
Percyslage Chigora, Tawanda William Chibanda, Ramphal Sillah
Lecturer in the department of Politics and Public Administration Midlands State University
Lecturer in the department of Development Studies Midlands State University

Abstract: Zimbabwe at the turn of the 20th century has emerged as the main critic at the national level of neoliberalism and its proponents. This has taken the form of not only confronting the agents at conference table but also formulating ideologies and policies that are largely an anti-thesis of the neo-liberal propositions. This has been a way of attempting to lessen poverty levels that has been rising with the end of the implementation of Structural Adjustment Programmes in 1996. However such behavior for Zimbabwe has generated overall condemnation and punishment from the neo-liberalism proponents in the form of ostracisation and sanctions. On the ground, instead of lessening poverty levels there has been an increased economic crisis thereby leading to rise in poverty levels. Methodologically, the research uses secondary sources in its theoretical examination of the origins of poverty. Other research methods like interviews will be used to collect evidence on the extent of poverty in Zimbabwe. The paper’s major findings indicates that the cost of challenging neo-liberalism has been more visible economic decadence that brought gross inflation, unemployment, closure of industries and the spread of corruption. In essence it contributed to lag in development in all spheres of life. In the final the paper proffers an alternative ideological and theoretical framework from which Zimbabwe can tackle poverty not only from the national scale but at community, household and individual level.

I. Introduction

Zimbabwe at the turn into the 21st century has witnessed a greater confrontation with the most dominate and globally operational neo-liberal ideology as a way of increasing economic growth and promoting overall economic development. The paper explores policies that the Zimbabwean state implemented as way of reducing poverty levels in its spirit of anti-liberalism. The major policies to be examined include land reform, anti-deregulation, anti-devaluation, anti-democratisation and overall state control on almost every sphere of life in Zimbabwe. It will also examine the extent to which these policies managed to achieve the intended objectives. The major finding regarding this is that instead of lessening poverty the policies led to increased poverty. However, the researcher argues that the failure of the state’s policies intended to end poverty were not necessarily as a result of the state’s misguided policies but also the environment which obtained. In fact Zimbabwe as a developing country became a victim of punishment and persecution by the neo-liberal proponents.

Historical background to Poverty, State, Neo-liberalism and Poverty in Zimbabwe

Situating the historical origins of poverty in Zimbabwe is rather problematic as the analysis is embroiled in a number of historical issues that has shaped the development today not only in Zimbabwe but world wide.

The research takes into consideration the overall early analysis that largely dwelt on racial and cultural issues that painted Africa as a dark continent and concentrating on the inability of black Africa to direct itself towards development. Though this may sound a rather old argument that has lost relevance but a critical review of recent works for example by Chabal and Daloz (1999) the issues have remained central. Historical issues of slavery and its linkage to underdevelopment of Africa has been examined and there is no need to get into details here. In addition an issue surrounding current debates on reparation has tried to situate the poverty in Africa to the effects of slavery.

Most convincingly is the issue of incorporation of the Zimbabwean state into global economy that came with colonialism and subsequent frameworks of cooperation that developed with the end. To start with colonisation of Zimbabwe had overall bearing on the development of poverty. In essence policies that were
designed by acts of commission or omission had an overall negative impact on the country’s development. Moyana (1984), Stoneman and Cliffe (1989), Herbst (1992).

Secondly, though independence came in Zimbabwe in 1980 it has to be outlined that from the onset that it inherited limitations to overhauling the overall political and economic structure of the state. In essence, the Lanchester House Constitution imposed limitations to the operation of the state in terms of gearing itself towards development. Mandaza (1987), Stoneman and Cliffe (1989). However in the same framework one need not to loose hand sight on great strides that were made in the social sectors, notably education and health. For example in the education sector by 1996 enrollment in primary schools has doubled since independence, with rapid growth in rural schools, and there is almost no gender bias in primary schooling today. Growth in secondary education has been greater, with enrollments going from 75,000 in 1980 to over 650,000 by 1996. (www.worldbank.org.) But this had short comings in the end since the productive side was not growing enough or expanding to create a self sustaining system no wonder why by the end of the first decade of independence the government had to grapple with higher levels of deficit on government expenditure.

The government finding itself in that quagmire had to approach the international community to address the obtaining anomalies. There was no other way except to grapple with the rather heavy burden of the IMF’s Structural Adjustment Programme. In Zimbabwe it became to known as Economic Structural Adjustment programmed (ESAP).

Accordingly the government of Zimbabwe proposed a policy agenda that formed the basis for the Economic and Structural Adjustment Program. The World Bank supported the ESAP with a $125 million structural adjustment loan (SAL) and a $50 million structural adjustment credit (SAC), both approved in 1992 and closed in 1993. (http://wbln0018.worldbank.org/oed/oeddoclib.nsf/0/15a937f6b215a053852567f5005d8b06?OpenDocument)

Envisaged was the desire to restructure sought to promote higher growth through neo-liberal policies that encompasses, reducing fiscal and parastatal deficits and instituting prudent monetary policy; liberalizing trade policies and the foreign exchange system; carrying out domestic deregulation; and establishing social safety net and training programs for vulnerable groups. The focus was on the formal sector as the engine of growth.

EASP had mixed outcomes on the Zimbabwean state in as far as realization of development was concerned. Firstly, the financial sector reforms were carried out with positive outcomes, the financial sector expanded throughout most of the 1990s. According to World Bank,

It dismantled the foreign exchange control system, freed all current account transactions from exchange controls and import licensing, removed public monopoly over the marketing of agricultural commodities, deregulated the financial sector, lifted price controls, and abolished investment licensing for all but large foreign investments, (http://wbln0018.worldbank.org/oed/oeddoclib.nsf/0/15a937f6b215a053852567f5005d8b06?OpenDocument).

Another area of success has been the transport sector where the availability and quality of urban transport improved.

Secondly, trade liberalisation which supposed to open the country to foreign goods, introduce its products to the international market, and increase output, earnings and employment in both the industrial and agricultural sectors had negative outcome. Instead, as SAPRI Forum puts it,

Zimbabwean businesses were ill prepared for the global marketplace and, hence, the nation’s products have failed to find significant external markets and bring in the anticipated foreign currency. The failure to modernize technologically also devastated local industries hit by a flood of cheap imports, as well as by the loss of government subsidies, high interest rates and the increased cost of raw materials. As a result, the Zimbabwean retail market has become dominated by imported goods. Small and medium-sized industries have been forced to reduce production, go out of business or switch from manufacturing to importing, leading to a large drop in manufacturing output. With companies forced to lay off workers, employment dropped sharply between 1991 and 1998, accompanied by a significant erosion of wages. http://www.saprin.org/zimbabwe/zimbabwe_forum1.htm

An overall assessment of ESAP indicates that economic liberalization was not matched in the implementation of fiscal reforms and social welfare programs. In the final, ESAP had disastrous outcomes. Zimbabwe’s economy entered into recession a year later and between 1991 and 1996 per capita private consumption fell 37%, salaries fell 26%, and unemployment rose, while food prices skyrocketed. The IMF’s recipe, which required the Zimbabwean government to slash spending by 46%, above all by cutting health workers’ salaries, had disastrous effects on public health. The vast majority of the population was left without access to health services or medicine. Malnutrition and the incidence of illnesses such as tuberculosis rose
dramatically. The program did not reduce poverty and unemployment as its architects had hoped. Critical fiscal reforms made slow and uncertain progress, keeping budget deficits high. This created uncertainty and shortages of capital for private producers, which delayed investment in new capacity and job creation. By focusing on the formal urban sector, the program restricted its ability to reach the majority of Zimbabweans, who worked predominantly in the informal sector and in rural areas.

The post ESAP the Zimbabwe government had to rethink on the relevance of neo-liberalism as model for designing Zimbabwe’s development and overall ending to poverty in Zimbabwe. In essence according to Morgan Tsvangirai, Neo-liberalisation has hatched eggs of discontent among the masses because of the negative impact on the economy. The industry, agriculture and manufacturing sector have all been hit hard by the vagaries of liberalization. With trade liberalization, a number of our companies were expected to be competitive, especially in the clothing and textile sector. But unfortunately the trade policy of liberalization has seriously affected a number of those sectors, and they have had retrenchments and many have nearly died.

Hence, the need to draft economic policies that were grounded on realities of the Zimbabwean situation. Another approach adopted was the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) 1996-2000. According to Dick Ranga this incorporated social reforms aimed at human resources development, in addition to the usual economic policies. The majority of these policies affected urban more than rural dwellers. http://www.uaps.org/journal/VOL%2019%20N%B01/Ranga.pdf.

Paradoxically, the majorities lived in the rural areas and were depended on agriculture. This left the state with no other option but to shift and direct efforts towards the agricultural reforms as the start point to restructuring Zimbabwe’s development. Thus Zimbabwe entered the 21st century with a mounting economic challenges which it had to redraw the development path that it would control in its quest to end poverty at the backdrop of the failed neo-liberal path. Agriculture was its first port of call.

**Theory and Practice in State Response to Poverty in 21st Century Zimbabwe**

The state perceived poverty as originating from its contact with neo-liberalism which failed to bring formidable improvement to lessening poverty and its overall failure in addressing the colonial hanging question of the redistribution of land. This was informed by majority of people 70 percent residing in rural areas and leaving agriculture as the main source of livelihoods transformation.

Given that background the state moved to address the disparities that have emerged particularly regarding those that were staying in rural areas. The logic of removing economic inequality is that equitable distribution of income finds it easier to eradicate poverty through economic growth. For Zimbabwe, then, income inequality was as a result of an unequal distribution of land which often contributes to high levels of poverty.

Out of this logic the state intervened in the agricultural sector designing a policy dubbed Fast Track Land Reform Programme (FTLR) which was meant to ensure that the majority would access the prime resource for production which is land that was productive. For the state has been lessons learnt from other developing countries. According to Chigora (2006), there exist a significant correlation exists between land shortage and poverty especially when one considers the poor’s access to land resources. What needs to be borne in mind is that land is everything in Zimbabwe and development stems or ought to stem from it. In fact the political economy of Zimbabwe is driven by the agrarian sector to increase participants’ means the increase in beneficiaries.

The policy had a number of facets that indicated divergence from the very ethos of neo-liberalism. First, it was state centered i.e. direct state intervention in agricultural production. Second, had disrespect of intellectual property rights. Thirdly, led to the disruption of the rule of law and weakening of transparency and accountability in the agricultural sector.

The envisaged policy therefore had several ramifications in the eyes of the international community. The lack of the rule of law and failure to respect of property rights led to the decline in investor confidence not only in the main agricultural sectors but also in other economic sectors. At most those who were supposed to be providing resources for production in the agriculture sector decided to shift away from Zimbabwe. In addition, Zimbabwe was placed under sanctions by some sectors of the international community- especially the west that have bulk of financial and technological resources- which could have long way in making the land reform a success.
Again there was this paradox of the failure of land reform from the start. According to the World Bank in agriculture, Zimbabwe inherited array of commodity market control mechanisms was extended to include fixed or floor prices for most crops, compulsory delivery of controlled crops to marketing boards, controlled consumer prices for food staples, and restrictions on imports and exports. http://web.worldbank.org/WSBSITE/EXTERNAL/TOPICS/EXTPROVID/EXTPAY/0,,contentMDK:20204806~,isCURL:Y~menuPK:435735~pagePK:148956~piPK:216618~theSitePK:430367,00.html, 03 January 2009.

This has affected the agriculture sector after land reform.

Price controls, subsidies and production quotas that were removed during the ESAP era resurfaced as the government sought to control all spheres of life. Instead of market forces determining the prices of goods price controls came back- producer prices, rates for service provision – in fact the controls led to scaling down of production and overall shortage of goods that included even basic goods and services. As a result poor households, and those near the poverty threshold became vulnerable to increases in food prices as there no longer readily available. This lead to increased poverty, in fact, according to Kate Bird and Martin Prowse (2008), Zimbabwe ‘economy is the fastest shrinking globally, with GDP contracting by 40 per cent since 2000.’ In addition, because of sanctions the state failed to intervene adequately as it did in first decade of independence in the provision of basic services such as health, education, etc. Infrastructure because of poor maintained begun to bear its tool on the development process- electricity and fuel challenges led slow production to the already ailing industries. In essence the sanctions added the growing balance-of-payments problems that emerged since the last quarter of 1997 persist. However this sector has since been reformed and deregulation has been allowed. In essence “the Head of state noted that foreign oil companies operating in Zimbabwe should import their own supplies because the government in a negative way. Hence the coming of the much condemned 2005 Operation Restore Order. The people who were now surviving on the informal sector were plunge into further poverty as their means of livelihoods was destroyed. In the same not Operation Restore Order affected some businesses as their building were destroyed not so much on legal grounds but on political grounds. (Interview with a Businessman in Gweru, 20 March 2009).

The state also moved to control the financial sector. As has been noted earlier ESAP had succeeded in financial deregulation, exchange controls came back on the scene in the 21st Century. This saw the decline of business of banks with exchange moving to the parallel market which was rife in the informal sector, with individual conducting the business of changing money in the streets. The central bank resorted to printing money so as manage continuity in a rather collapsing economy.

In the field democratization moves were made to control the association of people as well as freedom of expression. This was an attempt to control the rising of dissenting voice as well as the political grouping of people that were going to challenge the state policies. Again going against the very ethos of neo-liberalism that are intended to maintain liberal democratic principles. Thus Zimbabwe had levels of poverty owing to the lack of democracy, this so because ‘governance effectiveness of governments has a major impact on the delivery of socioeconomic outcomes for poor populations’ (http://en.wikipedia.org/wiki/Poverty).

Whilst deregulation has been allowed in some parastatals the effects have remained the same as with the ESAP era. It has negatively affected the poor who are the majority. For example ZESA, charged markets rates that makes it realize profits. But the deregulation has in most cases turned out to be a fallacy as rates are controlled by the government when it feels like.

The situation obtaining in Zimbabwe in the 21st Century became to be characterized in relation to neoliberalism with,

…poor governance and the weakening of the rule of law…Harassment by state actors, insecure land and housing tenure, and macroeconomic meltdown …Declines in wellbeing have been compounded by declining access to increasingly fragmented local and national markets, to basic agro-inputs, and to public services…. (Kate Bird and Martin Prowse http://www.odi.org.uk/plag/resources/).

The Future of Poverty and State response in Zimbabwe

Zimbabwe in current state is embroiled in political and economic crises. The future for Zimbabwe largely hinge on understanding the core cause of the crisis. There has been a tendency by some sectors to allude to the problems as only internal. For this authors the conflict in Zimbabwe is not simply internal, it is regional
and international. However this is not to disagree with the importance of national policies necessary for the long term stability of Zimbabwe and of southern Africa. As Carol Thompson puts it,

...land hunger, along with the economic structural adjustment program (ESAP), intensified real hunger. Again, focusing on the international constraints for meaningful post (political) apartheid reforms in Zimbabwe, today and in the future, is not to minimize the role of domestic corruption and political patronage play in increasing inequality. Without addressing the persistence of economic apartheid in the region and inequalities of ESAP, however, the current debates remain a historical. (http://web.africa.utf.edu/asq/v7/s712a10.htm)

It has also to be noted that ending poverty is a multidimensional process that require insights and experiences. From practical point of view for Zimbabwe the struggle continues with attempts to marry theory and practice.

From theoretical point of view ignoring neo-liberalism in full is not advisable as the outcomes of the policies are dependent on a number of factors as well as sector dependent. But cases of success outside neo-liberalism exist. For example, there positive data from countries which largely ignored neoliberal prescriptions, notably China and this has led development economist Ha-Joon Chang to note that considering the record of the last two decades the argument for continuing neo-liberal policy prescriptions are “simply untenable.” (http://en.wikipedia.org/wiki/Anti-globalization). However, in the same frame work not all countries have the same environment that is conducive for the success of either of the two. Much is dependent on the extent to which the environment is known to enable the right decision to be taken.

For Zimbabwe today there is need an overall change governmental policies, and plans and programmes. It not beyond doubt the Mugabe government’s anti-liberal West stance have had catastrophic effects on the lives of the majority of people. Re-engaging the international community for now is the only solution to harnessing the much needed resources for Zimbabwe’s development and specifically addressing the issues of poverty. It has proven that fighting neo-liberal forces for small developing country can be meant by sanctions, isolation and media condemnation which will have overall negative effects on efforts to end poverty.

The practice for Zimbabwe now should be focused on number issues. Firstly, reducing poverty will require increased productivity and employment in smallholder agriculture. The logic being that Zimbabwe is an agro based economy and poverty reduction hinges on the success of the small holder farmers who the majority and are the hardest hit by poverty. According to Wikipedia, when peasants and farmers own their own land, farming is often more productive, agriculture is more labor intensive creates more farm jobs, and small farmers and peasants are able to keep more of the profits themselves, http://en.wikipedia.org/wiki/Poverty, date accessed, 24 April 2009.

Secondly, reforms to generate a more supportive macroeconomic management will be the key in realising the goal of ending poverty. Zimbabwe in the 21st century has demonstrated its lack of commitment to addressing macro-economic fundamentals that will stimulate production and incentivise people to work. Its preoccupation with printing money has had negative consequence on formal business. With the new government of national unity shelving the Zimbabwean dollar it means Zimbabwe is going back on track to address the macro-economic fundamentals. One notable positive result has been cubing inflation.

Thirdly, owing to economic crisis there has been dilapidation of infrastructure as well as decline in investing in human capital. The government has to immediately raise resources in support of human capital, especially in the field of health, education, and training. Attempts have been made to liberalizing these sectors, however in country lacking financial resource majority will not afford. This will have negative consequence on majority of households thereby increasing levels of poverty. Therefore, free access to primary education and basic health care should remain a government goal if poverty reduction goals are to be realized.

Moreover, increasing the return to assets, especially those held by the poor will go a long way in ending poverty. Both state and non state actors should work towards this goal. Instead of Non governmental organisation spending resources in food distribution, teaching about civic issues, or campaigning for people’s rights in various fora, effort should be directed towards building asset base for the poor. In rural areas projects that support agriculture becomes central: small scale household irrigation schemes, livestock domestication projects, inputs support schemes, commodity marketing schemes, e.t.c. In urban areas projects may include supporting urban agriculture, as well as the most basic urban asset- house/stands. For sustainability’s sake issues of handout ought to be looked closely to avoid a permanent dependency syndrome.

Lastly, social safety net ought to be carefully designed. Thus providing adequate resources and targeting on activities most in need of public support and to devise burden-sharing mechanisms that will ensure that the poor have access to basic social services. There has been a tendency that the intended beneficiaries failed to get the benefit; in essence it ended up benefiting the middle class rather than the poor. At most it must avoid its bias towards the urban areas, the majority poor resides in rural areas.
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For the international community, according to Carol Thompson is
also responsible for addressing international exigencies which will impede any Zimbabwean political leaders in pursuing national interests for transfers of land, for multiple regional markets, and for regional food security. (http://web.africa.ufl.edu/asq/v7i/v7i2a10.htm)

For now Zimbabweans have to grapple with the resilience or responsiveness in exploiting opportunities, and in resisting or recovering from the negative effects of a changing environment. In essence this means that resistance is the asset and entitlement for every that individual, household, or community in the face of hardships.

II. Conclusion

In conclusion, the state’s response to neo-liberalism as an ideology as misplaced towards ending poverty for Zimbabwe had several ramifications. One, that for any country to realize development it should not adopt and follow neo-liberalism in full. And two, that challenging neo-liberal for a small developing country has several limitations especially if the envisaged policies would require support from the very basic proponents of the ideology. As the Zimbabwean case demonstrates a country can become a target for sanctions that will stifle the much intended objectives of the envisaged policy. In essence, it is necessary for countries to realize that neo-liberalism cannot be totally rejected or abandoned as it has aspects that are quite beneficial were the environment is conducive. At the same time, a wholesale adoption of these policies premised on the belief that neo-liberalism is good for a small developing country has several ramifications especially if the envisaged policies would require for it to bring development to a country adopting these policies. This environment does not in any case exist in most developing countries to render neoliberal policies of value in shaping development.

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