CATO INSTITUTE
ECONOMIC DEVELOPMENT BULLETIN
CENTER FOR GLOBAL LIBERTY & PROSPERITY

No. 12 • May 18, 2009

The Cost of Zimbabwe's Continuing Farm Invasions

by Eddie Cross

In the late 1990s, the government of Zimbabwe held a conference on land reform in Zimbabwe. The government, the interested parties (including the farmers), and international aid agencies reached a broad agreement. That agreement, however, was never implemented. In 2000, in an attempt to destroy the opposition, which derived much support from the commercial farmers and their employees, the government began what it eventually called the "Fast Track Land Reform" exercise.

Land Reform Ignored the Property Rights of Commercial Farmers

The government justified the land reform to the rest of the world by arguing that it redressed historical injustices and racial imbalances in the ownership of the land. The land reform ignored the prevailing legal situation with respect to farm ownership. It also ignored the issue of fair and reasonable compensation for assets taken over by the government.

The legal position was straightforward—commercial farmers held full freehold title. In addition, over 80 percent of the farmers also held a "certificate of no interest" issued by the Zimbabwe government. Under the Zimbabwean law, farmers who wished to sell their farms had to first offer them to the government at a market price. When the government declined to purchase such farms, it issued the farmers with the "certificate of no interest" and the farmers could proceed to sell their farms on the open market. In fact, the government purchased some 3.8 million hectares of farmland in that way between 1980, the year of Zimbabwe's formal independence from Great Britain, and the commencement of the land reform.

Farmers who held both the title and the certificates possessed an apparently unassailable legal right to the land and all the improvements they have made on that land. As such, they also had the right to be fully compensated when their assets were taken over by the state.

Unfortunately, over the last nine years, the government "acquired" thousands of farms without paying market price or, in many cases, any price to the farmers. To accomplish that, the government changed the law every time a farmer or a group of farmers secured legal judgments in their favor. Eventually a group of Zimbabwean farmers took their case to the Southern African Development Community's Legal Tribunal in Windhoek, Namibia. In 2008, those farmers obtained a decision instructing the government of Zimbabwe to protect the farmers' legal rights. The government, in spite of being a signatory to the treaty creating the SADC Legal Tribunal, ignored the ruling.

One small group of affected farmers also enjoyed the protection of a "Bilateral Investment Protection Agreement" signed between the government of Zimbabwe and foreign farmers. A group of farmers of Dutch origin, who had invested after 1980 and who were protected by the BIPA, took their case to the International Court of Justice in The Hague. In April 2009, the Hague tribunal ruled in favor of the Dutch investors and granted them nearly $22 million in compensation.

The attitude of the members of the Zimbabwean regime toward the farm acquisitions was straightforward—they were "taking the farms" from their owners. No police protection was afforded to the farmers or their staff, and no interference

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with expropriation was permitted. In the majority of cases, force was used—mainly by groups of young, politically motivated thugs. Those thugs acted on behalf of the future "beneficiaries" of farm expropriations—mostly members of President Robert Mugabe's ZANU-PF party. Once the owners and their senior staff had been evicted, the new "owners" occupied the land and took advantage of the assets, including crops and livestock.

Many elderly and outstanding farmers were evicted in that way—leaving some of them so traumatized that they never recovered. One such farmer, Keith Harvey (aged 86), was evicted from his cattle ranch in the Midlands and subsequently went into a coma for two years. He eventually died. He was a former chairman of the Natural Resources Board and a life-long conservationist. He was a fine cattleman, a person of great integrity and totally committed to the country of his birth. Many other farmers lost their lives—either directly or indirectly—as a result of expropriations.

The Staggering Costs of the Land Reform

To date, no proper estimate has been made of the financial cost of the land reform. Therefore, I asked economists in the farming industry to come up with the numbers. According to the Commercial Farmers' Union, the total output of the agricultural industry in Zimbabwe in 2000 was 4.3 million tons of agricultural products, worth, at today's prices, some US$3.347 billion. This output has declined to just over 1.348 million tons of products in 2009, worth some US$1 billion—a decline of 69 percent in volume and a decline of 70 percent in value.[1]

It is not often appreciated that smallholder farmers have been just as badly affected as the large-scale commercial farmers. Their production in 2008 was 73 percent lower than their production in 2000. According to the government-appointed Utete Commission, during the first three years of land reform, some 250,000 people and their 1.3 million dependents were forcibly displaced from commercial farms alone.[2]

In spite of those stunning figures, the farm invasions have continued with 480 new incidents of violence against farmers recorded since the power-sharing agreement between Mugabe's ZANU-PF and the Movement for Democratic Change was signed in September 2008. According to the CFU, even those farms that were granted legal protection by the SADC Tribunal were targeted—presumably as a punitive measure.

The international decisions in Windhoek and The Hague create very significant challenges for the new transitional government. Justice for Agriculture, an organization of commercial farmers, estimates the total value of potential legal claims at US$5 billion dollars—some 30 percent more than current Zimbabwean gross domestic product.[3]

It is clear that the land reform had been a costly failure. In 2008, CFU estimates, over 90 percent of all production from commercial farms came from the remaining large-scale farmers—the same farmers who are now being targeted. JAG claims that more than half of all the farms taken over by the state are now derelict and abandoned. Many of the individuals who are now "taking" farms are doing so for the third or fourth time.

The combined costs of the land reform are staggering—they include US$2.8 billion in international food aid on an emergency basis, nearly US$12 billion in lost agricultural production over 10 years, and a potential US$5 billion in compensation—a total of some US$20 billion.

It is time to give all farmers secure tenure that will enable them to finance their operations properly. Such policies cannot be implemented until the issue of the rights of the farm owners is resolved and the issue of compensation addressed.

Notes

1. Personal communication with representatives of the Commercial Farmers' Union.
2. Unpublished report by the Utete Commission.
3. Unpublished report by Justice for Agriculture.

Other Relevant Studies from the Cato Institute

"The False Promise of Gleneagles: Misguided Priorities at the Heart of the New Push for African Development," by Marian L. Tupy, Development Policy Analysis no. 9, April 24, 2009.

"Zimbabwe: From Hyperinflation to Growth," by Steve H. Hanke, Development Policy Analysis no. 6, June 25, 2008.

"A Decade of Suffering in Zimbabwe: Economic Collapse and Political Repression under Robert Mugabe," by David Coltart, Development Policy Analysis no. 5, March 24, 2008.

"How the Loss of Property Rights Caused Zimbabwe's Collapse," by Craig Richardson, Economic Development Bulletin no. 4, November 14, 2005.