cannot expect genuine membership. The outcome of such process is apathy and low commitment to co-operative action. Leadership and governance was not a product of democratic practice but imposed by the government.

In the traditional agricultural marketing co-operative society, there are two levels of enterprise frameworks. First, the household farm is an enterprise on its own right. In the western economics literature, such a farm would be registered and recognized as a business unit. But because of the competitive business environment, the growers' joins hands with other farmers and form a co-operative enterprise like an agricultural marketing co-operative. Small farmers form agricultural marketing co-operatives in order to enter competitive markets as a means of enhancing and improving the assets at the household enterprise. The co-operative enterprise becomes an instrument for reducing transaction costs and well as improving the rate of capital accumulation and improving the conditions of life at the household enterprise level.

Moreover, looking at such structure and function prescribed one could make a clear judgment that this was not a co-operative organization but a political and government entity; thus the pseudo co-operatives were established. Basically, the government installed a complete new structure that the villagers did not demand; and it was forcefully installed on them. The installed co-operatives were politically motivated to meet the interests of political leadership in which member control did not exist. Consequently, a different structure was developed

¹ Ponte, S., "Trading Images: Discourse and Statistical Evidence on Agricultural Adjustment in Tanzania (1986-95)," in P.G. Forster and S. Maghimbi (eds.), *Agrarian Economy, State and Society in Contemporary Tanzania*. (Aldershot: Ashgate, 1999), pp.3-25; Benno Ndulu; *Stabilization and Adjustment Policies and Programmes. Country Study 17 Tanzania*. (World Institute for Development Economic Research of the United Nations University), 198, pp. 1-2.

and operated differently from co-operatives in the West. ICA principle on centrality of democratic in a member based organisation, co-operatives in particular since the secretary of a society was a government appointee appointed by the government as village executive officer.

A village is an administrative and political unit of the party and government with elected representatives at lower levels of the party hierarchy imposed on growers in the form of proxy co-operative societies that were by and large designed to serve political interest rather than economies. One of the changes that were brought in by this Act was the direct and immediate take-over of crop marketing function by the villages on the ground that regional Unions were too bureaucratic and expensive middlemen had to be replaced by direct transactions between villages and crop authorities. Villages were appointed agents of the crop authorities and Boards. The multi-purpose producer co-operative societies sold crops to crop authorities and boards which were directed by the government to do so. Under this new arrangement the co-operative societies and unions were bypassed and made redundant.

The dissolution of the co-operative movement left the farmers without organisations to which they could turn for credit, agricultural inputs, extension services and marketing. However, the co-operative apex body the Co-operative Union of Tanganyika (CUT) formed in 1962 by the government. A measure culminated into employing it as its own arm and an integral part of the ruling party by renaming it the Union of Co-operative Societies (UCS), *Washirika* provided under the *Jumuiya ya Washirika* Act of 1979 and this was further reinforced in the 1982 Co-operative Societies Act whereby all villages in the country became members that marked the climax in integrating the movement in the ruling party politics.

Against this backdrop, the movement became a political wing for control of the entire movement members in Tanzania portrayed by a shift from conducting organization meeting as for discussion co-operative issues but political party instead. It is obvious that the co-operative legislations are important for development of the movement only if they are complementary to co-operative principles. Contrary to that 1982 co-operative legislation created no room for growth and development of independent movement free from government interference.

When the co-operatives were dissolved in the WCGA their functions that comprised of cotton handling, ginning and other businesses were handled by the government to the Tanzania Cotton Authority (TCA). However, the TCA performed poorly in running ginneries, oil mills and provision of inputs such as seeds to growers. The industry was on verge of collapse that prompted government intervention in July 1978 when the declared each region to establish farmers organisation a replica of Uremi Corporation of Kilimanjaro. In Mwanza region, the Mwanza Farmers Corporation Limited (MFC) was set up in June 21st 1979 and was granted registration Number 7171.¹

1.6 The reinstatement of co-operatives

However, reinstatement of the co-operatives in 1982 was just cosmetic in the sense that all features of the Village Act of 1975 prevailed whereby village dominated marketing. Membership of the society was compulsory to all adults aged above 18 years. The staffs of either primary or secondary society were vetted through the ruling party short listing the screening process and interview panels. In this, those who were ideologically competent were recruited and those who were not were thrown out. This suggests that political suitability was primary for the posts and not qualification. The intention was to infect the co-operatives with ideologically committed staff and business and economic prosperity was not even a secondary consideration. Worse, the regional co-operative unions, though allowed, were not given crop marketing license.

This meant encouraging idle institutions in operation which put the government intention to reinstate the co-operatives in a limbo that demonstrated the reluctance of CCM to have the movement to gain autonomous position and on part of government might suggest decline or loss of surplus accrued from a levy charged on crops marketed. In other instances, the hesitation could have been due to political hysteria which preoccupied the authority to meet financial loss by confiscating co-operative assets and savings. To avoid such embarrassment the authority and ruling party had to ensure that were involved in vetting senior staff and committee members of the movement and some of them were drafted into the ruling party circles as a measure to obstruct any move towards raising claims or demanding compensation.

1.7 Conclusion

This chapter examined the history of the co-operative movement in Tanzania during the post-colonial era. Following Independence, the post-colonial government asserted its support to the co-operatives and increased recognition as a major and driving force in invigoration of rural development and economy of the country. Against the backdrop, the co-operatives were envisaged to implement social and economic development plans and so in building a socialist state hence, the government had to demonstrate its commitment by adoption a

¹ MFC: Cotton Industry Development in Mwanza Region. (Mwanza: MFC, 1984), chapter 2.

policy that provided for stimulating increased a number and footprint of the co-operative movement.

Also from 1967 to 1982 was characterised by amendment of legislations that culminated into amalgamation all the co-operative unions into one for every regional political and administrative boundaries. Further changes were introduced by the Villages and Ujamaa Villages Act (1975) that deemed villages as a co-operative entity. As a result, the primary co-operative societies, in accordance to the legislation they had to wind up businesses and dispose assets and liabilities to the village council. The measure was followed by the subsequent abolishment of established agricultural co-operatives and their unions by the Government in 1976.

The co-operatives were reinstated in 1982 but the legislation that provided for their reinstatement was characterised by the Village Act of 1975 features. This apart from fear to lose control of the movement and revenue; this was the most political sensitive era when the Soviet block was crumbling. Therefore, the control of movement was necessary to evade escalation of political tension as it was the case in the Eastern socialist bloc.

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