

# Why Tanzanian professionals find economic reform unjust

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**Summary & Comment:** An interesting analysis of socialism versus capitalism in the Tanzanian context where the movement is from socialism to capitalism. SL/RM

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## Why Tanzanian professionals find economic reform unjust

Is economic reform unjust, and in that case, can there be a justice-based economic policy that at the same time succeeds in moving countries out of economic lethargy?

That question seems to be taking time to be resolved in Tanzania, where traditional sentiments of suspicion of market economy finds itself unable to accept the role private enterprise is being assigned in economic activity. And since these changes are taking place within one generation, and the professions weren't involved in the changes, they stick to their ideals.

There is something like a gap between the work that was traditionally assigned to various professions and their implicit role with economic reform. It is possible that the change was a little too rapid, and in many cases carried out without the reason for such shifts having been grasped, even if there were physical conditions for it. It is similar to the situation in Zimbabwe, where despite rampant inflation and shortages, few would wish that policy changes and gives a central role to a White-directed market economic policy.

What was interesting about the old economic policy - socialism - that Tanzania was pursuing is definitely its psychological boost to professions of various hues. It was their word, as advisers or actual decision makers in the different elements of the public service - both government and parastatals- which formed the focus of national activity. They had to surrender much of this role and become praise singers of what foreign companies or banks are doing, in which case reform was likely to lead to intensive resistance by them.

How far this sentiment is shared among all professions or it is only those who are more active among them deciding to make this a platform that can be shared by everyone isn't clear. The crucial feature is an attempt to attach poverty to economic reform, and put a cloud of amnesia to what was happening before, in the sense of shortages as an explicit expression of poverty.

In monetary terms, analysts of the reform process who put it that the process of change caused poverty rely on overvalued currency to paint a rosy picture. If someone for instance believes that the Zimbabwe dollar is worth what it is in official exchange rates, it will be possible to demonstrate in future how devaluation led to poverty - in monetary terms. In actual fact goods start being available, price changes bring about qualitative change in terms of access, such that objects that would hitherto be found in a few houses in Dar es Salaam become mass consumption goods. All this in a way escapes reform analysts, since they have a basic argument to make about poverty.

An equally important impediment to acceptance of reform on the part of intellectuals is the suspicion, underlined by the moral philosophy embedded in Development Studies at university or college level. The latter emphasizes that the market model of economy brings about what is bad in people rather than what is good - that man has both an individualist streak and a moral (sharing) streak in him, in which case market economy privileges selfishness and individualism. It would follow therefore that not just poverty but other negative features like crime are cultivated by reforms, via unemployment, etc.

Such an argument becomes sufficient for a portion of intellectuals for the simple reason that they ignore the crucial problem in economic policy, namely how to get everyone putting up the most intense effort within one or other area of economic activity. And at the same time, how best available productive resources can be organized, where it is that activity should be lessened and where it should be increased, credit increased or lessened.

An emphasis on good and bad values of society or individuals leaves these issues idle.

The crucial issue about free market economy is that each individual seeks out an area of activity where the most profit is likely to be made, hence receives the highest possible wage (returns) he may possibly find.

This of course corresponds with each person's nature or ability, which socialists find unacceptable, that each is left to their own devices as to what they can do to earn, or be accepted in society. Yet other models of economic organization show that if people don't find their own mark, someone has to whip them. At the same time, it is unquestionable that the chief ailment of economic activity anywhere is abuse of authority, just as this is also true of politics.

Free markets, like democratic economic organization, makes all individuals equally exposed to decisions of others, not because they control them but because they have to make a decision to use their money to purchase goods or services, not ordered to do so.

Using one's money, like using one's vote, is the most effective and responsible check on economic or political activity, as only on this basis is it possible to ensure that producers become responsible.

The trouble with most critics, and this is why the anti-reform argument finds excellent sympathy among students and lower level intellectuals, is that the country has less an idea of markets, but of races. Only when one thinks of economic activity as a sphere where Africans can't control unless they ride on the back of the government (parastatal organizations) is it possible to comprehend the anti-market argument. Were it that the leading firms were native it would be otherwise, but try that change and it will backfire.

What can be said at the moral level is that market model of activity does not bring out the worst in people, as this exists whether in socialism or capitalism, but merely respects it. The non-market or anti-market argument tries to ignore that people are fundamentally selfish, in which case try a model where people are treated as if they were good, made to feel that they are acting well, and the result is a free for all leading to shortages and crisis.

Socialism makes charity an obligation (equality) and thus pull down everyone into the morass of inactivity, while capitalism (reform) accepts differences and gives government limited ability to tax, for common needs. This model isn't as negative as many believe.