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UNDERSTANDING THE POLITICAL ECONOMY OF ZIMBABWE BEFORE AND DURING PRESIDENT ROBERT MUGABE'S GOVERNMENT: WHAT IS THE LIKELY FUTURE OF THE COUNTRY?

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Simon Mulongo

Managing Partner, Emans Frontiers Ltd – Peace & Security Consultants

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“If men understood domestic economy half as well as women do, then their political economy and their entire consequent statecraft would not be the futile muddle, which it is. James Stephens¹

Introduction

Before we delve into the political economy of Zimbabwe, it may be necessary to first appreciate what the subject matter means, especially to those whose background may not have related to this area of discipline. I will also attempt to look at the description of economy and that of politics as a precursor to consideration of political economy of Zimbabwe.

When referring to political economy, there are clearly two things that are different but being examined together. As Edward Hallett Carr, an English theorist and historian is quoted to have talked about “two things that are similar but, which are not identical”², so is economics and politics. The two subjects are actually intrinsically and inextricably linked, and hence the need to study or talk about one combined with the other.

Economics is simply the system that every society has for organizing the production, distribution and consumption of goods and services. Politics, on the other hand, is the system that every society has for organizing people's relationships with one another everywhere. Such organization can be from the lowest level - say an individual to family or group or at district, national and even international level. In our daily experiences there is simultaneously a political aspect and an economic aspect, with a structural connection between the economic and political systems. Because of this intersection, we talk of political economy (PE).

Classical political economy, supported by great philosophers and thinkers such as Adam Smith and David Ricardo came under increasing criticism, especially by conservative and Marxist theorists. In the late nineteenth century, influenced by the drive to create a science of society modeled after developments in the hard sciences, William Jevons and Alfred Marshall, among others, established the neoclassical paradigm that continues to provide a model for mainstream economics. In separating politics from economics, this school of thought eliminated most of the political from political economy. This does not mean that the new science of economics lacked a political but that economics can and should be disconnected from politics. By 1900, there were emerging two separate studies and definitions concentrated on how the development of economics narrowed what was originally a broadly-based discipline. In 1913, a standard economic dictionary noted that

¹ James Stevens, *The Charwoman's Daughter*, Wildside Press LLC, 2008, pg.77

² Neil Morpeth, *Thucydides' War: Accounting for the Faces of Conflict*, Georg Olms, 2006, pg. 53

“although the name political economy is still preserved, the science, as now understood, is not strictly political...”³

Before modern study of separate subjects of economics and political science, there was Political Economy (PE). But the evolution of political economy has come a long way. This separation meant that the two were independent of each other

For early economists like Adam Smith, because the study of economics dealt with social and political issues, it therefore referred to as political economy. This also mirrored the importance of social factors within the study of economics. On his part, Smith defined political economy as the study of how wealth is distributed, and how “mankind arranges to allocate resources with a view toward satisfying certain needs and not others.”⁴ To Smith, the production, distribution, and consumption of material all effected citizens in different ways, and each step mattered.

In the second half of the 20th century, as the social sciences, especially economics but also political science, became increasingly theoretical, formal, and specialized in both focus and methodology, political economy was revived to provide a broader framework for understanding complex national and international problems and events. The field of political economy nowadays include a myriad subjects of study, including the politics of economic relations, domestic political and economic issues, the comparative study of political and economic systems, and international political economy. The emergence of international political economy, first within international relations and later as a distinct field of inquiry, marked the return of political economy to its roots as a holistic study of individuals, states, markets, and society.

There is now growing consensus that the separation between the study of politics and economics is a synthetic one and is gravitating toward an integrated approach since it permits a variety of ideological perspectives and theoretical paradigms. For analysis purposes, the distinction between the discipline of PE and political economy approach is its application by various disciplines and from different perspectives. Political economists’ approach in sociology would focus on the effects of people’s involvement in society as members of groups, and how that changes their ability to function. While a political scientist would employ PE to understand the interaction between institutions and human behavior, the way in which institutions determine choices and how the latter change institutional frameworks.

Political economy is therefore not a ‘forgotten theory.’ Since it looks at how power and wealth shape knowledge, and was born out of the societally-bound economic model outlined by Adam Smith in his book *Wealth of Nations*, written in 1776. These early

³ Palgrave’s Dictionary of Political Economy , 1913, pg. 741

⁴ Charles Derber and Yale R. Magras, *Capitalism: Should You Buy It?: An Invitation to Political Economy*, Routledge, 2015

economists like Adam Smith, the study of economics also dealt with social and political issues, and hence the title political economy.

It is this perspective that we anchor our brief on PE of Zimbabwe, reflecting on the country's colonial history, the post independent dynamics and examine the frontiers of interaction between the Zimbabwe African National Union-Patriotic Front (ZANU-PF) led politics and management of the economy. We draw from these analyses to determine how all these have affected and shaped current Zimbabweans lifestyle and provide a prognosis thereto.

Background

Zimbabwe attained her independence on 18 April 1980, as a republic, from the former British colony of Southern Rhodesia. At is at this time that the Rhodesian Dollar was replaced by the Zimbabwe Dollar at par value. When Zimbabwe gained independence, the Zimbabwean dollar was more valuable than the US dollar at the official exchange rates, however, this value is said not to reflect reality, and its black market value was lower.⁵ In its early years especially after independence, Zimbabwe experienced strong growth and development. There was sharp increase of wheat production for non-drought years than in the past. The tobacco industry was flourishing as well. Economic indicators for the country remained strong.

From 1991 to 1996, the Zimbabwean Zimbabwe African National Union-Patriotic Front (ZANU-PF) government of President Robert Mugabe embarked on an Economic Structural Adjustment Programme (ESAP), designed by the IMF and the World Bank, which had serious negative effects on Zimbabwe's economy. In the late 1990s, the government instituted land reforms intended to evict white landowners and place their holdings in the hands of black farmers. However, many of these black "farmers" had no experience or training in farming. In the next decade to 2009, the country experienced a sharp decline in food production and in all other sectors. The banking sector also collapsed, with farmers unable to obtain loans for capital development. Food production dropped by 45%, the manufacturing output fell to 29% in 2005, 26% in 2006 and 28% in 2007, and unemployment rose to 80%. Life expectancy dropped.⁶

Issues at Hand

Immediately after independence in 1980 Zimbabwe saw herself trapped by forces of regime change which threatened the existence of the newly born state. These forces of regime change used both external and internal drives to achieve their goals. Mugabe, however maintained the desire to keep the regime revolutionary spirit buoyant that led ZANU PF to adopt policies or politics of regime survival which then gave birth to political tensions between ZANU PF and its political rivals, both at home and abroad. Such policies soon were met with sanctions, violence, instability and abandonment of the rule of law, which have poised serious challenges to modern developments on democracy and human rights. It is these

⁵ Meredith, M., *Mugabe: Power, Plunder and Tyranny*. Johannesburg: Weaver Press, 2002

⁶ Bond, P. and Manyanya, S. *Zimbabwe's Plunge*. Harare: Weaver Press Ltd, 2003

contradictions that this paper seeks to analyze the political economy as well regime survival strategies in Zimbabwe since independence in 1980 and presents possible options that may forestall the calamity in the southern Africa state.

Organization of the Paper

The paper is generally organized in three main parts. The first one is the introduction, followed by the colonial history that gave rise to the ZANU-PF's take over reins of power from the white minority under Ian Smith. The third part deals with independent Zimbabwe, in which Mugabe's socio-economic and political discourses are covered. The fourth part focusses on the economic crises, including the apex of hyperinflation that characterized Zimbabwe at the turn of year 2000 and the efforts by the regime to reverse the collapse of the economy and political instability. The final part provides an analysis of the political-economic crises, its potential consequences and recommended way forward.

Colonial Period

As a British colony, the Southern Rhodesia moved toward independence after the World War II, but the leader of the minority white government, Ian Smith, would not heed the United Kingdom (UK) plea to a power sharing arrangement with the black majority. Smith clung stubbornly to white rule even with imposition of economic sanctions⁷ levied against the white government⁸. Eventually black Rhodesian discontent with the white minority rule led to the 1971-1979 Rhodesian Bush War. Even with increasing UN sanctions and civil war, per capita GDP rose 3.5 percent each year from 1965 to 1974. Rhodesia became the breadbasket of Africa⁹ and was self-sufficient in agriculture (wheat, corn, cattle) and sanctions, inversely, encouraged the Ian administration to restructure the economy and improved performance.¹⁰ According to McKinnell, farmers were obliged to diversify from tobacco to other crops, particularly wheat and cotton, which broadened the agricultural base and reinforced economic resilience. In mining industry, similar attempts led to more readily saleable minerals, beyond the traditional minerals like gold. Export promotion and import substitution policies saw significant transformation from exporting raw and semi-processed products to manufacturing commodities that were formerly imports.¹¹

This rosy economic performance came to be affected adversely by the wind of change that swept across the region. The decline in the economy also contributed to success in

⁷ See Appendix 1 for a summary of economic sanctions against Rhodesia.

⁸ AlertNet, "Zimbabwe Crisis," Reuters Foundation,

http://www.alertnet.org/db/crisisprofiles/ZW_CRI.htm?v=in_detail (accessed September 19, 2008).

⁹ AlertNet, "Zimbabwe Crisis," Reuters Foundation,

http://www.alertnet.org/db/crisisprofiles/ZW_CRI.htm?v=in_detail (accessed September 19, 2008).

¹⁰ Garrick Utley, "Globalism or Regionalism: United States Policy Towards Southern Africa," ed. Robert Jaster, *Southern Africa: Regional Security Problems and Prospects*, New York: St. Martin's Press, 1985, pg. 6.

¹¹ Robert McKinnell, "Sanctions, and the Rhodesian Economy," *The Journal of Modern African Studies*, 7, 4 (1969): pg. 564.

the fight for independence by the blacks. When Mozambique got her independence from Portugal in 1975, they provided rear support to the various militants fighting the Smith regime. The matters became worse for the white minority regime when similar support to black militants came from Zambia, after 1977. Increased military and police operations stretched the budget as the scarce resources had to be diverted from economic investment to military operations and border security. The Smith regime was also forced to increase significantly recruit security personnel to spur the war effort.¹² The military and security operations against the black insurgents pushed budget proportions from 27% of GDP in 1967 to 35.8% in 1976 and later to 37% of GDP in 1980.¹³ This cracked the resilience the economy had previously enjoyed and began the government sector growth that would be inherited and later accelerated under black majority rule.

Independence Elections and Post-Independence Democratic Rule

Rhodesia held free elections in 1979, which were supervised by the UK, under terms of the Lancaster House Agreement (LHA). The LHA ended the bi-racial rule in Zimbabwe (Rhodesia) following negotiations between representatives of the Patriotic Front (PF), consisting of Zimbabwe African Peoples Union (ZAPU), the Zimbabwe African National Union (ZANU), and the Zimbabwe (Rhodesia) government, represented by Bishop Abel Muzorewa and Ian Smith, signed on 21 December 1979.¹⁴ The elections ended the civil war and set the terms for handing over control of the country from the Smith led white minority government to the black majority. These elections led to an internationally recognized bi-racial government, with Robert Mugabe as the first black Prime Minister of Zimbabwe.

Mugabe was elected president in 1987 and has held on to power through a series of contested elections to date, including the recent power sharing agreement with the leader of the Movement for Democratic Change (MDC), Morgan Tsvangirai. In June 2000, parliamentary elections were marked by police and Zimbabwe African National Union-Patriotic Front (ZANUPF) members breaking up opposition MDC rallies and meetings, invading its offices and intimidating rural tribal chiefs and rural voters.

European and other foreign observer teams denounced the elections as a "complete subversion of the democratic electoral process."¹⁵ In 2002, even the Organization of African Unity decried the process and results of the presidential election.¹⁶ In 2005 parliamentary elections, the SADC and observer delegations from neighboring countries were alone in declaring the elections fully free and fair, despite intimidation of the opposition, stolen ballot boxes, and polling stations manned by the military and ZANU-PF

¹² Ibid., pgs. 237-238.

¹³ Ibid.

¹⁴ Logan Cox and David A. Anderson, *Dealing with the Crisis in Zimbabwe: The Role of Economics, Diplomacy, and Regionalism*, Small Wars Journal, 2009, Small Wars Foundation

¹⁵ Robert I. Rotberg, *Worst of the Worst: Dealing With Repressive and Rogue Nations*, Washington: Brookings Institute Press, 2007, pg. 173.

¹⁶ Ibid. pg. 174.

officials. During nearly all elections, the government rewarded ZANU-PF party supporters with food and Mugabe often declared that anyone voting for the opposition was a traitor.¹⁷

Despite this level of intimidation, in March 2008 the Tsvangirai MDC won 47.9% of the votes, against 43.2% for Mugabe, enough to force a run-off election. Between the March election and the June run-off, ZANU-PF party supporters, police, and military launched massive campaign that was reported to target the MDC and its supporters. There were reports of widespread violence and intimidation that Morgan Tsvangirai refused to stand in the run-off election, coupled with international pressure, Mugabe had to recognize a plurality in the election and agreed to a coalition government arrangements with the MDC.

Mugabe Personality and Rule

It is impossible to analyze the PE of Zimbabwe without characterizing the personality of Mugabe. His personality and history typifies his methods and manner of rule over Zimbabwe. Various literature portrays him as a realist but he could be much more than that. He has demonstrated to be a shred contriver and an astute schemer. He is able to form alliances with opponents when faced with a more pressing, common foe, and then use his power to later divide his opponents and consolidate power under his control.¹⁸ During the independence war, Mugabe became one of the two voices for a new Zimbabwe by sheer intrigue and power play.¹⁹ He fought hard to gain control of the ZANU movement and after the war, used all available means to ensure his hold on power.

Ndabaningi Sithole founded the ZANU in 1964 with a socialist agenda for black majority rule in a one-party republic, with government control over land use.²⁰ In 1970, Mugabe drove Sithole out of ZANU and claimed legitimacy until Kenneth Kaunda and Julius Nyerere backed him as the rightful leader of ZANU.²¹ Mugabe realized that neither the ZANU nor the Zimbabwe African People's Union (ZAPU) were strong enough or could claim to represent enough of the people of Zimbabwe, to face the nationalists operating inside Zimbabwe. Mugabe later used his support from Kaunda and Nyerere to make an alliance with Joshua Nkomo's ZAPU, forming the Popular Front, to strengthen his negotiating position against the Smith government.

In describing the aims of the Popular Front in 1976, Dzinashe Machingura, a Zimbabwe People's Revolutionary Army (ZIPRA) veteran of the liberation succinctly states:

*"All those who are opposed to the liberation and independence of the Zimbabwean people are our enemies. These include the Smith racist regime, the imperialist powers that back it, puppet Africans serving the Smith regime, and all those who are opposed to the independence of the Zimbabwean people."*²²

This could also be extended to include those who oppose Mugabe.

¹⁷ Ibid. pg. 175.

¹⁸ See Logan Cox and David A. Anderson, *Dealing with the Crisis in Zimbabwe: The Role of Economics, Diplomacy, and Regionalism*, Small Wars Journal, 2009, Small Wars Foundation

¹⁹ Stephan Chan, *Robert Mugabe: A Life of Power and Violence*, "Ann Arbor: University of Michigan Press, 2003"

²⁰ Nelson, *Zimbabwe: A Country Study*, pg.54.

²¹ Utley, "Globalism or Regionalism", pg. 10.

²² Burchett, *Southern Africa Stands Up*, pg. 220.

Mugabe stressed his Marxist orientation before and during the Geneva Conference in 1976, but purged from the Zimbabwe African National Liberation Army (ZANLA) leftist radicals who opposed his concessions at the conference and threatened his control over the party. He also reiterated that a multiparty state was a luxury that would not be favorable for transforming society in Zimbabwe.²³ After independence, Mugabe focused on executing changes to the government and economy to benefit superficially the African population.

After obtaining power in the 1980, the Mugabe led government faced restructuring a system that had created "socialism for whites" which required such discrimination by the Rhodesian government that any movement toward a black socialist state would require the same amount of discrimination against the white minority in Zimbabwe.²⁴ Accordingly, the Mugabe regime discriminated against the white minority by controlling the indigenous Business Development Center through a close relative of Mugabe, and provided preferential access to finance, foreign exchange and business licenses.²⁵ As noted by Du Toit, this assured the emigration of whites from the country, albeit slowly. While this may have been seen as a policy of post-independence reconciliation, viewed against the current situation in Zimbabwe, it was more likely a long-term policy of expulsion from a country reserved for black ownership.²⁶

Mugabe held to broad objectives relating to land redistribution, restructuring the economy, establishment of a one-party state, and state control over the mass media and education. These broad goals were not accompanied by policy or strategy documents on how to operationalize them.²⁷ The government improved on social infrastructure especially health and education, built additional schools and hospitals, and in its first comprehensive economic policy statement in February 1981, called for the development of the economy based on socialist principles.²⁵ Mugabe also began increasing the size of the government bureaucracy, from 40,000 at the end of the Rhodesian era to 95,000 in 1984, and increased the numbers of senior officials from 10,570 to 22,188.²⁸ These personnel were black and mostly supporters of the ZANU party. Even by 1981, the U.S. State Department noted that editorial policy of the daily press was uniformly pro-government with numerous allegations of suppression of dissenting reporting.²⁹

Mugabe also jailed the best from the opposition ZAPU party in the 1980's, and used the military to suppress the opposition, which continues to today. He sent the North Korean-trained 5th Brigade into the countryside, largely dominated by supporters of ZAPU, to hunt down dissidents.³⁰ During "Gukurahundi," a reported 20,000 civilians were killed,³¹ mostly

²³ Nelson, *Zimbabwe: A Country Study*, pg. 62.

²⁴ Du Toit, *State Building and Democracy in Southern Africa*, pg.136.

²⁵ Ibid.

²⁶ Ibid. pg.137.

²⁷ Du Toit, *State Building and Democracy in Southern Africa*, pg.119.

²⁵ Nelson, *Zimbabwe: A Country Study*, 138.

²⁸ Du Toit, *State Building and Democracy in Southern Africa*, pg.121.

²⁹ Nelson, *Zimbabwe: A Country Study*, pg.220.

³⁰ Simbarashe Moyo, *Regime Survival Strategies in Zimbabwe after Independence*, Journal of International Relations and Foreign Policy, March 2014, Vol. 2, No. 1, pg. 107

³¹ International Crisis Group, "Conflict History: Zimbabwe", http://www.crisisgroup.org/home/index.cfm?action=conflict_search&l=1&t=1&c_country=119 (accessed 29th September, 2016). See also report by Southern Eye of the New Zimbabwe.com newspaper, quoting the Speaker of

from the Ndebele tribe. Gukurahundi, meaning 'the first rains of the season which wash away all the chaff' in the Shona language, was the code-name for a brutal military operation in Matabeleland. The remaining ZAPU were assimilated into the ZANU in 1987, and Nkomo became a part of a "power-sharing" government. Mugabe had succeeded in creating his one-party socialist state.

Mugabe has shown that he is a political realist able to divide his opponents by intrigue and power play and consolidate power under his control. He was committed to a one-party state from his earliest involvement in the independence movement and used his power to reward handsomely to those who were loyal to him.

State and Economic Crisis

As stated above, Zimbabwe inherited fairly a healthy economy from the white minority in 1980. Since then, however, Zimbabwe has faced several crises, including droughts in 1992 and 1995 that decimated its agricultural-based economy, spiraling food and fuel prices during the 1990's culminating into widespread labor strikes in 1998.³² Added to the burden on the damaged economy, Mugabe sent 12,000 troops to support fellow SADC member country Democratic Republic of the Congo (DR-Congo) at a cost of US\$5 million per week³³ and in 1997, approximately 50,000 war veterans demanded and received unfunded compensation equivalent to about US\$1,300 per person for their war service³⁴ (US\$65,000,000).

Labor strikes became widespread in the late 1990's as the Zimbabwe government instituted price controls over food and basic commodities in an attempt to control rising inflation. On January 19, 1998, a massive spontaneous three-day rebellion erupted in the poor suburbs of the capital,

Harare, after the price of corn flour was increased. The Zimbabwe Congress of Trade Unions (ZCTU), under secretary-general, Morgan Tsvangirai, led mass strikes in 1998 to protest fuel hikes of 67% and the subsequent increase in prices of most other basic commodities. These strikes forced the government to rescind price hikes on fuel, but later in 2000 raised fuel prices again by 20% - 25%. The government also took steps to de-register and ban the ZCTU.

The Public Service Association, which represents some 25,000 state workers, called a nationwide strike in 1998 that virtually crippled government operations. This followed a 130% increase in parliamentary salaries and an increase of only 6% in government employee salaries. The government also raised prices on paraffin, used mostly by the poor and rural population for cooking, 128%.

Parliament, Jacob Mudenda who revealed he witnessed the torture and murder of some of the more than 20,000 people in Matabeleland and parts of the Midlands during the dark years of Gukurahundi in the early 1980s, 30th Sept., 2014

³² Human Rights News. 2002.

³³ Rotberg, *Worst of the Worst*, pg. 169.

³⁴ U.S. Department of State Bureau of African Affairs, "Background Note: Zimbabwe", <http://www.state.gov/r/pa/ci/bgn/5479.htm> (accessed 28th September, 2016).

To deflect attention from the failing economy and government maladroitness in addressing labor issues and increasing veterans' dissent, Mugabe resorted to land redistribution, as provided for in the Lancaster House Agreement, but without a plan or funding to compensate land owners.

This resulted in about 5,200 large, mostly white-owned, farms being divided among 20,000 veterans of the Bush War and exodus of the remaining white farmers.³⁵ Most of the productive farmland went to ZANU-PF supporters of Mugabe. Additional general strikes, in 2000, shut down the country in protest over Mugabe's arbitrary application of the rule of law authorizing the seizure of white-owned farms, deployment of the military into residential neighborhoods where they beat up opposition supporters, and a one-third devaluation of the Zimbabwean dollar.³⁶ The Mugabe government blamed white-farmers, then only 1% of the population, for inciting the unrest.³⁴

As inflation increased after 2000, the government became increasingly unable to meet its internal and external fiscal responsibilities. In 2003, the International Monetary Fund (IMF) suspended Zimbabwe after it fell behind on debt repayments. In 2007, the finance ministry predicted economic growth of 4% for 2008, a far-fetched estimation given the actual performance. More importantly, government departments were only financed at 18% of their requested budget and 68% of that figure was for recurrent expenditures, meaning that there were no meaningful capital expenditures and no halt to human capital flight.³⁷ In 2008, Zimbabwean water, sanitation, and health systems failed when workers, paid in worthless currency, stopped reporting to work. This led to a cholera epidemic affecting an estimated 90,000 people and killing 4,000.

It is worthy to recall that from independence, GDP increased however, the economy slumped in sharp decline, reaching -12.6% in 2008³⁸. By 2010, unemployment ranged between 90 and 95%, and annual inflation officially hit 231 million% in July 2008.³⁹ Both the growth and decline were attributed to poor fiscal policies leading to unsustainable growth and subsequent collapse.

The continuous economic hardships, coupled with poor policies, import based economy, and inflation set in that gave rise to uncontrollable events that plunged the country into

³⁵ Human Rights News, 2002. Mugabe mobilized the Zimbabwe Liberation War Veteran's Association to drive off or kill the white farm owners and the black farm workers.

³⁶ Chris McGreal and Andrew Meldrum, "Strike brings Zimbabwe's cities to a halt", *The Guardian*, 3rd August, 2000.

³⁴ "To Quell Riots, Zimbabwe Plans Price Controls on Basic Foods", *The New York Times*, January 22, 1998, Section A.

³⁷ Kuda Chikwanda, "Zimbabwe: Budget Shows \$1,760 Quadrillion Deficit", *Zimbabwe Independent*, 30th November, 2007.

³⁸ U.S. Central Intelligence Agency, "CIA World Factbook – Zimbabwe", <https://www.cia.gov/library/publications/the-world-factbook/geos/zi.html#Econ> (accessed May 12, 2009).

³⁹ Cable News Network, "Zimbabwe removes 12 zeros from currency" <http://edition.cnn.com/2009/WORLD/africa/02/02/zimbabwe.dollars/index.html> (accessed May 5, 2009).

economic collapse. Because of uncontrollable inflationary tendencies, the Reserve Bank of Zimbabwe in February 2007, declared inflation “illegal,” announcing that any person caught raising prices and/or wages between March 1 and June 30 would be arrested and “punished.” RBZ Governor Gono stated that only a “firm social contract” would bring about the end of the hyperinflation.⁴⁰ (Wines, 2007). Despite this measure, in March 2007 Zimbabwe formally entered hyperinflation.⁴¹

The government intervention did not yield any good results and its attempts at price controls resulted in a run on shops and over the rest of 2007, manufacturing output fell by more than 50%.⁴² This led to a boom of the black market. According to the press, “people previously employed for a paltry US\$11 a month (ZW\$2 million) were able to turn as much as US\$166 (ZW\$30 million) just through black market trading” (Lee, 2009). The final run of hyperinflation was beginning.⁴³

Inflation reached 417,823% in March, as Zimbabweans returned to the harmonized presidential, senate, and parliamentary polls. The ruling ZANU-PF party lost in all three elections, losing its majority in the legislature for the first time. The presidential ballot required a runoff between Mugabe, with 43.2% and Tsvangirai obtained 47.9% , as neither had the outright majority. The run-off election never materialized, owing to high level intimidation and violence against Tsvangirai. But Mugabe was sworn in to his sixth term of office. By July, shops were charging double the cash price for a check transaction, due to the time delay in the clearing of the check. Bank withdrawals were limited to ZW\$100 billion, which was less than the cost of a loaf of bread. The RBZ introduced the ZW\$100 billion banknote in an attempt to alleviate the strain on the printing presses.

Hyperinflation was still being fueled by the RBZ’s quasi-fiscal activities, which had caused a rapid increase in the banks’ deposits with the RBZ, and thereby rapid increases in local currency M3 (includes local currency-denominated cash in circulation and deposits with the banking system). However, the printing of physical notes was unable to match the expansion of local currency M3. In the third quarter of 2008, real money demand and the parallel market exchange rates collapsed in response to the still accelerating inflation. As a result, by the end of the year, reserve money declined to an equivalent of about US\$7 million (at the UN exchange rate of Z\$35 quadrillion [10^{15}] per US dollar).

In effect, the extreme hyperinflation left the local currency defunct as the economy dollarized in late 2008. Inflation is estimated to have peaked in September 2008 at about

⁴⁰ Wines, Michael. 2007. “As Inflation Soars, Zimbabwe Economy Plunges.” *The New York Times*. February 7. Available at <http://query.nytimes.com/gst/fullpage.html?res=990DE1DB103FF934A35751C0A9619C8B63&sec=health&spon=&pagewanted=2>.

⁴¹ Kairiza, Terrence. “Unbundling Zimbabwe’s Journey to Hyperinflation and official Dollarization.” *Discussion Paper: 09-12*. Tokyo: National Graduate Institute for Policy Studies, September, 2009, pg.12

⁴² Coltart, David. “A Decade of Suffering in Zimbabwe: Economic Collapse and Political Repression under Robert Mugabe.” *Development Policy Analysis No. 5*. Washington: Cato Institute, 2008.

⁴³ Lee, John. “Zimbabwe: Pathology of Inflation.” *Gold News*. 11th February, 2009. Available at http://goldnews.bullionvault.com/zimbabwe_inflation_021120091.

500 billion (10⁹) percent.⁴⁴ From that time, the pricing of goods and services shifted to foreign currency units, mostly, the U.S. dollar and South African Rand, and the local currency virtually disappeared from circulation (IMF Staff Report, 2009). Zimbabwe dollar transactions going through banks in the form of checks and direct transfers had effectively ceased by January 2009. In December, the RBZ licensed around 1,000 shops to sell goods in foreign currency, claiming that this would “help businesses suffering from chronic shortages of foreign currency to import goods and spare parts”.⁴⁵ This was the first official recognition of Zimbabwe’s unofficial dollarization.

In January 2009, the Minister of Finance gave legal tender status to the South African Rand and the US dollar, completing Zimbabwe’s official dollarization. The newly compiled US dollar CPI for February 2009 showed a 3 percent month-on-month decline, as the significant increase in utility prices was more than offset by a fall in tradable prices (IMF Staff Report, 2009). Dollarization helped stabilize prices, improve revenue performance, and, perhaps most importantly, helped impose fiscal discipline on the authorities.⁴⁶

The continuous economic hardships, coupled with poor policies, import based economy, and inflation set in that gave rise to uncontrollable events that plunged the country into economic collapse. Because of uncontrollable inflationary tendencies, the Reserve Bank of Zimbabwe in February 2007, declared inflation “illegal,” announcing that any person caught raising prices and/or wages between March 1 and June 30 would be arrested and “punished.” RBZ Governor Gono stated that only a “firm social contract” would bring about the end of the hyperinflation.⁴⁷ (Wines, 2007). Despite this measure, in March 2007 Zimbabwe formally entered hyperinflation.⁴⁸

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⁴⁴ Although official figures give a much more conservative estimate of inflation; indicating that inflation peaked in October at an annualized rate of 231 million percent. *Timeline: Zimbabwe*, BBC News, 2009

⁴⁵ See Kairiza, 2009, pg. 13

⁴⁶ See IMF Staff Report. 2000. ZIMBABWE: Staff Report for the 2000 Article IV Consultation. Washington, D.C.: International Monetary Fund. See also 2009. ZIMBABWE: Staff Report for the 2009 Article IV Consultation. Washington, D.C.: International Monetary Fund.

⁴⁷ Wines, Michael. 2007. “As Inflation Soars, Zimbabwe Economy Plunges.” *The New York Times*. February 7. Available at <http://query.nytimes.com/gst/fullpage.html?res=990DE1DB103FF934A35751C0A9619C8B63&sec=health&spon=&pagewanted=2>.

⁴⁸ Kairiza, Terrence. “Unbundling Zimbabwe’s Journey to Hyperinflation and official Dollarization.” Discussion Paper: 09-12. Tokyo: National Graduate Institute for Policy Studies, September, 2009, pg.12

⁴⁹ Coltart, David. “A Decade of Suffering in Zimbabwe: Economic Collapse and Political Repression under Robert Mugabe.” *Development Policy Analysis No. 5*. Washington: Cato Institute, 2008.

⁵⁰ Lee, John. “Zimbabwe: Pathology of Inflation.” *Gold News*. 11th February, 2009. Available at http://goldnews.bullionvault.com/zimbabwe_inflation_021120091.

Inflation reached 417,823% in March, as Zimbabweans returned to the harmonized presidential, senate, and parliamentary polls. The ruling ZANU-PF party lost in all three elections, losing its majority in the legislature for the first time. The presidential ballot required a runoff between Mugabe, with 43.2% and Tsvangirai obtained 47.9% , as neither had the outright majority. The run-off election never materialized, owing to high level intimidation and violence against Tsvangirai. But Mugabe was sworn in to his sixth term of office. By July, shops were charging double the cash price for a check transaction, due to the time delay in the clearing of the check. Bank withdrawals were limited to ZW\$100 billion, which was less than the cost of a loaf of bread. The RBZ introduced the ZW\$100 billion banknote in an attempt to alleviate the strain on the printing presses.

Hyperinflation was still being fueled by the RBZ's quasi-fiscal activities, which had caused a rapid increase in the banks' deposits with the RBZ, and thereby rapid increases in local currency M3 (includes local currency-denominated cash in circulation and deposits with the banking system). However, the printing of physical notes was unable to match the expansion of local currency M3. In the third quarter of 2008, real money demand and the parallel market exchange rates collapsed in response to the still accelerating inflation. As a result, by the end of the year, reserve money declined to an equivalent of about US\$7 million (at the UN exchange rate of Z\$35 quadrillion [10^{15}] per US dollar).

In effect, the extreme hyperinflation left the local currency defunct as the economy dollarized in late 2008. Inflation is estimated to have peaked in September 2008 at about 500 billion (10^9) percent.⁵¹ From that time, the pricing of goods and services shifted to foreign currency units, mostly, the U.S. dollar and South African Rand, and the local currency virtually disappeared from circulation (IMF Staff Report, 2009). Zimbabwe dollar transactions going through banks in the form of checks and direct transfers had effectively ceased by January 2009. In December, the RBZ licensed around 1,000 shops to sell goods in foreign currency, claiming that this would "help businesses suffering from chronic shortages of foreign currency to import goods and spare parts".⁵² This was the first official recognition of Zimbabwe's unofficial dollarization.

In January 2009, the Minister of Finance gave legal tender status to the South African Rand and the US dollar, completing Zimbabwe's official dollarization. The newly compiled US dollar CPI for February 2009 showed a 3 percent month-on-month decline, as the significant increase in utility prices was more than offset by a fall in tradable prices (IMF Staff Report, 2009). Dollarization helped stabilize prices, improve revenue performance, and, perhaps most importantly, helped impose fiscal discipline on the authorities.⁵³

⁵¹ Although official figures give a much more conservative estimate of inflation; indicating that inflation peaked in October at an annualized rate of 231 million percent. *Timeline: Zimbabwe*, BBC News, 2009

⁵² See Kairiza, 2009, pg. 13

⁵³ See IMF Staff Report. 2000. *ZIMBABWE: Staff Report for the 2000 Article IV Consultation*. Washington, D.C.: International Monetary Fund. See also 2009. *ZIMBABWE: Staff Report for the 2009 Article IV Consultation*. Washington, D.C.: International Monetary Fund.

Recent Developments and Immediate Futuristic Prospects

Zimbabwe's strong recovery from the 2000-2008 hyperinflation and economic contraction period gives hope for its return to the strong socio-economic performance and middle-income prospects, of the 1990s. However, growth has slowed sharply since 2012 as the economy's vulnerability to climate change and terms of trade shocks resurfaced. In 2013, Zimbabwe adopted a new constitution and a new development plan, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimASSET). With a relatively well-educated workforce, abundant natural resources and developed infrastructure (albeit aging), the fundamentals for growth and poverty reduction are strong, provided the country can tackle its political fragilities, and build a consensus around inclusive and competitive investment policies.

The political and economic crises that characterized the economy between 2000 and 2008 contributed to the nearly halving of its gross domestic product (GDP), the sharpest contraction of its kind in a peacetime economy and raising poverty rates of more than 72%, with a fifth of the population in extreme poverty. Health, education and other basic services, once regional models, largely collapsed and Zimbabwe's Human Development Index (HDI) in 2011 stood at 173 out of 187 countries. A lengthy isolation from the international community had restricted aid flows and resulted in build-up of arrears to multilateral and bilateral partners.

In 2009, the country adopted a multicurrency regime (dollarization) that ushered in macroeconomic stability and positive economic growth. During 2009-12, the economy rebounded, with growth rates averaging around 8.7% per year. Inflation stabilized; revenues and bank deposits recovered sharply. The country also embarked on its first Staff Monitored Program with the International Monetary Fund (IMF) and began making 'token' payments on arrears to multilateral institutions.

Social services are recovering amid resurgent public and donor spending. Many social institutions are regaining their 1980s levels of sophistication. Zimbabwe's HDI ranking recovered to 155 in 2015, and a Multi-Indicator Cluster Survey in 2014 revealed that in several key areas, Zimbabwe has regained outcome levels of the early 1990s. Underpinning this is also a reduction in HIV prevalence to around 15% since 2014 down from more than 40% in 1998. Life expectancy recovered from a low of 43.1 in 2003 to 53.3 in 2012 (compared with a high of 61.6 years in 1986, before the full extent of the AIDS pandemic). The maternal mortality rate declined from 960 deaths per 100,000 live births in 2010-2011 to an estimated 614 deaths in 2014; under-five mortality fell from 94 per 1,000 in 2009 to 75 in 2014. Despite this, Zimbabwe missed a significant number of the Millennium Development Goals.

GDP growth declined from 3.8% in 2014 to an estimated 1.5% in 2015 but is projected to slightly increase to 1.6% in 2016. This improvement is due to an anticipated expansion in the tourism, construction and financial sectors. The poor performance of government revenue against the background of high recurrent expenditures continues to constrain the fiscal space.

The depreciation of the South African Rand against the US dollar (USD) has resulted in a decline in prices of imports from South Africa. This trend, along with weak domestic demand, tight liquidity conditions and declines in crude oil and global food prices, resulted in negative inflation. Annual average inflation declined from -0.2% in 2014 to -2% in 2015. Inflation is projected to remain negative in 2016 and 2017.

The country remains in debt distress, exacerbated by the lack of a diversified export base and declining terms of trade that make it difficult for the country to adjust to changing world demand for tradable goods. These structural weaknesses have constrained the country's ability to generate high and sustainable growth that is necessary to mitigate the debt distress. Moreover, the external position is projected to remain under severe pressure in the medium term on account of poor export and import performance on the back of an appreciating US dollar. The Public Debt Management Act, passed into law in September 2015, is expected to strengthen the legal and institutional framework for debt management.

The fiscal space remains constrained due to underperformance of domestic revenues, increase in public expenditures, depressed exports, limited foreign direct investment (FDI) and other capital inflows into the country. This has undermined development expenditure and social services provision in both urban and rural areas, exacerbating the incidence of poverty. Financing for urban development, both housing and transport, has been negatively affected.

Zimbabwe has enormous potential for sustained growth and poverty reduction given its generous endowment of natural resources, existing stock of public infrastructure and comparatively skilled human resources. Realizing this potential requires a further renewal of institutional and operational capacity in the public sector, further improvements in basic services delivery as well as deep reforms in economic policies and investment climate complimented by arrears clearance to international lenders

The Constraints and Potential Risks

Political instability and potential violence continues to threaten Zimbabwe in the coming foreseeable period. Zimbabwe's 92 year old president, Robert Mugabe, has no clear succession plan, and considerable uncertainty exists about whether a stable succession will take place. Zimbabwe's economy remains fragile and vulnerable to potential shocks that might compound political instability. At the same time, government suppression of fundamental freedoms continues. Past crises have produced waves of refugees that have burdened Zimbabwe's neighbors. Renewed instability in Zimbabwe would be a special challenge for South Africa, which is attempting to deal with its own pressing economic and social needs. Alongside these risks, a post Mugabe transition could present opportunities to begin to reverse the effects of decades of misrule in Zimbabwe. The region and indeed the continent should position themselves to take advantage of these opportunities by working with others, notably South Africa and the other countries of the southern African region, to limit the risk of civil violence in Zimbabwe and to lay the groundwork for a better future.

Political Economy and Succession Dynamics

The risk factors associated with political instability in Zimbabwe are growing. Although President Mugabe has moved to strengthen his already tight grip on the levers of power within both the government and the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF), doubts remain as to how long tight discipline will last. Following the ZANU-PF party congress held 2th-7th December, 2014, Mugabe ousted Ms Joice Mujuru from the powerful position of Vice President of both the party and the government, installing former Justice Minister Emmerson Mnangagwa in her place. Although Mnangagwa is widely seen as having gained an important advantage, the identity of Mugabe's successor remains an open question. Mugabe may serve out his term and successfully hand off power to an anointed successor, but events may unfold in a less orderly fashion. Current sporadic on and off restlessness signals potential for high degree of acute instability in Zimbabwe, which could emerge at any time and play out along one or more of the three following courses:

- i. *Mugabe dies or becomes incapacitated before installing a chosen successor*
Mugabe's most imminent challenges are his advanced age and poor health. He has traveled abroad repeatedly for medical treatment of an undisclosed ailment. Despite this, Mugabe appears vigorous, maintains an active domestic and international schedule, and insists that he will run again for president in 2018. He was also elected in August 2014 to chair of the Southern African Development Community (SADC)—an intergovernmental organization that promotes economic, political, and security cooperation—and assumed the leadership of the African Union in January 2015. In the past, Mugabe has treated his vice president as a figurehead rather than as a successor, and he seems to be continuing that practice even since the party congress. Mnangagwa has taken care of routine state functions during Mugabe's absences, but not the more important ZANU-PF party responsibilities. If this pattern continues, Mnangagwa will have limited opportunity to cement the loyalties he would need to rely on to succeed to the presidency. That failure could portend serious instability should Mugabe die or become incapacitated.
- ii. *Mugabe's control is challenged and undermined by growing factionalism*
The ZANU-PF won a resounding victory in the July 2013 national elections, and the opposition Movement for Democratic Change (MDC) is demoralized and somewhat discredited. Nevertheless, the run-up to the party congress demonstrated that factionalism is far from dead within the ruling party. The potential for intraparty strife may have increased as the result of the purge of former Vice President Mujuru, several of her loyal cabinet ministers, and large numbers of party and government officials at the regional and local levels. In dismissing Mujuru and her supporters—who at one point enjoyed majority support at the local level—Mugabe ran roughshod over electoral rules, made all significant decisions on his own, and dispensed with the facade of democratic procedures.

Mugabe is likely to continue to employ his security apparatus to control the resentments and grievances to contain those who lost their offices and to provide the

accompanying material benefits, but depending how much such rewards can succeed, we are likely to see the dissent boiling over. Mujuru's allies have already filed a legal challenge to Mugabe's recent actions. Even in the likely event that the challenge goes nowhere in the courts, it symbolizes the open wound that exists in the ZANU-PF.

iii. Attempts at Firm Grip onto Power by Mugabe

As the drama within the ZANU-PF plays out, President Mugabe is obviously continuing to play the dominant role, but the parts played by the current and former vice presidents, Mnangagwa and Mujuru, and by the first lady, Grace Mugabe, provides special interest to watch over. Vice President Mnangagwa currently takes every opportunity to display his loyalty to Mugabe, sometimes even kneeling before him, but he has fallen into disfavor with Mugabe in the past. Historically, Mugabe's deputies have not fared well. Former Vice President Mujuru, the apparent major loser in the party congress and its aftermath, cannot be counted out. She has strong support at the local and regional levels within the party, and she has significant ties to the security establishment given that she is a senior Bush War veteran and that of her late husband, former Army Chief Of Staff, Solomon Mujuru.

iv. Grace Mugabe is a Wild Card

Until the fall of 2014, she had occupied herself principally with tending the family's business interests. During the run-up to the party congress, she became hyperactive, waging a campaign against Mujuru, but also promoting her own role. Most observers believe that Grace Mugabe sees Mnangagwa as her future patron and protector, but there are those who believe Mrs. Mugabe has ambitions to succeed her husband.

Economic crisis and Potential for Triggering Political Change

Zimbabwe may be increasingly isolated from the West, but it is not insulated from the world economy. Bad economic news seems parched into Zimbabwe's future. Commodity prices have declined and a turnaround is too slow and not readily in sight. China, Mugabe's current principal benefactor, is focused on slowing internal demand and seems less willing to invest in Zimbabwe than in the past. In August 2014, after a high profile visit to Beijing by Mugabe, there were generally few commitments from China for additional aid or investment. Mugabe had hoped for commitments by China close to US\$4 billion in new funding, which did not happen.

The government's poor economic performance, coupled with land confiscation and forced "indigenization" of businesses, presents predictable results of depressing productivity. According to the World Bank, Zimbabwe's gross domestic product (GDP) growth rate is falling and will decline to less than 1% annually by end of 2016. Difficult economic circumstance have caused fresh unrest lead to small scale business entrepreneurs and also affected both civil unrest and new flight of refugees. The opposition MDC party, which was credited with the currency reform that ended the last economic emergency, might reemerge as a political force.

Potential Worst Case Scenario

Given continued political instability and poor performance economically, the following potent the political-economic space in Zimbabwe:

i. Indications of Mugabe's declining health.

Mugabe remains incredibly dynamic, holding to a work and travel schedule that would challenge a person decades younger. He has been spotted collapse, fail to climb abrupt stairs or come late at a public function like he did at the recent May 2016 President Museveni swearing in at Kololo. Any failures in these pattern may signal diminished vigor and this would be a bad pointer.

ii. Increasing dissent, internal feuds, and factionalism within the ruling ZANU-PF

The state and ruling party are indistinguishably intertwined. Mugabe's "guided democracy" has long been the decisive factor in resolving debates over party rules and offices. With his latest moves, however, Mugabe has taken his personal control to a new level. Significant opposition to Mugabe's authoritarian role would likely be met by repressive measures, but conceivably could trigger a crisis within the ZANU-PF.

iii. Civil Strife and Protests

The security establishment, led by the senior leaders of the police and armed forces—control not only the soul and muscles of the state, but also a significant portion of the nation's economy. Civil violence or mass civil disobedience will likely be crushed given the firm grip of the security architecture remains firm. To this end, where the security apparatus loosens the grip on curbing protests, strikes, and demonstrations through the use of force and intimidation, it is an indication of either loss of power failure or divisions among the system. Also alongside these are vital is the wanton changes in major military and police commands, that would signal loss or weakened control. On the other hand, this area of interest will depend on the willingness, on the part of the political opposition and civil society groups, to carry out widespread protest activities.

The Recommended Way Forward For Zimbabwe

A serious political crisis in Zimbabwe could affect not only Zimbabweans but the region and the world at large, beyond what it is today. Any deeper crisis would generate a significant humanitarian problem that would likely require an expensive, internationally driven aid. It could also undermine productive bilateral and multi-lateral trade and economic relationships, including complicating regional integration arrangements, friction with South Africa and other SADC member states, COMESA and the African Union on how to respond to the crisis and human rights violations by the Zimbabwean government elements.

Conversely, a stable and prosperous Zimbabwe would anchor regional integration, support free trade and enhance investment, healthy bilateral and multi-lateral ties. Zimbabwe's rich endowment in human and natural resources would allow it to play a major role in shaping Africa's future. We shouldn't forget the potential for positive role the Zimbabwe security agencies would play in the continents Peace Support Operations in SADC and AU, as they have done in the past.

i. Specific Areas of Possible Action

a. The international community should re-consider targeted sanctions against the regime lead players, since this deepens the crisis and affects the local population more than the targeted leaders. Targeted economic sanctions remain in place, but are widely seen as having little impact. Mugabe uses the sanctions as justification for promoting popular resentment toward the United States. The international players with capacity to play directly influencing developments such as the US, China, EU and UK should consider resuming and activating bilateral and multi-lateral engagements, both at home and abroad. The view that some powers are perceived hostile will subside.

ii. Institute and Facilitate Smooth Transition

Two strategic intervention, aimed at controlling the process towards smooth transition would entail the stick and carrot approach. The key partners currently playing along with Harare, such as the Kremlin, Beijing and the UN could deliberately introduce and influence a succession plan in Zimbabwe. Whereas Beijing, which has possibly greatest influence on Harare, is not showing interest in promoting democratic change, looking at the potential of the outcome of collapse, may be made to interest themselves to support the strategy. Since SADC, led by South Africa, has welcomed back Mugabe into its fold and is unlikely to reverse course, would play a key role in this regard. On this note, some European states that have begun limited economic partnerships with Zimbabwe and are unlikely to be willing to join in an activist strategy should be encouraged to promote transitional changes that would guarantee post Mugabe stability in Zimbabwe.

The US and UK who are at the forefront of sanctions and downfall of Mugabe, should revisit the strategy, accept this a new arrangement and reign in to influence the transition process and focus on minimizing the risk of political violence and economic turmoil, while also positioning itself to take advantage of post-succession opportunities to promote political and economic reforms. This option would allow the succession drama within the ZANU-PF to run its course.

The African Union and the EU, even though they do not have direct capacity to directly influence President Mugabe's choices regarding succession, a properly and well-orchestrated multilateral strategy could help Mugabe and others in leadership positions understand the potential negative consequences of decisions that would increase repression, deepen the country's economic problems, and lead to social instability. In this way, civil society organizations that are currently opposed to Mugabe, would be encouraged to open up for frank and direct dialogue with the government, alongside powers like South Africa, SADC, China, and the EU.

iii. SADC

South Africa and Zimbabwe's other SADC partners could, in the interest of regional stability, shed their usual cageyness or silence and remind President Mugabe of his responsibilities under the organization's statute to maintain peace and stability in his own country for the sake of the region as well. As the senior most statesman, Mugabe should be made to see regional integration holding as part of his legacy, and could be motivated

along this line to allow internal democracy, whilst being assured of his security and that of his immediate supporters.

iv. Mitigating Measures against Likely Deeper Crisis

The region and especially key partners like South Africa, AU and China could act on a parallel track to reduce the consequences of any potential violence. It could coordinate preparatory measures with several international partners. These may include quiet, advance consultations regarding possible SADC actions in the event of wide spread violence and state collapse in Zimbabwe. Common measure along this line would prompt condemnation of violence and a call for opposing factions to lay down arms and cease provocative behavior and call for round table consultations. SADC, COMESA and the AU should have substantive measures involving dispatch of a high-level mission to mediate among opposing factions in Zimbabwe and preparing SADC partner states, under the African Standby Forces to stabilize any run away situation to allow talks.

The EU countries, working along the AU with its regional economic communities (RECs) such as SADC and COMESA, they could have a ready plan to coordinate contingency planning for humanitarian assistance, including food aid, both inside Zimbabwe and among populations of refugees outside the country.

Finally same organizations and global powers like the US, Russia, China, Germany and Japan could agree to form a contact group to track developments in Zimbabwe and prepare for advocating action by the UN Security Council to attempt to bring an end to political violence in Zimbabwe, and coordinate recovery and development initiatives.

Any cautiously and well-intended action along these lines, including prompt action, would forestall significant political violence in Zimbabwe, prevent widespread loss of life and destruction of vital infrastructure and reduce on the overflow of the problems to neighboring countries.

Conclusion

Zimbabwe's political-economic crises, which have been created by decades of authoritarian misrule and poor economic management, will not be quickly solved. Any successor to Mugabe will have to deal with a bitter political legacy and difficult economic conditions. The alternatives open to the Pan-Africanists and the international community, are limited by strained political relationships and minimal economic ties. This scarcity of options is not a rationale for doing little or nothing. Rather, it is a call for all the willing to focus on what is essential to mitigate the possibility of political instability and civil violence before end of and during the post-Mugabe succession, while at the same time laying the groundwork for a better relationship with an eventual successor government.