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## ZIMBABWE - AGRICULTURAL COMMODITY POLICY, FOOD SECURITY AND TRADE

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Agricultural policy in Zimbabwe has been up to now inextricably tied up with politics and the whims of the politicians. As the initial euphoria that came with the start of our Structural Adjustment Programme dissipates, the policy makers are beginning to grasp the implications of the programme and perhaps understand the economic disciplines that are necessary.

Our Government's stated policies for agriculture are noble indeed and are as follows:

1. To improve food production to ensure food security;
2. to improve living standards of farm families, particularly in communal lands;
3. sustain and expand employment in agriculture;
4. improve the net balance of payments by increasing foreign exchange earnings from agricultural exports;
5. generate higher rates of growth in the sector as this has major effects on other sectors of the economy;
6. to provide a regular supply of raw materials for our domestic manufacturing industry which depends on agriculture for at least 60% of its requirements; and
7. to contribute to the food requirements of the Southern African region as a whole.

These points, in a nutshell, cover the theme of this paper. Whether we can implement the policies is the next question.

**Firstly, what will be the effect of Zimbabwe's land reform programme?**

My Union has always held consistent views on land reform and we accept the need for it. Any reform must, however, be implemented in a manner that ensures land use on a sustainable productive basis, because agricultural land plays such a key role in our economy.

There is also much that can be achieved by improving services and facilities which will result in increased productivity in our communal areas. Our commercial farmers are doing much to assist in groups and as individuals with both technical advice and physical assistance to peasant farmers. Recently formed "task forces" of some of our more senior citizens providing free advice on some of agriculture's basics to Government field officers and peasant farmers are already proving successful.

But it is of concern to me that resettlement is seen by some as easing the population pressures and solving overcrowding of the communal areas as it will create, in return, another problem in the loss of employment and

associated facilities for displaced farm workers if wholesale acquisition takes place.

I believe Zimbabwe has a proud record of achievement in agriculture and this has been developed systematically over the years. Private sector involvement in the manufacture and distribution of agricultural inputs, the development of road, rail and other communications, the dual policies of controlled parastatal marketing alongside the free marketing system, the provision of private and state owned research and extension facilities have all contributed to a soundly based agricultural economy - the central pivot of the national economy.

Agriculture supplies some 60% of industry's raw material requirements and consumes 66% of industry's products and services. We are the largest employer of labour and currently some two million people are dependent for their livelihood on commercial farms and over 80% of the total population derive their living directly or indirectly from agriculture.

This situation is not sustainable in the long term. The pressures on the communal lands from too many people with too many animals is now having an effect which is exacerbated dramatically by the current drought. The mismanagement of natural resources is leading to widespread, and in some instances, irreversible degradation.

The traditional form of land ownership and use in which grazing areas as well as slashed and burnt vegetation, were given long periods of rest and recovery were actually ecologically sound and sustainable, but the system demanded the use of large areas of land. The coming of Western civilisation effectively increased populations of both humans and animals, thereby increasing the land pressures. Tribal wars were stopped and so were tribal migrations. The nomadic people were confined into reserves, tribal trust lands or communal areas, and they were then expected to adjust to static land occupation.

Our tragedy is that apart from a few areas that are suitable for perennial cropping, there has been no successful transition from the old traditional system to one of sustainable resource management. The so called benefits of civilisation included the introduction of veterinary and medical care and also the plough. The plough meant a family could cultivate more land and expose it to the elements of wind and rain, and increased the ability to clear more land, thereby reducing the grazing areas. So the destruction of Africa continues. It starts slowly, gathers momentum and leads to desertification in the end.

The population increases have been significantly gradual not to impose a need for change in management system

up to now. Successive governments over the years chose easier methods of handing over larger areas of land to communal farming, extending the illusion that the resources were infinite and access to it was the right of every individual, thereby giving the resources no financial value. Good livestock husbandry has never been looked on as an economic necessity even in good rainfall areas and change from traditional systems to commercial farming methods has generally been resisted.

Free access for all to land is today an impossibility. It is clear that under today's economic conditions, no system of communal management can succeed. Our priority must be to upgrade and rehabilitate the degraded land areas. Great political courage will be needed particularly in restricting land rights exclusively to competent farmers.

The progressive process of desertification, which unfortunately will be accelerated if we get heavy rains, is the result of the failure of traditional communal land systems and the unwillingness of Africa to adjust to changing circumstances and population growth. Zimbabwe's natural resources are badly damaged and the time has come for all concerned to face up to the consequences of ill conceived land programmes which are then badly managed.

The history of land allocation in Zimbabwe is one of crisis planning, of short term political expediency, and of lack of understanding of the ecological end result. Successive administrations have taken the easy way out. Now is the time that the present administration has to address the issues of tenure in a planned way.

Over the last eighteen months my union has made many suggestions to our Government on land acquisition and resettlement which would have minimal economic disruption. We held a meeting of some four thousand farmers in the Harare Conference Centre, we lobbied extensively both in Zimbabwe and externally, we informed decision makers of our fears of the economic and environmental effects of bad legislation, we made a video film and bought time on Zimbabwe television to show it nationally - we did everything possible to inform people of the consequences.

In a policy paper on proposals for land reform we suggested a list of priority categories for the acquisition of land for resettlement as follows:

- (i) Existing unoccupied land purchased by the State;
- (ii) land voluntarily offered for sale to Government;
- (iii) derelict and unproductive land - irrespective of ownership;
- (iv) state land; and
- (v) land owned by absentee foreigners.

Land currently held by government but not yet settled was obviously the first priority for resettlement together with that offered freely for sale. At the mass meeting of farmers last year we called on Government to form a Land Settlement Board to administer the resettlement programme. However, Government was only prepared to negotiate on how the programme was to be implemented and was not prepared to discuss the need for such a programme.

The Government announced that its intention was to promote emergent black large scale commercial farmers and

to speed up the establishment of a more racially balanced commercial farming sector.

In singling out white commercial farmers' land for acquisition, the Government conveniently avoided the sensitive question of extensive land holdings by Cabinet Ministers and others. At present their existence is treated with silence by both the politicians and the state controlled news media.

Government effectively removed the trusteeship of titled farm land values from the judiciary to the political executive. The future success of agriculture, the Economic Structural Adjustment Programme and the country depends on future fair compensation paid promptly for any land acquired for resettlement. If these payments are not market related, the collateral of commercial farmers becomes meaningless and will probably mean that bank borrowings for capital development will cease with lendings being based on viability and not on assets.

I am pleased to say that in the recent first designation exercise the Zimbabwe Government undertook, it quickly realised the incompetency of the civil servants who made the wrong decisions and once a technical evaluation of the properties concerned had been undertaken, productive farmers' designation orders were revoked. Any area of land that is not used productively cannot be defended - in other words the Government adhered to the laid down policy which is in effect in line with our priority rating. The land they will be acquiring has also not been done on a racial basis.

The cornerstone of both constitutional and statutory law dealing with property is that compulsory acquisition must only be undertaken by the State in the national interest. While it seems at present to be the Government's intention to use the massive powers they have in a reasonable manner, it may not always be so in the future. The law itself is a bad one and the powers vested in one man, the Minister whoever he may be, makes protection of the individual's right of ownership of little value.

We are determined to ensure the continued development and investment in the agricultural sector and continue to have constructive discussions with our Government. Our initial fears that those who view Zimbabwe from the outside would not be helpful in terms of contributions to both financing and investment in agriculture and the country as a whole have been justified. Hopefully our Government's recent decisions ensuring that justice is seen to be done will assist in improving the external image.

The bare fact that one has land does not mean that production can take place on a commercial scale, nor does it mean that it will lead to the creation of wealth. Wealth can only be created by the correct utilisation of that land. Any artificial distribution of agricultural land does not lead to the distribution of wealth. It is only through the sustained viable utilisation of land that the wealth can be created and then distributed.

So the mention of wealth creation leads to the next topic in the Zimbabwe economy - **that of the Structural Adjustment Programme** initiated by the World Bank and International Monetary Fund.

We, not only in Zimbabwe, but in the whole region, have to increase our competitiveness and here we must control the growth of our costs to no more than those of our competitors. The international exchangeability of

our currencies reflect purchasing powers so our companies that export or import substitute are being forced to cut costs with the result that the programme is having a tremendous negative impact on those who have no international exposure.

I wonder if many Zimbabweans realise just how powerful is this particular nettle that we have grasped - the Structural Adjustment Programme. Logically we cannot have costs higher than our competitors and our costs cannot be based on yesterday's inflation. Our private sector must lead the change, but it is extremely difficult to do so and reconcile the differences between the Structural Adjustment policies on the one hand, with its free market concepts, and the past changes to our Constitution and the introduction of the Land Acquisition Act. I must emphasise that I am just a farmer and not an economist so my comments may be less than expert.

The central thrust of the enhanced Structural Adjustment Programme which I shall refer to as ESAP from now on, is to provide an economic system which encourages investment and growth. There is much evidence from the Far East and South America that the "open" or "market friendly" economies have achieved higher growth rates and created employment more so than the "closed" or "centrally planned" economies.

The failure of the closed economies in Eastern Europe is so obvious that no more needs to be said. However, whether because of inertia, power groupings or political myopia, many African governments appear not to heed these lessons and therefore their economic performance is poor. Investment in Africa as a whole has been poor, not even sufficient to maintain the asset base, let alone increase it in line with population growth.

In Zimbabwe we have had high public sector spending as the Government has to borrow to fund the large budget deficits. The abuses and difficulties in allocation of scarce resources as well as the bureaucratic red tape resulted in caring not how wealth is created but how it is distributed. The result is an environment hostile to the expansion of business and employment.

The Zimbabwe Government recognised this early in 1991 and instituted new policy initiatives to remedy the problem. All economies have to adjust their terms of trade from time to time but ours have been relatively dramatic and this is what the programme demands.

I would like to quote from an article in "The Economist" I saw recently on the Structural Adjustment Programme in Tanzania.

*"'Structural Adjustment' from the Nyerere pattern to something more orthodox is painful, not only for the party hacks whose privileges the old system preserved. The blame lies not with the new policies but with the failed one that made adjustment necessary. Tanzanians, who have never known competition, must now learn to manage both business and politics."*

*Nyerere threw in the towel. He carried on resisting inevitable change, he could have brought his country still lower. He went quietly. For him, as for his old rival in next-door Zambia, the equally disastrous ex-President Kaunda, that will be what he is best remembered for."*

ESAP is not a quick fix or a one time repair job. It is designed as a permanent cure by changing the economic

system to one where the market sends appropriate signals to consumers and producers.

In order to move towards this more open economy, Zimbabwe needs substantial inflows of new capital which will come from donor countries, from agencies like the African Development Bank, the IMF and World Bank, and hopefully from external private investors.

The adoption of this economic course has some painful consequences. We can expect bankruptcies, redundancies and higher prices. There will unfortunately be business and farming casualties. Hopefully the adverse effects will be shortlived. We have been isolated from foreign competition for many years and for many different reasons: UDI, sanctions, the bush war, foreign exchange shortages and controlled protectionist policies to name a few. The result has been that both primary producers, the farmer and the consumer of manufactured goods has had a raw deal. Farmers' prices have been controlled and there has been little or no competition for the manufacturer.

All will have to pay more attention to product quality and reliability of supply to retain their place in the home market and expand the export market. From other countries' experience it must be noted that whatever the item is, if it is price controlled, in the end you land up importing it. If controls on our basics of milk, meat and grain are continued for too long, we will have to import in the future.

You are well aware that most countries in the region are currently undertaking huge imports of maize, wheat and other foodstuffs caused by the disastrous Sub-Saharan drought. Our imports have also been caused by past incorrect pricing policies through Government controlled marketing boards with resultant lower hectares planted, maize in particular, and a dramatic swing to non-controlled commodities such as tobacco, horticulture and wildlife.

Zimbabwe farmers are committed to the successful future development of the country, and with a good rainy season we will see exciting expansion of agriculture - particularly as some of our commodities, e.g. soya and groundnuts, have been decontrolled and higher prices offered for the others.

I must emphasise that farmers and businesses are there to make a profit - which can best be done by the private sector without government interference, but any government must create the necessary environment, not just for its land and people, but also for the investor. The private sector on the other hand must also recognise its responsibilities in assisting Government to achieve realisable objectives.

What about future GROWTH in the farming industry? It depends, in the main, on our respective Government's economic attitudes. We can make our own future, using our own resources. If the Structural Adjustment Programme is allowed to work, and it is in all our interests that it does, I seem some exciting times ahead of us. But first, Government has to de-regulate, de-control, and improve efficiency, as well as reducing its own costs, to remain credible. This is not something new. If we are to be part of the modern world, Zimbabwe must participate.

The country's growth will largely depend on Reserve Bank policy. We know that Exchange Controls, like

ours, that lock us into a bad currency, don't work. It simply frightens off external investment.

Protectionism is another aspect. If continuous attempts to subsidise the uneconomic sectors remain, the eventual result will be no income generation and the taxpayers will opt out of the system.

Government has to realise that if they do not relax controls and step aside, they will be stepped over by impatient entrepreneurs who make market-related decisions. ESAP will save everybody a lot of time, money, and frustration when the bureaucrats realise that they must find new ways of using their energies in creating wealth rather than distributing it.

I am confident that with decent rains our economy will be on the upturn and those who do not take up the new challenges will be left behind. All businesses including farming will have to be pro-active and make things happen.

The region as a whole must focus on economic development and employment creation and stop the political rhetoric. With this in mind the major agricultural unions in the region, the South African Agricultural Union, the Zambia National Farmers' Union and the Namibia Agricultural Union met with ourselves in Zimbabwe earlier this year. We discussed many items of mutual interest but significantly we all felt that perhaps with regard to land and its degradation, and therefore the future of our economies, the lack of accountability is the single most important factor.

Without accountability there can be no economic growth. We can all learn from each other's successes as well as the failures. The farmers' Unions all felt that with cooperation in trading and marketing in particular, there could be many benefits for the region as a whole. We must realise that the sustained recovery of our economies lies in our own hands.

We are going to have to adapt to the changing conditions of the new European Community and to GATT if the Uruguay Round is successful.

If we can show the world that we can build a united economic system with a planned approach towards growth in the region, then getting new investment into the region will be far easier than at present.

Therefore to summarise - the important factors for our regional agricultural economies are firstly to have legislation that does not derogate from human rights and that does not have serious adverse effects on international investment which is detrimental to national and regional images.

Secondly, the environment must be cared for - both the natural resource environment and the economic environment. Our future depends on our own intellectual and natural resources and how we manage them.

And lastly, the need for regional cooperation in marketing, transport and its related services, energy resources as well as research and technological back-up. Co-operation in these and other matters will become more and more important in the years ahead.

Russia and Eastern Europe are looking to the future as indeed are the countries of the Pacific rim. Unless we do the same - as a region - I believe we will be marginalised and left behind in the world economy to the detriment of our respective agricultural economies.

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