

**The Moral Economy of the Mine:  
Contesting South African Control of Tanzania's National Gemstone**

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**Introduction: Economic invasion**

In the decade since the dismantling of apartheid in the early 1990s, the economic geography of sub-Saharan Africa has been radically reconfigured, with South Africa assuming the role of the continent's leading economic power. Since the election of a majority government in 1994, South Africa has made tremendous inroads into spheres of economic influence once dominated by sub-regional powers such as Nigeria and Kenya. Its exports to the rest of the continent have more than tripled in volume, and its foreign direct investments (FDI) in the region have in some cases surpassed, or replaced outright, those of the continent's traditional neo-colonial trading partners in Europe and Asia (Daniel, et al, 2005; *The East African* Feb. 28-Mar 6, 2000; Naidu and Lutchman 2004; Rumney and Pingo 2004; *Business Times* Feb. 22-28, 2002; *New York Times* Feb. 17, 2002; *New York Times* Nov. 4, 2003).

Nowhere is South Africa's growing economic presence more evident than in Tanzania. Like several countries in the region, Tanzania is physically well-endowed with exploitable natural resources. It is also one of several post-socialist states currently undergoing sweeping neo-liberal economic reforms geared toward the rapid privatization of state-owned enterprises. In this respect, the country's economy represents what one South African observer has called "virtually virgin terrain" (SARPN 2004, pg. 1), and South African investors, including upwards of 150 firms to date, have dutifully trekked northwards to take advantage of this situation.

These sweeping changes beg a series of compelling questions. What does South Africa's new economic dominance mean in cultural and political terms in a country like Tanzania where South Africa was so recently denounced as a "pariah state"? How are Tanzanians, once among the staunchest opponents of apartheid, adjusting to a new economic order that brings South African investors and industrialists to their doorsteps? How do they reconcile a desire to support the ostensibly progressive political changes ushered in by South Africa's majority-led post-apartheid government with mounting concerns over the creeping encroachment of South Africa's "business army" into the Tanzanian economy (cf. *African Business* June 1997)?

South Africa's "economic invasion," as some have called it, has surfaced as an important wedge issue in a national debate centered on Tanzania's economic reform process (cf. *East African* June 5-11, 2000.). Many older Tanzanians, for example, whose political consciousness was shaped under the post-independence socialist government of Julius Nyerere, find the country's current economic policies difficult to accept on a number of levels. Some object to the privatization of nearly 400 parastatal concerns, including many of the country's most prized economic assets. Others bemoan the dumping of cheap imports, and the extraction of valuable natural resources on concessionary terms by foreign nationals. In each of these areas, the insult added to the injury is the fact that it is *South Africans* who have surfaced as the nation's prime investment and trading partners. This fact alone, in the eyes of many Tanzanians undermines the legitimacy of the reform process itself. As one informant explained: "Some people are saying that if our first president could come back to life today, he would die again to see what has happened. You can't just keep selling everything!" (Interview with the author, May 2004).

In this paper, I begin sketching out the contours of this national debate. My point of entry is the controversy surrounding South African investment in Tanzanian gemstone mines. I focus attention on the mining of tanzanite, a rare gemstone commodity found only in a tiny enclave in northern Tanzania. I briefly trace the history of the gem's discovery and the eventual establishment of a South African-owned and -operated mining corporation known as Tanzanite One on the site. I then analyze a series of issues – the origins of tanzanite, privatization of the mining enclave, corporate social responsibility, taxation and royalties, mine violence, mining "ethics", and vertical integration or cartelization by the South African mining corporation – with an eye towards exploring how each is inflected by nationalistic sentiments. Tanzanite mining involves a classic conflict situation where tens of thousands of small-scale artisanal miners are pitted against the state and Tanzanite One, a powerful multi-national firm. In this context, small scale miners lament their physical displacement and loss of mining rights following privatization of the mining area, their loss of effective control over the tanzanite commodity chain as the corporate miners have vertically integrated operations, and the alienation of profits by foreigners. In each case, however, these generic political economic issues are inflected by moral economic issues and symbolic politics more broadly centered on race, political consciousness and national sovereignty.

### **Apartheid's legacy, once removed**

The relationship between independent Tanzania and the Republic of South Africa has been politically fraught from the very beginning. Shortly after independence in 1961, Tanzania's first national government under President Julius Nyerere began positioning itself as a key ally of the political and military forces seeking to bring about the liberation of southern Africa (Nyerere 1978). While a full history of the solidarity actions of the Tanzanian government during this period is beyond the scope of this paper, several facts bear mention here. For instance, Nyerere was instrumental in the establishment of the Organization of African Unity, which became a key site for the expression of opposition

to apartheid, and another Tanzanian, Brigadier Hashim Mbita, subsequently became the first head of the OAU's Liberation Committee. Throughout the 1970s and 1980s, Tanzania also played host to several high level meetings and conferences attended by exiled leaders of the various southern African liberation movements, including South Africa's African National Congress (ANC) and the Pan African Congress. Finally, Tanzania was a site of refuge and sanctuary for political exiles from all over southern Africa, most notably through the establishment of the ANC training center known as the Solomon Mahlango Freedom College (SOMAFCO) located just west of Dar es Salaam in Morogoro District (Morrow et al. 2004).

These activities on the part of Nyerere's government, and the active presence of South African comrades in their midst, had a profound impact on Tanzanians' sense of national identity and became deeply ingrained in their political consciousness. Not only were the political actions taken by their government a source of considerable pride, but there were also considerable risks involved. In an effort to engender a civil defense mentality, Tanzanians were repeatedly exhorted by their government in the 1980s to remain vigilant and be on the alert to the possibility of a South African incursion into Tanzanian national territory. Speculation was rife, for example, that the South African Defence Force would invade Tanzania from across the Mozambique border to the South, that SOMAFCO would be bombed from the air, or that key pieces of Tanzania's infrastructure such as the bridge that links the core business district of Dar es Salaam to its northern suburbs would be blown up by South African commando units (cf. Morrow, et al. 2004: 115-118; Anonymous interview with author, May 2006). In a series of interviews in 2005 and 2006, middle-aged Tanzanians vividly recalled the days when they were secondary school students, cadets in the national youth service corps or serving in the military; how they marched to the cadence of chants that called for the violent death of any white South African found within Tanzanian borders. In this context, the epithet "*kaburu*" which is the Kiswahili term for boer, carried tremendous pejorative force ("*Kaburu akija chinja!*" -- "If a *boer* comes, slaughter him").<sup>1</sup>

To this day, Tanzanians describe the alerts, the comradeship of national service, etc., as being absolutely formative in terms of the enduring antipathy they possess towards white South Africans. One woman, for example, squeezed her head between her hands as she explained that it was "impossible to erase these [anti-South African] feelings from my brain." Another explained her distaste at having to serve South Africans at her workplace, pointing out that her government had taught her to hate the South Africans, and that she would never be able to change those attitudes. An elderly gentleman acknowledged that he still refuses to buy Vodacom, the most popular cell phone service in Tanzania, and a middle aged community activist stated emphatically that she will not

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<sup>1</sup> These chants extended to all of the racist white-dominated southern African regimes. One variant: "Chinja, chinja, chinja mreno." -- "Slaughter, slaughter, slaughter the Portuguese."

dine at a South African-owned fast food chain, both effectively carrying on the old economic boycott of South African goods and services.

While such powerful negative sentiments against South Africans remain strong among many Tanzanian citizens, the terms of the *official* bilateral relationship between Tanzania and South Africa have undergone a profound sea change. Now instead of honing the knife's edge of Tanzanian national identity on the rough politics of the southern African liberation struggle, Tanzania's government has actively sought to curry favor with the post-apartheid South African regime and rehabilitate South Africa's image among the Tanzanian citizenry. Through numerous impromptu speeches and scripted remarks reported in the press, government officials in both the outgoing regime of Benjamin Mkapa and that of current president, Jakaya Kikwete, have exhorted the body politic to stop calling the South Africans *kaburus*, set aside animosities, and welcome South Africa's ANC regime as a "partner" in development.<sup>2</sup>

Investment by South African firms has been warmly welcomed by Tanzanian officials in all sectors of the economy, but perhaps especially so in the mining sector. Empirical research on South African investments on the continent shows that virtually every major South African firm active in the region has also invested in Tanzania (HSRC 2004; cf. Gibbon 1999). In little more than a decade, South African investors have acquired large and often controlling stakes in, or managerial control over, Tanzania's largest banking chain, the national airline, the national brewery, the national electric utility, major hotels, gold and gemstone mines, hunting and photographic safari companies, cellular telephone service, television, print media and movie distribution networks, agro-processing facilities, retail food and grocery outlets, and countless other smaller businesses offering South African goods and services. Moreover, while Tanzania is not the largest recipient of South African capital, it is nonetheless ranked as one of the most *preferred* investment targets in a number of recent surveys of South African corporate heads (*The East African*, Feb. 28-Mar. 6, 2000; cf. *Financial Times*, Feb. 16, 2000; *Business Times*, Dec. 7-13, 2001). Resentment at this influx is widespread, and for many, the entry of South African capitalists only serves to reinforce the negative attitudes toward South Africa born of the earlier liberation struggles.

### **Tanzanite nationalism**

One of the most visible entry points for South African capital into Tanzania has been the mining operations centered on Tanzania's de facto national gem, tanzanite. Even in the rarified world of international gemstone trading, tanzanite stands out as something unique. To begin with, the deep blue-violet stone, which is technically known as blue zoisite, is only found in one location, an eight square kilometer enclave on a hillside just

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<sup>2</sup> *Business Times* (TZ), May 28-Apr. 4, 2004, pg. 1: "Kigoda Riled by Economic Reform Critics." The reference to "partnership" here is a deliberate allusion to the New Economic Partnership for African Development, or NEPAD, a regional economic development initiative strongly backed by South Africa's ANC government, which is itself quite controversial (cf. Kivamwo 2006).

to the south of Tanzania's world famous Mount Kilimanjaro. The site itself consists of an extremely unusual and relatively ancient geological formation. In comparison to diamonds, for example, which can date back 100 million years, the rock formations that contain the country's tanzanite deposits are estimated to be well over 500 million years old. This distinctive geological provenance is, of course, a marketers' dream. And the oft-repeated, if somewhat mathematically dubious, claim that tanzanite is "1000 times rarer than diamonds" has helped generate an estimated \$300 million in annual sales worldwide.<sup>3</sup>

There are multiple narratives of the original discovery of tanzanite (cf. Mmbaga, 2006). In one, a lone Tanzanian prospector known as Ali Juyawatu is attributed with finding the gem; in another, an Asian Tanzanian prospector by the name of Manuel d'Souza was the first to find the stone.<sup>4</sup> A third rendition featured in much of the promotional material circulated by the Tanzanite One corporation's charitable and marketing affiliate, the Tanzanite Foundation, suggests that the "mysterious" blue stones were originally found by Maasai tribesmen, who showed them to Juyawatu and/or d'Souza.<sup>5</sup> All of the different origin myths converge at the point when the newly discovered gem captured the attention of world renowned jewelry merchant, Tiffany's and Company. Fearing that the genteel gem buying public might shy away from a commodity whose name, zoicyte, sounded so much like "suicide", Tiffany's representative, Henry Platt, renamed the gem "tanzanite" after its country of origin. Claiming that the find was the "greatest gemstone discovery in the century," Platt went on to launch a major marketing campaign, one that was redoubled several times over once South African corporate interests gained control of the mine in 1990, and by the turn of the century, tanzanite had surpassed rubies and emeralds, and ranked second only to sapphires in the all important US-based colored gemstone market.<sup>6</sup>

The close association of the gem's new name with the nation, its exclusive location within Tanzanian national borders, and its distinctive geological history have all effectively ensured that the gem would carry dense symbolic associations. The mining area itself has accordingly become a primary site for the contestation of national identity. For many years, much of the tanzanite produced in Mererani was smuggled into Kenya

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<sup>3</sup> See for example Traders Africa (2003).

<sup>4</sup> D'Souza's claim, dated July 25, 1967, is the first to be officially registered with the Tanzanian government, albeit for a deposit that was initially misidentified as olivine, a stone with physical properties that are similar to tanzanite and difficult to differentiate in the field (*The Gazette of the United Republic of Tanzania*, Dec. 8, 1967, p. 823; Angelo D'Souza, interview with author, June 17, 2006.)

<sup>5</sup> <http://www.tanzanitefoundation.org/>

<sup>6</sup> Stewart Bailey "AFGEM and tanzanite – match made in heaven." Available from: <http://www.mineweb.net/events/conferences/2002/afgem/33515.htm>; accessed Feb. 21, 2006

for re-export, feeding the impression that Kenya was the source of the gem.<sup>7</sup> This piece of misinformation fed into a long-running battle Tanzania has fought with Kenya through the years over issues of national identity related to natural resources – the fact that both Mt. Kilimanjaro and the Serengeti Plains feature prominently in promotion of the Kenyan tourism industry is the source of great bitterness in Tanzania. The potential of yet another loss of “national heritage” in the case of tanzanite was accordingly cause for considerable alarm.

While the Kenyan threat has subsided somewhat as the mythical narrative of tanzanite’s discover has become better known, the entry of South Africans into the fray has prompted new concerns, bordering on paranoia. Until recently, when Tanzanite One upgraded gemstone cutting and polishing facilities in Mererani, most processing of the stones took place in a number of offshore locations, including South Africa. This practice was clearly the source of rumors making the rounds in 2005, which claimed that South Africans had taken a cache of rough tanzanite specimens to South Africa where they had “spread them around underground” so they could be “discovered” by local miners. This ruse would supposedly give South Africans a conduit for smuggling gems out of the country to be processed abroad without paying royalties or taxes in Tanzania.

A news article that appeared in the *Business Times* of Tanzania in 2005 under the heading “Controversy over 'tanzanite' origins in SA” displays a similar sensitivity:

A random survey by the writer for *Business Times* in South Africa showed that South African Airways in-flight shopping extraordinair [sic] magazine publishes various adverts defining tanzanite as being found 'only in Africa' - without even so much as hinting that the stone is actually found in Tanzania, and to which it is unique.<sup>8</sup>

Such slights are seen as nothing less than deliberate attempts on the part of South Africans to usurp Tanzanian national heritage.

On a third front, Tanzanite One and the Tanzanite Foundation have been laser inscribing individual high quality gemstones with what they call the “Mark of Rarity”. This process, which was initiated partially as a pre-emptive response to the controversy surrounding conflict diamonds, is meant to certify that the gem was mined both legally and “ethically,” and that it has passed through “safe” hands throughout the marketing process (<http://www.tanzanitefoundation.org/>). The implication, however, is that any stone *without* the firm’s imprimatur has potentially illegal or unethical origins. The “Mark of Rarity” is thus seen both literally and figuratively by many Tanzanian gemstone merchants as a sinister design on the part of South Africans. Indeed, the practice of laser

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<sup>7</sup>Nkwame, et al., 2005. Claims that tanzanite has been found in Kenya continue to surface on the web. Cf. <http://www.gemologyonline.com/tanzanite.html>; <http://www.generousgems.com/tanzanite.html>; and <http://www.jewelsofnewport.com/education/Tanzanite.aspx> -- all sites accessed October 20, 2006.

<sup>8</sup> *Business Times*, Dec. 2-8, 2005, p. II

inscribing tanzanite is widely perceived in Tanzania as a blatant attempt to make tanzanite a “South African brand,” yet another attempt to “hijack” tanzanite to South Africa.

In each of these cases, the underlying issue is quite material: any dilution of the single source story could undercut demand for tanzanite, and thus affect prices on the world market. But just as clearly, the materialist concern is overlain by complex and potentially volatile symbolic associations.

### **(In)transparency and private corporate control**

The Tanzanian government’s policies toward its distinctive gemstone resource have undergone a number of radical changes in the four decades since tanzanite was first discovered. In the context of the original gem rush, the government simply allowed open access to the mining area. Then, in 1971, the parastatal State Mining Corporation (STAMICO) and its subsidiary the Tanzanian Gemstone Institute (TGI) assumed control over the mines on behalf of the state, coordinating productive activity on the site for the better part of the 1970s. When this arrangement proved unwieldy and unprofitable, the government launched a new national mining policy (1978), which gave mining rights (back) to artisanal miners provided they established legal claim. By 1989, an estimated 30,000 artisanal miners, most working as laborers for absentee mine license holders, had started work in the area (<http://www.tanzaniteone.com/>).

In 1990, the Tanzanian government, already deep into its economic reform mode, curbed artisanal mining and demarcated the area into four zones designated as blocks A, B, C and D. Block A was awarded to a local mining concern known as Kilimanjaro Mines Limited, and blocks B and D were allocated to small-scale miners. Block C, which represented the core and most productive area within the mining enclave, was slated for privatization by an international investor. In the fifteen years since the core of the tanzanite mining enclave known as Block C was privatized, the area has undergone three changes of ownership. The mine concession was originally owned by Graphtan Limited, a South African managed company whose purpose was ostensibly to mine graphite rather than tanzanite. (Geologically, tanzanite is found in close association with graphite.) In 1996, Graphtan’s assets, including Special Mining Licence 08/92, were acquired by a second South African firm known as African Gemstone Mining Ltd., or Afgem, which promptly began mining tanzanite on the site. Eight years later, in 2004, Afgem effectively restructured itself and sold its assets to a new corporate entity known as Tanzanite One, the firm that now controls the core of the mining area.

All of this would seem quite unremarkable in the context of the global restructuring of the mining industry throughout the region, which has been particularly volatile of late. Yet skepticism abounds among Tanzanians. First, they question why a firm that was supposedly mining graphite chose to site itself directly on top of the most lucrative vein of tanzanite in the country. The widely held perception is that the graphite mining

venture was little more than a Trojan horse allowing South Africans an opportunity to gain a foothold in the tanzanite mining sector. When the mine was then transferred shortly thereafter to Afgem as a *tanzanite* mine, locals felt their suspicions were borne out, and in fact, Graphtan was mining both graphite and tanzanite throughout this period.<sup>9</sup>

When Afgem sold its assets to Tanzanite One, local observers noted that five members of the nine man board including the CEO and Chief Operating Officer, and most of the mine managers on site, including the principal geologists, security personnel, and marketing specialists – virtually all South African nationals – “transferred” to Tanzanite One along with Afgem’s mining and prospecting rights. In this light, the whole set of transactions was widely derided as a kind of shell game designed to allow the firm to take advantage of a tax holiday on offer to new corporate investors. As the member of parliament who represented Mererani at the time, Vincent ole Kone, put it: “We have seen many such foreign owned firms, changing ownership or names thus earning themselves another tax relief holiday, while other businesses keep staggering under the weight of taxation being imposed on them.”<sup>10</sup>

Corporate documents suggest that, in the case of the Afgem-Tanzanite One sale at least, tax benefits played a minor role in corporate decision-making, at best. Instead, the move was largely prompted by the desire to shift the firm’s stock exchange listing from the rand-based Johannesburg Stock Exchange to the dollar-based Alternative Investment Market on the London exchange. Most of the firm’s business transactions are conducted in dollar currency. The strengthening of the rand against the dollar in the late 1990s meant that the firm’s performance on the JSE suffered, and investor confidence followed suit. Re-incorporation allowed the firm to shift listings and attract substantial new investment capital as a result. None of this mattered a great deal to small scale miners, however. The bottom line in their eyes was that: 1) South Africans had gained control of the *core* of the tanzanite mining area; and 2) this was achieved through a pattern of enduring subterfuge.

One mine stakeholder referred to the shift from Graphtan/Samax mining graphite to Afgem/Tanzanite One mining tanzanite, all on the same mining license, as being the cause of tremendous resentment on the part of artisanal miners. It was, in his view, precisely the “intransparent” nature of this string of transactions that “led to [the] violence that was so prominent in the early 2000s... to a lot of deaths, to a lot of injuries, a lot of human rights abuses...” When pressed to explain how significant it was that it

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<sup>9</sup> By 1996, when Graphtan/Samax liquidated its assets at the Mererani site, some 6776 tons of graphite had been produced. While similar data on the firm’s tanzanite output are not available, scattered references in the trade literature make it clear that Graphtan was also mining gem quality tanzanite in significant quantities. (George J. Coakley, *The Mineral Industry of Tanzania*; accessed on-line at <http://minerals.usgs.gov/minerals/pubs/country/1996/9238096.pdf>).

<sup>10</sup> Quoted in Nkwame, Valentine Marc. “Local miners detest ‘small scale miners’ label. Arusha Times, June 19-25, 2004, np; accessed on-line.



was a South African company involved in this process, when Australian and Canadian mining firms active in other parts of the country were beset by similar controversies, this observer replied:

To locals, it doesn't matter if it is South African or not. It doesn't. I mean for them it is an economic crisis, forfeiture of land rights, forfeiture of their cultural rights, and that's it. But at the same time, to the older generation who have been living longer than I, who've been living in [the socialist period of] *ujamaa*, etc., who've been involved in anti-apartheid, who've been experiencing in [sic] anti-apartheid things, to them it means a lot. A lot. ... The South African connotation is just terrible. And every time [the South African miners] do these acts...the dog mauling, and the use of chains, the [locking of trespassers in] closed containers, [the older miners] just link these things to apartheid. And I also have a report from one of these committees that was launched by the ministry to investigate these things. They issued a report, and the minister, upon receiving the report and our recommendations, called the stakeholders to a meeting in Arusha and said the proprietors of Afgem should stop these apartheid acts, because it reminds Tanzanians of what their [South African] brothers went through...And even if you should go to Mererani at the moment and ask anybody about Afgem [i.e. Tanzanite One], the name they use is *kaburu*. The fact is they will use *kaburu*, and *kaburu* is a name we used [to refer to South Africans] during the apartheid regime. So we don't regard it as the new South Africa, we regard it as the old *kaburu* regime. So it has! It has a lot of significance today, too. (Interview with the author, October 2005)

### **On corporate social responsibility and the mine locality**

As noted above, in much of the literature circulated by the Tanzanite Foundation throughout the gemstone world, the origins of tanzanite are attributed to a group of Maasai herdsman who happened to discover unusual blue stones along a riverbed after a fire caused by a lightning strike. The Maasai are supposed to have taken the gems to a local prospector, who passed them on to Tiffany's and the gem rush was on.<sup>11</sup> The prominent role of Maasai in this version of the origin myth is significant for a number of reasons: first, it serves to undercut any latent legal claims the surviving members of the d'Souza and Juyawatu families might make on the mine (official claims on the part of both d'Souza and Juyawatu were gazetted in 1967 and 1968, with d'Souza's claim, which was subsequently upheld in a court case, appearing first - see fn 4 above); second, it adds to the mystique of the stone, something that the Foundation has deliberately sought to play up in its advertising (Vecter 2006); third, the Maasai linkage represents a nod in the direction of political correctness, giving the appearance at least of eschewing self-serving

<sup>11</sup> Cf. <http://www.tanzanitefoundation.com/>, accessed January 9, 2007. Tanzanite naturally occurs in a dull brown color and must normally be heat-treated in order to achieve the blue-velvet color attributes most preferred by gemstone buyers - hence the reference to lightning and fire in this narrative.

discovery narratives in favor of local histories; finally, and most important for my present purposes, the Maasai story establishes a clear avenue for the enactment of corporate social responsibility.

The community that has sprung up around the mining enclave known as Mererani (sometimes rendered as Merelani or Merilani) was originally established in the mid-1970s as part of the Nyerere government's "villagization" campaign.<sup>12</sup> This effort consolidated dispersed Maasai homesteads along with the burgeoning population entering the area as part of the tanzanite rush into one sprawling population center. Official figures place the population of Mererani today at roughly 40,000, while estimates by NGOs active in the area suggest the actual figure could be as high as three times that amount, or roughly 120,000. A recent newspaper article calls attention to the relative poverty of this community, claiming that the number one source of revenues for the Mererani village council is a miniscule daily tax (US\$0.15) levied on the dozens of pool tables patronized by locals in town bars and restaurants. This article presents clearly the contrast between the incredible wealth generated by the mine and the poverty experienced in the locality:

The Mererani township, despite being the source of the world's only blue gems [sic], is in pathetic condition with most of its building in poor state [sic] and in fact the entire area with the exception of a few structures is a slum township, all these being attributed to the fact that most of the revenue earned from Tanzanite does not benefit the area of origin. Mererani area lacks basic community services such as a public hospital and as a result, the area is now depending on private health facilities like the Catholic Dispensary and Marie Stopes clinic. According to the Mererani Ward Executive Officer (WEO), Lawrence Munga, a public health center is currently under construction and is set to go into operation next year....The mining ward depends on two Primary Schools; Mirerani and Jitegemee with a total of 2400 pupils between them. These are heavily congested since a single classroom has up to 130 pupils. The road leading to the mining area is in poor state and mostly impassable during rainy seasons.<sup>13</sup>

One ward of this community known as Naisanyai accounts for the vast majority of Maasai residents in the area. It is this group that retains residual surface land rights to the territory surrounding the mine, and it is this smaller and spatially separated ward of the community that Tanzanite One has targeted to receive many of the distributive benefits donated by the firm to "the community" – a school building, a watering hole for cattle,

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<sup>12</sup> The idea of spatially consolidating rural settlements – or "villagization" – was part of the Nyerere government's efforts to promote cooperative production and self-reliance. Implementation of the policy entailed the forced relocation of thousands of rural households.

<sup>13</sup> "Mererani reeling from poverty despite abundant gem wealth: Main source of village income is pool table fee." *Arusha Times*, Nov. 12-18, 2005, pp 1-2.

and a health clinic.<sup>14</sup> Even the road maintenance project, which absorbs the largest share of the Tanzanite Foundation's community contributions, could be said to generate exclusive benefits for Naisanyai at the expense of the other wards of greater Mererani. The "improved" section of the road, which connects Mererani to Kilimanjaro International Airport 17 kilometers to the east, passes directly through Naisanyai ward (the easternmost section of Mererani), but then stops at the entrance to the Tanzanite One mine offices. The remaining 3-5 km stretch of road between the corporate entrance and the other wards of Mererani where most of the population is located has seen little or no improvement at all. The fact that the road stops at the mine entrance rather than continue the additional few kilometers into the main population center of Mererani is symbolic of the gap that many local residents perceive between the corporation's public relations claims and reality. Indeed, many non-Maasai residents of Mererani point to the road as an example of how the corporation's public relations statements distort reality.

The preferential treatment of Naisanyai featured in discussions with a women's mining cooperative in Mererani as well. A focus group consisting of representatives of this organization told of how Tanzanite One's CEO had visited their office in Mererani, and how he had also attended a gathering of the national Tanzanian Women Miners Association (TAWOMA). The women reported that on both of these occasions, he succeeded in charming his audience, winning them over with promises of continued dialogue and various forms of material support. However, they claimed that his promises were never fulfilled: "We were fooled. He *used* us for a public relations exercise. [Spoken in a mocking tone:] 'Look I'm among the women miners. How much closer to the *wananchi* [Tanzanian citizenry] could I be?'" Specifically, the group was incensed at his alleged failure to follow through on a promise that the women miners of Mererani would be given the opportunity to re-mine tailings piles left behind after the corporation's aggregate screening process. In light of this perceived breach of faith, one woman explained that she was convinced that "the *kaburu* are 100% bad." "Usually," she continued, "*Wazungu* [whites] are always transparent and easy to understand. They state what they mean. But not these *kaburu*. These ones who squander our wealth are otherwise." The president of the group eventually brought the meeting to a close, stating:

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<sup>14</sup>"African Gem (AFGEM) Tanzania has of August this year spent a total of over Tsh.320 million (US\$ 320,661) in community development activities in and around Mererani in Simanjiro district where they are carrying out large scale mining of tanzanite. The development activities referred to by the company as sustainable social investment cover road construction, electricity provision, education and medical services. According to press release issued by the company a total of US\$ 105,300 has been spent as of this month in reconstruction and rehabilitation of the road between Kilimanjaro International Airport and the mining area. US\$ 65,000 has also been spent on powerline for potential use by small scale miners adjacent to AFGEM's licence area. Other social investments include construction of a village church (US\$ 15,000), construction of a medical clinic (US\$ 4,400), availing feed water pipes to local villages (US\$ 3,800), construction of cattle troughs and dams (US\$ 4,700), construction of a primary school (US\$ 8,955) and maintenance of a police vehicle, emergency rescue and miscellaneous support (US\$ 41,206)." Teveli, Naomi. "AFGEM spends 320m/= on community development." *Arusha Times*, Aug. 30-Sept. 5, 2003. (The estimate for the costs of the primary school was later revised upwards to roughly US\$45,000. See "AFGEM renovates school facilities." *Arusha Times* April 3-9, 2004.)

“Speaking for we women of [this group], I can tell you that as for the *kaburu*, we are singing the same song as we used to sing twenty years ago: ‘*Kaburu matata, Kaburu chinga.*’” (Interview with the author, February 2006)

There is, however, an apparent misunderstanding regarding the reuse of mine tailings. When I toured the mine in May 2005, one of the company’s representatives explained that the tailings piles were in fact sent to local women for re-mining, just not to the members of the group I interviewed. Instead the tailings are being sent to Naisanyai ward.

This privileging of Maasai claimants rankles other residents of Mererani who view their own claims to direct and indirect mine benefits as equally legitimate. What seems clear is that the corporate miners and the small scale artisanal miners are operating with different theories of distributive economic justice. The mine owners see their sharing of revenues with Maasai residents as forming a direct conduit to the locality, one that clearly fulfills their obligations under the notion of corporate social responsibility. Residents of the other wards of Mererani wards, however, see the corporate donations as both insufficient and misplaced. If the foreign investors are to be granted access to the country’s riches, then those same actors should be expected to share their profits in a much more substantive and visible way than is currently the case. And the efforts to share benefits with Maasai villagers, while appropriate on humanitarian grounds, nonetheless fail to adequately compensate miners for their loss of access to the key tanzanite deposits.

### **Taxation and royalties**

The issue of taxing pool tables to run the Mererani municipality raises a broader issue that is of great concern to Tanzanians, namely state revenue streams generated by the country’s mining industry. Most of the largest investments of foreign capital made in Tanzania since the privatization exercise began fifteen years ago have been in the mining sector. In little more than a decade, gold mining firms from South Africa, Australia and Canada have helped make Tanzania the third largest gold producer on the continent (after Ghana and South Africa). De Beers’ local affiliate, Williamson Diamond Mines, has dramatically increased output from the largest diamond mine in the country. And Tanzanite One has just completed one of its most productive fiscal years since the mine was privatized fifteen years ago.

The fundamental moral economic question for Tanzanians is how such dramatic growth could occur in mining (indeed in the country’s economy as a whole) without the average Tanzanian citizen seeing more immediate benefit. Sensitivity surrounding the distribution of mine wealth is sufficiently high that it surfaced as a key plank in the populist platform of President Jakaya Kikwete in the run up to his election in December 2005. And it is an issue that has commanded considerable attention by the new Kikwete government since then. Kikwete used his first post-inaugural international trip to

southern Africa in February 2006, for example, as an opportunity to study the “Botswana model,” which he touted as an example of how mine revenues could be distributed more equitably without discouraging investment by foreign corporations.<sup>15</sup>

Kikwete’s Prime Minister, Edward Lowassa, has also called a series of meetings with mine executives in an attempt to pressure them into giving back concessions and living up to obligations contained in their mining contracts.<sup>16</sup> Tanzanite One has yet to receive its summons for a meeting with the Prime Minister, but the firm’s executives are obviously keenly aware of the Tanzanian public’s extreme sensitivity to the issue of revenue sharing. When the CEO was interviewed in the local business press to mark the end of the 2005 fiscal year, for example, he went out of his way to call attention to the taxes paid by the firm that year, distancing the firm in the process from other corporate actors in the mining sector:

In 2005,...(o)ur share price on the London Stock Exchange increased three fold. And our profitability grew to such extent that we were in a position to pay over to the government of Tanzania in excess of \$2 million in provisional corporate taxes – undoubtedly the most significant tax payment received by the government of Tanzania from the mining sector in its entire history.<sup>17</sup>

In another recent item in the Tanzanian press, the CEO was photographed brandishing an enlarged photocopy of the bank draft submitted to the government for that year’s taxes.<sup>18</sup> And when a delegation of the Arusha Press Club paid a visit to the mine’s operations in Mererani in 2005, once again data on tax payments were prominently on offer from mine headquarters (Nkwame, et al., 2005)

### **Mine violence**

One of the central issues mine activists emphasize in discussing the morality of the South African take over of the tanzanite mine is the recurrent pattern of violence surrounding the mine. Most of the violence has centered along the boundaries between the South African-run Block C and the artisanal areas in Block B and D, which were themselves the product of a violent dispossession by the state (Nkwame, et al., 2005). This activist went

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<sup>15</sup> Malima, Cassian, Equitable sharing of mineral wealth: JK studies Botswana model. *Daily News on Saturday*, Apr. 8, 2006, p 1-2.

<sup>16</sup> Whether these initiatives are more window dressing than substance is a topic of hot debate in Tanzania. Most knowledgeable informants see little room for maneuver on the part of the government, given the provisions of the various mining agreements.

<sup>17</sup> “The private sector agenda: 2005 laid solid foundation for 2006.” *The Citizen*, Jan. 12, 2006, p. 13.

<sup>18</sup> This image is accompanied by the caption: “TanzaniteOne Chief Executive Officer Ian Harebottle of [sic] shows reporters the copy of a cheque for 1.7bn/- [Tanzanian shillings] which the company situated in Mererani in Simanjiro District paid as taxes to the government on July and September 2005.” (*The Guardian*, Dec. 5, 2005, p. 5; Photo credit: Paul Sarwat)

on to claim that there had been no fewer than seven fatal shootings of small scale miners by Afgem/Tanzanite One guards, with roughly two dozen other non-lethal incidents since the mine was privatized. Two more miners were killed and half a dozen or so wounded during the year I was in residence in Tanzania in 2005-2006. Graphic images of the victims' wounds repeatedly displayed on the front pages of the local press kept the issue of mine violence alive throughout this period.<sup>19</sup> Most, if not all, of these cases involved incidents of alleged trespass on the part of small scale miners through underground passageways. Following the shooting death of an artisanal miner in April, 2006, for example, Tanzanite One claimed that that incident had marked roughly the 100th such incursion since the year began, and that roughly 400 incidents of trespass had occurred the previous year.<sup>20</sup> The concern on the part of local activists is that the majority of these incidents allegedly involved potentially lethal wounds to the head and chest rather than to the extremities:

“I asked [the firm’s general manager], so what is your position at the moment? He said that, ‘As a mining engineer, and not very conversant with the other parts of development thinking, but as a mining engineer, let me tell you: I will make sure that my staff is protected. No matter how much strength of force I use to protect them, I will do that...’ So I told him, ‘...the impression I am getting is that you are doing the shooting to kill... You are only allowed under Tanzanian laws which pertain to wildlife, when your life is under threat, that is when you can shoot. And a human being is also controlled [sic] as to how you should do the shooting. But, why is it that every time you shoot at somebody, you end up killing him? And why is it that every time you go to shoot at these people, when you go to see the post mortem reports, it's around the chest or the head?’ (Interview with author, February 2006.)

The issue of the execution of summary judgment on the part of mine security officers against trespassers is one that is repeatedly underscored by artisanal mining advocates:

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<sup>19</sup> Cf. *Arusha Times*, May 10-16, 2003: front page photo accompanied by caption: “Twenty-three-year-old Emmanuel Martin Pallangyo, a gemstone miner in Mererani was shot in the jaw and hand allegedly by a guard of the African Gem Resources Company (AFGEM). Pallangyo is in critical condition at the Mount Meru Hospital. He was shot for allegedly trespassing AFGEM’s mining zone at Mererani in Simanjiro district. The South African guard accused of shooting the miner was arraigned in court last week in Arusha and subsequently released on bail.” (Photo by Richard Kipuyo); *Arusha Times*, July 17-24, 2004: front page photo accompanied by caption: “Bullet-riddled legs of Emmanuel Urassa (Umi) who was shot on June 30 allegedly by the General Manager of a South African Mining Company (AFGEM) at Mererani. The General Manager, Joseph Kimble has already appeared before the Babati District Court Magistrate, Mr. M. Seenene where he denied the charge. He was charged with causing unlawful injury to the small scale miner employed by another mining company. The accused is out on bail and the case will be mentioned again on August 10. The victim (inset) has already been discharged from Mount Meru Hospital in Arusha.” (Photo by Gama S. Gama).

<sup>20</sup> Nkwame, Valentine Marc. One dies in Mirerani underground shooting. *Daily News on Saturday*, April 8, 2006.

Why do the guards of the company shoot at us on pretext that we are trespassing on their land? Even if it was true, Tanzania has laws and nobody should take the law into his hands....They shoot at people as if they were birds to be hunted [the corporation's security guards are said to use bird shot cartridges when firing on trespassers; they also use rubber bullets]. This is wrong. The government must move in to protect us.<sup>21</sup>

This “subsurface war,” as it has been called, has led the corporate mine to beef up its security dramatically. The Arusha Press Club reports that, of Tanzanite One's 650 employees, some 100 are engaged in security detail. The perimeter, which is regularly patrolled by specially trained guard dogs imported from South Africa, is ringed by razor wire fence, and underground passageways are blocked by gates and barriers of various descriptions. Artisanal miners claim, for example, that Afgem and Tanzanite One employees have routinely pumped water into small scale mine shafts to inhibit movement into the corporate concession – a contention that is vigorously denied by the firm.<sup>22</sup> They also allege (as noted above) that trespassers are locked up in closed cargo containers and have had dogs set on them (Nkwame, et al., 2005). In response, the corporate mine offices have also been targeted for violent attack: in 2001, a crude incendiary bomb presumed to have been the work of artisanal miners damaged the mine's main operating facilities in Mererani.<sup>23</sup>

Despite the gravity of the legal issues raised by these repeated incidents of mine violence, stakeholders in the industry point to the fact that the Tanzanian government has been seemingly unable or unwilling to aggressively pursue legal action against South African perpetrators. Lawyers and activists complain that cases involving the mining corporation are lost in the courts for years at a time. By contrast, they point to other cases involving Tanzanian defendants where justice has been relatively swift and painful. The crime reporter for the local newspaper, the *Arusha Times*, reported in 2003, for example, on the case of an Afgem employee who was arrested for “insolence” and held until a bond of \$1000 was paid to secure his release (Lazaro 2003), which prompted the following letter to the editor:

I am reading the story about the employee at the South African gemstone mine. I am absolutely astounded to learn that "insolence" is grounds for arrest and judgment. And one million shillings set as bond? Perhaps this was so in South Africa during apartheid, but in modern day Tanzania? Is my favorite country going backwards? Unless your article failed to tell of any bodily harm inflicted on

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<sup>21</sup> Quoted in: “Small tanzanite miners want government to publish probe team findings.” *The Guardian*, April 11, 2006, p. 3; cf. *Arusha Times* Nov. 22-25, 2005.

<sup>22</sup> Small miners deny agreeing with SA firm. *The Citizen*, Jan. 14, 2006, p. 4; Skin disorders break out at Mererani as sides trade blame. *The Citizen*, Feb. 5, 2006, p. 2.

<sup>23</sup> Reports vary as to the extent of damage caused by this incident (cf. Economist Intelligence Unit 2001).

the accused's superior, I cannot even imagine such a horrendous misapplication of "justice." Shame, shame. (*Arusha Times*, August 30-Sept 5, 2003)

A similar sense of disquiet was voiced following reportage on a case involving a Tanzanian national accused of attacking one of the Tanzanite One guard dogs with a machete. Imported directly from South Africa where they are bred and trained specifically for guard dog duty, these are obviously very valuable animals. Still the penalty assessed by the court struck some as being unusually stiff. The veterinarian who treated the dog for injuries to its right eye and legs recommended that it "be given a week off to heal the wounds." The perpetrator, on the advice of the prosecution that a clear signal be sent to "his ilk," was subsequently sentenced to 18 months in jail.<sup>24</sup>

### **On mining "ethics"**

In 2001, the bottom dropped out of the tanzanite market when the *Wall Street Journal* published allegations that the tanzanite commodity chain was being used by al Qaeda to launder terrorist funds.<sup>25</sup> While this report was later discredited by the US State Department, it led to a vigorous shake up of the tanzanite industry. This eventually resulted in the drafting of an international agreement, the so-called Tucson Tanzanite Protocol, whereby all miners and mineral dealers, cutters and polishers, agreed to put in place a series of measures to try and "cleanse" the tanzanite market chain of all terrorist links. The details of this agreement and the politics surrounding it are beyond the scope of this paper.<sup>26</sup> For my present purposes, it is instructive to review allegations lodged against Afgem for its role in the controversy.

As the trade magazine, *Colored Stone*, reports, after the terrorist allegations broke, the Tanzanian Minister for Energy and Minerals Edgar Majogo accused Afgem of having deliberately planted the *WSJ* story: "We have written evidence that you [AFGEM] did invite the *Wall Street Journal* reporter Robert Block to Arusha, and then to the tanzanite mining site at Mererani. He then went back to the United States of America and published an article which linked tanzanite with terrorism." Majogo went on to accuse an Afgem public relations officer of having "thanked the *Wall Street Journal* story for helping the company." He is then quoted as saying: "AFGEM's objective was to create a situation whereby tanzanite from local miners, which is unbranded, would be rejected in the international market by linking it with Osama bin Laden and his al Qaeda organization."<sup>27</sup>

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<sup>24</sup> Masanyika, Charles. Man jailed 18 months for injuring dog. *The Guardian*, May 4, 2006, p. 2.

<sup>25</sup> Block, Robert and Daniel Pearl. "Much smuggled gem aids al-Qaida: Bought, sold by militants near mine, tanzanite ends up at Mideast souks." *Wall Street Journal*, Nov. 16, 2001.

<sup>26</sup> "Tucson tanzanite protocol: Restoring confidence in tanzanite." Tucson, Arizona. Feb. 9, 2002. <http://www.agta.org/consumer/news/20020209tanzaniteprotocol.htm>; accessed Feb. 21, 2006. Additional details will also appear in Schroeder (forthcoming).

<sup>27</sup> Kondo, Hamza. "Minister accuses Afgem of starting tanzanite-al Qaeda story." *Colored Stone*, May/June 2002.



For its part, Afgem quickly and forcefully denied all of the minister's accusations, noting that the firm, too, was negatively affected by the fallout from the *WSJ* story. But neither Afgem, nor its successor, Tanzanite One, have been shy about drawing a distinction between the company's own "ethical" mining practices and those of the small scale miners.<sup>28</sup> A trade magazine analysis of Afgem's marketing tactics demonstrates how subtle references drive the point home. Afgem's public relations spokesperson, Joanne Herbstein is quoted:

Herbstein says the branding strategy, along with the assurance of ethical mining practices - and the promise that a portion of the profits from its sale is reinvested into the Merelani community where the stones are mined - is also a strong marketing tool. "We are positioning tanzanite as a stone of peace and integrity. Apart from its stunning beauty, it gives the consumer a little piece of Kilimanjaro and an opportunity to give a little back to the Masai communities that live in the Merelani area," says Herbstein. ("Afgem branding strategy crucial to success." Mineweb)

The reference to tanzanite being a "stone of peace" is obviously meant to distinguish tanzanite from so-called "conflict diamonds," while the mention of integrity stakes out Afgem's "ethical" position in sharp contradistinction to the "illegitimate" mining operations that ring its perimeter. The implication that Afgem/Tanzanite One is the only miner following ethical principles is especially galling to Tanzanian miners, however. "This nonsense is aimed at wiping out small-scale tanzanite miners at the international market."<sup>29</sup>

### **On cartelization**

The final issue I want to flag here that has been raised by critics of South African presence in the tanzanite mining sector centers on the strategic initiatives taken by first Afgem and then Tanzanite One to vertically integrate the firm. In addition to its mining and exploration activities, the expanded structure of the firm includes: a gem cutting and polishing center; a tanzanite trading facility that buys tanzanite from individual small-scale miners and gemstone dealers in Arusha and sells stones and jewelery on a retail basis; an elaborate international marketing apparatus that focuses on increasing demand for the stone through a variety of public relations efforts; a tanzanite certification unit, which for a fee will test and certify stones for tanzanite buyers who have recently fallen prey to counterfeiters with increasing frequency; and a tanzanite museum (still in the planning stages) that would capture a portion of the country's tourism revenues and presumably open up additional avenues for retail sales at the mine site itself.

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<sup>28</sup> Cf. [http://www.tanzanitefoundation.com/PressReleases/Dec2006\\_TF\\_Release.pdf](http://www.tanzanitefoundation.com/PressReleases/Dec2006_TF_Release.pdf); accessed January 9, 2007.

<sup>29</sup> Isaya Letema, Secretary of the Arusha Regional Miners Association, quoted in: "Relations Between AFGEM And Small Scale Miners Sour." February 11, 2003 [http://www.thaigem.com/press\\_chanthaburi\\_gemreport\\_february\\_2003.asp](http://www.thaigem.com/press_chanthaburi_gemreport_february_2003.asp); accessed May 16, 2006

Taken together, these steps have already dramatically increased the depth and breadth of Tanzanite One's influence over the tanzanite commodity chain, and they promise to strengthen the firm's grip on the commodity chain even further in the near future. As such, allegations have surfaced that the firm now functions as a sort of cartel. From the firm's standpoint, charges of cartelization are inaccurate, and miss the point. Managers argue that Tanzanite One is almost single-handedly responsible for the dramatic increase in demand for tanzanite on the world market, which benefits all stakeholders. They maintain that the firm's tanzanite trading operation helps stabilize prices and demand for the gems within the local Tanzanian market. And they promote their new certification unit as providing a much needed public service. The fact that each of these steps also enhances the firm's profitability is simply good business, and in the firm's view, its record of reinvesting in innovative new ventures can only redound to the benefit of the industry at large.

Tanzanian stakeholders, however, are far less sanguine about the ever larger presence Tanzanite One occupies within the industry. The prospect of Tanzanite One "cornering" the gemstone market through its trading activities fans fears that profits from the mine will somehow be channeled to or through South Africa rather than Tanzania, further eroding the clearcut association of the gem with Tanzania.<sup>30</sup> A second concern is that the rapid pace of mining using industrial techniques will result in the "premature" depletion of the gem deposit.<sup>31</sup> And both this factor and the aggressive approach to buying tanzanite off the street are also seen as threats to the extensive livelihood system centered on the Tanzanite mines. A representative of the Tanzanian Mineworkers' Development Organization, for example, estimates that for every official mine claim holder in Mererani, another 300 individuals gain a livelihood, either directly in support of the mining operation (e.g. as laborers, gemstone traders, etc.), in supporting service

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<sup>30</sup> In 2005, for example, rumors were circulating that Tanzanite One had stockpiled "huge mountains" of tanzanite, which they intended to export to South Africa for future trading activities (cf. Nkwame, et al., 2005). In fact, the firm *has* intervened at key junctures to buy up gems at profitable margins, as the following report in the web-based trade journal, *Mineweb*, suggests: "[Former Afgem/Tanzanite One CEO Mike] Nunn is confident of an upturn in the [tanzanite] market by the third quarter of 2002 and some kind of a recovery in US consumer confidence [following the al Qaeda link allegations of the previous year] and a return to jewellery spending in time for next Christmas season. To capitalise on the expected demand boost, Afgem has stepped up its own trading operations in Tanzania, buying rough tanzanite from selected small-scale artisanal miners working the leases adjacent to its own mine. When the time is right, Nunn says Afgem will have more than enough stock to pump into the jewellers' pipeline. 'When it became clear that the market was in for a rough ride, you saw the Tanzanian small-scale miners and dealers rushing in and dumping their stock and that put even more pressure on prices. That also picked up pace after the September 11 attacks,' says Nunn. In essence, Afgem is picking up bargains from its mining competitors, using some of its significant cash reserves. When the market turns, it hopes to rake in the higher margins and snag more market share as dealers scramble to pick up production to meet rising demand. In the interim, though, Afgem carries on regardless, cornering more and more of the market and, of course, enjoying the welcome bonus of stopping prices from sliding too far." (AFGEM liberalising world tanzanite market. Posted: '29-JAN-02 22:00' GMT © Mineweb 1997-2004

<sup>31</sup> "Arusha: Hosting the Region's Hopes and Aspirations." *The East African*. Oct. 20-26, 1997, Sponsored Section, pp. 6-7.

industries (e.g. sex work, beverage distribution), or through multiplier effects generated through the remittances sent to miners' home communities throughout Tanzania (Interview with the author, date).<sup>32</sup> Gemstone dealers are particularly concerned that the firm's economic might allows it to pay premium prices that threaten to force them out of business. In response, many dealers work hard to secure miner "loyalty" through the extension of credit. This crude system of debt peonage helps ensure that at least some of the produce from the small scale miners flows through the hands of local mineral dealers.

### **Conclusion: the moral economy of the mine**

Shortly after I arrived in Tanzania in July 2005 for a year of fieldwork, I found myself explaining the purpose of my trip to an acquaintance, telling him quite simply that I was in Tanzania to study South African investment in the country. A man of few words under the best of circumstances, this long-time expatriate's deadpan response was: "Is there any other kind?" For many Tanzanians, it seems very much these days as though the only source of foreign direct investment in the country is South Africa, and they find this deeply unsettling on a number of levels. They see the fact that the long-awaited South African invasion has come in economic rather than military form as being deeply ironic. And they find it difficult to reconcile the sweeping influx of South African capital, imports and neo-settlers with their residual animosities towards all things "southern" born of the liberation struggles of the past thirty years. South African actors are also deeply implicated in the neo-liberal reform policies of the Tanzanian government, which have brought with them a new set of social and political-economic realities that are themselves heavily contested within Tanzanian civil society.

As for Tanzanian stakeholders in the tanzanite mines, concerns over South African presence seem to operate on two levels. On the one hand, critics have given voice to a series of basic political economic complaints: they decry the alienation of profits from the mines by foreign nationals, they lament their own displacement from the mining enclave due to privatization, and they contest the creeping cartelization of the industry. In this regard, the South Africans are no better or worse than other foreign nationals who have also invested heavily in the mining sector. On another level, however, South African intervention in tanzanite mining and elsewhere in the economy *is* distinctive. Every act on the part of South African firms active in the country is inevitably viewed against the backdrop of the political tensions that once existed between the two countries. In this regard, the "apartheid acts" (dog maulings, chained confinement, etc.) that are alleged to have occurred in and around the mines remind Tanzanians a great deal of the brutality enacted in South Africa two decades ago.

Finally, South African presence in the tanzanite mining sector has also dramatically inflected the prevailing moral economy. Here, the deliberately vague references to tanzanite being found "only in Africa," the laser attachment of a South African "brand" to

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<sup>32</sup> Cf. "Arusha: city propelled by tanzanite money." *This Day*, Mar. 2, 2006, p. 21.

prized tanzanite specimens, the arrest of Tanzanians for “insolence,” and what is viewed as a duplicitous assertion of “ethical” superiority in mining practices despite repeated acts of lethal violence directed against Tanzanian artisanal miners for trespass – all of these elements feed resentment and suspicion and suggest to Tanzanians that their contemporary “partner” in development is not the “new South Africa” after all; instead what they are dealing with are die-hard remnants of the “old *kaburu* regime.” In their view, the fact that this type of South African features so prominently in the country’s ongoing neo-liberal economic reform process only serves to underscore the morally bankrupt nature of the reforms themselves.

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