An Activist State: The Envisaged Role of the Developmental State in Zimbabwe

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ABSTRACT

This paper looks at the critical role of the State in fostering development particularly in developing African countries like Zimbabwe. By taking a retrospective historical perspective of the role of the State, the paper analyses the proposition of state intervention in markets which is pro-poor and production based. The paper critically looks at nature and character of such intervention ability theoretically, particularly at this era globalization and renewed free market enterprises. The current consensus of agriculture led development of countries like Zimbabwe requires an activist State which is predisposed on the creation of opportunities, empowering the poor. The paper concludes by positing that Zimbabwe's future development lies not only in agriculture led development but also in a State which is neither soft nor porous to the doctrines of free market capitalism which require advanced markets.

Keywords: Activist State, Globalizations, Development and Agriculture-led

INTRODUCTION

The operationalization of the current consensus on agriculture for rural development prevailing in the development realms requires extensive interrogation. Rural development does not occur in a vacuum but rather in a policy environment determined by the local, national and global social, political and economic conditions. The grand question is if rural development was achieved in Asia using the Green Revolutions, then what sort of policies and institutional frameworks were in place so as to develop a current policy response to African agriculture. Developing agriculture using smallholder farmers demand a set of institutional measures which are appropriate to the rural poor. The current policy context of globalization, local political economy and the diversity of rural livelihoods underline the continuing difficulties of kick starting agriculture for rural development. The need for institutions and their operating frameworks cannot be overstated particularly in Africa where historically agriculture seems to be staggering.

The State, Institutions and Rural Development

It is imperative that the role of the State be reconstructed particularly after the liberalization phase in Africa when the state rolled back most of its support programs to poor farmers. Structural adjustment programs insisted on governments to cut expenditure on agriculture subsidies and output marketing structures in the hope of creating efficient financial, input and output markets (Mosse et al., 1998; Chambers, 1995). The record of failure of these liberalization policies are high particularly in Zimbabwe where unemployment rose by over 50% by 2000 and poverty incidence arose to 65% in the same period.
There is need for serious consideration of what the State can do to stimulate rural development where there are widespread global and local economic downturns and market failures. This puts the State beyond the traditional contrast between the American and Soviet economies’ (Johnson 1999: 32). In theory the role of the State heavily rely on mercantilism advocating intervention of the State in the economy, with strong historical links to Bismarck’s Prussia and in Japan during the Meiji era. These states followed a developmental path which favors state intervention over a liberal open market capitalist state.

For a complete conceptual of the role of the State, it is absolutely essential to revisit the historical state interventions in the form of integrated rural development policies and decentralization. Rural development does not occur in a vacuum but rely heavily on the institutional and operational policy framework. As early as 1970s development agencies initiated integrated rural development as the vehicle for championing the production based agricultural interventions for rural development. This was premised by strong State involvement in the planning, coordination and implementation of projects and programs in well elaborated agricultural plans which sought to maximize yields and services to small farmers. The implementation modality of integrated rural development was problematique to rural development as it alienated the poor and created structures whose mandates and management were different and difficult (Rondinelli, 1983).

This resulted in the formulation of democratic decentralization as the new way of tapping the local resources and opinions of the poor in fighting poverty, (Rondinelli, 1983; Mosse et al., 1998, Chambers, 1995). This 1980s era of decentralization and governance invoked participation as a necessary condition for development and creating sustainable rural development. However the massive inclusion of the voices of the poor did not yield significant strides in rural development as governments became aware of the difficulties of implementing coherent policy and the costs of reaching the lower segment of the voiceless poor. Despite institutional creations for participation in most developing countries like Zimbabwe, they become talk shows as they were not followed by devolution of the necessary financial resources for implementation. It is essential to point that decentralization policy as a framework for rural development requires a balance of autonomy and accountability to actors as well as the need for external agencies to foot the bill for the participation of the poor. The era of liberalization policies entrenched the role of the State to unattainable positions of reduced public spending in rural areas and left the rural poor with enough social support. Proper institutions which have the ability to regulate market excesses are prerequisites for opening up markets in developing countries.

If sub-Saharan countries are to stimulate rural development in the current global environment, then the State is a key role player. The global order creates a state which is soft and receptive of international policies and terms of trade. In Africa this has been in the form of the Brettons Woods policies such as structural adjustment programmes (SAPs) which cuts state expenditure among a host of outward economic policies. While globalization is inevitable, the State can still play a key role in stimulating rural development which is inward in its policy and practice focus. The State’s governance framework should be based on the three pillars of creating appropriate opportunities, empowerment and security to the rural people (Ashley and Maxwell, 2001). Thus a holistic approach to institute these tentative issues for policy is required.

Opportunity creation and sustenance is always a challenge in rural communities due the widespread urban biases and rural elites who capture every opportunity which comes by. The active role of the State in this regard is kick start rural economic growth. Policies which promote production in both agriculture and NFRE are central for they allow cross linkages in the economy. Institutions for the poor are necessary, that are able to create viable social capital and enhance social security.

Dorward et al. (2004) outline a number of necessary conditions for intensive cereal based agricultural transformation. These include appropriate high yielding technologies, local markets which have stable output prices, appropriate financing arrangements for inputs, secure and equitable access to land and infrastructure to support input, output and financial markets.

The notion of state intervention in rural agriculture is primarily based on the fact that there are widespread market failures particularly in food markets which prevent the private sector to deliver services (Desai, 1988, Todaro and Smith, 2009). Thus in essentially poor regions of Africa, the low level of development entail low volumes of transactions which result in high transaction risks and costs in input, output and financial markets. Transaction costs are particularly high where population densities are low and communications poor leading to pervasive coordination and market failures (Dorward et al., 2004). In the rural economy market failures depress the level of economic activity by rising per unit transaction cost resulting in cyclic underdevelopment effects (Todaro and Smith, 2009).

The issue of high transaction costs in rural areas requires the State to support institutional development. Dorward et al. (2004:83) categorizes institutional development as one concerned with creating the institutional environment such as property rights and legal relations among economic agents, and institutional arrangements detailing the set of rules governing specific transactions. Thus the key role of the government is to intervene in financial, output and input markets either through direct participation or through the reduction of transaction costs to allow private agents in these markets (Rosegrant and Siamwalla, 1988).
Fann, Thorat, and Rao (2003) in a study of the Green Revolutions in Asia, find that there were high agricultural growth and poverty reduction payoffs from the government investments in India in the 1960s to investments in fertilizer subsidies, in roads, in agriculture research on high yielding varieties, in power and credit subsidies. If these kinds of interventions were made for irrigated farming, then for African rain-fed agriculture the government has to intervene through input and output subsidies in addition to transaction costs subsidies.

The development of output markets requires governments to "consider a wider choice of delivery system and institutional structures within which they provide financial services" (Kirkpatrick and Maimbo, 2002). This is particularly so in semi-tradable or non-tradable crop markets like cassava and grain. This is because the local market would not be large enough to pay a fair price, hence the government has to intervene to allow the accumulation of, say a staple crop, reserve for food security.

Dorward et al (2004) posit some phases of state intervention for successful agricultural transformations highlighting the necessity of the government interventions in the early stages of development. Figure 1 show the different state interventions phases and the nature of such interventions:

Of note is the importance of the state to stimulate markets and its withdrawal when markets are competitive enough to produce high density transactions and low transaction costs. It is important to note that a successful institutional development policy has to integrate the multiple objectives of various sectorial policies related to agriculture and economic growth, food security and poverty alleviation (Wanmali and Zambhiya, 1992).

Another institutional narrative is that provided by Bingen et al (2003:415) which focus on producer organizations especially where there are no meaningful state and donor agencies to assist farmers. Grouping farmers in producer organizations would improve accountability and lower transaction costs. The roles of these communal organizations have long been appreciated by the World Bank as it summarizes the contribution of voluntary producers’ organizations to rural development:

... producers’ organizations amplify the political voice of smallholder producers, reduce the costs of marketing of inputs and outputs, and provide a forum for members to share information, coordinate activities and make collective decisions. Producers’ organizations create opportunities for producers to get more involved in value-adding activities such as input supply, credit, processing, marketing and distribution (World Bank, 2002: 16).

It should be stressed that for agriculture led development to materialise, the state has to take an active role of setting a clear policy environment and of directly participating in the rural economy and provide stimulants that can effectively lower rural transaction costs. In achieving such institutions, the state has to include the private sector and the rural producer organisations in its institutional policy, all with clear roles and responsibilities.
CONCLUSION

The paralysis of rural development in Zimbabwe require elaborate measures to kick start economic growth which can translate to wide impact agricultural based rural development. Zimbabwe require an activist state which is involved in the stimulation of local produce markets and reinvigorate input supply systems. An activist State goes beyond setting policies, but is involved in the setting of development framework and monitors such. Already Zimbabwe has embarked on land reforms and input supply lines, but more need to be done to make sure that the supply systems are coordinated and guarantee the opportunities agriculture can generate to the poor.

REFERENCES

Johnson 1999: