Getting your Politics, Philosophy, and Economic Wrong: An Institutional Understanding of Zimbabwe's Collapse

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Background and Introduction

1.1 Colonization (1888–1965): Building Rhodes to Riches

In the 1880s, the British colonialists arrived in modern-day Zimbabwe by means of Cecil Rhodes' British South African Company. In 1888, British entrepreneur and infamous colonizer Cecil Rhodes extracted mining rights from King Lobengula of the Ndebele, which he used to persuade the British government to grant a royal charter to his British South African Company (BSAC), covering what is today both Zimbabwe and Zambia. Through such concessions and treaties, many of which were deceitful, he usurped the majority of the region's tribally-held land and seized control of the region's indigenous labor force and precious natural resources. In 1895 the BSAC adopted the name 'Rhodesia' for Zambesia, after Cecil Rhodes, and in 1898 'Southern Rhodesia' was officially adopted as the name for the part south of the Zambezi, later to become Zimbabwe. The part to the north was administered separately by the BSAC and was later named Northern Rhodesia, now Zambia.[1]

Those most greatly affected by this upheaval were the indigenous tribes, who were aggressively displaced and discriminated by the colonial 'Rhodes' administration. The two main native tribes, the Shona and the Ndebele, staged unsuccessful revolts (Chimurenga[2]) against the encroachment on their lands in 1896 and 1897. As resistance efforts were repressed, the turn of the twentieth century marked the beginning of the accumulation of white power and wealth at the expense of the black people's land and rights.

However unfair and unequal the distribution of national resources, Southern Rhodesia flourished, economically, for over a century and grew steadily with an abundant agricultural surplus thanks to its fertile land, experienced white farmers and abundant natural resources.[3] Zimbabwe was one of the most advanced and wealthy African states, with its own stock exchange created in 1896 and one of the highest standards of living, including among the black population, in colonial Africa. Southern Rhodesia became an official British colony in 1923 and remained relatively politically stable and prosperous until Britain's failed regional experiment in 1953. In the face of African opposition, Britain joined the two parts of Rhodesia with Nyasaland (now Malawi) in the ill-fated Federation of Rhodesia and Nyasaland, which was dominated by Southern Rhodesian settlers.[4] Growing African nationalism and unrest, particularly in Nyasaland, forced Britain to dissolve the federation, conceding independence to Nsayaland and Northern Rhodesia.[5] Whites in Southern Rhodesia were angered by what they perceived as "British appeasement"[6] of the black nationalists, and the three countries went their separate ways in 1963. The 1960's marked the beginning of the dissolution of colonial rule[7] on the continent, and Southern Rhodesia was soon to

1 Roussos, Peter. Zimbabwe: An Introduction to the Economics of Transformation (Harare: Baobab Books, 1988)

2 Chimurenga is a Shona word, meaning 'struggle.' It has also been used in a broader context to describe a struggle for human rights, political dignity and social justice.

3 Including coal, chromium ore, asbestos, gold, nickel, copper, iron ore, vanadium, lithium, tin, platinum group metals

4 Kurotwi, Lovemore. Zimbabwean Business: How colonialism underdeveloped Zimbabwe (Harare, Zimbabwe: RAE, 2004), 73.

5 For a map of present day Zimbabwe and its neighbors see Appendix A.1

6 Europa Regional Surveys of the World: Africa South of the Sahara, p 1288

7 Economically speaking, colonialism was first and foremost an act of political control, which led well-organized states with dynamic

join the list of newly formed independent republics.[8]

1.2 UDI and civil war (1965–1979): The White on White fight

As African-majority governments assumed control in neighboring Nortern Rhodesia and in Nyasaland, the white-minority Rhodesia government led by Ian Smith made history by declaring unilateral independence from Britain on November 11, 1965. Britain immediately imposed sanctions, asking the United Nations to do the same, and began years of negotiations with the Smith administration that ended in stalemate.[9] The Smith administration boldly declared the creation of the Republic of Rhodesia in 1970, which was recognized at the time only by South Africa's Apartheid[10] administration. Although this was seen as a suitable arrangement for the white minority in Rhodesia, the fortunes of the black majority remained inferior and dismal and led to massive frustration and revolts. Over the years, the guerrilla fighting against Smith's UDI government intensified and a civil war ensued. Referred to as the 'people's war'[11] as it was called, this civil war was spearheaded by two rebel nationalist factions: the Zimbabwe African National Union (ZANU), led by Robert Mugabe with strong support from the Frente de Libertação de Mozambique (Frelimo) movement fighting the Portuguese in Mozambique as well as the People's Republic of China, and the Zimbabwe African People's Union (ZAPU), led by Joshua Nkomo, which was based mainly in Zambia and received training and weaponry from the USSR.[12]

For most Zimbabweans, the struggles of the later decades had been about recovering land, and commentators have likened the guerilla war of the 1970's to a "peasant uprising."[13] The strongly socialist training and orientation of both ZANU and ZAPU attracted the support of the millions of disenchanted and disenfranchised blacks, and both resistance movements promised a more equitable distribution of the nation's resources and the empowerment of the black majority. Ultimately, the civil war was unsuccessful in thwarting uncontrolled resettlement or in preventing the land issue from fueling further discontent.

The political, social and economic situation deteriorated until Smith's government was forced to start negotiations with the leaders of the temporarily united nationalist movements known as the Patriotic Front (PF).[14] In March 1978, with his regime near the brink of collapse, Smith signed an accord with the three principle black figures (PF), led by Bishop Abel Muzorewa, under the essential condition that the PF could guarantee safeguards for white civilians who were concerned for the safety of their land and their lives. As a result of this accord, also known as the Internal Settlement,[15] 'free' elections were held in April 1979. The United African National Council (UANC) party won a majority in this election. On June 1, 1979, the leader of UANC, Abel Muzorewa. became the country's Prime Minister and the country's name was changed to Zimbabwe Rhodesia. The Internal Settlement left control of the country's police, security forces, civil service, and judiciary in white hands. It assured whites of about one third of the

economies to establish supremacy over a variety of disorganized, poor peoples in Africa and Asia.

8 The imperial grip of Belgium, Germany, France and Holland began to loosen throughout the African continent and provided tens of former colonies the opportunity to gain independence in the 1960's.

9 The major inter-governmental talks took place in 1966 and 1968.

10 Apartheid, Afrikaans, directly translates into 'separateness' and was essentially a codified racist order that protected white minority interests, particularly those of the Afrikaner nationalist movement.

11 Europa Regional Surveys of the World: Africa South of the Sahara, 1287.

12 Military and financial support from Communist countries continued well after independence. Until the mid 1990's the North Korean 5th battalion was stationed in Harare training and reinforcing Zimbabwean troops.

13 Europa Regional Surveys of the World: Africa South of the Sahara, 1287

14 The Patriotic Front was an expedient partnership between Nkomo's ZAPU and Mugabe's ZANU nationalist movements.

15 Turner, Barry ed. The Statesman's Year-Book 2006 (London: St. Martin's Press, 2006), 1388.

seats in parliament. It was essentially a power-sharing arrangement, which did not amount to majority rule and left the black patriotic fronts unsatisfied.

Six months later, in December 1979, the British government invited Bishop Muzorewa and the leaders of the Patriotic Front to participate in a constitutional conference at Lancaster House. The purpose of the conference was to discuss and reach agreement on the terms of an independence constitution, and that elections should be supervised under British authority to enable Rhodesia to proceed to legal independence and the parties to settle their differences by political means.[16] Henceforth, successful trilateral negotiations led to the signing of the landmark Lancaster House Agreement, ending the civil war.

1.3 Independence (1980): The pitfalls of Post-colonization

On April 18. 1980 the country attained independence and along with it a new name, Zimbabwe, new flag, and new government ruled primarily by ZANU. Initially, Canaan Banana served as the first president, with Robert Mugabe as Prime Minister and Joseph Nkomo and other ZAPU members holding various cabinet positions.[17] As early as 1982, Nkomo and his followers were ousted from his cabinet, sparking fighting between ZAPU supporters in the Ndebele-speaking region of the country and the ruling ZANU. A peace accord was negotiated in 1987, resulting in the permanent merger of ZANU and ZAPU into the ZANU-PF. In that same year the government amended the constitution to provide for an Executive President and abolished the office of Prime Minister. The constitutional changes went into effect on January 1, 1988, establishing Robert Mugabe as President.[18]

Mugabe continued to gain power, and Zimbabwe prospered despite the political turbulence following the constitutional amendments. Zimbabwe was a major tobacco producer and a potential bread basket for surrounding countries. GDP per capita (PPP[19]) was one of the top five on the continent, and Zimbabwe enjoyed stable positive economic growth and large-scale exports for most of the 1990's. Unfortunately, cracks were beginning to show in the Mugabe regime. The budget deficit in the mid 1990's began to grow out of control, and in September 1995 the International Monetary Fund (IMF) announced the nonrenewal of loans for balance-of-payments support. After Mugabe's third re-election in March 1996, the private sector began to put pressure on the administration to enforce the reforms sought by international lenders including military and civil service budget cuts.[20] The situation was deteriorating but, with international support and proper regulation, collapse could reasonably have been avoided, had it not been for the misguided and speedy reforms of the Mugabe administration.[21] These reforms, beginning in agriculture and spreading to the financial and political arenas soon after, sought to address the country's economic and social inequalities and the growing racial divide, but ultimately tipped Zimbabwe into an uncontrollable and perpetual downward spiral. The next chapter will discuss arguably the most damaging reforms lying at the epicenter of the looming collapse, those of land redistribution.

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16 This meeting took place three months after the Meeting of Commonwealth Heads of Government held in Lusaka from August 1-7, 1979.

17 Europa Regional Surveys of the World: Africa South of the Sahara, 1288.

18 Mugabe and his party, the ZANU-PF, won every re-election until March 2008 when the ZANU-PF lost the parliamentary majority to the Movement for Democratic Change under Morgan Tsvangirai.

19 PPP stands for purchasing power parity and is an adjustment to a raw GDP per capita figure that takes local currency-buying power and exchange rate fluctuations into account.

20 Turner, Barry ed. The Statesman's Year-Book 2006 (London: St. Martin's Press, 2006), 1389.

21 These tendencies are later to be explained as commonly seen traits in neopatrimonial states.

2.1 The Facts about the Land Reforms and the New Millennium:

History has shown that there is seldom an easy solution to structural imbalances in developing countries, which are often rooted in imperial glory and greed. The case of Zimbabwe exemplifies this struggle to reverse the inequities of the past by using the instruments and institutions of the state; a developmental approach can be dangerous if orchestrated by the wrong types of state leaders. This chapter will explore the first of Zimbabwe's institutions to be corrupted: that of property rights. By tracking the evolution of land legislation and its relationship to economic decay, this chapter will demonstrate the institutional roots of the national collapse and illustrate that the years following 2000 were the major watershed period that precipitated a string of related failures. The four land-related topics that this chapter focuses on, the "willing-buyer willing-seller" program, the Land Acquisition Act, the forced seizures, and *Operation Murambatsvina*, will highlight the increasingly corrupt and biased agenda that the government followed in enacting land reform and provide a framework for understanding the anatomy of the economic collapse.

Zimbabwe's fragile property rights system was raised to the national agenda by Robert Mugabe as part of his ZANU campaign in the struggle for independence in the late 1970's. Many experts[22] argue that the establishment of widespread property rights is an "indispensable ingredient"[23] in economic and social development – 'if not the silver bullet'. Economists including, Hernando de Soto, argue that the reason that some countries have managed to integrate the vast majority of their population into the official legal system and the market economy, whilst in many others people remain stuck in poverty, violence and lack of education, is the creation and enforcement of an inclusive property rights system. So if the institution of property is "necessary [in providing the] underpinnings for the rule of law along with the incentives for sustainable growth,"[24] then the Mugabe administration chose a bad staging area to start addressing the country's historical inequalities. Sadly, over the course of just a few years, the Mugabe administration managed to destroy trust and transparency in the market and thereby damaged a critical linchpin behind economic and social development.[25]

The origins of Zimbabwe's land issue date back to the nineteenth century and Rhodes' BSAC's control of most of the country's arable land. Estimates suggest that at the time of independence, the majority of arable land in Zimbabwe belonged to about 4500 white commercial farmers, who controlled roughly 70 percent of the country's arable land until the early 1990's.[26] This unfortunate legacy of colonialism fostered discontent by the black majority and the new majority-rule government and, unsurprisingly, became a national priority soon after independence.[27] As early as 1980, Mugabe's party had promised to tackle this critical issue that had been plaguing "most Zimbabweans for many decades,"[28] and which was congruent with the ZANU-PF's "stated socialist goals."[29] Mugabe held true

22 Including Hernando de Soto, President of the Institute for Liberty and Democracy.

23 Richardson, Craig, The Collapse of Zimbabwe in the Wake of the 2000-2003 Land Reforms (The Edwin Mellen Press, 2004), vi.

24 Richardson, xii.

25 Hammar, Amanda, Brian Raftopolous and Stig Jensen ed., Zimbabwe's Unfinished Business: Rethinking Land, State and Nation in the Context of Crisis, Harare (Weaver Press, 2003), pg 112. For further readings: Jeffrey R., Bradford F. Mills, Nelson Taruvinga, "Why Has Poverty Increased in Zimbabwe?," 2002

26 Turner, Barry ed., 139.0

27 Other sources give more prudent estimates of 50% of the arable land belonging to 6000 white commercial farmers (Chigara, Ben, Land Reform Policy, Ashgate Publishing, 2002, 52)

28 Europa Regional Surveys of the World: Africa South of the Sahara, 1287.

29 Ibid., 1287.

to this promise and his preliminary program put into place in the beginning of Mugabe's term as Prime Minister, circa 1982, was that of a "willing buyer-willing seller"[30] model. Although this programmed provided *de jure* opportunity to interested black buyers, with whites making up less than 1% of the population but holding 70% of the country's commercially viable arable land and with most whites unwilling to sell, the process was slow, frustrating and largely insignificant. Additionally, the restrictive provisions of the 1979 Lancaster Agreement prohibited direct land redistribution for a period of ten years, so the 'willing buyer-willing seller' program remained in place until 1989. This was a frustrating time and the government's authority was further challenged by acute land problems in Matabeleland, which heightened the already tense political balancing act. One factor mitigating the uncomfortable situation was British funding for the program and the Thatcher administration's initial £44 million allocation subsidized many of governments legitimate land purchases from 1979-1989.[31]

After a decade of frustration for the millions of peasants and having his hands tied by the Lancaster provisions, Mugabe attempted a new approach at acquiring white land and appeasing his elites. In March 1992, the Zimbabwean legislature passed the Land Acquisition Act following the expiry of the Lancaster Agreement's provisions.[32] The acts main aim was "to more equally distribute land" and was represented a compromise between the socialist agenda of the ZANU-PF and the capitalist entitled interests of the white farmers.[33] Zimbabwe negotiators accepted the British agreement to underwrite half the costs of a resettlement program in exchange for guaranteeing existing property rights, but this Act still ignited the first battle in a string of bitterly-contested disputes (both legal and physical) between the government and the powerful white-dominated Commercial Farmer's Union (CFU.)[34] Despite these clashes, the period of 1993-2000 saw Zimbabwe's GDP, agricultural output and life expectancy grow, leading many to believe that the future "looked bright."[35] Instead, the new millennium ushered in one of the fastest collapses of any developing country and tipped Zimbabwe to brink of dissolution.

The next and most devastating reforms came just after the turn of the millennium in the form of forced removals and forced seizures. It all started in late February 2000 when the Mugabe government stood idly by as a group of armed black men seized a white commercial farm by forcibly driving them off their property.[36] This sparked a wave of similar forced seizures, with the marauding groups often accompanied by Mugabe's army veterans and with the tacit support of the government.[37] In many cases the Mugabe government supported the raids by publishing a list of 841 targeted white-owned commercial farms in the newspaper as "available."[38] These farms comprised a total of 8.3m hectares, which was destined for take-over without fair compensation.[39] Dozens of farm owners were killed during the chaotic three year period and it is estimated that nearly 400,000 people found themselves unemployed and starving with a further 1-2 million dependents of these workers in a similar position.[40] Ultimately, the forced seizure of almost all white-owned commercial farms, with the stated aim of

30 Chigara, Ben, Land Reform Policy (Ashgate Publishing, 2002), 28.

31 This line of credit was cut in 1997 by British Prime Minister Tony Blair when information surfaced that the money was being used to purchase land for members of the ruling ZANU-PF elite rather than landless peasants.

32 Europa Regional Surveys of the World: Africa South of the Sahara, 1289.

33 Raftopoulos, Brian & Tyrone Savage ed., Zimbabwe: Injustice and Political Reconciliation (Cape Town: Institute for Justice and Reconciliation, Weaver Press), 2005.

34 Coldham, Simon, "The Land Acquisition Act, 1992 of Zimbabwe", Journal of African Law, No. 1 (Spring 1993), 82.

35 Richardson, 1.

36 Ibid, 3.

37 White-owned businesses in the cities also become the target of 'invasions'.

38 Unattributed, , "Zimbabwe to name thousands of blacks to get farms of whites," New York Times, Dec. 30, 2001.

39 Banks, Arthur and Thomas C. Muller, ed. Binghamton, Political Handbook of the World (New York: CSA Publications, 2007).

40 The World Food Program estimated in May 2002 that retrenched farm workers and their dependents numbered about 825,000.

benefiting landless black Zimbabweans, led to over a 30% fall in all major agricultural commodity production levels and precipitated the collapse of the agriculture-based economy.[41]

Across a broad spectrum of products grown in different regions and by different kinds of producers, the average three year reduction in agricultural production was over 50 percent. Zimbabwe's once abundant and diversified agricultural sector collapsed in the space of three years with maize, groundnuts, cotton, wheat, soybeans, coffee and sheep production shrunk by between 50 and 90 percent by 2003.[42] Zimbabwe's production of tobacco, its second most important source of foreign currency, and once the second-biggest in the world, has slumped from 273m kilograms in 2000 to 70m in 2007. With more than half of a country's population relying on the agricultural sector for sustenance or employment, the repercussions of this kind of loss were dramatic. The Zimbabwean government took land from legitimate land owners and, in most cases, gave it to those that showed unconditional support for the regime and to those that had won personal favor with the government instead of the poor. The Zimbabwean poor thus continued to be excluded, and many have chosen exodus over exclusion with millions of its poor crossing the borders into neighboring countries. Regardless of how direct Mugabe's role was in the removals and whether the program as whole was designed to reward Mugabe loyalists or not, the byproduct of the forced removals has been a legacy of misery and chaos permanently impressed on the Zimbabwean nation.

To put the consequences of 2000-2003 in perspective, the extent and speed of the collapse can more easily be understood by following striking circumstances in 2003.[43] (1) Life expectancy sharply dropped. While a baby was expected to life until 56 if born in 1993, just ten years later only half would make it their 35th birthday. (2) Real GDP collapsed. The economy shrunk by 5 percent in 2000, 8 percent in 2001, 10 percent in 2002 and perhaps as much as 15 percent in 2003. (3) Agricultural output dropped to 30 percent of its former level. Half of the population faced starvation in 2004, when 5 years earlier Zimbabwe used to feed itself and export to others. (4) The money supply increased dramatically, fueling 500% annual inflation. (5) Zimbabwean dollars lost more than 99% of their value versus other hard currencies, such as the dollar, since 2000. (6) The government's autocratic actions against the media and political opponents earned it the rank of one of the most repressive regimes in the world. (7) Foreign direct investment plummeted to nearly zero, as anxious overseas investors transferred their funds to other, less troublesome areas of the globe. (8) The International Monetary Fund stripped Zimbabwe of its voting rights in June 2003 after the country failed to make timely payments; it currently owes the Fund over $273 million dollars.

Despite the ghastly situation, the Mugabe administration's repression and delusionary policies unfortunately did not stop there. Although the reasons for and severity of the forced land seizures cannot be understated, and their drastic consequences can easily be seen as the catalyst in sparking a domino effect that brought down the rest of Zimbabwe's economic and political institutions in the following years, there were other developments in this struggle for land saga post 2003. One of these instances was another authoritarian attack launched by the Mugabe government on its opponents, which included forced removals of any in the administration's way–literally. Following rigged elections in 2005, the government initiated "Operation Murambatsvina"[44] a supposed effort to crack down on illegal markets and homes that had seen slums emerge in towns and cities. Otherwise known as 'Operation Restore Order,' this action was launched in May 2005 and has been widely condemned by opposition and international figures, who charge that it has left a substantial section of urban poor homeless and

41 Richardson, 3.

42 African Development Bank, Statistics, www.afdb.org.

43 "It's the King's Land, Ok?" The Economist, Dec. 31, 1999.

44 This name loosely translates to 'Operation Drive Out Trash' which may signal Mugabe's true intentions to forcefully remove opposition supporters and anyone that stood in his way.

according to UN estimates, affected at least 2.4 million people or over 20 percent of the population.[45] The president said it was an effort to boost law, order, and development, and provide decent housing to the population; critics accused him of driving out and making homeless large sections of the urban and rural poor, who comprise much of the internal opposition to the Mugabe administration. Either way, the razing of "illegal structures" left some 700,000 people without jobs or homes by May 2006,[46] according to UN estimates. Seeing that the Zimbabwe government has yet to deliver any new housing for the forcefully removed people, the operation should rightfully be understood as a targeted attempt to destroy slums housing opposition supporters.[47]

2.2 Analysis and Explanation

As this research has demonstrated that Zimbabwe's problem stems from a history of gross imbalances and inequities, symptoms shared by many African developing countries. The more poignant question asks why it is that many post-colonial African states (and others around the world) managed to more smoothly and liberally integrate and advance their economies and societies without reversing the extremes in wealth and land distribution (think, South Africa, Botswana or its South American counterpart, Nicaragua). Yet some leaders ignore these precedents and follow narrow sighted agendas. What this study is addressing is not the orientation or intentions of the Mugabe government in addressing the socio-economic needs of its people but simply that "a system of accumulation that reserves its advantages and opportunities for only its elite"[48] is bound to fail over time, and that once political, legal and economic institutions have been sufficiently damaged or manipulated, the problems then become endemic, chronic and ultimately paralyzing.

So what is the best way to explain this rapid disintegration? Some theories use a 'house of cards' metaphor, explaining Zimbabwe's demise as a sudden collapse due to a combination of simultaneous factors resulting in a chaotic pile of fallen cards. Some theories found this approach unsatisfactory and sought to find a common thread that could knit together the various aspects and problems that lead to Zimbabwe's unraveling. Craig Richardson (2004) undertook such a task, and after examining dozens of economic indicators, graphs and charts he noticed one thing that "jumped out"[49] at him. Nearly every economic indicator showed some sort of collapse during or shortly after the year 2000.

The chaotic implementation of the land reform mortally wounded the commercial farming sector, the country's leading source of exports and foreign exchange, turning Zimbabwe into a new importer of food and sending the economy into a downward spiral, but the connection between a collapse in commercial farming and the overall meltdown of the economy needs some unpacking. Essentially, the land seizures of 2000 proved the importance of three factors for any market economy, namely, land equity, trust and knowledge. The Mugabe government failed to protect these building blocks of a free market and ultimately the economic and democratic institutional frameworks on which they were built came crashing down.

Firstly, by wiping out billions in land equity, the land seizures made wealth creation and individual borrowing impossible[50]. The new black land owners were effectively leasing their 'recently acquired' farms from the government, and with no means of borrowing against their land (they held no titles for

45 International Crisis Group, Zimbabwe: Danger and Opportunity (Harare: ICG Africa Report).

46 The operation took on a different name after international criticism and become known as 'Operation Roundup' in early 2006.

47 Zimbabwe Country Review, CountryWatch Incorporated, 2008.

48 Richardson, xiii.

49 Richardson, 2.

50 Ibid, 5.

the land), they could not obtain loans to finance their farming operations.[51] The land seizures caused a vast constriction of borrowing, which rippled from business to business and from sector to sector. Calculations done by Craig Richardson estimate that five billion U.S. dollars in wealth was wiped out from the agricultural sector, in one year, and ultimately more than 75 percent of the entire value of all commercial farmland vanished. The result is what economist Hernando de Soto calls "dead capital."[52]

Secondly, the land seizures broke a chain of vital business knowledge. With the majority of the country's productive land in the hand of people with little to no farming experience, yields dropped dramatically. With very little understanding about modern farming methods, the farmers were doomed from the start as was their sector of the economy. Considering that 60 percent of the manufacturing sector was directly tied to the agricultural sector, the contagion spread rapidly.

Thirdly, the land seizures broke down the trust, confidence and perception that the rules of the marketplace would be fairly enforced by the government. The rule of law was willfully ignored by the Mugabe government, even after the land reforms were declared unconstitutional by the Supreme Court. This marked a much more serious violation than previous government abuses and infringements as it set a dangerous precedent. This was the first time that the executive branch of government had directly condoned the expropriation of private property, and there was nothing that the judicial branch could do. The erosion of people's trust in the rule of law soon spread to the stock and real estate markets, and foreign direct investment plummeted an astonishing 99 percent from 1998-2001[53]. A breakdown in trust and confidence in the institutional frameworks made Zimbabwe an unattractive place for both foreign and domestic capital and signaled the beginning of the end for this 'risky' dictatorship.[54] The country had reached a tipping point, and it was the land reforms that sent them over the edge.

For many of the reasons illustrated above, the remaining sectors of the Zimbabwean economy were soon to share a similar unfortunate fate as agriculture and manufacturing. The mining and tourism sectors quickly overtook agriculture as the leading sources of foreign currency inflows, but they too collapsed due to an overvalued currency, a rapidly declining tourist base and the general distrust and lack of confidence in the economy. Ultimately, the data suggests that of all the possible causes attributed to Zimbabwe's failures, the 2000-2003 land reforms and the erosion of an enforceable property rights system had the most significant and widespread impact and, along with other institutional failures, lie at the root of the subsequent national collapse. With the help of the visual below, the string of events and consequences created by the 2000-2003 land reforms can be readily understood.

The Present

This chapter will expose the harsh realities of present-day Zimbabwe and highlight the severity of the problems. When compared to its neighbors and viewed from an international development perspective, the overall failure of Zimbabwe's regulatory institutions and the complete decay of liberal markets may become more tangible. There has not been a case of a country, to the best of my knowledge, in the past fifty years, whose fortunes, prospects and prosperity have dropped so quickly to the extent that journalists are calling this a case of "de-industrialization" and "an economic catastrophe."[55]

51 The link between land equity and market growth was unfortunately illustrated recently in the United States where a revaluation of the sub-prime mortgage market in the United States led to a crisis in the credit market and ultimately a sharp slowdown in growth and wealth creation.

52 Richardson, 5.

53 The official FDI into Zimbabwe fell from $443 million in 1998 to a mere $5 million in 2001.

54 Zimbabwe's risk profile escalated dramatically as the World Bank changed its risk premium on investment in Zimbabwe from 3.4% in 2000 to 20.4% in 2001. The severity of the financial problems become palpable if one compares them to the reaction when the US Fed cuts interest rates by a quarter percent or inflation rises by a percentage point.

55 Kriger, Norma, "From Patriotic Memories to 'Patriotic History' in Zimbabwe, 1990 – 2005," Third World Quarterly, (Sep 2006, Vol. 27,) 1159.

Endowed with rich mineral assets, an educated workforce, and beautiful natural wonders, Zimbabwe seemed poised to be an African success story. Unfortunately, Zimbabwe went from a place of hope to one of the grimmest places on earth in the space of just a few years. The shortages and oppression suffered by the Zimbabwean people, today, are of biblical proportions, and the systematic series of misguided reforms and institutional failures on behalf of the Mugabe regime have buried its people in despair and poverty. Zimbabwe is currently hyperinflated, and chronic shortages in fuel and consumer goods[56] have left the majority of its population on the brink of survival. The damage is so pervasive and contagious that Zimbabwe has consistently been at the bottom of most lists of global development reports across most economic indicators, continually setting new record lows. The evidence in this chapter paints a picture of one of the world's worst places.[57]

A closer look at Zimbabwe's economic and development indicators over the past eight years paints an equally dismal picture. The World Bank and the International Monetary Fund illustrate the consequences of Mugabe's economic mismanagement and fiscal irresponsibility: according to them, the percentage of Zimbabwe's population living below poverty line increased from around 50 percent 1999 to over 80 percent 2004, and GDP per capita fell from US$2440 in 2000 to just $340 in 2007, dropping Zimbabwe from a lower-middle income country to a lower income country according to World Bank classifications.[58] The official unemployment figures estimate over 80 percent unemployment in 2008, meaning that over 9 million Zimbabweans are stuck in a "poverty trap"[59] reinforced by lack of credit, jobs, currency or food.[60] These kinds of statistics, placing Zimbabwe in the lowest ten percent of countries worldwide, are usually only witnessed in countries experiencing traumatic civil war, regime change or a disaster of some sort.[61]

One indicator that has received worldwide attention and scrutiny is the current hyperinflation paralyzing the Zimbabwean economy. By definition, inflation is simply a price index, which changes as a result of a change in a country's money supply relative to the production capacity of goods and services or as a result of changes in the specific price of certain goods and services.[62] This research has touched on the massive capital flight and drying up of foreign direct investment, and given the last chapter's lengthy discussion of the damage done to production capacity, a surge in Zimbabwe's inflation seemed unavoidable. The Reserve Bank of Zimbabwe started aggressively printing money in 2001 because the credit markets dried up and tax revenues were down as a result of the illegal squatters and land redistribution.

The effect on inflation was immediate. The official annual inflation rate reported by the Central Statistical Office (CSO) in 1999 was 59 percent. Despite being about ten times greater than an average Western developed country's inflation, the market still functioned efficiently at this level. Consumer goods were readily available and the exchange rate allowed Zimbabweans to trade and travel with relative ease.

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56 The author experienced these shortages and the desperation of even the wealthy in Zimbabwe during a trip he took to Harare in July 2007. He was asked my members of his family to bring some basic consumer goods and food stuffs with him. Necessities like dishwashing liquid and olive oil could not be found in Harare and some luxury items like quality brand chocolate and comfort foods simply were not stocked in any shops in Harare.

57 IRIN (News Agency), Zimbabwe: "Rural conditions now apply in the capital," 2 August 2007

58 World Bank, The, Country Brief: Zimbabwe, 2007.

59 Sachs, Jeffrey D. The End of Poverty (Penguin Books, 2006), 23.

60 Zimbabwe's unemployment rate is currently the third highest in the world, only behind the countries of Liberia (population 3 million) and Nauru (population 13000). This is striking given the size (13.1 million people) and relative development of Zimbabwe. Related article: Associated Press, "Bleak Christmas for Zimbabweans," January 2008.

61 Marawanyika, Godfrey, "Zimbabweans Shun Banks after Cash Shortages," (Harare: Agent France-Presse, 13 January 2008).

62 United States Bureau of Labor Statistics Consumer Price Index homepage, URL: http://www.bls.gov/cpi/

The situation deteriorated very rapidly, and the inflation rate rose exponentially even on a monthly basis after the year 2000. By 2001, inflation had surpassed 100 percent, increasing to 384 percent by 2003 before reaching 977 percent by the end of 2007. Effectively something that cost Z$5 in January 2007 now cost Z$50 by the end of the year. To illustrate the absurdity of daily life in Zimbabwe, a tank of gas, when available, costs an estimated Z$1.3 billion, and with the absence of a banking system this must be paid for in cash. A simple can of Coca Cola will cost over a Z$1 million, meaning that everyone is forced to carry around briefcases, sometime suitcases of money.[63] It is hard to imagine a system or society that could tolerate this stress, and in 2008 hyperinflation set in and the inflation rate skyrocketed to numbers not seen since the 1920's in Germany. Zimbabwe officially has the world's worst inflation, and in February 2008 it was reported at 100,520 percent or roughly a 275 percentage average increase in the *daily* price of goods.[64]

The next category in which Zimbabwe leads the pack of losers is life expectancy. Life expectancy at birth for males in Zimbabwe has dramatically declined since 1990 from 60 to 36 in 2007, the lowest in the world. Life expectancy for females is even lower at 34 years, going from the highest in sub-Saharan African to over ten years below the sub-Saharan average in the space of under a decade.[65]

Concurrently, the infant mortality rate has climbed from 53 to 81 deaths per 1,000 live births in the same period. It is estimated that 5.6 million Zimbabweans live with HIV[66], nearly half the population. Many have pointed to this as a major cause of Zimbabwe's woes.[67] According the United Nations Health Program, the estimated percentage of the population infected with HIV/AIDS was 20.5 percent in 2007.[68] This is the fourth highest infection rate in the world behind Zimbabwe's fellow sub-Saharan countries of Swaziland, Botswana and Lesotho. Basic health services have nearly ceased to exist, with surgical operations in the biggest hospital having to be cancelled because basic equipment is defunct and drugs have run out. Three-quarters of the doctors have emigrated, along with more than half the nurses, physiotherapists and social workers. Patients seeking operations and medical treatment must buy medicine themselves.[69]

Ultimately, life is a struggle for survival. Both Zimbabwean citizens as well as the Mugabe regime are battling to survive in this poisonous environment. The government is paralyzed by one of the highest external debt ratios in the world, which stood at 132 percent in 2005, making it impossible for it to fulfill its obligations or balance budgets. The country's once-bulging gross domestic product fell to just over $3 billion in 2006[70], using the official exchange rate calculation, equating to just one percent of the GDP of neighboring South Africa. Trade deficits rose to astronomical levels, and like many other economic variables, Zimbabwe's exchange rate against the US dollar reached six figures. Back in 1980,

63 For a list of daily prices, in July 2007, see Appendix A.4.

64 Reuters, "Zimbabwe inflation reaches new record" Feb. 21, 2008.

65 World Bank, Data and Research Indicators.

66 Meldrum, Andrew, Where we have Hope: a Memoir of Zimbabwe (New York: Atlantic Monthly Press (1), 2004), 9.

67 See section 4.5 for an explanation of why the HIV/AIDS epidemic is not the root cause of Zimbabwe's crisis.

68 UN Development Programme, Human Development Report 2006, UNDP.

69 The Economist "Coming to a Crunch" March 22, 2008.

70 The exact figure is $3.146 billion. A nation's GDP at official exchange rates (OER) is the home-currency-denominated annual GDP figure divided by the bilateral average US exchange rate with that country in that year. The measure is simple to compute and gives a precise measure of the value of output. Many economists prefer this measure when gauging the economic power an economy maintains vis-à-vis its neighbors, judging that an exchange rate captures the purchasing power a nation enjoys in the international marketplace. Official exchange rates, however, can be artificially fixed and/or subject to manipulation - resulting in claims of the country having an under- or over-valued currency - and are not necessarily the equivalent of a market-determined exchange rate. Moreover, even if the official exchange rate is market-determined, market exchange rates are frequently established by a relatively small set of goods and services (the ones the country trades) and may not capture the value of the larger set of goods the country produces. Furthermore, OER-converted GDP is not well suited to comparing domestic GDP over time, since appreciation/depreciation from one year to the next will make the OER GDP value rise/fall regardless of whether home-currency-denominated GDP changed.

the Zimbabwean dollar was stronger than the US dollar. However, in 2008 the black market rate was around Z$250,000 to US$1.[71] Ultimately, there was profound weakness in the domestic economy and the state, with its neopatrimonial tendencies, attempted to undertake economic activities directly to fill the vacuum. Because of the state's non-developmental proclivities and organizational weakness, efforts to produce and regulate goods in the public sector or remedy economic crises failed. The alternatives of importing goods or attracting foreign investment, as will be shown in the next chapter, would have make sense but were foregone due to Mugabe's self-imposed isolation and a lack of alternatives sources of demand and income.[72]

Many questions remain: (1) how did the situation get this bad? (2) Why was the collapse so systematic and so rapid? And (3) what could have been done to prevent this from occurring? These are the issues that will be dealt with in chapter 4, which examines the institutions reasons for the collapse and explores the true causes of the systematic failure.

The Real Reasons for the Collapse

4.1 The Institutional Nature of the Collapse

The world has witnessed instances of imperfectly-executed land redistribution programs before (England, Canada and Australia), and economic and development conditions have deteriorated close to the extent that they did in Zimbabwe in other developing countries. What makes the case of Zimbabwe unique is the systematic institutional collapse and perversion of all major regulatory bodies and checks and balances at the expense and isolation of the Zimbabwean people. One way to describe this type of state that intervened heavily in its economy, but with disastrous effects, is 'neopatrimonial state'. Atul Kohli, a professor of Politics at Princeton, argues in *State Directed Development*[73] that neopatrimonial states have often emerged in societies with weak private sectors, but instead of strengthening the private sector, these states have appropriated scarce economic resources and diverted them everywhere but toward productive investment. These states are neopatrimonial because, despite the façade of a modern state, public officeholders tend to treat public resources as their personal patrimony (see section in Chapter 2 on forced seizures).

"They are often not really modern; rational-legal states [see section 1.2 and section 4.3 for a description of some legislative and judicial abuses]. [Generally speaking,] whether organized as a nominal democracy or as a dictatorship [the case not being so clear in Zimbabwe], state-led development under the auspices of neopatrimonial states has often resulted in disaster, mainly because both public goods and capacities to pursue specific tasks in these settings have repeatedly been undermined by personal and narrow group interests."[74]

A widely-cited example of this state typology is that of Nigeria, which encapsulates how the ill-designed setup and operations of the state can lead to economic stagnation and underdevelopment in a very resource-rich country. Likewise, this section will illustrate Zimbabwe's inconsistent economic policies, failure to support indigenous capitalists, poor-quality but activist labor, and political instability. The Zimbabwean state usurped control and dominance over both societal and state institutions by means of significant organized power, as well as organized coercion to centralize their control and serve their minority interests. These minority interests included those within Mugabe's ruling elite, high-ranking military and government officials, and Mugabe's native tribe – the Ndebele. Tribalism has often been associated with neopatrimonial states (as too was the case in Nigeria), giving preferential treatment to those members of the tribe over rivals and using the state's resources to empower and enrich its

71 The Economist "Coming to a Crunch" March 22, 2008.

72 Kohli, 15.

73 Kohli, 15.

74 Kohli, 9.

leaders. Furthermore, neopatrimonial states tend to have a weak sense of public purpose, such that ideology does not play a very significant role.[75] Pronouncements of public goods are usually cloaks for the pursuit of personal and sectional interests.[76] The organizational underpinning of neopatrimonial states also tends to be underdevelopment: politics tends to be 'preclass, interest groups are often not well organized, and public bureaucracies lack competence and professionalism'.[77] These factors are all found to be evident in Zimbabwe and it is as a neopatrimonial state that the collapse of Zimbabwe can best be understood. The following sections will explore how the ZANU-PF abused and mismanaged the state apparatus and held a violent monopoly over all aspects of life leading to economic collapse and suffering in a resource-rich country.

A collapsed agricultural sector and negative economic growth are not particularly unique to Zimbabwe, and have been witnessed across Africa and the developing world. However, many of these countries still survive thanks to international aid efforts and the conditions related to that aid regarding good governance and sound economic management. The dismal situation described in Chapter 3 could have been prevented, or at least mitigated, had some of the state's organizations and institutions not been bent around the will and needs of Mugabe and his sectional interests.[78] This chapter will first explore how and why Zimbabwe became completely isolated from the international community, and how the state perverted all of its organizations with a self-serving bias and ill-designed policies leading to what some have labeled "an institutionalized dictatorship".[79] The later sections of this chapter will address some of the most widely-cited factors for the collapse and describe why each of these causes, from drought to HIV to the personality of Robert Mugabe, supplemented to the primary institutional decay and hence the inability of the state to remedy or mitigate the ensuing collapse.

There are many institutions that are needed to create a well-functioning, balanced and healthy state. Some of these include (1) a well-enforced property rights system, (2) a free and independent press, (3) fundamental democratic procedures and values, (4) free and independent judicial and legislative system, (5) rational economic and fiscal policy, and (6) an appropriate level of integration into global capital markets. This section will demonstrate, in turn, how each one of these elements were manipulated and perverted by an autocratic state from 2000 to present.

The first of these elements has been previously covered, and for a full description of the destruction of the property right system in Zimbabwe following the land reforms and its connection to economic decline, see Chapter 2. Chapter 3 uncovered the extent of the crisis. However, at the same time, the economy was coming off its proverbial tracks, so journalistic and political freedoms were being crushed.

4.2 The Press under Oppression

The second of these elements, a free and independent press, began to be eroded in 2001, and the overall ill-treatment of the press, both foreign and domestic, escalated to the point that observers now categorize Zimbabwe as one of the most repressive regimes in the world. In its continual battle for control and power, the government launched an autocratic and repressive campaign against the media and political opponents shortly after the land reforms of 2000. The country's only independent daily newspaper with readership of over 1 million people, the *Daily News*, was routinely raided a d threatened.

75 Ibid, 13.

76 Dashwood, Hevina S., Zimbabwe: The Political Economy of Transformation (Toronto; Buffalo: University of Toronto Press, 2000), 28.

77 Kohli, 22.

78 For an insight into the inadequacy of the government to set proper agenda and budgets, see Government of Zimbabwe, Zimbabwe: Towards Sustained Economic Growth: Macro-economic Framework for 2005-2006, 2004.

79 This is how Morgan Tsvangirai, leader of the opposition party categorized the Mugabe regime in July 2005.

In 2001, its printing presses were bombed before being forcefully closed down in September 2003.[80] The BBC and CNN are officially banned and even bloggers have been threatened and punished for publishing content critical of the government. As a result, there has not been a free and fair election in Zimbabwe since 2000. Control of the press took on a legal form when the Access to Information and Privacy Act was passed in early 2002. It required all journalists working in the country to seek approval from the state. By June 2002, more than 10 journalists had been detained, and the remaining foreign journalists were expelled. The independence and freedom of the press, something most theories hold to be essential for a functioning neo-liberal state, has all but been demolished and replaced by the biased use of national instruments for propagandist agendas against so-called 'enemies of the state'.[81] Zimbabwe's 'fourth estate'[82] has been corrupted, along with many of Zimbabwe's previously sophisticated institutions, taking with it any checks and balances that it may have provided for the executive or legislative branches. After being arrested for committing journalism, an American journalist had this to say after his recent release from a Harare jail: "The veneer of freedom Mr. Mugabe permits the press is applied with the thinnest of coats."[83]

4.3 Democratic Institutions and the March 29, 2008 Elections

This contagion soon spread to the political sphere. Democracy, and its institutions, soon became tools in Mugabe's arsenal against its enemies. Every election since June 2000 has been marred by the imprisonment and torture of political opponents[84], the use of scare tactics by the ZANU-PF, and the alleged rigging of election results. Ultimately, the coercive apparatus of the state destroyed the democratic institutions. Basic human rights were ignored and democratic values plundered in every election. Police approval was needed for a gathering of more than three people, MDC supporters were often targets of physical attack, and activists were routinely arrested and detained. The so-called Independent Electoral Commission, led by an army officer and mostly staffed by military personnel, was not autonomous. The MDC was not allowed to inspect any of the election voters' roll, but claimed that two million of the six million names on it were of 'ghost' voters.[85] This year's, March 29, elections witnessed another round of intimidation, rigging and governmental tampering.

The March 29 elections were the first time in over 25 years that groundbreaking change could be in store for Zimbabwe. Mugabe's main opponents in the elections were Simba Makoni, a former finance minister and ZANU-PF member, and Morgan Tsvangirai, the leader of the main opposition party, the Movement for Democratic Change (MDC). Makoni and Tsvangirai were well-positioned to give Mugabe his toughest political fight yet. Mr. Tsvangirai only narrowly lost the 2005 elections, 56% to 44%, in an electron fraught with intimidation, violence and complete control of the media. Estimates by the Mass Public Opinion Institute predicted Mr. Tsvangirai would win 28% of the vote, Mr. Mugabe 20% and Mr. Makoni 9%. Nearly a quarter of the population, 24%, refused to reveal a preference, illustrating how institutionalized repression and fear have become in Zimbabwean's minds. 8% were undecided.[86] Many were hoping for change: a change in leadership, a change in their fortunes, a change in their living

80 Darnolf, Staffan and Lisa Laakso ed., Twenty Years of Independence in Zimbabwe: from Liberation to Authoritarianism (Basingstoke, UK: Palgrave Macmillan, 2003), p. 245.

81 Norman, Andrew, Robert Mugabe and the Betrayal of Zimbabwe (Jefferson, N.C.: McFarland & Co., 2004).

82 The term "Fourth Estate" refers to the press, both in its explicit capacity of advocacy and in its implicit ability to frame political issues. The term goes back at least to Thomas Carlyle in the first half of the 19th century.

83 Bearak, Barry, "Jailed in Zimbabwe: A Reporter's Ordeal," New York Times, April 27, 2008.

84 Leader of the opposition, Morgan Tsvangirai, was famously beaten close to death by the henchmen of the Law and Order Ministry on 11 March 2007.

85 Timbe, Augustine Mano, Democracy in Emergent States: Case Study of Zimbabwe and Other Developing Countries (Harare: 2007).

86 The Economist, "Coming to A Crunch" March 22, 2008.

conditions and a change in Zimbabwe's reputation.

The results of the March 29 elections were initially a 'miracle.' Although no official results were announced until weeks after the elections, preliminary reports suggested that Tsvangirai's MDC had won 113 of 210 parliamentary seats. giving it the majority it needed to win the elections and claim parliamentary, if not presidential, victory.[87] The unofficial results reported by the Zimbabwean Electoral Commission showed Morgan Tsvangirai with 50.4%, Mugabe with 43.7 and the independent, Simba Makoni, with 7% of the 2.3 million votes cast.[88] A peaceful exit by Mugabe was unimaginable until the months leading up to the March elections. Reports from high-level ZANU-PF officials suggested that negotiations were taking place between MDC and ZANU-PF that would save Mugabe from international prosecution by human rights agencies for the crimes his regime committed in return for a peaceful acceptance of the majority vote and a quite exit from power. The Zimbabwean Politburo began drafting emergency rebuilding and reform strategies, which the international community estimate would cost over US$1 billion per year for many years to come.[89] Mugabe is still clinging to his seat in power despite national and international clamor for him to step down and the next few months will be a watershed time in Zimbabwe's history. Until the state's vice-like grip on the country is loosened and transparency, trust, and a market system returns to Zimbabwe the problems will not be solved.

4.4 Judicial and Legislative Abuses

The fourth element needing exploration is the health and independence of the judicial and legislative systems in Zimbabwe. Here too, it will be shown that these branches of government unfortunately also fell into the hands of state-directed manipulation. In keeping with the perversion associated with a neopatrimonial state, variations in Zimbabwe's basic authority structure were a product of three sets of competing influences capable of such decisive political intervention: colonialism, nationalist movements, and coercive politics of national armed forces.[90] Zimbabwe's history incorporates all of these malevolent factors, each of which influenced and changed the state's balance of power and abused many legislative and judicial standards and practices along the way. For instance, the instigators of the 2000-2003 land invasions, despite being found guilty of trespassing and illegal squatting, were never brought to justice. Instead, the judicial system was used to harass the opposition. Many judges were forced into early retirement because of their unwillingness to comply with the state's demands and pressures. With the rule of law all but gone, civil society nearly collapsed, and fear forced out most people that could leave the country. It is estimated that the white population in Zimbabwe had fallen from 200,000 in 2000 to around 25,000 in 2005. A United States foreign policy statement in May 2006 belittled Mugabe's governance as "illegitimate and irrational."[91] Mugabe manipulated laws for his political purpose,s as was the case in 2001 when Libyan president Col. Muhammar al-Qaddafi was allowed to donate funds for the forthcoming presidential election to the ZANU-PF, although, ironically, Zimbabwean law had recently been changed to prohibit foreign funding of political parties.[92]

In 2005, when the ZANU-PF captured the two-thirds majority of parliament and needed to make

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87 Time, "Zimbabwe Ponders Life after Mugabe", 1 April, 2008.

88 Although the media has not focused as much on the campaign of Simba Makoni, his brave decision to break away from his ZANU-PF cronies and run as an independent against an oppressive regime may have stolen just enough votes from Mugabe to tip the MDC over the crucial 50% mark that prevented a run-off ballot. These heroic acts should not go unmerited, and Mr. Makoni should be welcomed into a new government whose main task is to piece together the broken fragments of Zimbabwe's once-healthy democratic and financial frameworks and inject a glimmer of hope into the average Zimbabwean's life.

89 "Zimbabwe reconstruction $1 billion a year-UK," Reuters (April 3, 2008).

90 Kohli, 17.

91 Skalnes, Tor, Politics of Economic Reform in Zimbabwe : Continuity and Change in Development, (London: Macmillin, 1995).

92 Sylvester, Christine McNabb, Zimbabwe : the Terrain of Contradictory Development (San Francisco: Westview Press, 1991).

constitutional amendments, the full force of the state came down on any opponents. Now land owners were denied the right to appeal the expropriation of their land. This change empowered government officials to confiscate passports, in the interest of national security, with no right to appeal. Nowadays, the police have the freedom to make arrests based on creative charges ranging from 'dangerous parking' to' failure to stop for the President's motor cavalcade in a timely fashion'.[93] Notwithstanding the plethora of new amendments and laws aimed at protecting the President's personal and tribal interests, Mr. Mugabe has reaped significant financial benefits during his reign as 'Right Honorable President of the Republic of Zimbabwe'. His family's personal complex in downtown Harare is said to have cost over US $110 million (the equivalent of nearly 4% of GDP)[94] and all cameras are banned within two blocks of the property. The head of Zimbabwe's Law Society, and leading human rights lawyer, openly states that "ultimately, there is no law in Zimbabwe," adding that "the law only applies when it serves the perpetuation of the state".[95] So with severely diminished confidence in corporate, constitutional, property, legal and human rights, Zimbabwean society began to crumble.[96]

4.5 Fiscal and Economic Mismanagement and Isolation

The last two elements will be dealt with in conjunction, as they are related to one another and vital in explaining the uncontrollable demise of the country. The economic woes of Zimbabwe are rooted in the ideological shift that took place after independence, moving from a Western capitalist paradigm to a socialist-inspired party commanding the controlling heights of the economy.[97] The ZANU-PF and its leadership's socialist tendencies, many having been trained in communist-inspired camps or bases in Tanzania, China or Russia, were inevitable going to inform some new public policy and the economic agenda. Unfortunately, without effective organizations, neopatrimonial states tend to lack developmental power and are rarely capable of defining and setting economic goals, as was the case in Zimbabwe.[98] Understandably, the waves of new policies and priorities adopted by the ZANU-PF had mixed results, and although the black majority enjoyed equal rights and improved civilian benefits (education, social mobility and job access) the private sector was opposed to this new competition, and many white professionals and multinationals left the country after independence. This capital flight and brain drain forced Mugabe to reluctantly loosen control over the economy and revise the country's investment guidelines in the 1980's after the surge of divestment. The ZANU-PF relatively loosened control over the economy until 2000 and the previously mentioned land reforms. Instead of finding solutions to the ensuing crises, the government became increasingly inflexible and self-serving.

Economic resources controlled by the state were put to corrupt use and ended up in the hands of elites for private consumption, leading to failed efforts at state development.[99] Moreover, politically-connected individuals were allowed to prosper in a crumbling market after the land reforms. Houses

93 The author was arrested for the charge of dangerous parking in July 2007 and evaded custody by bribing his way out of jail for Z$500,000 (~US $4). These charges apply to citizens and visitors alike and no pardon is given if one is not familiar with the bylaws surrounding how and when one should stop if one sees the Presidential cavalcade approaching. This is indicative of the level of paranoia and fear that the president lives with and the measures he is willing to take to protect himself from his own people.

94 Mumbengegwi, Clever ed., Macroeconomic and Structural Adjustment Policies in Zimbabwe (New York: Palgrave, 2002), xxi, 308.

95 Quote from Beatrice Mtetwa taken from Barry Bearak's "Jailed in Zimbabwe: A Reporter's Tale," New York Times, 27 August 2008.

96 Simultaneously Zimbabwe's built environment began to decay with infrastructural collapse lagging the institutional crises. Basic public services are unreliable with the electricity in Harare frequently off: the main transformer is broken. Water is some of the poorer townships has not flown for since 2005. And as The Economist so delicately put it: "The only thing multiplying, apart from the noughts on the bank notes are pot-holes in what used to be Africa's smoothest roads north of the Limpopo river".

97 Yergin, Daniel and Joseph Stanislaw, The Commanding Heights: The Battle for the World Economy (New York, Free Press, 2002).

98 Kohli, 22.

99 Ibid, 22.

in the northern suburbs of Harare were sold for Z$50,000m (US$50,000) when the average monthly salary was Z$20m (US$20), and the monthly cost of a basic food basket for a family of six was Z$60 (US$600).[100] Due to the ensuing collapse of the banking and foreign currency markets, shortages surged in all imported items, including fuel, electricity, medicines, schoolbooks, machinery and spare parts. Corruption took hold of all branches of government, and despite publicly acknowledging the existence of corruption, arrogance and maladministration in July 1999, the Mugabe government began using more and more of its resources to reign in the unraveling economy.[101] Some in the administration were aware of the inconsistencies and self-serving bias of the regime. The Governor of the Central Bank of Zimbabwe, Gideon Gono, was among the few who acknowledged that the problems the country faced were in part caused by corruption, but nothing changed and the balance of power continued to shift towards the state.

Zimbabwe's isolation began in June 2002 when it was suspended from the Commonwealth of Nations on charges of human rights abuses during the land redistribution and election tampering. At a time when Zimbabwe desperately needed international support, Mugabe intentionally isolated the country from what he considered "racist, colonialist" institutions and rejected any form of assistance from so-called 'white' Western governments or development organizations. "In abandoning the basic values of the Commonwealth—democratic institutions and good governance, basic human rights and the rule of law, which were ironically enunciated most graphically in the landmark Harare declaration of 1991—Mugabe has seriously jettisoned the well-being of his people and spurned the friendship of the outside world. It is not surprising that this man, who could have entered legend as an African hero, has lost the confidence of his Commonwealth colleagues and that consequently Zimbabwe removed itself from the Commonwealth in 2003".[102] Thanks to staggering balance of payments and current account deficits and an inability to repay its loans, Zimbabwe was then suspended from the IMF in February 2007 because it had still failed to reform its broad mismanagement of the economy and trim its "bloated and inefficient civil service, massive budget deficits and souring inflation rate."[103] The tragedy is that Zimbabwe's economic policies were inadequate to fix the problems and exacerbated them instead. Mugabe blamed most of Zimbabwe's woes on "imperialists" and wanted Britain to pay for the aftermath of its historical gross injustices. One of the misguided economic and fiscal policies enacted by the Mugabe regime was its vain attempt to control prices. In June 2007, businesses were ordered to cut their prices by 50 percent, and company executives and shopkeepers who failed to do so were arrested. Supermarkets soon emptied and manufacturing, which had already dropped 50% in the past decade, collapsed further.

Another economic catastrophe was the Central Bank's mismanagement of the country's currency. In the five years between July 2001 and July 2006, the Zimbabwean dollar lost 99.94% of its official value. The Governor of the Central Bank—the same Mr. Gono that acknowledged widespread corruption—had devalued the currency by 24 percent in August 2000 to little avail, and he responded to the continuing monetary crisis not by shoring up foreign reserves, using open market operations, or targeting interest rates but by slashing three zeroes off all currency in July 2006.[104] At the same time he announced a 60% devaluation of the currency, which altered the exchange rate from Z$100,828 = US$1 to Z$250,000 = US$1. The removal of the 'three zeroes left the official daily interbank exchange rate at Z$250 = US$1, making arbitrage and abuses all too easy for those in the ruling elite. Part of Mr. Gono's radical reforms was an announcement that old banknotes and bearer checks (issued during the 2003

100 "Mugabe Aides Split Over Whether He Should Step Down," Bloomberg (4 April, 2008).

101 "Mugabe: Liberation hero turned tyrant," Time (1 April, 2008).

102 Taylor, Ian, The Devilish Thing (Round Table, July 2005).

103 Turner, Barry ed. The Statesman's Year-Book 2006 (London: St. Martin's Press, 2006), pg. 1389.

104 Sandawana, Irreverently Tracking the Economic Recovery/Decline in Zimbabwe (and dabbling in the region) 2002-2005, Sandawana Column, 2005.

cash crisis) would be demonetized on August 21, 2006, leaving anyone holding these old instruments three weeks to present them at banks for conversion and giving any overseas currency holders no chance to redeem any value from their old notes. Furthermore, the Central Bank launched various measure to try catch anyone suspected of hoarding cash, defined as holding Z$5 million or more in old money. In a country where a loaf of bread cost Z$1 million (at that time equivalent to US$9.92), anyone who had enough money to buy five loaves of bread was over the limit and subject to punitive measures. As a result, the next day authorities seized over Z$100,000 billion at borders as parties who had exported Zimbabwean dollars tried to re-import them ahead of the 21 August deadline. This devaluation had immediate negative effects: the Zimbabwean people were bewildered and even more mistrusting of the Zimbabwean dollar and the government backing it. On the 'black'[105] market, the exchange rate fell from Z$100,828 = US$1 on 31 July to Z$650,000 = US$1 on 2 August. One year later nearly all sectors of the economy had ceased to use the Zimbabwean dollar and the 'three zeroes' had reappeared. In August 2007, the 'black' market exchange rate was Z$400,000 = US$1. Had it not been for the 2006 removal of three digits, would have been more like Z$4,000,000 = US$1.[106]

Foreign-exchange reserves had been negligible throughout the current crisis, and at 31 December 2005, they stood at US $24.8 million, enough to cover only six days' worth of imports of goods and services. The 2006/2007 budget made no attempt to quantify gross international reserves. Export volume was still declining by over 7 percent in 2005 and 2006. Moreover, the government seized profits from gold mines, leading to nationwide shutdowns. In November 2006, in what was called '*Operation Chikorokoza Chapera*' ('No to Illegal Mining'), people who were desperately looking for gold and other minerals were rounded up and sometimes beaten.

The most recent round of Mugabe's economic paranoia began in March 2008 with the Indigenization and Economic Empowerment Act, with potentially grave consequences for white entrepreneurs. It stated that "indigenous Zimbabweans shall own at least 51 percent of the shares of every public company and other businesses" and would tacitly entitled a minister to transfer the majority share of any company–a garage, shop, factory, and, more significantly, a mine or a bank–owned by non-indigenous Zimbabweans to "any person who before 1980 was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of that person."[107] That effectively means nationalizing 51% of any white-owned business, and will cause even more whites to flee and deter any foreign capital away, just to provide Mr. Mugabe with another method of reward for his loyalist and cronies. "This will entail the destruction of the economy," predicts Harare-based economist Godfrey Kanyenze, but he adds that "those in power never learn and they repeat the same mistakes over and over again, expecting different results. This is insanity."[108] Many observers would agree with Kanyenze, but it's hard to imagine that this will truly be the last act by Mugabe in a string of ill-timed, ill-conceived, racially motivated policies aimed at serving himself, his tribe and the political elites as the typology of a neopatrimonial state would predict. The Act in fact incentivizes local businessmen to take action and take control of white businesses with the establishment of an economic empowerment board to "give loans to local individuals intending to acquire shares, start businesses or expand existing ventures."

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105 The 'black' market refers to a parallel market or underground economy consisting of all commerce on which applicable taxes and/or regulations of trade are being avoided. They tend to exist in economies in major crisis where prices are too volatile for normal free market mechanism to function.

106 The author was in Harare in July 2007 and witnessed the failure of the banking system first hand. No ATMs worked, credit cards were charged at the official exchange rates, which were at times ten times less favorable than the black market rates. The currency the author managed to get was from the 'black' market and the Z$6 million he had would have technically been punishable as hoarding.

107 Jongwe, Fanuel, "Warning sounded over Zim equity law," Mail & Guardian, 11 March 2008.

108 Ibid.

4.6 Was Zimbabwe's HIV/AIDS problem to Blame?

Some have pointed to Zimbabwe's alarmingly high HIV/AIDS rate as an important cause in the country's socio-economic and developmental woes. Although these health problems are significant they are not sufficient to have created or dictated the systematic collapse. A brief look at Botswana, Zimbabwe's neighbor, will illustrate how a country with an even higher infection rate can adequately address the problems without any significant economic or political consequences.

The infection rate in Zimbabwe reached 20.5% in 2006, and the scope of the problem has reached all tiers of society, including the infection of many cabinet members.[109] There has been very little governmental effort made to address the problem, and education about prevention and treatment are almost non-existent. As a result, Zimbabwe's infant mortality rate has remained around a poor level of 51 deaths per 1000 live births, and over 150,000 Zimbabweans die as a result of the disease each year. Zimbabwe is not the only southern African country plagued by the HIV/AIDS epidemic, but it has done the worst job of dealing with the associated problems and tacitly allowing hundreds of thousands of its citizens to suffer.

The detrimental effects of such a high HIV infection rate on the economic and agricultural base of a country take the form of a diminished labor force, an increased demand for national health services, and the onerous multiplier effect of having families without income-producing parents or with sickly children. But even under these dire circumstances, the AIDS epidemic cannot fully account for the agricultural, economic and political turmoil witnessed since 2000. As previously mentioned, Botswana has a higher infection rate, at 31%, but has effectively used government resources to build up health services and address the problems. Botswana had even more work to do because of its relatively weak education system, but has managed to stabilize the spread of the disease and lead the way for southern African countries trying to fight this killer disease. Zimbabwe's institutional collapse has paralyzed its ability to remedy its health crisis and prevented the state, which otherwise would have had the resources and know-how to combat AIDS, from being able to cure or mitigate the AIDS epidemic crippling the country.

4.7 Was Zimbabwe's Collapse caused by the 2001/2002 Drought?[110]

The government for a long time blamed a severe drought in 2001/2002 on food shortages and related economic failures. This is convenient, seeing as how the weather is out of the control of the Mugabe administration. The government appealed to international relief agencies in 2001 for more aid and food to counteract the drop in agricultural production. The World Food Program agreed and surprisingly attributed the crisis to "bad weather, a shortage of key inputs such as fertilizers and tractors, the crumbling irrigation system and the disincentive effect of the price controls put in place."[111] However, Zimbabwe's dependence on rain is shown to have dramatically diminished over the past decade, and the severity of the drought was not as significant as the government suggested. Yet, Zimbabwe's economy remained stable during these past droughts. The difference from past droughts, when the agricultural system was organized well enough for commercial farmers–both large- and small-scale–to produce enough in good years to create sufficient reserves, was that many commercial farms had been confiscated by the Mugabe government since 2000, severely affecting crop yields. With the virtual collapse of the agricultural infrastructure, thousands of farm laborers no longer had employment or food. Furthermore, the state had reformulated policy so that all cereal imports had to be processed through the Grain Marketing Board, a government-controlled monopoly that fixed retail grain prices,

109 Hill, Geoff, What Happens after Mugabe? (Cape Town : Zebra Press, 2005).

110 Richardson, 70.

111 Richardson, 65.

further illustrating the abuses and misadministration by the Mugabe government.[112] The severity of the drought is also a debated subject. The World Food Program (WFP) found, after multiple visits and reports, that the drought only lasted from January 2002 to early April 2002 and that "it primarily affected the Southern districts."[113] Furthermore, most areas in the north received average rainfall and it is in these districts in which maize, the staple food of most Zimbabweans, is grown.

From 1980 to 1999, the correlation between real GDP growth and rainfall was calculated to be 0.69. In other words, 69 percent of GDP growth was correlated with rainfall, giving an indication of just how important the agricultural sector was in driving the economy. With the economy sputtering at -0.7 percent growth in 1999, the link between GDP and rainfall then sharply disconnected in the year 2000, even as rainfall returned to above-normal levels. One can infer a different conclusion than the IMF and the WFP drew regarding the 20001/2002 crop season. In fact, the amount of rainfall during the relatively short four-month drought was just 22 percent below the 50-year average. There is no doubt that the four-month drought caused devastation for communal farmers. However, to put primary blame on the drought for the sudden drop in overall agricultural and economic production, as Mugabe, the WFP and IMF had, misses some key points.[114]

4.8 Was Robert Mugabe's Megalomaniac Presidency and Personality to Blame?

When President Julius Nyerere of Tanzania arrived in Harare for the Zimbabwe independence celebrations on 18 April 1980, he greeted Prime Minister Robert Mugabe with the words, "You have inherited a jewel. Keep it that way."[115] The first decade or so Zimbabwe had become a darling of the international community and promised to be a shining example for sub-Saharan Africa, but Robert Mugabe soon proved to not be the role model that Zimbabweans had hoped for. Under his 28-year presidency the economy has shrunk on average by 1.9 percent annually and the national motto: "Unity, Freedom and Work" is a mockery, since those three things have all but disintegrated.[116] Nevertheless, the press attention and international criticism focused on Mr. Mugabe's leadership might be too hasty and too harsh. Mugabe's reign was self-serving and destructive but the roots of the problems lie much deeper and predate Mr. Mugabe's presidency.

While it must be accepted that Robert Mugabe was the source of many of the irrational and illegitimate decisions and maneuvers made by the Zimbabwean government, it would be presumptuous to think that one man can bring down an economy and a civil society, especially one with the resources and prospects that Zimbabwe had, single-handedly without the state being partly culpable. Zimbabwe's downfall had just as much to do with the centralization of power and violence in the hands of the ruling elite as it did with the president's megalomaniac personality and dysfunctional leadership. The minority groups within the ruling class (war veterans, Ndebele chiefs, ZANU-PF cronies and corrupt officials) fueled much of the violence, oppression and corruption and drove many of the policy changes across a variety of subjects. Therefore, it was ZANU-PF's neopatrimonial tendencies that lay the faulty groundwork for a state whose institutions were mismanaged and leveraged toward serving the ruling elite. Think of the president as being the driver of a car, which represents an entire country. Extending this metaphor, it was as if Mr. Mugabe steered Zimbabwe off a well-paved highway towards success and took what he thought was a dirt road detour to appease some of the more important passengers. In doing so he got lost and the car broke down, becoming unable to get back on track. In this case,

112 UN Development Programme, Human Development Report 2006, UNDP

113 Richardson, 66.

114 Richardson, 84.

115 Harold-Barry, David ed., Zimbabwe: The Past is the Future (Harare: Weaver Press, 2004), 25.

116 "Zimbabwe Ponders Life after Mugabe," Time 1 April, 2008.

institutions act like well-laid roads with proper signposts and markings that constrain and guide drivers towards cooperative and optimal driving practices. Neopatrimonial states have a tendency to sacrifice these infrastructural necessities in setting national agendas, and instead pursue the interests of just the driver (the ruling elite) at the expense of everyone in the car (the whole country). So although Mr. Mugabe was certainly not a very good driver, he never had the appropriate license to take his vehicle off-road and he failed to take responsibility for all of his passengers, the decision and blame to take the car off-course was not solely his, nor was he solely capable of steering it back on track once the car starting stalling on the dirt road.

Robert Mugabe should shoulder a large burden of blame and responsibility for the despair and ruin endured by the Zimbabwean people during his leadership. However, it was not solely his fault. For argument's sake, if he was completely removed from the equation in the 2005 election, one might suspect that much of the mismanagement and institutional collapse would have been promulgated by a likely ZANU-PF successor. His African sympathizers, like former Zambian leader Kenneth Kaunda, argue that the blame lies in the successive British colonial governments that preceded his rule. President Kuanda wrote in June 2007 that "leaders in the West say Robert Mugabe is a demon, that he has destroyed Zimbabwe and he must be got rid of - but this demonizing is made by people who may not understand what Robert Gabriel Mugabe and his fellow freedom fighters went through."[117] Similarly, Senegalese President Abdoulaye Wade responded to his critics by saying that Zimbabwe's problems are the legacy of colonialism. The true test may only come when Mugabe is gone from power but the problems are much too complex and pervasive to lay all the blame on one man.

4.9 Is there a road to recovery?

The fortunes of Zimbabwe have, for more than two and a half decades, been tied to President Robert Mugabe. Perhaps now that Zimbabweans have managed to loosen his grip on the country, if not remove him completely from the political arena, their fortunes and futures seem brighter. Zimbabwe will need to fix its broken institutions, beginning with its worthless currency, and couple that shift with major reforms in the legal, economic and political systems. Thankfully, history has also shown that recovery is possible.[118]

One road to recovery requires revolutionary changes. "Zimbabwe needs a serious revolution," according to Craig Richardson, and he envisions it as "a legal one and not one that is imposed by force."[119] More specifically, it needs to reestablish a system of legal, extralegal and customary practices that rests on the aspirations and sense of fairness of the majority. This legal revolution is the only way that an economic revolution can occur, which is vital in bringing confidence and sustenance back to the majority of Zimbabweans. To reverse the root of the current problems, an integrated system of private property rights that makes physical possession of assets possible for all citizens, as well as enforcing those rights, must be reformulated.

This theory is reaffirmed by the lessons learned halfway around the globe in a small South America country two decades ago. Nicaragua experienced much the same devastation as Zimbabwe after its own land reform movement in the early 1980s—hyperinflation, crashing GDP growth, and a tremendous decline in wealth. Yet within five years after the election of a moderate government, Nicaragua's economy began to flourish again from the midst of rubble. With a new set of pro-market policies and reforms that adopted a strict restoration of property rights, and in collaboration with international aid agencies, the economy and the political institutions recovered and are back on track to prosperity. The point

117 Otton, Chris, "Canny Mugabe still hero for many Africans," Johannesburg: AFP, 6 December 2007.

118 The recoveries of Post-depression America, late 1930's Germany and 1990's Argentina illustrate that no matter how terrible the conditions and desperate the people affected, recovery is possible and change is often for the better.

119 Richardson, xvi.

being that if regime change is fluid, proactive, pro-market, and internationally supported, it is possible to reverse the almost fatal damage done by the Mugabe administration.

Conclusion: Getting your Philosophy, Politics and Economics Wrong

To say that Zimbabwean policymakers did not know what the consequences of their actions would be unfair. Nevertheless, even an elementary student of philosophy, politics or economics knows enough about the fundamental concepts of utility, due process, democracy and distributive justice to worry about the dangerous game the Mugabe regime was playing. By perverting and destroying "the cooperative and competitive relationships, which constitute a society and an economic order," the government of Zimbabwe reset the rules, compliance procedures and ethical norms with horrific results.[120] Despite being in better shape than most African counties and having a brighter future than all of its neighbors in the early 1990s, this sinking *Titanic* now threatens to bring its neighbors down along with it. This research has explored the multiple levels of state failures and their domino effects, and has addressed Mugabe's Presidency, the HIV/AIDS epidemic and other supplementary reasons for Zimbabwe's collapse. As Lord Acton said in 1887, "Power corrupts, and absolute power corrupts absolutely," and the Mugabe government, with its structural imbalances and faulty construction, has reaffirmed this maxim over the past decade.[121] Even though recovery has been shown to be possible, the structural changes and distortions experienced by Zimbabwe over the past two decades provide an all-too-coarse and distressing account of how and why economic, political and moral decay began and how deep and ingrained the problems are that Zimbabwe faces.[122]

This case study of Zimbabwe teaches us how a neopatrimonial state, tribalism and nearsighted policies can lead a country down a slippery slope that can quickly become irreversible and disastrous. Ultimately, the political elite were never able to overcome the original deficiencies and inequalities of state construction,[123] and they simply went from crisis to crisis, both controlling and wasting the society's scarce developmental resources while cloaked under ideological and nationalist agendas. Ultimately, the misguided agricultural and economic policies were the first dominos in a chain of events at the institutional level that affected every aspect of society and led to Zimbabwe's inability to remain internationally competitive or domestically stable. Free market frameworks collapsed due to a lack of trust, liquidity and the rule of law, forcing billions in capital and millions of people over Zimbabwe's borders. Developing countries have much to learn about the balancing act between the interests of the ruling elite and overall sound institutional design in which their citizens must interact. Governmental tampering with institutions and policies is a dangerous game when decisions are misguided, actors uninformed and agendas self-serving. Let the lesser-developed world take a closer look at the institutional nature of Zimbabwe's collapse so as to promote more productive, cooperative and ethical states with better understandings of the philosophical, political and economic implications of their actions.

120 North, Douglas, C, Structure and Change in Economic History (New York: Norton, 1981), pg. 201.

121 The second part could interestingly also be applied to Zimbabwe as it says that "All great men are bad men". Many proclaimed Mugabe as great until his reign began and his maliciousness was uncovered.

122 North, 201.

123 Kohli, 19.