

THE ROLE OF VALUES IN ECONOMIC DEVELOPMENT:

Why Tanzania is Not Developing (Rapidly)

Lenny Kasoga

ABSTRACT: Economic performance depends on people and their values, which involves questions about the nature of virtue, goodness, and duty. The law of supply and demand encompasses production and consumer preference based on rational behavior in order to maximize utility. Enabling one to obtain what one wants with regard to choice of goods and services in the operation of market mechanisms which involve technology, institutional and educational changes generated inside and outside the market. This paper attempts to examine the role of values in economic development and discusses the reasons why Tanzania is not developing rapidly.

INTRODUCTION

Economists are concerned with solving human problems. Human problems cannot be solved without reference to values. Human problems have at their core normative as well as non-normative dimensions.¹ The purpose of this paper is to sort out the significance of values embodied in culture in order to analyze the traditional nature of Tanzanians. In an attempt to determine the direction of policies which were adopted following independence and examine from a historical and economic perspective what role traditional values have played in distorting economic development. This analysis examines the evolution of facts and events, political, economic and policy choices and decisions and the underlying rationales involved, in order to show the role of traditional values and their consequences on policy choices and decisions on economic development. There are many questions regarding Tanzania's

social organization which require a thorough investigation in order to determine the colonial relationship to the mistakes which were committed following the success of the struggle to remove foreign domination. While the colonial institutions were adopted as they were, the adoption of the socialist ideology introduced the nationalization of foreign-owned private companies. The nationalization exercise created state capitalism now being dismantled as part of the liberalization of the economy.

It is therefore necessary to examine the traditional values and determine their effect on economic growth. It is important to clarify whether or not the founding fathers, in their quest to get rid of foreign exploitation, created economic isolation or whether the problem of economic stagnation was caused by a group of those in power to maximize their grip on the market, hence enabling them to establish an oligarchy in order to maintain their power.

Currently the evils of corruption have entrenched and penetrated the fabric of the Tanzanian society leading to misuse of public funds, abuse of power, and the creation of a class above the law, which can break the law with impunity. The political hegemony permitted fiscal mismanagement, and the culture of using public property for personal gain.

This neglect of appropriate institutional arrangements failed to allow the operation of market mechanisms and to permit technological, institutional and educational changes to be generated by the market. What needed to happen was that only in situations where market failure occurred, then government could step in. Consequently problems such as lack of transparency, accountability and mismanagement induced by traditional values or as a consequence of foreign domination, corruption and neo-colonialism hijacked the masses' aspiration for freedom and independence. The reorganization steps through the Africanization of institutions following independence, constituted a radical programme for social and economic arrangements. Some analysts have argued that it was the petit bourgeoisie who imposed different socio-economic formations which developed an attitude among the ruling elite to live in a world of make-believe and unrealistic expectations.² This led Tanzanians to develop apathy, tolerance of high levels of unemployment, black marketing caused by the economic crisis of the late 1970's and early 1980's through price controls and rationing, fixed exchange rates³ which eroded patriotism. An emotion of love which demands the highest standards of love for one's country,

to accept nothing but the best for and from his people.⁴ The development of embezzlement and other bad habits which have hurt the economy led the nation to the unfortunate state of national corruption and misuse of public office.

Many reasons have been sighted as the cause for the slowing down of economic growth and development in Tanzania. Among the key events were international and natural events beyond the control of the government such as the 1971 floods, 1997-98 *Elnino* rains that caused floods, high oil prices caused by the 1973 Arab oil embargo, 1975 and 1980 droughts, 1979 border war with Uganda, the foreign debt accumulation crisis of the 1980's, the worsening terms of trade for third world countries leading to the collapse of commodity prices in the international market for export goods, which in turn affected farmers income and the country's foreign exchange earnings thus weakening Tanzania's ability to import basic requirements, the collapse of the East African Community (EAC) necessitated heavy expenditure on establishing services that were formally provided by the community.⁵

These events served to drain off scarce capital resources, which were most needed to push for economic development. The performance of the agricultural sector and parastatals was disappointing, coupled with weak domestic economic growth, resulted in low real per capita income and a deteriorating infrastructure desperately in need of repair. Obviously, reasons considered beyond the control of the government and policy makers can be excused. The problem and questions which

this paper is concerned with its values and the role it plays in economic development.

VALUES

Normative economics is based on value judgments and addresses what should be. Normative issues deal with questions of equity (fairness) and policy is inherently more normative than theory. Therefore, value judgment generally involve faith and argument, not scientific proof. Hence economists can evaluate policies by how well they accomplish stated goals, but cannot determine whether any goal is good or bad.

How Society Determines Values

To measure value, society uses the monetary unit as a yardstick for measuring the relative worth of heterogeneous goods and resources. Therefore, money serves as a store of value, because it is liquid, spendable of all assets and a very convenient way to store wealth. Coins and paper money have intrinsic value which enables it to function as a medium of exchange considered to be a suitable equivalent, a fair price or return for goods or services. Worth is usefulness or importance to the possessor; utility or merit, is the economist's term for pleasure or satisfaction a consumer derives from consuming some specific quantity of a good or service.

A principle, is standard or quality considered worthwhile or desirable, it is value or normative belief: the meaning of a concept of the goodness or badness *per se* of a condition, situation or thing. A value concept is a word or sentence which has as its meaning the goodness or badness *per se* of a condition, situation, or a thing.

Instrumental value: The meaning of a concept of goodness or badness is not so far as it is derived from mere basic values.

Good and bad: adjectives used modify the word value. A good value exists when a condition, situation, condition or thing frustrates or detracts from attainment of human interests purposes.⁶

Normative economics, therefore, be employed to analyze corruption evaluating its impact on the implementation of policies, and determine whether or it hinders the accomplishment of its goals and objectives.

For example, obedience to constituted authority: laws must be obeyed for if each person were permitted to decide which laws were good or bad, social chaos would necessarily result.⁷ Indeed emphasis on the distinction between law and law as it ought to be may be taken to depend upon, and to entail, what is called "subjectivist" and "relativist" "non-cognitive" theories concerning the very nature of moral judgments, moral distinctions or "values." Law is the command of the uncommanded commanders of society, rules enable individuals to name contracts, wills, trusts and generally to mould their legal relations with others. Such rules provide facilities for the realization of wishes and choices. They do not say (like commands) "do this whether you wish it or not", but rather "you wish to do this, here is the way to do it." Such rules allow individuals to exercise powers, make claims, and assert rights.

Such laws confer rights and powers such as property rights, they are laws which are, so to speak, put at the disposal of individuals in a way which the criminal law is not. Therefore, the state exists

the protection and forwarding of human interests, mainly through the medium of rights and duties. The function of a judge, courts or judicial system is not mainly to declare the law, but to maintain the peace by deciding controversies. Thus custom is the sign of positive law, not its foundation, for the foundation of law has its existence, its reality, in the common consciousness of people.⁸

Traditional Values

Social anthropologists who have conducted studies and analyzed traditional African cultures have concluded that it is not biological but is entirely of man's making. Culture is the source of solidarity, of the complex mechanisms, symbols, and ideologies of social integration and common belongingness; the living of a nation. It is widely acknowledged that the period of colonialism which was characterized as a period of the loss of independence, entailed a certain measure of deculturisation and ineffectuality of the cultures of Africa. It was a period of cultural dislocation and lack of purpose, because the new visible sources of power, and the springs of decision, had no reference to the local culture.⁹

The purpose of the deculturisation did not refer to Africa, but were oriented towards the needs of Europe. Educated persons who were personally successful were so oriented to the extent to which they identified themselves with the new, but alien culture. In the traditional system, class was purely descriptive and carried no necessary implications about function, power, or

authority. In this sense, it allowed for no mobility. One was born into a class, grew up in it, and died in it. The strength of culture controlled disruptive forces by controlling material, including property systems and technology, including customs, rituals as well as political and social institutions.

Finally culture included values, ethics, religion, literature and art to the extent that these include aspirations or judgment. By uniting the people in common beliefs and attitudes, or at least, in tolerance for certain beliefs, actions and values, culture fills with order that portion of life which lies beyond the pole of state intervention. It integrates people on the basis of common actions, reactions, interests, attitudes and values. It creates the basis of the formula of a common destiny and cooperation in pursuing it.¹⁰

Hence from an economic view point, the traditional African culture has work ethics, for example, a Swahili proverb which states "*Mgeni siku mbili, ya tatu mpe jembe*" It did not tolerate idleness for a guest was a guest for two days and on the third day was required to join in agricultural production. Pastoral ethnic groups valued cattle because it was essential for survival. As for agricultural ethnic groups, they valued food crops - for example coconut trees in the coast - which could sustain them. The technological backwardness of Africa therefore, cannot be blamed on traditional values, but rather on the colonial heritage which treated colonies as a source of raw materials and cheap labour, and a "dumping ground" for surplus goods to be sold at exorbitant prices. Therefore, colonies became avenues for capital

investment, not for the benefit and development of the colonial peoples but for the benefit of the investors, whose agents were the colonial governments concerned. It is a common economic experience that wherever there is economic dependence there is no freedom. Exploitation involved a sacred duty towards the exploited peoples who were ignorant and fell victims of the systematic application of the "divide and rule" policy.¹¹

GROWTH OF A NATIONAL LIBERATION MOVEMENT

The purpose of the Tanganyika African National Union (TANU) was to attain independence hence disconnecting the umbilical cord of economic dependence. Mainland Tanzania attained independence on December 9, 1961, and one year later the country became a republic under a unitary form of government with a strong executive president. Julius Kambarage Nyerere took office as president in 1962 expressing interest in building a socialist state. In his pamphlet entitled "*Ujamaa* the Basis of African Socialism," he described the traditional African society as based on socialistic principles of working together and sharing. Nyerere, a charismatic leader who had the support of the masses, urged a young nation to maintain those principles.¹²

The Tanzanian economy had, at this stage, been affected by events largely determined by historical circumstances from outside forces. The German and British influences established in the country a modern economic infrastructure based on dependence. This post-colonial structure had not yet assimilated the use of agricultural machinery and extension services essential for further increasing

output. Investments were lacking, and the industrial base was almost non-existent. Some thought a clean break from the past colonial era was needed. Nyerere who had a deep nationalistic spirit and desire to initiate a liberation of the economy from what he believed was foreign domination by capitalist interests maintained through neo-colonialism, fulfilled his desire for building socialism with the Arusha Declaration of 1967. The goal of Tanzania's socialism was aimed at developing a state in which all people were peasants and workers, a classless society in which the incomes derived from different types of work were not grossly divergent. These socialist goals were to be realized through collective ownership of resources and the provision of equal opportunity for all people.¹³

Implementation of the *Ujamaa* Policy

After two decades following the adoption of the Arusha Declaration, the performance of the agricultural sector and parastatals was disappointing. The domestic economic growth resulted in a decline in real per capita income and a deteriorating infrastructure desperately in need of repair. By 1985, Nyerere retired leaving the economy unable to support basic needs such as education, health care, and agricultural extension services. The economy was gripped by problems of unemployment resulting from structural adjustment reforms, poor industrial performance and unreliable power supply.¹⁴

Currently the economy is in a precarious state of dependence with a widening trade deficit, foreign debt, a high rate of inflation and a low standard of living. Although

external and natural factors share the blame, its now time to turn inwards and examine corruption as one of the internal factors involving values.

CORRUPTION

Corruption is a sensitive subject because while leaders posture and moralize, they have failed to stump it out. Corruption exists when in society the shameless triumph, the abuser is admired; and when principles end and only opportunism prevails. When the insolent rule and people tolerate it; and everything becomes corrupt, but the majority is quiete because their slice is waiting. When the application of rules and regulations is modified on a particularistic basis, and when corruption in government is pervasive at all levels of public management including the deliberate mismanagement of the national economy for personal gain . When the threat of bribery, extortion, influence peddling, kickbacks, fraud and other illicit activities become common place, to the extent where it involves misuse of important policy instruments - tariffs and credit, irrigation systems and housing policies, the enforcement of laws and rules regarding public safety, the observance of contracts, and the repayment of loans or simple procedures, means that corruption has become systemic. For example, when it infects the daily business of government like collecting taxes, passing items through customs, letting public contracts to build or supply or carrying out police work. When corrupt behavior is widespread, it stunts economic growth, undermines political legitimacy, and demoralizes both public officials and ordinary citizens. Corruption has social costs and can encompass promises, threats, or both; can be of

omission or commission, can include illicit or licit services, can be inside or outside public organizations. The borders of corruption are hard to define and depend on local laws and customs of a given country under consideration.

Corruption in Tanzania

In the initial stage following independence the mainstay of social and political organization linked corruption to an act that denied others justice. Change in society occurred during the implementation of socialism which attempted to eliminate differences between the rich and the poor. The egalitarian goals brought all the major means of production under state control. Virtually all sectors of the economy spanning from agriculture, mining, energy, manufacturing, transport, communications, trade, tourism and construction were organized into parastatals totaling 450. Parastatals were established under the Public Corporations Act of 1970, as statutory organizations controlled by the respective ministries through their Board of Directors. The nationalization of February 1967 as a step towards the implementation of the Arusha Declaration - socialism and self-reliance created an umbrella or a holding corporation - the National Development Corporation (NDC) - as an instrument for fostering industrial development.

Other major holding corporations included the National Textile Corporation, the State Mining Corporation, the Tanzania Leather Industries Limited, the Saruji Corporation, and SIDO. It was the management of these parastatals which was granted monopoly powers by the government that led to production stagnation, embezzlement and corruption, inevitably leading to the current economic

crisis. Mismanagement, lack of accountability, fiscal indiscipline and excessive spending characterized the behavior of parastatal management executives. Most industries operated at 30 percent of rated capacity, were dependent on subsidy from government for their operation, rather than contributing to GDP growth. Out of 450, parastatals only Tanzania Cigarettes Company and Tanzania Breweries Limited (TBL) were reporting at a profit. Tanzania has witnessed an alarming increase in corruption activities because public servants were able to get away with such activities without facing prosecution in the court of law.

The Institutional Factor

Procedures, loopholes, greed for power and profit, low wages and erosion of ethical standards are sighted as the major causes.¹⁵ Low incomes associated with the low standard of living have not caught up with the high rate of inflation, thus fostering petty corruption in all sectors of the economy. Bribes are demanded from school children during registration and examinations. Teachers give bribes to get promotions or to be transferred to better locations. Policemen receive bribes to protect criminals; or arrest innocent people on framed charges, traffic policemen accept bribe from drivers who breach road regulations. Immigration officers accept bribes to issue passports, visas and resident permits. Prison wardens solicit bribes in order to favor prisoners. Corruption is offered to employees of tax department's who provide exemptions. Executive officers in ministries, departments and parastatals demand bribes in order to authorize payment for goods and services. Auditors

demand bribes in order to conceal deficiencies discovered during audit. Court clerks demand bribes to hide or open file of accused persons. Judicial person secretaries and typists accept bribes in order to produce copies of judgements for various crimes.

Magistrates are offered bribes in order to give soft sentences, reduce penalties, withdraw charges; give bail and order injunctions. State attorneys accept bribes when attending to court cases, they authorize the signing of contracts which are against the national interest and give advice in favour of those who bribe.

Independent advocates bribe magistrates and judges for verdicts favorable to their clients. Patients are forced to offer bribes in order to receive medical services or receive operation. Trade officers solicit and accept bribe from businessmen and women who trade without licenses, they demand bribes when issuing trade licenses. Land officers demand plots when they survey and allocate plots, value crops when issuing certificates of title. They accept bribes and make multiple allocation of plots, survey and allocate plots in areas reserved for communal services.

Bribes are offered in the allocation of government houses for undeserving people. Forest officers receive bribes to give permission for felling more trees than what is allowed in the licenses, and free culpable caught with unauthorized forest products. Wildlife officers receive bribes to allow poachers to go scot free. Fishermen causing damage using unauthorized fishing gear pay explosives bribe and are set free. Employees of TANESCO and water departments demand bribes in order to provide the service to clients. Employ

of mining departments demand bribes in order to issue mining or prospecting licenses. Officers in various ministries receive bribes in order to award tenders. TTCL technicians and telephone operators receive bribes from unscrupulous businessmen to allow them to make international calls using other client's telephones especially those which belong to government and parastatals. Officers manning weigh bridges solicit and receive bribes to permit vehicles heavier than road's carrying capacity. Labour officers demand bribes from dismissed workers in order to reinstate them. Foreigners give bribes to receive permits to work in positions allocated for nationals. News reporters accept bribes to publish or not to publish information which glorifies or destroys the reputation of certain individuals or institutions. Town and district council employees receive bribes during recruitment of staff, promotions, issuing trade licenses for unauthorized areas and award tenders or allocate plots and market stalls.¹⁶

High level leaders and public servant, practice corruption because of greed for accumulating wealth. Positions such as directorships and chairmanships of boards and parastatals are attained through favouritism, without taking into account professional knowledge, ability, national interest, and yet such individuals interfere with executive decisions. Chief executive officers receive bribes to breach tendering rules and regulations; to make various tax exemptions and construction contracts with private companies with no regard for national interest. They conceal sub-standard construction jobs and deficient equipment or services and authorise payments in return for commissions. They offer scholarships for overseas studies through nepotism, tribalism and corruption.

Politicians offer members of executive committees within political parties or bribe voters during elections to obtain votes for their candidates. Members of parliament offer bribes to voters, lodge fake claims, give bribes to reporters and demand gifts from private and parastatal companies.¹⁷

While the scarcity of commodities and inflationary pressures in the economy is the cause, the major question remains what action or steps has government taken to demonstrate its resolve to stomp out corruption in order to promote the well-being and happiness of the Tanzanian people? Did the traditional African society tolerate corruption and yet maintain its humanism and its reconciliation and individual advancement between group welfare? How does Tanzania compare with other African countries regarding the deterioration of the economic environment and how could black marketeers buy out law enforcement agencies if discipline and ethical standards were maintained?

FIGHTING CORRUPTION

Laws against corruption exist, dating in the 1930's with the colonial administration which considered it a criminal offence, and was amended to include a section which stated "to demand, to solicit, to give and to receive bribe is a criminal offence." In 1958, this law for the prevention of corruption Cap. 400 was expanded to include receiving presents and commissions. When Tanzania became independent, it inherited this law, at the time most corruption incidents involved lower and middle level officers, especially those who delivered services directly to the people. The expansion of public services following the nationalization of private

companies necessitated in 1971 the expansion of the 1958 law to include "those found with property suspected to have been corruptly acquired". This made the sentences stiffer. In 1974 the law was amended to enable the president to establish an institution for the prevention of corruption. Thus in 1975, the president established the anti-corruption squad to deal with the problem of corruption. The government decided in 1983 to mount a campaign against what came to be known as "economic saboteurs." Many people were arrested and detained.

Considerable amount of property was seized; but the exercise failed because the government directed its attention to the act rather than causes of the problem.¹⁸ Detection before the problem is committed and swift punishment following prosecution would have served as a deterrent. In 1984 the government allowed people with foreign currency to import consumer goods, a decision that alleviated the problems of shortages. The rampant corruption caused by shortages of consumer goods disappeared.

However, during the period between 1985 to 1995, high level corruption exploded as members of the public could not be attended without greasing the palms of public servants. Towards the end of 1994, the donor community suspended aid, declaring that, it would be restored when the Government took serious steps to recover taxes evaded or exempted through corruption. It was a period when Tanzania witnessed for the first time large scale tax exemptions contrary to legal norms and tax evasions was made through corruption. It was a period noted for the importation of food grains unfit for human consumption, and the growth of drug trafficking. The reasons sighted for this explosion included:

- The close relationship between businessmen, political and government leaders who compromised ethical standards.
- The erosion of ethics and values led to the appointment of leaders not based on merit but on patronage and lobbying.
- Businessmen were able to contest for political positions using their wealth.
- With the introduction of the multiparty democratic political system involving elections, those in power wanted to grab as much as they could before leaving office.

Among the well publicized scandals include:

- Loliondo game reserve - Arusha which involved the allocation in dubious circumstance - of a hunting block, a lease of over 4,000 square kilometers secretly to an Arab prince Sheikh Brigadier Mohammed Adulrahim Al-Ally of the United Arab Emirates for hunting purposes in 1992, through Ortello a (Kenyan based hunting company presumably with secret powerful interests locally).
- The Muhamed Enterprise Company (T) Ltd. imported and sold food unfit for human consumption in 1994.
- Chavda in the same year misused Tshs.916 million from the debt conversion program. He colluded with some government and parastatal officials to evade taxes through dubious tax exemptions while on class "A"

residence permit. The donor community threatened to withdraw assistance if such practices continued.

In 1994, the government attempted to grant 381,000 acres of land in Monduli and Kiteto Districts (Arusha) to Mr. Hermanus Phillip Steyn a foreign investor who had been declared a *persona non grata* in 1983. The land covered the Simanjiro Game Controlled Area and Tarangire National Park wildlife migration route.

Similar acts of corruption also occurred in the Mkomazi Game Reserve where the Wamasai were removed in 1988 because the government had a project to reintroduce African wild dogs and rhinoceros, a depleted species in the area. However, the Royal Frontiers Tanzania Ltd, was allocated two hunting blocks in the Mkomazi. Among the company directors were the brother of the former Minister of Natural Resources Tourism and Environmental Affairs Juma Hamad Omar and former Director of Wildlife - Muhiddin Ndolanga's sons. They permitted convoys of hunters in 1994, hunting mainly lions, leopards, oryx and other endangered species.¹⁹ Other acts committed in the past include purchase of defective air planes for Air Tanzania and a pantoon for Kivukoni in dubious deals to obtain commission while sacrificing national interest.

These acts of corruption indicates that Tanzania's immense productive potential has been put at the disposal of neo-colonialism by neo-colonialists serving their own selfish interests.

This new guise of neo-colonialism seeks to maintain and extend its stranglehold over the economic life of Tanzania, working in more insidious ways

to undermine ethics, morality and divert attention from national economic independence to neo-colonialist exploitation and domination. Modern imperialism confronts an economically weakened independent country through devious penetration of its leadership ranks, leaving it with all the outward appearance of sovereignty. The economy and policy is then directed from outside, because patriotism is replaced by individual interests. Consequently, corruption has grown enormously in variety, magnitude and brazenness fueled by budgetary abuse and political patronage on an unprecedented scale.

INSTITUTIONALIZED CORRUPTION

The incidents above reveal acts of corruption, embezzlement and fraud at an institutionalized level. Such acts are now committed at a scale which has made most job aspiring youths to consider employment in government service as a means to get rich quickly scheme, because they desire posts in departments where it is easy to obtain money through corruption. It appears as if government sanctions fraud. Most public corporations or parastatals flow resources into administrative aspects (allowances, fringe benefits, etc. aspects which give a lot of room for corruption, fraud and embezzlement) than production. There is budgeting without accountability and rampant use of outdated figures without any public disclosure.

Therefore, poverty cannot be accepted as the major cause of corruption because the corrupt are those in power rather than the masses. It is obvious that political hegemony, which in the "First Phase" government prevented issues of corruption

from becoming a matter of public debate, gave the managers of state corporations or parastatals, government and party bureaucrats and private businessmen room to indulge in corrupt practices, so long as they kept it as a top secret. The "Second Phase" government of Ali Hassan Mwinyi may have suffered from inadequate patriotism, hence failing to control corrupt tendencies, particularly considering the fact that the economic crisis made it easier for those in high positions to succumb to corruption, which was a betrayal of the trust the public had vested in them. The "Third Phase" government of Benjamin Mkapa has to date not taken action against top level government officials who were mentioned in the Warioba Presidential Commission of the inquiry against corruption issued in 1996. Therefore, the public awaits for the President and top leaders not only to posture and moralize, but to take tough legal action and bring to court all those individuals who are responsible for distorting the allocation of government resources through corruption. Prosecuting the accused will constitute a positive direction in an effort to combat and stomp out institutionalized corruption in Tanzania.

RECOMMENDATIONS

There is a need for a sound macroeconomics policy stance which aims at controlling inflation, a very low budget deficit, and progressive agricultural policies favorable to more investment in human capital, infrastructure and institution - building, along with better governance to address the problem of poverty and restore economic growth.²⁰

During the process of liberalization, the question of political hegemony which permit fiscal mismanagement, a culture of

using public property for personal gain must be terminated. New institutional arrangements of providing loans to public servants, better retirement packages and respect for laws must be strengthened. No one should be allowed to stand above the law.

In order to stomp out corruption, well organized police force equivalent to the USA's Federal Bureau of Investigation (FBI) should be organized and empowered to break up the backbone of corruption requiring government action without favoritism or fear of one's position, wealth or status. Those caught should be brought to justice through the courts, and not merely retired in public interest, while being allowed to enjoy the fruits of corruption.

Failure to take action now constitutes approval for corruption, hence embracing neo-colonialism, strengthening dependence and denying the majority justice, freedom and national independence; because those in power will serve the interests of those who are able to grease their palms and corrupt them.

It is fair to say that economics give more prominence to economic efficiency, growth, full employment and the balance payments than the distribution of income and wealth. In view of the current level of corruption, which is causing problems of dislocation in the distribution and allocation of resources, poverty cannot be eliminated unless a sound macroeconomics policy stance is adopted.

CONCLUSION

This paper set out to examine the values in economic development and to discuss the reasons why Tanzania is not developing rapidly. What emerges out of the investigation

that the African traditional system has no role to play in the growth of corruption, but rather that the implementation of socialism provided the established oligarch room for fiscal mismanagement, a culture of using public property for personal gain, and consequently the neglect of appropriate institutional arrangements, which failed to allow the operation of market mechanisms and permit technological, institutional and educational changes to be generated by the market. What needed to be done was that, only in situations where market failure occurred, then government could step in. Lack of transparency, accountability and neo-colonial tendencies provided the *petit bourgeoisie* the opportunity to develop an attitude among the ruling elite of lenience for corruption, bribery, influence peddling, fraud and other illicit activities including drug trafficking. However, when corrupt behaviour is wide spread, it stunts economic growth, undermines political legitimacy, and demoralizes both public officials and ordinary citizens. Corruption has social costs, because it encourages mismanagement, lack of accountability, fiscal

indiscipline and excessive spending. When corruption is practiced and contracts are signed to benefit individuals, while they are against national interest, that is equivalent to treason, because people are denied justice. Therefore corruption and bribery are of great enemies the welfare of the masses, because it distorts the allocation of resources. Civil engineers for example, instead of constructing a durable road according to specification, may through corruption take money and build an inferior road. While there exist laws against corruption, what is needed is the enforcement of such laws without favouritism, nepotism or allowing anyone caught practicing it to be above the law. It is quite obvious that the origin of corruption is neo-colonial in nature, and due to lack of patriotism and greed which encourages the desire to distort national economic development, so long as few individuals benefit.

REFERENCE

- Abraham, W. E. 1962
The Mind of Africa (Phones Books, The University of Chicago Press). Pg. 38 - 39.
- Achebe, Chinua; 1983
The Trouble with Nigeria. (Heinemann - The Chechauer Press Ltd.) Pg 15 - 17
- Adjustment in Africa; 1998, Reforms, Results, and the Road Ahead. A World Bank Policy Research Report, 1994 (Oxford University Press). Pg. 1- 16.
- Christian, James L. 1973
Philosophy (Reriehart Press, San Francisco). Pg. 163.
- Feinberg, Joel & Gross, Hyman; 1980. *Philosophy of Law.* (Wadsworth Publishing Company. Belmont, California) Pg. 38 - 46, 181 - 458
- Herrick, Allison, Butler and Harrison, Sidney A and John, Howard, J. And Macknight, Susan and Skapa, Barbara, 1968
Ara Handbook for Tanzania (U.S. Government Printing Office, Washington; D.C.) Pg. 63.
- Investigative Journalism in Tanzania 1, 1996, Seventy - Seven Hotel Arush, Tanzania 29, April - 4 May 1996. (The Canadian International Development Institute of the World Bank - A. J. M. Tanzania). Pg. 28 - 56.
- Johnson, Glenn. L. & Zerby, Lewis., 1973
What Economist Do About Values. (Michigan State University) Press; Pg. 1 - 13.
- Kasoga, Lenny, 1996
The Evaluation of Ujamaa Policy: A Case Study of Musoma Vijijini District. (Michigan State University, East Lansing) Pg.30
- Maliyamkono, T. L., 1995
The Race for the Presidency (Tema Publishers Company Ltd; Dar es Salaam) Pg. 15 -17
- Nkrumah, Kwame; 1973
Revolutionary Path. (International Publishers, New York) Pg. 38 - 39.
- Report on the Commission (Vol 1), 1996. Pg. 3.
- Shivji, Issa, G. 1976
Class Struggles in Tanzania. (Tanzania Publishing House, Dar es Salaam.)
- The National Integrity System in Tanzania, Arusha 11, 1996, Proceedings of a workshop convened by the retention of corruption Bureau, Tanzania Arusha, Tanzania December 14 - 15, 1996 (The Economic Development Institute of the World Bank (EDI) Washington, D.C.)Pg 17 - 21.
- The National Integrity system in Tanzania, 1965, Proceedings of a Workshop convened by the Prevention of corruption Bureau, Tanzania, Mount Meru Hotel, Arusha, Tanzania 10 - 12 August 1995 (EDT Washington DC) Pg. 4 - 17.
- The National Integrity System in Tanzania, 1996, Parliamentarians workshop Dodoma, Tanzania. Tanzania, 1996. (Transparency International and the Economic Development Institute of the World, DANIDA and Overseas Development Authority (ODA)

United Republic of Tanzania

Report on the Commission on Corruption (Vol.1,1996, Presidential commission of the inquiry Against Corruption. Government Press) Pg. 74 - 94.

Vice - President's Office, 1998

The National Poverty Eradication Strategy (The Government Printer, Dar es Salaam) pp. V - VIII.