Letter No. 8
from Ted Lockwood
Harare, Zimbabwe

June 28, 1984

As AFSC's Southern Africa International Affairs Representative, Edgar (Ted) Lockwood carries responsibility for writing reports, initiating conferences, seminars, and personal contacts that support the work of the member nations of the Southern Africa Development Coordination Conference (SADCC) in fostering greater regional development and economic cooperation. To be included on the mailing list write to AFSC, Africa Program at 1501 Cherry Street, Philadelphia, Pa. 19102. Contributions to defray mailing and duplicating costs are welcome.

Introduction

In part one of this newsletter, Ted Lockwood reported on the prospects for peace and unity in Zimbabwe and the relationship between the two major political parties, ZANU and ZAPU, prior to the ZANU Congress.

Part two, which follows, will examine the challenging course faced by the Zimbabwean government as it seeks to move its agricultural system closer to a socialist economy.

Agriculture As the First Step Toward Socialism?

A Zimbabwean who heads a research institute in Holland told me when we visited in April that "...the strategy the government chose was to show the world that it could run a modern economy. I think it was a wise choice. But it is risky."

Rather than seizing the "commanding heights" of the economy as Mozambique had done, only to see the whole enterprise founder for lack of technical and management skill, Zimbabwe proposed to creep up on socialism slowly while learning the ropes. It would create a temporary partnership with capitalism. Government stated right at the first that private enterprise would play an assured role, provided it did not stand in the way of restructuring the economy. It would not nationalize but prove the worth of socialism by slowly creating socialist forms of enterprise. It would slowly buy into existing businesses while using public funds to improve education, health, and other social services. The first step would be in agriculture. Six months after independence, Mugabe said:
"Our socialist thrust will thus restrict itself for now to the area of land resettlement and organization of peasant agriculture."

The commercial agricultural sector

Agriculture is in many ways the key to Zimbabwe's economy. Seventy-five percent of the population is directly dependent on it for a living. Agricultural exports were earning 50% of the export total in 1982 and although they declined to 45% in 1983, they matched minerals as a source of foreign exchange. At independence, 95% of all marketed food and an estimated 70% of marketed food consumed in the communal areas came from the white-owned commercial farms. Foreign companies like Anglo-American, Liebigs, Lonrho and Hulletts earn a large percentage of agricultural profits and have huge land holdings. Sugar production and refining is dominated by two South African multi-national corporations. The majority of white farms has been much less profitable and could only exist through government easy credit, subsidized prices and extremely cheap labor. Only a small percentage of these farms turn out a full half of the produce.

Twenty-five percent of Zimbabwe's work force, some 350,000 persons, work on the commercial farms and 1.5 million live on them. Typically, labor has been poorly paid and wretchedly housed. Safety and health conditions are bad. Laborers' children are more malnourished than those of independent peasants. While the government has established a minimum wage, it has a hard time with enforcement; trade unions have a hard time getting recognition. The influx of starving Mozambicans has had the effect of driving temporary workers' wages down in some places.

Because nationalization of the white commercial farms could lead to a precipitous fall in foreign exchange, starvation and even political downfall, the government has created a friendly atmosphere for the farms. Prominent white farmers head the Ministry of Agriculture and the marketing authority which markets 60% of farm output. The prime minister singled them out for praise in his independence day speech.

Commercial farmers today, however, are extremely unhappy over two issues: prices and security. When government announced last August that agricultural prices would go up by 16.6%, Denis Norman, the Minister of Agriculture, promised to review prices at the close of harvest in the light of inflation of costs. When, therefore, he announced in April "standstill" prices for almost all commodities he was met with cries of "horrifying," "demoralizing," and highly "regrettable." Farmers were facing not only drastic reductions in crop yields due to drought but also inflation of costs. Five days after the price announcement, fertilizer prices went up 43%. The drought cut the maize harvest from a target of 1.6 million tons to an estimated 700,000 tons. Imports of maize will be necessary even to meet scaled down consumption (normally 1.2 million tons). Four hundred thousand tons will be an absolute minimum requirement. Farmers now owe the Agricultural Finance Corporation $235 million, of which $52 million is in arrears.
Notwithstanding the current outcry, it has to be remembered that government jumped the maize price from $85 to $120 a ton during its first year in office, resulting in a big jump in volume and profit in 1981 and 1982. The rise to $140 a ton announced in September was 60% over 1980-81 prices and roughly equal to cost of living increases in the same period. But when the government removed food subsidies from milk, bread and mealies in September, average food bills for lower income families shot up by 27% at a time of drought, unemployment and a slack economy. While it was argued that the hike affected only urban workers and not the poor in the rural areas, many areas report that school children are faint from hunger. The RAL Merchant Bank has reported that with real incomes shrinking, lower income consumers are switching from purchases of non-essentials like clothing, footwear and processed foods to basic foodstuffs, and even these latter are reaching a limit.

More recently, the government announced a pre-planting price of $180 a ton for maize for 1985-86. This is a compromise. The farmers wanted $200. Meanwhile, the price of mealies has been put up another 20%, showing the government is not prepared to subsidize processed food any further.

In these circumstances, while it might be cheaper economically to raise the price of commodities to the farmer rather than to import them at an estimated $265 a ton, it might be politically too expensive. The remaining subsidy of $30 a ton on maize meal is likely to be abolished. But this is based on the $120 a ton price. If account is taken of the proposed $140 a ton price and the $265 a ton price of the 400,000 tons of maize due to be imported, the result could be a hike of 55% in the retail price of this basic foodstuff. The $200 a ton recommended by farmers and bankers could have meant a subsidy-free retail price at least 30% higher than that or 85% more in toto. While IMF, USAID and the bankers continue to recommend abolishing subsidies entirely, it is the lower income group which ZANU claims to represent who will bear the cost. The political pressure from below is likely to match the pressure from the farmers and the international and national bankers. But if the government does not increase the price for farm products and/or subsidize farmers' costs for fuel, interest and fertilizer, farmers may shift to tobacco and cotton, which have done well in spite of the drought.

Drought has affected Matabeleland and the Midlands more severely than any other region except Masvingo. Consequently this area, which has historically had the highest density of population in the country in its communal lands, also has the greatest hunger problem. It has a security problem as well; violence continues as troops interrogate people in search of anti-government dissidents. In the last two years, bandits or dissidents have killed 33 commercial farmers, primarily in these provinces. Farmers in Matabeleland complain that security forces are slow, ineffective and reluctant to deal with armed dissidents. They say the army harasses civilians instead. The Matabeleland Commercial Farmers Union President, Mike Wood, said:

"The aspect that farmers find most frustrating is the apparent lack of success the security forces are having against those who commit these savage acts. Fence cutting, illegal grazing, snaring, poaching and general lawlessness continue unabated in all areas, and even when the odd culprit is apprehended, the sentences meted out do not appear to have the necessary deterrent effect."
While praising the commanders, Wood complained that some units were undisciplined and unappreciative of the farmers' position.

Bulawayo is now full of white ranchers who have abandoned operations. All resident white farmers in the Kezi area have vacated their farms as of the beginning of the year and so have many in Marula South. The number of cattle ranchers in Matabeleland had dropped from 740 in 1980 to 263 as of January. It is quite possible that a number of commercial farms may also close down. If this happens, it will not come as a result of the government's hardening up on socialism, but because of its difficulty in containing the dissident problem and because it can't afford to subsidize farmers indefinitely. Escalating costs, inadequate market prices, and the burden of carrying the drought-reduced crops have been a much greater persuader than anything else except the dissidents so far.

Meanwhile, the government has announced its purchase of 270,000 hectares of the land abandoned in Kezi and Marula, which had been declared a "liberated zone" by local people. It intends to recruit a professional manager, accountants and others to run the giant ranch under a parastatal operation, ARDA. The Cold Storage Commission is holding cattle purchased from the white farmers for the ranch. The government's plan will take two years to complete. Farm workers will be assessed for "suitability." It is hoped that the scheme will help communal people improve their livestock and be "people-oriented instead of individual-oriented." District Councils are promised a role, as yet undefined. The scheme, however, started as a rescue operation because the peasants in Kezi openly supported dissident agitation. Whether they will see the new ranch, presently occupied by the army, as having "untold benefits" as ARDA Manager Liberty Mhlanga has promised, seems doubtful.

The white farmers are also complaining about the increasing problem of squatters. Up until recently they could count on the courts to uphold their right to evict squatters and on police to carry out the court's orders. But in a case in Shurugwi, the Ministry of Lands intervened and forbade the eviction of 27 families on a cattle ranch purchased by a white farmer. Many of the families had been on the ranch for a long time. The Financial Gazette says farmers are "desperately concerned" because they see the case as the beginning of an erosion of their property rights. While the government is taking a hard line against recently arrived urban squatters, it cannot afford politically to take a hard line on rural squatters, especially long-established ones.

Communal Areas

More than four million people, nearly 850,000 families, live in communal areas which are roughly equal in size to white commercial farm areas. Because the communal areas are poorer in soil quality, overcrowded and poorly served, they acted in part as reserve labor pools for the cities, the mines and the commercial farms. Agricultural yields had declined in 1979 to only 19% of the country's output. Maize yields in the 1975-77 period were only .653 tons per acre as against commercial farm yields of 5.202. Seventy-three percent of the land is utilized, a very high rate, and there is a shortage of draft cattle. Ninety-one percent of communal areas are in marginal rainfall zones. Seventy-five percent is in areas suited only for cattle rather than crops.
African Purchase Areas

The previous white government tried to create a "solution" to the land problem by instituting "purchase" areas for African "master farmers." Only 250 of these are on a large enough scale and sufficiently managed to be classified as commercial farms. Sizes of the purchase area farms vary from 10 to 2,000 acres. In total amount, they come to 10% of the communal areas. Nine thousand African farmers who own such farms have their own organization, the Zimbabwe National Farmers Union.

The government's plan for peasant agriculture had three aspects:

a. Resettlement: To relieve the pressure on communal lands, the government planned to resettle 162,000 peasant families in three years' time. Three schemes were provided:

(A) individual arable plots with communal grazing and a village settlement;

(B) communes and co-ops; and

(C) a communal core estate with family plots adjacent.

b. Improved Services  Official service to the communal areas would be improved in regard to management of land, forests, and water for drinking, livestock and irrigation. The government would provide boreholes and pipes for water, roads, fences, storage and rural electrification. It would provide advice through expanded agricultural extension agents, fertilizers and pesticides, better marketing, assist in forming savings and loan co-ops and initiate joint ventures in traction, machinery and processing.

c. Policy Evaluation  Government would study issues of common management and individual shares, equal rights for women, conservation control measures, and the use of land and labor.

The agricultural scheme was part of a welfare state plan for "growth with equity" based on a fast-growing economy, which in the first two years of independence had achieved an 8% a year rate. But in the last two years there has been an accelerating economic decline. Despite a heavy tax rate (sales taxes were upped to 18% on most commodities and 23% on luxuries last year), the current budget deficit is 17% of gross domestic product. The accumulated deficit on current-account balance of payments amounts to $2 billion, which has been financed largely by increasing foreign debt to the point where debt service payments are 30% of exports. The government now faces a new problem of having to import $100-$150 million dollars of food to feed the population through mid-1985.

The government is now telling the people that they will have to rely more and more on their own labor and resources, on NGO help and on local government. The highest priority has been accorded to education, not to land. Universal education through O level is provided for all that want it; university-level and teacher training are in the course of rapid expansion. While the government pays teachers' salaries, secondary schools are built on a self-help and local funding basis. The Education Vote for 1984 was $502 million, an increase over 1983. But foreign aid, parental church and NGO contributions paid for just as much. Health services to the poor were greatly improved...
by provision of village health workers but responsibility for their pay has now been turned over to district councils. Water now seems to be another priority. Here again the emphasis is on self-help. Food-for-work programs have been started in many areas to cut government outlays.

**Slowed Resettlement Favors Individual Small Holders, Not Collectives**

While the government's plan for resettlement for 1984 and 1985 allocated $145 million and $169 million for intensive resettlement, the money for the plan has disappeared from the budget. The Land Ministry budget was cut in half to a mere $35 million last year and only a few resettlement plans have been executed this year.

Thirty thousand families have been resettled so far, the vast majority on Scheme A plots (see above). Twenty-two thousand families have been allocated 1.2 million areas for individual farming while only 30 producer co-ops with 2,646 members have been established under Scheme B. If Scheme B is supposed to provide a model for socialist-oriented development, its funding and implementation so far leave one doubtful as to the government's desire to move in this direction.

One difficulty with Scheme B is that to be successful, co-op development requires more commitment, more skill, more education, more managerial abilities and more application of physical and financial resources than does individual-plot development. Government criteria for resettlement make no allowance for this distinction.

Resettlers are chosen because they are unemployed or have little or no land. In most cases, they have few skills, education or relevant experience. If cooperatives are to succeed, they will need a much increased program of education and skills training and special attention to management. CUSO, Zimbabwe Project, and the government are embarking on new programs in this direction. But members of cooperatives fear the co-ops will be labeled a failure, proving that collective forms of production are unworkable. The current speculation is that the cooperative model will be abandoned and that land resettlement will emphasize central core estates under professional management, surrounded by small plot holders and probably not on collective or cooperative model. This approach may lead to joint ventures with multi-national corporations like Anglo-American or Lonrho.

**Credit as a Constraint**

Five percent of Zimbabwe's capital investment for 1980-84 was to go into expanded credit to farmers. One hundred and twenty million dollars of the credit provided through the Agricultural Finance Corporation (AFC) will have gone to white commercial farms. The next largest chunk, an estimated $30 million, will have gone to 3,000 purchase-land small holders and smaller amounts to resettlers and communal areas. In 1983-84, 15 to 20,000 resettlement farmers got a total $10 million. In 1982-83, 38,912 communal farmers got $13.2 million. The government has pledged itself to increase the number of loans to African farmers to 95,000 next year and the amount to $56 million. Probably the amount to be lent is not an increase; one reason is that the AFC has had to reschedule many debts which drought-hit farmers simply cannot pay.
While this extension of credit to Africans is on an unprecedented scale, it is on a commercial, not a concessionary basis. It naturally favors those who are better off and those who already have land and property, not the poor and the lower classes. A recent government survey of 1,600 communal households showed that half the farmers had no cattle and 28% had less than five, an impediment to plowing. Plots averaged 4.8 acres. But those who got AFC loans had more than six acres and more cattle than average. Three-fourths of the households got no AFC loans at all. The survey found a "strong AFC bias" against households headed by women, 50% of the total surveyed.

It is thus apparent that provision of credit is not a substitute for redistribution of land or resources to those deprived. The chairman of the Manicaland branch of the Zimbabwe National Farmers Union charged:

"The system only serves to widen the gap between the rich and the poor because the securities required are far beyond the reach of most people."

A recent University of Zimbabwe study of co-ops showed that AFC loans were for seasonal inputs only and not for the farm equipment needed for large-scale operations:

"(They) face tremendous difficulties in qualifying for the latter (medium and long-term loans) due to their absolute poverty and lack of acceptable collateral.

"Under the prevailing equipment constraints, it is difficult to realize a successful harvest, and cooperatives end up in a vicious cycle of indebtedness to AFC for seasonal inputs, which makes it even more difficult to purchase equipment from their own resources."

Extension Services

At the present time there are 1,200 grass roots extension service workers in the Ministry of Agriculture. But in order to reach its desired goal Agritex will have to double its present staff establishment by 1990 when communal areas are expected to have 1.1 million people. While the World Bank and IFAD have lent Zimbabwe 32 million dollars so that workers can buy motorcycles, live in good houses and have better training, Agritex director John Hayward predicts that even if students at agricultural training institutes are doubled as planned and other projected steps taken, the goal will not be met. At present there is a real shortage of trained agricultural staff. At independence the extension service for white agriculture had achieved a 1:40 ratio of staff to farmer, second only to Israel. Since the service is now merged into Agritex, it is not possible to judge whether white commercial farms get the same deluxe treatment. But it is clear that peasant agriculture still has a long way to go.

Results

The results of the new program for peasant farmers has been hailed as "remarkable" by the Agritex director, who points to the fact that communal areas are now producing 40% of the nation's cotton crop, which has reached a record 240,000 tons, 10,000 more than can be ginned. But increased productivity
is limited to 15% of the farmers. This is not surprising since 91% of the communal areas are in zones of marginal rainfall. Maize has been a disaster in many areas although quite good in others.

An Agritex study shows that in 1981-82 trained master farmers in Zvimba/Chirau earned a net of $415 while those in Magondi and Umfuli earned $250 a year. Counting remittances from relatives in the city and maize retained for home consumption, their household incomes were $709 and $335 respectively. Untrained farmers, on the other hand, realized only 30% of what master farmers did.

"In all four areas MFs (master farmers) had access to more land and family labor, owned more cattle and, importantly, more oxen, and used more purchased crop inputs, particularly fertilizer, than NMFs (non-master farmers)."

The survey suspected that the reason that master farmers have so much more income is that they start with a better resource base.

Does entering a co-op improve poor income? A survey of five recently formed cooperatives by Clever Mumbengewi of the University faculty shows that in their first year the co-ops fell far short of the $400 a year income they aimed at; in fact only one achieved an income of more than $200 a year. This amounts to more than comparable untrained farmers in the communal areas, but well below master farmers. Yields were far less than comparable commercial areas. Mumbengewi lays the blame at the door of inadequate government funding and lack of skills on the part of inexperienced co-op members rather than on the form of organization, which he feels has great potential if the government will back it.

The Influence of Western Aid

Notwithstanding the cut in foreign aid, the biggest single country donor to the new Zimbabwe is the United States. It has advanced $260 million in aid so far since 1980. The direction in agriculture is in line with U.S. development policy: to eliminate public subsidies, reduce food subsidies and emphasize aid, inputs, better seeds, better prices and so on for the individual entrepreneur. Cooperatives are aided through marketing and supply cooperatives, not redistribution of resources.

USAID programs in development have continued, amounting to about $40 million each year. Zimbabwe will receive $15 million a year in educational grants and $15 million a year in agricultural grants in foreign currency. The purpose of the agricultural grant is to increase "the productivity of the small farmer in Zimbabwe" by eliminating seven constraints: inadequate research, extension, credit, marketing, land and water use, manpower and planning. These grants will be repeated over a three-year period. USAID is funding a major expansion of the agricultural college, Chibero, as well as a similar expansion of the agriculture faculty at the University of Zimbabwe.

At present 150 Zimbabweans have been sponsored for training in the United States or other countries through USAID. Seventy are undergraduates in the U.S. Agricultural professional short-term and long-term training in the U.S. and elsewhere is a major focus. A U.S. citizen who works with the program
"It's really very effective. They have a look at the consumer society in America and they really like it. They are sold on our values. Russia offers a lot of scholarships. But people here would rather go to America or Britain or western Europe."

In addition to education in agriculture, U.S. commodity-import grants have helped build two 100,000 ton storage silos for the grain marketing board, a new cotton gin, and 31 warehouses and distribution centers for marketing and supply co-ops.

The model for what the United States is trying to do is its involvement in the "green revolution" in India. A USAID spokesman told me last year that while Zimbabwe remained committed to resettlement politically, it is "softpedaling" in terms of implementation. A resettlement program of 160,000 families, he claimed, would reduce employment in the formal sector and overall production of foodstuffs.

Before leaving Zimbabwe after three-and-a-half years, U.S. Ambassador Robert Keeley praised Zimbabwe's use of aid as "remarkable."

"We have been able to achieve a great deal here because U.S. aid is utilized through the Zimbabwe government, which has already laid plans for development areas which are top priorities. The government was supported by a private sector which could translate plans into reality rapidly."

A Look to the Future

The government, or at least ZANU seems to be advocating a clearer commitment to socialism and a consolidation of party power. After that consolidation is achieved, one could have fascism, state capitalism, a more thoroughly bureaucratic Marxist-Leninist socialism, or a more democratic and worker-and-peasant-led socialism. The implication of any such change is that we would have to see a reversal of the development policies at work up to now in agriculture.

It is more than likely that central government will begin to reach out in a bigger way to control grass roots development. That is not all bad; there has been incoherence, with all the NGOs doing their own thing. But I suspect that movement toward a genuinely people-oriented and people-run kind of socialism would require things that the government cannot deliver as such, although it could move in that direction by changing commitments for training, education and capital grants.

I think that what will be seen for some time to come is a kind of state-led capitalism with socialist experimentation on the fringes. The difficulty for a move to classical socialism is that there is neither a really class-conscious and militant working class and trade union movement, nor a peasant class that is fully educated and conscious of what it is possible to do through co-operative and non-exploitative forms of development. Without such a base, and it is still possible that such a base will develop, the state in the name of socialism is likely to try to open up possibilities for working class participation in management decisions rather than for working class control of the means of production. And pragmatically, Zimbabwe is likely to work as Botswana has done to strengthen the peasants through the means I have reported rather than to do the more challenging tasks that would be necessary to achieve a socialist form of agriculture.