

Consumer Co-operatives in Tanzania
By
Suleman A. Chambo and Johnson Kimambo

Paper Presented to s Conference Towards a Global History of Consumer Co-operatives at
the ABF Huset, Stockholm -Sweden 2 – 4 May 2012

Moshi University College of Co-Operative and Business Studies -Tanzania

Abstract

Consumer co-operatives became popular in Tanzania soon after independence from Britain in the early 1960s. Their establishment was result of government initiatives to meet a growing demand for consumer goods which originally were imported from Europe, Australia, and New Zealand. A growing urban demand was based on the growing African civil servants. But the growing agricultural co-operative movement also provided another demand for the institutionalisation of consumer co-operatives as part of a growing co-operative movement in Tanzania. The origins of the consumer co-operative movement were supported by the Nordic countries through the Nordic Project for Co-operative Development in Tanzania. However, the political decision to enhance Ujamaa and Socialism policies in Tanzania sect in contradictions with traditional co-operative principles and the Nordic experience and expertise. The tension with original support, the failure of import substitution industrialisation and the involvement of Tanzania in the Uganda conflict and liberalisation dealt a second blow to the development of consumer co-operatives in Tanzania to a declining trend. Finaly, Tanzania still needs the consumer co-operative enterprise but in a more transformed order where policy and legal reforms are required as well as putting advanced methods of management and capitalisation.

Key words: consumer co-operatives, ujamaa, socialism, operation maduka distributive co-operative movement

Brief Historical Context

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly- owned and democratically controlled enterprise ICA¹

Arising from this broad definition of a co-operative enterprise, is the definition attached to more specialized co-operatives such as consumer co-operatives. We can therefore define a consumer co-operative as an association of persons, united voluntarily to meet their common consumer needs and aspirations through a jointly -owned and democratically controlled consumer enterprise. This consumer enterprise is usually a store created by the members for the supply of and making the convenience of accessing consumer goods at affordable prices.

National co-operative statistics compiled by the Ministry of Agriculture Food Security and Co-operatives in Tanzania, indicate the marginal existence of registered consumer co-operatives in Tanzania.² The sub-sector is composed of 104 co-operative retail stores, across the country while almost 50% of them are dormant, dominated by old age members, but practicing and putting the principles and values of traditional co-operation

Some of those typical traditional characteristics, include cash on purchases, documentation of membership identity number when purchasing items and members attending regular Annual General Meetings, where the democratic principle of one man one vote is still in official practice. Affordability, quality of goods sold and democratic control seem to have been the guiding principles for the establishment of consumer co-operatives across the world and Tanzania is no exception.

We take note that there are four distinctive features of the context and origins of the consumer co-operative movement in Tanzania. First, while agricultural marketing and savings and credit co-operatives started in the 1920s and 1940s respectively, consumer co-operatives, came at a much later date after political independence on mainland Tanzania in 1961. This starting date of the consumer co-operative movement in Tanzania, is important because this was the time when there were major policy and legislative shifts from the colonial administration to independence. The business environment and situation found by the emerging consumer co-operatives in Tanzania was particularly more complex than the situation existing when agricultural and savings and credit co-operatives started. Second, the emergence of consumer co-operatives, came at the time when Tanzania had a very small industrial sector, producing consumer goods. Thirdly,

¹ The International Joint Project on Co-operative Democracy -- Making Membership Meaningful, centre for Co-operative Studies University of Saskatchewan Saskatoon , Canada.

² URT, Co-operative Development Department Statistics, 2010

during that time, Tanzania was largely a subsistent economy where consumption and consumerism were more associated with a small proportion of the urban elite³, dependent on imported consumer goods usually from Europe, Australia and New Zealand.

Another distinction that has to be made between the older agricultural co-operative movement and the emerging consumer co-operative movement, is while the origin of the agricultural co-operative movement was a product of conflict between Asian middle men who exploited small farmers through under weighing and under pricing, that of consumer co-operatives was demand driven evolution of the enterprise. For the agricultural marketing co-operatives, the traded commodities were raw material, with external demand but for consumer co-operatives the traded commodities were manufactured and imported from foreign countries.

Fourth, the agricultural co-operative movement was based on a fast growing external market which made Tanzania the co-operative giant of Africa⁴⁴ by the year 1967. On The other hand, the consumer co-operative movement grew slowly with the growing African civil servants in urban areas. The lower wage rates of the African civil servants compared to their British counterparts, necessitated the establishment of consumer cooperatives which seemed to be logical with affordability.

There are two economic theories which supported the establishment of consumer cooperatives in Tanzania at that time. First is the effective demand theory whereby in the urban areas, there was a population which had the money and the ability to pay for consumer goods. This expressed a basic demand pull for consumer co-operatives in urban areas. Second, was the price determination theory whereby in consumer cooperatives, selling prices are determined by the member customers during Annual General meetings where prices, margins and surpluses are planned.

On the other hand, we see that although Tanzania had a small industrial sector, producing consumer goods, the booming agricultural economy, running in the hands of agricultural marketing co-operatives provided the necessary production conditions for the development of the exchange economy needed as a primary factor in the development of consumer co-operatives in Tanzania.

³ The growth of the urban elite was a product of ff politically independent countries during the decolonization Africanization process of the local civil service a common feature

⁴Livingstone and Ord (1965). The Economics of East Africa, Oxford University Press, Nairobi.

Finally, we note that, one aspect of the establishment of consumer co-operatives at the start, is the fact that during the 1960s, It was the government which saw the need for consumer co-operatives and did the sensitization in order to encourage the would-be members to form them.

The current position in terms of numbers and structures can be said to be marginal. They exist as individual business units with their members and rank in the eighth position in terms of membership and number of establishments.

Table I below shows the current status of consumer co-operatives in Tanzania.

Type	Number	Percentage (%)
Financial	5168	5.2
Agricultural. marketing	769	9.9
Industrial	192	.0
Livestock	143	1.5
Fisheries	125	1.3
Irrigation	108	1.1
Consumer	104	1.1
Mining	59	0.6
Housing	2	3

Source: Co-operative Development Department: United Republic of Tanzania

Table 1 above tells the story that the financial services and agricultural marketing cooperatives occupy the largest co-operative action in Tanzania. In the last fifteen years however, the agricultural marketing co-operative sub-sector was the mainstay of the cooperative movement in the country. But after liberalization, the agricultural marketing cooperative movement is facing a declining trend. There are historical and economic reasons for the current decline of agricultural marketing and why the financial cooperatives are taking over leadership of the co-operative movement in Tanzania. First, liberalization was implemented without professional management capacity in agricultural co-operatives. Secondly, like what is happening with the consumer cooperative movement, not much space has been given to reform and restructure the cooperative movement. Thirdly, though producing internationally demanded commodities, the technical conditions of agricultural production have not changed. On the other hand, the financial co-operatives are taking leadership of the movement due to the fact that credit has historically been a major constraint to investment and production activities. Secondly, savings and credit co-operatives are a critical means of connecting all other types of production and marketing activities in the co-operative economy.

The most interesting part is how consumer co-operatives really came into being in Tanzania?

At independence, the government of Tanganyika by then, was faced by two main challenges of managing supply and demand for consumer goods at a macro economic level. First, after independence, most British civil servants left the country and this created a crisis of civil service continuity. The government had to embark on a quick Africanization programme that called for recruitment of the civil service making them enter the cash economy. Secondly was a growing agricultural co-operative movement also aggressively integrated into the cash economy. The growing civil servants needed consumer stores and peasant co-operatives also needed imported farm inputs as well as direct consumer goods. Both these groups were growing and the immediate response of the government, was the formation of a national consumer supply company known as the Co-operative Supply Association of Tanganyika (COSATA).⁵

From the perspectives of the context and history the Tanzanian economy, we observe three sources of consumer co-operative development in Tanzania; First the movement started after political independence and by doing so, it had a more complex political environment to deal with as it was less favourable for the development of member-based organizations. Second, it was established to meet a growing domestic demand and the expanding cash economy in an agricultural country which had low levels of industrial production and technology and third, although the consumer co-operative movement was more urban

⁵ Interview with Sam Mshiu

centric in terms of its membership, it already was organizationally, connected with a growing agricultural co-operative movement in the country which had taken root in the 1930s. This connection with the agricultural marketing co-operative movement had direct consequences in the future growth of the consumer co-operative movement in Tanzania.

Chronology

The independent government had three important priorities as defined in the first Five Year Plan.⁶ First building the economy by improving agricultural production for increasing exports, second was the improvement of social services delivery, especially education and health and strengthening infrastructure. Through these development initiatives, the government was addressing three enemies of the economy as disease, poverty and ignorance. These enemies would be subdued with the improvement of the economy by enhancing production, distribution and exchange.

As far as consumer co-operatives are concerned, there have been three major chronological milestones of its development as determined by critical policy shifts at different phases of growth and institutionalization, stagnation and Central planning and the era of liberalization.

PHASE 1: Growth and Institutionalization 1961-1968

Although consumer co-operatives were typically an urban institution, they had two important features; First they were part of a growing co-operative movement in Tanzania. Therefore, some of the policy driven challenges of state control and internal management of the overall co-operative movement were also observed in the consumer co-operative movement. Immediately after independence, cooperatives were considered an ally of the new independent government because the agricultural co-operative movement, had taken part during the years of the struggle for independent. But below this political interpretation of co-operatives, as economic organizations occupied the economic sphere of life in terms of agricultural production and marketing, they were critical to the survival of the state. But there is also another reason for the growth and evolution of the consumer cooperative movement in Tanzania at this time and this was the need for the provision of consumer goods to a growing urbanized population at affordable prices. This demanded the establishment and institutionalization of consumer supply networks in the country. The state had come to the realization that cooperatives were ethical institutions and made use of democratic principles of business. It therefore, found it logical to make use of the co-operative enterprise as the main distribution channel for consumer goods across the country.

⁶ First Five Year Plan, Government Printer, 1965 Dar es Salaam

With this background, the government saw the need to popularize the establishment of consumer co-operatives in every region of the country. The government therefore, influenced the formation of the Co-operative Supply Association of Tanganyika (COSATA). The establishment of COSATA by the government was meant at setting up a national chain of consumer co-operatives in the country whereby it was the main wholesale co-operative at the national level and the consumer co-operatives would be the retail stores across the country. COSATA according to Mshiu ⁷ was designed and modeled on the Kibutz cooperative experience and managed by the Israelis.

Although at a later stage COSATA lost its relevance for reasons which have to be researched, the government substituted it with the establishment of the State Trading Corporation (STC). This corporation was decentralized with a branch system of Regional Trading Companies at regional centres. This scenario gives a picture usually seen in the former socialist countries where the commercial sector is composed of the state sector corporations and co-operatives.

One of the testimonies of a strong consumer co-operative movements was the establishment of a consumer co-operative shop at the former Co-operative College destined to act as a class room for members and students to learn how to manage consumer co-operatives in Tanzania. The setting up of the state wholesale delivery system connected with consumer co-operatives across the country initiated the motion for the gradual growth of the co-operative movement in Tanzania.

PHASE 2: Central Planning and Stagnation 1968-1984

In the first seven years of independence, the Tanzanian political leadership under President Nyerere, had an objective aim of transforming the country into a democratic welfare state just like in the Nordic countries. The government of President Nyerere, was impressed by the democratic system, welfare state and the co-operative experience of the Nordic countries. Given that knowledge, the Tanzania government entered a collaborative arrangement with the Nordic countries through the Nordic Project for Co-operative Development in Tanzania.⁸

Through this project, a number of critical achievements were accomplished including the construction and support of the Co-operative College and the Co-operative Education Centre. The project also supported the government by placing Nordic specialists in each regional office of the government who would support the promotion of consumer co-operatives in the country.⁹ Attached to this regional intervention, the

⁷ Interview with Sam Mshiu

⁸ Pakesen, K (2010). A Bleak Chapter in Nordic Development Aid History, The Nordic Co-operative Assistance Project in Tanzania.

⁹ Interview with Sam Mshiu

establishment of a special diploma programme in Retail and Wholesale Management for the production of local experts who would take over the promotion of consumer co-operatives when the Nordic experts left.

But all these were happening, the government was in a critical dilemma; First the status of the economy, was characterized by peasant and smallscale agricultural production with higher levels of illiteracy, lower levels of industrialization, technology and infrastructure. These conditions would not allow the development of an advanced welfare state in Tanzania. The dilemma was whether, a peasant country like it was in Tanzania could easily and quickly transform into an industrial country and establish well organized consumer co-operatives and manage a budget of a welfare state. This was considered an impossibility.

During the same period, the Tanzanian government was guided not only by central planning, but also a basic needs philosophy. To address this egalitarian basic needs philosophy, in 1967, the government switched to the Arusha Declaration proclaiming Ujamaa and Socialism broadly built on the Chinese model of socialism and central planning.

The political decision to follow central planning and socialism, went against the internationally accepted co-operative principles which were part of the Nordic experience. For example, in the Village and Ujamaa Villages Registration Act of 1975, the villages were deemed multipurpose co-operatives and anybody 18 years old or above was an automatic member of the village co-operative society.

Twenty years of the Nordic Project for co-operative development in Tanzania (1968-1988) was clearly covered more by tension and differences in perceptions as to what really constituted a genuine co-operative organization between the government and the Nordic Project in particular and the ICA principles of co-operative identity in general.

During the same period, there were three other economic and political forces which led to the stagnation of the consumer co-operative movement; First, since independence, the government had embarked on an import substitution industrialization strategy. The strategy was based on two supporting arguments first was the existence of growing demand for imported consumer goods such as cigarettes and bread whose supply could easily be sustained by the establishment of local industrial capacity, to produce those consumer goods we formerly imported. Secondly, the raw material for the consumer goods industrialization were locally available. For consumer co-operatives, import substitution industrial development was more favourable in the short term. But by the years 1978/80s, Import Substitution

Strategy began to fail¹⁰ due to its heavy reliance on imported capital goods, causing heavy pressure on foreign exchange earnings.

The second, but a more internal consequence of Import substitution policy, was the internal capitalization of industry by shifting surplus from a weak small scale agricultural sector to support industry and urban food consumption through under pricing agricultural commodities and taxation.

The third force which frustrated the development of consumer co-operatives in Tanzania during the period was politically, the effect of the war in Uganda starting 1972 to 1978 .Tanzania spent massive amounts of foreign exchange to finance its campaign to remove the Ugandan dictator Idd Amin from power and allow democratic processes in that country. The result of this intervention fuelled a foreign exchange crisis and the economy was pressed by inflation as well as critical shortages of consumer goods in the market all over the country.

Government response to shortages of consumer goods, was, the promotion of consumer co-operatives through top bottom distributive¹¹ approach of establishing more consumer co-operatives in a special national campaign known as operation maduka.¹² The operation targeted the establishment of consumer co-operatives so that they could be channels of distributing scarce commodities. As the campaign continued, private traders of consumer commodities continued the unethical practice of hoarding consumer goods and it invited a directive of the government to suppress them and promote consumer cooperatives only. But while original member driven consumer co-operatives continued to exist, operation based co-operatives mushroomed with designated allocation of consumer goods from public distribution enterprises. As far as operation maduka campaign was concerned, it was the physical supply of consumer goods that was more important than economic viability and member ownership. The Co-operative College was instructed by the government to re-schedule all other training programmes and embark on a massive training programme of co-operative shop managers for the whole country. The immediate effects of this campaign were basically three; First we had more consumer co-operatives without genuine membership. Secondly, it set in messages that under any crisis situation, Tanzania could form co-operatives to resolve government problems rather than created to address members' problems. Thirdly, the top bottom establishment of co-operatives was conceived as a perfect option to member driven co-operative formation in Tanzania

¹⁰ Chambo, S.A. The Performance of Import Substitution Industrialization in Tanzania, MA Thesis, University of Dar es Salaam

¹¹ Carlsson, A (1992) Co-operative- State Partners in Development Institute of International Education, Stockholm University, Sweden

¹² A campaign launched by the government to promote consumer co-operatives by top-bottom means and at the same time wrongly suppressing privately owned shops.

We call this period as stagnation of the consumer co-operative movement because the number of genuine co-operatives almost remained the same and what we had as additional shops were a result of a special campaign based on government special drive.

In 1986, the border which had been closed between more industrialised Kenya and Tanzania was opened and consumer goods from Kenya¹³ started flowing into country. The opening of the border saturated the market with consumer goods and wiped out all **operation maduka co-operatives** in the country and Tanzania went back to its original number of genuine consumer co-operatives in the country such as the Moshi and District Consumer Co-operative in Moshi Municipality, in Kilimanjaro region.

Phase 3: Liberalization and Decline of Consumer Co-operatives 1980s To date

The main challenge of all types of co-operatives in Tanzania and indeed in the African continent, is the advent and implementation of trade liberalization policies which swept the world economy, at the beginning of the 1980s. These policies had far reached consequences on the African co-operative movement because originally co-operatives enjoyed maximum state protection. Agricultural co-operatives survived with hardships. It is the marketing of coffee, cashew nuts, tobacco and cotton whose co-operatives survived the era of competition. Food crop marketing co-operatives were all wiped out from the market place except a few primary co-operatives.

Consumer co-operatives survived but dwindled because they lost membership and competitiveness. They tried to maintain their old members and never showed new ways of doing business.

But according to long time co-operators such as Mshiu¹⁴ there are three important reasons as to why co-operatives in general and consumer co-operatives in particular, got into serious problems of competition; first was lack of preparedness for competition. At the advent of liberalization, co-operators had two traditional perceptions in that, first, the government would come to their side and help them out with subsidies and cheap credit. The second traditional perception was that, the government would formulate another policy that would give them back their monopoly power. Both of such perceptions did not take place. Secondly, the government as pace maker of liberalization did not create a level ground where all market players would compete on same rules of the game. Bank interest rates were discriminatory against co-operatives in favour of ordinary business people. Co-operatives would adhere paying all required taxes while the private sector would corrupt their way through. While other private sector players would suppress

¹³ The border between Tanzania and Kenya had originally been closed due political reasons. The closure of the border was a Kenyan action on suspected overthrow of the government by the army.

¹⁴ Interview with, Mshiu, S

wage rates, the co-operative enterprises would pay minimum regulated wage rates. Cooperatives would observe all minimum standards and rules while other players would not.

On the other hand, most developing countries Tanzania included, are said to be minimally institutionalized due to less enforceability of their laws and regulations as a result of poor governance.¹⁵ The weakness on the part of governance and the existence of unequal competitive level ground, made consumer co-operatives run down with competition.

Anatomy

Tanzania has always had a single law on co-operatives since the start of the co-operative movement in the 1930s. The current Co-operative Societies Act of 2003 covers all types of co-operatives including consumer co-operatives.

Current co-operative legislation recognizes two important structures of the co-operative movement that is the primary and the national levels. This, according to the Co-operative policy 2002, was aimed at creating cost minimizing structures for membership. After the formation of the primary level structures, the primaries can affiliate at the national level and conduct their own business. This legal provision, has had two implications on the general co-operative movement in Tanzania. First, there are the stronger cooperatives identified with financial services and agricultural marketing with traditional four tier structures starting with primaries, secondary unions, national apex bodies and the federative structure known as the Tanzania Federation of Co-operatives (TFC). It is currently observed that in these two sub sectors of the co-operative movement, no review or reform has been carried out to position the co-operatives on the legally stipulated cooperative structures, with cost minimization principles.

In the weaker sub sectors of the co-operative movement, including the consumer cooperative movement, there has never been any national evaluation for reform restructuring and even re positioning. The number of consumer co-operatives has remained the same and has either been declining in numbers and in sizes of membership. But the government has promotion, inspection and supervisory responsibilities of the cooperative movement. The most current intervention drive from the government, has been identified with the financial and agricultural marketing co-operatives only. For the consumer co-operatives there has been continued efforts in the supervision and of relatively strong co-operatives such as the Moshi and District Consumer Co-operative Society. The dormant consumer co-operatives have been left out without any critical assessment of their status, operations and members. It is therefore conceivable that for the weaker

¹⁵ Grindle, M (2007) Good Enough Governance Revisited, Development Policy Review Blackwell Publishing

part of the co-operative movement such as consumer, fisheries, mining, industrial and service co-operatives, national structures do not exist. They are all on a stand alone mode or atomized, and if one is strong, it does so due to its own capability and if one becomes dormant, it does so on its own, without attracting external attention or intervention.

The MDC in Moshi Municipality, for example, is relatively strong because of its own history, membership and management capacity. It has for the last twenty years survived on its own without any external intervention, be it government or otherwise.

The relationship of the consumer co-operative movement and the government is only noticed at the local level where there is some inspection going on with strong consumer co-operatives only. After such sporadic supervision, there is no other forms of government reform agenda or transformation programme. In the membership list of co. operatives at the federation level, there is so far no physical presence of any representation of the consumer co-operative movement.

When it comes to the socio-economic status of the membership, the consumer operative movement in Tanzania is one which is currently demonstrating historical past, rather than any character of modernization. It is a movement which has remained in the past in terms of its organizational structure, leadership, operations and membership. If we take the MDC as a case in point, the branch structure of its operations was phased out during trade liberalization. The membership reached a maximum of 5,000 in the late 1970s and has been declining to a current figure of 180. The membership belongs to the old age group and there seems no initiatives to recruit new and younger membership.¹⁶

But on its own right, the consumer co-operative movement has never been attractive to the youth for several reasons but a few are critical. First the youth are attracted to a cooperative system which attracts the use of modern techniques and technology. They are also attracted to innovations in terms of structure and operations as well as attraction to job creation where they can find jobs. The consumer co-operative movement does not fit into any of these categories of success.

The economic status of the members of the consumer co-operative movement are currently retired people from the civil service and some isolated women groups who were previously encouraged by the government to form consumer co-operatives for the catchments of scarce commodities during **operation maduka**. Like Tuke Marketing Co-operative in Morogoro Municipality.¹⁷ As such, the membership is

¹⁶ Information collected from discussions with Moshi Municipality Co-operative Officer

¹⁷ Mrema, M (1980) Tanzania Women in Progress in TUKE Consumers' Marketing Co-operative, PULA, Journal of African Studies

not growing horizontally nor does it grow vertically in terms of different age groups and levels of vertical integration.

One of the greatest challenges of the consumer co-operative movement in Tanzania is how to transform into the future by capturing current inspirations of different groups in the urban and rural clusters of the population. Since its initial push of formation, the consumer co-operative movement did not come as a collective force from the grassroots level¹⁸ but as a more directed facility, to sustain a growing demand. The consumer cooperative movement came as a distributive kind of solution created by the state in order to resolve market demand or respond to shortages of consumer goods in the country. As such, when consumer co-operatives were nationally promoted, the members were those people who had serious shortages of consumer goods. To be part of consumer cooperatives one needed two important qualifications; first one needed a regular income on a monthly basis or a business person who could demonstrate their demand through purchases on cash or on credit. Secondly, one needed to be part of the cash economy and the ability to pay or the demonstration of effective demand. The qualified group was and is mainly civil servants in the urban areas. When the consumer co-operative concept spread into the rural areas, it only became a seasonal activity and associated with the traditional cash crop economy of coffee, tobacco, cashew nuts and cotton. The larger question for consumer co-operative push, was its logic of resolving temporary shortages caused by the status of regional politics in the region. When the regional politics were eventually resolved, the flow and distribution of consumer goods was normalized and the distribution routes under private hands became normalized and efficient. The issues of ethical values of co-operation and principles were not part of the resolution against acute shortages of consumer goods in the era of operation maduka, although some ethical considerations on the reliance of private distributors would have entered the debate. It was however an argument with massive trade volumes rather than small scale movement of consumer goods in the dislocated market place.

Strategies to changing economic and social circumstances, were left to individual consumer co-operatives, rather than an interventionist government responsibility. The consumer co-operatives became vulnerable to competitive conditions set by liberalization policies for two main reasons; first they were targeting a small population of membership. As membership was declining, the importance of consumer co-operatives was gradually declining. Secondly, a distributive co-operative movement as such, the consumer cooperative movement, would not cultivate strong leadership to act as champions of change. Dependent on government initiatives the consumer co-operative movement waited for government improvement programmes while it was handing over responsibilities of members' business to the private sector. As a result, the consumer co-operative movement was seen just as alternative trading options which could be

¹⁸ Carlsson, A (1992) Co-operative -State Partners in Development, Institute of International Education, Stockholm University

done by any group in the population rather than a consciously programmed action of a particular ideologically driven social movement.

Impact

The history and the political economy of consumer co-operative movement in Tanzania is a clear demonstration of a movement that grew without ownership and committed membership. The development of consumer co-operatives in the country, did not grow with basic consumerism and commodity production. As a result of such historical background, consumer co-operatives did not have the opportunity to imprint their own culture and influence both in urban and rural areas.

The role played by consumer co-operatives in the distribution of consumer goods was positively dramatic. But this was not achieved as a result of member participation and commitment, rather as a result of the push of the state. As pointed out earlier the consumer co-operative movement did not grow more than the existing isolated consumer stores and primary societies. As such, they are numerically small and without a strong national structure even at local regional or national levels. Government statistics that there are currently 104 consumer co-operatives in Tanzania, need further analysis and documentation as to how many are critically how many have the ability to carry out reforms and modernization and how many are strong with strong membership commitment. This study is needed in order to establish a more scientific space future development strategies of the sub sector.

It is however important that where experience of consumer co-operatives was in existence, they had demonstrated positive impact at a micro¹⁹ level. According to Tairo (2012) consumer co-operatives had practical relevance and objectivity to their membership. Those advantages included; that members could access consumer goods within proximity to their own localities, fair pricing on commodities where the goods on display were demanded by the members and when they compared the pricing on similar goods in other non-co-operative stores, the difference was remarkable. During the years of acute consumer commodity shortages, consumer would be available to the members and at a competitive price because of upholding to the values and principles of co-operation.

Further Comments

Here we restrict ourselves to the current challenges faced by the consumer co-operative movement in Tanzania.

We would like to allude to the fact that the current liberalization and the state of monopolistic competition in our economies, demand an organizational protection to consumers and the promotion of consumerism.

¹⁹ Interview with Judith Tairo

Consumer co-operatives are more needed now than in the past. The domestic market is currently influenced by globalization standards where adulteration, environmental degradation of production and marketing, loss and the need for consumer governance are all critical to the safety and social protection of the consuming population. These factors need to be addressed by self motivated activist consumer organizations fighting for consumer rights. But at a more practical level, the formation of strong consumer co-operatives would be useful in transmitting the co-operative values ethics and principles.

Although there is a future for consumer co-operatives in Tanzania, the type and scale of their operations will be different compared to the past. While in the past, consumer cooperatives were more concentrated at the retail level, current structure demands both Department stores and hyper co-operative wholesale as well as a well integrated network of co-operative retail stores covering all commercial parts of the country. The Tanzanian population is divided in terms of their perception about co-operatives. Those who have been longer with agricultural marketing co-operatives look at co-operatives sometimes negatively because of a history of embezzlements and thefts. Those who have been members of savings and credit co-operatives take them as the saviour of the poverty trap. For the traditional members of consumer co-operatives, believe that co-operatives are ethical organization where equity and equality can be sustained due to continued practice of implementing co-operative principles. One sub sector of the co-operative movement where it has been easier to implement co-operative values and principles has been through the consumer co-operative movement. That is where it is very easy to demonstrate a sense of ownership than in agricultural marketing because of the complex chain activities. But a strong consumer co-operative movement is a source of forward linkage with the food producing and marketing co-operatives.

The expansion of the consumer co-operative movement in Tanzania can also be guaranteed by the existence of well trained managers who are graduating from universities like the Moshi University College of Co-operative and Business Studies where training, education and co-operative research are mandated. But with all such advantages on the need of a strong consumer co-operative movement, they need advanced capitalization in order to grow. They need the right qualified and ethical human capital to run the business.

In order to sustain competition in future, consumer co-operatives need diversification so that they can promote the consumer co-operative concept in a wider sense such as establishing funeral co-operatives, education supply co-operatives, health co-operatives housing co-operatives with a heavy consumer orientation and co-operatives at school. The only less complicated co-operative practices which can be implemented in the school system, include consumer co-operative projects and Savings and Credit cooperatives. This will have the advantage of building future co-operators in Tanzania.

There is the employment factor also. The consumer co-operative movement needs both professional and non-professional staff who are employed outside the public sector. To this end, the consumer co-operative movement should be seen as generator of new jobs in the market. However weak the consumer co-operative movement may be, it still contributes to a minimum generation of more jobs in the market.

Findings

From the analysis above, we see that consumer co-operatives came after independence when the state was widening the use of the co-operative enterprise. As such, they started facing the challenges of state intervention than the agricultural and the savings and credit co-operative movements. Secondly, consumer co-operative never formed a national system. They were linked to state run trading organizations and not their own. Thirdly they started managing import export trade but through other organization and not themselves. If they are revived today; they will need an import export dimension. Since their establishment in the early 1960s, they have sustained the character of the urban place than the rural connectivity. This history is important in designing a strategy for the popularization of consumer co-operative in rural Tanzania. Their rise and decline in Tanzania have had the influence of many factors including a weak production economy, low levels of production and processing technologies, lack of effective demand, shortages, and low levels of education and training.

Conclusion

Consumer co-operatives have had a complex history in Tanzania, but managed to survive as organizations. We would like to point out that although their survival rate is marginal, there are a lot of lessons which can be learned for a future design of their transformation into efficient member based co-operatives. The expanding rate of urbanization, rural entrepreneurship and the ever expanding effective demand in urban areas, is a good test for the revival of consumer co-operatives in urban as well as rural areas of Tanzania.

On the other hand, the growing liberalization and globalization are coming with increased adulteration and unethical business practices especially some imported consumer goods. This calls for ethical organizations such as consumer co-operatives to protect the consuming population.

But in order to achieve the desired consumer co-operative advantages, there is need to policy and legislative reforms, the need to transform the consumer store into a cooperative super and hyper market stores connecting rural and urban areas of Tanzania. There is also need for professional and ethical management training a special campaign for consumer co-operation as well as making full use of information technology opportunities.

Such interventions will bring back the consumer co-operative movement in Tanzania.

Footnotes

1. The Co-operative Development Department, gives annual reports on the status of cooperatives in Tanzania. So far, the available figures date back to the 2011 report
2. At independence the Tanzanian Government was interested to know how the consumer needs of the growing urban elite and civil servants were met. It was immediately known that the co-operative enterprise would fit as an efficient, democratic and responsible mechanism for the supply of consumer goods to the urban population
3. Interview with Sam Mshiu
4. Interview with Sam Mshiu
5. After the war in Uganda and the foreign exchange crisis brought by both the war and Import Substitution Industrial strategy, Tanzania entered a critical shortage of consumer goods. The best solution by the government, was to use the top bottom implementation of the consumer cooperatives in all districts and villages. The approach was known as operation maduka. The operation partly addressed the supply of consumer goods but did more harm to co-operative development in Tanzania.
6. Tanzania has traditionally relied on Kenya when it comes to the supply of industrial consumer goods. But in 1978, Kenya closed its border with Tanzania and the action fuelled the already existing shortage of consumer goods in the Tanzanian market. When the border was finally opened, consumer goods started to flow into the country and some of the consumer shops started during the crisis, were wiped out with market saturation of consumer goods
7. Interview with Sam Mshiu, Moshi, 13-04-2012