

A Decade of SAPs, Market Liberalization and Environment in Tanzania (1987 - 1998)

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Abstract

This article aims to explore contestations between the expansion of market liberalisation in Tanzania and the self-protection of society against its disruptive social and environmental effects, and to discuss the confrontations between macro-level policies and their micro-level effects. In order to analyse these contestations, mining sector in Tanzania is chosen as it has been one of the driving sectors for Tanzanian economic growth during 1980s and early 1990s.

Keywords: IMF, Structural Adjustment Programs (SAP), Tanzania, Environment, Mining Sector

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Introduction

After the decolonization of Asian and African countries in 1960s, dynamics of international politics and economical affairs have shifted from the conflicting relations between the East and the West to profit-based North-South interactions. In this context, global economic relations have been organized through creating international financial institutions (IFIs) such as the International Monetary Fund (IMF) and the World Bank (WB) who introduced a liberal international economic order to the world.

Since, there were uncertainties about which political direction these states who had newly gained their independence would follow, the Western powers tried to ensure that they will not turn into an anti-Western or communist course. As a result of this, Western policy makers formulated and implemented democratic and capitalist development path that will serve the Third World countries as a satisfactory alternative to communism (Marchand 1994:289-290). In this context, Washington Consensus was formed and in the Third World countries, some Structural Adjustment Programs (SAPs) were introduced.

The SAPs that were introduced in Africa in the early 1980s, were aiming to create more efficient economies by increasing productivity and enhancing competitiveness. However, most of these programs failed, mainly due to the political complexities and social upheavals associated with the implementation of reforms in Africa's statist, resource-based economies (Gibbon 1995:190).

Until the economic crisis of 1980s, Tanzania has adopted a socialist development model called Ujamaa in Kiswahili which emphasized state intervention, nationalization of foreign owned enterprises through state enterprises and physical relocation of rural population in village settlements (Gibbon 1995:10). Proclaimed goals of Ujamaa -equity, participation and self-reliance- failed to improve the welfare of the country. The GDP declined and finally in 1980, the Tanzanian economy collapsed (Reed 2001:11). Along with policy failures of the Tanzanian Government, several external factors brought the Tanzanian economy into this economic crisis: weak demand for her agricultural products in international markets, worsening terms of trade and proliferation of protectionism as a non-tariff measure by the industrialized countries (Ponte 1999:5).

In 1986, IMF stabilization program was accepted. This program focused on liberalization of foreign investment regulations, deepening the reforms in agricultural sector and privatization of public sector. Richness in natural resources constituted the epicenter of the program and reforms held in mining sector were focusing on attracting foreign capital. This approach led new economic agents to enter in the natural resources sectors. At an aggregate level, economic reforms conducted generally positive economic outcomes in Tanzania during this period. For example, its real growth

averaged 3.3 percent annually during the reform period between 1987 and 1998. Meanwhile the budget deficit decreased from the 11 percent of the GDP in 1986 to 4.6 percent in 1998. However, social and environmental costs of these reforms reached extremely high levels, because of the policy and implementation failures (Reed 2001:15).

Due to the Tanzanian economy's desperate need of foreign investment, reforms in the mining sector started just before the adoption of the SAPs. Since 1979, a series of laws establishing a framework that grants licenses for private ventures engaged in mining activities and gives priority to attract large amount of foreign investment have been promulgated. These incentives and liberalized policies rendered the mining sector to become one of the most dynamic sectors of the Tanzanian economy (Reed 2001:13). In Tanzania, the mining sector is still the fastest growing economic field and the gold mines are the most important cash crop of the country. With the informal activities in the sector, more than one million people are involved in mining activities (Gibbon 1995:9). And some of the world's largest gold mining companies have been operating in Tanzania, the third largest gold producer country in Africa after South Africa and Ghana (Knight 2001).

The expansion in the mining sector in Tanzania that is associated with a weak regulatory framework encouraged private mining and marketing companies to engage in rent-seeking activities, gold smuggling and tax evasion. Due to incentives and priorities favoring large-scale or middle-scale mining companies and merchants, significant inequalities occurred among people who are occupied in mining activities. Most of the small-scale miners lost their businesses because of the harsh competition with powerful large-scale companies who can easily manipulate the market prices and the official support. Moreover, many people who live in mining areas have lost their lands and the base of their livelihoods because of the policies in favor of mining companies.

Besides the social inequalities, environmental costs of the expansion of mining have been tremendous. Studies in the Arusha, Mwanza and Tanga regions depict a widespread water contamination, deforestation, biodiversity loss and degradation of agricultural fields (Reed 2001:13). In spite of the contribution of mining to the economic growth of the country, the gold mining has caused enormous environmental problems. Land surfaces and water resources, for example, have been seriously affected by the gold mining. Mining methods used to unearth the gold expose the land surface, create waste dumps and leave great pits open which eventually lead to land slides and soil erosion. The forests in the region, on the other hand, started to disappear. Furthermore, the lands around the open pits are becoming useless for agricultural activities. The most serious problem regarding the gold mining activities is the water pollution in the Lake Victoria, which is the most important natural resource for the local people's livelihoods (Chachage 1995:102-103). Toxic chemicals used to extract gold

have leaked into people's drinking water (Knight 2001). These chemicals are highly dangerous for human beings and all other living creatures.

The above-mentioned environmental problems have been accompanied by the lack of official regulations and weak legislations, which have raised a contestation between the livelihoods of the rural people and the interests of the mining companies. The destruction of the land caused by the mining activities decreases soil fertility, and thus diversely affects the agricultural sector and undermines the livelihood of small farmers. According to Chachage, 'throughout Tanzania's history, the unlimited exploitation of natural and mineral resources has always been taken for granted as a "necessary cost" of economic and political "progress." Even today, such issues are part of the agenda only because of pressure from external forces ... This explains why there has been hardly any serious intervention on environmental issues in mining' (Chachage 1995:98).

In short, natural resources, including minerals, are seen as a fundamental source for a developing country to become a part of the global economy. However, as it is seen in Tanzania, environmental problems of the Third World do not just reflect policy failures of national governments; they also demonstrate the influence of global political and economic forces. In this article, the authors will explore the contestations and confrontations between the market liberalization policies implemented between 1987 and 1998 and show their disruptive effects on livelihoods of Tanzanian people. Here, taking the gold mining sector as the case, both socio-economic and environmental aspects of the matter will be discussed to be able to answer the following question: What are the repercussions of the dispute and competition between the expansion of market liberalization in Tanzania and self-protection efforts of the society against the disruptive social and environmental effects of these policies?

The first part of the article analyses the power relations in the world economy, which will be followed by a review of colonial political economy of Tanzania. The third section focuses on market liberalization practices in Tanzania and their effects on the society and the environment. In the following sections, Tanzanian mining sector will be discussed and the macro-level liberalization policies imposed by the IMF and their micro-level effects will be revealed.

Power Relations in the World Economy

As some universal values are effectively represented in their social, economic, political and legal systems, the power of the West, at present, means the power of definition. As Ziauddin Sardar notes 'the West defines what is, for example, freedom, progress and civil behaviour; law, tradition and community....The non-western

civilisations have simply accept these definitions or be defined out of existence' (Ziauddin 1999:44). The development criteria –Human Development Index, recipes for economic growth, Washington Consensus and SAPs- and the loci and foci of international political economics are defined and formulated by leading international powers which are located mainly at the western side of the global map. The rest of the world have been left with no choice but to follow the rules of their system, which is called 'the capitalist world system' by some dependency theorists. Besides its power to define, the centre of the capitalist world system also has resource structural powers, as pointed out by Galtung. Thanks to these powers it possesses, the centre of the global hierarchy succeeded to create a global economy whose logic had been already defined by itself as liberalisation, and a liberal international economic order was introduced by international financial organisations in accordance with the strategies of the centre (Marchand 1994:289-290).

Thanks to the expansion of the capitalist world system since the fifteenth century, all parts of the world have been integrated into the world economy. As a result of the economic globalization and internationalization of the world economy, national governments have lost their full autonomy over the economics of their countries. Especially, at the periphery of the world economy, economic policies and decisions are mainly influenced or imposed by international financial institutions and Trans National Companies (TNCs) at the cost of social and environmental degradation.

Like many other African countries, Tanzania has always been one of the weakest actors of the capitalist world system. Countless economic recovery programs had been adopted in the country without considering their effects on human livelihoods and environment. In the Tanzanian case, apart from its economic dependency on the developed world, heritage of the colonial political economy and the socialist ideology of the former Tanzanian Government played important roles in determining the country's position in the capitalist world system.

Colonial Political Economy of Tanzania

Tanzania was subjected to German and British colonialism. During the German colonial period, the most effective actor over Tanzanian economy was German East Africa Company. This company surveyed all the available resources of the country. Moreover, they built roads, bridges and railways from interior parts of the country to the coast to serve as transportation links. Finally, the colonial government created an attractive investment climate for German investors by offering them low company

taxes, cheap agricultural lands, profit repatriation guarantees, subsidized internal transportation costs, and control of labour relations. The best lands of the country were presented to German settlers and indigenous peasants were pushed to less habitable marginal areas. The traditional economy was restructured to produce commodities which were mainly industrial raw materials, for complementing the needs of the German and later the British economies. Furthermore, Tanzania served as a ready market for Germany's manufactured products (Raugmanu 1997:95-97).

When Germany was defeated in the World War I, Britain took control over Tanzania, but she did not make substantive changes in the structures that were left behind by the Germans. The British controlled the direction of trade which was dominated by the British trade firms. Thus, the British controlled more than a third of Tanzania's international trade. By introducing measures like the Credit to Natives (Restriction) Ordinance, the colonial rule discouraged Africans from conducting important commercial operations. As a result of this, indigenous entrepreneurs were displaced by transnational corporations (Raugmanu 1997:98101).

The Government ruled by the British focused on the expansion of the mining sector, mainly in diamonds and gold. During the accumulation period of the crisis broke in 1920s, British rulers focused on the exploitation of raw materials and minerals, particularly gold, for the Central Reserve Bank from the colonies. Gold rush to Tanzanian gold mines had started in 1922, but it then only attracted small-scale miners. Although the government began to actively encourage large-scale investors in mining after the second half of the 1920s, low prices of gold caused a discouragement in the gold mining. Furthermore, with the World War II, the gold production began to decline because of bitter consequences of the war economy. Many of the most important gold mines were closed by the late 1940s, since the relative unimportance of the gold in the international monetary system which was unprofitable for large companies (Chachage 1995:52). The mining sector was nationalized just after the independence but many of them stagnated from poor management and lack of investment (Reed 2001:11).

The colonialism in Tanzania has imposed the division of labour principle of the capitalist world system which meant that it secured a production structure for complementing the centre's needs of accumulating goods. Moreover, it caused new consumption patterns for European manufactured goods which undermined the economic basis for self-sufficiency (Rugumanu 1997:104).

In 1961, Tanzania became an independent state with a population of 9.4 million people and a per capita income of only £20. As a heritage of the colonial rule, the new nation lacked the physical and locational assets for attracting foreign capital, and had

shortages of local capital due to scarcity of local entrepreneurship and skills which are necessary for overcoming the handicaps of the country. As an extension of the colonial economic policies, comprising the 59 percent of the GDP, agriculture was the backbone of the economy and the agro-based exports constituted approximately 80 percent of the total exports. Manufacturing, on the other hand, contributed less than 4 percent to the GDP. As a result, the 80 percent of the manufactured goods consumed in Tanzania were imported, which resulted in enormous imbalance of payment problems and made the country's economy vulnerable to changes in the international trade regime (Rugumanu 1997:104-105). As a result of this vulnerability, the weak demand for agricultural products in the international markets and worsening terms of trade during the 1980s, have induced a dramatic economic bankruptcy.

Market Liberalization and SAPs in Tanzania

After the economic crisis in 1980s, a radical passage from ujamaa type of policies to the market liberalization was initiated in Tanzania. According to the adjustment need marked by the World Bank with Berg Report noted that socialist macroeconomic policies of sub-Saharan African countries in general, and of Tanzania in particular, had lost their validity (Rugumanu 1997:104) and that an adjustment should be used as a tool for transforming Tanzanian socialist policies into market liberalization (Ponte 1999:3).

Especially after the 1980s debt crisis, the IMF and the World Bank planned to supervise the credits for the developing countries; therefore, they had the capacity to affect the organization of production and trade in the periphery, to the benefit of the centre of the capitalist world system: 'The scope and the detail of the combined IMF conditionality rules and the World Bank's structural adjustment contracts have amounted to a degree of economic intervention in the debtor countries, which matched, perhaps even exceeded the direct administration of by-gone colonial governments' (Hoogvelt 1997:166-167).

In Tanzania, the IMF and the World Bank, together with the Tanzanian Government, conducted necessary policy changes and structural changes necessary towards a liberalized market economy. In 1986, the IMF and the World Bank approved an 'Economic Recovery Plan' and with the IMF, a standby agreement was signed. This standby accord was followed by an IMF Structural Adjustment Facility which focused on liberalization of foreign investment regulations and privatization of public sector (Gibbon 1995:12). After the standby agreement Tanzanian Government's official policy was significantly influenced by the discourses of the liberal international political economy.

This newly emerged paradigm rejected, even blamed, the old ujamaa policies and praised liberalization and privatization. President Mwinyi's speech at the Eighth National Economic Policy Workshop in 1992 was a clear example for this new discourse:

Despite the problems facing the World Trading System and the unequal exchange between the products and services of the Third World with those of the developed countries, there is no escaping from participating in the world economy... It is necessary for us (Tanzanians) to reexamine the role of the state in economic development... State control, which suffocates individual and cooperative initiative in the economy, is not conducive to sustainable economic growth and social progress. Development is brought about by the people themselves (Gibbon 1995:12).

Tanzanian adjustment passed through three phases. The first phase mainly focused on trade liberalization practices, while in the second phase foreign investment deregulations emphasized and the final phase focused on establishing parastatal and civil service reforms, reducing the number of civil servants by closing down some state offices (Gibbon 1995:12-14). Below, the analysis of the results yielded from the first phase in practice can be seen.

Although Africa's total share of global trade is around 21 percent, trade is still the most important source of foreign exchange for African countries (Clapp 2000:212). Since the developed countries charge higher tariffs on manufactured goods of developing countries, Tanzania intensively focuses on exporting raw materials. This trade policy, which is mainly based on exploitation of natural resources, has been supported in the context of Tanzanian economic recovery program. In short, the trade regime reforms in Tanzania were mainly concerned with measures for rationalizing behavior and actions in internal and, especially external trading and for promoting exports (Kiondo 1991:34).

According to Kangero, the IMF's trade liberalization policies have followed a return to classical type of colonial agrarian economy. Within such an imperialist dominated system, the free trade results in a control by the monopolist TNCs in alliance with local comprador classes, as it has been experienced in the Tanzanian case (Kangero 1991:78). The TNCs have influenced the governmental decisions that shape the country's economic policies and law in favor of their interests through direct investments and technical or financial assistance. As a result of the TNCs strong position within the economy, local industries and small producers have not been able to survive and many of them declared bankruptcy.

As it is pointed by Amin and Frank, one of the main reasons of the underdevelopment of the periphery is the inequitable distribution of the trade and investment assets. The trade liberalization efforts, which are imposed on developing world through SAPs, have been biased in favor of the benefits of the exporters of the developed world. Quota restrictions, health and safety regulations, nominal and effective tariff structures, etc., are used as tools for protection of the products sold by the developed world (Rugumanu 1997:33). According to Hoogvelt, 'even if the structural adjustment programs were not successful to improve the living standards of the masses in African countries, they were very successful to the acceleration of the process of globalization. They helped to shift the resources of the continent more tightly into the service of the capitalist world system' (1997:171).

After 17 years of the IMF policies, and despite Tanzania's formal political independence, in the new millenium, the country is still suffering from underdevelopment and increased dependence on the centre because of its continued raw material exporter role in the international division of labour. The only difference between the colonial political economy and the postcolonial political economy of the Tanzania is the external actors who have influential power over the Tanzanian economy. During the colonial period, the main external actors were the colonial powers, while during 1990s, they were replaced by the IFIs (International Financial Institutions) and TNCs. As foreign investment, which usually comes with investments of TNCs in key sectors of developing economies of the periphery, the TNCs play a dominant role for developing economies like Tanzania. However, these have used more resources than they have invested. Capital has tended to flow out from Tanzania through profits, debt service, royalties and fees imposed by the TNCs manipulation of import and export prices (Rugumanu 1997:34). That is why, Samir Amin defines this period as a neocolonial or neo-imperial period. Losers of the system, however, remain the same: the actual producers and underprivileged masses.

Applications of SAP policies designed by the IMF and the World Bank did not consider the real needs of the society at all and nearly entirely undermined them. Trade liberalization policies, on the other hand, raisen an extremely competitive environment for local industries and reproduced inequality within the Tanzanian society by spreading a consumerist social behavior. The material basis of these policies is derived from the expansion of commodities and markets beyond national boundaries and incentives given to private bourgeoisie to expand their investments. The most vulnerable and poorest sections of the society have been dramatically

affected by the deregulation of the labour markets, cuts of social welfare provisions and declining expenditures on health and education.

The structural adjustment policies have repercussion at the micro-level of the Tanzanian society and to have severe socioeconomic impacts on people's livelihoods. According to a number of conditionalities formulated by the IFIs, Tanzania was experiencing serious imbalance of payments and in order to make Tanzania capable of paying back its debts, its economy was needed to be stabilized.

One significant condition of these structural adjustment policies was the cutbacks in the public spending which naturally caused severe implications upon lower class people: 'The implementation of the IMF package has affected the public service sector badly [...]. Currently dispensaries and hospitals are without drugs, rural water taps are dry, higher education is for the wealthy people, and three meals a day are for the high-salaried class' (Kiondo 1991:36).

The cuts in government spending which was one of the conditions imposed by the IFIs which led to drawbacks in the public sector, also imposed a further strain on poor rural people by the cutting down on spending on antipoverty measures. Thus, the distribution of resources within the Tanzanian society became even more uneven than before the implementation of the SAPs. Hence, as the social security nets and the antipoverty measure had vanished, the poor rural people have been forced to sustain themselves by occupying themselves in employments in which they are submitted to more health hazards.

As a result of the necessity of economic adjustment, guidelines were defined by the World Bank, and the Tanzanian economic policies were transformed from their socialist pattern into a liberal pattern. During this transformation period and later policies, which remedied a deepening of the liberalization in the country, Tanzanian society, particularly the rural masses and their livelihood, had not been considered. The economic reform policies, which focused on trade liberalization, reproduced a colonial type of economic dependency instead of welfare. The benefits of the liberalization had not been felt by the majority of the Tanzanian society. They were still under pressure of the negative side-effects of these policies such as unfair opportunities, cuts of public expenditures and labour insecurity.

NeoLiberal Policies, Environment and Society

According to Mittelman, neoliberal policies and forces of globalisation enhanced the production and growth. Thereby, the use of natural resources which has been symptomatic for the situation of the environment, now shows signs of the destructive ideology of capitalism in terms of environmental degradation: 'The root causes [of environmental abuse] are in social structures reinforced by the development paradigm. The paradigm is the villain' (Mittelman 2000:186).

James O'Connor argues that the mechanisms for accumulation of capital creates ecological crises. For a capitalist economy to avoid an economic crisis, certain economic mechanisms are needed to provide for capital accumulation. However, the problem of capitalist self-expansion is that it has no economic limits. Since the capital accumulation and the capitalist expansion have no limits, nature is undervalued regardless of the fact that the nature's economy is organized on very different principles than the capitalist economy i.e., nature's productivity is self-limiting.

There are few limits to the capitalist expansion, so it moves on in the search for making profits regardless of the damage it will cause. Thus, the capitalist expansion has been described as pointed by Gary Snyder, '[capitalism] spreads its economic support system out far enough that it can afford to wreck one ecosystem, and keep moving on' (O'Conner 1995:181).

If the economy is expanding, the demand for raw materials will also grow. As a result of this, raw materials become many of constant capital outlays, therefore, a greater share of the value of commodities which means that capitals must alter a larger proportion of their profits into more natural resources. In this case, increases in the demand for resources and expanded resource exploitation raise average costs, tending to depress the rates of profit and accumulation. Individual capitals, then, attempt to overcome bottlenecks by investing in equipment, technology, and infrastructure to open up new mineral and fossil fuel deposits, arable land, and so on. If there are lower average costs at higher levels of production and use in raw material sectors, costs and prices will fall, and hence, the higher the average profit rate is, the more rapid the exploitation of raw materials and capital accumulation. This pursuit of profits and capital accumulation lead to a vicious circle: '...high profit rates lead to high accumulation rates which in turn lead to greater demand or raw materials; higher levels of exploitation of raw materials lead to lower production costs which result in still higher profit and accumulation rates. In sum, if raw materials are cheap, the rates of accumulation and depletion and exhaustion of resources will be relatively high...' (O'Conner 1995:181).

While explaining the workings of social structures and their impacts over the people and the nature as a consequence of the neo-liberal policies nexus in society, Mittelman (2000) states that these developments in society are caused by the development paradigm that involves the promise of economic gain and the neo-liberal requirements that the developing countries are supposed to follow. Only then they will have the opportunity to reach a higher stage in the global economy and become a part of the global hierarchy of power and production. The higher levels of economic globalisation, which have been promoted by the SAPs, result in the production of poverty and the marginalization caused by the substantial amount of expenditure reduction on social services and separation of economic reforms from social policy.

The interactions or clashes between societies and global ideas or theories, which are imposed by hegemonic powers, can be explained by Karl Polanyi's double movement argument. Polanyi argued that there has been a development through the time which has had great affects on the interrelation between the market and the society. According to Polanyi, modern society can be explained with struggles between market expansion (first movement) and society's self-protection against disruptive effects of the market expansion (second movement). Forces represented by the market clash with forces of society that resist the ideas accompanied with liberalisation. As a result of this struggle, the society either de-links itself from the global trend or fits into it (Hettne 1995:11). With the introduction of neoliberal policies, man and nature had to adjust and diversify the speed and the flexibility of the liberalized market as a result of which winners and losers appear both at the micro-level and at the macro-level (Mittelman 2000:78).

Market Liberalization, SAPs and Tanzanian Mining Sector

Mining sector plays two contradictory roles in the economies of developing countries like Tanzania. First, in accordance with the strategic policies of the government, the mining sector is one of the key sectors promising for the country's prospect of development as it is an important canal for hard-currency income. This, however, leads to foreign investments domination which causes instability due to fluctuating commodity prices and continuous dependency on new technologies (Kalyala 1987:125). Nevertheless, since the Governments encouraged private investments in the mining sector as a condition of implementing the IMF's economic reform programs, private entrepreneurs found favorable conditions in most of the sub-Saharan African countries. By adopting the SAPs, governments have tried to enforce measures to make their countries more attractive for foreign investment. In the

Tanzanian case, the wealth gained from natural resources formed the backbone of the economic reform program and the mining sector was the selected attraction site for foreign capital. World Bank's reports note that to attract foreign private mining companies, which have the capital and the expertise, they needed to create an enabling environment for the mining industry that involves incentives and attractive taxes (Chachage 1995:40).

As a result of liberalization policies, many new agents entered into the sector in forms of TNCs and medium-sized mining companies and gemstone merchants (Reed 2001:11). Just like other sub Saharan African countries who are rich in mineral resources, Tanzania's gold mining activities are also concentrated in the hands of major multinational companies. These TNCs have used their superiority of having big capital and technology as a means for bargaining power to exert influence on official views, procedural changes and even laws. Their influence over the economic domain have many times conduced the basic necessities and rights of the local people who are directly or indirectly involve in mining activities to be undermined. One of the best examples of this kind of influence was from the Canadian Kahama Mining Corporation Ltd. This company gained possession and control over the Bulyanhulu area; one of the mining fields in the Mwanza region, with the license issued for a completely different area, in a completely different district, and in a completely different region. With this license they appropriated the possession of the lands and the people living in these lands have been forced to move (LEAT 2002).

As it is seen in the above mentioned example, the expansion in the mining sector accompanied with the rent-seeking behavior of private mining companies and official agents, contributed to factors that maintained a weak regulatory framework. Within this weak regulatory framework, the mining companies exercised collusions with government agencies who held the responsibility for granting concessions for mining, collecting taxes and monitoring the activities of mining companies. As a result of these collusions, private mining companies behaved audaciously in acting against laws and regulations. They had been able to acquire licenses wherever they wanted to invest, and they ignored the local people's property rights on those lands and denied them to have healthy livelihoods. For example, although the Mining Act of 1998 addressed some environmental problems which were caused by mining activities and demanded the mining companies to conduct some environmental impact assessments, the mining companies successfully evaded these requirements with the assistance of some official agents who were responsible of monitoring their assessments, by not considering the environmental and social consequences of these companies' actions

(LEAT 2001). In the bulk of the cases, people who were affected from the impacts of mining companies, had no power to defend their rights because of this “political mafia” and the weak official regulations (Reed 2001:13).

Another dark side of the expansion of mining was its effects on the environment. In its origin, mining is a dirty industry which is why it has been one of the industries that had moved into the Third World. As Frank noted, to reduce the costs of the production centre countries, ‘the policy... to move ... capital-intensive crises ridden industries (and those that are polluting or incur high anti pollution costs), ... to Third World...’ (Frank 1983:190-191) was applied. Major environmental problems seen in Tanzania related to the mining are deforestation, water pollution and soil degradation (Mwalyosi 1999:123-124) which are very well acknowledged by the mining officials and policy-makers. Due to the cruciality of the sector for the Tanzanian economy, the government officials prefer to underestimate these problems by describing them as simple destructions and inevitable cost of economic growth and reflect the complaints about the problems as irrational reactions of small-scale producers. Hence, the whole picture of degradation related to the market liberalisation policies has not been able to be officially and impartially explored and discussed (Chachage 1995:98).

A major failure of the Tanzanian Government regarding liberalization policies is that the state has not been able to create conditions in which all economic actors can compete fairly. In the mining sector, due to the incentives and priorities in favor of large-scale or middle-scale mining companies and merchants, significant inequalities have been created among people -whether they are involved in the mining activities or not. For example, small-scale miners or artisanal miners have not been able to compete with these large companies who can easily manipulate the market prices and turn the official support in favor of their own benefits. Therefore, most of them went bankrupt and lost their businesses. Another consequence of this has been that the local farmers and villagers living around the mining areas lost their lands and have been forced to relocate. These inequalities eventually led to conflicts and struggles between small-scale miners and middle and large-sized mining companies, and between local people and mining companies.

As the mining sector is one of the backbones of the liberal economic reforms of the Tanzanian Government, implications of the reforms in the sector have been strong enough to be able to represent the whole socio-economic picture of Tanzania. With the incentives, taxation priorities and lax regulations, an enabling environment was created for private enterprises to boom in the mining sector. Tanzanian economy's desperate need for foreign capital caused a blindness towards social and ecological

impacts of the mining sector. As an inevitable part of wild capitalism, rent-seeking attitude of private mining companies and public officials became a norm thanks to the weak regulatory system. In midst of the collusions occurred between the interests of private enterprises and those of official agents, the local people's interests and livelihoods were completely ignored. As a result of these unjust treatments, which were created by the state itself for the sake of liberalisation, a competition between the private and the public interests appeared on the stage.

From Economic Crisis to Ecological Crisis: A Vicious Circle

Owing to the SAPs, there was a boom in the industry of excavation of natural resources in Tanzania, which depicts a grim economical scene that depends on natural resources to overcome the economic crisis the country is suffering. James O'Connor argues that economic crises egress every so often in the capitalist world system tail along serious ecological crises, as it is the case also in Tanzania.

Tanzania unfortunately sets a perfect case study showing how natural resources are exploited in periods of economic crises. An economy mechanism that prompts this kind of exploitation of resources is responsible for forming a vicious circle. That is, in a continuous search for capital accumulation, mining companies desperately want to increase their production. To be able to expand their capital accumulation, mining companies continue to take over more lands which are normally possessed by rural local people. Thanks to the licences that they easily obtain from government officials, they force people to move out from their lands from where only they can earn their livelihoods. Following the expansion of these mining activities, natural resources begin to be exploited and while the capital accumulation problem is diminished, an ecological crisis arises on the other end of the line. In this way, not only the raw materials are depleted and exhausted very rapidly, a highly destructive manner also takes place which has severe impacts on the environment, which has been the case in Tanzania.

Adoption of the SAPs were not only thought to alleviate Tanzania's economic problems, they were likewise believed to benefit the environment by reducing policy distortions that formerly underpriced natural resources and led to more excavation of the natural resources and more environmental degradation as a result of the vicious circle created by the craving for more capital accumulation. On the contrary, however, the SAPs did not work to the benefit of the environment; they have even been a cause for a number of environmental problems. Being under the international pressure demanding to protect the environment, many of African countries, because of severe

budget cuts under SAPs, have faced difficulties to find funds for improving the protection of the environment (Clapp 2000:211).

Following this expansion in the mining sector, a significant ecological degradation came along (Mlambiti 1999:35). Since huge amounts of funds are needed for actualizing the government programmes prepared for environmental protection and conservation, environmental degradation has continued and its scope of expansion went out of control.

Additionally, as in the case of gold mining and its implications on people's livelihoods, diverse problems advanced together with the extraction of natural resources. Not only, the gold mining activities occupy much of the land on which people rely for their sustenance, the land also increasingly suffers from environmental damages owing to high-intensive processes which are applied during the extraction of gold.

Conclusion

Tanzania is, as other sub-Saharan African countries, located in the peripheral part of the capitalist world economic system. Due to her peripheral position, the economic direction of the country has been determined by the centre of the world economic system since the colonization period. As a result of the Tanzanian dependence to the centre, most of the macro-economic policies of the country mainly echoed from the centre. As it is explored within the context of SAPs in Tanzania, economic decisions have been designed and applied without considering any associated social and environmental effects.

The environmental problems in the Tanzanian mining regions can be regarded as symptoms of shortcomings of the market liberalization policies and unforeseen outcomes of the SAPs that were expected to bring a sustainable development in Tanzania. On one hand, the capitalist accumulation and search for more profits remedied by principles of an unfettered market have resulted in economic growth in some sectors like the gold mining sector in Tanzania. On the other hand, however, the economic growth has been unevenly distributed due to the liberalization forces created a vicious circle in which people and nature are alienated and made into commodities which has put strain on both man and the nature. The mining companies' motive of profit maximization and the Tanzanian Government's motive of economic growth had induced social and environmental problems. Natural and mineral resources have been taken for granted and the exploitation of them has been seen as a necessary cost of economic growth in Tanzania.

Power relations in the mining sector in Tanzania directly reflect macro-level power relations. In Tanzanian mining sector, the most powerful actors have always been foreign or local large-scale mining companies. Since they possessed both resource-power and structural power, their control over natural resources was inevitable. On the other hand, weaker actors of the stage, in our case rural people who sustain their livelihoods from the environment, had nothing else to do except finding ways of adaptation or coping with the disruptive practices of mining companies. Large-scale mining companies, which acted in collaboration with the government, oppressed the grassroots actors by both forcing them to leave their lands and polluting their basic livelihood sources. As a result of economic and ecological oppression, the grassroots actors have not been able to resist or confront against the disruptive practices of powerful actors.

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