Zimbabwe: a New Nation with Old Problems

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On 18th April 1980, the new Zimbabwe took its place among the nations of the world following 90 years of settler-colonial rule and a brief three-month period of direct British rule. The last eight years were a period of bitter and escalating war that threatened the stability of the whole region of Southern Africa. For Zimbabwe itself, the war left 28,000 dead, 275,000 wounded, 225,000 refugees living in neighbouring states and some one million internally displaced persons who had fled the rural war to seek refuge in the urban areas.

In February 1980, following the most closely monitored election of modern times and to the surprise of most observers, Robert Mugabe's Zimbabwe African National Union (Patriotic Front) (ZANU/PF) party won 57 out of a possible 80 seats in the 100-seat House of Assembly–the remaining 20 seats being reserved for the white minority in accordance with the Independence Constitution agreed at the Lancaster House conference in late 1979. Joshua Nkomo's Patriotic Front (PF) party, known formally as the Zimbabwe African Peoples' Union (ZAPU), won 20 seats and Abel Muzorewa's United African National Council (UANC) won the remaining three seats. Following the election results, Mr Nkomo accepted Mr Mugabe's invitation to join a broadly based coalition government which also included two white cabinet ministers, one a minister in Mr Ian Smith's Rhodesian Front Government, the other the former leader of the white farmers' union, the Commercial Farmers' Union (CFU).

Within a few months, minority-ruled Rhodesia had become majority-ruled Zimbabwe and a war which had been fought increasingly in adjacent states as well as inside Zimbabwe had turned to peace. What many analysts of Southern Africa had thought impossible had taken place: the installation of a government in Salisbury composed of the leaders of nationalist guerrilla movements. There was no white *coup d'etat*, no military intervention from South Africa, no immediate exodus of whites, and particularly white farmers, from the country and no reprisals for past hostilities.

The purpose of this article is to outline some of the major problems facing the new Government of Zimbabwe. The most immediate social and economic problems are those resulting directly from the war. Their solution lies in what the government has termed the '3Rs': resettlement, rehabilitation and reconstruction. Of greater medium and longer term concern are the underlying structural problems of the economy and the pattern of development which the new nation inherits. Zimbabwe's past pattern of development has created major problems in the critically important areas of access to the means of production, especially land, to employment, to basic social services as well as in the distribution of wealth and income. In a situation not uncharacteristic of many less developed countries, but made worse by decades of racial legislation and practice, economic growth in Zimbabwe has benefited the small largely white elite; for the majority of the blacks it has meant increased poverty.

Mr Mugabe's government has committed itself not only to addressing the immediate problems resulting from the war but also to a radical restructuring of the economy in the favour of the black and increasingly marginalised majority. This latter objective is to be achieved internally through the development of a socialist economy–that is, a change in patterns of production and in the distribution of wealth, income and land. Externally the strategy will be one of self-reliance, which includes lessening the economy's dependence on the West in general and on South Africa in particular, and strengthening ties with other countries within Southern Africa committed to 'economic liberation'.[1]

In attempting to achieve these goals, the government is faced with another set of problems. On the one hand are what the ZANU/PF election manifesto called 'the historical, social and other existing practical realities in Zimbabwe'. These include 'the capitalist system which cannot be transformed overnight', the monopoly of high level skills held by the white minority, the dominance of foreign capital and the need to maintain and even expand export production, at least in the short run, in order to purchase necessary inputs as well as to expand domestic production. On the other hand are the demands from the landless, the unemployed, the

[1] The term 'economic liberation' is used by the Front Line African States members of the Southern African Development Coordination Committee (SADCC) in their recently adopted strategy of lessening their dependence upon the Republic of South Africa and in opposition to the South African initiated policy of the constellation of states. An overview of the approach to policy changes likely to be adopted by the new government of Zimbabwe can be gained from UNCTAD 1980

low-paid and those without basic social services for an immediate improvement in their material well-being.

To move too quickly to change the present order runs the risk of provoking a flight of necessary white expertise and capital. This would lead to a decline in production and foreign exchange earnings, while increasing the likelihood of a politico-military response from those whose way of life is being threatened, especially given the as yet unsuccessful attempts to integrate the two guerrilla armies and the army of the former Rhodesian security forces. To move too slowly runs the risk of the government losing grass roots support, of accentuating tribal divisions, of driving a wedge between the present political leadership and the radical guerrilla armies and, in general, of fuelling the 'crisis of expectations' of the black population in what is potentially a very volatile situation. It is within the context of these conflicting pressures that the serious social and economic problems of the country will have to be addressed.

Zimbabwe's inherited economic structure is export-oriented and dependent upon foreign capital and the plentiful supply of low-paid labour. Economic policies of successive governments have encouraged the inflow of foreign investment. This has played a major role in developing the commercial agricultural, mining and more recently the manufacturing and financial sectors of the economy. In 1965, when the Rhodesian Front government made its unilateral declaration of independence (UDI) from Britain, exports were valued at 56 per cent of gross domestic product and imports at 46 per cent; over 68 per cent of net profits accrued to foreign companies, rising to over 90 per cent in the mining sector. In spite of sanctions, Zimbabwe was able to switch export markets, introduce new products and eventually expand exports. To preserve scarce foreign exchange, vigorous import-substitution policies were implemented. The volume of manufacturing output doubled between 1964 and 1974, the number of products made in the country increased more than sixfold and manufacturing became the leading productive sector of the economy. Today imports are valued at 22 per cent of GDP. In spite of sanctions, foreign capital continued to flow into the country, largely through or from South Africa. The government was able to raise loan capital in Europe and elsewhere.

Except for the period immediately following UDI, in 1966 and 1967, Zimbabwe's economy has experienced high growth rates, averaging over five per cent a year in real terms between 1954 and 1974. This successful overall performance of the economy, however, conceals major structural problems which the new government inherits and which it is committed to address.

Land distribution forms one of the cornerstones of Zimbabwe's inherited economic structure. Zimbabwe has a total population of just over seven million. 6.75 mn (96 per cent) are black, 210,000 (3.5 per cent) are classified as European and 24,200 (0.3 per cent) are of racially mixed origin or Asian. In contrast, of the 82 mn acres of farming land in the country, 39 mn (47 per cent) have traditionally been reserved for Europeans and 44 mn (53 per cent) for blacks. The quality of the farming land is also distributed unevenly in favour of the Europeans: 54 per cent of all European land and only 27 per cent of the black land are suitable for non-irrigated crop production.[2] In 1976, the European land was occupied by 6,700 farms (some owned by individuals and some by companies) and on the black land there were some 675,000 black, mostly peasant, farmers. Successive governments promoted commercial agricultural development of the European land to the absolute and relative neglect of the black land. This was primarily used as a source of labour supply for the modern sectors of the economy. Between 1965 and 1974, the government spent Z$66 mn on black agriculture and Z$436 mn on European agriculture; in 1975, European farmers were able to borrow Z$111 mn (mostly short term credit) while the total credit granted to black farmers was only Z$1 mn.[3] As a result it is not surprising to find that in 1979, out of total agricultural production of Z$523 mn, Z$443 mn (84 per cent) originated in the European sector which was also responsible for over 95 per cent of all marketed agricultural produce.

But not only are there inequalities in access to land and in the different levels of production in the different sub-sectors. More important are the overcrowding and deterioration of black agricultural land in contrast with under-utilisation of large areas of European land and the unprofitability of many European farms. Under the present system of mixed (arable and livestock) farming practised in most of the tribal trust lands (TTLs) which make up 90 per cent of black land, the available agricultural land could carry between 157,000 and 275,000 family units, enabling them to earn from farming

[2] Although recent legislation has removed the racial categorisation of ownership and occupation of land in Zimbabwe, the legal changes have made little practical difference to the distribution of farming land. For a contemporary analysis of discriminatory legislation in Zimbabwe see Government of Norway and International Labour Organisation 1978.

[3] In June 1980, Z$1 = £0.66 Sterling.

adequate, though low, levels of income given present levels of capitalisation. By 1965, 50 per cent of the grazing land in the TTLs was either overgrazed or completely denuded and there were 359,000 cultivators. Since then, 17 times as much grazing land has been converted to arable as is considered ecologically safe, the cattle population has doubled (although one result of the war has been to reduce the tribal cattle population by one third) and the number of cultivators in mid-1980 is estimated to be about 725,000. Even the former government, which had been retiscent about revealing the size of the land problem, recently admitted that there were about 455,000 too many cultivators in the TTLs [Ministry of Finance 1979].

The impressive levels of production within European agriculture hide serious problems of under-utilisation and unprofitability. Production in the sub-sector is carried out by settler farmers on individually-owned farms, by larger settler-farms registered as companies and by large Zimbabwean and foreign owned companies. About 70 per cent of farms are owned by settler farmers; 70 per cent of farms covering 23 per cent of the European agricultural land contribute about 21 per cent to total European production. In contrast, some 270 units contribute 52 per cent of total taxable income paid by European farms; over 75 per cent of gross profits of European agriculture originate with foreign companies. Even before the war led to the exodus of over 1,500 European farmers, large areas of European land lay unused. By mid-1978, the CFU estimated that seven million acres lay empty. In addition, analyses of land use by agricultural economists within the government and at the University of Zimbabwe would suggest that nearly 60 per cent of the European farming land is not being fully utilised. In mid-1978, the CFU admitted that 2,000 European farmers were technically insolvent. In mid-1980 government ministers stated that nearer to 70 per cent of European farms are unprofitable and can continue to operate only with the payment of large subsidies. In recent years the amount of loan finance granted to European farmers has increased substantially; between 1973 and 1979 loan finance owed by European farmers to the Agricultural Finance Corporation doubled to Z$125 mn; most of this was short-term credit.

These marked differences in land utilisation between black and European land point to the immediate need for land redistribution. An independent study by the German Development Institute in West Berlin suggests that at least 75 per cent of European land would be needed to settle the excess population from the TTLs, while at the same time maintaining a large-scale commercial agricultural sector [Waller and Otzen 1977]. Under the Independence Constitution, if this land were acquired for resettlement, compensation would have to be promptly paid to present owners and be available in foreign exchange. At 1979 land prices, the total cost of acquiring this land would be about Z$730 mn. It is clear that the Constitution considerably restricts the new government's ability to initiate a comprehensive land reform programme, especially as the large amounts of aid promised at the Lancaster House conference for an agricultural development fund do not appear forthcoming.

A second fundamental and related problem facing the new government is the inability of the economy as presently structured to provide enough jobs for the growing black population. Between 1969 and 1975, the economy grew at an annual real rate of 8.9 per cent; there was the most rapid expansion in employment in the past 20 years with an annual average increase of 31,000 black jobs in the formal sectors of the economy. Allowing for retirement, death and opportunities for self-employment, a maximum of 50,000 new jobs were available each year in this period. In the same period, an annual average of 170,000 blacks were out of school each year (that is they either left school or else they were not in school but reached school leaving age). Even if only black males were looking for jobs (and in 1974, 14 per cent of the formal black labour force were women) there was still a shortfall of 10,000 jobs a year. Since 1974, with an absolute contraction of the economy, the number of blacks in formal sector employment has fallen by over 50,000. Ten years ago the Zimbabwe Treasury admitted 'the insuperable problem of creating sufficient job opportunities in the money economy however favourable external conditions become' [Rogers 1979].

Those fortunate enough to find jobs in formal employment receive extremely low wages both in relation to their European counterparts and to minimum income needs. In 1977, average white wages were Z$513 a month, average black wages Z$49. The gap between household incomes is even higher than this because of the contribution both of working European wives and of interest and dividends to European household income.

At the end of May, the new Minister of Labour announced the introduction of minimum wage legislation to come into force from 1st July 1980. From that date, minimum wages for industrial and commercial workers are to be Z$70 a month (rising to Z$85 a month in January 1981), for mine workers Z$43 a month, which takes account of wages paid 'in kind', and for agricultural and domestic workers cash wages of Z$30 a month. These minimum wage levels will certainly assist the plight of the low-paid, especially as accompanying legislation will introduce strict price control on basic consumer goods. But a number of points need to be made. First, the minimum wages fall far short of minimum income requirements as calculated for the Zimbabwean poverty datum line which in early 1980 was estimated to be Z$125 a month for urban families of six persons. Second, there has, to date, been no policy implemented to address the problems of unemployment. It is estimated that one in five adult blacks is presently out of work. And finally, recent evidence shows that employers in a number of sectors have disregarded minimum wage obligations; for example a survey by the Minister of Labour showed that some 90 per cent of employers were paying less than the minimum four months after the introduction of a minimum cash wage for agricultural workers of Z$20 a month in January 1980.

Whatever future plans the new government adopts in pursuing the goal of greater economic self-reliance, in the short- to medium-term employment expansion will be critically related to export growth and capital inflow. Some 50 per cent of Zimbabwe's export earnings originate in the commercial agricultural sector which accounts for 40 per cent of total black employment. The mining sector employs 60,000 people; 90 per cent of the output of the sector is exported while a range of both capital and consumer goods from the manufacturing sector are also exported. After 15 years of economic sanctions accompanied by rigorous import and foreign exchange controls there is a great need for the replacement of capital in all productive sectors as well as new capital for a number of infrastructural and transportation projects. Thus foreign exchange is likely to be a critical constraint in the choice of economic policy options.

In 1980, it is estimated that the value of visible imports will double from the 1979 value of Z$549 mn. The deficit on invisibles is likely to increase to Z$250 mn due to an increased volume of trade, higher costs for freight and insurance and the continued need to use South African routes to the coast, in spite of the gradual switch to Mozambique ports. In 1979, total merchandise exports were valued at Z$682 mn. The prospects for an export boom to pay for the increase in imports are far from good given the world recession, another drought following the worst on record in 1978–79 and very disappointing export earnings for tobacco. The jump in the gold price has however made Zimbabwean gold exports the single largest mineral foreign exchange earner. Before the most recent rise in oil prices, Zimbabwe's terms of trade had declined by 36 per cent in a six year period; oil imports currently account for 28 per cent of the value of total imports. Optimistic forecasts predict a current account deficit of at least Z$200 mn in 1980, following a net deficit of Z$318 mn over the past five years. Government policy towards foreign capital is as yet unclear. The prospect for large inflows of capital are uncertain, although since independence the mining industry in particular has received sizeable inflows. Over the past two years there was a net inflow of foreign capital valued at Z$190 mn; but much of this was loan finance used for direct war payments. Between 1977 and 1979, there was a net private capital and investment outflow of Z$214 mn. Although figures of international capital movements since independence are not yet available, government ministers are gravely concerned about an even greater outflow (both legal and illegal) of capital from the country.

Insufficient and unequal access to basic social services pose further problems for the government. For those wealthy enough to afford them, there are contributory pension schemes and health insurance policies. Outside government services there is no state pension scheme; totally inadequate social security provisions exist for the retired and unemployed black population. While the government has announced plans for free primary schooling beginning in September and for a free national health service, comprehensive access to basic social services must remain more a hope than a reality for the forseeable future.

By no means unrelated to Zimbabwe's inherited economic structure and the unequal benefits resulting from growth have been problems related more directly to the war. One result of the war has been a five-year economic recession: between 1975 and 1979, GDP fell by over 12 per cent in real terms and overall employment levels fell by five per cent. The inability of the regime to pay for the escalating war from current revenue led to an increasing dependence on borrowing, both internally and externally, the latter consisting largely of secret debt of at least Z$200 mn owed to South Africa. In the last financial year, declared borrowings amounted to Z$279 mn to meet expenditure commitments; this year the government is planning to borrow a further Z$439 mn, over 40 per cent of current expenditure. In 1977, the repayment of loans and interest was costing the regime Z$126 mn a year; since then, the declared national debt has increased by nearly 60 per cent to Z$1,230 mn.

More visibly, the war has resulted in a whole litany of immediate problems. The most urgent is the growing shortage of food, especially for the 70 per cent of the population who live in the TTLs or as squatters in the urban areas. Pressure on land has increased the inability of the TTLs to feed their growing population. Prior to 1965, peasant farmers were responsible for the production of 70 per cent of the nation's food requirements; today less than one-third is produced in the TTLs, clearly indicating the need for increasing food imports into the TTLs. During the war, the herding of 15 per cent of the TTL population into barbed-wire encampments, known as protected villages, together with harsh curfew regulations, resulted in many peasant farmers being unable to gain access to their fields. This, together with the creation of large 'no-go' areas and the burning of villages and crop storage facilities, meant that in many areas peasant families became almost totally dependent upon voluntary agencies for their food needs. In addition, one third of the tribal cattle population died during the war. By January 1980 only 1,500 out of 8,000 cattle dips in the TTLs were operational; cattle diseases such as tickborne fever are now commonplace in many areas.

Until recently, Zimbabwe as a whole has been self-sufficient in basic foodstuffs; indeed Zimbabwe has exported maize, for example to Zaire, for a number of years. This year, however, for the first time Zimbabwe will experience both a national as well as local shortages of maize, estimated to be between 90,000 and 250,000 metric tons.[4] Part of this turnabout has been due to two years of serious drought, while part has been due to the decline in land planted to maize by commercial farmers, falling by over 20 per cent from 277,000 hectares in 1973 to 215,000 hectares in 1979-80. Already the government has appealed to international agencies such as the World Food Programme and the European Community to make up the national shortfall. But even if this is provided, problems of transportation and distribution made worse by the war will remain.

The resettling of hundreds of thousands of refugees and displaced persons who fled from their homes during the war years provides another set of immediate problems. It has been estimated that reconstruction and resettlement, including the rebuilding of houses, roads, bridges, rural stores etc, will cost over Z$80 mn immediately. The health services in the rural areas were also severely disrupted as a result of the war; before the war, there was on average one doctor for every 100,000 people in the rural areas but when the war ended there were only five doctors working in rural Zimbabwe and almost half of the rural hospitals and clinics had been closed or destroyed. In addition, some 3,000 rural schools had been closed down, and although by June 1980 most had been re-opened, about 600 remain closed either because they were destroyed or because equipment had been burned or stolen.

There is a shortage of skills in nearly every sector of the economy. The war and uncertainty about the future have contributed to a growing European exodus. Educational and employment policies over the past decade have, until recently, ensured that Europeans have had a monopoly of the professional, technical and managerial jobs in the economy; a loss of Europeans is therefore highly co-related with a loss of skilled personnel. Between 1976 and 1979, there was a net loss of 41,000 Europeans, some 20 per cent of the present total of 210,000, and the rate of white emigration has increased since independence. In 1979 alone, there was a net loss of 380 engineers and mechanical engineering workers, while overall in the past two years there was a net loss of 15 per cent of professional and technical workers throughout the economy. Some industries have been harder hit than others, with building particularly affected. Between 1977 and 1979, there was a net national loss of nearly 50 per cent of European construction workers, while between January and October last year the building industry in Mashonaland and Manicaland lost 33 per cent of their journeymen. Although about 6,000 Zimbabweans have been trained abroad during the UDI period and over 15,000 black Zimbabweans have gained skilled or semi-skilled training on-the-job, it is apparent that a further rapid exodus of skilled Europeans would provide serious problems both for reconstruction and for future development. Fully aware of these problems, the government is already engaged in a comprehensive survey of the skills of all Zimbabweans at home and abroad, the recruitment from abroad of certain specialised skills and a drive to expand technical training in specialised institutes throughout the country.

Another major difficulty lies in the very process of implementation. A number of tensions can already be observed. One concerns the relationship between the European-dominated civil service and the government. While in some ministries, new ministers and civil servants have begun to work together in harmony, in others, relations appear to be little short of hostile with ministers attempting

[4] In spite of predicted food shortages for late 1980, Zimbabwe continued to export maize at the start of the year. In the first two months of 1980, she exported 24,000 metric tonnes of maize. Most of this was yellow rather than white maize.

to implement policies in spite of rather than in co-operation with their civil servants. Another tension relates to the as yet rather undefined roles of the party and the government; in many areas of both national and local decision-making, the distinction between party and government is far from clear and this has caused some hostility from non-party groups and individuals. A third tension arises because of overlap between responsibilities of certain ministries. This results in ambiguity both in outlining policies and in implementation. Another tension concerns the speed with which different parts of the government and state structure are carrying out policies; in general those at the grass roots are pressing for immediate change, while those nearer the centre are proceeding with more caution. Finally, in the weeks following independence, Zimbabwe has been invaded by international agencies and non-governmental organisations. There has been considerable confusion in government, civil service and donor circles over the nature of aid and assistance being given and the co-ordination of assistance.

In the space of a few short months, the PF and ZANU/PF have moved from being national liberation movements engaged in guerrilla warfare to being partners in a democratically-elected government. The tensions and conflicts within Zimbabwe today, which may well increase in the months ahead as the euphoria accompanying the end of hostilities and political independence begins to wane, reflect the struggle which until recently was being fought almost exclusively on the battlefield.

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