

## **POLITICS OF NEOPATRIMONIALISM AND THE DYNAMICS OF NATIONALISATION POLICY IN THE “SOCIALIST TANZANIA”**

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### **Abstrak**

Studi ini mengkaji dinamika kebijakan nasionalisasi di Tanzania selama tahun-tahun awal pasca-kemerdekaan menggunakan teori neopatrimonialisme. Berdasarkan identifikasi Bratton dan van de Walle tentang presidensialisme, klientelisme, dan penggunaan sumber daya negara yang partikularistik sebagai ciri khas tata kelola neopatrimonial, studi ini mengeksplorasi bagaimana karakter-karakter ini membentuk kebijakan industri selama "Tanzania sosialis". Dengan berfokus pada periode antara 1967 dan 1985, studi ini menelusuri ledakan industri awal dari 1961 dan 1968 dan periode de-industrialisasi berikutnya, saya berpendapat bahwa konsentrasi kekuasaan di masa kepresidenan Julius Nyerere dan Partai Negaranya mengakibatkan inefisiensi dalam sektor industri yang dinasionalisasi. Studi ini menyoroti bahwa kebijakan nasionalisasi menghasilkan basis industri yang terlalu besar dan kurang beradaptasi yang gagal selaras dengan lingkungan sumber daya dan keterampilan Tanzania. Pada akhirnya, struktur tata kelola ini berkontribusi pada krisis tahun 1970-an. Temuan ini menunjukkan bahwa meskipun nasionalisasi awalnya menjanjikan transformasi industri yang pesat, nasionalisasi dirusak oleh kecenderungan neopatrimonial, yang kemudian mendorong pergeseran ke arah reformasi yang berorientasi pasar. Studi ini berkontribusi pada perdebatan yang lebih luas tentang pembangunan negara, kebijakan industri, dan warisan tata kelola pascakolonial di Afrika.

**kata kunci:** *Neopatrimonialisme, Kebijakan industri, Tanzania Sosialis, Nyerere.*

### **Abstract**

This study examines the dynamics of nationalization policy in Tanzania during the early post-independence years using a theory of neopatrimonialism. Building on Bratton and van de Walle's identification of presidentialism, clientelism, and the particularistic use of state resources as hallmarks of neo-patrimonial governance, this study explores how these characteristics shaped the industrial policy during the "socialist Tanzania". By focusing on the period between 1967 and 1985, the study traces the early industry boom from 1961 to 1968 and the subsequent de-industrialization period. I argue that the concentration of power in the presidency of Julius Nyerere and his State Party resulted in inefficiencies within the nationalized industrial sector. The study highlights that the nationalization policy produced an oversized, poorly adapted industrial base that failed to align with Tanzania's resource and skills environment. Ultimately, this governance structure contributed to the crisis of the 1970s. The findings suggest that while nationalization initially promised rapid industrial transformation, it was undermined by neopatrimonial tendencies, prompting a later shift to market-oriented reforms. The

study contributes to broader debates on state-building, industrial policy, and the legacies of postcolonial governance in Africa.

**Keywords:** *neopatrimonialism, industrial policy, socialist Tanzania, Nyerere*

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## Introduction

The neopatrimonial character of the African states has increasingly been used to explain the underperformance of industrial policies across the continent (deGrassi, 2008). Unlike other economic models that describe the nature and the workings of industrial policy in Africa, neopatrimonialism is politics as it is practiced in the way politics translates to the governance of industrial policy on the continent. Thandika Mkandawire argues that the reason why Africa underperforms economically is because of different styles of exercising authority, idiosyncratic mannerisms of certain individual leaders, and social practices within states (Mkandawire, 2001). Daniel Bach also sees neopatrimonialism emerging as a common denominator for practices of African politics encompassing aspects of presidentialism, patronage, clientelism, predation, factionalism, despotism, clannish behavior, and many others (Bach, 2011). While neopatrimonialism seems to create uncertainties for the working of industrial policies in developing countries, Tilman Altenburg, on the other hand, argues for the possibilities of neopatrimonial rule to foster productive and economic transformation (Altenburg, 2013). Altenburg argues that under neopatrimonial rule, industrial policies can easily be employed to gain political support through the establishment of different economic activities, which gives the interest groups political legitimacy (Altenburg, 2013). Establishing from these contending views within the neopatrimonial school, this study analyses the dynamics of the nationalization policy in the early years of independence in Tanzania. It particularly locates to what Michael Bratton and Nicolas van de Walle identify as key defining features of neopatrimonial rule in Africa, namely 'presidentialism', clientelism, and particularistic use of state resources, and how they translated to the governance of industrial policy of socialist Tanzania (Bratton & van de Walle, 1997). While the selected phase covers different industrial policies and strategies, this study is limited to the politics of neopatrimonial rule and the dynamics of nationalization policy within the industrial sector in "socialist Tanzania."

It should also be noted that, on independence, Tanzania had a tiny and very weak industrial base that was inherited from the colonial government. So, a quick and proactive industrial policy was needed that could facilitate and manage structural change in the industrial base of the postcolonial state. From 1961 to 1968, the industrial sector experienced significant growth. However, this industrial boom did not last long before the country started to witness de-industrialization in the mid-1970s. On the other hand, these years were coupled with the rise of presidentialism, where power became concentrated in Julius Nyerere, the first president of the United Republic of Tanzania and the chairperson of the State Party, *Chama cha Mapinduzi* (Revolutionary Party — CCM). As Bratton and van de Walle argue, the concentration of political power implies the dominance of one individual, just as it was for Nyerere, who remained a key planner of *Ujamaa* policies [a variant of African socialism] and he implicitly controlled these policies (by himself) through centralized State Party institutions. Now, how did the increased presidentialism account for the performance and underperformance of the nationalization policy between 1967 and 1985? The study, in particular, investigates why the increased presidentialism explains the significant industrial growth before the 1970s and the subsequent industrial crisis.

### **Literature Review**

Like many other countries in Africa, Tanzania viewed industrialization as a key driver of economic development. Across the continent, newly independent African governments pursued a similar path by investing heavily in manufacturing and setting up state-owned enterprises for the domestic production of consumer goods, building materials, and the processing of primary products. The main objective of the postcolonial government to opt for large-scale and capital-intensive industries lay in their ability to transform the foreign-owned industrial sector, which was dominated by agro-processing and several low-value-added manufacturing activities (Gray, 2013). However, its industrial heritage at the time of independence was very poor. As Justian Rweyemamu points out in 1961, the manufacturing sector had contributed only 3.6 percent to GDP (Rweyemamu, 1979). Nyerere, the leader of the newly independent nation, desired to modernize and transform the agrarian economy and, more importantly, to reduce over-dependence on European powers. At the core of these industrialization endeavors was the development of large-scale enterprises and capital-intensive manufacturing industries owned and managed by the state (Shivji, Yahya-Othman, & Kamata, 2020). According to

Morris Silver, 891 industries were established (Silver, 1984). These included 245 cottage establishments that dealt with primary products processing, 248 in basic food processing and manufacturing, 225 in consumer goods manufacturing such as textiles, footwear, tailoring, woodworking, and other items, and 173 engaged in motor vehicles manufacturing, engineering, and electricity repair, and metal products manufacturing (Silver, 1984). A reading of the early efforts of the postcolonial Tanzanian government reveals its aim to bring about structural transformation in industrial activities—distinct from the industrial base inherited from the colonial administration.

However, to manage and sustain the continuity of this structural change and diversification of the industrial sector, the government needed to come up with steady industrial policies that needed a watchful eye of the state or direct participation of the state in the sector. Just as it was for other newly independent nations in Africa, the fiery enthusiasm for industrialization was often coupled with distrust of free-market forces. On the other hand, as a solution to this distrust of the market forces, what came into the proposal was making the state an agent of development. Thus, the developmental state becomes the main catalyst of industrialization. As I pointed out earlier, the strategy was not an exceptional case for Tanzania. Donn  van Engelen, Adam Szirmai, and Paul Lapperre explain that during these phases of nationalism, irrespective of the precise shadings of ideology, state interventionism, state planning, and state ownership of industrial enterprises increased all over Africa (Costello, 1994). Specific to the Tanzanian case, the state became the central actor in the success story of industrialization for several reasons, namely the Ujamaa ideology and nationalism (Rweyemamu, 1979, pp. 69–77). According to Rweyemamu, until 1967, industry continued to grow along the lines established during the colonial period, and the main objective of industrial policy during this time was to create productive capacity within the sector, rather than to redress the racial imbalance in industrial ownership inherited from the colonial government (Rweyemamu, 1979, pp. 69–77). A similar observation was made by Issa Shivji, who argues that this early phase of industrial policy was important in establishing an industrial sector from a very low base and for expanding the role of Tanzanian-Asian petty capitalists in industry (Shivji, 1976). It was during this time that the country witnessed the industrial boom, and more importantly, there was also diversification of the industrial base, unlike the one the government had inherited from the colonial government. According to Rweyemamu, the industrial boom in the 1960s was large because of several

state subsidies and tariffs on manufactured imports that made manufacturing profitable as part of a strategy of import-substituting industrialization (Rweyemamu, 1979, pp. 69–77). Tariffs were often set based on discussions between investors and the Ministry of Commerce and Industry rather than through a cohesive industrial strategy (Rweyemamu, 1979, pp. 69–77). Nevertheless, industrial policy was initially successful insofar as expansion and diversification of the industrial sector took place; for example, Tanganyika's first five textile mills were established between 1961 and 1968 (Gray, 2013). The ownership structure of industry also changed during the first years of independence. What colonial structures had set before that certain industrial activities were reserved for British firms were removed, and the spread of the co-operative movement into trading activities encouraged a shift of Tanzanian-Asian petty capitalists out of trade into industry (Caulson, 1982). Thus, as it has been documented in many literatures of the industrial experience in Tanzania, the early 1960s witnessed a rapid growth in Tanzanian-Asian manufacturing; firms such as Sunguratex and Kilitex producing textiles, Kioo Limited for glass bottle manufacturing, and Aluminium Africa Ltd (ALAF) for aluminum products were established (Semboja & Kweka, 1998).

### **Methodological scope**

This study situates a qualitative historical and political economy perspective within the neopatrimonial model proposed by Bratton and van de Walle (Bratton & van de Walle, 1997). It particularly engages a range of documentary and archival sources such as government policy documents, official addresses, party archives, economic analyses, and secondary sources, to chart the trajectory of industrial policy in Tanzania from 1961 to 1985. The primary focus is on the years between 1967 and 1985, in the aftermath of the Arusha Declaration, to explore the interplay between nationalization policies and the neopatrimonial characteristics of governance, specifically presidentialism, clientelism, and the selective allocation of state resources.

Through interpretive analysis, the study critically investigates the concentration of power within the presidency of Julius Nyerere and its influence on the formulation, execution, and results of industrial policies during the making of “socialist Tanzania”. The rationale behind this methodology lies in its ability to facilitate a contextual and detailed understanding of the political dynamics that shaped Tanzania’s postcolonial industrial evolution and its subsequent downturn. Of course, instead of depending exclusively on economic

metrics, this study stresses the significance of engaging the political framework and leadership interactions as central to the working of nationalized industries. This engagement enriches the ongoing debates regarding state formation, postcolonial governance, and development pathways in Africa.

## **Result and Discussion**

### ***Industrial policy after the Arusha Declaration***

The phase of industrial policy that this study focuses on is that of *Ujamaa*, as already alluded to in this study. However, if we are to understand the nature of the industrial policy during socialist Tanzania, we also need to understand the underlying political ideology that shaped the making of socialist Tanzania. In order to ratify the implementation of *Ujamaa* policies, the Arusha Declaration was launched on 5th February 1967, where Julius Nyerere declared that *Ujamaa* would henceforth define Tanzania's course of development. As argued by Shivji and his colleagues, for a long time, the Arusha Declaration was understood as an economic development strategy and, in the course of nation-building (Shivji et al., 2020). The Arusha Declaration signified a paradigm shift in policies and practice; that is, putting an end to the low level of direct regulatory control and the reliance on foreign private investors in the period of making a self-reliant nation (Shivji, Yahya-Othman, and Kamata 2020). Nyerere had imagined an alternative state that could be different from the colonial state, which Mumo Nzau appears to applaud in his study of 'Africa's Industrialisation Debate: A Critical Analysis' (Nzau, 2010). Nzau problematises Africa's industrialisation from the point of view of the inherited economy and colonial state. So, the Arusha Declaration of Julius Nyerere, among others, aimed to make a significant institutional break with the colonial legacy. As pointed out earlier, the Arusha Declaration, as an economic development policy, included several principles through which the state would become an agent and a catalyst of development (Aminzade, 2013). Just as Andrew Ivaska points out regarding the productive rural *Ujamaa*, it was accompanied by aggressive nationalization and development from collective units (Ivaska, 2011). In a close reading of the Arusha Declaration, one would agree that Nyerere intended to invent a nation that privileged African societies by indigenizing the economy, as Nzau proposes in the process of Africa's industrialization. Thus, socialist Tanzania under *Ujamaa* was expected to embark on industrial policies that would foster a productive agricultural sector and manufacturing sector, whose surplus would be redistributed fairly to the nation and acquire foreign exchange (Nyerere, 1977, pp. 76-93). As of the Arusha Declaration, this would have strengthened

the economy and capacity of the country to import resources and goods as more advanced early industrializers.

### ***Nationalisation of the industrial sector***

As pointed out above, one of the salient features of the Arusha Declaration was the increased role of the state in the industrial sector. The main objective of the increased state intervention during this phase of socialist Tanzania was to bring about a productive economic transition as well as the radical restructuring of economic power by limiting the expansion of domestic and foreign capital (Gray, 2013). This resulted in the nationalization of large industrial enterprises and the emerging public sector under the National Development Corporation (NDC), whose role was to expand and establish state-owned enterprises and licensing procedures to keep pace with the nationalization process (Wangwe, 1979, pp. 111-118). How could this be achieved? How did presidentialism affect industrial policy? As pointed out by Mkandawire, different styles of exercising authority, idiosyncratic mannerisms of certain individual leaders, and social practices within states may affect the life of industrial policy (Mkandawire, 2001). In interrogating the industrial policy after spelling out the Arusha Declaration, I begin with how increased presidentialism under Julius Nyerere affected the nationalization policy embarked on by the state. While addressing the people who had marched to the State House in Dar es Salaam on 3rd October 1968, Nyerere said, "We are very nationalistic in Tanzania, and we want to be sure that the economy of Tanzania is in Tanzanian hands and under Tanzanian control" (Shivji et al., 2020, p. 107). So, as it was elsewhere in the economic endeavors embarked on by socialist Tanzania, the nationalization of industries was not exempt. The government nationalized segments of existing industries and created new industrial parastatals (Mukandala, 1988). As it was in every corner of the country where nationalization was welcomed, the political class, and particularly the nationalists, welcomed the 'economic nationalization,' as Nyerere called it (Shivji et al., 2020, p. 107). As pointed out in the foregoing section, given the lack of an indigenously owned industrial sector, almost all the industrial firms that were nationalized were owned by the Asian community (Mukandala, 1988). This form of nationalization, which other party members celebrated, was seen as a 'corrective policy' of indigenizing the country's economy to the "owners" ("Indigenous Tanzanians") and had its genesis from the architect of the policy himself—Nyerere. Unlike his previous political stance on multiracial issues within his State Party, this time Nyerere was 'unknowingly' choosing a side. Probably, this time he was after the 'political legitimacy' from

'majority black Tanzanians.' As we will see later in this discussion on the political turmoil between members of parliament and the Asian traders who became patrons of CCM, the nationalization of the industrial sector had failed to transform the Party's supporters in the sense that the majority of Tanzanians remained poor, unlike the Tanzanian Asians. In his speech three weeks after the Arusha Declaration at the opening of Tanzania Breweries Ltd, one of the nationalized industries, Nyerere explained that 'for Africa, the choice between private foreign and private local ownership was false because there was no substantial local capitalist class.' Thus, collective ownership, meaning state ownership of the means of production, was a way of asserting that local control of the economy was inevitable. To Tanzania, this inevitable choice is not unwelcome (Shivji et al., 2020, p. 107). So, while before the Arusha Declaration, this question couldn't arise, after the Arusha Declaration, the question became apparent in Nyerere's words. Of course, as pointed out earlier, the main objective of industrial policy before the Arusha Declaration was to create productive capacity within the sector and to redress the racial imbalance in industrial ownership inherited from the colonial government. But this time was between the Tanzanians themselves. However, in the critical eye, besides the fact that Nyerere needed to transform the country economically, he needed policies that would ensure political stability and legitimacy. That's why this time he openly called for the indigenizing of the economy to the poor Tanzanians, who were his political capital. While his nationalist colleagues were not happy with the way Nyerere framed and understood nationalization, they did not dare to challenge him because of increased authoritarianism and presidentialism. Shivji notes that some of his colleagues (except Oscar Kambona) came to challenge him many years later, but not during the implementation of the policy (Shivji et al., 2020, pp. 107–108). Gray argues that though Nyerere was committed to transforming the economic power in the industry, the extent to which nationalization changed the ownership structure of the industry was, in many ways, quite limited (Gray, 2013). Therefore, there was again an urgent need to generate economic growth within the existing social structure, and this led the state to adopt a very cautious approach to reforming ownership patterns in the country's industry.

### ***Bringing back the private sector***

Nyerere himself had already noticed that he had misunderstood the nationalization policy. This time, he argued that the private sector was necessary for the development plans of the country and that the government

and private sector should work together to achieve the goal (Gray, 2013). As a result, half of the remaining industries were left in the hands of private individuals throughout the period (Gray, 2013). Also, to further his 'transformative agenda,' Nyerere called for joint ventures between the state and the private sector so that the private sector could continue with the industrial sector, but this time not alone, but with the state (Silver, 1984). According to Coulson, in other instances, the previous owners remained as managers under the new ownership structure of the joint venture between the private sector and the government (Coulson, 1982). Coulson gives an example of the National Milling Corporation, which was established in 1967 by the merger of eight private sector milling factories, and the owner of the largest privately domestically owned milling factory, Jayantilal Keshavji Chande, was appointed as general manager (Coulson, 1982). However, this new marriage of the private and the state translated to 'political bonding' of the private and the state, whereby most managers of the joint-ventured enterprises became patrons of the CCM. For instance, Jayantilal Keshavji Chande and many other Tanzanian-Asian businesspeople became close members of the CCM during and after *Ujamaa*. This marked the blurring relationship between the private and the state in the industrial sector. It was difficult for the state to speak of its interests and impose discipline on these managers, even when their performance was poor within the joint venture. The personal and political relations that these patrons had established with the Party, and some with Nyerere in person, were in many ways bound to the later crisis of the industrial sector. If we are to use Altenburg's words, this marriage between the managers and the Party was the beginning of the 'political capture' by group interests (Altenburg, 2013). Though Nyerere had at some point shown his concern about this marriage of business people with CCM by introducing the leadership code, it appears to have come too late, or he was not understood by his colleagues in the Party, whose political survival depended on patronage (Shivji et al., 2020).

As Gray notes, the increased state subsidies in the 1970s did not yield high productivity as expected because Party members were managers of the parastatals and, in many cases, mismanaged the enterprises. In other words, the managers misused the subsidies as they could not be disciplined by the Party (Gray, 2013). Thus, the political relationship between the state and the Asian-Tanzanian private sector became difficult over this period. As I introduced earlier in this study, Nyerere's political legitimacy depended on majority support; of course, this time it was the 'black Tanzanians.' Gray notes that from

the end of the 1960s, the call for nationalization by Party members grew, and there was increased open hostility from some Members of Parliament towards domestic private sector industrialists (Brennan, 2005). This hostility was often framed in an overtly anti-Asian movement. While party members had understood nationalization and other Ujamaa policies to redress the racial imbalance, the joint venture between the Tanzanian Asians who had dominated the industrial sector as well as politics was not only ambiguous but also brought into question the rationale of the Ujamaa policies for the majority of Tanzanians. At the core of this hostility was the fact that the private industrial sector was alienating the Party's main political base (majority black Tanzanians) (Shivji et al., 2020). As a result of this political problem that the private sector was creating, the focus shifted to state-owned industrial parastatals. While the extension of state control was meant to transfer power to workers and peasants, in reality, economic control was increasingly vested in an expanding group of Party, bureaucratic, and management officials (Shivji, 1976). Arne Bigsten and Anders Danielson mention that in the new ownership structure, the types of industrial policy rents available to industrial parastatals included direct state subsidies, access to finance directly from state-owned commercial banks, foreign concessional financing by donors for specific projects, as well as rents related to import substitution, such as those created by tariffs and exchange rate policy (Bigsten & Danielson, 2001). Also, Rweyemamu points out that, as with many other import substitution strategies adopted by developing countries, manufacturing activities with the highest rates of effective protection in Tanzania were the consumer goods industries, particularly the less durable and luxury goods types, and most industry was focused on assembly-type activities at the last stages of production (Rweyemamu, 1979, pp. 69–77). Until 1973, the nationalisation policy had shown significant expansion of industrial parastatals, and this had resulted in the growth of industrial output, industrial diversification, and labour productivity as a result of increased capital investment (Engelen, Szirmai, & Lapperre, n.d.).

### ***The Industrial Crisis in “socialist Tanzania”***

As I have pointed out at the beginning of this study, the industrial boom that postcolonial Tanzania had started to celebrate did not last long. Szirmai and Lapperre argue that despite high levels of investment and capital accumulation, the industrial sector quickly began to show signs of poor economic performance (Engelen et al., n.d.). In other words, Gray says that as the 1970s progressed, the contribution of industry to overall growth declined and became negative by the

end of the decade (Gray, 2013). Of other causes of this industrial decline, as John Weiss explains in his study 'Industrial Policy in the Twenty-First Century: Challenges for the Future,' Africa had misunderstood the aspect of intervention. Weiss argues that Africa's understanding of the intervention through the policy was mainly to encourage Import Substitution (ISI) (Weiss, 2013). While the choice may have aimed to encourage self-sufficiency, as it was aspired by the newly independent African nations just as it was for Julius Nyerere, the choice was characterized by high cost, low-quality production, small domestic markets, and thus it found itself failing to compete internationally (Weiss, 2013). Therefore, the major problem was that the high investment rates that were maintained in the 1970s were coupled with falling productivity (Weiss, 2013). For instance, there was underutilization of capacity, falling to below 30% across manufacturing enterprises in the 1970s (Bigsten & Danielson, 2001), and less than 10% capacity utilization in many textile mills by the mid-1980s (Ladha, 2000). Wangwe also notices that Morogoro Shoe Company, for instance, which was built with donor finance to produce shoes mainly for export, never reached more than 4% of installed capacity, and this underutilization of capacity coexisted with continued investment in capacity expansion (Wangwe, 1979, pp. 111–118). So, because the industrial sector was becoming less and less efficient, the expected profit fell dramatically. As a result, the life of the industrial sector was becoming dependent on state subsidies. Costello says that by the end of the 1970s, 11% of total government expenditure was dedicated to direct subsidies to parastatals (Costello, 1994). Of course, the increased use of subsidies to the industrial sector, coupled with falling productivity, again appears to translate the politics of presidentialism and the power of the central party institutions to manage the industrialization process. Nyerere, by this time, had failed to impose discipline over the rent recipients and how they could be used successfully in 'developmental states' (Gray, 2013). This follows that although the apparent formal political centralization of power endowed by the dominance of party institutions within the state, the centralization of power to Nyerere as the chair of the Party did not translate to an effective disciplinary hand on different parts of the state responsible for industrial policy. Now the increased use of subsidies in the state parastatals meant the Party was not able to force managers of the parastatals to use subsidies efficiently and yield the returns as it was envisioned by socialist Tanzania. So, managers of the parastatals were able to maintain their hold on state-created industrial rents even when their performance was not promising. As Shivji and Mukandala note, these managers of the parastatals

formed a cohesive intermediate-class group that supported and ran political activities of the Party (Mukandala, 1988). Therefore, it was challenging for the Party to discipline this group as they were able to make coalitions with supportive bureaucrats and ministers to maintain rents despite the poor performance of the parastatals they were managing. To curb the problem, several measures were undertaken, and all of them were meant to reduce the growing cost of production. Of these measures, there was splitting up existing parastatals into smaller units and attempting to cut down on the overall number of parastatals. However, even this measure was largely subverted from within as managers made deals with supportive politicians and bureaucrats within line ministries to expand by establishing new subsidiary parastatals and starting new branches (Mukandala, 1988). So, the splitting up of the parastatals did not address the underlying weakness of the central authority of the Party to impose its will on its different constituent parts (Tripp, 1997). The stable and inclusive coalition within TANU gave the overall appearance of strength, but central control over the constituent parts was quite weak. As Gray notes, the economic crisis in the early 1980s affected the manufacturing output, and so the manufacturing sector effectively collapsed (Gray, 2013). Just as elsewhere under neopatrimonial rule, corruption became evident, and Nyerere was not able to discipline his colleagues and the managers, as I have said before. Managers of the parastatals became increasingly engaged in illegal activities to bolster their falling incomes, and racketeering became common (Gray, 2013). Tripp notes that this type of corruption often involved collusion between parastatal managers, CCM state officials, and traders from the dwindling numbers of petty capitalists who sold the goods on the black market (Tripp, 1997). Even when the political leaders were outspoken in their condemnation of their acts, Nyerere and the Party were relatively powerless to stop them (Maliyamkono & Bagachwa, 1990).

## **Conclusion**

This study builds on the contending views of the neopatrimonial school and critically analyzes the dynamics of the nationalization policy in the early years of independence in Tanzania. It particularly locates what Bratton and van de Walle identify as key defining features of neopatrimonial rule in Africa, namely 'presidentialism,' clientelism, and the particularistic use of state resources, and how they translated to the governance of industrial policy in socialist Tanzania. While the selected phase covers different industrial policies and strategies, this study is limited to the politics of neopatrimonial rule and the dynamics of nationalization policy within the industrial sector in 'socialist Tanzania.' The

study begins by tracing the industrial heritage of postcolonial Tanzania in the early years of independence and how the government embarked on a quick and proactive industrial policy that could facilitate and manage the structural change of the industrial base of the postcolonial state. From 1961 to 1968, there was significant growth in the industrial sector. However, this industrial boom did not last long before the country started to witness de-industrialization, especially after 1973. On the other hand, these years were coupled with the rise of presidentialism, where power became concentrated in Julius Nyerere. As Bratton and van de Walle argue, the concentration of political power implies the dominance of one individual, just as it was for Nyerere, who remained a key planner of Ujamaa policies and implicitly controlled these policies through centralized state party institutions.

From the discussion, although the industrial boom was promising in the early years of independence (1961–67), both in terms of policy and performance, the nationalization policy of 1967 and onwards during ‘socialist Tanzania’ seems to have caused many dynamics within the industrial sector and its subsequent crisis. This is due to the fact that the policy implemented by the regime under Julius Nyerere between 1967 and 1980 encouraged the establishment of an oversized and increasingly inefficient sector, which was not well adapted to Tanzania’s resources in terms of factor proportions, skills, human capital, infrastructure, availability of foreign exchange, and other relevant factors. As a way forward, the government opted for neoliberal policies, which revitalized the industrial sector, though not in a very effective manner. Probably this time, the industrial sector had to meet new challenges that were not present during the early boom of 1961 to 1967.

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