The Downtown Review

Volume 2 | Issue 1 Article 7

2015

Bad Governance in Zimbabwe and Its Negative Consequences

George Cain
Cleveland State University

How does access to this work benefit you? Let us know!
Follow this and additional works at: http://engagedscholarship.csuohio.edu/tdr

Part of the Arts and Humanities Commons

Recommended Citation
Cain, George. "Bad Governance in Zimbabwe and Its Negative Consequences." *The Downtown Review*. Vol. 2. Iss. 1 (2015).
Available at: http://engagedscholarship.csuohio.edu/tdr/vol2/iss1/7

This Article is brought to you for free and open access by the Student Scholarship at EngagedScholarship@CSU. It has been accepted for inclusion in The Downtown Review by an authorized administrator of EngagedScholarship@CSU. For more information, please contact library.es@csuohio.edu.

Bad Governance in Zimbabwe and Its Negative Consequences

In his First Inaugural Address, former American president Ronald Reagan offered these simple words: "Government is not the solution to our problem; government *is* the problem." While the American system of government has become subject to a variety of sentiments ranging from worship to cynicism, Reagan's famous quote has undeniably been manifested in a tiny landlocked country in Sub-Saharan Africa where the national government has caused much trouble for its citizens: Zimbabwe. With a population of just over 13 million people, Zimbabwe has experienced much economic decline since it declared independence from the United Kingdom in 1965, and the country's government in the capital city of Harare has played a major part in this decline. Under the oppressive reign of President Robert Mugabe, Zimbabweans have been subject to gross violations of property rights, including state-sponsored expropriation and vandalism, corrupt politicians, restrictive business regulations, and an abysmal monetary policy. Any one of these would be detrimental to an economy, but all of them combined have kept the Zimbabwean people in poverty and have inhibited their country from undergoing much-needed development. Therefore, one of the main sociological problems in Zimbabwe is poor governance, and each of the aforementioned factors that restricts it from developing is a direct consequence of bad public policies.

Some background on Zimbabwe's poor economic status is essential before discussing the political factors contributing to it. For instance, according to the 2015 Index of Economic Freedom compiled by the Heritage Foundation, GDP per capita is only $788 in Zimbabwe, making it one of the poorest countries in the world. Furthermore, the Heritage Foundation has given Zimbabwe a poor score of only 37.6 out of 100, ranking it dead last out of the 46 Sub-Saharan African nations studied and only the 175th economically-free nation of the 178 studied, ranked above only Venezuela, Cuba, and North Korea ("Zimbabwe").

However, this was not always the case. When Zimbabwe first declared independence in 1965, its economy was diverse, it had a well-built infrastructure, and it had an enviable financial sector ("Zimbabwe"). In the 1970s, the country had mining, agriculture, manufacturing, local businesses selling supplementary goods, and plenty of food ("Zimbabwe 2014").

Notably, President Robert Mugabe has occupied one high office or another in Zimbabwe since 1980 (Baker, 251). Even though he has been in power for decades, he continues to blame Zimbabwe's poverty on the legacy of Western colonialism and white minority rule (20), though I have shown that Zimbabwe was better off in the 1970s before Mugabe came to power. Therefore I propose to investigate Mugabe's policies to examine whether there is any link between him and his country's plight.

When the British colonialists left Zimbabwe (which was then called Southern Rhodesia), they left 70% of the fertile land in the hands of a white minority. Mugabe became determined to change this, as he perceived it to be a grave injustice. Therefore, in 2000, he implemented a Marxist land reform program. When a constitutional provision protecting white landowners expired, the parliament authorized the seizure of land from white farmers, burdening Britain to repay them ("Zimbabwe 2014"). Mugabe promptly enforced this policy through violent means, hiring thuggish men to expropriate the land by chasing the white farmers away. The land was then redistributed to the elite in Mugabe's inner circle of fellow party members of the Zimbabwe African National Union-Patriotic Front, abbreviated ZANU-PF (Baker 251).

This extractive institution had devastating effects on the population and economy. Many white farmers fled the country, taking their agricultural expertise with them (Baker 251). With no plan in place to keep the planting and harvesting cycles turning, approximately 400,000 farm workers were left unemployed, but the government failed to manage the farms, leading to shortages of food such as corn and export crops such as tobacco ("Zimbabwe 2014"). Consequently, food prices soared, and shortages have remained common even recently. In 2014, for example, as many as 2.2 million Zimbabweans were in need of food assistance. With a formerly booming agricultural sector in ruins, investor confidence in Zimbabwe diminished ("Zimbabwe").

As bad as his land reform program has proven to be, Mugabe did not stop there with property rights violations. In May 2005, Mugabe launched *Operation Murambatsvina*, a native word which means "drive out rubbish." It is more commonly known as *Operation Restore Order*. The stated purpose of the program was to diminish the number of illegal settlements, such as squatter housing, as well as criminal enterprises. The essential outcome, however, was the razing of make-do dwellings, the targeting of "illegal" marketplaces in the streets, the destruction of businesses, and the eviction of forest dwellers ("Zimbabwe 2014"). According to one U.N. estimate, approximately 700,000 people suddenly found themselves homeless, and another 2.4 million people were adversely affected (Tibaijuka 7).

The country's already-struggling economy was stressed even further due to the sudden increase in the number of internally displaced persons.

Therefore, the lack of respect for property rights from Mugabe and his ruling party has led to utter chaos and much suffering for the Zimbabwean people. Meanwhile, Mugabe and his administrators have been enriching themselves through corruption. For example, in 1995, Mugabe turned a blind eye to the theft of money from the National Housing Fund by his senior officials, which they used to purchase ritzy real estate for themselves, and no one was prosecuted upon discovery (Baker 251-252). The money, which totaled approximately $12 million and was supposed to help house the poor, was stolen by means of disguising the withdrawals as loans ("Zimbabwe: Corruption").

Corruption has continued to the present day. According to a recent report from their tax collecting agency, the Zimbabwe Revenue Authority (Zimra), approximately $2 billion was lost to corruption in 2012, equaling nearly one-sixth of the country's GDP that year (Chawafambira). It is also commonplace in Zimbabwean politics for civil servants to demand bribes in exchange for their services. Fittingly, in 2011, Transparency International gave Zimbabwe a Corruption Perceptions Index score of 2.1 out of 10, indicating a high level of corruption ("Zimbabwe"). Whether it is grand or petty, corruption in any form leads to economic uncertainty and insecurity.

Not only has corruption led to the funneling of government funds away from providing public goods and services, but it has also directly prevented economic growth. As late as 1996, for example, Mugabe strengthened and maintained the monopoly that the Posts and Telecommunications Corporation had on the telephone business. The PTC only provided landline services with ten-year waiting lists for installations, so Mugabe effectively barred the introduction of cell phones into his country for a long time. At one point, he even banned cellular technology completely. Now, not only was it tyrannical to prevent creative destruction and modernization, but Mugabe's reason for doing so makes it an act of corruption: the PTC was state-owned and run by his fellow ZANU-PF party members. They essentially employed rent-seeking behaviors, and Mugabe readily supplied economic rents to them because they were his friends (Baker 251). Corruption thus stifled advances in technology, and as a result, also stifled economic growth.

As if the oppressive and suppressive measures taken by the Zimbabwean government that have been mentioned thus far were not enough, bureaucratic red tape also hinders new business startups and makes doing business difficult in Zimbabwe. For example, according to the 2015 Index of Economic Freedom, incorporating a business in Zimbabwe takes over 400 days and requires an investment greater than the average level of annual income. Furthermore, business licensing procedures and restrictions on labor have led to the rise of an informal economic sector outside of the range of government vision ("Zimbabwe"). According to the 2015 data chart below, which was compiled by the World Bank Group, Zimbabwe cannot boast about requiring less paperwork, less time, or less money to start a business than the other countries in Sub-Saharan Africa ("Ease of Doing Business"):

Indicator	Zimbabwe	Sub-Saharan Africa	OECD
Procedures (number)	9.0	7.8	4.8
Time (days)	90.0	27.3	9.2
Cost (% of income per capita)	114.6	56.2	3.4

While Zimbabwean government has no problem with revenue thanks to their sizeable tax rates, these tax rates do present problems to businesses. For example, a relatively high tariff rate of 13.3% discourages the import of goods from foreign countries. Tax revenue equates to about 26.3% of domestic income, and government spending equates to about 29.3% of GDP. These are notably high percentages for the government of a poor country, and with so much embezzlement of public funds going on, it is no surprise that they would "need" so much revenue. Not even the financial sector has been left untouched by the Zimbabwean government: the banks that dominate the financial system are heavily influenced by the government, which in turn plays a major role in determining the availability of credit ("Zimbabwe").

In spite of having a significant say in the availability of money, the politicians in Harare brought financial conditions for the entire population to near ruin in the late 2000s. At that time, hyperinflation essentially destroyed Zimbabwe's currency. Due to unsound monetary policies, inflation skyrocketed to an annual rate of more than 100,000% from 2006 to 2008, a hyperinflation rate that quickly became the highest in the world ("Zimbabwe 2014").

In this case, though, the Zimbabwean government did take effective steps to rectify the situation. In 2009, the Zimbabwean politicians made a move to dollarize the country's economy, which curbed the hyperinflation and brought a degree of economic stability back to Zimbabwe. Furthermore, government spending has also been brought under control in recent years ("Zimbabwe").

The recent measures taken by the government to improve the economy may have been moderately helpful, but they have also been few, and as I have previously argued, the Zimbabwean government itself has been a primary cause of the country's impoverishment. Making similar observations, some foreign nations have taken action to combat the problem of bad governance in Zimbabwe. For example, after a recent election, the ZANU-PF was accused by Western governments and human rights groups of torturing and killing members of the opposition party, the Movement for Democratic Change, who have been targets of violence for daring to challenge Mugabe's regime ("Zimbabwe 2014").

In order to put pressure on Mugabe and his administration to halt the violent oppression of their political challengers, the United States and the European Union recently imposed sanctions on Zimbabwe and froze the assets of Zimbabwean officials. Furthermore, the Commonwealth of Nations suspended Zimbabwe's membership because of Mugabe's expropriation of white-owned farms. When the Commonwealth denied Zimbabwe's request to have the suspension removed, the country decided to leave the Commonwealth for good ("Zimbabwe 2014"). Finally, a new constitution was put in place in 2013 to limit the powers of the Zimbabwean president, but positive changes have not been immediately noticeable.

Interestingly, the economic problems of Zimbabwe are for the most part localized. Its neighbor Botswana, for instance, is well-known for having the lowest level of corruption in the entire African continent as well as a thriving capitalistic economy.

Given that tyranny and corruption are the primary causes of Zimbabwe's poverty, and also that the government has firm control of the country, little can be done to immediately ease its situation. However, organizations like the Anti-Corruption Trust of Southern Africa have put forth suggestions for at least dealing with the corruption, including the development of a zero-tolerance policy, investigating known corruption scandals in the past, monitoring law enforcement agencies to ensure impartiality, making public leaders declare their assets and liabilities before entering office, dismissing ministers and officials who are guilty of corruption, and recovering any stolen money that can be accounted for

("Zimbabwe: Corruption"). While these solutions may seem commonsense, though, actually implementing them is easier said than done.

Ultimately, then, it becomes apparent that oppressive and suppressive government policies have been the root of prolonged poverty in Zimbabwe. From the land grabbing program to the destruction of homes and businesses, from the commonplace bribery to outright corrupt theft of public funds, and from unreasonable business restrictions to hyperinflation, the Zimbabwean government under the leadership of President Robert Mugabe has proven to be one of the worst. Bad governance can both create and perpetuate poverty, especially in less developed countries, which are more vulnerable. In order to set Zimbabwe on a path toward human and economic development, the country needs different policies, which may come only with new leadership. Time will tell whether Zimbabwe's new constitution will prove to be effective in facilitating reforms, but those who keep their eyes on that seldom-discussed nation might just see a power shift in Harare soon.

Works Cited

Baker, Andy. *Shaping the Developing World: The West, the South, and the Natural World*. Thousand Oaks, CA: CQ Press, 2014. Print.

Chawafambira, Kudzai. “Zim Loses $2bn to Corruption.” *Daily News*. Associated Newspapers of Zimbabwe (Pvt.) Ltd. 23 Oct 2013. Web. 31 Mar 2015. <http://www.dailynews.co.zw/articles/2013/10/23/zim-loses-2bn-to corruption>

“Ease of Doing Business in Zimbabwe.” *Doing Business 2015*. World Bank Group. 2015. Web. 31 Mar 2015. <http://www.doingbusiness.org/data/exploreeconomies/zimbabwe/>

Tibaijuka, Anna Kajumulo. “Report of the Fact-Finding Mission to Zimbabwe to Assess the Scope and Impact of Operation Murambatsvina.” *UN-Habitat*. July 2005. Web. 31 Mar 2015. <http://ww2.unhabitat.org/documents/ZimbabweReport.pdf>

“Zimbabwe.” *2015 World Index of Economic Freedom*. The Heritage Foundation. Web. 31 Mar 2015. <http://www.heritage.org/index/country/zimbabwe>

“Zimbabwe 2014.” World Almanac Education Group, Inc. 2014. *Funk & Wagnalls New World Encyclopedia*. Web. 31 Mar 2015.

“Zimbabwe: Corruption Cases: Lest We Forget: Bad Leadership Examples for Accountability, Transparency and Integrity in Zimbabwe.” *Anti Corruption Trust of Southern Africa*. 13 Sep 2012. Web. 31 Mar 2015. <http://archive.kubatana.net/docs/cact/actsa_corruption_cases_in%20zim_120913.pdf>