



Strengthening Africa's Economic Performance

BRENTHURST DISCUSSION PAPER 1/2008

ZIMBABWE AFTER THE ELECTION

A Path to Economic Stabilisation, Recovery and Growth

Jeffrey Herbst, Greg Mills and Terence McNamee¹

EXECUTIVE SUMMARY

Presuming the installation of a legitimate government, critical post-election steps on Zimbabwe's path to stabilisation and recovery include the need for forward-looking, investor-friendly policies on:

- ◆ land settlement;
- ◆ economic management and transformation; and
- ◆ human security and rights.

Zimbabwe's commercial agricultural sector traditionally was the key driver of its economy. Every area of economic activity in Zimbabwe has suffered considerable damage since the launch of the land reform programme. Its effect on all the main indicators of quality of life in Zimbabwe has been catastrophic.

Rehabilitation of this sector is *the* key component to Zimbabwe's economic recovery.

This is dependent on getting the commercial farms to produce again; and this will hinge on the ability to put policies in place that attract private sector investment. Thus, the overall purpose of any recovery programme has to be to reinstate market forces and good governance on land and economic management. This would include permitting market-related foreign currency exchange rates, interest rates, wages and retail prices, and transparently reviewing and invigorating property rights. With such measures, the stage could be set for a rapid economic recovery.

A health warning however: If Zimbabwe's rate of economic decline has average over eight percent per annum since 2000, it will take the same rate of growth for the same period get back to the moment of decline. Nonetheless, a rapid bounce-back is possible to respectable levels of income if there is political normalisation and the reinstatement of market principles to the economy.

1. INTRODUCTION & RATIONALE

The aim of this Discussion Paper is to provide a viable approach for the international community and the new government of Zimbabwe to remedy the acute social and economic crisis in that country. The proposals put forward in the Paper however assume *a normalisation of the political situation* in light of the recent election results. If and when – *and only when* – a representative, internationally-legitimate government has been installed in Zimbabwe will it receive the support from donors and investors necessary for

¹ DR HERBST is Provost at Miami University of Ohio in the US and author, *inter alia*, of *State Politics in Zimbabwe*; DR MILLS heads the Johannesburg-based Brenthurst Foundation, which convened a series of discussion groups and studies over the past year on which this document is partially based; DR MCNAMEE is with the Royal United Services Institute for Defence and Security Studies (RUSI) based in Whitehall, London.

economic recovery to begin. Little wonder the opposition has fared so well in the March 2008 election. Most Zimbabweans know that change is their only hope.

Zimbabwe has one of the worst performing economies in the world. In August 2007 inflation was estimated to be above 13,000 percent, a rate the International Monetary Fund (IMF) predicted accurately would reach 100,000 percent by the end of the year. By the time of the elections on 29 March 2008, the inflation rate was 10,000 percent per month, or over 300 percent per day, a figure by which the local currency essentially becomes worthless.

Over the past few years the exchange rate has been hugely volatile, with a high discrepancy between the official and black-market rates (reaching as high as 100 times the official rate), and external terms of trade have declined precipitously. There are continuous downturns in food production and exports (the key tobacco crop was by 2007 around one-fifth of its 2001 peak of 250,000 tonnes), fuel and foreign exchange shortages, an unsustainable fiscal deficit (around 60 percent of GDP), and a growing dependency on international food aid. Food shortages were compounded by ZANU-PF government action in mid-2007 aimed apparently at reducing inflationary tendencies through rigorously enforced but artificial price control.

The human cost of the current crisis is almost incalculable. Life expectancy in Zimbabwe is the lowest in the world: 37 years for men, 34 for women. In 2004, the last year for which figures are available, it is estimated that around two-thirds of the rural population and over half of their urban counterparts (totalling some 7.5 million people) could not meet basic food and non-food requirements.² Unemployment is over 75 percent and HIV/AIDS afflicts one in five Zimbabweans. In July 2007, former United Nations Secretary-General Kofi Annan described the country's 'downward spiral' as 'intolerable and unsustainable'.

A number of international and regional economic initiatives have been proposed to end the crisis in Zimbabwe. The IMF's 'fishmonger's' plan centred on the rapid delivery of foreign aid, amounting to US\$3 billion over five years, targeting key areas such as food support, infrastructure and emergency aid.³ The same presumption of donor-stimulated recovery underpins a UK Department for International Development (DFID) paper entitled 'Zimbabwe – Economic Recovery'. Yet while donor aid can play a role in stabilising the economy, its longer-term effectiveness will depend on the overall political, policy and private-sector context in which it is employed.

The Southern African Development Community (SADC) reportedly put forward, at its 2007 August Lusaka summit, an economic rescue package for Zimbabwe, involving food, fuel and foreign exchange – a 'matter' which SADC finance ministers would, in South African President Thabo Mbeki's words, engage 'immediately'. The SADC secretariat said at the summit that international sanctions had caused Zimbabwe's economic woes, and that it had a viable economy.⁴

Others have consistently suggested that economic recovery is predicated on fundamental political change. At the 2007 World Economic Forum (WEF) on Africa held in Cape Town, the World Bank's (then) chief economist for Africa, John Page, was quoted as saying that while it would be 'difficult' to reach the necessary social consensus to implement wide-ranging economic reforms in Zimbabwe under the current political circumstances, there were many factors to ensure that when an economic turnaround began, it would be

² At http://www.sahims.net/archive/Briefcases/2004/02/review_zim_04_02_04new.htm.

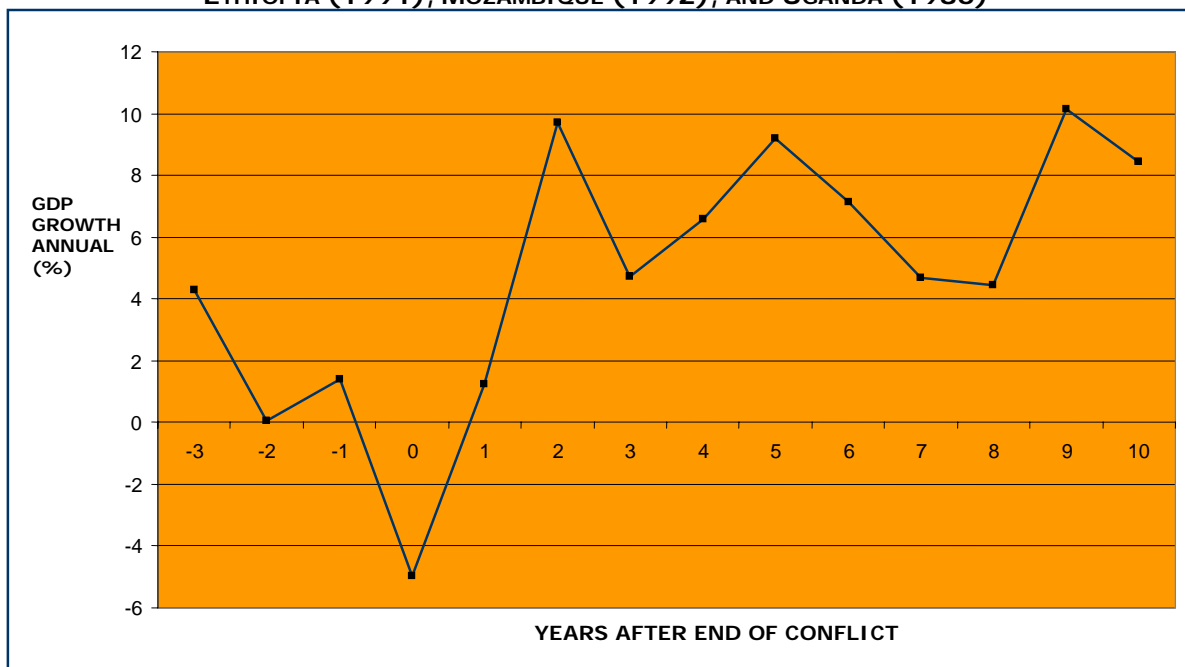
³ See Donwald Pressly, 'Donors will move in when Mugabe finally leaves office', *Business Report*, 19 June 2007.

⁴ See 'Mugabe to get SADC aid, with no conditionalities attached', *Sunday Times*, 19 August 2007; and 'Crisis plan not aimed at forcing reforms: Mbeki', *The Sunday Independent*, 19 August 2007.

'rapid'.⁵ The International Crisis Group⁶ has also suggested that conditions in Zimbabwe could, with President Mugabe's removal from power, lead to a rapid reversal of the country's ill fortunes. This would, according to the ICG's president, Gareth Evans, have to involve widespread political reforms along with 'an emergency economic recovery plan to curb inflation, restore donor and foreign confidence, and boost mining and agricultural production'.

Historically, a number of post-conflict countries have been able to bounce-back quickly once violence and impasse has ended. Indeed, several countries have been able to sustain relatively rapid growth for more than ten years, fluctuating between six to nine percent per year. For example, growth averaged 7.2 percent for years two-ten in Ethiopia, Mozambique and Uganda. As Steve Radelet has observed, GDP growth of 7.2 percent for ten years is sufficient to double total GDP and (typically) to increase GDP per capita by over 60 percent. In the case of Rwanda, Democratic Republic of Congo and Sierra Leone, the average annual growth rates after two years to today were similar: Rwanda 7.8 percent; Sierra Leone 8.0 percent, and DRC 6.3 percent.

**PRE- AND POST-CRISIS AVERAGE RATE OF GDP GROWTH:
 ETHIOPIA (1991), MOZAMBIQUE (1992), AND UGANDA (1986)⁷**



Radelet also notes that the patterns and timing of recovery differs across sectors in the countries under study. Services were the first to recover, with growth jumping to an average of six percent in the second year after the end of conflict, led by construction, hotels, and restaurants, often 'spurred directly or indirectly by donor funds'. Agricultural growth started slower, reaching four percent two years after the end of conflict. Growth in this sector 'continued to accelerate, reaching an average of nearly eight percent in years three through four after the crisis', decelerating thereafter to just under four percent in years six through 10'. The manufacturing sector 'was the slowest to rebound, but generated the fastest growth over the medium term.' This sector 'recorded average

⁵ Ibid.

⁶ At <http://www.irinnews.org/Report.aspx?ReportId=73636>.

⁷ See Steve Radelet, 'Reviving Economic Growth in Liberia', Center for Global Development, September 2007.

growth of just two percent two years after the conflict, but jumped to over 13 percent in years three through five. It then continued at a robust 11 percent in years six through 10.'

This Discussion Paper argues that any solution to Zimbabwe's socio-economic crisis must encompass wider aspects of domestic reform, including governance and the rule of law. It requires, at its core, a new partnership between a democratic government of Zimbabwe and the international community.

A basic assumption of this Discussion Paper is that the international community, including the traditional major donors, continue to have a strong interest in a viable, stable and democratic Zimbabwe, and are prepared to assist the process of economic stabilisation and recovery. This Paper thus recognises the critical importance of donor assistance in stabilising the economy. For Zimbabwe's economy to recover and grow, however, the renewed flow of private capital and the related reinstatement of market principles are fundamental.

2. SOURCES OF TENSION

There is both an historical and a contemporary dimension to the crisis. It is essential to consider both when formulating a plan to assist Zimbabwe's economic recovery.

The black liberation struggle against Ian Smith's white regime, which ended with the election of Robert Mugabe in February 1980, did not put an end to white domination of land in Zimbabwe. Some 4,000 almost exclusively white families continued to own approximately 40 percent of the country's agricultural land and two-thirds of the best land. This inequitable situation was exacerbated by various injustices committed against blacks within their living memory, especially their forced removal from their ancestral lands by colonial authorities with scant compensation.

Land reform was a persistent source of tension through the 1990s. The former colonial power, Britain, was a constant target of criticism by Mugabe's government for its perceived failure to fulfil its obligations under the 1979 Agreement. Twenty years later, in 1999, land reform was seized on as *the* vital issue for the ruling ZANU-PF party. That government's chaotic and violent implementation of land reform led not to a more equitable redistribution but instead widespread human rights abuses and severe economic hardships, due in large part to a sharp decline in agricultural exports, historically Zimbabwe's leading export-producing sector. Drought and southern Africa's HIV/AIDS epidemic have added to the country's woes.

Mindful of this background, three issues in Zimbabwe must be addressed to put the country on the path to recovery: governance and the rule of law; human security; and economic management. In so doing, as is noted above, this Paper assumes that the political environment is normalised after the elections and the legitimate in the eyes of both Zimbabweans and the international community. Thus international isolation – through targeted public sanctions, the withdrawal of donor assistance, and market disengagement – will no longer be an issue.

Governance and the rule of law: Implementation of land reform has been characterised by an absence of due legal process (including the seizure of land by invasion and the failure to compensate the dispossessed) and human rights abuses. There has been a commensurate deterioration in governance, including suppression of press freedoms and election tampering. Any post-Mugabe government will face an enormous problem regarding property rights in the countryside. It is unlikely that any government will want

to return to the *status quo ante* where whites controlled the overwhelming amount of land. At the same time, it is currently unclear who has title to the land. Redemarcating much of the land in the countryside will be a politically complex and technically sensitive issue. Land reform in most other African countries, especially those that nationalized land, has proceeded very slowly. As a result, the post-Mugabe economy will have an enormous drag on it until the land issue can be resolved.

Human security: Young and poor Zimbabweans have been hardest hit in the current crisis. More than two million people have been displaced or rendered homeless by the land seizures and subsequent government actions. A large-scale government campaign, *Operation Murambatsvina* ('Operation Drive Out Trash', also officially known as 'Operation Restore Order'), begun in 2005 to forcibly clear urban slums across the country, to which farm labourers and their families fled in the early 2000s, has according to the UN affected at least 2.4 million people. Countless displaced Zimbabweans lack sufficient food, water, sanitation and shelter.

Economic management: The Mugabe government's attempts to stabilise the economy through price controls and other measures have proved unsuccessful. Their failure is evident in the country's hyperinflation, the fast-depreciating and fluctuating value of the Zimbabwe dollar, chronic shortages in imported fuel and consumer goods, and a deteriorating balance of payments. The compulsory price freeze exacerbated an already difficult situation. Implemented in June 2007, the move sparked both frenzied buying of stocks and consequent shortages of staple sugar, flour, maize meal and cooking oil, with black-market traders charging at least four times the official prices amidst growing public desperation. Stabilisation of the economy and then reversing these damaging policies will be an enormous task for any new government.

3. RECOVERY METHOD

Against this background, this Discussion Paper proposes a set of actions, primarily for the short-term, in the areas indicated below as key steps to political and economic normalisation, recovery and stability.

Once a democracy is in place, the next steps should involve the establishment of three parliamentary commissions with international assistance. The three commissions and their role and focus would deal with: land settlement; economic management and transformation; and human security and rights.

3.1 Land Reform, Restitution and Rehabilitation

The 'land issue' is central to conditions and perceptions of governance and the rule of law in Zimbabwe. The *status quo* on land is untenable, but so equally is the *status quo ante*.

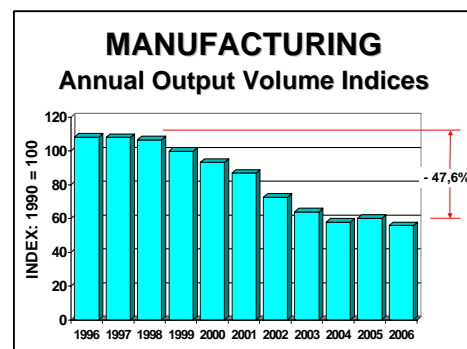
The ruling party legalised the seizure of property in 1999 and then subsequently recreated a feudal structure to ensure that it could fully control the land allocation process and all future allocations. Large-scale farms were confiscated and broken up and individual ownership rights abolished, so the small allotments typical of pre-colonial agriculture could be re-established. In doing so the Mugabe government neglected the profound transformation experienced by the economy of Zimbabwe since pre-colonial times. Investments in economic enterprises, which included large-scale farming businesses, had only been made possible through secure property ownership rights. These rights had become central to Zimbabwe's economic transformation and helped make it the second-most advanced economy in sub-Saharan Africa.

The commercial farming sector had become much more than a collection of farms: by independence in 1980, these farms were the principal assets of large and successful companies and as a whole constituted Zimbabwe's most important generator of wealth. White-owned farms accounted for three-quarters of the country's agricultural wealth, including 90 percent of cotton and marketed maize, the main industrial crop and staple respectively, and nearly all the key export crops including tobacco, tea, coffee and sugar, accounting for around one-third of total exports. By the end of the 1990s, 400,000 workers were employed by some 4,000 white farmers.

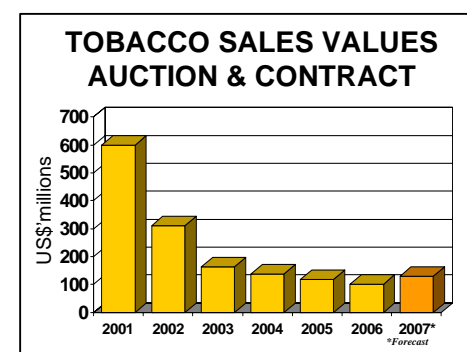
With the implementation of the 'fast-track' land seizure programme in May 2002, the ZANU-PF government ensured that seized land would go only to the senior party faithful and lower-ranking party supporters. Yet even these persons found that they lacked ownership rights and thus were subject to summary eviction if they fail to meet production or political demands. They have depended on state-sponsored collectivisation policies and/or subsidies. Such conditions are inimical to investment.

The *status quo* cannot be maintained if Zimbabwe is to meet the needs of any internationally acceptable legal framework and obligations — or establish ownership involving demarcation and title. The need for title would also feature in proposals on credit, extension and technical services. Although it is in the interests of donors to ensure stability in Zimbabwe, they could have some difficulty with their own constituents in allocating funds that would be used to deprive certain sectors of Zimbabwe's population of their rights.

Clear policy on land is thus required as a key step in rebuilding domestic and foreign investor confidence in public institutions and practices. This will have to involve the re-establishment of property rights and market mechanisms as the means to determine both a fair price and re-establish the tradability of land. This will also facilitate the realisation of collateral value in land, thus spurring entrepreneurial activity. Community involvement in this process, respect for rights and ownership, the flow of technical credit and extension services, land tenure arrangements, resettlement procedures, humanitarian support, and international support and partnership are all critical elements of this process.

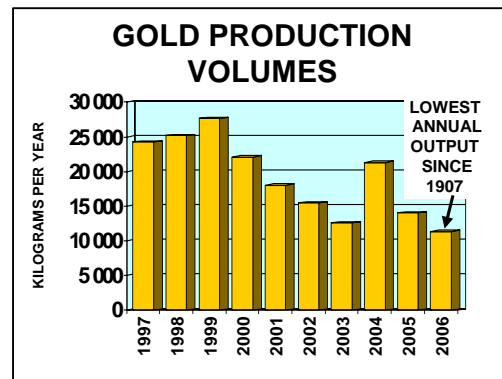


Because recent events in Zimbabwe have caused a massive decline in agricultural output, forcing Zimbabwe to import food, but reducing the ability to pay for it, the quickest way to start a recovery process and ease all of the country's economic problems will be to *rebuild the foundations of its once highly profitable commercial agriculture sector*, which previously generated most of Zimbabwe's foreign earnings; employed the largest number of people; produced the largest proportion of the commodities needed by other industrial and commercial businesses; was the largest customer for the transport, construction, insurance, financial, commercial and legal service providers; and gave rise to the bulk of government's tax revenues



This does not, however, mean that the inequitable *status quo ante* should be restored to this sector. Rather a balanced approach, focusing on encouraging a return of skilled Zimbabwean farmers, recapitalising the sector and empowering emergent farmers is called for. This requires a clear, non-racial, shared vision of Zimbabwe's future prospects; it demands the reinstatement of law and order; and necessitates a highly sophisticated technically-oriented agriculture (re) extension programme.

The top graph (previous, over) shows the effects felt by the manufacturing sector, and the following two (tobacco and gold production) illustrate levels of activity in other economic sectors. Each of their declining output volumes has had its own separate and serious impacts on employment, on export volumes, on import substitution, on tax revenues, on tourist inflows and on the abilities of yet other sectors, such as the petroleum fuel sector, the railways and the electricity supply authority, to function efficiently. In the short to medium-term large-scale, professionally-run agro-industry farms should be restored. Facilitating this requires sound property rights, title deeds, security of tenure and the transferability of land in an open market. Between them, they will give the land the collateral value the farmers need to access essential bank funding, and they will give the farmers the confidence to make long-term commitments to create a productive and profitable subsidy-free industry.



Whilst every effort should be made to encourage experienced farmers to return to the land, the previous inequitable system cannot be reconstituted. It is unrealistic, moreover, to expect more than a small minority of former commercial farmers to return to Zimbabwe under a new political dispensation.

Therefore, as indicated above, a pragmatic and more equitable arrangement calls for a systematic targeting of a small number of farmers previously engaged with large-scale farming and willing to return. Their knowledge and experience should be harnessed as part of a new compact between them and a select number of incumbents who have – by whatever means – taken up title to farmlands. This new compact should seek firstly to provide food security in Zimbabwe, and over time to become a driving force of the country's economic recovery, exploiting both its available skills and economies of scale.

Over the medium term, the compact should give rise to major inward investment in the country's infrastructure and across its business landscape, for example in banking, insurance, engineering, transport, construction, and legal and accounting professions.

The restoration of the agriculture sector along these lines will, of course, require complex and extremely challenging political negotiations. It demands, on the one hand, acceptance of the fact that the vital skills lost through Mugabe's land reform need to be recaptured in order for the sector to be restored and revitalised. But it also requires consensus on the necessity of breaking from the inequitable system of the past and establishing a new compact that reflects demographic realities and empowers far greater numbers of Zimbabweans. This new compact must be treated as a vital national resource and should, in the short-term, be privileged – in terms of resources and political capital – over other sectors of the economy because of its catalyzing role in recovery.

Investment-led recovery in agricultural output will lead to recoveries in the viability of every other sector, particularly manufacturing, and will in turn bring about recoveries in flows of tax revenues from wages and salaries, VAT, profits, import duties, licence fees, excise duties and stamp duties. They will also lead to the recovery of training institutions and a resurgence of funding for research institutions in farming towns around the country. Every one of these increases will come directly from investment. But every investor requires an investment climate that inspires confidence in the future.

Following the successful conclusion of elections, an international commission, including a Zimbabwe parliamentary membership, should be established, possibly chaired by a neutral body such as the UN Development Programme (UNDP), to review the land situation, assess the possible solutions already put forward (including the UNDP Land Settlement Programme – *see the summary and critique below*) and devise a budgeted land settlement programme. This should include the drawing up of a budgeted programme for the reintegration into society of war veterans. Key aspects a fresh land programme must also consider include:

- ◆ an understanding of the local and international legal framework and obligations;
- ◆ the establishment of ownership involving demarcation and title;
- ◆ the determination of compensatory mechanisms and funding;
- ◆ a review of current outputs and technical production shortfalls; and
- ◆ the development of proposals on credit, extension and technical services.

The 2002 UNDP Land Reform and Resettlement Report⁸

In January 2002 the UNDP published a Land Reform and Resettlement Report as a basis to solve Zimbabwe's land crisis. The UN mission was not, however, in a position to provide detailed proposals for a sustainable land reform programme until after the 2005 presidential election, through a follow-up mission (which has until now not occurred). The report does not question, fundamentally, the political premise of the land reform programme, but rather its administrative failings and consequences.

At the time the report argued that although there were weaknesses in institutions that manage the land reform programme, the quality of personnel and their dedication to the implementation of the programme could not be faulted. Such claims were highly contestable and, doubtless, overwhelmingly political then; nearly six years on, they are insupportable.

Far from increasing average incomes or decongesting the communal lands, as the 2002 Report contends, the programme has destroyed jobs in every one of the country's business sectors and forced many to return to their communal lands, where costs of living are lower and support networks are more easily tapped. The handover of the farming sector's physical assets to peasant farmers rendered the sector inefficient and unproductive.

The rural poverty cited by the UNDP (estimated at 70–80 per cent in the mid-1990s) in its report was not due to the absence of land reform but was instead the result of many years of negligible levels of investment in the communal areas. Low investment was due to the complexities of the traditional feudal structure of the communal land societies. Investment funds were not attracted into these areas, and neither were they brought in by those entitled to live there, simply because the returns on such money would always have been better if invested elsewhere. The same constraints were introduced for seized commercial farmland, whose once-rich productivity collapsed in the absence of experience, skills and incentives to invest. The report failed to attribute the commensurate slump in GDP at the time to these misguided policies and government choices. Instead it identified various administrative steps that should have been taken to make the land reform programme work better.

⁸ UNDP, *Zimbabwe — Land Reform and Resettlement: Assessment and Suggested Framework for the Future*. Interim Mission Report, January 2002, 55pp.

3.2 Economic Management and Transformation

There is a need to devise an economic recovery programme free of political dispute and with international participation and the creation of transparent charters for economic transformation of key sectors, including agriculture, mining and banking. This would involve investigation of:

- ◆ exchange rate valuation and setting;
- ◆ the use of subsidies and the protection of parastatals;
- ◆ mechanisms to ensure the commercialisation and possible privatisation of parastatals;
- ◆ the deficit in infrastructure; and
- ◆ mechanisms to ensure a single market in currency and the pricing of essential goods and services.

Zimbabwe requires extensive assistance to get all industries and the country's infrastructure back into operation. In particular, the former commercial farms have been stripped of most movable assets, breeding herds have been slaughtered and much of the expertise has emigrated, while the state-run enterprises such as the railways, airways, power stations, telephone services, water supplies and treatment works have all been very poorly maintained and have also suffered a skills loss. An inflow of small amounts of foreign exchange would immediately help the affected municipalities overcome immediate problems, but the needed new capital works and extensions could easily absorb US\$100 million.

A rapid reversal of the skills exodus from Zimbabwe is unlikely in the short-term, even with political normalisation. But carefully articulated investment and restoration programmes should, over time, encourage some recent diaspora professionals to believe that their homeland offers them competitive career opportunities. Concessional finance and plans targeted as specific needs are an essential first step. The sequencing, management and co-ordination of all these plans will call for considerable skills that would also be best supplied by the market, not by international institutions.

Under the conditions created in recent years, investor confidence has disappeared. The Mugabe government has compelled the country's savings institutions and pension funds to lend it money at deeply negative real rates of interest. As a result, domestic savings have been reduced to a fraction of their former values. IMF estimates have placed the national savings ratio at below four per cent of GDP. At these very low levels, the total savings of Zimbabweans will be of little use in any attempt to fund the revival of the economy.

Because recovery will depend upon investment, and investment has to be funded out of savings, this means that Zimbabwe will have to seek most of the needed funds from elsewhere, namely foreign sources. As competition for such funds will be fierce, undiluted attention has to be focused on proposals that can deliver recovery and growth, even if that causes delay in the political reconciliation process. By achieving success and restoring dependable flows of income from Zimbabwe's own efforts, the country will become far better placed to deal with the challenges caused by past errors of judgement.

While the government's use of land as a political weapon has created an economic catastrophe, it should not be forgotten that the prevailing economic conditions and growing levels of disgruntlement over ZANU-PF's rule in Zimbabwe at the end of the 1990s contributed to the use of this radical tactic. The value of wages had fallen in real terms over that decade by more than one-fifth, inflation had reached 60 percent, and just one in ten school-leavers were able to find formal employment. More than 70 percent of the population lived in abject poverty, while public services, by the start of the new

century, were in chronic decline.⁹ Land reform and foreign ventures, including the costly Congo campaign in support of Laurent Kabila's government from 1998 (estimated at around US\$1 million per day), only accelerated the decline. Rebuilding Zimbabwe's economy will require, in the short-term, stabilising the current situation while, in the longer-term, addressing these underlying structural conditions which contributed to the crisis in the first instance.

In this short-term, money supply growth and scarcities of essentials, which include foreign exchange, will remain the primary driving forces behind the inflation rate. As inflation is a function of scarcity, attempts to bring the flow of foreign funds under its complete control will not overcome the problem; stricter controls will do nothing to increase foreign exchange inflows. But as increasing supplies of foreign exchange will be essential for any form of recovery, a new government's efforts should be directed towards policies that will restore investor confidence and thereby encourage investment inflows to support increased production, particularly of more exports.

If these plans were accompanied by acceptable exchange rate and interest rate policies, Zimbabwe would also improve its chances of attracting loan capital, which would offer the fastest way to reduce the foreign exchange shortages. The requirements of investors should be paramount: only by attracting investment and restoring investor confidence can production increase.

Private sector confidence, which has been battered to the point of being a negative force, will have to be carefully cultivated, through the establishment of a close working relationship with key business sectors groupings. Given the need to signal positive change and encourage a fresh inflow of human and financial capital into the economy, consideration should be given also to the creation of a presidential international investment council drawing on the advisory skills, network and reputation of select heavyweight global business figures to assist in this process.

3.3 Human Security and Rights

The near complete politicisation of all organs of the Zimbabwean state has had enormous implications for law and security in the country.

The police force has, by 2008, ceased to be a national force and instead become a party police force of ZANU-PF. The party's youth militia has absorbed vast sums of government money, yet has no legal foundation and served solely to shore-up executive power. In the judiciary, judges who found against ZANU-PF in the initial land cases have been marginalised and eventually forced to resign if they did not heed to government's wishes. Party sympathisers have been appointed to the bench to replace them. (By the start of 2008, only six of the 20 judges had actually practised law.)

The military has become an extension of the ruling party. Its powers and responsibilities have been directed towards protecting the party and suppressing any form of opposition. Extravagant rewards and privileges have been offered to officers that demonstrate loyalty to the party. Traditional leaders, such as the chiefs and village headmen have also been drawn into the ZANU-PF party structure through their obligation to support the party to receive state funding. This has been extended through the formation of governorships and the appointment of governors to parliament. And finally the media has also been either co-opted or, if perceived as *anti-ZANU-PF*, severely constrained.

A third parliamentary commission should review each of the above areas, with the overall aim of depoliticising each if normality is to be restored to Zimbabwe. It will have to give

⁹ See Martin Meredith, *The State of Africa: A History of Fifty Years of Independence*. London: Free Press, 2005, p.634.

due consideration to new training regimes for the military, including making available overseas educational postings, as partial means of *re-professionalising* and depoliticising the armed forces. Rebuilding faith in national institutions will also require publicly reviewing the Matabeleland *Gukurahundi* Fifth Brigade activities of 1983-84.

4. CONCLUSION: THE IMPERATIVE TO COMMERCIALISE ZIMBABWE'S FARMLAND

Four key things are certain today about Zimbabwe's economy:

- ◆ Economic recovery is not possible without political reform and widespread support. This is, in turn, dependent on the installation of a government which is widely viewed, inside Zimbabwe and without, as legitimate and the product of a free and fair election.
- ◆ The restoration of commercial farming, traditionally the driving force of the economy, has a central, catalytic role in its recovery and growth.
- ◆ The right market conditions must be established to encourage a return of private capital, for which no external aid regime can substitute.
- ◆ Reforms should not aim to restore the economic *status quo ante*, since this was both morally inequitable and economically insufficient in meeting the demands of Zimbabwe's population.

Foreign assistance will have a key role in stabilising the political and economic situation in Zimbabwe; but the key driver of recovery and growth in the medium- to longer-term remains the reinvigoration of the commercial farming sector. The inequitable, pre-1999 land dispensation can not be reinstated; but nor can the currently unsustainable situation be tolerated, which has brought untold misery to millions of Zimbabweans.

Therefore a balanced strategy involving reform, restitution and recapitalisation has to be devised for the land to realise its true commercial (and collateral) value. Key to this strategy is a two-pronged effort to draw back departed Zimbabwean expertise (possibly through reinstating a percentage of equity) where appropriate and offer technical assistance and inputs to new farmers through a comprehensive aid strategy and package.

Private sector confidence, which has been battered under the Mugabe government to the point of being a negative force, will have to be carefully cultivated, both locally and internationally.

A health warning: If Zimbabwe's rate of economic decline has average over eight percent per annum since 2000, it will take the same rate of growth for the same period get back to the moment of decline. Nonetheless, as has been learnt from post-conflict situations including Rwanda, Sierra Leone, Liberia, Ethiopia and Mozambique, a rapid bounce-back is possible to respectable levels of income if there is political normalisation and the reinstatement of market principles to the economy.

The people of the southern African region would benefit immeasurably from its two most powerful economies, South Africa and Zimbabwe, simultaneously operating at full capacity. Zimbabwe's political reform, restoration of the rule of law, economic stabilisation, and recovery of its commercial farming sector offers that exciting prospect.