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Zimbabwe at a Crossroads

by L. Gray Cowan

In 1991, a Zimbabwean writer characterized his country as a land of contradictions in which the political leadership espoused the principles of Marxism while encouraging an active capitalist economy. Although the stated goal of President Robert Mugabe was to create a single-party system, opposition parties and vigorous public criticism of the government were tolerated. And despite having one of the most tightly controlled foreign-exchange systems in Africa, Zimbabwe was the largest market in the region (outside South Africa) for Mercedes-Benz.

Some of these contradictions have in part been resolved, only to make way for other, more complex contradictions as the political situation in neighboring South Africa comes closer to resolution. Of all the states in the southern third of the continent, Zimbabwe is likely to find itself most deeply affected, both economically and politically, by the emergence of a democratic South Africa.

Over the past decade, Zimbabwe scored points in the international arena as a steadfast opponent of apartheid and proponent of sanctions, and a sympathetic donor community sought to make up for the sacrifices this stance imposed. But with apartheid's demise now proceeding at a pace no one could have predicted half a decade ago, Zimbabwe risks becoming merely one among regional equals when it comes to claims for outside assistance. Landlocked and thus deeply dependent on its southern neighbor for trade and export routes, Zimbabwe faces the prospect that a renascent South Africa could dominate the fragile industrial economy built up since independence. A postapartheid South Africa could mean new markets but it could also mean the competitive snuffing out of Zimbabwean industries.

Zimbabwe's Political Evolution

At independence in 1980, the new Zimbabwean government inherited from the Rhodesian era (see "Some Milestones in the History of Zimbabwe," page 3) a tightly controlled, state-dominated economy, much of which was retained. Over time it evolved under Prime Minister (subsequently President) Mugabe's leadership into a people's socialism that was in effect a form of state capitalism.

The already large state-owned sector was expanded, a process that the ZANU-PF party leadership found fully compatible with its socialist ideology. Industrial growth in the 1980s benefited from the technical skills and capital of the white minority that stayed on and profited. Political control was exercised through a pervasive party structure and reinforced by the 1987 union agreement with Joshua Nkomo's ZAPU. Suppression of dissent through control of the press was balanced off by an independent judiciary. Economic growth of 2.4 percent a year and political stability for almost a decade generated popular satisfaction despite the fact that the Zimbabwean electorate had little voice in the decisions the government made for them.

As in any single-party system, corruption became increasingly widespread, although not in the blatant form it took in other independent African states. Comfortable posts on boards and commissions or in government-owned industries rewarded the faithful. Leadership codes were proclaimed (but not strictly enforced), particularly with reference to large land holdings by prominent party members. President Mugabe set a high example on the personal level; unlike many of his peers elsewhere in Africa, he has maintained a modest life-style. (See "The Mugabe Enigma," page 5.)

By 1989, however, both political stability and relative prosperity had begun to fray. The reserves of capital inherited from the preindependence period were running out, and strict control of foreign exchange meant that industries were increasingly operating on technologies that were two decades old. Declining growth foreshadowed rising unemployment, and political dissatisfaction with party rule (particularly in the field of human rights) was rising. A lack of confidence in government policy decisions became more evident, especially in activist groups such as labor and among university students.

The election of 1990 signaled a rising level of concern about ZANU-PF's governing capabilities. Although the fact that an opposition party, the Zimbabwe Unity Movement (ZUM), was able to garner 500,000 votes may have been largely a protest phenomenon (the party's leader, Edgar Tekere, was neither personally respected nor trusted), it shocked the ruling party and hastened the government's recognition that renewed economic growth depended on private-sector investment and reduction of the state-controlled sector. Improvement in rural living standards became a primary goal, and the government agreed to the conditions for an Economic Structural Adjustment Program (ESAP) developed with World Bank support.

Prospects for "Democratization"

Africa's "second revolution"—the move toward democratic elections and multiparty systems that has swept much of the continent over the past two years—has so far had little effect on politics in Zimbabwe, nor is it likely to in the immediate future. The concept of a loyal opposition is absent from ZANU-PF's political worldview. President Mugabe has not moved from his strongly held personal view that a single-party system, modeled on that of the former Soviet Union, is most suitable for promoting continued social and economic development. For him it has become almost more of a religion than an ideology.

Since the rejection of his proposed legislation to enshrine the single-party concept in the constitution, the issues of single-party rule and "socialism" have largely disappeared from public discourse and concern. Gestures have been made toward greater respect for human rights; control of the press exercised under the 1965-1990 "state of emergency" has been relaxed; and labor unions are now free to negotiate with employers without the intermediation of the state. Mugabe is too skilled a politician to try to enforce his personal preference in the light of the majority party's parliamentary position on the single-party notion. There are still a number of party hard-liners who will insist publicly on the old vision of a socialist state but this stems more from personal political agendas than from conviction.

It would, however, be erroneous to assume that ZANU-PF is preparing to become merely one of several parties contesting for power in a multiparty system. Rejection of a constitutionally based single party did not occur because the idea was considered undemocratic but out of fear that another faction within ZANU-PF might become strong enough to seize control from the current ruling faction and take over the government. At the present time, the single-party question is, in any case, somewhat academic. There is, and will continue to be, a de facto single-party system until and unless an opposition is able to organize effectively enough to contest an election. So far there is little evidence that this is about to happen.

Opposition from outside ZANU-PF has been ineffectual and unorganized since the merger with ZAPU. Name recognition, country-wide organization at the grass-roots level, and the availability of financing (from the state through a Ministry of Political Affairs) should at least in the immediate future enable ZANU-PF to win any

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Some Milestones in the History of Zimbabwe

1890-1923. European settlement of the territory that became Southern Rhodesia (now Zimbabwe) begins when a "Pioneer Column," under the auspices of Cecil Rhodes's British South Africa Company, treks north from the Cape Colony via Bechuanaland (now Botswana) to raise the British flag over Fort Salisbury in 1890. The company acts as the *de facto* government for the next 33 years. After the Ndebele rebellion in the early 1890s is subdued, the country's Africans are governed as a conquered people. Immigrants come in increasing numbers just before and after World War I and by 1923 the white population is sufficiently large and organized to persuade the British government to accord Southern Rhodesia the anomalous status of a "self-governing colony." The crucial clause in the 1923 agreement, and the one that would occasion prolonged debate in the House of Commons and the United Nations in 1962 and 1963, is the stipulation that the Crown retains certain reserve powers to intervene in legislation affecting fundamental human rights.

October 1953. Still under London's guidance, Southern Rhodesia, Northern Rhodesia (now Zambia) and Nyasaland (now Malawi) are joined in a Central African Federation.

1957. The African National Congress (originally founded in 1934) is revived under the leadership of Joshua Nkomo in an effort to challenge the monopoly of power by the country's 200,000 Europeans.

1960. Robert Mugabe's political career begins when he returns from two years as a college instructor in Ghana and becomes publicity secretary of the National Democratic Party, successor of the now-banned African National Congress.

1961-1962. In an effort to develop nonnationalist African support, the predominantly European electorate accepts a new constitution drafted in London that expands the Legislative Assembly to 65 seats, of which 15 (for the first time) are to be chosen primarily by Africans voting on a lower and still restricted roll. The effort to enroll black voters is largely unsuccessful, and the NDP is banned. Mugabe joins with its president, Joshua Nkomo, in forming the Zimbabwe African People's Union. ZAPU reveals unexpected control of the African population by effecting a nearly complete boycott of the polls in the first Legislative Assembly elections (December 1962).

1963-1964. Following British concessions that bring African governments to power in Nyasaland in 1961 and Northern Rhodesia in 1962, the Central African Federation is officially dissolved in December 1963. The white monopoly of power in Southern Rhodesia is debated extensively in London, the United Nations, and the newly founded Organization of African Unity. In-country political activity by Africans is increasingly hampered by security restrictions imposed by the Rhodesian Front government headed by Prime Minister Ian Smith and by a split within the nationalist movement between Nkomo's ZAPU and a newly founded Zimbabwe African National Union (ZANU) led in these early years by the Reverend Ndabaningi Sithole.

1965-1972. Following the breakdown of negotiations with Britain on the terms of a new constitution, the Rhodesian Front government announces a Unilateral Declaration of Independence (UDI) in November 1965. Because no provision is made regarding majority rule by the country's 95 percent black population in the foreseeable future, the UN Security Council, at Britain's request, imposes selective mandatory economic sanctions on the regime in December 1966 and comprehensive mandatory sanctions in May 1968. Limited guerrilla activity by black nationalists starts in 1966. A December 1972 campaign by ZANU in the northeast marks the beginning of a serious military challenge to the Smith regime.

1975-1976. After release from 10 years of confinement (1964-1974) by the Smith government, Mugabe departs the country to work with ZANU's antigovernment guerrilla operations based in neighboring Mozambique and Zambia. In 1976, Nkomo's ZAPU and Mugabe's ZANU begin to cooperate in a "Patriotic Front" alliance.

1979. In response to an African initiative at the August 1979 Commonwealth conference in Lusaka, the British government agrees to host constitutional negotiations leading to internationally recognized independence for Rhodesia. The talks, held at Lancaster House in London, culminate in a December peace agreement under whose terms the country temporarily reverts to colonial status pending elections.

1980-1989. Mugabe's party (by now renamed ZANU-Patriotic Front or ZANU-PF) wins a landslide victory over Nkomo's PF (i.e., ZAPU) in February 1980 preindependence elections held under British supervision, and he becomes prime minister of Zimbabwe at independence on April 18, 1980. The country's new constitution provides for a prime minister and a bicameral Parliament consisting of a 100-member House of Assembly (80 members elected by popular vote from "common-roll" constituencies and 20 from "white-roll" constituencies) plus a 40-member Senate (14 elected by the common-roll members of the House of Assembly, 10 elected by the white-roll members of the House of Assembly, 5 each chosen from the chiefs in Mashonaland and Matabeleland, and 6 appointed). In September 1987, the reserved status of the white-roll House of Assembly seats is abolished by parliamentary action; the 80 remaining members of the House of Assembly elect 20 candidates nominated by ZANU-PF, 11 of whom are whites, to fill the now-vacant seats. In October 1987 Parliament again revises the constitution to incorporate the office of prime minister into an executive presidency; in December 1987 Mugabe becomes the first to hold the new position. Two years of intermittent negotiations for merger (as differentiated from the 1976 alliance) of the two major parties follow ZANU-PF's sweep of the 1985 elections among voters outside ZAPU's Matabeleland stronghold. A ZANU-ZAPU agreement signed in December 1987 leads in December 1989 to the creation of a single party under the ZANU-PF label, with Mugabe as leader and Nkomo becoming one of two vice presidents. In November 1989, the House of Assembly votes to abolish the Senate and to enlarge the single remaining house to 150 seats (8 provincial governors, 10 chiefs, 12 members appointed by the president, and 120 elected members).

election, no matter how freely conducted. Increasing popular reaction against the ruling party may appear in the form of strikes or mass protests, but opposition parties have not yet been able to present a clear enough alternative program to attract large numbers of voters. It is possible that sufficiently large factions may split off from ZANU-PF itself before the scheduled election of 1996 to form an opposition but much depends on finding credible leadership. Thus far none has emerged.

There is much speculation on Mugabe's future as a leader. He is widely respected both at home and abroad for his political acumen, his pragmatism, and his accomplishments since independence. He has given no indication of retirement plans but the recent death of his Ghanaian-born wife, Sally, upon whom he depended heavily, could alter his thinking. No heir apparent appears to be waiting off-stage and there are few indications that anyone is being seriously considered, let alone chosen.

The increasing public discontent with ZANU-PF's policies gives rise to the question of intervention by the country's army (created in 1980 by the integration of ZANU and ZAPU guerrillas with the Smith regime's security forces) should the situation become sufficiently serious. Although it is true that the Zimbabwean military is the best trained and most experienced (except for that of South Africa) in the region, it has been content to remain under civilian command, partly because the government has provided modern equipment and training support. The armed forces will, however, be required to share in the sacrifices required under structural adjustment (ESAP). The retirement of some senior officers has already been announced (ostensibly to make possible more rapid promotions of junior officers, but it also helps meet the goal of reducing the civil service agreed to as part of ESAP). Should a further reduction in forces take place when and if the decision is made to remove Zimbabwean troops now guarding Mozambique's Beira corridor, military support for civilian rule could become questionable. Such a scenario, however, seems highly unlikely at the present time.

The Political-Economic Implications of AIDS

Zimbabwe now has the third highest total of reported AIDS cases in southern Africa, after Malawi and Tanzania. By the end of the first quarter of 1991, a total of 6,708 cases had been confirmed; the actual total is estimated at 20,000 to 40,000. Cases to date have been divided roughly evenly between male and female victims.

The long-term political and social effects of AIDS cannot be predicted with certainty. Because the disease strikes especially heavily at the younger urban elite, there is a risk that a significant percentage of university-trained managers and skilled workers could disappear, with an inevitable negative impact on industrial development. Some experts warn that if sufficient numbers of women of childbearing age develop AIDS, depopulation could create local political vacuums. Apart from the human tragedy of AIDS, the staggering financial costs of treatment impose an unexpected burden on health services already strained by unemployment. The government has from the outset downplayed the situation, and no legislation governing assistance has yet been passed. There is, however, a growing recognition that government must make some critical decisions regarding a realistic program to control the spread and consequences of AIDS.

The Land Redistribution Question

Redistribution of the large tracts of land held by white farmers was one of the first pledges made by the Mugabe government when it assumed power at independence in 1980. It remains in 1992 one of the country's most sensitive and critical political questions. The government fell far short of its declared intention of resettling 162,000 African families on these lands by 1985; only 52,000 families have been settled, amid frequent accusations of government inaction and corruption in the granting of land titles. The government's reply was that (1) resettlement had been hampered by the provision of the constitution devised at the Lancaster House negotiations leading to the end of the Rhodesian civil war that land could only be acquired from white owners on a willing buyer-willing seller basis and (2) as land prices rose over the years, the outlays of cash required to buy out white farmers could not be afforded in view of budget stringencies. The constitution prohibited repeal of this restriction on land acquisition for the first 10 years after independence without unanimous House of Assembly approval.

The constitutional constraint expired in 1990. In January 1991, the growing impatience of landless black farmers and the urban unemployed prompted Mugabe to propose further moves on land acquisition. The new legislation would clear the way for the government to acquire an additional 6 million hectares of commercial farming land, mostly for redistribution to African farmers at the rate of five hectares per family.

The proposed legislation created an immediate furor. The (white) Commercial Farmers' Union organized a strong protest to a provision that would permit the government to fix its own compensation price for acquired land by means of a commission whose decision could not be appealed to the courts; the farmers' group threatened to take its case to the Supreme Court. Fearing for the long-cherished independence of the judiciary, the chief justice announced that the Court would invalidate any attempt to deny an appeal on compensation as an attack on the Court's duty to protect human rights.

The Farmers' Union made it clear that the principle of land redistribution was not at issue, given that 4,500 white farmers still owned 40 percent of the arable land while 800,000 small African farmers owned 50 percent, on which they produce 60 percent of the maize and 80 percent of the cotton. The large commercial farmers have been turning to more profitable crops such as tobacco and commercial horticulture.

The government's decision to proceed without recourse to the courts on the agricultural land issue sparked a strong reaction in the financial and industrial sectors. Key points raised were that (1) seizure would greatly increase unemployment of Africans in the rural areas who worked for large farmers, (2) investor confidence in the government would be seriously undermined, and (3) banks would be particularly affected because the lack of security of tenure would dry up lending to the large commercial farmers. The latter contention was proved to be correct when the bottom promptly fell out of the land market and values plummeted; no one was prepared to buy without security of tenure.

The fact that the government felt compelled to proceed in such arbitrary fashion is indicative of the critical political importance of land redistribution to Mugabe and the party. In the face of sagging overall support and widespread dissatisfaction with the failure to carry out the earlier pledge on the land issue, immediate and forceful action was seen as necessary to prove that ZANU-PF still had the interests of the mass of rural Zimbabweans at heart. Some observers believed that Mugabe's previous experience with court-decreed compensation cases caused him to suspect that the courts would inevitably lean in the direction of aggrieved white farmers to keep compensation prices up.

Representations continued to be made to the ZANU-PF leadership that the effects of the pending legislation would be even more widespread, hindering the government's efforts to secure foreign investment, endangering World Bank support for ESAP, and discouraging other foreign aid. Zimbabwe, it was argued, would be turned into an importer rather than an exporter of food. Various ministers made placating noises, intimating that once the legislation was debated by Parliament and its full effects better understood, appropriate changes would be made. In mid-March 1992, however, the legislation as written (promising that 1 million Zimbabweans would now become new owners of land) received enthusiastic and unanimous parliamentary approval.

It is too soon to assess the overall effects of the new legislation. Because the drought plaguing all of southern Africa in 1992 is likely to make Zimbabwe an importer of maize for at least the next year and probably longer, the effects of the land transfer on production will not be immediately evident. Whether it will shore up popular support for the government will depend on how rapidly the acquisition process specified in the legislation can be made operative and whether the government can demonstrate that the small farmers, not the party faithful, are the primary beneficiaries. The effect on investment will no doubt be at least somewhat negative. If the government is prepared to nationalize in one sector of the economy, a lingering fear is created that it could do the same in others, regardless of official protests that there is no such intention. Despite the risk of reduced donor support and a decline in private-sector investment, however, the government appears to be of the view that land legislation is a political imperative.

The Mugabe Enigma

By any standards, President Robert Gabriel Mugabe is a remarkably complex man. Born into a poor and strict Roman Catholic family in the Zvimba Tribal Trust Land (native reserve) in 1924, he is an intellectual with six university degrees (three acquired by correspondence while in detention); a fanatically hard worker, trying not to drown in the growing range of decisions referred up to him; and a highly principled man, untainted by corruption. He is also a cold orator, more respected than loved; an austere, aloof figure, devoted to his Ghanaian-born wife [who died after a long bout with kidney disease in early 1992], with no vices and no intimate friends. What might have been a softening experience of parenthood was cut short when his only child died in infancy while Mugabe was in detention.

Almost alone among his cabinet, he seems genuinely driven by principle and inspired by the ideological dream that sustained him through a decade of imprisonment. His odd predilection for such trappings as mass displays, slogans, rallies, and party structures, however artificial or sterile, seems to reflect the yearning for order and discipline that any leader might feel, faced with the easygoing confusion of a modern African state.

Although Mugabe is instinctively a starry-eyed socialist, he is constrained by reality in his day-to-day decisions. He has generally respected the advice given him by his old friend and onetime protector, the late President Samora Machel of Mozambique: "Don't make my mistakes. Don't attempt radical changes overnight. Keep your economy going above all else. Keep your whites." Furthermore, in the tradition of Shona chiefs, he tends to lead his ministers from behind, refusing to back rash initiatives, needing to be convinced in ad hoc meetings, waiting for a consensus to emerge before articulating it.

This style of management does have some drawbacks. He is often accused of indecisiveness and is surprisingly tolerant of incompetent, corrupt, or even criminal ministers, giving them plenty of rope to hang themselves before easing them sideways (rarely out). He often seems more dreamer, thinker, and exhorter than man of action. . . .

—Adapted from "Zimbabwe: A Status Report"
by Roger Martin (*CSIS Africa Notes* no. 92, November 1988).

The Short-Term Economic Outlook

There are several reasons why Zimbabwe's short-term economic outlook is not encouraging. Despite as-yet-unexploited mineral resources, a developing private sector, and possibilities for a growing export market, the economy is lagging seriously. Agricultural production has fallen behind the rate of population growth; inflation and unemployment are rising; and professional graduates are actively seeking employment in South Africa and Botswana. But the most critical short-term issue is the worst drought in 80 years in southern Africa as a whole.

Normally an exporter of food, Zimbabwe will lose between 70 percent and 90 percent of its 1992 maize crop, necessitating imports of more than 2 million tons of maize and other grains. There is danger of severe malnutrition and even death from starvation in many areas. Water shortages in urban centers also loom; there has been talk of evacuating parts of Bulawayo for lack of drinking water. Critical shortages could provoke massive social unrest.

Apart from the human distress caused by the drought, its effects on the economy and in particular on ESAP could be devastating. Even if normal rains resume later in the year, recovery will not be immediate; meanwhile, donor aid allocated to support of ESAP will have to be spent on food imports. The attention of government will be directed not to development but to emergency food distribution. Exports will be down sharply, leading to greater budget deficits, and foreign and domestic investment will be slowed.

The only bright spot, if there is one, derives from the necessity created by the drought for total coordination of food distribution measures and the transport systems linking Zimbabwe to South Africa. Regional cooperation, including with South Africa, will be strengthened and for the first time a framework created that will later be beneficial to all parties once normal trade relations are again resumed.

Longer-Term Economic Prospects

Zimbabwe's long- and short-term economic prospects differ substantially. The support ESAP has received from the IMF, the World Bank, and other donors (combined with the new investment proposed for the coming year by multinational firms currently operating in the country) would appear to justify a reasonably optimistic long-range view.

The government continues to encourage new private-sector development by liberalizing trade policies and freeing formerly controlled prices. Some 200 imports have been moved onto the Open General Import License (OGIL) list. These and other measures have encouraged the IMF to support the government's search for $2 billion in aid and loans from the international financial markets. The focus of development over the next few years, however, will be on the five-year program of structural adjustment supported by the World Bank, IMF, and bilateral donors.

Introduced with great fanfare in 1989, Zimbabwe's Economic Structural Adjustment Program (ESAP) was heralded as one of Africa's few home-grown structural-adjustment efforts, not one dictated by international lending agencies. It is clear, however, that the World Bank had a strong hand in its formulation. Zimbabwe's ESAP was the usual recipe for moving from a command economy to a free market—the energizing of an increasingly sluggish economy by gradually removing controls over prices, interest rates, and foreign exchange, devaluing the currency, and increasing exports. Under the program, sacrifices would be demanded of Zimbabwe's people but a social safety net fund was included to limit the suffering of the poorest segment of the population. The government would also be required to sacrifice. Subsidies would be removed within five years (in part to make the state-owned sector more competitive) and the civil service would be reduced by 25 percent as cost-saving measures aimed at reducing the national budget deficit from 10 percent of gross domestic product to 5 percent. Donor contributions of $700 million were required during the first year of the program, to be increased to $1 billion the following year.

It is too soon to judge whether ESAP will succeed in its objectives, although some effects of the program became immediately apparent. The Zimbabwe dollar was devalued in stages by 45 percent; in 1991 the inflation rate was 24.2 percent. Economic growth is now forecast to be negligible in 1992, and the balance of payments will continue to deteriorate as long as heavy costs for the import of maize continue. The real effects of inflation on consumer prices are yet to be felt; when they are, citizens in every economic stratum will suffer hardship. The critical question is whether the government will have the political fortitude to continue the program in the face of rising consumer objections. Over the past year the government has made concerted efforts to ensure widespread public understanding of the necessity for reforms. Party officials and teachers at the village level are instructed to explain the objectives of ESAP in community meetings and classrooms to prepare the people for the further sacrifices that will be demanded of them.

Although World Bank President Lewis Preston, in a recent visit to Harare, congratulated the government on the successful completion of the program's first-year targets, the prospects of meeting targets for the second year are less promising, primarily because of the drought crisis. The Bank sees Zimbabwe's ESAP as a test case for a tough structural adjustment. Some skeptics are concerned that the government is not telling the people (and, indeed, that the Bank is not telling the government) the whole truth about the impact that ESAP will have on the average individual's standard of living. Political pressure on ZANU-PF will intensify as the 1996 elections approach, raising the possibility that the party could cave in to popular demand to reimpose controls that were relaxed only reluctantly in the first place.

Zimbabwe's Shifting Foreign Relations

South Africa. Progress toward a transitional and eventually a democratic government in South Africa has set in motion fundamental changes in Zimbabwe's external relations. After a long period of strong support for Commonwealth and other sanctions against South

Africa and a focus on regional coordination with fellow members of the Southern African Development Coordination Conference (SADCC), new rationales for a foreign policy that includes South Africa are beginning to evolve. Although a persuasive case can be made for southern Africa evolving into Africa's first genuine economic community in a postapartheid era (see "Southern Africa in the Year 2000: An Optimistic Scenario" by Millard W. Arnold, *CSIS Africa Notes* no. 122, March 1991), the region could find itself playing a secondary role if South Africa pursues the option of continent-wide cooperation with other major actors such as Kenya and Nigeria.

At the bilateral level, neither the Zimbabwean government nor the business community has yet fully faced up to the implications of dealing with a neighbor whose economic strength far outweighs that of the rest of southern Africa. There has, of course, been a long history of trading relations between the two states: (1) Zimbabwe remains South Africa's third largest regional trading partner after Botswana and Namibia. (2) Many South African firms continued to maintain offices and conduct business in Harare even during the period of sanctions. (3) Zimbabwe remains largely dependent on South African rail links for trade, and traffic is increasing, despite the fact that expansion of commercial exchanges has been hampered by Zimbabwe's strict foreign-currency controls.

There is a degree of ambivalence in Harare business circles about closer relations with South Africa. On the one hand, the possibility of wider markets next door for Zimbabwean manufactured products is welcomed; on the other, it is feared that the domestic market may be flooded with cheaper South African consumer goods, particularly if Harare drops its protectionist regulations. A recent South African trade mission complained of the cool reception it received, hinting that it could take its business elsewhere. Moreover, not all South African firms are agreed on the opportunities an internal settlement will create for expanded regional business, given uncertain transport and shortages of hard currency, among other difficulties.

The Future of SADCC. Zimbabwe played an active role in the 1980 formation of the nine-nation (subsequently 10, following Namibia's independence in 1990) SADCC, whose main goals were a reduction of external dependence (especially on South Africa) and encouraging regional economic coordination/integration. (See "SADCC: A Progress Report" by Bryan Silbermann, *CSIS Africa Notes* no. 11, April 1983.) Within the organization, each member assumed responsibility for certain functional areas (ironically, Zimbabwe's included regional food security). SADCC achieved some success in telecommunications and in coordinating rail transportation. But as in the cases of all African regional organizations thus far, much time has been spent over the years in discursive meetings and in fund-raising. The question for the future is whether South Africa will join SADCC or the SADCC membership will join South

Africa in a new organization. Were South Africa to become a member, its economic power could eventually dominate SADCC. Whatever the outcome, a diminished role for the organization is likely as its members concentrate on their own direct relations with South Africa.

Zimbabwe will find greater competition for its exports within the region as the development of other member states proceeds. Angola has substantial resources for food production and, because of its estimated 2.1 billion barrels of proven recoverable crude oil reserves, may become a leading candidate for South African investment. South African technology will become available for regional development, eventually reducing Zimbabwean export markets. This, combined with South African financial resources, could mean a reduction in regional cooperation and therefore Zimbabwe's importance.

Zimbabwean-Zambian relations have been placed on a different footing with the election in October 1991 of Frederick Chiluba as President Kenneth Kaunda's successor in the first multiparty elections since 1968. A fellow socialist and strong defender of sanctions was removed from the regional scene with the defeat of Kaunda, to be replaced by a trade union leader and reformer who embraces capitalism and the private sector. As a result, a period of coolness ensued; Mugabe delayed a visit to Lusaka and ZANU-PF did not entirely conceal its disappointment.

Relations between Zimbabwe and Mozambique have long been close because of Mugabe's gratitude for help during the independence struggle, and Zimbabwean troops have guarded vitally important Mozambican rail links against Renamo attacks for some years. But there is a growing desire on Mugabe's part to see a settlement of

Mozambique's civil war; this would permit unencumbered access to the ports of Maputo and Beira and withdrawal of Zimbabwean forces.

Relations with the European Community and International Donors. Zimbabwe's relations with the European Community have been generally good since independence. The much-heralded trade liberalization policy is (cautiously) under way, but the departure of some European firms and the lure of Eastern Europe as a new area of investment has reduced the gains that might have been expected from free trade. The new policy seeks to encourage exports by an export-earnings retention scheme as well as export bonus rewards. But these incentives will be of little help in a depressed world market for Zimbabwean exports, and importers gain no meaningful benefit from the right to import technology to improve their competitive position if they lack enough foreign exchange to pay for the needed imports.

ZANU-PF's stand on foreign investment remains ambivalent—a situation that needs to be resolved. The stated official policy of encouraging external investment has to be reconciled with lurking fears of capitalism and external economic domination. Potential investors will be watching closely the prospective seizure of commercial farmers' land.

Relations with the donor community will continue to be cordial as long as the donors are satisfied with the government's efforts to achieve the goals of ESAP. A potential stumbling block looms, however, in Mugabe's stubborn defense of the present provisions of the Land Acquisition Act. He has dismissed British warnings that the land seizure policy could endanger London's contribution to economic reform, arguing that the British would not dare to take the case of the white farmers to the World Court.

In Sum

In the course of its relatively short period of independence, Zimbabwe has been one of the success stories of southern Africa, indeed of the continent. Robert Mugabe has proved to be a pragmatic and prudent leader for more than a decade, using his political skills to mold a powerful party that has kept fissiparous ethnic tendencies in check. His economic policies persuaded the largely white-owned private sector to remain and to increase its investment in the country in the face of an expanding public sector.

The second decade of Zimbabwean independence, however, will be far different from the first. On the domestic scene, Mugabe's ZANU-PF will find it increasingly difficult to resist the pressure for greater political liberalization, a multiparty structure, and fuller deregulation of the market. Opposition movements, up to now harshly repressed and only beginning to take shape, will ultimately force the present single party to give ground. Even if efforts to co-opt them succeed temporarily, ZANU-PF will be forced to incorporate so many new interest groups that it will risk splintering into factions.

As long as Mugabe remains at the helm, this eventuality may be avoided, but with his departure a leadership crisis could ensue in which new political combinations will appeal for popular support. Should ESAP fail, discrediting the reform policies of the present regime, a downward spiral of the economy could set off a popular reaction strong enough to force ZANU-PF from power. But the ZANU-PF leadership has enough vested interest in retaining the present system that it will not surrender easily; the question is whether change can be achieved without violence.

In its external relationships, Zimbabwe faces fundamental changes. Among the choices may be to accept South Africa as a dominant force in the region, with whatever economic advantages this may bring. Alternatively, an attempt to maintain an arms-length distance from South Africa would incur the cost of a reduced pace of domestic economic activity.

Zimbabwe today is at a crossroads; much of the country's future may depend on the paths chosen in the next four years by both its leaders and its people.

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