

EDI COVID-19 ESSAY SERIES

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How the Zimbabweans pay for the war against covid-19

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About the covid-19 essay series

In response to the covid-19 global pandemic, the EDI programme commissioned a series of essays written by EDI researchers. Essays highlight the relevance of EDI research to the covid-19 crisis, in many cases referring to ongoing EDI research. They illustrate how an understanding of the relationship between institutions and economic development might help to gauge the impact of the crisis and to formulate a response. For more information, please visit: www.edi.opml.co.uk

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How the Zimbabweans pay for the war against Covid-19

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Introduction

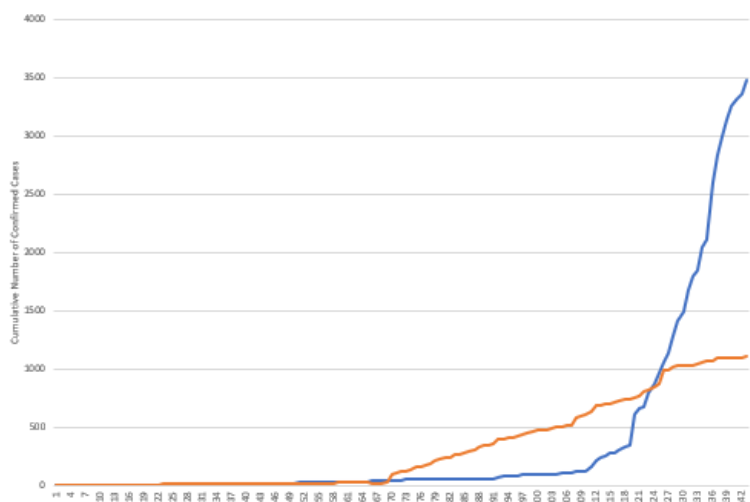
In many countries the Covid-19 virus spread from the roving rich to the stationary poor. In South Africa, for instance, the virus seems to have been imported from abroad by travelers from the upper class and was then transferred to the less mobile lower classes. If so, those who once colonized the country have been coronazing it.

Did something similar happen in the neighboring Zimbabwe? The initial infections were clearly driven by returning residents from abroad, some of them belonging to the better-off segments of society. But far from all. The returning residents were to a large extent migrant workers and cross-border traders. The long lasting economic collapse in Zimbabwe had forced so many of them to go abroad, mostly to South Africa, to be able to support their families by sending home remittances. Migrant workers coming home must have been important for the spread of the virus.

This pattern is shown in Figure 1. The number of infections started to grow end of May (70 days). The number of cases among returning residents (orange) remained above the cases among local residents (blue) until end of July (120 days). Since then the number of local cases has quadrupled.

There is a tragic irony to this story. The diaspora stopped the complete collapse of the Zimbabwean economy in the past - since remittances from abroad became a substantial part of private incomes and also an essential source of foreign exchange. After Covid-19 the remittances dried up as the exiles lost their jobs and in some cases their lives. At the same time the returning migrant workers caused an even worse collapse by infecting the domestic population with the virus. The present exploding pandemic in Zimbabwe is thus in part caused by bad policies and conflicts in the past.

Figure 1: Cumulative development of Covid-19 infections - days since March 20.



Blue is local Orange is returning residents.

Both in South Africa and in Zimbabwe the segregation of society that the colonizers had installed, could now for once be a good thing. Social (class based) distancing was in effect institutionalized long before Covid-19 made it necessary, providing an useful delay in the spread of the virus. After a while, however, the domestic community-spread of the virus took over like everywhere. For Zimbabwe this development is evident from the huge catching-up in the community spreading as shown in Figure 1. The self enforcing growth in infections has been met by lock-downs, even curfews and other dramatic means by the government.

As in the rest of the world the war against Covid-19 has led to economic crisis in Zimbabwe. Who is bearing the burden of this corona-contraction? Even though it is too early to say, it is tempting to speculate on who is actually going to pay for the war against the virus, and Zimbabwe is a particularly interesting case to speculate on.

The country has a rising but contested elite, organized around a populist party (Zanu-PF) that has governed the country since independence in 1980. The concept of populism is often used as a catch-all phrase for policies and propaganda that the authors don't like, or can't understand. In the case of Zimbabwe populism seems to be a strategic rhetoric used by Zany-PF to win short-run support from the majority living in rural areas, at any costs of long-run developments of the country, including the rural areas.

Prior to the corona-contraction, stagnating Zimbabwe with its low food security implemented a controversial "fast track" land reform. Building on our on-going research of these land reforms, we discuss how land distributions and food entitlements determine how the burden of the corona-contraction is likely to be shared over the population and across provinces.

External change via internal conflicts

Since independence in 1980, *who* rules Zimbabwe has been more important for the rising elite than *how* the country is ruled. The new elite has from the start been anti-pluralist, mobilizing what it considers the true people against the interests of "foreigners", voiced by the opposition, the media, and other "hindrances for the will of the people".

When Emmerson Mnangagwa helped oust his former mentor, president Robert Mugabe, with a promise of implementing necessary reforms, Zimbabweans hoped for a change – in vain. Since the military coup in November 2017 the rule of the country has become even more authoritarian and populist than ever.

It is well known how populists exploit crisis rhetoric to fasten their grip on the population. In Zimbabwe the real urgency of Covid-19 is used to underline the need for a strong leadership by Zanu-PF. Rather than mitigating the social and economic consequences of the crisis, the government uses the crisis to repress the opposition.

When the economy collapses, the president admits no mistakes. When corruption and mismanagement makes public assistance impossible, the president points to foreign governments destabilizing the nation. When Zimbabweans protest against a lack of public assistance, the president blames the opposition. When citizens try to take to the streets insisting that #Zimbabweanlivesmatter, they are met with police brutality and arrests.

In Zimbabwe, the Covid-19 crisis is used as an excuse to forbid all kinds of meetings and to increase repression to stop protest against bad policies and human rights abuses. There are numerous newspaper stories and reports by human rights organizations specifying how the Government uses the lock-down to prevent opposition

politics.¹ In August, the South African Government sent special envoys to meet with Zimbabwean groups to “try to pull the country out of its downward political and economic spiral”. After meeting with ZANU-PF, however, the government refused to allow them to meet other groups. They left, saying they would be back for wider consultations, but this has not happened.²

This growing clampdown on the opposition reached a climax 31 July this year. The government moved to stifle the planned nationwide protests against corruption and Zanu-PF itself. The result was excessive arrests and alleged torture of political opponents and journalists. The president promises to “flush out” political opponents.³

The emphasis on repression rather than recovery is a sign of bad governance as Covid-19 drives the economy further down. The promised reforms are nowhere to be seen. On the contrary, the health crisis has given ample opportunities not only for more political repression, but also for postponing necessary reforms and letting bad policies continue as before.

For instance, the health minister, Obadiah Moyo, bought Covid-19 kits at highly inflated prices, a 60-million-dollar scandal that led to his dismissal. Likewise, the super rich businessman (“the queen bee” of the Zanu-PF hive), Kudawaske Tagwirei, and his Sakunda Holding (has for long) exploited the situation so fiercely that the US Treasury blacklisted him and his business group for “opaque business dealings and his ongoing relationship with President Mnangagwa” to improperly amass wealth (US Department of the Treasury 5/8, 2020). In this shortages-plagued country, Tagwirei has even acquired expensive imported cars to the political elite.

These problems add to Zimbabwe’s long term economic stagnation. The economy has been crisis-ridden for more than twenty years with a recent worsening. It is therefore difficult to identify how much of today’s problems that are caused by Covid-19. The size of the informal sector, employing 80-90 percent of the workforce,

¹See Communiqué on the current human rights situation in Zimbabwe and key demands to the Government of Zimbabwe, SADC and the African Union for an overview

²See also Daily Maverick <https://www.dailymaverick.co.za/article/2020-08-07-ramaphosa-to-send-sydney-mufamadi-and-baleka-mbete-as-special-envoys-to-zimbabwe/>

³Daily Maverick, <https://www.dailymaverick.co.za/article/2020-08-05-zimbabwe-is-on-fire-but-is-the-world-listening/>

implies that corona-contraction in foreign markets has less direct impact than in most other countries. In addition, the economy was already hit by a long lasting crisis before coronazation. Hence, the scope for further dramatic declines is limited.

Interpreted in this light, the economic figures for 2020 are alarming. According to the Enterprise Surveys by the World Bank, the capacity utilization of the economy is forty per cent or lower. A lot of this idle capacity stems from recent changes. The average monthly sales so far this year is more than halved, compared to one year ago. The decline is highest for small firms (a decline of 55,7 percent) and for service firms (55,4). It is somewhat lower for large firms (a decline of 31,5 percent). These numbers are high and suggest a serious decline also in informal sector activities that are so dependent on the prosperity in the formal sector.

Mineral exports and foreign remittances have been important contributors to Zimbabwe's import capacity. Both are negatively hit by the now lower world demand and the now much lower earnings of Zimbabweans in the diaspora. Tourism receipts that have been rising recently, are now simply terminated.

That the large (exporting) firms are hit less severely than others, indicates how the contraction is basically due to domestic close-downs. In any case, the corona-contraction seems to hit all market-dependent earnings in Zimbabwe and the average decline may be as high as 50 percent.

The temporary advantage of backwardness

Who are the most vulnerable victims of this corona-contraction? As we now shall see, equally poor groups can be rather unequally hit by the crisis. The most modern urban part of the economy can be most vulnerable.

Like in most developing countries rural-urban migration the urban areas attracts the rural migrants as long as the expected urban income exceeds the marginal income in the rural areas. This expected income is again a weighted average of the going urban wage in formal sector jobs and the income in the urban informal sector, implying a clear ranking in the income distribution: informal urban income lowest, the formal wage highest, and the rural income between the two.

In Zimbabwe, however, the chance of getting a formal sector job in the cities is so low that the marginal rural income approach the informal urban income. But, being equally poor does not imply that the rural and urban households are equally vulnerable to the corona-contraction.

Both the urban and rural poor use most of their income to acquire food. While a poor urban household has to buy most of its food in the market, a poor rural household can cover some of it by its own production. This composition of income from market transactions and from own grown food affects how vulnerable the household's consumption is towards market shocks like the corona-contraction.

Even with the same real income it makes a big difference whether the household has a trade-based entitlement, or a production based entitlement – to use the language of Amartya Sen's entitlement approach. The self-reliance on a production entitlement can be interpreted as a sign of underdevelopment and backwardness that at present can be an important advantage.

To speculate on these issues on an empirical basis, we use a comprehensive survey for Zimbabweans from 2017. The survey portrays a representative sample of the 62 percent of the population who live in rural areas as well as of the 38 percent who live in urban areas.

Table 1 shows the share of own production in total consumption (the insurance component in the total entitlement) in households, distributed over the ten provinces of Zimbabwe. As seen this insurance component in total household income is close to zero in the two completely urban provinces (Bulawayo and Harare). Thus the vulnerability of the urban areas is much higher than the vulnerability of rural areas.

In the other provinces the insurance component is around $1/3$. The table also shows that the share of own production is higher for very poor households (income below \$ 31.2 per month). In the non-urban provinces this share is around $1/2$.

Table 1: Share of total consumption from own production

	All	Very Poor
Harare	0.02	0.02
Bulawayo	0.02	0.00
Manicaland	0.35	0.50
Mashonaland Central	0.34	0.44
Mashonaland East	0.26	0.37
Mashonaland West	0.27	0.42
Matabeleland North	0.40	0.53
Matabeleland South	0.28	0.38
Midlands	0.30	0.50
Masvingo	0.37	0.49
Total	0.26	0.45

Data from the 2017 Poverty Income Consumption and Expenditure Survey. The table shows share of total food consumption which comes from own production for all and very poor groups.

The pattern is also illustrated in Figure 2 where production entitlements (the food share from own plots) is measured on the horizontal axis, and total consumption expenditure of the household on the horizontal axis. There are two important features: The production entitlement in the rural area has a much higher share (between .3 and .5) than in the urban area (less than .1). The share of production entitlement is declining in total income (household consumption) both in rural and urban areas.

We illustrate the distribution of food consumption between rural and urban areas in Figure 3. The green bell-shaped distribution is the rural distribution, while the white distribution captures the urban incomes. As seen, the urban incomes is more unevenly distributed (with more poor households and more better-off households), while the rural incomes have a more compressed distribution. These features are important for our assessment of vulnerability.

As discussed the magnitude of the corona-contraction is (so far) around a 50 percent decline in market incomes. In Figure 4, we thus simulate the impact of the

Figure 2: Share own grown food rural(blue) urban (red) relative to consumption

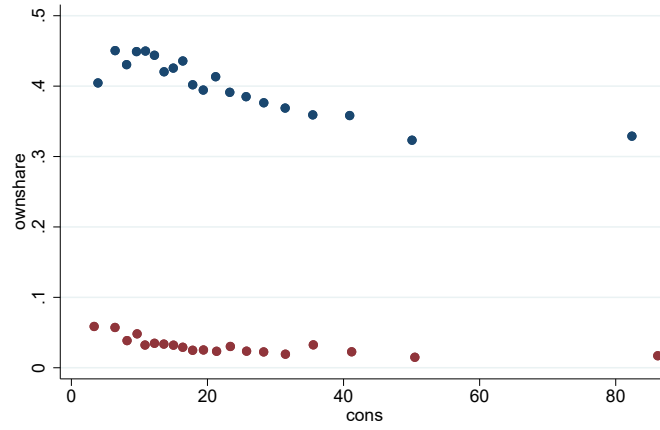
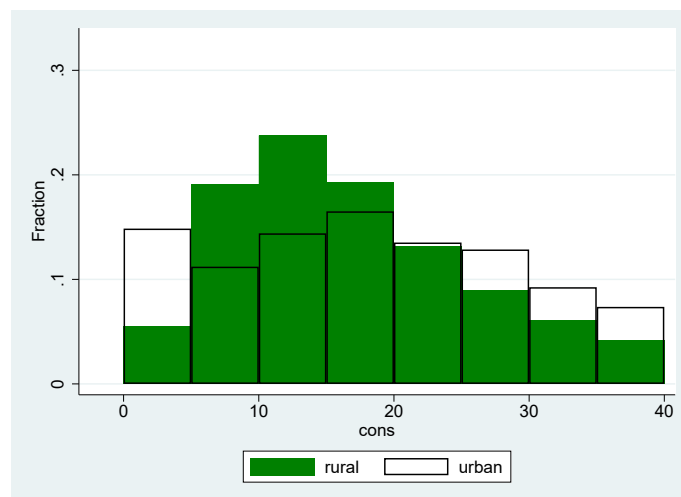


Figure 3: Consumption expenditure distribution rural vs urban



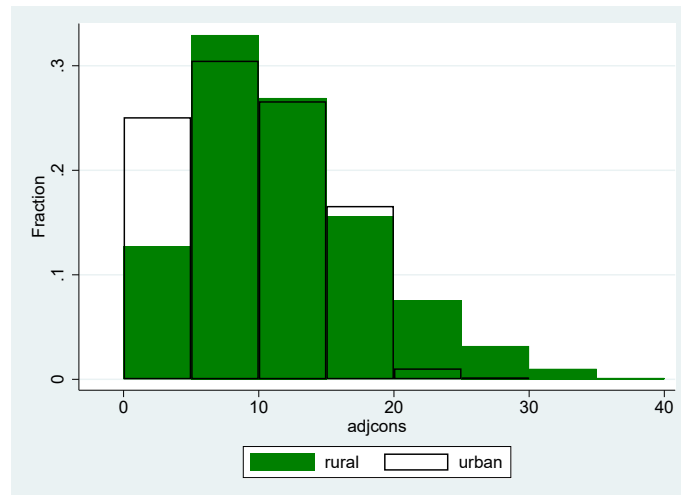
corona-contraction by a drop of 50 percent in market based consumption expenditure, keeping the production entitlements (from own plots) constant. The idea is again that market exchange entitlements decline when the corona-contraction hits.

There are two main channels: Lower market income and less access to markets. Being in the market economy, relying on cash transactions, makes you vulnerable for covid-19 restrictions for two reasons. First the household's ability to earn income may be reduced as workplaces are shut down and as commuting is restricted. Also individual quarantine may restrict the possibility to earn an income. Second, even if the household has money to spend, supply chains may be disrupted and markets may close down, restricting the households purchases of goods.

Focusing on the economically active in urban versus rural areas we see the stark differences in vulnerability that duality brings. In the rural areas virtually all economically active are agricultural workers. (The second largest category is teachers with three teacher per 100 farmers.) Most of the agricultural workers have access to own land. They neither earn cash nor spend cash. They nevertheless have access to some food. The urban areas are completely different. Subsistence farming is only four percent in these areas and the employment categories are much more diverse. There are of course some white color workers that base their life on the cash economy and also guards, teachers, hairdressers and beauticians and blue collar workers of different types that all are affected to a varying degree. The most vulnerable of the economically active are conceivably street vendors (food and non-food) that make up more that 15 percent. They are among the poorest of the poor and will find it very difficult to carry on their trade.

As seen in Figure 4, under this simulation, the entire distribution of expenditure shifts to the left. The shift is larger for the urban consumption expenditure distribution than for the rural distribution. The much higher insurance component in the rural entitlements protects poor peasants from some of the consumption decline. Total food entitlements for the urban population decline for many with the entire 50 percent as all their consumption is market dependent. Clearly, seasonality can reduce somewhat the insurance element in the production entitlement. Yet, it is

Figure 4: Simulated covid-19 consumption expenditure distribution rural vs urban



still bound to be strong.

Table 2: Income and own share relative to land ownership

	Own share	Income
Communal	0.41	64
Old resett	0.37	75
A1	0.37	67
A2	0.20	62
Small scale comm	0.27	76
Large scale comm	0.20	79
Urban	0.02	163
Total	0.25	99

Data from the 2017 Poverty Income Consumption and Expenditure Survey. The table shows share of total food consumption which comes from own production. Income is total expenditure of household scaled by household size using equivalence scale.

How does the the so called fast track land reform fit into this picture? The impression that media give of the land reform emphasizes chaos, violence, and collapse. This is indeed part of the story, but there are some often unnoticed successes as well.⁴

⁴*Zimbabwe's Land Reform: A summary of findings* by Ian Scoones, Nelson Marongwe, Blasio Mavedzenge, Felix Murimbarimba, Jacob Mahenehene and Chrispen Sukume. <http://zimbabweland.net/Zimbabwe's%20Land%20Reform%20Booklet%20Web.pdf>

Since 2000 nearly 170 000 households have received land by this reallocation program. The reform distinguishes between two types of landholdings: i) smallholdings, denoted A1, which is either a village arrangement or small self-contained farm; ii) commercial farms which are larger, denoted A2.

Households that live on land distributed via A1 has a somewhat higher incomes while those who work on A2 has somewhat lower incomes compared to households living on communal land. The insurance component, as measured by the share of own production in total consumption, is the lowest for households working on A2 farms or on Large scale commercial farms. This reflect the prevalence of wage contracts on these type of farms. This could be a consequence both of the size (and the commercial organization of the farm) and of the type of crop, e.g tobacco. For farmers living on A1 farms, however, the insurance component is at par with the old resettlement farms and almost as high as on communal (subsistence) land.

In any case, the land reform contributes in making the population more resilient to market contractions. The consumption of some of the poorest segments of Zimbabwe has become less vulnerable by access to land which improves a household's subsistence entitlements. The land reforms can therefore have helped insure the poor against market shocks. Appreciating this point, however, we should not forget that there is extensive poverty among these households. The resilience is simply a matter of the relative share of own grown food. And the land reform seems to have provided some of that. To what extent the land reform has reduced poverty, if at all, is another question. The land-reform's poverty reducing potential was far from exhausted and the situation would have been much better if the reform had been implemented without inducing a further collapse of the economy, by giving the new owners better excess to seeds and other necessary inputs to their farming, etc – all of this bygones by now.

More rural bias and urban hunger?

Even though some aspects of the land reform has a positive side to it, all conflicts in Zimbabwe, including the land issue, set their marks on the corona-contraction.

Faced with an opposition that mobilizes its supporters for any new discontent, the government's policy towards the pandemic has been carried out rather ruthlessly also to weaken the political opposition and to strengthen the dominance of Zanu-PF. This is in line with the party's populist attitudes. The way the Covid-19 crisis plays out in Zimbabwe seems to be influenced equally much by political needs as by economic and health necessities. An uneven burden sharing can intensify this political polarization.

The inequality and the resulting imbalances can fuel more rent seeking and corruption – which in the next round generates further polarization and mis-allocations. The war against Covid-19 is thus likely to be like other war-like situations: The relative profitability changes, including of legal versus extra-legal activities, raising the possibility that resources will further be allocated away from those who need them the most. In Zimbabwe it is therefore difficult to separate the impact of the war against Covid-19 from the impact of bad, or simply stupid, policies and conflicts. Neither stupidity nor tensions are likely to stop under Covid-19.

Compared to other countries Zimbabwe also differs in its emphasis on rural interests. Most other poor countries have an urban bias in economic policies to prevent the urban population from being too opposed to the government. In Zimbabwe the lack of urban mass-support to Zanu-PF seems permanent. For the government to give in to urban political demands is therefore like giving concessions to the regime criticism of the opposition.

The war against the virus is rather likely to amplify the ruling party's special bias *against* the urban poor who don't support the party anyway. In order to maintain its power, the Zanu-PF can easily concentrate most of its support to rural rather than urban areas. In 2018, for instance, Zanu-PF had a support in the rural areas of almost 70 per cent, while the vote share in the two major urban areas Harare and Bulawayo was 27 and 29 percent.

As suggested by the numbers available so far, the urban areas can be most severely hit both by the Covid-19 infections and by the corona-contraction. Even though the rural population can nevertheless suffer because of the low (zero) ac-

cess to health services and hospitals, we believe that the urban population is most vulnerable to contractions in market incomes caused by close-downs and reductions in foreign demand. Our fears are also in line with the July 2020 assessment in *the Food Security Outlook Update* (for Zimbabwe). “Household income and access to food mainly among low-income urban households are again limited with Crisis (IPC Phase 3) food security outcomes expected in urban areas through September.” Accordingly, the danger is that the part of the population that is most vulnerable and least insured, will be most disfavored by the crisis policy.

Starvation has been used politically in Zimbabwe before by the same politicians who are now in power – for instance during the conflict in Matabeleland in the 1980s. The danger is that it can be used again. For the elite in Zanu-PF it is not most profitable, neither economically nor politically, to allocate incomes and resources to the urban poor. With Zimbabwe’s low food security this can be a fatal mistake. But, in the struggle for power, bad policies can again be good politics.

About EDI

Institutions matter for growth and inclusive development, but there is little evidence on how positive institutional change can be achieved. The Economic Development and Institutions (EDI) research programme addresses this knowledge gap by working with some of the finest economic thinkers and social scientists across the globe to inform new pathways to inclusive, sustainable economic growth.

Policy engagement is a critical focus for EDI research. We engage with policymakers and influencers throughout the design and development of our research programmes. EDI Research Insights and Policy Briefs are published at various stages of research to distil evidence and synthesise key findings for general and policy-focused audiences.

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