



POVERTY IN ZIMBABWE: A CRITICAL REVIEW

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Abstract:

A lot of debate has been made on the concept of poverty and what causes it. This paper seeks to undertake a critical analysis of the acute causes of poverty in Zimbabwe. A secondary research approach took a central stage in data acquisition, as the researchers focused on reviewing secondary data especially from published sources on the causes of Zimbabwean poverty especially in the 21st century. The study at hand becomes highly pertinent to Zimbabwe that has faced various episodes and phases of poverty ever since its 1980 political independence. The results of the study showed that the acute causes of poverty in Zimbabwe include corruption, high unemployment rates, underperforming banking system, lack of foreign investment, underperforming industries and poor infrastructure. Numerous recommendations were made for the reduction of poverty in Zimbabwe. It is hoped that if these recommendations are taken into account, there is going to be improvement of socio-economic development in the country and consequent reduction in levels of poverty in Zimbabwe.

Keywords: acute, poverty, new dispensation

1. Introduction

Despite renewed commitment over the past decades on poverty reduction as the core objective of international development discourses and policies, progress to this end remains disappointing (UNDP, 2003). This is particularly evident in the extent to which the world is off track to achieve most of the Sustainable Development Goals, globally and particularly in less developed regions and countries (UNDP, 2018). The inadequate

improvement raises significant questions about the policies and approaches that have been adopted to achieve poverty reduction. More than 60 percent of Zimbabwean households fall below the national poverty datum line (UNDP 2013). There are numerous reasons that can be used to account for the low level of development in Zimbabwe. According to the United Nations (UN, 2017), Zimbabwe has been experiencing an economic and social crisis, induced by declining prices for its key exports, poor economic policies, a large fiscal deficit and loss of investor confidence arising from uncertainty about domestic policies among others. The purpose of this study is to undertake a critical review of the causes of poverty in Zimbabwe.

2. Research Methodology

For this research, the researcher made use of secondary data in the research design. The researchers focused on reviewing secondary data sources especially those from published sources on the causes of poverty in Zimbabwe. Cooper and Schindler (2016) indicate that secondary research or desktop research is the research method which is mainly acquired by sitting at the desk. Secondary research is essentially concerned with the collection of data from existing sources and it is usually considered to be cheap as compared to field research, the major cost being in the researcher's time, and acquisition of published sources (Cooper and Schindler, 2016). Secondary research can be cheap and effective since most of the essential information for the research can be easily collected (Kothari, 2013). Publications from 1998 to 2019 were identified from the following online databases: University data bases, Google, Google Scholar and Science Direct. A comprehensive search was performed to identify the relevant sources, which account for causes of poverty in Zimbabwe. Quantitative and qualitative publications were considered for inclusion in the study. Specific themes were extrapolated from the area of study and the literature was then organised according to these themes. The themes were arranged in chronological order according to the logic of the subject. The critical review of literature was then performed in relation to each specific theme.

3. Findings and Discussion

3.1 Corruption

Corruption is a parasite on any country's economy. The results from the study indicate that one of the issues that have led to poverty in Zimbabwe was the issue of corruption. Prince (2014) observes that reduced corruption among African countries is an important factor that considerably reduces poverty. It can be deduced that the increase in corruption in Zimbabwe as observed in the current study could be the reason for increased poverty in Zimbabwe. The origin of corruption in Zimbabwe can be attributed to numerous factors. Numerous scholars (Szeftel, 1998; Bracking, 2009 and Gatsheni, 2011) concur that the roots of corruption are embedded in the nature and fabric of the government politic. From the top echelons of the government there are innumerable streams of practices that have spread throughout the system in the country and the pattern has created a chaotic

situation leading to severe corruption in the country. Corruption has undermined economic growth and development in Zimbabwe. This has resulted in increased poverty of the grassroots people while there is accumulation of immense wealth by bureaucrats and the ruling elite. Zimbabwe has experienced numerous repercussions that corruption has upon the development and the consolidation of good governance and democracy (Shana 2006).

3.2 Financial Sector

According to Mears and Blaauw (2010), the banking system in some Sub-Saharan African countries has affected their economies and this has led to an increase in poverty in these countries. The study indicates that the financial sector in Zimbabwe has collapsed. The results of this study show that one of the major causes of an increase in poverty in Zimbabwe is the underperforming banking system. Zimbabwe banking sector has been in disarray for many years. These results are in line with observation by Mtapuri and Mazengwa (2013) who state that one of the major problems in Zimbabwe is the issue of shortage of foreign currency. Furthermore, the results of the study showed the future of local currency, which is the Zimbabwean dollar note remains uncertain. Mtapuri and Mazengwa (2013) add that the use of the multicurrency and the Zimbabwean dollar in the country is currently uncertain. There is severe shortage of both local and foreign currency. Such a situation retards socio-economic development and therefore is a major cause of poverty in Zimbabwe.

3.3 Infrastructure

Infrastructure that includes roads, communication systems and dams which attract investment and helps in the alleviation of poverty is poor in many African countries (Eren et al., 2014). Zimbabwe like many other African countries, is experiencing severe infrastructure challenges and this has led to high levels of poverty. Eren et al. (2014) postulates that poor infrastructure is among the causes of the rapid increase in poverty in a number of African countries. The results from this study indicate that the poor infrastructure in Zimbabwe has led to continued poverty in the country. The results show that roads, dams, communication systems (including telephones, cellphones and internet communications), energy and water supply, the health services and schools all needed serious attention as very little spending has gone into these over the past decade. The results show that as infrastructure is important, in eradicating poverty, the government needs to use foreign loans or investments to enable this process of restoring or creating the necessary infrastructure. Eren et al. (2014) argues that in order for countries to alleviate poverty they need their governments to invest in infrastructure to attract investment.

3.4 Foreign Direct Investment (FDI)

Foreign direct investment can be defined as the growth in capital inflows to fixed capital of the home country. The countries that are capable of attracting FDI normally improve employment conditions in the population, economic growth and development

(UNCTAD, 2014). Lack of such improvement, therefore, leads to widespread poverty in the population. Zimbabwe has not been able to attract significant FDI inflows despite the fact that the country is rich in minerals that include: gold, platinum and diamonds that normally attract resource-seeking FDI inflows. Investment promotion and facilitation by the Zimbabwe Investment Centre has been relatively unsuccessful in enticing foreign investors (ZIMSTAT, 2013). The lack of Foreign Direct Investment has led to sluggish economic growth and high levels of unemployment (Biti, 2013, ZIMSTAT, 2012, 2013; Chingarande et al., 2012; Manda, 2014). Lack of foreign direct investment within a country can lead to an increase in poverty. This implies that that lack of foreign direct investment has led to poverty in Zimbabwe. In addition, Chinese involvement in Zimbabwe has not been without its problems, as they, like many other investors, usually have intentions of obtaining their own benefits. This in line with a study carried by Abotutu (2014) who observed that the majority of relationship with China by many African countries has mainly benefited the Chinese.

3.5 Unemployment

Unemployment is a situation where the supply of labour exceeds demand (Chazireni, 2016). Developing countries generally have high levels of unemployment rate and experience high inflation because of the low levels of investment (Mazango, 2013). Zimbabwe like other developing countries is not spared from such high levels of unemployment. The results of the study showed that the majority of people in Zimbabwe were unemployed with the unemployment rate exceeding 90%. These results are similar to a report by UN (2017) which stated that the employment in Zimbabwe currently exceeds 95 %. In a country where the unemployment rate is 95%, and there are very few jobs outside of the state service, the creation of jobs is obviously of paramount importance. The results of the study clearly show that the majority of the people in Zimbabwe could not afford basic goods and services and live below the poverty datum line since they are unemployed.

Employment is regarded as a major determinant of household welfare and level of development of a country (Mears and Blaauw, 2010; Cui and Ge, 2013; Abotutu, 2014; Eren et al., 2014). It also signifies an accumulation of human wealth that might propel economic growth, socio-economic enhancement and poverty reduction (Foulkes 2008; Hanjra et al. 2009). Regular income makes it possible for workers to become more economically active, thereby also stimulating the economy (Mears and Blaauw, 2010). A higher employment rate also means increased social instability, as well as a higher income from taxation for the state to help rebuild the economy and reduce poverty (Mears and Blaauw, 2010). As majority of Zimbabwe in desperate poverty, without access to services, cannot be meaningful progress on any front.

In addition, the results of the study clearly show that one of the major causes of an increase in poverty in Zimbabwe is the underperforming critical industries that include agriculture, mining, manufacturing and transport industries. The results show that most firms in these critical industries are operating below normal capacity. These results are supported by in line with Mtapuri and Mazengwa (2013) who state that most of the firms

in critical industries in Zimbabwe have either downsized or closed. The downsizing and closure of these industries have led to high unemployment rate which has resulted in the increase in poverty in the country. The results of the study also clearly showed that a high unemployment rate in the country is also a major cause of poverty in Zimbabwe.

4. Recommendations

The study makes the following recommendations:-

- The study recommends that the government reduces taxes. Tax rates in Zimbabwe are high. Reducing these will stimulate personal spending power, and regenerate businesses. The reduction in money to the state coffers will, one hopes be offset by an increase in the number of taxpayers and viable businesses under the new interim government. State spending also has to be closely regulated.
- There is need for government to revive the major industries such as the tourism, construction, manufacturing, agriculture and the mining industries.
- There is high need for empowerment from all stakeholders from both formal and informal sectors to enhance entrepreneurship activities.
- There is need for government to invest in transparency so as to fight corruption in the country. Numerous commissions should be set up to monitor and investigate corruption and their recommendations should be seriously taken into consideration by government.
- There is need for government to invest in infrastructure and to come up with trade laws that encourage foreign direct investments and reduce high operating costs.
- The Reserve bank of Zimbabwe should put in place an effective monetary policy and the study also recommends that there should be proper restoration of the banking system.

5. Conclusion

The findings of the study indicate that there is high incidence of poverty in Zimbabwe. The research attributes the increase in poverty in the country to corruption, high unemployment rates, underperforming banking system, lack of foreign direct investment, underperforming industries and poor infrastructure. Numerous recommendations were made for the reduction of poverty in Zimbabwe. It is hoped that if these recommendations are taken into account, there is going to be improvement of socio-economic development in the country and consequent reduction in levels of poverty in Zimbabwe.

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