

Zimbabwe

Status Index (Democracy: 1.6 / Market economy: 1.3)		2.9		Management Index		1.0	
System of government	Autocracy	Population	12.8 mill.	GDP p. c. (\$, PPP)	2,280	Unemployment rate	50-60 %
Voter turnout	54.3 % (Presidential Elections 2002)	HDI	0.496	UN Education Index	0.79	Gini Index	56.8 % (1995)
Women in Parliament	10 %						
Population growth^a	2.8 %						
Largest ethnic minority	19 %						
Data for 2001 – if not indicated otherwise. ^a Annual growth between 1975 and 2001. Source: UN Human Development Report 2003.							

1. Introduction

Zimbabwe underwent the third great crisis in the country's short history during the period from 1998 to 2003. The first crisis came during the escalation phase of the war for independence, which lasted from the mid-1970s until 1980. The second crisis was in 1983-1984, when the Zimbabwean government's violent course of action against "dissidents" in Matabeleland cost 15,000 to 30,000 people their lives. In contrast, the number of victims in the current crisis is relatively low, with only several hundred deaths. Still, it is particularly threatening, because, for the first time, a fundamental political crisis coincides with the collapse of the economy.

Until the early 1990s, Robert Mugabe's government was still considered one of the few models of good government conduct in Africa, due to its successes with health and education policies, as well as its development of market-based, small-farm agriculture. However, the government's policies during the past five years damaged the two main strengths of the country's political and economic systems—rule of law and export-oriented agriculture—in such a lasting manner that it will take years after the current regime is replaced to bring the country back to where it once was.

As for government policy, the country's transformation performance during the last five years can be rated as simply catastrophic. On the other hand, looking at political changes that occurred in the non-governmental arena, this period might later be considered as the moment when Zimbabwean civil society and political pluralism were born. Numerous social groups with political aspirations have formed, private economic associations have freed themselves of government

interference, and there is now a collective opposition movement, which is pushing forcibly for democratization and economic change.

2. History and characteristics of transformation

From 1980 until the late 1990s, Zimbabwe's history of political transformation was characterized by a continual process of concentrating more and more power in the presidency and the politburo of the ruling party, the Zimbabwe African National Union-Patriotic Front (ZANU-PF). Zimbabwe's elections in 1980 marked the high point of political participation, with a voter turnout of 84 %, and political competition, with three large parties in Parliament. The abolishment of the Rhodesian system of apartheid, which at one point excluded 98 % of the population from participating in the political process, awakened great hope for political transformation.

The unification of the governing party with the largest opposition party in 1987 might have been considered an attempt at national reconciliation after the Matabele rebellion was quashed. But when, after a transition phase, the white minority also lost the seats reserved for them in parliament, Zimbabwe had effectively mutated into a single-party state in 1990, with 116 out of 120 representatives coming from the governing party. At the same time, a series of constitutional amendments transformed the country from a parliamentary to a presidential democracy, bestowing the president with ever-greater powers.

The exclusion of the opposition resulted in voter turnouts of approximately 25 % during the mid-1990s. Yet, at the same time, civic-minded groups began to form, and they ultimately created a collective movement, the National Constitutional Assembly (NCA), to push through far-reaching constitutional reforms. The NCA dealt Mugabe a historic defeat in 2000 when it convinced 56 % of the Zimbabwean electorate to reject constitutional reforms proposed by the government. The opposition party, Movement for Democratic Change (MDC), which was founded shortly before the constitutional referendum, managed to wrest 57 electoral mandates from the governing party during the parliamentary elections in mid-2000. The regime reacted to this with overt repression, illegal expropriation of large-scale agricultural property and the dismantling of constitutional conditions. Repression and manipulation facilitated Mugabe's victory in the 2002 presidential elections.

The country's economic transformation has always taken a back seat to the preeminence of politics. Prior to the abolition of apartheid, the economy served the continued existence of the regime and the privileged status of the white minority. A policy of import substitution, along with extensive controls on foreign currency, trade and prices was supposed to guarantee that the regime survived the international sanctions that had been imposed on it—and that the white minority continued to control the gears of the economy. Mugabe essentially maintained this

course from 1980 on, but with one modified objective: Government control of the economy was now supposed to be used to reward the adherents of the ruling party and redistribute wealth in favor of the black majority population. For this project to succeed, however, the regime felt that it was necessary to leave untouched some existing, unfair property interests in the private sector, to avoid undermining productive capacity.

Furthermore, the transitional constitution from the Lancaster House Agreement made far-reaching privatization almost impossible until 1990. In an environment of rapidly increasing international competition, an economic policy based on import substitution and governmental control proved to be increasingly unsuited for maintaining Zimbabwe's prosperity. In addition, government patronage had meanwhile reached a level that was exacting considerable economic costs.

As a result, Mugabe was forced to act against his own socialist convictions in 1990 and embark upon the first economic structural adjustment program, which was followed by others. Common to all of them was that they were only implemented half-heartedly. In this process sectors that were of central importance for patronage purposes were bypassed, particularly the privatization of state-owned enterprises and the abolishment of controls on foreign currency. The collapse of government finances in 1997 led to a step-by-step abandonment of economic deregulation. The reversal of deregulation eventually led to the reinstatement of a comprehensive price control regime in 2002.

3. Examination of criteria for democracy and a market economy

3.1 Democracy

Zimbabwe has suffered severe setbacks in all sectors of the democratic order during the past five years, with one exception: encouraging growth of the country's civil society. Key elements of state institutions have eroded, the existence of the rule of law is threatened, and the conditions for political participation are extremely poor. Meanwhile, civic-minded groups have experienced an enormous upswing in response to the aspirations of a majority of Zimbabweans for democracy and political change—and their dissatisfaction with the current political regime.

3.1.1 Political organization

(1) *Stateness*: The state monopoly on the use of force was eroded during the past three years, not by the increasing power of revolutionary groups, but rather by the regime itself. To resolve conflicts over power, the Mugabe government relies above all on war veterans and youth militias, groups that are prone to violence and ideologically indoctrinated. Large parts of Zimbabwe's rural areas are under the

de facto control of these forces. The government's district administrative system and police are not only unable to do anything against these forces, but are increasingly assuming the role of agents of their violent rule. The build-up of these quasi-fascist parallel structures, along with the state's efforts to encourage some citizens to occupy land illegally, has created an overall climate of lawlessness that has been a factor in the increase in both petty and violent crime.

The centralized administrative system, which still possesses a substantial degree of efficiency, is increasingly subjected to stronger attempts at politicization. The intensification of the conflict between the authoritarian regime and the opposition, which is bent on democratic change, is increasingly hampering national cohesion. Two groups of the population were explicitly ostracized by the regime: the white minority and agricultural laborers. These laborers are long-term residents who had immigrated from neighboring countries and were more-or-less deprived of the right to participate in the political process. Another group, the Ndebele ethnic minority, is implicitly the victim of the regime's policies of exclusion. Because of long years of neglect, they have turned more and more to the opposition.

(2) *Political participation*: Two dynamics can be differentiated in terms of political participation: first, the growing readiness of the population to demand their right to participate in the political decision-making process and, second, the regime's efforts to stem the tide of these demands. For a long time, Zimbabwean civil society was considered less advanced than the socioeconomic development in the country. It was dominated primarily by charitable, most likely non-political, non-governmental organizations and by interest groups, whose officials always appeared to consider a good relationship with the government to be more important than clearly representing the interests of their constituents. Civil society in Zimbabwe has changed since the beginning of the 1990s, and the changes have intensified since the mid-1990s.

Under the pressure of increasing social tensions, diminishing governmental efficiency, a mounting scarcity of resources for patronage and an increasingly repressive regime, numerous civic-minded groups were formed. These groups ultimately developed into a collective movement, which aimed to push through comprehensive constitutional reforms, and a political opposition party. The movement was in a position to mobilize broad support, which went beyond the hordes of activists, for demonstrations and participation in elections. At the same time, the press, which had long been dominated by government institutions, gained in diversity and capacity for conflict. The government reacted to these developments by intensifying persecution of the opposition and its adherents. The government used both squads of thugs that it funded as well as legal instruments.

A law to maintain public order that took effect in 2002 sets narrow limits to restrain public assembly, and a new media law represents a fundamental curtailment of freedom of speech and freedom of the press. Opposition leaders are being hit with lawsuits. The government's restriction of political participation was

at its most intense level during the presidential elections in 2002. In the run-up to the vote, the administration used bans and deployed war veterans and youth militias to hinder the opposition from campaigning in large parts of the country. On election day itself, the governing party was able to use manipulation and threats of violence to keep opposition supporters away from the voting booths and force the undecided to vote in favor of the government. Consequently, the results of the election, which confirmed the presiding president, contradicted all the previously conducted election polls pointing to a clear victory for the opposition candidate.

(3) *Rule of law*: In the past, even those who had always been skeptical of Zimbabwe's democratic character had to admit that the government had at least distinguished itself in conditions based on the rule of law. The judicial system was considered independent, its judgments were enforced, and both the High Court and the Supreme Court repeatedly declared laws, decrees or arrests unconstitutional. The main doubts about the rule of law were related to lack of access to the legal system.

Since 1998, the situation has fundamentally changed. The first step in undermining the rule of law was taken by state institutions, especially the local administrative system and the police, who simply ignored judgments from the two highest courts. Judicial orders to act against the illegal occupation of land were not enforced. The government declared the land question a "political matter," implying that it fell outside the jurisdiction of the judiciary.

Direct physical threats against recalcitrant judges made by the government's thug squads, comprised of war veterans and the youth militia of the governing party, further weakened the rule of law. In 2001, after considerable pressure, the chief justice resigned prematurely. He had repeatedly criticized government encroachment and had vehemently resisted the co-opting of the justice system by politics. His successor is a faithful ruling party lackey, whose legal qualifications are debatable at the very least. Because additional judges loyal to the government have been appointed to the two higher courts of justice, the scales have shifted to the detriment of the independence of the judiciary.

A state of lawlessness has spread throughout Zimbabwe during the past five years. Political murders, human rights violations and incursions by the security forces and the ruling party's militias are only prosecuted sporadically, and seldom punished. This situation, along with massive criticism of the judiciary by members of government, has led to a perceptible drop in respect for the legal system and a clear increase in petty and violent crime.

3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: Persistent attacks by the governing party against the legal system have weakened the efficiency of the judiciary in a lasting way. The police and the local administrative system were subjected to *de facto* rule by the war veterans and youth militias, who were, in turn, controlled by the upper echelon of the ruling party. In rural areas, and the slums of large cities, the ruling party is attempting to establish a system of comprehensive control and spying, using fascist mechanisms parallel to the state administration and supported by the use of force. In places where the opposition has political control of the local administrations, such as Harare and most other large cities, local leaders' efforts to effectively handle their responsibilities are being thwarted by central government intervention.

Central government institutions are characterized by a climate of mutual distrust and political purging, and this atmosphere also dominates the leadership factions of the ruling party and the cabinet. Those who refuse allegiance to the government are being excluded more and more from government services. There have been repeated reports of cases where supporters of the opposition parties were denied food assistance to battle the widespread famine. In addition, aspiring students have just recently been required to undergo a political indoctrination course. At the same time, the government administrative system is overwhelmed with immense, mounting social problems, such as an HIV/AIDS infection rate in excess of 33 % in the adult population and massive unemployment among youths.

Parliament experienced a brief upswing immediately after the elections in 2000, because, for the first time since 1995, the legislature had an opposition presence worth mentioning. Since the presidential election, however, the ruling faction has pursued policies that squelch discussion. Consequently, the population's approval of government institutions is low. The presidential elections also marked the end of the army's political abstinence, which was at least formally respected until then. The army's leadership explained at a press conference during the run-up to the elections that it would not accept any president who had not fought in the war of independence—a stance that meant it would not back the opposition party candidate. Despite this partisanship, the army continues to enjoy a reputation as a professional and effective state institution.

(2) *Political and social integration*: Although the Zimbabwean population has a low respect for government institutions, the people's devotion to democratic norms is high. A survey at the beginning of 2002 showed that 71 % of Zimbabwe's population preferred a democratic form of government for their country. Most respondents were realistic about the existing situation, as only 18 % said they were satisfied with the level of democracy that had been achieved in the country. In light of the repression and manipulation practiced by the government, voter turnout in the past parliamentary and presidential elections was a notable expression of allegiance to democracy.

Zimbabwe's party system is also unusual by African standards. It is currently dominated by two parties that differ in many ways, but they have two peculiarities in common. They can rightly assert a national claim for themselves—in the recent elections both were in a position to gain relevant votes outside their strongholds—and they are more than just voting organizations that amass power for particular individuals. The ruling ZANU-PF party, which originated from the struggle for independence, still defines itself as a socialist party, but it also considers itself an African national party, whose centrally controlled organization is present in all parts of the country.

The opposition MDC is a heterogeneous movement, whose adherents are found primarily in the cities, among rural laborers and the white and Ndebele ethnic minorities. Its political platforms are also correspondingly vague, but MDC has a clear allegiance to multiparty democracy, human rights, civil liberties, rule of law and a market economy. In its political work, it is backed up by a wide coalition of civic-minded groups, including large interest groups.

The budding of a diverse, politically defined civil society has been observed in Zimbabwe, but only since the beginning of the 1990s. Numerous human rights groups, advocacy groups and non-governmental organizations have formed. This process has intensified since the mid-1990s. Meanwhile, interest groups in the private economy, which are remarkably well organized by African standards, have become politicized. For a long time, the main objective of these groups was to make mutually beneficial arrangements with the government behind closed doors, but things have changed. The umbrella labor organization was the first to break with this practice, and its upper echelon was also, logically, the source of the current opposition leader.

At the end of the 1990s, the organization appealed to its members for the first time to attend large-scale protest rallies against the government. In the meantime, almost all other interest groups share the labor leader's stance, which is critical of the government. A notable exception to this is the war veterans' association. In 1997, this group mobilized its members against the government after it discovered that high-ranking politicians and members of the military had looted the war veterans' compensation fund. The special government benefits paid out as a result of pressure by the association resulted in the collapse of the government budget. Afterwards, the ruling party attempted to make the war veterans association an instrument of its own purposes. This effort to co-opt the veterans was ultimately successful in the course of land occupation—an effort organized by this association with the logistical support of the ruling party and the local administrative system.

3.2 Market economy

The past five years have been characterized by the destruction of fragile and small advances that Zimbabwe had previously made towards transformation to a market economy system. Steps toward deregulation, particularly in terms of foreign currency and price controls, were rescinded. The government's tolerance of occupation of land, and the subsequently legalized expropriations of land, signified a fundamental violation of private property rights.

3.2.1 Level of socioeconomic development

Zimbabwe still belongs to the few countries in Africa that are ranked as having an average level of development by the United Nations Development Programme. However, this classification will no longer be applicable if there is no change in the current social trends: a rapid drop in life expectancy due to high AIDS infection rates, diminishing effectiveness of the health care system, rapidly increasing infant mortality and declining rates of school enrollment. Even now, more than 60 % of the population subsists on less than \$2 per day, and they are therefore considered to be living in absolute poverty.

There is an immense social gap between the small upper class and the large group of poor—including agricultural laborers, subsistence farmers and inhabitants of urban slums. The richest 10 % of the population receives 40 % of the national income and the poorest 10 % receives 2 % of this income. For a long time, this gap was considered racially defined. Since the abolition of the apartheid system, numerous black Zimbabweans, above all politicians, the military, high-level administrative employees and entrepreneurs who received privileges from government sources, have made their way into the upper class. The representatives of this group are profiting extraordinarily from the land expropriations that were carried out against white large-scale landowners. As a result, it seems unlikely that the near future will bring a fundamental change in the extremely unfair distribution of property. Several million peasants together have as much land as a few thousand large-scale landowners. Initial government successes during the 1980s in expanding state educational and health care systems—improvements that were a factor in mitigating social disparities—were undercut in the 1990s, due to the collapse of government finances.

3.2.2 Market structures and competition

As a reaction to international economic sanctions, the Rhodesian apartheid government regulated the economy comprehensively, with the goal of maximizing national autarky and safeguarding the social privileges of the white minority. Despite a comprehensive set of controls on prices, foreign currency and trade, a surprisingly capable and diversified private economy existed in Rhodesia until

1980. However, with the exception of large-scale agriculture and the raw materials sector, the economy was not able to compete internationally. Even so, the new Zimbabwean government not only maintained comprehensive government control of the private economy, it even expanded it further. This expansion included, above all, expansion of state-owned enterprises, whose losses at the end of the 1980s were mainly responsible for the rapid increase in national debt.

The deregulation efforts initiated in 1990 were always half-hearted and were met with massive resistance in essential parts of the ruling party, including the presidency. Even though price controls had been abolished in the meantime, with the food crisis at the end of the 1990s, prices for essential foodstuffs were again subjected to controls. Since November 2002, price controls have been applied to certain everyday items, newspapers and pharmaceuticals, as well as goods that are required by the automobile industry, the educational sector, the construction industry and information technology. In the same way, the deregulation of foreign currency controls was partially repealed. The exchange rate of the Zimbabwe dollar is set officially, the parallel market that has existed for a long time is no longer tolerated, private exchange offices have lost their licenses, and foreign currency is being allocated by the central bank. Not only importers and exporters, but also commercial banks, are subject to foreign currency controls.

3.2.3 Stability of currency and prices

The Zimbabwean central bank is not independent. Monetary policy is subject to partisan political considerations. When the special payments to the war veterans put an enormous strain on the country's budget in 1997, and the international donor community refused to cover the additional financial need, the government availed itself of the central bank. The state's massive debt with the central bank necessitated an expansion of the money supply, which—together with the shortage of goods caused by the continued economic crisis and the scarcity of foreign exchange—triggered a leap in the inflation rate. In 1998, inflation was just over 30 %; in 1999 and 2000, inflation was clearly over 50 %; in 2001 it hit 74.5 %; and in 2002, the inflation rate was moving toward 200 %. The unofficial exchange rate of the Zimbabwe dollar to the US dollar deteriorated correspondingly, from 55:1 to 2,000:1 by the end of 2002. Yet the official exchange rate continued to remain fixed at 55:1.

Since the central bank attempted to keep the official interest rate low, so that the debt service ratio would be at a manageable level for the government, Zimbabwe's economy has been suffering for years from negative real rates of interest. Still, this situation did not prevent the country's debt from rising exorbitantly. In 2002, governmental debt was just over 14 % of GDP. Politically induced extra expenditures for the army and the police were a significant part of this debt. In the meantime, the debt service ratio has exceeded 20 %.

3.2.4 Private property

The illegal occupation of land, an activity that was controlled by the government and supported by the police and the local administrative system, represents a fundamental violation of the right to private property. Despite appropriate court decrees, the government, with few exceptions, did little to make restitution for occupied land. On the contrary, the occupation of land was legalized by land reforms. Yet substantial parts of these reforms are considered unconstitutional. Persons whose land has been expropriated are only able to request compensation payments for their investment in developing the land, but not for the land itself. The reimbursements stipulated by the government are normally well below the real costs of investment. Landowners whose property is being expropriated are given deadlines of a few days, sometimes only a few hours, to leave their land.

There has hardly been any privatization of the large monopoly-like state companies since the beginning of the structural adjustment programs in 1990. One exception was when the country's current economic state of emergency led to the state energy supplier falling under the control of Eskom, a private South African energy company. Despite this development, the ruling party has expanded its own business empire tremendously during the past few years. It has recently been attempting to buy up formerly profitable private enterprises that have run into trouble as a result of the economic crisis. In 2002, president Mugabe even threatened to nationalize enterprises that showed themselves disloyal to the government by, for instance, involvement in general strikes, advertising in the opposition press or firing employees.

3.2.5 Welfare Regime

On paper, Zimbabwe has a comprehensive system of social welfare. All workers are required to pay into a pension fund, from which they receive payments once they have reached retirement age or become disabled. There is no unemployment insurance. The unemployment rate is estimated to be more than 60 %, but this figure might be very inaccurate, due to widespread employment in the informal sector of the economy. A health care program is available for low-paid workers, and free health care is available to those under a certain income level. In practice, however, household employees, government employees, agricultural laborers and those employed in the information sector, who together make up the vast majority of workers, do not pay into the pension fund. Moreover, the pension payments are being devalued because of the high inflation rate. Large segments of the population must rely upon the support of their family members if they become unable to work due to age or illness. The same situation also applies to access to health care. The increasingly desolate situation of the state health care system forces patients to make informal payments for scarce services and pharmaceuticals, even though these are supposed to be free. Those being treated as inpatients in hospitals must have their relatives provide them with food. Similar

circumstances exist in elementary school education, which is also supposed to be free. Learning materials, the construction of school buildings and even the salaries of teachers are frequently covered through “voluntary” payments by parents. As a result, the school enrollment rate is decreasing, mainly affecting girls, children of subsistence farmers and inhabitants of urban slums.

3.2.6 Strength of the economy

In 2001, the international magazine *The Economist* designated Zimbabwe as the most rapidly collapsing economy in the world. 2002 was the sixth successive year in which the Zimbabwean economy shrank. There were double-digit rates of decline in 1999 and 2000 and growth stood at -7.3 % in 2001 and -12.1 % in 2002. In view of the scarcity of foreign currency, negative real rates of interest, legal uncertainty and the slump in production in industry and agriculture, the Zimbabwean economy does not seem likely to recover in the foreseeable future.

Even in 2003 the country, which had long been considered the breadbasket of southern Africa, will again need to rely on food aid for more than one half of its population. The current performance of the Zimbabwean economy lags far behind its potential, which is manifested in the former productive capacity of the foodstuffs industry and export-oriented agriculture, diversification of the industrial sector, favorable climatic conditions, above-average stocks of mineral raw materials, the relatively good condition of the physical infrastructure and the still relatively high level of education. The reason for this is essentially bad governance—in other words, the government has ruined the economic capacity of the country for the sake of maintaining its own power.

3.2.7 Sustainability

The longer the current situation persists, the greater the damage that will be inflicted on the performance potential of the Zimbabwean economy. The network of energy and water supply for private households and enterprises is already in bad shape. Parts of the road and railway network are falling into decay. The health care system is suffering, not just from inadequate government appropriations. It is also hopelessly overwhelmed by the high rate of AIDS infection. Even in comprehensive elementary school education, there are serious gaps, which will be reflected by a markedly worse level of education in a few years.

Many companies are dispensing with investment, in view of the poor overall economic situation, legal uncertainty and the lack of capital resulting from negative real rates of interest. The capacity of large export-oriented farms is rapidly declining under the effects of land occupations. In the densely populated areas of small-farmer agriculture, overgrazing and soil erosion are producing a constant decrease in productivity. Continuation of the current conditions for

another five years might be tantamount to a complete collapse of the economy—and of Zimbabwe itself. Already the damage incurred is so great that, even with a radical political reversal, achieving the economic capacity of the mid-1980s will take at least 10 years. Nevertheless, the country's potential is still considerable.

4. Trend

(1) Democracy: The period under consideration showed a clear deterioration of democratic conditions in Zimbabwe. The state monopoly on the use of force was eroded by the governing party itself; the efficiency of the administration, in particular the local administrative system and the police, diminished considerably; important social groups, such as the white minority and immigrant agriculture laborers, were explicitly ostracized; and the Ndebele ethnic minority was implicitly ostracized. The democratic character of the three elections that were held during the period under consideration—a constitutional referendum, parliamentary elections and a presidential election—deteriorated progressively. The referendum could still be viewed as essentially free and fair, but the parliamentary elections were overshadowed by manipulation and repression, which reached such an extent during the presidential elections that the will of the electorate was critically misrepresented.

Despite government repression, the population's willingness to participate greatly increased during the period under consideration, as did their desire to become involved in civic-minded groups and work for freedom of speech—even though an individual ran considerable risks in joining the opposition. No doubt the most painful setback to Zimbabwe's democratic transformation involved the rule of law: Before the period under review, Zimbabwe had reached standards that were considered exemplary for other African countries, but in recent years, the executive branch damaged the judiciary's independence in a lasting way.

Zimbabwe's political crisis is also reflected in the population's patterns of behavior and attitudes. Confidence in government institutions is low, and the desire for democratic reform is correspondingly high. This dissatisfaction was also reflected in the formation of a large opposition party and a civic-minded collective movement, which includes not only numerous non-governmental organizations but also large interest groups from the private economy.

(2) Market economy: Zimbabwe's economic level clearly deteriorated during the period under review. The human development index (HDI) dropped from 0.563 in 1995 to 0.551 in 2000. The main causes of this are the country's economic collapse and the high AIDS infection rate. Both were essentially caused or intensified by government mismanagement. Despite the government's efforts to solve one of the crucial problems related to social inequality, namely the land question, social disparities were also not diminished during the period under review. Reforms that were undertaken during the first half of the 1990s, and were

supposed to help Zimbabwe develop into a market economy, were rescinded after 1998. These reversals of reform especially concerned foreign currency and price controls. Zimbabwean monetary policy is subject to the preeminence of partisan political considerations, so that the country's debt will be prohibitive in the long term and inflation is out of control. Land reform, which legitimizes the illegal occupation of land that was already tolerated by the government, fundamentally violates the right to private property.

Privatization of state companies was not just lacking, but was also counteracted by an opposite tendency: The ruling party is expanding its business empire. Zimbabwe's social network finds itself in a far-reaching crisis, which is caused by permanent overload from the AIDS infection rate, high birth rate, growing unemployment and social impoverishment—as well as by the continual reduction in government capability. The productive capacity of Zimbabwe's economy dropped conspicuously between 1998 and 2003. In the meantime, the political and economic crisis is affecting the foundations of performance potential, thereby damaging the country's long-term chances for development.

5. Transformation management

5.1 Level of difficulty

In its quest to move the country forward, the Zimbabwean government is unquestionably faced with great challenges. The historic, extremely unfair distribution of land, the high birth and AIDS infection rates, the stagnation of the international economy during the review period, Zimbabwe's dependence on exporting agriculture and raw minerals, as well as the relatively high transaction costs for imports and exports that Zimbabwe faces as a landlocked country, do not make economic transformation easy. Yet, prior to 1998, Zimbabwe possessed a series of advantages that offered better chances for successful political and economic transformation than most of the other countries on the continent.

In 1980, the new Zimbabwe inherited the old Rhodesian apartheid state's relatively good infrastructure, which it essentially maintained until the mid-1990s. Massive investment in expanding the social infrastructure during the 1980s meant that the educational level of the Zimbabwean population was one of the highest in Africa, even today. The country possesses rich mineral resources, a relatively favorable climate and tourist attractions. Prior to 1998, it was distinguished by efficient, export-oriented agriculture. It also had diversified industry, which could have formed the nucleus for the comprehensive industrialization of the country. Political reconciliation between the white minority and the black majority appeared to have been successful, after long years of civil war. Zimbabwe could look back on a long phase of relative political stability. Basic democratic standards appeared to be guaranteed, and the quality of the rule of law was exemplary by African standards. On the whole, in 1997, Zimbabwe's chances of

making great progress in political and economic transformation within five years were not bad, particularly since, just a few years before, apartheid in South Africa had been eliminated as a regional blockade to development.

5.2 Reliable pursuit of goals

From the perspective of political and economic transformation toward democracy and a market economy as the goal of the Zimbabwean government, the period under consideration revealed a dismal failure. However, this understanding of the government's goal in no way reflects reality. The Zimbabwean government's rhetorical support for democracy was only put into practice as long as its hold on power was not endangered by elections. Market economy reforms were not driven by the government's sense of conviction, but rather by the pressure of national debt and international lenders. Two other goals dominated the government's efforts: maintaining power and redistributing land ownership.

To maintain power, the government availed itself of repression and manipulation when it became clear for the first time, at the end of the 1990s, that forces were brewing in Zimbabwean society and politics that were strong enough to replace the ruling party. Economic policies were also secondary to the government's desire to maintain control. Instead of encouraging the most effective use of scarce resources for the country's economic and social development, the government sought to use resources to bind political supporters to the ruling party. For a long time, rewarding the loyalty of supporters with jobs, sources of sinecure income, licenses and development projects was politically highly effective.

However, an economic policy that does not employ scarce resources where they provide the greatest economic benefit can function only as long as the resulting losses in efficiency are absorbed by third parties, i.e., international donors of development aid. This was less and less the case since the beginning of the 1990s. Because the ability of the Zimbabwean state to distribute resources was progressively diminishing, it was almost inevitable that, in its efforts to maintain the system of patronage, the government turned to the last resource available in abundance: land. From the government point of view, using the land question as an instrument to maintain the power of the Mugabe regime was logical.

Land reform was not just a means to an end. At least for Mugabe, it was a goal in itself. He appears to be convinced that his historic mission, which also coincides with his socialist ideals, is to finally solve the problem that he, in his own estimation, had been effectively prevented from addressing for more than 30 years, due to adverse circumstances. If one views maintaining power and expropriating the whites' large-scale property holdings as the primary goals of the Zimbabwean government, it can at least be accorded a certain degree of reliability in achieving goals.

5.3 Effective use of resources

This does not mean, however, that, when implementing these goals, the Zimbabwean government would inevitably have had to take the path that it selected, or even that it effectively availed itself of the resources that were at its disposal. Although the political foundation of the ruling party crumbled in the mid-1990s, the party was still strong enough organizationally, and even in terms of its platform, to withstand a challenge by an opposition party in free and fair elections. Its manipulation and repression did not result in the party gaining more support, but instead drove increasing parts of the population into the arms of the opposition.

Skillful policies of co-opting and divisiveness by the government would have made it difficult for the extremely heterogeneous opposition to maintain its unity. Concessions in the debate over constitutional reform would have tempered the resistance of civic groups, without necessarily calling the ruling party's power into question. Moderate democratic reforms would have guaranteed a further influx of development aid, which in turn could have been used to improve government administration as well as the efficiency of the social and health care system. Even the land question could have been solved cooperatively. Both the large-scale landowners and the international donor community made concrete offers to carry out land reform that would have considerably mitigated the land pressure in densely populated rural areas while at the same time preserving the productive capacity of the export-oriented agricultural industry. The fact that the government decided against these alternatives in its uncompromising course can no doubt only be explained by an amalgam of distorted perceptions of reality, bad decisions and ideological fixations.

5.4 Governance capability

The government essentially gambled away its organizational capability during the period under review. At the end of the 1990s, it was still in a position to define the political agenda and work toward implementing its political goals. After 2000, the government was the victim of its own bad decisions and had maneuvered itself into a corner, from which it will only be able to emerge with difficulty. Even though land reform was carried out formally, it ruined agriculture in large parts of the country, and thus it has done damage to the economy that will last for years. Furthermore, land reform did not provide a solution to social problems. The small farmers who are now profiting from illegal, or legalized, occupations of land lack the knowledge and means to manage their land productively.

The state lacks the money to support them to the extent necessary. Highly capitalized tobacco farms are going to waste, being used as a patchwork by small farmers, who primarily grow corn to satisfy their own subsistence needs. Other farms are being taken over by the political, military and administrative elite, to

augment their personal wealth. The social questions left unsolved by these land grabs will soon boomerang on the government. The government's invariably fragile dialogue with the opposition party and civil society has broken down altogether.

A majority of the population will regard as illegitimate all future government attempts to reform Zimbabwe's political system without endangering the regime's position of power. Meanwhile, any important political concessions to the democratic movement might be considered synonymous with a loss of power by the ruling party. Furthermore, fissures are opening up in the government camp.

5.5 Consensus-building

At the end of the 1990s the government decided against fashioning the political, economic and social future of the country by consensus. The consequence of this confrontational course was the promotion of consensus-building among those who, for whatever reason, had turned against the ruling party. The opposition movement, whose support comes from a majority of the population, is carried by a wide coalition of different social groups. Entrepreneurs, trade unionists, large-scale landowners, intellectuals, the urban middle class, residents of urban slums, agricultural laborers, the white minority, a majority of the Ndebele and politically marginalized subgroups of the majority population of Shona have come together in resistance to the government. These groups agree that doing something about the political and economic malaise of the country is not just a matter of replacing the current regime, but of far-reaching democratic and market-economy reforms.

5.6 International cooperation

The Zimbabwean regime has isolated itself internationally in the last few years. Most of the bilateral donors have frozen, reduced or completely halted their development aid. The EU and the United States have imposed sharp sanctions against the country's leadership. The international financial institutions, the IMF and the World Bank, have suspended their support of the country's structural adjustment program. Only the neighboring countries in southern Africa are practicing regional solidarity, which is being sorely tested by the Zimbabwean government.

South Africa and other African states have tried to use quiet diplomacy to move the government into dialog with the opposition party and, ultimately, to form a government of national unity. So far, these efforts have not succeeded. It can hardly be expected that the government will summon up the necessary willingness to compromise, unless pressure is increased. The international donor community, except France, is taking a hard stance prompting the Zimbabwean government to

attempt to establish close contacts with Libya and Malaysia, in order to gain their financial support.

6. Overall evaluation

(1) *Originating conditions*: In view of its resources, the level of socioeconomic development that had been achieved and a relatively long phase of political stability, Zimbabwe's prospects for successful political and economic transformation to a democracy and a market economy were far better than any other country in sub-Saharan Africa. Even though its situation as a landlocked country, the unjust distribution of land, a high birth rate and the prevalence of AIDS represented huge challenges, they were not necessarily objective obstacles to transformation. On the contrary, the land question in particular could have been resolved in a democratic and market-based manner. Large-scale land owners had made offers to negotiate, and the international donor community had offered financial commitments.

With outside support, the administrative system could no doubt have solved land reform and been efficient enough to attack other social questions. The end of apartheid in South Africa diminished the costs and risks of foreign trade for landlocked Zimbabwe. Ultimately, the democratic practice that was exercised at least in basic forms over 18 years, the population's familiarity with the mechanisms of the private economy and its relatively high level of education permit one to assume that additional democratic and market economy reforms would have enjoyed wide support.

(2) *Current status and evolution*: Despite these overall relatively positive originating conditions, the status of democratic and market economy transformation has clearly diminished during the period under consideration. The setbacks are so great that the productive capacity, and even the performance potential, of the Zimbabwean economy suffered such damage that the democratic character of the political system as well as the very cohesion of the country is called into question. Above all, the partial collapse of the state monopoly on the use of force, the greatly diminished efficiency of the administrative system, the government's repression and manipulation of political participation and the decline of the rule of law can be cited as negative factors in political development.

Economic liabilities that must be addressed include the collapse of export-oriented large-scale agriculture, immense inflation, high national debt and the abandonment of deregulation. These problems are expressed socially by the decline of important social indicators, growing unemployment and the impoverishment of the population, along with rapidly swelling emigration. Positive developments are restricted to the political balance sheet: an increase in society's willingness to participate as well as the formation of a civic society and a strong opposition party.

(3) *Management*: If democratic and market economy transformation had been the goal of the Zimbabwean government, the appraisal of its management abilities would have to be catastrophic. Even considering its real goals—maintaining power and redistributing the large-scale property of the whites—the verdict is ambivalent. The government was able to realize both goals during the period under consideration, but it might not be in a position to secure its power much beyond 2003. Due to its strategy of maintaining power, the government is in a position in domestic and foreign policy where it hardly has any control over the future political process. Currently, the only alternatives appear to be complete collapse of the state or a loss of power by the ruling party.

The expropriation of large-scale white-owned land, as pursued by the government, will not solve the social problem of the land question. The widespread seizure of productive farms by the political, military and administrative elite of the country will only intensify the growing anger of the underprivileged. Meanwhile, those who have been able to occupy the land and profit from the redistribution will quickly realize that, without extensive external support, their individual plight will hardly change for the better. However, the government lacks the money for external support, and the donor community is unwilling to provide it under the given circumstances.

7. Outlook

Political and economic developments in Zimbabwe are headed for a radical break. With a continuation of the previous tendencies, the country will either descend into economic chaos and anarchy, or the replacement of the current regime will pave the way for comprehensive democratic and market economy reforms. The positive scenario is still the more likely one. However, the longer the current situation persists, the more this probability diminishes. In particular, the damage that can be expected in terms of the state's ability to act, the rule of law, the physical and social infrastructure, as well as the productive capacity of agriculture and industry will be very difficult to repair.

Even if replacing the authoritarian regime should be successful in the next two years, the new government will be faced with enormous challenges in mending the damage that has already been incurred, retaining its cohesion during this process and overcoming additional existing social challenges: a high birth rate, scarcity of land and the tremendous AIDS infection rate. Without vigorous outside support, a new government cannot succeed.