

Rebuilding Zimbabwe

What prospects?

The collapse of Zimbabwe's economy has been well publicised. **Brian Raftopoulos** describes this crisis with a view to possibilities for reconstructing Zimbabwe economically and politically.

The economic and political crisis that has engulfed Zimbabwe since the late 1990s has resulted in an enormous amount of damage to the productive forces in the country. Much has been written about various aspects of the Zimbabwean crisis, and in particular the political dimensions of this problem. It is not my intention to go over this ground again. Rather I will concentrate on the prospects for reconstruction in Zimbabwe.

WORLD'S FASTEST SHRINKING ECONOMY

Firstly, I must begin with an overview of the indicators of the economic and political crisis in the country. Zimbabwe's economy has been described as the fastest shrinking economy in the world outside of a war zone. By 2006 the GDP per capita was 47% below the 1980 level and 53% of the peak value of 1991.

For workers, in particular, the picture since the late 1990's has been one of unrelenting decline. Average minimum wages at the end of 2006 were 16.6% of the Poverty Datum Line, while the share of salaries in Gross Domestic Income declined from an average of 49% during the pre-Economic Structural Adjustment period 1985-90, to 41.5% between 1991-96, dropping

further to 29.9% from 1997-2003. Formal employment dropped from 1.4 million in 1998 to approximately 950 000 by 2004.

In the last three years these indicators have declined further with estimates that 80% of Zimbabweans live below the Poverty Datum Line. Moreover the monthly wage of a commercial sector worker only covered about 10% of the Consumer Council of Zimbabwe's basket of household goods in June 2007.

These depressing indicators must be seen within the context of the problems around the Fast Track Land Resettlement Programme. This has since 2000 led to huge displacements of farm labourers and their families, as well as enormous production problems. Recent assessments of this programme indicate several problems:

- The government is unable to confront the challenges on its own.
- There are enormous problems around the capacity of the current beneficiaries to farm the land and large amounts of land remain unused.
- There is evidence of large-scale vandalism of farm infrastructure such as machinery and farming implements, and continued uncertainty around the

procedures for farm allocation.

- No significant investment is taking place on the land due to lack of tenure security.

The World Food Programme has stated that maize output for 2007 is estimated to be 46% lower than 2006. The Famine Early Warning System (FEWS) reports that drought-affected areas of southern and western Zimbabwe produced less than 10% of their cereal production, with these areas entirely reliant on the state controlled Grain Marketing Board for their maize.

The accessibility of food in urban areas has been further affected by the military style price control enforcement introduced towards the end of June. As FEWS reports, the June price controls resulted in a "run of price-controlled commodities and a decline in their production due to the erosion of profit margins." As the labour movement observed this use of price controls since the late 1990s has had negative consequences outside of a broader consensus on economic strategy. In 2003 Zimbabwe's Minister of Economic Development warned about the consequences of such an isolated strategy.

Efforts to protect the consumer from spiraling prices are undermined by price controls that

focus mostly on the final product, ignoring developments affecting inputs into the production process. This has affected production viability and the sustainability of the controlled price levels. During the recent price crackdown the Governor of the Reserve Bank of Zimbabwe warned the government to “avoid the trap of temporary victory and instant gratification that backfires with consuming return-fire from both the business community and consumer alike.”

Over the year the Zimbabwean government has agreed but failed to adhere to several protocols including: The Incomes and Prices Stabilisation protocol; the Restoration of Production Viability Protocol; the Mobilisation, Pricing and Management of Foreign Currency Protocol; the Kadoma Declaration; and the Founding Principles of the Tripartite Negotiating Forum. Through these agreements the state has been asked to reduce its budget deficit, restructure the public sector, stop the quasi-fiscal operations of the Reserve Bank, reduce debt-financing and generally end its politically expedient interventions. The broad effect of the government's position on economic policy has been the lack of a broad consensus on economic policy and the absence of transparent processes of policy discussion and implementation.

This trend has once again become apparent in the state's renewed efforts at indigenisation of the economy through the recently introduced Indigenisation and Economic Empowerment Bill, which intends to legislate for a 51% quota for indigenous control of all business in the country. As with the broad spectrum of empowerment measures that the Zanu PF government has pursued over the



post-1980 period, there is reason to assume that this latest thrust will continue with the same corrupt and unaccountable processes that have dogged other such measures including the fast track land reform process.

The vicious battle over the recently discovered diamond deposits in eastern Zimbabwe has highlighted the broader scramble for mining and other economic interests within the ruling party. Richard Saunders in his *Briefing Note: Mining and Crisis in*

Zimbabwe has summed up these struggles over the mining sector, “In many ways, the experience of the mining sector closely reflects the trajectory of the broader political and economic crisis in the past fifteen years: fuelled by questions of political conflict and factional competition, exploited by opportunistic foreign economic interests and impacting negatively on state institutions and the rule of law, both crises have resulted in the accelerated poverty and marginalization of workers, poor

Zimbabweans and ordinary communities.”

At the centre of Zimbabwe is a political crisis combining the growth of authoritarian nationalism within the context of global neo-liberalism, in which the issues of democratisation and human rights abuses, have been entangled with questions of state sovereignty, colonial redress, African solidarity with a repressive nationalist regime and a divided opposition. The result has been a great deal of acrimonious debate over the Zimbabwe question, as well as a lack of international consensus over the way forward.

WAY FORWARD?

However, with the South African led SADC (Southern African Development Community) intervention mandated in March 2007 after another severe round of state violence, a small opening has emerged to move the situation forward in Zimbabwe. This initiative has the potential to develop a broader consensus on ‘normalising’ the situation.

Central to this initiative is the need to find an agreement between Zanu PF and both formations of the Movement for Democratic Change (MDC) on reformed constitutional provisions, that will open up political spaces in the country and provide better conditions for free and fair election in 2008. Notwithstanding Zanu PF’s grandstanding over not wanting a new constitution and dragging its feet on the mediation, Mugabe’s team continues to participate in the mediation.

For the Mugabe regime the mediation provides an opportunity to find a way out of the legitimisation crisis it has faced since 2000. It can agree to constitutional and electoral changes that, given the severe

weakness and divisions within the opposition, could lead to a more internationally acceptable election victory. The Zanu PF government is unable to find a way out of the economic and political crisis on its own, and given the support Mugabe enjoys in SADC, it represents the best organ through which he can push his re-engagement with the international community.

It is likely that any agreement through mediation will favour Zimbabwe’s ruling party, since the mediator’s preference lies with a reformed Zanu PF ‘solution’. Given the bitter divisions between the two MDC formations and the organisational weaknesses of both after years of state repression, it is unlikely that they will be able to resist substantial compromises in the mediation. It is also unlikely that the EU (European Union) or the US will resist such compromises if the mediation produced an agreement with the two MDCs and allowed for the minimal appearance of a free and fair election next year.

The major obstacles to this compromise remain Mugabe and his key supporters in the ruling party. The divisions in Zanu PF and the future of Mugabe himself remain in question. As with all parties that have relied on militarist structures for maintaining rule, finding a way beyond authoritarian politics remains an enormous challenge. Zimbabwe’s ruling party has a decreasing claim to national representivity. Issues of ethnic rivalry within Zanu PF and the dilemmas of the Ndebele question in Zimbabwean politics, undermine the strident assertions of Mugabe’s nationalist rhetoric.

Moreover as a result of the severe weakening of the Zimbabwean economy, the erosion of state

capacity, and the enormous loss of skills and human resources over the last seven years, Mugabe’s rule has made Zimbabwe more susceptible to the influences of international finance. This implies that any programme of ‘recovery’ is likely to include a strong dose of structural adjustment policies. Weakened popular forces will be caught between structural adjustment and the legacy of an authoritarian state. Under such conditions the spaces for developing more progressive politics will be lessened in the short term. Moreover, the Zanu elite on the land and in business are already working to consolidate their political dominance in the sphere of the economy.

The way forward on the Zimbabwe question is strewn with unpleasant compromises that are likely to set the parameters for the next round of struggles in the country. A central part of the future will be for the Zimbabwean political opposition to re-organise, and to take serious stock of strengths and weaknesses. Both tasks will be extremely difficult but necessary.

The lessons of the Zimbabwean crisis have broad resonance for the region. These are lessons in terms of possible regressive politics of former liberation movements and the challenges of developing opposition politics that speak to the needs of structural economic inequalities and political democratisation. The alternative is to see the repressive nationalist politics of the Mugabe regime as the only viable alternative to imperial forces. Such a project provides little hope for alternatives in Southern Africa. LB

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