

DO NOT REMOVE

Zimbabwe at a Crossroads

Zimbabwe is on a steady political and economic decline. The country's democratic process, including freedom of the press, has continually suffered as opposition members are silenced or eliminated. Recent events suggest that President Robert Mugabe may take it upon himself to change the country's constitution to allow government to seize white-owned land without compensation. This is in clear violation of democratic principles, especially since the negative vote in the recent referendum denied Mugabe that power.

The economic situation in Zimbabwe has demonstrated a similar pattern of decline. About 60% of the population lives under the poverty line, total consumption has halved since 1980, and life expectancy has dropped some twenty years since 1996 mainly owing to Zimbabwe's high HIV rate of 26%. Nominal GDP in Zimbabwe declined by 36% from 1980 to 1998, and is thus lower now than it was at the country's independence.

Sudden drops in Zimbabwe's GDP can be related in certain years, like 1992 and 1995, to drought. However, declining trends are directly related to the macro-economic conditions in the country, which have seen a recent foreign exchange crisis which renders Zimbabwe unable to purchase fuel and electricity. Although the tobacco auctions, which bring in the bulk of Zimbabwe's foreign exchange, are meant to open this April, the recent farm invasions may result in reductions in crops taken to market — thus further complicating the foreign exchange crisis. Compounding Zimbabwe's economic woes are mismanagement, widespread corruption and, although it is denied by the Zimbabwean government, maintaining its troops in the Democratic Republic of Congo (DRC).

Zimbabwe has become an unlikely first destination for foreign investment. Although current foreign investment figures are not available, corruption and lack of competition characterise the country's investment profile. According to Transparency International's *Corruption Perception Index* (which indicates perception of corruption, 10 being 'clean' and 0 being 'corrupt'), Zimbabwe earned a score of 4.1 (with a standard deviation of 0.8). In comparison, South Africa scored 5 (with a standard deviation of 1.4). The World Economic Forum's *World Competitiveness Report*, which rates countries in

terms of competitiveness, ranked Zimbabwe 57th (and South Africa 47th) out of 59 countries surveyed.

How will Zimbabwe cope with this economic crisis, and will democratic processes be further eroded in the country? Why and how should South Africa react to the situation?

South Africa's Aid Package

In the middle of February, it was announced in the press, and confirmed by the Zimbabwean High Commission in Pretoria, that South Africa had granted Zimbabwe a 'loan' of R800 million. To many the loan seemed quite reasonable, given the negative effects a collapse of the Zimbabwean economy would have on South Africa and the region as a whole.

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The SA government has made it clear that the loan was not meant to bolster Mugabe or bail out Zimbabwe's economy; R800 million would, after all, be hardly enough to pay Zimbabwe's external debt of US\$5 billion. It would cover only Zimbabwe's imports from South Africa for about two months, and was meant to pay Eskom and Sasol, both SA companies with SA employees, for electricity and fuel used by Zimbabweans. However, the details of the loan, which was downgraded by the SA Department of Foreign Affairs to an 'aid package', have yet to be made public.

Possible Domino Effects

What would happen if Zimbabwe's economy were to collapse? The obvious answer is that illegal immigrants, over a quarter of whom could be HIV positive, would pour into South Africa. Such immigrants will eventually utilise social services and allegedly take jobs, a touchy issue which may give rise to xenophobic reactions in a country such as SA with an expanded unemployment rate of 37%.

What are the other consequences? South Africa carries out a large volume of trade with Zimbabwe, especially important in the light of the export-import ratio which is heavily skewed in SA's favour. Although statistically speaking SA does most of its trade with countries outside of Africa, Zimbabweans officially imported R5.6 billion worth of goods from SA in 1998 and exported just R1.6 billion. South Africa can ill-afford to lose its 11th largest trading partner, not to mention its investments in Zimbabwe.

Zimbabwe's economy is the second largest in southern Africa. It is slightly larger than that of diamond-rich Botswana, twice that of Namibia and Zambia, four times that of Malawi and seven times that of Lesotho. The stability of the country's economy is paramount to regional economic stability. According to the Industrial Development Corporation, exports from the Southern African Customs Union (SACU) to Zimbabwe are already in decline.

And what of conflict? The spillover effects of violent instability in Zimbabwe could be devastating. The Angolan war has already drawn in Zambia and Namibia and conflict in the Caprivi has involved Botswana. The region cannot afford increased unrest in Zimbabwe, which could spill over into an already crisis-ridden Mozambique and Zambia, which currently houses thousands of refugees from the DRC.

It is premature and very hasty to conclude, however, that Zimbabweans will take up arms against their government. It is more likely that urban Zimbabweans, who are more aware of government corruption, have seen their standards of living drop in recent years, and cannot find petrol for their cars, will vote against Zanu-PF in the upcoming parliamentary elections which are scheduled for April.

The Constitutional Referendum

Many interpreted the results of the recent constitutional referendum, which would have given Mugabe broader powers had it passed, as an indication that he would step down. But this is not the case. Mugabe is under no obligation to step down, and there is no indication that Zanu-PF will force him to retire. Mugabe has repeatedly announced that it is not his responsibility to 'groom' another leader within Zanu-PF, and members of the party may feel intimidated to assert their candidacy given the 'elimination' of previous opposition to Mugabe, even within the party itself. He may run for president again if he so chooses in the 2002 elections.

An analysis of the referendum, shows that only 20% of eligible voters voted; in a country of almost 12 million people, 700,000 voted NO, and 580,000

voted YES. Given voting trends, had more people in the rural areas voted, the referendum would likely have passed with a YES vote.

However, the loss of the constitutional referendum is admittedly a setback for Mugabe, as it signals significant urban discontent. This has yet to reach the rural areas of the country. Rural Zimbabweans have always supported Zanu-PF and Mugabe, even in the face of declining popularity in the urban areas. Regular maize hand-outs at election time in rural areas encourage people to vote Zanu-PF. Since the economic situation of the country has worsened and rural standards of living have declined, Mugabe has had to do more than give hand-outs to win over support: witness the recent land invasions and his reaction to them.

Rural people, led by the former war veterans and some say officials from Zanu-PF, have invaded and seized between 300-400 white-owned farms. Although the farmers have protested and asked for government assistance, Mugabe has sanctioned the actions of the war veterans, and has announced that he will change the constitution to legalise the expropriation of land without compensation. This is yet another ploy by Mugabe to win over the rural vote in the upcoming election.

"The first step needs to be Zimbabwe's withdrawal from the conflict in the DRC"

It is unfortunate that land reform has come to have such a negative image in Zimbabwe. Owing to the country's history, about 0.6% of the population in Zimbabwe owns 70% of the land.

Crucial to the development of rural Zimbabwe, where 65% of Zimbabweans live, is meaningful land reform, which *if planned and implemented properly*, would not threaten the country's export crops. Unfortunately for rural Zimbabweans, lenders have been unwilling to fund the country's land reform, as government has no real programme. Previous experience in Zimbabwe has shown reform to give government ministers and other officials large tracts of land at the expense of the rural poor. It is again at the expense of rural people that reform has taken on the form of invasion, and that a president, who has himself benefited from the land reform process, is using it as a means by which to stay in power.

Opposition and the Upcoming Elections

The only real opposition in the upcoming elections in April is the Movement for Democratic Change (MDC), led by labour leader Morgan Tsvangirai. However, the MDC does not yet have a solid political platform. The MDC may assert the need for reform, but urban Zimbabweans need more assurances that government will adopt sound macro-economic policies which will encourage growth and development.

Data which indicate the percentage of the electorate who may vote MDC are not available; it is not certain which members of the MDC are actually Zanu-PF agents, and how many former Zanu-PF supporters will not admit to supporting MDC for fear of repercussions. One thing is for certain, the April elections, if not rigged, will bring some opposition members into parliament. Whether those opposition members are able to foment change, is another issue. Whether the opposition will popularise itself with rural voters, and make any difference in the 2002 presidential elections, remains to be seen.

South Africa, Zimbabwe and the Future

What can and should South Africa do to support Zimbabwe and its population? What measures must Zimbabwe itself take to address the needs of its population?

Despite all the above negativity, Zimbabwe does have potential. Zimbabwe has the highest literacy rate in Africa, including North Africa. Zimbabwe's population enjoys greater access to safe drinking water than any other country in mainland sub-Saharan Africa. It is largely due to mismanagement and corruption that a country which cannot feed itself today was the 'bread basket' of southern Africa at its independence.

The first step needs to be the country's withdrawal from the conflict in the DRC. Zimbabwe spends US\$1 million a day in its war effort there, and it would seem that **Laurent Kabila** will not foot the bill, even if he were able to. Mugabe's involvement in the DRC may be linked to business interests, but it was also initially linked to the personality clash between him and former South African President **Nelson Mandela** and the need for Zimbabwe to exert power in a sub-continent which it dominated before South Africa joined the Southern African Development Community (SADC). Mugabe needs to be given a face-saving option that will allow him to pull his troops out of the DRC without looking as if he has lost power or prestige in the region. In playing the game of politics, South Africa could support peace in the DRC which allows Zimbabwe to withdraw, even if Kabila does not agree to SA's troop participation in the peace-keeping efforts.

If Zimbabwe were to withdraw its troops from the DRC, and agree to adopt sound macro-economic policies, then the country's loans from the International Monetary Fund (IMF) and World Bank

would likely be reinstated. There could even be talk of debt relief. Outside of Angola and Swaziland, Zimbabwe has the highest debt service (as a proportion of GNP) in the region. A stable and predictable macro-economic environment would encourage foreign investment, which has been slow to grow, if not halted, during the past two years. This would bring much needed foreign exchange and employment to Zimbabwe. It would also allow for the growth of indigenous business.

International financial institutions recognise the need for many kinds of reform in Zimbabwe. Not only must the macro-economic environment be stabilised, but government and business must also stamp out corruption and cronyism at the highest levels. Zimbabwe must embark on a meaningful land reform programme which redistributes land to the poor (and not just Zanu-PF ministers) without threatening the production of the country's biggest foreign exchange earner — tobacco.

AIDS education and awareness is paramount to Zimbabwe's recovery. In the absence of prevention programmes, AIDS has spread rapidly through southern Africa. Zimbabwe's high HIV rate has repercussions for South Africa, given the movement of people including migrant labourers, and the devastating effects such high rates have on national economies. SADC should adopt policies which combat a syndrome which does not recognise borders.

South Africa cannot and should not isolate itself from its neighbours, even if SA's GDP constitutes close to half that of sub-Saharan Africa. South Africa needs to play an active role in the region, to support its positive development, for its own interests as well as those of the continent. This is especially the case with Zimbabwe. Given the size of Zimbabwe's economy and the links it has to South Africa, its collapse would not bode well for our economy or the region as a whole. Withdrawal from the DRC and the elections next month may give some relief to the situation, if opposition members are elected into parliament and thereby are able to institute checks on Mugabe and Zanu-PF's power. However, given that Mugabe has institutionalised Zanu-PF's power within state apparatuses, opposition members within parliament will inevitably encounter obstacles in the path to reform. In the absence of checks of power, Zimbabwe may be relegated to further decline which will inevitably affect the entire sub-continent.