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## Zimbabwe on the Path to Neoliberal Ruin



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With the defeat of the court challenge by the opposition Movement for Democratic Change (MDC), the election has cemented in place the results of last year's coup.[1] The men who unleashed the military against the nation to install themselves in power, Emmerson Mnangagwa and Constantino Chiwenga, remain firmly ensconced in the positions they seized, as president and vice-president.

Mnangagwa, representing ZANU-PF, the party he and his fellow conspirators hijacked, polled 50.8 percent in the election, narrowly avoiding the need for a runoff against his leading opponent, MDC president Nelson Chamisa. The MDC based its court challenge on

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several anomalies it identified in electoral statistics. [2] However, the MDC case never had a chance once the court refused to grant authorization to practice law to its two South African lawyers who were counted on to play critical roles. The judges further undermined the case by informing the MDC lawyers that only primary evidence would suffice. Meanwhile, the court prevented the MDC from obtaining that primary evidence by rejecting the MDC's subpoena for data stored on the Zimbabwe Electoral Commission servers. [3]

It may never be publicly known with certainty whether the junta engaged in electoral fraud to secure its position or if Mnangagwa genuinely won enough votes to squeak by. Regardless, the very basis for the election was illegitimate, as Mnangagwa would never have been a candidate in the first place had it not been for the military coup. What is certain is that the men who had come to rule through military violence could hardly be expected to cede power peacefully. As if to underline that point, an army unit fired live ammunition at MDC supporters who were demonstrating against the announcement of Mnangagwa's victory. Soldiers killed six people and beat every demonstrator and bystander they could.

On the day following the outbreak of violence, U.S. State Department spokesperson Heather Nauert issued a statement addressed to the government and people of Zimbabwe. "We encourage all stakeholders and citizens to pursue any grievances peacefully and through established legal channels, and we encourage all political leaders to show magnanimity in victory and graciousness in defeat." [4] The phraseology was interesting – and revealing. The United States would never have called upon the MDC to accept defeat with graciousness while Robert Mugabe was president.

Why the change? The striking thing about Mnangagwa's and Chiwenga's electoral programs is how similar they were to each other. Regardless of who won, the nation would be charting a neoliberal course. Indeed, both presidential candidates were fond of repeating the mantra of a Zimbabwe that is "open for business." It was clear that no matter which candidate was elected, imperialism would be the winner. Indeed, for Western elites, there were certain advantages to be gained from a victory by the ruling ZANU-PF. Due to its role in the liberation struggle and the fast-track land reform program, the party retains considerable support, far surpassing Mnangagwa's tepid showing. In parliamentary elections, ZANU-PF trounced the MDC, winning 109 seats against the latter's 41. Mnangagwa was better situated to garner sufficient legislative backing to enact neoliberal

measures, whereas ZANU-PF parliamentarians might prove more resistant to Chamisa's efforts to pass the same type of proposals.

The violent suppression of the post-electoral demonstration left a sour taste, however. Western leaders are keen to see Zimbabwe roll back the gains of liberation, but Western corporations expect an environment of peaceful stability before they are willing to invest. The United States and European Union have been consistently emphasizing that message. After the MDC lost its court challenge, the U.S. State Department urged "all parties to respect the Zimbabwean constitution and the rule of law."<sup>[5]</sup> A concern, it must be said, that was entirely lacking during last year's military coup. Similarly, the European Union Delegation to the Republic of Zimbabwe stated that "all stakeholders should call for calm and restraint in both victory and defeat."<sup>[6]</sup> Zimbabwe may be in the hands of a self-aggrandizing junta, but Western investors ought not to be kept waiting too long.

If tensions settle, the future looks bright for Western corporations wishing to invest in Zimbabwe. In contrast, the prospect for the people of Zimbabwe appears rather bleak. While Zimbabwe has endured enormous economic punishment by Western governments for having pursued an independent path, Mnangagwa sees the way out as surrendering much of his nation's sovereignty and redirecting the economy to serve the interests of Western capital.

Mnangagwa wasted no time in making his position clear. Just two months after the military coup, the junta issued a document on investment opportunities aimed at Western corporations. In the introduction, the report speaks of Zimbabwe's transition "to a new economic order." The government of Zimbabwe declares "from this point forward...its commitment to companies that invest in Zimbabwe," and assures Western corporations that the nation's "economy will be founded on sound market principles and principles of legal protection that encourage and protect private enterprise and the fruits thereof."<sup>[7]</sup>

"Reforms undertaken will seek to increase Zimbabwe's attractiveness for all types of investment," the document continues, promising to protect all investments "from expropriation or from measures taken that will have a similar effect."<sup>[8]</sup> Among the numerous appeals made to Western investors, the report specifies that "foreign investors are free to invest" in the agricultural sector "through contract farming arrangements."<sup>[9]</sup> It does not take much imagination to envision how the financial might of Western corporations could muscle aside the more marginal smallholder farmers.

Privatization is a concept beloved of all neoliberal wreckers, and Mnangagwa is no different in that regard. The investment document urges "foreign investors" to "take

advantage of this window of opportunity that is presenting itself. Some of the entities to be privatized are lucrative and are key to the country's turnaround strategies." [10] Enticing corporate tax incentives in various sectors are promised: zero percent for the first five years, and strikingly low rates in the following years, along with a permanent zero percent tax on capital gains. [11]

Mnangagwa moved quickly to redirect the economy. In March, the junta amended the Indigenization and Economic Empowerment Act, which had stipulated that foreign investors could own no more than 49 percent of businesses in various sectors. The amendment eliminates that requirement in all sectors other than diamond and platinum mining. [12]

There was a quick launch of the plan to wholly or partially privatize, liquidate, or merge 35 parastatals. [13] According to Finance Minister Patrick Chinamasa, by April actions were already underway targeting twelve parastatals. [14]

The junta also has plans to establish special economic zones, in which businesses would be granted tax, regulatory, and labor concessions so that benefits would flow solely to investors and permit super-exploitation of workers.

Not surprisingly, Western officials are actively engaged in the restructuring of Zimbabwe's economy. In March, Great Britain's Department for International Development (DFID) granted \$4.2 million to the World Bank's Zimbabwe Reconstruction Fund (ZIMREF). According to the World Bank, by that time, "with ZIMREF's support, seven pieces of legislation have been ascended into law to improve the ease of doing business and modernize public procurement." The funds from DFID, it added, "will enable the World Bank to scale up technical advice to the Government of Zimbabwe as it takes forward its economic reform commitments." Additional funding is provided for, among other things, revising the Investment Law. [15]

ZIMREF is also heavily involved in supporting plans to "improve the business climate" and "ease of doing business," including assisting the government in amending legislation. [16] And whose interests are being served by Western officials taking part in guiding and drafting Zimbabwe's legislation? Not those of the Zimbabwean people.

The International Monetary Fund (IMF) is scheduled to conduct its next round of economic consultations with Zimbabwean officials during the last quarter of this year. The IMF has presented a number of preconditions that Zimbabwe must meet before it would be willing to offer loans. All of the demanded steps are on Mnangagwa's agenda, including privatization of state-owned enterprises and reducing employment costs. [17]

During the electoral campaign, Mnangagwa released his political program, inaptly named “The People’s Manifesto 2018.” There is little or nothing in the program of benefit to farmers or workers. “We are now in a New Dispensation under the leadership of ZANU PF,” the document begins, “where the focus and preoccupation of the new administration is opening up the country for business.” Among the priorities are “modernizing the public sector,” by which is meant privatization, and “re-aligning to an investor-friendly trajectory.” The document goes on to declare, “The resolve to open up Zimbabwe for business is strengthened” by the new government’s international role. [18] One wonders: are these the goals the liberation movement fought to attain?

The political program, liberally festooned with photographs of the narcissistic Mnangagwa, heralds its goal as “to focus aggressively on re-opening the country for business with the global community.” [19] To accomplish that aim, “The Party remains committed to implementing investor-friendly and sustainable supply-side policies to stimulate production across all sectors.” [20] Furthermore, Mnangagwa’s captured ZANU PF is committed to “protecting property rights,” along with a “favorable tax system” for businesses, and “lowering the cost of doing business, including trade and labor regulations” – all at workers’ expense, naturally. [21]

Eliminating regulations that protect the health, safety, security, and pay of workers may entice businesses, but it is not an encouraging prospect for workers. Thomas Masvingwe, Second Deputy Secretary General of the Zimbabwe Congress of Trade Unions, worries that companies under the “new dispensation” will shun collective bargaining agreements and move toward imposing short-term contracts on workers. “Government will be furthering the interests of business alone, and this will have ramifications for labor as there will be no security of tenure for workers. The type of employment contracts that will arise from that policy will embrace a labor market flexibility model in which an employer can hire and fire as they please.” [22]

The one legacy of Zimbabwe’s liberation struggle that is untouchable is land reform, which reversed the lopsided pattern of land ownership inherited from apartheid Rhodesia. No Zimbabwean official could openly set out to dismantle land reform without incurring enormous political opposition. Mnangagwa, however, can chip away at it in an indirect manner.

Mnangagwa’s political program promises to “transform agriculture in the next five years” and “open the sector for global businesses.” [23] He has also talked of promoting large-scale farming. A vital analysis authored by four agricultural specialists and issued by the

Sam Moyo African Institute for Agrarian Studies (SMAIAS) touches on some potential threats to the agrarian sector posed by Mnangagwa's intentions.

Under the land reform process, people were given farms based on 99-year leases. To allow farmers to obtain loans using land as collateral, Mnangagwa wants to shift to a land title model. In the context of his push for a free market, the result could be disastrous for many smallholders. "Property loss via market effects happens through mechanisms of distress sales, economic recession, bad harvest, illness or death in the family, or calamity, and through mortgage default," SMAIAS warns. The result is land consolidation. "Markets offer many chances for opportunistic behavior and tend to favor strong market actors, that is, those with the capital, know-how, and information to protect and expand their property rights, and to buffer themselves against risk. The local culmination of the process is a gradual transfer of land rights via the market to capital-rich actors, and gradual concentration of land ownership in the hands of those who can invest to achieve optimal economies of scale in production and commercialization." Furthermore, "systemic, market-promoting registration and titling spells the demise of the commons, or land held by collectives." [24]

Mnangagwa advocates establishing joint ventures between farmers and foreign capital. "There is a wide chance that the joint ventures will lead to the disenfranchisement of smallholder farmers from the land," SMAIAS notes. "There is extensive literature on how capital, particularly in the form of joint ventures, leads to loss of land among peasants and consequently turns them into laborers." [25] If Mnangagwa succeeds, the gains of land reform will be steadily eroded, with an increasing amount of land being concentrated in the hands of the wealthy few.

How much damage the junta can do depends to some extent on whether or not it can ensure a peaceful and stable environment that would lead Western corporations to conclude that it is safe to invest in Zimbabwe. That would accelerate the shift to a free market economy, with all of the harm to workers and farmers that this implies. Mnangagwa and Chiwenga, however, came to power through military violence and have already demonstrated a willingness to resort to violence to ensure that they continue to rule. That is the contradiction the junta faces if a tough political challenge arises. Whatever happens, although political change could restore the rule of law, there is no significant political force on the scene that is philosophically inclined to steer the nation away from the shoals of neoliberal demolition.

Notes.

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[8] “Investment Guidelines and Opportunities in Zimbabwe,” p. 4, section 1.7 and p. 5, section 1.8b, Government of Zimbabwe, January 2018.

[9] “Investment Guidelines and Opportunities in Zimbabwe,” p. 23, section 9.10, Government of Zimbabwe, January 2018.

[10] “Investment Guidelines and Opportunities in Zimbabwe,” p. 27, section 10.2, Government of Zimbabwe, January 2018.

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