

**SOCIAL AND ECONOMIC RESEARCH
FOUNDATION (ESRF)**

**REPORT ON REGIONAL WORKSHOP TO LAUNCH THE
GLOBALIZATION PROJECT**

HELD ON 15TH 16TH APRIL, 2002 AT ESRF CONFERENCE HALL

DAY ONE: MONDAY 15TH APRIL 2002

1.0 Opening

The workshop started at 9:34 a.m. slightly behind schedule (Appendix 1). Prof. Samwel Wangwe gave the opening remarks in which he highlighted the following points:

- The workshop was the first opportunity for ESRF to look at the issue of globalization through a two-year project that will address the problem at the regional level.
- Globalization has benefits and costs, and it requires a national/regional action.
- In order to act in a correct manner there is need to understand the process.
- Globalization has been around for over a long time, it is the acceleration over time, which is making a difference.
- Trade has shifted from products to manufactured good. We are losing trade shares, which is not an encouraging sign.
- Financial flows have also shifted away from direct foreign investment to capital investment flows. These are some of the challenges; the other is the danger of being by-passed by major international financial bodies.
- To avoid being by-passed, there is need to increase speed in competitiveness, to be aggressive in order to improve the quality of our products, and to gain trade shares and markets.
- Before we can change in a significant way we need to be more explicit in the way we address our problems.
- Where there are threats we need policies, which can mitigate the negative consequences of the process of globalization.

The opening remarks were followed by a brief session of self-introduction by the participants (Appendix 2). There was a short break, after which the first paper (Appendix 3) was presented by Prof. Brian van Arkadie on Globalization and the East African Economies. The paper presentation was followed by a discussion session in which the following issues were raised.

- Question: In examining globalization in East Africa has the project considered the human element?
- Answer: No, REPOA is the one concerned with that. We should do that as well but so far we have not.
- Comment: On the issue of taking comparative advantages, we have two alternatives to choose from: one is to change behavior the other is to adapt to change; there is less hope

for the second alternative. For four decades we seem to be insensitive to change. How can East Africa be like Vietnam?

- Comment: One of the saddest things in East Africa is that when we had common institutions like East African Railways, East African Harbors, East African Airways, Tax, etc. they did not work. Why? When EAC broke up the Kenyans were celebrating when they had the most to lose. Why was the Kenyan political class at that time so short sighted? Why do weak countries have difficulty coming together than rich countries?
- Response: One of the explanation could be that there was lack of participation from people other than politicians; for example, economists, sociologists, educationists, etc. The more the systems become answerable to the people the more difficult it is to destroy them. In the new East African Cooperation that aspect is now being taken into account.
- Comment: The project could not be more timely. We should strengthen the Community, to do that we should look more at internal factors than external influences. We need to find out how external influence can help sustain the internal forces; for example, we need a policy to sustain the small farmers and businesses in order to move forward.

The discussion was followed by the second presentation, which was a paper by Prof. Stephen Gelb on “The New South African Involvement in the Economies of Sub-Saharan Africa” (Appendix 4). In the paper the presenter gave a South African perspective on collective action by African leaders and South African interests in collaboration with African countries in the context of globalization. The paper presentation was followed by comments from the discussant, Dr. Kalema, of Uganda Association of Manufacturers who made the following points:

- We have a problem of management, in Uganda for example we have been going out to solicit investors into Ugandan private sector entities, but do we have to go all the way to London to get investors?
- The presenter raised the issue of state weakness in Africa. There is need for an honest assessment of our weaknesses in African states. In most of African countries governments are almost dysfunctional; the process of dialogue that involves the citizens interacting with the government is lacking. Developing economy is a shared responsibility between the state and the citizens.

- Government of Thailand is pro-people, it supports its private sector and the investors feel secure.
- We need to ask ourselves what we can do to create the right environment for borrowing and paying in time. We need to trust one another, which is a problem of business culture in our countries.
- Exposing East Africa to global economy will create a basis for building investment.
- The South Africans have the capital and the know how, that is why we are bringing them in the mining sector. The problem is not mining in the hands of South Africans but how we turn mining proceeds to development. We should not turn a good thing into a bad one.
- If the governments take a narrow view of who are its citizens, they are bound to make mistakes.
- We should develop sound economic strategies at the Regional level. We are leaving too much to chance, we need to take seriously our competitive advantage and look for ways to create and strengthen more business entrepreneurs.
- If the local team is weak, the other team is likely to take advantage of the situation. Private investments should be improved to build national capacities so that we are partners with foreign investors. We are not saying it is going to be easy, whether it is with South Africans, Indians, or Europeans we can always learn to be partners and player rather than victims.

Comments from the Participants

Participants made the following comments:

- It is good that the human element has been brought up. This is usually left out in many discussions
- The statement by the Ministry of Finance that there should be a social dialogue needs commenting upon; Tanzanians are not part of PRSP but that does not increase the number of coins in a poor man's pocket.
- We are confusing the ILO with global labor organization. The right of small miners is violated by South African large scale miners.
- Discrimination is very rampant between local and foreign investors.
- Globalization is therefore seen as a detriment; for example, workers in Kenya have written to their organization on how to deal with the raw deals they are being given by foreign investors and the government. Globalization should be given a human face.

Reactions from the presenters

- If the advantages of globalization are to be maximized the abuses of workers' rights, environment, etc. has to be controlled.
- Talking of state weakness is important, thus the state needs to be strengthened so that it can intervene. We need to put emphasis on employment issues and skill development training.
- American investment in the Caribbean had a negative impact, we have to ask ourselves whether there are specific characteristics of South African investments in the region that predict future trends. Is it likely to work in Africa?
- South African investment knows how to work in Africa – whether negative or positive. They are an import substitution export economy and their market is home based.
- What is the possibility of South African investment working in other African countries. May be the 'good' ANC government – but those who come to Tanzania are not from the ANC.
- The South African government see South African economic intervention in the Africa countries as positive and desirable.
- What we need to look at is how is production changing from import-substitution to export to the rest of the region? To what extent is that driven by external forces simply to help leverage South African economy or to encourage growth in the region?
- It is true there are social issues involved? There are people from South African firms in East Africa but it is not because they are running away from ANC, because those would certainly not come to Tanzania. They are simply those who see opportunity in Tanzania.

Reactions for the Discussant

- It is almost immaterial to improve only the economic platform, why investors do not come? Sometimes it is because our infrastructure is so poor. South Africa has so far exploited more than any other country because it has the capacity and it has built its import substitution earlier on.
- On the issue of globalization with a human face, most investors and entrepreneurs are not philanthropists they are looking for profit. They are like fishermen.
- We might be making Africa less competitive in areas where it has competitive advantage. Salaries paid to expatriates; for example, should be seen as unfair.

- In most African countries the knowledge of NEPAD is rather low, is this also the case in South Africa?
- Response: Is South Africa interested in eroding SADC? As a process that started in 1997 there is some prospect that SADC will strengthen economic cooperation among the member states. Whether or not South Africa has given up on SADC is something to be seen.
- Broader knowledge of NEPAD is needed. It involved a small team of countries from 5-15 governments. Most governments did not know what it involved.
- But CSO whose participation enhances the work of NEPAD is now being informed about NEPAD.
- It seems the role of donors is very important; lack of donor support in certain areas of economy is the reason for low economic growth.
- Building alliances with government is okay but everybody is trying to maximize profit.
- We need to find out from research how we are going to survive in the competitive atmosphere.
- There is need for exposure to international competitive structures and so far there are two sources of light and hope:
 - When we are subjected to import substitution it is possible to grow once we open up.
 - Over long and short term periods people develop a positive attitude towards international investment; for example, Tanzanians working in Vodacom have positive attitude towards international investment compared to those working in other companies. There seems to be a difference in the way they operate.
- South African investment is going to be an appropriate entry point compared to USA or First World countries. The question is how to choose the best of the investment companies.
- Policy is still a very wide net. Like in fishing one needs to know what type of fishing is required, the big type of fish or everything.
- The role donors have been playing in East Africa is different from that played in South East Asia. In East Africa they are not being used to improve conditions in areas of weakness.
- Donors' assistance can be channeled to those areas that need strengthening.
- Question: NEPAD is seen as going to focus on economics in order to improve North-South relationship. What measures

can be taken by NEPAD to assist weak economies like Tanzania, Kenya, Uganda, and others?

- Response: That might not be the reason why NEPAD was created to address. The idea was to help African countries that are willing to commit to improve the policy on governance. There were no performance criteria in SADC that countries lived to their words.
- SADC is a community; NEPAD is an idea, it is not fair to compare them. The problem is that most members in NEPAD are quiet. Locating it in South Africa is not going to help the idea spread to other countries.

The discussion session was followed by lunch break. The afternoon session started with the presentation of the paper 'Efforts to change the EA position in the global Economy" lessons learnt from previous industrialization efforts' by Prof. Wangwe and Mr. Rweyemamu. This paper (Appendix 5) dwelt on the current situation, constraints in the region and challenges ahead. The paper presentation was followed by comments from the discussant, Dr. Do Duc Dinh who raised the following points:

- One thing is not discussed in the paper; that is the lack of industrialization strategy. One strategy talked about was basic industry.
- All policies were developed under structural adjustment programs.
- There are no clear ideas on how to raise the comparative advantages; both in this paper and others.
- There is no clear statement on what can be done to alleviate /rescue the situation; this is because industrial policies have not been put in place.
- We need a clear vision of industrialization; i.e. what kinds of industries should be put in place?
- People talk about liberalization and privatization without any aim. Do they aim at developing industries? What kind of industries? Or privatization for what purpose? Or is it to privatize in order to protect water? This goes to show that policies are not linked to strategies.
- Intervention from the Chairman: It is true, he is right, there is no industrial strategy.
- The Permanent Secretary was told that it was a mess because there was no strategy – was this a genuine mistake? Uganda had an industrial strategy in 1945.

Reactions and comments from the participants

The participants raised the following points:

- At the moment there is no clear industrialization strategy in all the three countries.
- It was all export substitution even when resources were scarce. Capacities were created but the resources to keep them utilized were insufficient.
- There was very little investment in human resources, which are very important for competitiveness.
- The protectionist attitudes of that time removed the pressure to compete.
- The paper outlined why import substitution did not create the expected industrialization; where do we go from here, when the capacity of the East African countries to move forward has not been created?
- It is its single-mindedness and determination that enabled Vietnam to succeed in industrialization. If East African countries could focus on areas in which they have competitive advantage and are determined to succeed they are likely to succeed. If goals are selected well, there will always be a way of arriving at them.
- The other issue is how to explain the low growth in African economies both internal and external.
- When it comes to strategies for production there should be coherence with improvement of institutions. It is the production sector or the improvement of institutions where the government should focus its efforts.
- We cannot be competitive across the board, but can select areas on which different countries can focus.
- Countries have to be flexible and should not stick to one option. If one option fails, they have to make another choice.
- Lack of investment in education by the government for a long time was a non-starter.
- The institutional framework which, makes the private sector tick, is not in place; the reform to put in place the institutional support that is lacking is therefore necessary.
- At the moment we are thinking of taking the burden off the government's shoulders, but on whose shoulders are we going to put it?
- On the location of industries, is it necessary to prescribe? We have the physical facilities do we need to move them around?
- We need to avoid reduplication of activities and capacities as we come to the Community. Are we going to rationalize or not in terms of maximizing or changing what exists?

- One of the strategies suggested for competitive advantage is inter-firm rivalry/competition; the other is clustering all related institutions to work together.
- The sentiments that in order to develop, countries like Tanzania should base their industrialization on foreign market demands are acceptable; however, Tanzania and most African countries are lacking in strategizing and marketing capabilities. Therefore it is important to pool resources together.
- We need to look into quality through joint ventures. The existing low purchasing power can be raised by improving agricultural output in order to raise the GDP. We need agro-industries and should base our focus on agro-economy as our comparative advantage. We also need a short-term protection mechanism.
- The location factor contributed to some of our failures; for example, Machine tools would have failed even if it had been in Dar es Salaam. This is because its technology was based on the Russian method that would not have worked here. As for Mbeya Cement Company, limestone was there while power was not. So what was to be done? Put industries where there was power or power where the industries were?
- Instead of throwing away everything let us assess the merits of what exists and exercise some flexibility; for example, Tanganyika Packers should be sold to people with a history of similar institutions.
- As for marketing capability there is the option of using FDI but through linkages, commissioning, joint ventures, etc. with the purpose of getting what we are trying to achieve.
- In this era of globalization we should tie ourselves to the domestic market so that we are not swept out of existence.
- Protection is already very high but not targeted. It is not used in a way that supports industrialization. As long as we see protection as a starting point and springboard to other processes that should be all right.

The discussion session was followed by the presentation of the fourth paper on 'Cross-Border Investment in the East African Economies' by Dr. E. Chelule. The paper (Appendix 6) dwelt on the main goals and purposes of regional integration, the expected benefits, challenges, and factors affecting the integration. After the presentation the discussants, Mr. W. Kiboro and Ms. L. Madete made the following points:

- The economic trading blocks are very important because they facilitate the expansion of markets.
- Globalization is here to stay, we need to compete at local, national, regional, international, and global levels.
- The biggest impediment is government bureaucracy of which Kenya is a role model. We have got to do away with history where the government is only formulating policy but not implementing them.
- There is lack of clarity on investment policy. Some of them are not worth the paper they are written on; they are irrelevant, inappropriate and unworkable.
- Poor development of infrastructure such as: telephone, roads, railways, power, etc. need to be addressed as a starting point.
- Lack of uniformity of standards is one of the problems. There is enormous difference in what is taken as good quality. Other problems include:
 - Liberalization and non-performing parastatals,
 - Unpredictability of working environment,
 - Haphazardly increased responsibilities,
 - People's negative attitudes towards work,
 - Animosity towards other African businesses from cross-border investments, and
 - Lack of political will.
- However, within the East African Cooperation things are improving.
- Challenges to the group working on Cross-border investment in East Africa include:
 - In which sectors are East Africans investing?
 - Why?
 - Are these kind of trade adequately responding to globalization?
 - Are the areas of horticulture and tourism sustainable?
 - Is the investment unidirectional, i.e. from Kenya to others?
 - Why is this the case?
- The objective of cross-border trade has been to create investment within the region
- But the general trend lately is that all countries have been encouraging foreign investment i.e. from countries outside the region. Are these contradictions? How?

Comments from Participants

A brief discussion from the participants brought on board the following issues:

- There are positive changes that can be observed in this area; for example exporting jobs. The impact of this on employment should be positive.
- If it is only goods that are crossing the border it would not be good enough. We need mingling of people.
- Ugandans have gone to Kenya to attract investors. This is very positive, they are not as fussy as investors from more developed countries.
- If people go to neighboring countries and see good things, then go back home, they spread or advertise the good things and that helps.
- How can we protect uniform tariffs across the borders because our borders are very porous.
- Within the globalization era, what are we protecting? Our threats are not from within ourselves sometimes we protecting the huts while the whole craal is aflame.
- The issue is how we can encourage what is going on at the local level.

At the end of the discussion the Chairman thanked the presenter, the three discussants, and the participants for the active roles during the session. It was the end of the and all participants were invited to a cocktail party.

DAY TWO: 16TH APRIL 2002

On the second day the first paper to be presented was 'East Africa and Asia: lessons to be learnt' by Dr. Do Duc Dinh and Prof. B. van Arcadie. The gist of the paper (Appendix 7) was that in the 1980's most countries in South-East Asia, for example Vietnam, were among the least developed countries of the world; today Vietnam is no longer among the LDC, what lessons can East Africans learn from South East Asia? During the discussion of the paper following issues were raised:

- Question: Where are the East African countries heading? We seem to be caught in a vicious circle. Donors support our budgets because we cannot afford them. What are options to get out of the situation
- Response: The government should be small so that less money is used. Printing of money only puts up inflation. Countries with less supplies had less inflation. If we cut down donor aid and restructure our tax collection, then the taxpayer becomes more important than the donor. However the tax rate should not be allowed to double. If for example

profit is 10% and tariffs are 20% what would happen to the producers and taxpayers?

- If we want to break away from dependence, we have to act; the more we talk about it the more we sink into it. Why are we failing to implement?
- On the question of agriculture, is it possible to raise productivity? How? Jumping to large-scale production would seem to be avoiding the problem.
- In human resource training we have graduates without jobs. Do the kind of people trained match the kind of jobs available? In most cases what is produced is not what is in demand.
- The paper described the situation in East Africa, that is very different from what we hear in Vietnam. Most banks there are government ran; therefore, the government determines the lending rates. In East Africa the government owned banks died of heavy borrowing (from the government). The strategy now is to move banks towards efficiency in private hands.
- Our leaders do not have the trust in themselves and their own people to run the banks because of lack of discipline
- Something that the study should do would be to find out what can be done to orient our societies towards better banking. May be we needed to change the way people perceive their future.

Reactions from presenters

After comments from the participants the presenters reacted as follows:

- Challenge for East Africans is to start addressing:
 - the role of state in mismanaging state assets and therefore get it out of business'
 - how to liberalize while keeping the state still taking an active part in the process.
 - ways to take to task government officials, e.g. agricultural officers to farms or to take part in seed distribution, developing new varieties, etc.
- On the question of weakness of state and state institutions, Vietnam is a one party state with a strong state and has done better in economic development
- Those who misuse state property get shot. The question in East Africa is how to begin addressing the problem? How to hold government officials responsible and get the government to be responsible.

- On the issue of aid money, we need to use less of it to reduce dependency. Most aid money is used in politics; why do we need more money to talk than to produce food?
- Vietnam has very strong poverty alleviation projects but money goes to the poor through loans and micro credits. The culture of saving among the people is very high all have a saving drive.
- The government keeps the money and pays it back and builds credibility so that people trust the government and the banks.
- There are private banks but they are not allowed to raise interest rates above those set by the government. If they cannot make profit with that they can quit the banking business.
- On the question of education, science education is a national priority; for example, 2% of GDP is set aside for science education. In South-East Asia most of the governments are not socialist but have a strong hand in directing economy in their countries.

The second paper presented for the day was 'The Evolution of East African Trade: Structure and Policies' by Dr. B. Mkenda'. The paper (Appendix 8) focuses on the main similarities and differences in the nature and structure of trade policy reform in East Africa, to what extent, if any, is East Africa marginalized in global trade, what the export structure of East Africa reveal about their comparative advantages, and how that differs from those of South East Asia and Latin America. The presentation was followed by discussion in which the following points were raised:

- The ongoing debate is very interesting; one problem that has not been addressed is the cost of transactions and transport and utilities in Africa, which create trade barriers. This problem has to be addressed in order to lower the cost of investment in Africa.
- What value is going to be added to our goods since we are together in all the kinds of goods we produce and sell? The price of consumers has never determined producer prices since there are many structures in between.
- The whole issue of value adding is like ploughing the sea. If one can package flowers ready for supermarket shelves how much value can we really add? We cannot all enjoy the same comparative advantage.
- Instead of asking policy to restructure the unfairness in trading why don't we find the business strategy to achieve high profit?

- There is negotiation going on in Africa, but the best negotiators get taken away; brain drain is one such example, once people are trained and they are out there, they do not speak for Africa.
- Our structure is based on processing primary products, a process that needs highly skilled manpower. Innovative things require skills, and their effect on goods and products is value adding.
- We need a comprehensive set of policies leading us consistently and systematically towards economic growth. Do we have comprehensive policies in place? Non of the three EA countries seem to have such policy.
- If the World Bank were to step aside and no outside pressure was exerted on us would we move in the right direction?
- In fact what is required is not policy but the initiative to get things done.
- On the issue of processing for value adding, Tanzania process cashew nuts, coffee, and cotton; do we experience value adding effect in these products. If the processing is positive, there should be value-added effect. We need to find out where processing works and where it does not work.

The third presentation of the day was on the paper 'Globalization and Petroleum Sector in East Africa: An introductory overview' (Appendix 9) by Mr. Timothy Ranja. The paper addressed issues such as the global status of petroleum industry, petroleum and economic development in East Africa with special focus on the key players in the sector and their business environment. The presentation was followed by a discussion session in which a number of issues were raised, they included:

- Part of the problem is lack of government direction on socio-economic growth. We have liberalized but without regulating which affects the objectives of liberalizing. The government lacks the backbone; instead it is deferring and dillydallying.
- It is important to look at the obstacles and find out safety standards necessary for operating in oil industries.
- It would be interesting to find out if the absence of government regulating mechanism has affected petroleum trade.
- How do we take into account the historical disabling of private initiative? Do we have long enough time to see the long-term trends of what is in the pipeline since an industry is not very amenable to change?

- Has the demand for petroleum responded to price changing, whether firms and farmers have started looking for alternative to petroleum as a source of power?
- What is the place of the petroleum sector in the economy?

The presentation that followed was 'Implications of WTO/TRIPS in East Africa: With Special Emphasis on Pharmaceutical Patents' (Appendix 10) by Ms. U. Mwalimu. The paper covered the TRIPS Agreement with East African countries, potential human rights impact and their protection, and the case of pharmaceutical patents and HIV/AIDS generic drugs in East Africa. The presentation was followed by comments from the discussant. Issues raised by the Discussant were:

- Health problems include access to essential medicines.
- Getting a pharmaceutical license meant negotiating to get in as a group.
- Lack of political-will whereby pronouncements were not acted upon. Brazil, for example, combined treatment and prevention, and also cared for the affected.
- Bringing products from another country and selling them; this is called parallel licensing.

Comments from the Participants

- Evidence shows what simplicity in analysis can achieve, one needs to go to the most effective areas and do the best.
- The question of poverty is not looked into. If you give a patient a drug you need to keep him/her under observation – which is called monitoring, but we are not monitoring poverty
- The question of making profit with drugs has not been addressed; with the governments' will it is possible to get drugs cheaper like it happened in South Africa.
- Patents tend to create monopoly around a product, but sometimes patents can improve the quality of a product.
- We are moving in the right direction but two points need to be captured: first for the production in pharmaceuticals for both Arusha and Keko companies the local technology has not improved, so when are we going to be at the cutting edge of production? Secondly, we need to be pushing the frontiers of knowledge but we have insufficient capacity; we need to find ways to raise our capacity levels.

Reaction from the Presenter

- The presenter thanked the participants for their comments and said that the issue of capacity and capabilities of local pharmaceuticals was the subject of her next research.

That was the end of the morning session followed by a lunch break.

The afternoon session was opened by the presentation of a paper 'The Impact of Mining Industry on Future Development of Tanzania' (Appendix 11) by B. van Campenhout. The paper dwelt on the troubled relationship between natural resources and development, possible explanation, future development and research needs. In the discussion of the paper the followings points were raised:

- Natural resources are not necessarily a blessing, in fact there is a negative correlation between availability of natural resources and economic growth. Sweden's rather high economic growth is untypical.
- The subject of mining is very interesting and is generating a lot of debate in Tanzania; ordinary people are worried about what is happening in the mining sector. Small miners found in place are kicked out. The big companies extract gold once and for all. Does this really generate development?
- The damage being done to environment, not to mention that some mining activities involve poisonous chemicals which sometimes find their way into water for domestic consumption. People don't seem to be getting any satisfactory answers from the government or researchers; what is this all about?
- Why is the success story based on two countries that did not do well.
- We talked of weak states, if they are weak and as a result cannot take advantage of mineral boons how can they manage or even monitor big foreign mining companies?
- The prices of coffee, cotton, and other products are declining; can't the same apply to gold whose prices have gone down over the last decade?
- It goes against common sense that natural resources can bring disaster in economic growth as we were all getting hope that minerals will bring a boon.
- Are there countries from which we can draw experiences; for example, oil in Arab countries. We might need to analyze life patterns in those countries especially in areas of governance.
- It would be useful to find out whether some countries have the capacity to make and manage minerals or natural resources for the good of their countries. If so what are the priorities in such countries?

- The origins of the problem are different. We are yet to see a clear picture. Within Africa the example of a success story is Botswana only. Nigeria, Angola and Zambia have so far been failures. These countries might have been a lot better off if they never found that they had natural resources.
- The other issue is how long the natural resources are going to last. Nigeria wiped out agricultural exports. In Zambia copper belt is temporary and in Angola the civil war would not have lasted long had it not been for the wealth in mineral resources.
- We need to put the pieces bit by bit together of what happened in these countries and put Tanzania with them. The author of the paper needs to take the up the issue in the next stage of the project.
- The accuracy of the model on page 7 for interpreting the results would be misleading, including the one of page 10.
- On policy and governance, we should not blame it on resources but on the behavior of those who get hold of the resources.
- The policy is consistent on the issue of small miners; they can work complementarily with the large-scale miners. The large scale minor goes where the small scale cannot reach.
- Some of the small miners moved out with compensation. Sometime it is important to cross check what the small miners say, because some are used by big tycoons in Arusha and Dar es Salaam.
- The environmental problem of chemicals arises from big tycoons using the small miners. Bringing the small miners close to modern technology so that they can participate effectively on their own without being used can solve this.
- Small miners and big ones should be brought to the drawing board and should know what is good for the country. It is not the money that causes problems but what is done with it.
- In South East Asia countries that are the best examples of economic growth are the poorest in natural resources.
- Question: Has anyone studied the effects of diamond mines in Shinyanga?
- Response: No one.
- What about Botswana?
- Response: In Botswana they used to buy bonds in international markets with higher interest rates; those yielded better terms than donor money.
- On the question of interaction between the small and big miners; they can actually work together in theory because

they occupy different places, may be that should be part of government policy.

The last presentation was on Globalization and Corruption (Appendix 12) by U. Phillip in which the author ventured as to whether there was a relationship between the two, then he proceeded to identify the guiding criteria for judgment, the global players and why corruption should be fought. After the presentation the discussant, Mr. Kamuzora had the following to say:

- There is need to manage the process of globalization so that the dangers of its being abused by corrupt and criminal people, who can easily turn its blessings into a curse is made obvious.
- Many transnational corporations have acted as economic predators in Africa, gobbling up natural resources, distorting national economic policies, exploiting and changing labour relations, causing environmental pollution, violating sovereignties and manipulating governments and the media.
- In order to ensure uninterrupted flow of resources into their businesses, transnational corporations have also supported repressive African leaders, warlords, and guerilla fighters and thus serving as catalysts for continued lethal conflicts in African countries.
- Corrupt African leaders anxious to maintain their grip to power have often turned to transnational corporations for money to purchase arms for their private armies.
- The practice is global in scope, with firms from over 50 countries implicated in offering bribes for contracts in over 100 buyer countries.
- We are now witnessing increased criminal activities such as trafficking of drugs and humans, dumping of toxic wastes, unregulated exploitation of minerals, oil and wildlife and money laundering.
- Sub-Saharan Africa is witnessing a revival of the traffic in human being; thus as globalization gains momentum so do criminal activities that are corrupting the social fabric of our countries and societies.

The presentation by the discussant was followed by a general discussion by the participants in a number of issues were raised; these include:

- There is evidence of corruption even where authorities pretend that it does not exist.

- The presentation was interesting but it dealt with the international level. It is important to look at the national level. Let us look at the devil at home not abroad.
- Response: the subject is globalization and corruption at the global level.
- The universality of corruption came out very clearly in the presentation and the African continent seem to take the big share.
- Other areas in which corruption is rampant are:
 - import license, where one cannot get it without giving 'something',
 - repatriation of profits where multinational corporation officials bribe government officials to repatriate money to their respective countries,
 - opacity of military procurement, no country publishes what its military buys.
- The very institutions charged with the responsibility to fight corruption have vested interests in keeping it alive.
- The feelings of the African common man is that leaders are corrupt
- In the 1970 if a file is misplaced someone had to be answerable, today if a file is lost nothing happens.

Reactions from the presenter

- We cannot say corruption is more dangerous than say, poverty because it is not. When someone who has nothing to loose is offered a bribe of US\$ 1000 he/she is likely to take it.
- Most African economies have been regulated according to the former Soviet Union. There is also an element of Oriental culture, for example 'takrima' makes the boundaries less sharp.
- In addition, static money is good for corruption.

Reactions from the discussant

- African countries are more corrupt than those in Europe; but Africa is involved in petty forms of corruption.
- Corruption involving large amounts of money is more rampant in the West.

At the end of the discussion Brian Van Arkadie was asked to wind up and say the way forward. He had the following to say:

- If asked whether we are doing the right thing, some areas need to be developed further.

- It is important getting participation from other regions especially from South East Asian countries.
- Thanks to those who came and shared with us.

In closing remarks Prof. Wangwe thanked everyone and said that, that was the beginning of a major collaboration. The workshop ended at 17:45 pm.

APPENDIX 2: LIST OF PARTICIPANTS

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