MEMORIES OF UNDERDEVELOPMENT: A PERSONAL INTERPRETATION OF ZIMBABWE'S ECONOMIC DECLINE[1]

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> *Many of the people I criticize will say that I have gotten it wrong: they may even produce evidence that contradicts my views of what happened. I can only offer my interpretation of what I saw.* (Stiglitz 2002:xv)

Introduction

This essay is a personal interpretation of aspects of Zimbabwe's crisis, based on impression rather than on detailed research. I have adopted this approach for two reasons. First, space and time do not permit a longer-term research project. Secondly, much of the argument is inherently difficult to justify by systematic references to evidence. Details of corruption or abuse are inherently difficult to provide. That does not mean we should not talk about them, but when we do so, we should acknowledge that the anecdotes and personal information that shape our individual interpretations might not be representative. I acknowledge this; those who dislike the approach should regard this essay as putting forward hypotheses that may or may not be sustained by further research.

I begin the essay with a crude estimate of the costs of the current decline, as a backdrop for the paper. I then sketch a possible framework for understanding the evolution of Zimbabwe's political economy since independence. In the third section I try to use this framework to draw lessons about methodology, and about economic justice in transitional societies.

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[1] Apologies to Edmundo Desnoes for misappropriating the title of his book. Thanks to Brian Raftopolous, Brian Kagoro, Tyrone Savage and others on the Project for comments and suggestions.

The costs of economic decline

Although this essay is not intended to provide a detailed, data-intensive analysis of the recent performance of the Zimbabwean economy, it is useful to have some idea of the magnitude of the economic decline. The latest National Income Accounts are for 2000, so we have to rely on estimated growth rates to bring them up to the present. If we apply the growth rates announced by the Minister of Finance in his budget statements each year, then real income per head in 2004 is projected to be 46 per cent less than it was in 1996, the year before economic decline set in. If we take the figures from the IMF, then it will be 53 per cent less. Clearly we do not need to quibble about the exact numbers – these magnitudes are enormous. But to measure the cost of the decline we should compare income per head in 2004 with what it would have been without eight years of decline. Of course, this is a hypothetical number, and there will be disagreement on how to estimate it. But consider the following alternatives. If the economy had grown over the period at the same average rate that occurred between 1990 and 1996 – years that included serious droughts as well as the effects of liberalisation – then real income per head would have been 97 per cent higher than the Minister projects it to be. Of course, this is optimistic. But even if the economy had 'only' declined annually at the rate it did during the 1991–92 drought – one of the worst the country has experienced – income per head would be five per cent higher; the effects of the last eight years have been similar to having the worst drought in living memory for each of the eight years.

I would not want to insist on these illustrative, ballpark figures. But I would like to address two reactions that apologists for recent events might have. Firstly, GDP per head is only a crude indicator of 'welfare' and we should at least take distribution into account. Unfortunately we do not have any sensible recent measures of distribution of income in Zimbabwe. However it seems unlikely that the gap between rich and poor has narrowed since 1997. Inflation notoriously redistributes real income from wage earners to rentiers. There can be no doubt of the decline in the share of national income going to those who derive their income from employment. Many have lost their jobs and most of those who have retained them earn less from them.

The second reaction may be that the land reform programme, by redistributing a primary productive asset, has laid the foundation for more egalitarian income generation in the future; the decline in incomes now is thus a necessary cost for a better future. We do not yet know whether the factual element of this argument – that there will be a better distribution of income in the future – is true or not, although, given the continuing appropriation of land by the new elite, many Zimbabweans will be dubious. However, those who make the argument need to demonstrate that the putative gains will occur sufficiently soon to offset the actual current costs. Even if we unrealistically assume that Zimbabweans have a high preference for future over current income, the economy would have to experience historically implausible double-digit growth in order for the losses of the past eight years to be offset over the next ten years.[2] With lower growth, the shift in distribution has to be enormous to compensate for the losses. Furthermore, these kinds of moral justifications based on inter-temporal changes in welfare are fraught with problems. It is likely that many of the people who bear the costs now will not be the ones who benefit in the future. It is also true that those who make this argument most vociferously are generally those who benefit now, but bear no cost. By and large, those who like to repeat Lenin's dictum that one cannot make an omelette without breaking eggs are talking of someone else's eggs.

There seems to be a view amongst apologists for recent events that the main costs of the 'reforms' have been borne by the white farmers who had their land taken. But the direct costs that these represent are much smaller than the indirect costs to the economy, which have actually been borne – and will continue to be borne – by 'ordinary' Zimbabweans. Under the surface of the apparent reclamation of property stolen by imperialists, the reality is that the reforms represent a massive redistribution of income and wealth amongst the decolonised.

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[2] Economists would do these calculations by discounting the stream of income flows back to some common year. For the above exercise I assumed a discount rate of 1 per cent – which says that an individual would prefer to be paid $101.01 a year from now rather than $100 now; I also assumed that the unreformed economy would experience zero growth in real income per head from 2005 onwards. I then estimated the net present value of the unreformed income stream over the period 1997–2014. Finally I calculated what growth rate in the reformed real income per head would give the same net present value. It is clear that these assumptions reduce considerably the estimated cost: raising the discount rate to 10 per cent and the projected unreformed annual growth rate to 2 per cent raises the required growth rate from 15 per cent to 21 per cent per year.

The above is intended merely to illustrate the dimensions of the economic impact of the reforms, not to measure it definitively. It is also not intended to be the basis for an economistic argument that structural changes are not worth undertaking unless the economic benefits outweigh the costs. There are non-economic benefits in the form of pride and self-esteem that derive from nationalistic reforms. But it is necessary to be aware of the narrower economic costs of achieving these benefits.

Finally, I acknowledge that the above cursory examination of the costs has been undertaken in such a way as to give maximum leeway to the case for the programme. I have not entered into any consideration of whether a more serious and committed government could have reformed the land tenure system of Zimbabwe without the disruption and cost that the actual exercise has imposed.

The state, the economy and wealth acquisition since independence

In what follows I sketch an argument that the evolution of the economy and of economic policy since independence might be understood within the context of a process of acquisition of private wealth. I suggest that it would be wrong to interpret this as a part of a process creating a new ‘capitalist’ class, since what has been accumulated is not capital, but simply private wealth.

This theme might seem to agree with the notions of a ‘national democratic revolution’, as argued by Moyo and Yeros (2004). However, I will argue that, on the contrary, the evolution has weakened that revolution. Zimbabwean capitalists are less autonomous now than they were earlier. Rather than capital being accumulated, it has been destroyed. If one believes that a national democratic revolution is important for the development process, one also has to believe that Zimbabwe has regressed rather than progressed.

Although a continuous thread can be traced through the whole period, the process changed character at various times. It is useful to consider three periods – 1980–1990, 1990–1997 and 1997 to the present. In each of these periods, the character of the programme of wealth acquisition changed, becoming increasingly more rampant.

The successful eighties

The strands of several stories interweave through the political economy of Zimbabwe in the 1980s. The most commonly told charts a successful attempt to address issues of poverty and social welfare. A second might be a political story concerning the consolidation and centralisation of power over the state. A third concerns that state as a site for personal accumulation.

Social welfare successes

The government significantly improved social welfare in the 1980s. The rapid expansion of the education system and improved access to both preventative and curative health services were the most notable successes. The rise in marketed output of maize and cotton from communal areas is also often cited, although it is not clear how widespread this success was. Minimum wage legislation probably raised wages, in the early period at least. Although the resettlement programme was small, there were also some successes there.

No rewriting of history can negate these achievements and their significant outcomes.

However, the gains were easily reversible, since they were based primarily on redistribution rather than growth, and the redistribution was of income rather than assets.

For example, the expanded education system was predicated upon the ability of the budgetary process to continue to finance it, while the health gains depended on the support of donors. The measures did not create their own sustainability, but, to the extent that they placed unsustainable burdens on the budget, carried the seeds of their own destruction. However, we are here concerned with the character, not the macroeconomics, of these gains. They can all be characterised as centralised gifts to the poor. They did not empower recipients to continue to receive – and expand – the benefits in a sustained way.

Of course, expenditures on health and education are investments in human capital and therefore should provide the basis for sustained benefit. But they are ‘capital’ only in so far as they permit higher income flows in the future, and this requires employment expansion. The failure to expand jobs thus created a climate in which the value of investment in human capital could not be realised. This is important for understanding the real tragedy of the current crisis.

Under land reform, government was willing to give people access to land but not title. This perpetuated systems of clientism, in which beneficiaries remained beholden to the State – and local power structures. Although minimum wages were used to tackle inherited problems of inequality and discrimination, this made workers beholden to the state for wage increases, undermining development of collective action through trade unions and any strength that worker organisations might have developed.

Consolidation and centralisation of power over the state

A second theme of the 1980s is the centralisation of state power. While the rhetoric was one of empowerment and upliftment, the reality was centralisation. Examples can be found in government’s approach to wages and labour relations, land redistribution, and health management, amongst other issues. Examples include:

- attempts by government to impose its own leadership on the trade union movement. When this was resisted , government resorted to labour relations legislation to vest power in the State.
- refusal to award title to resettled land. This meant that title was transferred from the private to the public domain. The effect was to place control in the hands of politicians and bureaucrats at the centre.

- closing down the embryonic primary health care systems that hade developed before independence in some liberated areas, partly with impetus from guerrillas but largely as spontaneous developments at the village level. Employees of the Ministry of Health replaced elected village health workers, centralising power (Sanders 1992).
- centralisation of control over the economy, newspapers, banks, some industrial businesses, some mines and so on.

At the time many of these moves were intentional, based upon a view that the state was central to the development process. Nonetheless, however noble the motivation, the effect was to concentrate power in the hands of individuals. In so far as the political process denies effective control over politicians by the electorate, state power means individual power.

This process was often found in post-colonial Africa, justified on the grounds that the state – often regarded as an important engine for development in societies emerging from colonialism – was itself embryonic and needed to consolidate power. In Zimbabwe's case the threats to the new government, particularly from South Africa's direct and proxy subversion, provided an argument that convinced many. The problem is of course that consolidation of state power in practice means consolidation of the personal power of those at its helm. In only a handful of countries around the world has constitutionality and the rule of law been sufficiently established for it to be accepted that, rather than being the fount of law, the state itself is also subject to law.

It is salutary to recall Bill Warren's argument about dependency theory as nationalist mythology (Warren 1980). In broad terms he argues that although the Third World is dependent on and conditioned by the global economy, dependency theory provided a convenient excuse for national elites to disguise their true agenda by cloaking it in the apparently progressive rhetoric of confronting dependency. This is particularly resonant in Zimbabwe today. Radical rhetoric is appropriated by those in power to legitimate what would otherwise be unacceptable.

In Zimbabwe in the eighties, all of the arguments for state centralisation provided what were apparently acceptable justifications. The logic of socialism – and many these days have difficulty remembering the climate of the Cold War – suggested that a strong state was necessary for development. But the primary reasons for consolidation of state power were not to move forward with a socialist agenda, but rather to consolidate power, not of Zanu PF, but for the leaders of Zanu PF. Whether or not they were initially committed socialists, or simply committed to the welfare of the people, by the end of the decade the balance had shifted to those who saw politics as a means of acquisition of private wealth. Willowgate provided the most obvious example of the level of personal interest driving the leadership, but there are many other examples: the perpetual discussion and flouting of the leadership code; the establishment of Zanu PF commercial enterprises; the direct use of state contracts for business accumulation.

There is nothing intrinsically wrong with this. Transitional justice requires that the state should use its power to redress historic injustices. The Rhodesian state had previously been a primary site of accumulation for white settlers, which could justify the use of the independent state to create a similar class of black capitalists. It is not a particularly moral issue. But it should be seen for what it was – the socialist rhetoric in which it was shrouded should not prevent us from recognising it.

The State as a site of personal wealth acquisition

The third theme of the 1980s was the use of the state as a site for acquisition of personal wealth. Again, there are many indicators of this.

The most obvious related to corruption. Some was high-profile and led to prosecutions, starting with the Paweni case. However, even in such cases, action was not taken against political leaders implicated. Even when individuals were implicated in stealing resources from the party (e.g. election T-shirts), there was a curious reluctance to act. Things came to a head with Willowgate. Other corruption was less prominent, for example, the widespread and well-known subversion of the administered foreign-exchange allocation system by ‘briefcase’ businessmen, who used their ‘emergent’ status to obtain privileged access to foreign exchange or import licences that they sold to established white businesses, or the abuses of the public tender system.

The state was also used for acquiring personal wealth through indirect corruption, some of it relatively benign. For example:

- Shortly after independence the government provided support to civil servants, allowing them to acquire houses that they could not otherwise afford. This was well motivated; the new senior civil servants had been excluded from this modest personal acquisition by the racism of the past, so they found that they were expected to live at a much lower standard than not only their white counterparts but also indeed their juniors. Clearly this was an injustice that needed to be addressed. However, the manner in which it was addressed had the consequence of using State resources for individual enrichment.
- When attempts were made to freeze high-level incomes, and the private sector responded by introducing a range of perks (income in kind), the state matched many of these. As a result it is still *de rigueur* for senior jobs to come with cars – in a way that astounds visitors from developed countries. This helped develop a culture in which it is now essential for businesses to give their managers costly status symbols, even when the businesses they run have been technically bankrupted. This is so much the norm now that I doubt many managerial Zimbabweans can understand the criticism.
- The party’s attempt to introduce a ‘Leadership Code’ – restricting accumulation by leaders – were honoured entirely in the breach; it is difficult to think of any leader who acted as if constrained by it.
- The policy of persuading South African-owned companies to divest from Zimbabwe provided fertile ground for acquisition of assets at knock-down prices.

Apart from the explicit corruption, the examples given above are relatively innocuous and could be justified on the basis of restoring justice in a transitional context. However, their cost should not be assessed solely by the direct impact they had, but also by their more insidious influence upon the national psyche. They legitimate the use of state resources for personal wealth acquisition; the boundary between acceptable and unacceptable forms expands and blurs.

I have been at pains in this section to speak of personal wealth acquisition rather than accumulation of capital; for what was being accumulated was generally *not* capital. Even those emergent businessmen who used access to the state to develop trading empires were not engaged as part of the reproductive circuit of capital. These episodes of looting and misuse of public power have been endemic in all emergent capitalist societies, so it might be argued that this is a necessary phase in the move towards the development of an indigenous capitalist class. However, whether acquisition of private wealth is a prelude to capitalism or simply individualised beneficiation depends crucially on whether it makes a transition from wealth to capital. In Zimbabwe we do not yet see the resources acquired in these ways being invested in productive assets, but rather in conspicuous consumption. Indeed the most striking case of emergent capitalists (as opposed to emergent businessmen) – Econet – seems to have happened in the face of constraints from the state rather than by looting it. At best we can say the jury is out – it is too early to say whether personal wealth acquisition has sown the seeds for a new capitalist class or simply enriched some feudal barons.

The neo-liberal nineties

The introduction of the Economic Structural Adjustment Programme (ESAP) in 1990 was not a sudden change of policy, but the culmination of a trend noticeable throughout the 1980s. Most government policy statements in the 1980s combined an inconsistent blend of populist wish-lists and control-oriented *dirigiste* thinking with the orthodox macroeconomics found later in ESAP. Although there was a strong disconnect between policy statements and policy implementaton, many actual policies in the 1980s presaged the neo-liberal nineties. As has been well documented in numerous sources, there were strong undercurrents of neo-liberalism beneath Zanu PF's socialist rhetoric from the outset of independence. Finally, the erosion of many of the control measures that the government had operated since independence in effect moved policy towards structural adjustment.

ESAP was therefore not a surprise. Nonetheless, there are some puzzling aspects of Zanu PF's explicit adoption of the neo-liberal policies it embodied. Although such programmes had been introduced throughout Africa in the 1970s and 1980s, this has usually happened after a change of political regime. In Zimbabwe, the break in economic policies was coupled with a continuity of political power. The same ministers who had previously extolled the virtues of socialism and economic controls now espoused market forces and liberalisation. It is somewhat paradoxical why they did so.

This question can be broken into two related sub-questions: why did the reforms come when they did? and why did they take the form they did? I think the second of these can be answered fairly straightforwardly. With the end of the Cold War, neo-liberalism had become the only game in town; it would have been more startling if, at that time, government had adopted more *dirigiste* or socialist policies. But the presence of neo-liberal tendencies discernible in the 1980s suggests that there was already support for such policies within Zanu PF. So the first of the sub-questions above is the interesting one. Why did Zanu PF explicitly embrace structural adjustment in 1990? What changes had occurred in the 1980s that made something that was unacceptable in 1980 acceptable in 1990?

One possible explanation takes the government's rationalisation at the time at face value. There was a need for change because growth rates were too low and the binding constraint of foreign exchange earnings had to be broken. Since neo-liberalism had become the only game in town, ESAP was the only way forward. This set of explanations is consistent with the interpretation of economic policies in the eighties as a struggle between ideologists and technocrats. ESAP was the apogee of Dr Chidzero's influence.

While there may be some truth in this, it appears to be based on a rather superficial analysis. If one believes that Zanu PF's erstwhile socialism was not a complete charade – at least for some members – then one wants a deeper explanation for the apparent conversion. Most analysts would like to believe that there were some deeper forces at work. It is easy to concoct such explanations, although their veracity is harder to determine. I consider two possibilities below.

World Bank and globalisation pressures

Some see the change as a result of pressure exerted by the World Bank and IMF. While there was pressure, I think it is wrong to see the policy as forced on an unwilling Zanu PF. Although ESAP contained most of the elements found in SAPs, it had risen out of a fairly extensive domestic review process, which had begun with the Trade Liberalisation study in 1987. The similarity to Bank programmes was in part because ESAP followed the conventional economic wisdom for dealing with the problem that the government was attempting to address: how to raise the rate of growth in the face of a foreign currency constraint. In fact, the government proceeded to implement some aspects of ESAP not only faster than the programme documents spelled out but also faster than many Bank officials felt wise. For example, the pace of import liberalisation was more rapid than initially stated and, in the face of credibility problems over the sustainability of the policy, fuelled speculative stockpiling. Similarly, Bank officials who regarded them as needlessly creating hardship and political antagonism for no gain privately opposed the introduction of school fees for primary schools.

The Bank's primary input into the design of ESAP was to write the section of the *Framework* (GOZ 1991) dealing with social dimensions. The government had omitted this entirely from the document it had prepared, so it was written in Washington. In fact, the Zimbabwean government appeared to pay little attention to social costs. Only three of the eighty-one paragraphs in the *Policy Statement* announcing ESAP are devoted to social dimensions, and suggest that government's concern with 'vulnerable segments' was because of the trouble they might make rather than any intrinsic concern with poverty alleviation.

Changing mode of wealth acquisition

A different – and less well-explored – hypothesis is that by 1990 the limits of the state as a site for personal wealth acquisition were being reached. The fiscal constraints on state expenditures limited the scope for patronage, rent seeking and other forms of personal wealth acquisition. The scope of arenas such as abuse of foreign exchange administration was also shrinking as low economic growth limited the spoils. Possibly also Willowgate exposed the dangers of this route. At the same time, the number of claimants on these sites was increasing. Probably the rise of a more self-confident indigenous business class also contributed. People with little affinity for Zanu PF's socialist ideology, and with weak liberation credentials, were confident that their claims to be representing not simply the nationalist but the Zanu PF project would not be challenged. The educational successes of Zanu PF were also creating a young group of middle class aspirants, who were impatient, but excluded. The change of policy held out the hope for such people that they would be able to 'get rich quick'. There was thus a climate that made ESAP acceptable. It should be remembered that one of the main arguments for liberalising the foreign exchange administration system was that the rules under which it operated supported the status quo – i.e. white businesses – and created a barrier to entry of new participants – i.e. aspiring black businesses.

While there is the danger that such an explanation falls into the historicist fallacy, a detailed analysis of alliances within Zanu PF and the rising business class might provide some supportive evidence. However, whether or not ESAP was consciously designed to promote personal wealth acquisition, it is incontrovertible that one of its consequences was to open the way for the rise of an indigenous speculative entrepreneurial ('rentier') class. The most notable examples of this have been in the financial sector. ESAP encouraged financial liberalisation to foster competition and (supposedly) improve efficiency. Although Access to Capital was not directly a part of financial liberalisation, it was probably the first obvious financial scam. As soon as it advertised an ability to pay depositors monthly interest rates higher than the annual rates offered by other institutions, it revealed itself as a pyramid scheme. However, the authorities appeared unwilling to deal with it. We do not know the full story behind this unwillingness. I suspect that partially it was because the milieu created made it difficult to be seen to be closing down something that sold itself as a vibrant venture capital operation. At the same time, the perpetrators of the fraud said that they were set up and scapegoated by political heavy weights.

Apart from such obviously fraudulent schemes, the early and mid-1990s saw the establishment of new, indigenous banks and financial institutions. In principle this was desirable. However, not all such banks were built on sound foundations. As has been seen with financial liberalisation elsewhere in Africa – indeed throughout the history of banking everywhere – the prospect of making a fortune using other people's money attracts cowboys as well as honest bankers. It has been apparent for some time that the banking regulatory apparatus in Zimbabwe was insufficient to protect the public. Some of the new bankers used political connections to avoid stringent monitoring. There was also reluctance on the part of authorities to be seen to be placing obstacles in the way of genuine indigenisation. However, as I shall argue below, the leeway given to new institutions has probably turned out to be counterproductive in the longer run.

There are similar examples of businesses outside the financial sector that took advantage of the opening-up of the economy under ESAP, but which operated on unsound practices. The stories that emerged after the collapse of the Boka 'empire' were reminiscent of feudalism rather than capitalism. Some of the activities of the IBDC – such as using political power to prevent banks from claiming assets that had been used as business collateral – might have protected individuals, but harmed the emergence of a serious business class. The same could be said about the nonsense around the attempts to invoke the *in duplum* 'law'; while it may seem unfair that interest payments exceed the capital borrowed, the consequence of the 'law' was to dry up the flow of loans to genuine businesses.

Some of the individuals who were upheld as examples of the 'new' businessmen were essentially asset strippers, taking over existing businesses (often on favourable terms deriving from their status as self-proclaimed harbingers of indigenous capitalism) and running them into the ground. The rise of real interest rates also provided fertile grounds for wealth acquisition. It is difficult not to make money in such a climate. The frenzy for buying financial assets even spread to older white Zimbabweans who saw their financial wealth rise rapidly through the Treasury Bill bubble.

So whether or not the hypothesis explains the adoption of ESAP, the consequence of ESAP was to create a different mode of wealth acquisition. Many of the studies of ESAP between 1990 and 1996 focus on the other side of the coin – the hardship created for the low-paid, and the loss of jobs. But it should be recognised that a fair number of people benefited from ESAP.

These two explanations of why Zanu PF explicitly adopted ESAP when it did are not mutually exclusive and it is likely that both operated. In addition, there is a good chance that much of ESAP occurred by default rather than design. Although there had been a domestic process of consultations leading up to ESAP, these did not constitute a debate. It seems that any debates within the cabinet were not heated affairs. Some senior cabinet ministers have claimed they had always been opposed to ESAP, but their opposition did not drive them to resign as a principled protest. Certainly the debates did not move into the public domain in any serious way.

1997 to the present

Although ESAP had many faults, the early 1990s saw some growth and by 1996 there appeared to be a possibility that – by its own criteria – the programme was bearing fruit. However, 1997 saw a reversal of these trends and marks the start of the current economic and political crisis. Many would date this from the collapse of the Zimbabwe dollar on 14 November 1997. Numerous factors contributed in different degrees to this, including the cumulative effects of the government's failure to tackle the budget since the beginning of ESAP and the unbudgeted payments to war veterans. The latter indicated once and for all government's unwillingness to exercise control over its expenditure in the face of demands, and signalled the likely unravelling of ESAP.

The broad contours of events since then are well-known: the engagement in the DRC that started in 1998, the further deterioration of the economy, the rejected constitution in 2000, the immediately subsequent land invasions and their evolution into the fast-track land programme, and the rise of MDC as a serious opposition. We are not concerned here with an explanation of the causes of these events but rather with illustrating how the private wealth acquisition project changed over this period.

The evidence suggests that after 1997 wealth acquisition took on a more rampant character compared to the relatively restrained approach of the 1980s. As the economy unravelled, it provided opportunities for those who wished to extract rents much more openly than before. The management of the foreign-exchange market provided quick returns for those who had access to foreign exchange. These returns were captured not only by shady dealers in back alleys, but relatively openly by formal institutions. The parallel market operated in a way not seen during the 1980s, when foreign exchange was also in short supply. There were two reasons for the difference. Firstly, the premium on foreign exchange, created by government maintaining an overvalued official rate in the face of dwindling supplies, was much higher than it had been in the 1980s. Secondly, a number of the institutions created under financial liberalisation, particularly Bureau de Change and Foreign Currency Accounts, made it more difficult to control parallel market dealings. In fact such dealings were implicitly legalised by government's attempts to distinguish a parallel market from a black market.

As the shortages in the economy developed, the scope and scale of rent-seeking activities blossomed. Fuel shortages coupled with access to official foreign currency created fortunes for some. Supermarkets in the northern suburbs were able to extort high rents on imported luxury goods, often from a largely expatriate clientele.

The period also saw the creation of further financial institutions, particularly asset management companies. Many of these ostensibly did well, but mainly because of the boom in the stock market. The industrial share price rose from an average of 464 for 1998 to 1055 for 2000 (1990 = 100) and to a staggering 160 634 for August 2004. It is difficult not to look as though you are making money under these circumstances. Subsequent banking collapses have shown that the primary concern of many of the asset managers was their own personal fortune rather than the well-being of their clients' funds: expenditure on managerial cars and grandiose offices preceded sound profit making.

With the attempt to reimpose a controlled economy after 1997, government resorted to the usual panoply of exceptions and ad hoc policies that tend to accompany such regimes in an attempt to offset their negative consequences. Special exchange rates were introduced for certain exports while subsidised loans and 'special facilities' targeted particular sectors and activities. These exceptions created further grounds for rent seeking. With regard to special loans, it seems that the authorities did not – and still do not – understand the concept of fungibility: cheap loans should not be thought of as financing the activity they are supposedly targeted at, but rather as releasing recipients' own funds for other activities. For example, receiving a loan to pay off trade credits allows the recipients to put their own funds – which would have had to be used to pay the trade credits – into the stock exchange. Since nominal interest rates on these loans have been well below inflation rates, the schemes have in effect paid recipients to take the money and speculate with it.

The policy of trying to keep interest rates low was partly responsible for the rise in inflation. Unlike the early 1990s, the immediate driver of inflation after 2000 was expansion of credit to the private sector rather than to government. This has created an apparent dilemma for government. Many of the companies that received cheap loans would be bankrupted if interest rates rose to positive real levels; this would have knock-on effects on the banking system. However, bringing inflation down will probably require more realistic interest rates. The dilemma for government is therefore deciding which of its constituencies it should hurt – special interests or the general populace. The continuance of special schemes suggests that it has chosen the latter. Unfortunately, this probably simply delays the day of reckoning and increases the hurt caused when the economy eventually collapses.

Other avenues for private wealth accumulation opened up over the period. For example, the venture into the DRC created many business opportunities for army personnel and their relatives. It may be that this has driven the politicisation of the army noted by other commentators, as the economic fortunes of some senior army personnel have become tied to current economic conditions.

One of the most surprising illustrations of the rampant character of the recent acquisition of private wealth is the whole rather murky saga of Zexcom, the investment fund set up for ex-combatants to invest the gratuities they received in 1997. While the facts are disputed, it is widely claimed that leaders misappropriated money so invested. If this is true, it is probably one of the saddest commentaries on the extent to which individuals were willing to go to acquire wealth.

Finally, although available evidence is very much disputed, there are ample stories of abuse of the fast-track resettlement programme that suggest that it is also part of the rampant acquisition of private wealth. Apart from official government and parliamentary reports that have indicated abuse of the A2 scheme, there are many anecdotes – some reported in the *Herald* – suggesting that, in at least some instances, land acquisition has been a vehicle for asset stripping, converting productive assets into private wealth. Maybe history will reveal the truth and extent of these abuses.

Finally, we may ask how the most recent events – following the appointment of Dr Gono as Governor of the Reserve Bank – fit into this framework. I believe that the jury is still out. At the time of writing the opinion of the majority of commentators appears to be that he has turned the economy around and things are looking up. Although definitive data are not available, there is anecdotal evidence to suggest that, on the contrary, the 'new' policies will actually hasten economic collapse. Many exporters are closing down, unable to compete at the current exchange rate. While it seems as if there has been devaluation, in practice the new policies have replaced a working foreign-exchange market with a highly controlled one. The system effectively means that exporters have to purchase foreign exchange for imports at a rate that is 25 per cent more than they receive for their exports. This is not designed to encourage the export growth that is necessary to really turn the economy around. Paradoxically, it was only the existence of the parallel market previously that protected firms from government policies and kept them viable. Now that this market has been virtually closed, many exporters are mainly occupied with negotiating redundancy terms with their work force.[3]

It is not yet clear how the tightening-up of policies since the start of 2004 fits into the project of acquisition of private wealth. On the one hand, action seems to have been taken against a number of individuals who only acquired their wealth because of previous support from government. On the other hand, however, it is not obvious that the policies are closing off all channels for such acquisition for everyone. There are still opportunities for rent seeking provided by the various controls, the patronage of government on land distribution, the privileged interest rates and so on. At this stage it appears that what is going on is a realignment of political and economic alliances, rather than the ending of the agenda of private wealth acquisition.

Lessons

The above framework was not presented in order to give a detailed and substantiated analysis of the Zimbabwean economy, but rather to provide a backdrop against which some lessons concerning the problems of addressing economic justice in transitional societies may be drawn. I hope this essay points to two different kinds of lessons. First, I hope that it provokes academic debate concerning interpretation of Zimbabwe. Second, and more important, I hope that it suggests some generalisable lessons for those concerned with transitional justice.

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[3] The level of self-delusion around these policies is well illustrated by the oft-repeated figures released by the Reserve Bank of Zimbabwe (RBZ) on foreign exchange earnings. For example, it is said that Zimbabwe earned US$1.2 billion between January and August 2004, a figure that is compared with the 'US$301 million earned for full 2003' (Herald 16.09.04). This latter figure is nonsense. It perhaps represents the amount of forex that was surrendered to the RBZ, but it certainly does not represent Zimbabwe's forex earnings. The control mentality of the authorities continuously leads them to confuse the two.

Methodological issues

Although this is not the place to engage in arcane methodological debates, I think it may be appropriate to comment briefly on how my hypothesis relates to some other interpretations.

Can the current events be interpreted as 'primitive accumulation' as suggested by David Moore (see, for example, Moore 2003)? Marx used this term to denote the process of initial or primary accumulation that took place out of the pre-capitalist structures that gave birth to capitalism. In brief, primitive accumulation comprises two components of a single process. First, producers are separated from the means of production (typically land), creating a working class that depends on wage-labour. Secondly, merchants, guild masters and other elements of the pre-capitalist economy are transformed into a capitalist class. In modern debates, attention seems to focus more on the former component than on the latter; my hypothesis might be interpreted as filling in this gap.

I do not think this is a correct interpretation. The separation of producers from the land took place in Zimbabwe under colonialism. One might want to argue that it was an incomplete process. However, I think that raises serious methodological problems for the primitive accumulation school (if I may so call it). If one wants to use this approach, it is wrong to focus on the separation aspect. One should rather concentrate on wage dependency. It does not matter that someone has access to a small plot on which they can sustain themselves, provided they are forced, in some way, to participate in the wage economy. Thus, under colonialism, hut and poll taxes were measures that forced producers to engage in the cash economy, even without land alienation.

If one took the land reform programme in the way that Zanu PF tries to sell it, one would have to argue that it is in fact aimed at *undoing* the primary accumulation that had occurred earlier – restoring land to producers. I personally do not think it does this, but I certainly do not think it is sensible to argue that at independence there were large numbers of pre-capitalist producers who are now being separated from their means of production.

An alternative but very similar interpretation is that what we are seeing is a ‘national democratic revolution’. This is what Moyo and Yeros (2004) argue, at the same time asserting that progressive critics of the programme fail to perceive its fundamentally progressive nature. My arguments concerning the evolution of methods of personal wealth acquisition can, I think, easily be seen as consistent with this interpretation. As I understand it, a national democratic revolution requires the emergence of a local national bourgeoisie; the acquisition I have pointed to would probably be part of the creation of one.

However, I have a number of problems with this interpretation. As I have argued above, recent events have destroyed capital in Zimbabwe, not accumulated it. This destruction is not simply a physical destruction of a productive asset. Even though the physical assets acquired from commercial farmers might continue to exist physically, the changed structure of the economy has devalorised those assets. Physical assets designed to service large-scale farming do not act in the same way when transferred to small-scale farming.

Of course, Marxists would argue that capital is not a ‘factor of production’ but a social relation. Accumulation is a process not only of quantitatively increasing physical means of production but also enlarging the sphere of human interactions that are dominated by the logic of capital. It is very difficult to determine whether capital in this form has been accumulated or decumulated in Zimbabwe. One test might be whether more Zimbabweans have their lives governed by ‘capital logic’ now than previously. It is hard to believe so. The rise in unemployment, the collapse of industry, the closing down of commercial agriculture and the increased informalisation of the economy all suggest otherwise.

Another test might be how the balance between absolute and relative surplus value as forms of extraction has been affected by recent events. Simplistically, absolute surplus value entails ‘direct’ exploitation – reducing real wages, increasing the length of the working day and so on; relative surplus value entails ‘indirect’ exploitation – primarily cheapening wage goods by technical progress. A standard Marxist view is that capitalism shifts from absolute towards relative surplus value as it develops. It seems to me that the acquisition I have tried to illustrate earlier has been a peculiarly rampant form of absolute extraction. It is not clear how this accords with the view that a national democratic revolution has been moved forward.[4]

These methodological approaches all attempt to look beyond the immediacy of daily politics and individuals to interpret events as the unfolding of forces beyond individuals – globalisation, national democratic struggles, primitive accumulation, etc. Interpreting the present as history in this way carries the danger that it appears to exculpate those involved in daily struggles. If events in Zimbabwe are part of some broader evolution of Zimbabwean economy and society, then those personally responsible for specific injustices and abuses are simply carrying out their historical mission.

This is a particular problem for those who are interested in the project of reconciliation and justice. For justice is surely about the here and now, and not about some future recompense. Someone who has suffered an injustice may, if they have an uncommon degree of objectivity, acknowledge that it was perpetrated in some broader systemic mission, but nonetheless will feel the injustice and desire restitution. While we may be embroiled in the playing out of historical forces, individuals exercise choice over what they do and how they do it. Those who feel that injustices they commit are justified on the basis of some larger historical mission should take comfort in the view that history will prove them right. But they should also recognise that the present will judge, reward and punish their deeds according to current norms and morality. This does not mean that there is a single, culture- and class-free morality. But in this context I would view

[4] Maybe those who propose one or other of these arguments should consider Preobrazhensky’s notion of ‘primitive socialist accumulation’. When considering how the Soviet state in the 1920s could accumulate, he argued that, in the same way capitalism extracted the means for its accumulation from pre-capitalist forms, socialism could extract its surplus from pre-socialist forms – primarily existing capitalist industries and richer peasantry. One could perhaps develop an analagous concept of ‘primitive nationalist accumulation’ to describe the processes I have attempted to characterise above.

immorality as lack of integrity – proclaiming one morality while acting against it; for example, proclaiming that your political motivation is to better the general populace, so that you obtain their support – while acting against them.

Addressing transitional justice

Zimbabwe's experience contains many lessons for those concerned with the problem of economic justice in transitional societies. For me, the story I have outlined demonstrates how difficult it is to address the issue in a sustainable way, and the dangerous ease with which the agenda of transitional justice can be appropriated for personal gain.

I believe that the Zimbabwean experience encapsulates the inherent problems. The injustice inherited from a racist, colonial economy – or from any economy in which people are excluded from economic well-being because of their membership of an identifiable group – is generally conceived of as an injustice towards the excluded group. Although obviously it manifests itself as injustice to specific individuals, when we speak of restitution or correcting the injustice of the past, we think of the group rather than its individual members. Thus we may believe that Zimbabwe's inherited injustices needed to be addressed by black empowerment or indigenisation. But programmes to implement such restitution inescapably confer privilege on individuals. Creating an environment that compensates for the previous exclusion of blacks from capital accumulation will not allow *all* blacks to become entrepreneurs or capitalists. There is thus an inherent problem of how to decide which individuals in the group will be privileged to be the individual recipients of group empowerment.

There is no way around this conflict; the only issue is how best to manage it. The Zimbabwean experience largely shows how it should *not* be managed. It highlights the danger that individuals may privilege themselves, appealing spuriously to the group agenda while pursuing the individual one.

In part, the problem arises because restitution is backward-looking, attempting to provide recompense for the past. Thus one of the primary objectives is a transfer from those who benefited from the injustice to those it harmed. In the Zimbabwean case, for example, the Zanu PF approach sees the issue as recovery of land stolen during the colonisation. The immediate cost is seen as borne by the white farmers whose farms have been confiscated. This is justified (in the minds of the apologists), since the white farmers are (supposedly) the beneficiaries of the initial colonial land alienation.

If, however, one takes a forward-looking view, the problematic is different. Now it is not about punishment and restitution, but about ensuring that the legacy of the past injustice does not perpetuate injustice. The costs of any programme of restitution – and the question of who bears them – should now be looked at differently. It is not a question of how much harm was done in the past and to whom, but how much benefit a particular restitution programme will generate in the future and for whom.

To put this in a concrete form, consider the framework of the evolution of Zimbabwe's post-independence political economy that I have sketched above. The real costs of the 'personal wealth acquisition' project have been imposed on ordinary Zimbabweans, in terms of economic decline and foregone growth. This could well be a cost that they would find worth paying if the beneficiaries were an emergent capitalist class that might provide the basis for better growth in the future. But as yet we do not see evidence of this; how many of the briefcase businessmen of the 1980s successfully transformed into new-millennium capitalists? Instead, it appears that previously accumulated capital has been destroyed or, in effect, converted into private wealth. This has happened largely with the blessing of the government. Its policies have created the conditions for *rentier* capitalism, creating greater incentives for rent-seeking and speculation than for accumulation of productive capital. This has created the environment in which self-privileging individuals are able to appropriate the language of nationalism and anti-imperialism for self-aggrandisement.

A land reform programme designed from this forward-looking perspective might still have confiscated land held by white commercial farmers. But it would have required individual recipients to pay for it – over time – not so as to compensate previous holders, but to ensure that resources were available for equitable future development. The individual beneficiaries of group empowerment would thus be paying something back to the group. Such payment would also act to filter genuine farmers from asset strippers. Similarly, creation of new financial institutions would not be done on the basis of concessions to a privileged few, but would require repayment to the group for individual privileges.

It may well be that such pleasant schemes cannot be organised in the real world. Perhaps rescuing the future from the past is necessarily an uneven and unjust process. What we are seeing in Zimbabwe at present, however, is the destruction of the future by the rhetoric of redress for the past.

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