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Towards Pragmatic Economic Policies: Economic Transformation and Industrialization for Revival of Zimbabwe in the New Dispensation Era

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ABSTRACT

Whilst literature has many monetary and economic policies that were enacted before and after the dawn of the New Dispensation in Zimbabwe the country still faces a downward trend in terms of economic recovery. This study reviews the various policies put in place by the government and their impact on socio-economic development of Zimbabwe. A review of Zimbabwe's economic history shows that the country dropped from being one of the best economies in Sub-Saharan Africa and now ailing and characterised by hyperinflation, agricultural challenges, corruption, very high tax regime, huge domestic and foreign debts, increase in consumer prices and being a chief net importer of most goods or services. The study was underpinned by a case study survey from Singapore's revival with both qualitative and quantitative instruments used. The study found out that even though the land reform had an impact on economic performance, corruption, party-power politics and absence of an economic institute eroded any necessary contribution to economic transformation and industrialization in Zimbabwe. The study also revealed that the bilateral and multi-lateral agreements that were enacted in the dawn of the new dispensation have not yielded the desired economic revival transformations. The study recommended establishment of an economic institute to direct policy as well as removal of unethical practices in both public and private sectors so as to ensure financial and economic discipline.

***Keywords*--** Pragmatic Economic Policies, Economic Transformation, Industrialization

I. INTRODUCTION AND BACKGROUND

The African Economic Outlook (2018) points out that a key part of African growth accelerations require not only the creation of jobs in modern agriculture, industry, and services, but also policies that empower the poor and the low-skilled workers so that they can take advantage of the new opportunities that arise with structural transformation. A first priority for African governments is to encourage a shift toward labour absorbing growth paths. They should put in place programs and policies aimed at modernizing the agricultural sector, which employs most of the population and is typically the main step toward industrialization. A second priority is to invest in human capital, particularly in the entrepreneurial skills of youth, to facilitate the transition to higher-productivity modern sectors. A review of Zimbabwe's economic history shows that the country dropped from being one of the best economies in Sub-Saharan Africa to an ailing economy characterized by hyperinflation, fuel and food shortages, low agricultural output, corruption, highest tax regime, huge domestic and foreign debts, increase in consumer prices and being a chief net importer of most goods or services. The country is now a warehouse for foreign companies selling their products and the nation has been reduced to a consumer economy. It was also anticipated that the dawn of the new dispensation was going to see immediate bilateral and multi-lateral agreements yielding the desired economic revival. The purpose of this study is to thus make a comparative analysis of how Singapore and Rwanda managed to put their economies on course and find out lessons that Zimbabwe can learn from their experiences in order to operationalize the Transitional Stabilization Program Agenda (African Economic Outlook, 2018).

II. LITERATURE REVIEW

2.1 Singaporean Experience

Singapore was a colony of Britain from 1819-1959 and joined the Malaysian Federation from 1963-1965, upon which she gained total independence in 1965. Singapore experienced economic and other challenges and went through dry patches until it formed the Economic Development Board (EDB) to spearhead economic development programs in the country. Prior to EDB formation, the government consulted the United Nations for guidance on the course of action to pursue in order to reduce unemployment and improve on the economic sector side. By then Singapore had no industrial tradition, was labour intensive and had limited capital for its investment drive. Through the United Nations Industrial Survey Mission (1960-61) recommendations, the country embarked on an industrialization drive riding on an entrepreneurial

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trading base in already in existence and a population greatly working in processing and services sectors of the economy where expertise was in abundance. The domestic market was too small to support many viable industries and the government intervened to bring all the critical factors into action. Then followed the establishment of an independent Economic Development Board (EDB)whose responsibility to promote investment and the continued economic success of Singapore in conjunction with the Ministry of Trade. It vision was to promote Singapore as a compelling global hub for business and investment at building sustainable Gross Domestics Product, good jobs and business opportunities for the Singapore population. The main mantra was, 'begin your journey in Asia' using Singapore as the best location. In 2006, it contributed to more than 40 per cent of Singapore's GDP; achieving S$8.8 billion commitments in new manufacturing investments while service companies committed S$2.8 billion in new business spending (The EDB Annual Report, 2006/07). According to Seth and Ong (2008), the EDB has charted several strategies to realize its vision of Singapore as a premier hub for value-creating investments: strengthen industry clusters, identify and grow new clusters, nurture innovation-driven enterprises, develop new geographies, and make Singapore's environment conducive and competitive for global business. A number of factors can perhaps be discerned as having contributed to EDB's pivotal role in Singapore's economic growth. The first is clear and strong government support that is translated into the operating institutional framework is a one-stop, pro-business quasi-public agency, with resources for implementation. The second is the EDB philosophy of 'committed to deliver, courage to dream and bold in design', which has resulted in a carefully crafted economic development program. The third is the capacity to change, to stay ahead of world trends, innovate and make quick adjustments to meet changing times. Such legerity is crucial to staying competitive. The Singapore EDB experience is a reassertion of other aspects of Singapore's post-independence development that provides one model of how given the appropriate operational environment, concepts can be translated into practical programs and implemented to achieve the desired results. Table 1 below shows a steady in Gross Domestic Product Growth for Singapore over a period 1980-2019.This typifies a mature political system, lasting economic blue prints based on empirical research and strong cultural integration that unites all people for a common purpose (Seetoh and Ong, 2008).

Table 1: Singapore GDP
Current and international dollars and real GDP growth

	GDP, current prices, billion $US	GDP, current PPP dollars, bln.	Real GDP Growth, %
1980	12.1	21.4	10.0
1981	14.4	26.0	10.7
1982	15.9	29.6	7.2
1983	18.0	33.3	8.5
1984	19.6	37.6	8.8
1985	18.6	38.5	-0.7
1986	18.8	39.8	1.3
1987	21.6	45.2	10.8
1988	26.5	52.0	11.1
1989	31.4	59.5	10.2
1990	38.9	67.9	10.0
1991	45.5	74.9	6.7
1992	52.2	82.0	7.1
1993	60.6	93.7	11.5
1994	73.8	106.1	10.9
1995	87.9	116.0	7.0
1996	96.4	127.0	7.5

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	GDP, current prices, billion $US	GDP, current PPP dollars, bln.	Real GDP Growth, %
1997	100.2	139.9	8.3
1998	85.7	138.3	-2.2
1999	86.3	148.9	6.1
2000	95.8	165.7	8.9
2001	89.3	167.8	-1.0
2002	91.9	177.6	4.2
2003	97.0	188.9	4.4
2004	114.2	212.5	9.5
2005	127.4	235.5	7.5
2006	147.8	264.2	8.9
2007	180.0	296.0	9.1
2008	192.2	307.1	1.8
2009	192.4	307.6	-0.6
2010	236.4	358.6	15.2
2011	276.0	389.4	6.4
2012	290.7	413.0	4.1
2013	304.5	441.8	5.1
2014	311.6	467.6	3.9
2015	304.1	483.2	2.2
2016	309.8	500.2	2.4
2017	323.9	528.1	3.6
2018	346.6	556.2	2.9
2019	359.6	582.5	2.5
2020	377.2	609.9	2.7
2021	395.6	638.1	2.7
2022	415.0	667.5	2.7
2023	434.9	698.4	2.6

Source: IMF: World Economic Outlook (WEO) Database, October 2018

2.2 Zimbabwean Experience

Bangwayo (2002) argues that for 25 years (1965-1990) Zimbabwe s economy was revolving around the import substitution ideologies. The respective benefits did not accrue as the growth rate was not impressive coupled with low investment, low savings, high inflation and low employment by the end of the eighties decade. Zimbabwe began to face foreign-exchange shortages, partly as a result of declining world prices for its major agricultural exports, chiefly tobacco and cotton, and partly as a result of government s determination to repay debts and reduce its debt service ratio. High levels of trade restrictions had seriously discouraged exports and their reductions were expected to result in improved trade performance in the region. The period 1980 to 2019 has seen a series of economic blue prints being launched in Zimbabwe with the

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hope of improving the economic fortunes. In their sequential order they are:

- Growth with Equity (1981);
- Transitional National Development Plan (1982-1985);
- First Five Year National Development Plan (1986-1990);
- Economic Structural Adjustment Programme (ESAP) (1991-1996);
- ZIMPREST (1996-2000);
- Millennium Economic Recovery Programme (MERP) , 2001-02;
- Ten Point Plan based on Agriculture (2002);
- National Economic Revival Programme (NERP) (2003);
- Macroeconomic Policy Framework (2005-2006);
- National Economic Development Priority Programme (NEDPP) (2007);\
- Zimbabwe Economic Development Strategy (ZEDS) (2008)(aborted at Conception);
- Short Term Economic Recovery Programme (STERP I) (2009-10);
- Short Term Economic Recovery Programme (STERP II) (2010-12);
- Medium Term Plan (2011-15).
- Zim-Asset 2016- March 2018
- Transitional Stabilization Program, 19 April 2018

The above policies are a clear indication of fighting for survival in a context of trying to elevate the livelihoods of Zimbabwean people.

2.2.1 Zimbabwe GDP

Current and international dollars and real GDP growth

	GDP, current prices, billion $US	GDP, current PPP dollars, bln.	Real GDP Growth, %
1990	8.8		
1991	8.2		
1992	6.7		
1993	6.6		
1994	6.9		
1995	7.2		
1996	8.8		
1997	9.0		
1998	10.5	25.8	
1999	10.2	25.9	-1.1
2000	9.8	25.4	-4.2
2001	9.7	25.8	-0.5
2002	9.3	24.2	-7.7
2003	8.3	20.6	-16.2
2004	8.2	19.9	-6.3
2005	7.8	19.0	-7.4
2006	7.0	18.8	-3.6
2007	6.7	18.7	-3.4
2008	5.8	15.9	-16.3
2009	8.4	17.3	7.4
2010	10.1	20.2	15.4
2011	12.1	23.9	16.3
2012	14.1	27.7	13.6
2013	15.2	29.7	5.3
2014	15.8	31.1	2.8

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	GDP, current prices, billion $US	GDP, current PPP dollars, bln.	Real GDP Growth, %
2015	16.1	31.9	1.4
2016	16.1	32.4	0.7
2017	17.6	34.3	3.7
2018	19.4	36.3	3.6
2019	21.6	38.7	4.2
2020	24.1	41.3	4.7
2021	26.6	44.1	4.8
2022	29.3	47.2	5.0
2023	32.0	50.5	5.0

Source: IMF: World Economic Outlook (WEO) Database, October 2018

The above table shows that the economic performance of the various economic blueprints introduced by the Zimbabwean government did not yield much benefit to the whole populace even though projections for 2019 seem to be a 4.2% Gross Domestic Product (GDP) growth rate.

The African Economic Outlook (2018) summarizes the Zimbabwean economic situation for the period 2016 to 2020 as follows:

"Economic growth is expected to improve to an estimated 2.6% in 2017 from 0.7% in 2016, driven by stronger performance in agriculture, mining, electricity, and water. Economic performance in 2018 is likely to be affected by political changes; real GDP growth is projected to be 1% in 2018 and 1.2% in 2019. The economy continues to face structural challenges from high informality, weak domestic demand, high public debt, weak investor confidence, and a challenging political environment. The country is experiencing a liquidity crisis, which is a manifestation of structural deficiencies and distortions in the economy. Progress was made in improving the business climate, but governance and accountability remain problematic."

The above description indicates that there are a lot of issues to be resolved in order to create a favorable economic environment for both domestic and external investors to start their business. Two major factors needed are confidence and trust in the existing government as pointed out by Africa Economic Forum, 2018,p.14) that, ' African countries should strengthen their economic resilience and dynamism to lift their economies to a new growth equilibrium driven by innovation and productivity rather than by natural resources. Macroeconomic policy strategy should aim at ensuring external competitiveness to avoid real exchange rate overvaluation and take the full benefits of trade, improve fiscal revenue, and rationalize public expenditure. To achieve these goals, the macroeconomic framework must blend real exchange rate flexibility, domestic revenue mobilization, and judicious demand management'. The World Bank (2018) maintain that in order to improve efficiency, governments should also focus on the soft side of infrastructure development, mainly policy and regulatory issues, on education and training of the teams involved in infrastructure financing, and on constant research to keep up with new knowledge. African countries should better leverage public funds and infrastructure investments, while encouraging private sector participation.

III. RESEARCH OBJECTIVES

The research study was guided by the following objectives:

1. To establish lessons that Zimbabwe can learn from the Singaporean economic development experience.
2. To explore how Zimbabwe can be out of the current economic doldrums.

IV. METHODOLOGY

The research was guided by a case study and literature review on Singapore's industrialisation. These were used to establish lessons that Zimbabwe can learn from Singapore's case. According to Bowen (2009) and O'Leary (2014), the document study or case study method or analysis is a social research method and tool in its own right, and is an invaluable part of most schemes of research. The purpose of case study is to provide a confluence of evidence that breeds credibility (Bowen, 2009).

V. FINDINGS AND DISCUSSIONS

A number of findings were established from the Singapore case study. The following table gives the

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comparative findings between the two economies of Singapore and Zimbabwe.

Singapore	Zimbabwe
▶ Singapore had no industry tradition, had a lot of entrepreneurs in the services industries ▶ Introduced mandatory technical skills, e.g. ICT for everyone ▶ Thrust in education- learn in order to create a job. Finance options ▶ Best believe in home grown solutions to any economic or social problem ▶ Members of Parliament sit for exams first before voted. ▶ Culture central to economic development ▶ Investment in Language such as English was seen as a vehicle for economic growth as it helped in communication	▶ Zimbabwe is agro-based, industrious nation ▶ Less entrepreneurial minds ▶ ICT still a preserve of a few gifted people ▶ Thrust in education- learn in order to get a job ▶ Trust in outside failed experiments ▶ No finance options to an research prototypes ▶ Culture dilemma, even though it has hardworking people ▶ Language policy not still require more sprucing

VI. DISCUSSIONS

The study noted the following as key lessons Zimbabwe can learn from the Singaporean experience:

a. Singapore is a City state almost the size of Harare in Zimbabwe, started with no industry, relies on airport charges, seaport charges, service industry and entrepreneurial talent amongst its citizens. Zimbabwe has to establish the necessary infrastructure like national entrepreneurial school to help in culture and attitude change so as to make people believe in home grown solutions and increase demand for locally manufactured goods.
b. Singapore set up a board which politicians respected- The Economic Development Board which had autonomy to make economic decisions. Section 34 of the document entitled, *Towards an Upper –Middle Income Economy by 2030,* Government of Zimbabwe, (19 April 2018, P: 10), states that "good governance based on Rule of Law, Human Rights and Freedoms, Accountability, Transparency, Responsiveness, Equity and Inclusivity, Efficiency and Full Participation of the people in socio-economic development, is the bed-rock for a new democratic and developmental Zimbabwe." This implies that if the government is going to respect its own institutions, chances are high that economic revival is going to be a success story. This will help reduce levels of corruption and unnecessary government interferences in the operations of its entities that impedes accountability and transparency.
c. Singapore supported its own local investors and entrepreneurs and this improved the economy greatly. If the same is done to Zimbabwe, no foreign debt will accrue and no repatriation of funds will happen which creates liquid crisis and hyperinflationary cases.
d. Singapore introduced an education policy which meant all people were trained in mandatory technical skills, e.g. ICT for everyone in order to embrace the developmental changes. The same can be applied to Zimbabwe so as to drive the desired changes and also to have a forceful thrust in education- learn in order to create a job. Finance options.
e. Singapore believed in its research institutions and this helped to build mutual trust amongst industry, institutions of higher learning like universities and polytechnics and the government. If Zimbabwe could invest more into research and take the 5.0 Education system in its totality that will provide a window for a fast economic growth.
f. Members of Parliament sit for exams first before voted in Singapore, yet this is the opposite in Zimbabwe. In Zimbabwe public officers must also learn disciplines such as public economics and policy, constitutional law and governance before being voted into office for a results oriented focus in public projects execution.

VII. CONCLUSIONS

The study found out that even though the land reform had an impact on economic performance, corruption

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and party-power politics eroded all such performance benefits. This was also coupled with absence of an economic institute that gives direction to economic direction have a direct contribution to Economic transformation and industrialization.

RECOMMENDATIONS

The study recommends establishment of a Knowledge economy institute to direct policy as well as removal of unethical practices in both public and private sectors so as to ensure financial discipline if the economic trajectory is to bear meaningful results.

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