ALTERNATIVE STRATEGIES FOR ZIMBABWE'S GROWTH

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ABSTRACT

Prescriptions for the economic orientation of the new Zimbabwe tend to stress either "reformist" or "radical" approaches. This paper sets out the main issues dividing "reformers" from "radicals", which are: (1) whether a modern-sector orientation is capable of improving the economic welfare of the poor majority; (2) whether agricultural development should be primarily based on individual ownerships; (3) whether final demand should have more or less its present composition or should be substantially changed in favor of a "basic needs" - oriented output; (4) whether the economy should retain its present degree of openness; (5) whether the state can and should be the main agent in the development process. The paper accesses the main arguments on both sides of these issues.

SOMMAIRE

Toute mesure concernant l'orientation économique du nouveau Zimbabwe fait ressortir deux sortes d'approches, l'une est "réformiste" et l'autre "radicale". Ce document présente les principaux domaines divisant ces deux groupes. Ceux-ci sont les suivants: 1) un secteur moderne susceptible d'améliorer le bien-être économique de la pauvre majorité; 2) le développement agricole basé sur la propriété privée, 3) la demande finale telle qu'elle se présente à l'heure actuelle, ou orientée vers une production de subsistance, 4) l'économie à son présent stade d'ouverture commerciale et 5) l'état en tant qu'agent principal du procédé de développement. Le rapport examine ces différents points en adoptant chacune des deux tendances.

ALTERNATIVE STRATEGIES FOR ZIMBABWE'S GROWTH

The new Zimbabwe will not want for advice on how it should proceed with its economic development. Because of the length and special circumstances of its gestation, the new state's development strategy has been the subject of considerable writing and discussion outside the country. It is hard to think of any other African country which was subject to so much pre-liberation prognosis and prescription in the area of development policies.

For analytic convenience, these prescriptions for future development can be grouped into two broad categories. The first consists of approaches which would retain the present economic structure in its general lines, and seek to make it more equitable. Economic growth would continue to receive high priority, but it would be combined with vigorous policies of asset and income redistribution. Such approaches can be called "reformist," as they are indeed called in the writing of these matters.

Other strategies seek more thoroughgoing change. They reject a continued reliance on present strategies as unfruitful and undesirable. They give highest priority to equality in income distribution. They tend to stress "self-reliance" and reduced external "dependence." They envisage transformations in the pattern of consumption and a shift in productive structure aimed at satisfying "basic needs." These can be called "radical" or "revolutionary" strategies.

It should be apparent that the distinction between "reformist" and "radical" development strategies is in many respects artificial. Virtually all analysts of Rhodesia's economy agree on a broad range of issues. Almost everybody recognizes that land must be massively reallocated; that the "traditional" sector, particularly the Tribal Trust Lands (TTL's), must be assisted via new roads, extension services, appropriate price and marketing policies, etc. to make a larger contribution to national output; that African access to education, training and skilled jobs must be rapidly enlarged; that public services of all kinds must be made available to the neglected black majority; that popular participation in decision making must be extended. Divergences on these matters are primarily questions of priority and scale.

Despite the many common elements, and despite some blurring at the margins, it is helpful to distinguish the two kinds of broad development orientation, as is in fact done in most of the relevant literature. While many issues separate "reformers" from "radicals" five stand out most clearly: (1) whether a modern sector-paced development orientation contains fundamental deficiencies or contradictions which make it incapable of improving the economic welfare of the poor majority; (2) whether agricultural development and land redistribution policies should be primarily based on individual ownership or on some combination of cooperative farming and state farms; (3) whether development policies and programs should concentrate on expansion of the modern sector along present lines, with extension to now largely excluded rural Africans, or shift to a different pattern of output, aimed at meeting "basic needs"; (4) whether the economy should retain something close to its present degree of openness, continuing its strong export orientation and its tolerance of a heavy foreign capitalist presence, or should turn inward more decisively; and (5) finally, and underlying the above, whether the public sector can and should be the principal agent for the mobilization, allocation and management of development resources.

Explanation of these differences and assessment of the validity of the opposing views will be the central concerns of this paper. I proceed as follows. First, the general lines of a "reformist" strategy will be described. The main criticisms of the reformist position will then be set out. A final section will assess some of the principal arguments and will briefly explore some of the problems in the way of implementation of each of the main strategies.

I. - The Case for a "Reformist" Strategy

The basic elements in a "reformist" approach have already been suggested.

(1) The main engine of growth should continue to be the modern sector, with manufacturing and mining organized more or less as at present, and with retention of parts of the high-productivity agricultural sector, though with substantial reallocation of land to black Zimbabweans. The major structural change would be a new priority to African agriculture -- to improvement and modernization of TTL farming, and resettlement on empty lands or former European farms.

(2) Agriculture should be primarily organized on the basis of individual tenure. Some state farms and some cooperative or group farming efforts are of course compatible with this, but the emphasis would be on smallholder production, privately organized.

(3) The export sector should continue to be central; sanctions-induced import substitution may have left a heritage of more import substitution than can be sustained under normal economic circumstances. The continuing reliance on the export sector implies acceptance of a multinational corporation presence and continuing encouragement of private foreign investment. In many cases of course, the terms under which foreign firms operate can and should be changed, to give Zimbabwe a greater share of benefits.

(4) In a "reformist" Zimbabwe, the state would plan a substantial role in guiding development, even more substantial than at present, since a vast array of complex tasks await: establishing a new administrative machinery; organizing the transformation of agriculture; in particular assisting the development of African farms in TTL's, Native Purchase Areas and other agricultural sectors; renegotiating the relationships with MNC's; providing new and better-adapted forms of basic services (water, education, health care, rural roads) to the mass of Zimbabweans, and many others. But the management of resources and many allocation decisions would be left to the private sector. It would not be a matter of winding up present state bodies; the new tasks of Zimbabwean reconstruction and development will surely require more, not fewer, state

organizations. But the private sector would be retained and encouraged in some areas now dominated by state enterprises -- such as marketing of foodstuffs, the provision of agricultural inputs, and road transport. The allocation of functions between public and private spheres would be decided pragmatically.

The disadvantages of this strategy are sizeable. It would change the pre-liberation socio-economic structure gradually, so that remnants of past oppression and humiliation would persist. The continuation, perhaps even reinforcement, of external links would accentuate "dependence." An export-sector focus would raise thorny questions about relations with and dependence on South Africa, now the major trading partner. And finlly, such a strategy involves tolerance of some forces making for social inequality, which might not be controllable despite strong policies of income and asset redistribution.[1]

Balancing these problems are the sizeable advantages of a "reformist" development strategy: it builds on the present productive system; it takes advantage of the large scope which exists for redistribution of income and assets; and it is better than the radical alternatives.

A reformist strategy will, first of all, permit the retention of an economy which has proved itself a powerful and flexible engine of production, one which has great potential for further growth. Between 1945 and 1975, (Southern) Rhodesia was one of the fastest growing countries in the world, and it may be able to continue to grow rapidly in the future.

During the 30 year period 1945-1975, (Southern) Rhodesian gross domestic capital formation averaged 20 percent of GDP, which grew at an average rate of 5 percent per year. Between the mid-1950's and mid-1970's there were eleven years of extremely fast growth -- 8 percent per year between 1954 and 1957 and 1968 and 1974. The growth process affected all segments of the modern sector. Manufacturing output doubled between 1964 and 1974; mining output also doubled, and -- like manufacturing -- became more diverse.

Agricultural performance was particularly impressive:

> Between 1965 and 1974 Rhodesia achieved near self-sufficiency in wheat production..., cattle and milk

> production doubled, maize output increased sixfold, wheat twenty-six times, groundnuts four times, tea three times, soya beans sixty times, cotton ten times, sugar production doubled, while tobacco output fell by a quarter...[2]

The economic structure that has resulted from this past growth is unusual in a number of respects.

(a) Industrial development is usually extensive. Manufacturing generates a quarter of GDP, a much higher proportion than any African country other than South Africa. This industrial base substantially exceeds what is "normal" for countries at early stages of development.[3]

(b) Rhodesia has absorbed into its "modern" or wage employment sector a relatively large proportion of its adult male population. The economy remains "dual", since the majority of the total African population still resides in the rural areas -- the Tribal Trust Lands and Native Purchase Areas. But the proportion of adult men remaining in these areas is relatively small -- smaller, for example, than in any other African country except perhaps South Africa.

The male Rhodesian African population aged 16-60 is generally estimated at about 1.5 million (1975).[4] Africans in wage employment in 1975 numbered 955,000. Not all of these workers were males, nor were all workers Rhodesian; some 10 percent were women and 25 percent were foreign migrants (mainly from Malawi and Mozambique). But the immigrants, presumably temporary, are offset to some extent by an outmigration of Rhodesians (mainly to South Africa), variously estimated at between 30,000 and 80,000 a year (net). These data suggest that some 650,000 Rhodesians were at work for wages in Rhodesia in 1975 -- some 43 percent of the adult male population. This figure is almost surely an unierestimation of total wage employment, since it excludes males working outside Rhodesia, working in paid employment for other Africans in the informal sector inside Rhodesia, and the self-employed in the non-agricultural sector.

The dramatic impact of wage earning on the traditional rural economy is confirmed in the demographic data. According to the 1969 census, 2.9 million Africans lived in the Tribal Trust Lands in that year -- about 50 percent of the total population. Of this 2.9 million, 1.6 million

(55 percent) were women. Of the 1.3 million men, over 900,000 were under twenty years old, and another 100,000 were 50 or over. In 1969, these were thus only about 300,000 men between the ages of 20 and 49 in those areas. Subsistence or "traditional" agriculture had in this sense come to be a relatively small proportion of the overall economy. Except perhaps for that portion of the work force employed seasonally on European farms (about half of which was foreign), the bulk of men in prime working ages had become part of the modern sector via paid employment. This was before the rapid economic growth of the years 1969-74, which led to a 30 percent rise in wage employment.

(c) The Rhodesian economy is highly diversified. Its agriculture produces commodities typical of temperate, sub-tropical and (to a lesser extent) tropical zones: tobacco, sugar, wheat, peanuts, soybeans, corn, cotton, beef, tea, coffee. About 15 percent of its total cultivated acreage has controlled water supply. Its list of mineral outputs is similarly long: gold, chrome, nickel, copper, tin, asbestos, coal, iron ore, and a host of minor metals. Its manufacturing exceeds the "easy import substitution" lines of production typical in LDC's; two thirds of manufacturing output is believed to consist of intermediate and capital goods.

(d) By all the usual measures, Rhodesia's economy has a bigger private component that is common in LDC's, though the public sector role has always been greater than the dominant Rhodesian ideology would have it and has grown since UDI. Thus, out of a total 1.1 million wage employees in 1974, direct government employment accounted for only 41,000 and another 47,000 were in teaching and medical services. An unknown but probably small number of public employees are found in other sectors. The proportion of public to total employment therefore may be less than 15 percent, a very low figure by African standards. In the Ivory Coast and Kenya, the two countries often thought of as most clearly representing "capitalist" models of African development, the public sector share of total wage employment is 30-40 percent.[5]

Looked at from the investment side, the public sector role is more sizeable; in recent years an average of about 40 percent of gross fixed capital formation has originated in the public sector. This is still rather low compared to most LDC's.

While a relatively large share of economic activity is thus privately organized, the modern private sector is highly concentrated. In manufacturing over 80 percent of total output is produced by some 320 large firms (those employing over 100 workers), fewer than 20% of the total.[6] Marketed agricultural output is produced mainly by 7,000 European farmers (shrunk to perhaps 5,000 by 1978), and 20 percent of the farming units produce 80 percent of total output. Of marketed agricultural output valued at R$ 269 million in 1973, only $12 million was African in origin -- less than 5 percent. Mineral production, which formerly was characterized by many "smallworker" operations, has become increasingly the domain of large mining multi-nationals.

(e) The record of the past decade gives evidence of extraordinary flexibility in the Rhodesian economy. The most dramatic examples are in agriculture. Tobacco, the major crop, was unmarketable for several years after UDI. Very quickly there occurred a shift out of tobacco into maize, wheat, groundnuts, cotton and other substitute crops. Not only did there take place by 1974 large increases in output of these new crops, but tobacco production was on the rise again as well. New cash crops were adopted by African farmers also -- at least in the case of cotton. Total acreage under crops increased from 1.1 mn. in 1965 to 1.4 mn in 1976 and the cattle population almost doubled during these years.

This record of performance reflects certain underlying conditions relevant to the choice of future strategies.

Rhodesia has been generously endowed by nature, particularly by an extraordinary diversity of minerals, many of them in early stages of exploitation. While only 20 percent of its land area is high-quality soil and well-watered,[7] much of the rest is suitable for extensive agriculture and grazing, and as noted above there is a great diversity in climatic characteristics, ranging from tropical to temperate. What is perhaps most important with respect to agriculture is that there has been accumulated a great deal of knowledge and experience in exploiting the country's agricultural potential, experience with a multitude of crops, a variety of land use patterns, research at the field trail level with respect to new seeds, new rotations, utilization of fertilizers and irrigation. Lack of this kind of specific knowledge is a major obstacle to agricultural expansion in most LDC's.

The pattern of exports is relatively favorable. Rhodesia is specialized in 'good' exports, those which have relatively high income elasticities of demand; most of its metals (nickel, copper, ferrochrome, for example), beef and even tobacco. There may be a large potential for energy exports — coal, as well as power from Kariba. The tourism potential is also substantial.

The country has a relatively well-developed physical infrastructure. Its rail network reaches to most parts of the country, providing a ready means for expansion of the heavy traffic that mining expansion would involve, thereby promising high marginal yields per dollar of investment in direct mineral production or exploration. The road system is extensive: over 5,000 km. of full-width tarred road (in 1973), and 35,000 km. of secondary roads, in a relatively small country; the TTL's remain the only areas badly in need of road development. This suggests that once rehabilitation needs are met, Zimbabwe should be able to allocate relatively large shares of available investment to directly productive activities in the existing "modern sector," to development of African agriculture and to extension of public services for Africans.

Finally, and in many respects most important, the Rhodesian economy evolved under the influence of racist policies which retarded the development of African agriculture and African skills. As a result Rhodesian society has been characterized by gross inequalities in income distribution and in access to public goods and economic opportunity. As is well known, Africans have been denied equal access to education, to on-the-job training, to all forms of skill acquisition. Public services and policies in agriculture — tax policy, pricing, input provision, marketing services — were for a long time intended to discourage African production for sale and thereby encourage movement of labor into the wage sector. More recently, benign neglect has been the rule. Furthermore, the dominant view in Rhodesian public policy for a long time was that African wage earners were transients, so the public overheads conducive to a stable population emerged slowly.

The result of this pattern of development has been to make Zimbabwe one of the most unequal societies in the world, with a high-income white population well-paid and abundantly provided for, and a majority African population with much lower income and access to few social services. According to one estimate, the top 4-6 percent of population in Rhodesia have in recent years received 50-60 percent of total personal income.[8] These and other estimates indicate that measured by Gini coefficients and similar indices, the Rhodesian income distribution is one of the most unequal in the world. The disparity in racial distribution is of course especially stark: the non-African 5 percent of the population receives almost two-thirds of the income, according to some estimates, and European per capita income in 1974 was 33 times African per capita income.[9] The pattern of racism and inequality is relevant to the case for a "reformist" strategy in that it indicates the large scope for income (and asset) redistribution which will exist as the political rules change, even without much new growth -- so long as the economy is sustained. With continued economic growth, and with distribution along more egalitarian lines, the potential for income increases for the African population is very substantial.[10]

What is involved here is not only increases in income generated by redistribution and increased output from the modern sector. Indirect income increases through transformation of African agriculture is also relevant. The obstacles to agricultural development in the TTL's are substantial. About three-fourths of the land is poorly watered and has mediocre soils. As noted above, productive-age men are relatively few in number; 60 percent are in paid employment outside the TTL's. But there is nonetheless considerable potential for development in the TTL's (and more in the PA's). Farmers in these areas were weighed down by anti-growth policies; most of them suffered from systematic neglect during almost the entire period of white rule. Few received real encouragement. SO there is a backlog of unexploited opportunities waiting to be tapped. Some indication of this potential can be seen in the rapidity with which African farmers took to cotton production after UDI, under the stimulus of favorable prices and a little policy encouragement; African production rose from almost zero in 1966 to R$ 8 mn. in 1973, R$ 5.5 mn. of it from TTL's.

The argument for a "reformist" strategy has thus far proceeded along two lines: that the inherited economic structure is productive and flexible, and therefore a useful potential instrument for the new Zimbabwe; and that because assets and income have been so unequally distributed, access to public services so unfairly allocated, and African productive potential so little tapped, there is particularly great scope for redistribution of income and assets, and for new increases of African income and welfare. These are positive arguments. There are additional considerations of a negative kind which are at least as important: the "reformist" approach is more promising that the alternatives which are available. Development strategies, like more disaggregated policies, must be assessed in the light of alternatives. This is a matter to which we return later. Here it can be noted that Rhodesia's size and structure make some of the "radical" prescriptions of dubious applicability. The country is too small for inward-looking growth to be viable, and too short of skill and command over organizational capacity for the state to play a dominant role in allocating and managing resources. From the point of view of general economic performance, as well as that of provision of jobs and income for the poor majority, the prospects for success are greater with "reformists" approaches than "radical" ones.

II. - The "Radical" Critique

"Radical" criticisms of "reformist" approaches are partly general, reflecting prevailing tendencies in parts of the literature on Third World development. They also contain specific Rhodesian elements. The general thrust of these critical analyses is that "reformist" options are based on wrong, discredited theories of economic growth and development. Growth through exports, private foreign investment (multinational corporations) and an agriculture built on individual ownership cannot be successful, in the sense of generating adequate employment and output. Even to the extent that it is successful, it is invariably inequitable; it bypasses the poor and it leads to a dependent, distorted society.

These ideas have come to occupy a dominant position in development thinking during the past decade.[11] Two especially relevant changes in perspective occured during the 1960's and 1970's. First, it became apparent that growth through expansion of the modern industrial sector (frequently described in the development literature as "the Lewis Model") was not credible in either a prescriptive or descriptive sense. Agriculture in most cases is too big a sector to be readily "absorbed" by the industrial sector, even if industrial growth takes place at very respectable rates. So the notion of agriculture as a passive sector to be depleted by industrial growth became increasingly unreal. Moreover, industrial sector employment growth in most countries was in fact relatively slow -- much slower than the growth of output and sometimes slower even than the rate of growth of the labor force. So unemployment and underemployment grew in rural areas and in urban informal sectors. The reasons pointed to as responsible for this development varied: neglect of agriculture, inappropriate price, wage, tax and expenditure policies, education policies, etc.

At the same time, many observers of development problems began to worry about how the benefits of growth are shared. In some countries (Brazil, Mexico, Pakistan and Liberia were frequently mentioned examples) healthy growth rates of per capita GNP had apparently failed to increase the well-being of the low income sections fo LDC populations. Trickle down theories fell into disrepute.

In their place came a set of strategy ideas which changed rapidly during the 1970's, though jobs and equity in income distribution remained the principal concerns. First, there emerged concepts of employment-focused development strategies. But is soon became apparent that the problem in LDC's is not employment as such; in most cases everybody works long and hard, except for seasonal slack times. It is productive employment that lacks. But this raised problems of definition. It equated the employment problem with the general development problem. In some writing (recent ILO publications, for example) unemployment and underemployment have become defined in terms of income, which merges employment and development questions even more fully. In any case, income redistribution, and concern over the poorest groups in society now dominates development thinking in academic circles as well as in the aid donor community. "Poverty-focused-strategies" are common coin. Helping the rural poor, and meeting basic human needs are currently the major sub-themes in this literature.

Alongside these ideas there has emerged another general body of doctrine concerning the relationship between domestic development strategies and external economic (and political) links. The themes here are very diverse. All of them take the position that the healthy development of poor countries is hindered or rendered impossible by integration into the international economy. Most would prefer to see reductions in the ties between poor and rich countries, and the development of greater "self-reliance." Some -- the "delinkers" -- would prefer to cut most economic ties and turn LDC economies inward. Others reluctantly recognize the need for continuing links and seek terms of association more favorable to poor countries.

Given the dominance of these ideas in the general development literature, it's not surprising that writing about Zimbabwe's future development strategy should tend so strongly in the same direction. It focuses on the "failure" of the existing model -- its "dualism" and its inequity. It puts little stress on continued stimulation of the modern sector; growth receives relatively low priority in much of this writing. The reduction of past inequities and prevention of future ones are central themes. There is much reference to "basic needs" as a guideline to development policy.[12]

In the Rhodesian context, the radical critique is focussed on the "dualism" of the economy. A recent survey published by the Scandanavian Institute of African Studies,[13] puts it this way:

> ... In recent years a number of students of the Zimbabwean economy have all reached similar conclusions, namely that the existing capitalist structure is tending toward 'dualism' rather than 'unification.' That despite the impressive growth performance of the economy it is failing to absorb the potential labor force and leading to the exclusion and impoverishment of the vast majority of the African population...

The employment-generating capacity of the modern sector, according to this analysis, is inadequate ("leads to dualism") even under conditions of very rapid growth. Between 1969 and 1975, the net addition of adult males to the potential labor force (males 15-60) totaled 260,000. The number of employed male African Rhodesians rose by 160,000 - from 410,000 to 570,000. Even in the rapid post-UDI growth period, then, job creation in the modern sector was substantially below the growth in the adult male population. The population of the TTL's, already excessive, is still growing. Some 500,000 people are estimated to be landless, and average holdings are too small to generate minimum subsistence needs. Simson says:

> Hence the general conclusion reached by a number of independent observors is that the 'majority of the population -- growing in absolute terms -- have been largely bypassed by this development' and that 'economic growth has often widened the inequalities between the minority in the money sector and the majority outside it.'
>
> It is generally thought that only major structural changes in the present economic system could reverse the tendency toward the development of underdevelopment in Zimbabwe today."[14]

The same diagnosis is spelled out in a paper by Roger Riddell, a prolific writer on Rhodesian economic questions. Riddell apparently believes that the economy could conceivably grow at a rate sufficient to absorb new labor force entrants, but it could only do so by focussing on growth in the modern sector to the exclusion of poverty-reduction.[15]

With respect to positive proposals for a radical strategy, three major themes recur. First, far-reaching land reform is essential. While many of the specific proposals are similar to reformist measures, the distinguishing characteristic of the radical solution is the stress on group farming as against individual ownership. Thus the Patriotic Front leadership has argued that Zimbabwe peasants have a tradition of communal not individual farming and this should be maintained. Robert Mugabe has emphasized the "socialistic" character of peasant organization in Zimbabwe. Many observers have refrained from detailed discussion of future land reform on the grounds that it will depend on political outcomes.[16] Riddell, however, has confronted this fundamental matter.[17] He proposes "a land strategy based on socializing the social ownership of the means of production, and self-reliance rather than on capitalism because . . . an economic system based on the decision-making of central planners and local communities provides a far more rational basis for achieving (desired) policy goals . . . ."[18] Specifically, a resettlement program is proposed; Africans would move from overpopulated areas to better quality land, mostly in "European" areas. "Technical and financial arguments, long-run considerations, the need to establish a system based on cooperation rather than competition, the attempt to create a structure of equal access to land and the concern to incorporate the poor and those who have become marginalized into the development process all point to the overwhelming conclusion that a system of rural community-owned farming units would be the surest base for future development . . ." (p. 31). The land should be divided up into communes, owned by the members. This would however be only a long-term goal. As short-term transition measures Riddell proposes nationalization of land through sale to the state, resettlement on vacated European farms; ". . . communal marketing, communal work teams, communal access to credit, inputs, etc. could all form part of the resettlement package . . ."

The other parts of a "radical" approach are less developed in the existing literature than is land reform. The second leading principle is that the "peasant sector" should be given priority over the modern sector in allocation of development resources. This is related to the importance given to poverty reduction and the satisfaction of basic human needs. Riddall, again, is the only source giving any details. He outlines a "Basic Needs Approach" which consists of small farmer-focussed land reform, provision of education, health, water and other services, and some references to altered income distribution, which -- it is asserted -- will lead to a labor-intensive pattern of final demand consistent with a basic needs strategy.

The third major theme stressed by "radical" strategists is reduction of external dependence -- or, more positively, increased "self-reliance." There is much vagueness in this point. There has, to my knowledge, been no attempt to define the scope of private and public sectors in manufacturing and mining. Nor is there much detail on how external connections should be loosened. That they should be loosened is clear, however, from the frequent references to the need for Zimbabwe to avoid the "neo-colonial" road which Kenya has followed.[19]

III. - Assessment and Conclusions

Evaluation of these ideas on overall strategy alternatives for Zimbabwe is difficult. It is not only that the criteria for evaluation are diverse - equity in income distribution, economic efficiency, "dependence", etc. - and weighted differently by different observers. It is also that concrete proposals are few and Rhodesia specific analyses come from relatively few pens. Roger Riddell, for example has written so much about Zimbabwe's strategy issues that analysis of "the literature" risks becoming an analysis of Riddell. Most of the available writings, moreover, tend to be general in part because the war made it uncertain what kind of economy Zimbabwe would inherit.

Given the space limitations and the fact that many of the issues raised will be considered in other papers, two general conclusions will be discussed here: first, that the "dualism" argument so central to the "radical" critique of "reformist" approaches is too weakly supported to bear the heavy weight put on it by the "radical" strategists; and second, that while there are no unflawed solutions, the "radical" strategy presents more difficult problems for Zimbabwe at this stage in its historical development than do reformist strategies.

Underlying reformist strategies is the view -- presented earlier-- that the Rhodesian economy is a powerful, adaptable economic engine which has brought benefits to large numbers of Rhodesians and can do even better in the future. "Radical" critics argue the contrary: that the inherited economic system has proved incapable of providing modern sector employment for new labor force entrants, has left large numbers in poverty, and is a paper tiger in other respects. The first view is that the machine is sound, but has been misdirected, the second that it is structurally deficient and incpapble of eliminating poverty.

There can of course be no question about the exploitative, racist character of much of Rhodesian economic policy in the past. Nor can there be any question that gross inequality characterizes the system, and that most Rhodesian Africans remain very poor. But these facts do not give much support to the "radical" critique.

It will be recalled, first of all, that the central argument of the radical critique is that the modern sector has not been able to generate enough jobs to absorb new entrants into the labor force. The result is unemployment and landlessness in the TTL's. Some of the critics, however, adopt a peculiar definition of unemployment. Riddell, for example, seems to argue that those not absorbed in officially-enumerated modern sector employment are unemployed. His attack on a modern sector-focused strategy rests on this proposition. But it is clearly inadequate. It appears to dismiss labor-absorbing activities outside of agriculture (notably the informal sector), and to downgrade the significance of the fact that relatively few adult males were in the TTL's. Those who can find no work outside the TTL's and return there cannot be called "unemployed" when they are in low productivity employment in the traditional agricultural sector.

As noted earlier, moreover, the performance of the Rhodesian modern sector in terms of employment generation has been more impressive than in LDC's generally and far more so than other African countries. Between 1946 and 1976 the number of Africans in wage employment in Rhodesia grew by 7 percent and the number of Rhodesian Africans by 14 percent per annum, the former from 377,000 to 933,000, the latter from 180,000 to 700,000.[20] A relatively large proportion of the adult male population (40-45 percent) now depends on wage employment as the major source of income, and relatively few men of prime working ages remain in the TTL's -- at least as of the mid-70's. In countries where the modern wage sector employs 5-15 percent of the adult male population -- which is the normal case in Africa -- modern sector growth cannot reasonably be expected to be the major source of growth in employment, but in Zimbabwe, where the figure may be 35-45 percent, it may be quite another matter.

The critics of "reformist" views on the potential adaptability of the present economic system stress the fact that despite a long period of rapid growth, the gap in average incomes between blacks and whites is greater than ever, and the great majority of Africans in Zimbabwe remain in poverty, judging by the size of the gap between income levels and minimum subsistence needs as determined by Poverty Datum Line studies.

There are several problems here, however. First, despite the fact that income distribution is extraordinarily inequitable and growing more so in absolute terms, average African real incomes have increased substantially in absolute terms in recent decades. Thus between 1946 and 1961 African real wages (average annual earnings) rose by almost 8 percent a year. And between 1964 and 1977, real African per capita earnings rose by 2.5 percent a year.[21] So African real incomes have on average risen substantially -- if these official data are to be believed -- in two ways: the proportion of the labor force at work in the relatively high-wage sector has increased significantly and the average earnings of those in paid employment have also risen.

This long history of rising real wages poses certain questions about the significance of findings which claim that large numbers of African wage employees in Rhodesia receive incomes which put them below the "Poverty Datum Line".[22] If indeed real wages have risen as the numbers suggest, the level of wage earner poverty must have been much deeper in the past. All of the wage data, in any case, suggests that the modern sector has generated higher real wage incomes for substantial numbers of Africans, and this despite a pattern of neglect and discrimination which has obstructed African rural development and African skill acquisition and mobility in the labor market.

The "radical" critics raise other questions about the soundness of the Rhodesian economy. Some argue that it is not a Zimbabwean but a European economy -- as symbolized by the large share of domestic output (well over half) generated by Europeans and European factors of production. This may be so, but there is no inherent reason it cannot become indigenized.

Other criticisms are less fundamental. Simson, as noted earlier, downgrades the manufacturing sector by denying "true" industrial status to processing activities. Others point out that the industrial sector consists of many single firm "sectors", each sheltered from competition by public policies. Riddell observes that the vaunted agricultural sector really is not to impressive as people think; it consists of a small handful of highly efficient large farms surrounded by larger numbers of inefficient hangers-on. Most farmers, he points out, earn too little net income to be subject to income taxation. Some 30 percent are said to be "technically insolvent."

It is also true that per capita TTL production of foodstuffs may have stagnated or declined during these decades of rapid economic growth, and the bulk of the African population continues to live there. But the long history of discriminatory policies and lack of attention are not irrelevant to this outcome.

These arguments suggest that there may indeed by important areas of weakness in the Rhodesian economy. It nonetheless remains difficult to be unimpressed by the economy's rapid growth, its persistently high savings rates, its capacity to diversify and adapt to shifting external circumstances.

The argument that the inherited economy has structural deficiencies which make it unsuitable for Zimbabwe thus does not appear well-supported factually or analytically. With the removal of barriers to African agricultural change, and some substantial reallocation of development expenditures to African rural development, productive employment opportunities could multiply in the TTL's, the PA's and the new settlements which are certain to emerge. Coupled with modern sector expansion, even at a lower rate than in the past, this can generate a pattern of growth providing not only jobs but a much more equitable distribution of benefits.

In addition to these different views on "dualism" and the serviceability of the prevailing economic system, reformist and radical strategies differ on the fundamental issues mentioned earlier: agricultural organization; the desired composition of output (roughly speaking, the degree to which resources should be allocated to meet "basic needs" as against expanding production of modern sector outputs along present lines); the priority attached to inward-lookingness (reduced "dependence") and the importance of the economic role allotted to the public sector.

The "reformist" position on these and related matters involves formidable problems and has numerous disadvantages, as was mentioned earlier. The gradual reshaping of the economy along more egalitarian lines might be viewed as too slow, which would be politically unpalatable to many Zimbabweans. Moreover, tendencies toward inequality are inherent in "reformist" solutions, in various ways. The large, high-income white community -- whose presence, at least temporarily, is implicit in "reformist" strategies -- will retain highly visible socio-economic divisions and will create a variety of destabilizing pressures. The whites will be a source of comparison for skilled and educated Zimbabweans, stimulating a pattern of consumption far beyond the reach of most Zimbabweans, and creating dangers of the Fanon-type scenaria, where indigenous elites grow remote from the rural mass. Yet unless Zimbabweans in the modern sector receive equal treatment with their white co-workers, grievances over unequal treatment will smolder.

Closing the gap between blacks and whites in the modern sector will of course widen income inequalities within the black community -- between modern and informal sector workers, between non-agricultural wage earners and paid workers in agriculture, between wage earners and peasant farmers.

Tendencies toward inequality will be prevalent in the agricultural sector for additional reasons. Relatively few farmers will have access to the fertile areas which will be opened for settlement, no matter how small the average holding. Farmers on some new settlement schemes will get better land than the average, others will enjoy irrigation facilities or other advantages. But these will still be only a relative few. Even if land redistribution is achieved with great egalitarian concern, and even with a highly egalitarian set of tax and public expenditure policies, rural Zimbabwe will be more unequal rather than less, after the land redistribution. On top of this in rural Zimbabwe as elsewhere, where individual ownership is the rule, some farmers will -- for reasons of initial special advantage, luck, or competence -- do better. The new-Marxist nightmare of an emerging kulak class, cannot be easily dismissed, though appropriate policies soften negative social consequences of its emergence.

Finally, the "reformist" path involves continuation and even reinforcement of external economic lines, a continuing -- even closer -- embrace of multinational corporations, encouragement of a strong private sector, reliance on external markets -- in a work, intensified "dependence" and integration into the international economy. The numerous uncertainties, inconveniences and risks entailed in such a position are well-known. Moreover, there is the special problem of relations with the Republic of South Africa. The new Zimbabwe will certainly prefer to reduce trade and investment ties with its southern neighbor. But alternatives may not be so easy to find, given the predominant role South Africa plays on the trade side at least.

Balancing this rather imposing list of unfavorable factors are the positive ones mentioned earlier in the paper: the possibility, in a "reformist" solution, for large increases in Zimbabwean economic welfare via continued high output from the inherited economic structure, with new emphasis on the peasant sector and on redistribution policies and programs. In addition, the problems of "radical" strategies seem ever more basic than those of the alternatives.

There is first of all the problem of organizing the agricultural sector. There are few unambiguous lessons in development, but one that is reasonably clear is that agricultural strategies based on group farming, communal tenure or other non-private tenure arrangements do badly. Socialism's greatest problem everywhere is how to develop a productive agriculture without sacrificing socialist principles, in particular by encouraging "progressive" farmers, or "letting the kulaks run". Patchwork solutions are common; the peasant sector is allowed to remain largely private (as in much of Eastern Europe), or private plots are permitted. All of this gives rise to well-known problems. In countries with large non-monetized sectors, where farmers have had little access to new technology, the problems of group farming are especially severe. Nor do state farms have an admirable record anywhere in the LDC's.

The issues involved here are not trivial -- Zimbabwe feeds itself, and can feed others in the region. Its agricultural raw materials sustain a substantial processing industry. To risk all this by following strategies which have so bad a track record elsewhere would seem dubious wisdom.[23]

The second issue is somewhat murkier. It concerns the desirability and feasibiltiy of introducing what is called a "Basic Needs Approach" in Zimbabwe. Sometimes this issue is framed differently -- in terms of whether priority should be given to "the peasant sector" or the "modern sector".[24]

The "peasant sector" -- "modern sector" dichotomy does have some meaning. Priority in resource allocation and economic policy priorities can and should be shifted to increase output of African smallholders. This will very probably involve some sacrifice of output yields <u>to development expenditure</u>, at least in the short run. But it will satisfy equity and employment objectives. The question is one of scale.

The "Basic Needs" orientation is less clear, and its analytic underpinning less secure. Riddell and others argue that a massive redistribution of income will result in a pattern of final demand which is consistent with meeting basic needs and is labor-intensive besides. Unfortunately such literature as exists on this question shows results which do not confirm the employment-creating argument. The conclusion of these studies is that while low income people consume many labor-intensive goods, so do high-income people, and the net employment results of shifts in distribution are insignificant.[25] In societies which have many domestic servants (e.g. Rhodesia) the employment effects are likely to be negative. Of course one may say good riddance to demeaning employment, but it is employment nonetheless, and a source of income for many thousands of people.[26]

With respect to "basic needs approaches" more generally, they tend to leave much unclear, and this is true of the Zimbabwe-focused literature. The problem is this: basic needs strategists assert that people who are healthier, better-fed, and better housed, will produce more and have fewer children. There are reasons to think this is true -- but the extent to which it is true, the time it will take, and the cost burden, (especially the recurrent cost, which can quickly overwhelm local budgets) all raise serious problems. Moreover, basic needs advocates recognize that the services in question (housing, education, health, water, etc.) cannot simply be expanded as they are. The costs are obviously too high, and it is not clear that the present techniques are appropriate anyway. So transformations are required -- non-formal education systems, simple rural health delivery systems, new forms of urban housing, better-adapted rural water and sanitation systems. While exciting experiments testing these innovations can be found in a few places, they remain on the drawing board for the most part. So the very foundation of a feasible basic needs development strategy -- aside from asset redistribution -- remains ill-defined.

Finally, it is obvious that without a continuing flow of modern sector output to sustain the public treasury and pay for the rural transformations implicit in basic needs strategy, such an approach cannot be financed.

The third issue is "dependence," and can be quickly dealt with. The risks and dangers of integration into the international economy were described earlier. But Zimbabwe's gains from trade and investment are very substantial, and her future prospects good. The costs of partial delinking would therefore be high; and total delinking, as urged by some, would have far more severe consequences for African income and economic welfare than in lesser-developed countries. Although Central and Southern African regional economic cooperation offers some possibilities for restructuring Zimbabwe's external sector, it is highly unlikely that in the near future regional economic integration schemes will proceed very far, and that if they did, the other partners would be ready to allow Zimbabwe to play a Kenya role, a role of economic dominance. The conclusion is hard to escape, that for small countries there are no viable alternatives to external "dependence." As Cuba, Tanzania and other small socialist countries have learned, economic growth without exports is not sustainable, and efforts at "self-reliance" which impair the trade balance quickly lead to new forms of external dependence. For a country like Zimbabwe, with its relatively high degree of monetization, its substantial wage labor force, its large degree of openness, and its strong potential as a competitor in world markets for capital and goods, the costs of reducing external connections are sure to be very substantial.

The final point has to do with the role of the public sector. Radical strategies rely on the state as the central if not exclusive agent of development. But Zimbabwe will for a long time be a "soft" state politically and administratively. To put the major burden of allocating and managing resources on such a state, is to make economic decisions even more politicized (and hence explosive) than they would be under even a cautious reformist government. It is sure to lead to large-scale inefficiencies in resource use, given the manpower and organizational constraints likely to persist for some time. Moreover, the public sector has an immense agenda before it. It must establish orderly administration throughout the country; encourage and sustain popular participation in political and economic decisions; create and administer basic social services and -- more demanding -- adapt these to African needs; maintain the complex physical plant of the present public sector -- roads, utilities, railroads, etc., and expand and adapt them to the needs of the rural and urban African masses; create and adminster an agricultural extension service and other services required for the transformation of African agriculture; design and manage the complex transition to an Africanized and more equitable Zimbabwe -- e.g. implement a land reform program and avoid the problems of inadequate provision of incentives and services which make land reforms successful; work out a new relationship with white farmers and technicians; renegotiate the terms of the MNC presence, particularly in mining and agriculture. Given the magnitude and complexity of these tasks, it would seem imprudent to add to them the reorganizing and management of the major parts of the economy.

There are, then, no easy roads, no unflawed strategies for the future development of Zimbabwe, or any other country. This is hardly a novel observation, but it does suggest that there is much room for honest differences in assessments of costs and benefits of alternative development options. Unfortunately, too often the literature on these matters is shrill and sectarian in tone, and frequently relies on ad hominem agrument. This helps neither the intellectual problem of the search for understanding of development processes and problems, nor the political needs of the new Zimbabwean leaders for a clear definition of the options facing their country. If there is any danger, it is the risk that discussions and prescriptions will become too homogeneous, too narrow and hence inadequate to allow full appraisal of the choices that can be made.

ENDNOTES

1. See below, pp. 21-22 for more extended discussion of these points.

2. A.M. Hawkins, "The Economy o924-1994," in G.M.E. Leistner (ed.), Rhodesia: Economic Structure and Change (Africa Institute of South Africa) 1976, p. 20.

3. Cf. R. Porter and J. Sherman "Rhodesian Manufacturing and UDI," CRED, University of Michigan, Oct. 1976. It has recently been argued that much (25-30 percent) of this manufacturing output is "fictitious," consisting of refining of raw materials, smelting, ginning, etc. Attributing this portion of manufacturing production to mining or agriculture would reduce the manufacturing share of GDP from 25 to 16-18 percent (H. Simson, Zimbabwe: A Country Study; Research Report No. 35, Scandinavian Institute of African Studies, Sept. 1979, p. 32). Similar classification difficulties exist with manufacturing data everywhere. It is not clear that there is a general practice in this matter, though in general raw materials processing seems to be included in "manufacturing."

4. Cf. Duncan G. Clarke, From Rhodesia to Zimbabwe: The Unemployment Crisis, Catholic Institute for International Relations, London, 1978, p. 19.

5. The public sector share of the total wage and salary bill is greater than its share of total employment -- 29% in 1970. (P.S. Harris, "The Growth and Economic Impact of the Public Sector of Rhodesia," Rhodesian Journal of Economics, Sept. 1972, p. 53.

6. See R. Riddell, "Zimbabwe: Problems for the Economy," in ODI Review, No. 1, 1979, p. 26.

7. V. Vincent and R.G. Thomas, An Agricultural Survey of Southern Rhodesia: Part I, Agro-Ecological Survey, Salisbury Govt. Printer, 1960. See also G. Kay, "Physical Environment Resources," in Leistner, G. (ed.) Rhodesia, Economic Structure and Change, 1976.

8. Cited in Simson, p. 45.

9. Simson, p. 45 and Table 36. European per capita income was R$ 3062. and African was R$ 93.

10. Ian Hume and other writers (e.g. Simson) have pointed out that the share of profits in national income has risen appreciably since UDI, probably due to the protection given to industrial and agricultural enterprises. Hume points out the possibilities this creates for redistribution within these sectors (I.M. Hume, "What Model for Zimbabwe's Economy?", in Optima, Volume 27, No. 1 (1974).). The point is general. Its relevance of course depends on the maintenance of a flow of output comparable to that of the pre-liberation period.

11. For a survey of these views as they appear in the "political economy" literature pertaining to Africa, see M.J. Grieve and T.M. Shaw, "The Political Economy of Africa: Internal and International Inequalities", in Cultures et Developpement (Louvain), Vol. X, No. 4, (1978), pp. 609-648.

12. This is true of much "reformist" writing as well. (Cf. The Economy of Colonial Zimbabwe and Policy Issues for a Future Majority Government, edited by Peter P. Waller, Uwe Otyen, et al., Berlin. Dec. 1977); United States Agency for International Development, A Report to the Congress on Development Needs and Opportunities for Cooperation in Southern Africa, Annex A, Zimbabwe, (March 1979).

13. Howard Simson, Zimbabwe: A Country Study. Research Report No. 53, Scandinavian Institute of African Studies, Uppsala, 1979.

14. Simson, p. 64.

15. Roger C. Riddell, "Which Way Zimbabwe? Alternative Development Strategies for the Future," South African Labour Bulletin, Aug. 1977, p. 3-21. My colleague Richard Porter points out that Riddell's assertion ignores the possibility of poverty-reducing transfers.

16. Simson, for example, says: "It seems futile to try to predict the nature of a future land reform in Zimbabwe, as this will depend on future political and practical considerations . . ." p. 71.

17. Roger C. Riddell, The Land Question, in the series From Rhodesia to Zimbabwe, Catholic Institute for International Relations, London, 1978, pp. 28 ff.

18. Ibid., p. 29.

19. R. Riddell, South African Labour Bulletin, 1977, p. 17; Michael Bratton, "Structural Transformation in Zimbabwe: Comparative Notes from the Neo-Colonisation of Kenya", The Journal of Modern African Studies, 15, 4 (1977), pp. 591-611.

20. Simson, Table 6.

21. Ibid; Table 8, 23.

22. Cf. U. Tickner, The Food Problem, From Rhodesia to Zimbabwe, No. 8, Catholic Institute for Intersectoral Relations, London, 1979, p. 16, where it is stated that in June 1977, 75% of African non-agricultural wage earners received cash wages of less than $R70 a month, while Poverty Datum Line calculations for an African family of four in Salisbury indicated that $70 was the minimum income necessary to attain the PDL.

23. See the interesting review article by Michael Lofchia, "Agrarian Socialism in the Third World: 'The Tanzanian Case'", in Comparative Politics, April 1976, pp. 477-499.

24. Cf. Simson, p. 68; 74-5. Riddall is the most articulate proponent of a Basic Needs Approach: Which Way Zimbabwe? Alternative Development Strategies for the Future, South African Labour Bulletin, Aug. 1977.

25. See W.R. Cline, "Distribution and Development: A Survey of the Literature", Journal of Development Economics, Feb. 1975; Wayne R. Thirsk, "Some Fresh Perspectives on Aggregation Bias, Income Distribution and the Composition of Final Demand in Colombia", Rice University Program of Development Studies, Discussion Paper No. 79, Fall 1977, has some reservations regarding the general conclusions of the literature. A recent South African study comes to more conventional conclusions about the insignificant impact of income redistribution on employment, though its data are ambiguous. (P.A. Black, "Income Distribution and the Composition of Final Demand in South Africa", South African Journal of Economics, Vol. 45, No. 4, Dec. 1977, pp. 394-407.

26. In the mid-60's, 10-20% of the non-agricultural labor force was in domestic service in most ot the African countries for which data could be found. K.C. Doctor and H. Gallis, "Size and Characteristics of Wage Employment in Africa: Some Statistical Estimates", International Labour Review, 1966, pp. 160-165.