



Government of the Republic of Zimbabwe

GROWTH WITH EQUITY

An Economic Policy Statement

February, 1981

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PREFACE

1. The Statement which follows projects the economic objectives and policy measures which the Government of the Republic of Zimbabwe will pursue in the short, medium and long terms. It is directed towards the attainment of a socialist and egalitarian society to which the Government of the Republic of Zimbabwe is committed. At the same time it is set in a framework of a dynamic process responsive to the requirements of time, circumstances and actual situations.
2. The Statement provides a framework for overall sectoral policies and constitutes the policy basis for the first National Development Plan. It seeks to inform the people of Zimbabwe and to enlist their participation and active support in the development process. Finally, it is designed to inform the world at large and potential investors in particular of this country's chosen path of development and priorities and the role of domestic and foreign investment in that development.

INTRODUCTION

3. The Government of the Republic of Zimbabwe, conscious of the basic characteristics of the past and indeed still prevailing socio-economic order of this country, is determined to undertake a vigorous programme for the development of the country and, within it, to pursue and implement policies based on socialist, egalitarian and democratic principles in conditions of rapid economic growth, full employment, price stability, dynamic efficiency in resource allocation and an equitable distribution of the ensuing benefits.
4. Economic exploitation of the majority by the few, the grossly uneven infra-structural and productive development of the rural and urban economy, the lopsided control of the major means of production and distribution, the unbalanced levels of development within and among sectors and the consequent grossly inequitable pattern of income distribution and of benefits to the overwhelming majority of the people of this country, stand as a serious indictment of our Society. So does the imbalance between predominant foreign ownership and control of assets on the one hand and, on the other, limited local participation as also and more especially the past colonial dispossession of land and other economic assets and the consequential impoverishment of the masses of the people; hence the imperative need to re-establish justice and equity in the ownership of land, which should be a common heritage of Zimbabweans of all races.
5. Moreover, past policy and legislation and other Government instruments, especially fiscal and monetary including subsidies and other measures, were designed to maintain a sound economy but an inequitable socio-economic order, while education and manpower policies were generally designed to ensure the existence of cheap unskilled black labour combined with the indiscriminate importation of skills mainly from overseas.
6. These policies hindered local skill formation and full productive employment, especially among blacks. Further, horizontal and vertical population movements were restricted by an elaborate system involving both racial and urban and rural zoning and therefore hindered or distorted the national movement of labour and acquisition of skills.
7. These policies, devices and practices and many other factors too numerous to mention, inevitably led to racial polarization, confrontation, the war of liberation and the consequent loss of life, and the general destruction and disruption of the social and economic infrastructure. With the end of the war and the emergence of a democratic government dedicated to reconciliation, the country has to undertake the task of resettlement and rehabilitation, as well as embarking on a deliberate programme of restructuring and developing the economic and social fabric in order to achieve sustained, balanced and equitable economic growth and development.
8. Government is determined to forge ahead with the task of building a progressive, non-racial and egalitarian society which draws on the energies and

abilities of all its peoples, without regard for their race, colour or creed. However, the restructuring of the economic and social framework of our society is an absolutely essential and imperative economic ingredient of the policy of reconciliation if that policy is to result in genuine and durable peace in our country and is to be conducive to economic development and prosperity for all our people.

9. Above all, recognizing the confidence of all Zimbabweans in the future of their country and their desire to forget the past and build together a new nation, recognizing also the significant achievements already made in this regard, Government is determined to embark on policies and programmes designed to involve fully in the development process the entire people, who are the beginning and the end of society, the very asset of the country and the *raison d'être* of Government.

I. OBJECTIVES

10. In view of the above, Government's primary objectives shall be to—

- (i) establish progressively a society founded on socialist, democratic and egalitarian principles which are inherent in the policies and measures enunciated herein;
- (ii) achieve a sustained high rate of economic growth and speedy development in order to raise incomes and standards of living of all our people and expand productive employment of rural peasants and urban workers, especially the former;
- (iii) develop and restructure the economy in ways which will promote rural development, desired changes in patterns of consumption, technology, exports, etc., and in ways consistent with the most desirable use and conservation of our natural resources and the environment;
- (iv) end imperialist exploitation, and achieve greater and more equitable degree of ownership of natural resources including land; promote participation in, and ownership of, a significant portion of the economy by nationals and the State;
- (v) create and maintain high levels of employment for Zimbabweans in all sectors and at all levels of skill and responsibility, and redress the historical racial imbalance in skilled employment;
- (vi) train, mobilize and utilize fully the country's human resources which are its creative and greatest asset;
- (vii) democratize the work place in all sectors of the economy by, *inter alia*, encouraging worker participation in decision-making at the office and shop floor levels;
- (viii) provide, improve and extend the basic economic and social infrastructure so as to serve adequately the Zimbabwean urban and rural economy;
- (ix) provide, improve and extend the rural economic infrastructure, with particular emphasis on extension of marketing services, credit and agricultural factor input facilities;
- (x) provide, improve and extend social services (including housing, health and education) to lower income groups in the urban and rural areas; and consider possible schemes for social security services where they do not exist, bearing in mind the overall responsibility of the State for the welfare and well-being of its citizens;
- (xi) reform the fiscal and monetary systems in order to achieve greater equity and efficiency; and use fiscal and monetary instruments to achieve price and balance-of-payments stability consistent with high levels of employment;
- (xii) fully exploit opportunities for oil substitution in order to reduce the economy's dependence on external sources and move towards domestic reliance and self-sufficiency in energy;

- (xiii) conserve our natural resources so that production is sustained, replace renewable resources used, exploit our natural resources, especially our non-renewable ones, at rates consistent with the needs of present and future generations of Zimbabweans; and
- (xiv) promote regional co-operation in various spheres especially with our neighbours, as well as contribute to greater international economic co-operation.

As special, urgent national tasks:

- (i) to complete the programme of resettlement and rehabilitation of combatants and of all people displaced during the war;
- (ii) to complete the reconstruction of destroyed and damaged economic and social infrastructure and create a sound spring-board for future growth and development.

II. ECONOMIC POLICY MEASURES, DEVELOPMENT PLAN AND PROGRAMMES

11. The economy has significant levels of distortions due, in part, to past economic policies and the international economic isolation brought about by the misguided and ruinous Unilateral Declaration of Independence (U.D.I.) and the impact of the liberation war which followed. It will, therefore, be long-term Government policy to restructure the economy, and mobilize economic resources and facilitate their efficient allocation in order to achieve balanced economic growth and development.

12. Over the years the economy has failed to absorb the rapidly growing labour force with consequent high and unacceptable levels of unemployment and under-employment. This failure was due, in part, to population pressure and the adoption of inappropriate economic and industrial policies of previous governments. In order to achieve balanced and equitable growth and in order for the economy to create sufficient levels of employment to absorb a rapidly growing labour force, it will be necessary for the economy to grow at an annual average rate of at least 8 per cent. in real terms.

13. In order to realise such high performance, it will be necessary to undertake a serious national exercise for the mobilization of economic, financial, social and manpower resources of Zimbabwe, organised and co-ordinated through the planning process. The country has some experience in short and medium term public sector planning, *albeit* hitherto biased in favour of the already more developed sectors of the economy. With independence, and the redefinition of objectives and problems facing the country, there is need to institute a system of comprehensive planning. Such planning will result in a re-examination of and adjustment in, the levels and range of instruments of economic policy and control.

14. The aim is to formulate and implement a national development plan. In view of the time constraint and the need to develop an adequate planning infrastructure, Government will formulate and implement a three-year transitional plan to be launched in July, 1981. This is necessary in view of the transitional tasks of resettlement and reconstruction and the time needed for the economy to settle down to peacetime conditions.

15. During the period of the transitional plan a more comprehensive system of planning will be operational. A complete population and production census will be carried out. This will provide the necessary information for long-term economic and manpower planning and will constitute a firm basis for the formulation and implementation of an appropriate population policy. Government will make effective and appropriate use of all policy instruments in order to attain its policy objectives.

16. Government policy in rehabilitating and reconstructing the economy and the country's environment will find expression in many spheres. As was indicated in the President's address to the First Parliament, priority lies in resettling those

displaced by the war and those who presently are without, but wish to make a living on, the land either as peasant or as commercial farmers.

17. In this regard, abandoned and under-utilized land is already being assigned for this purpose and, over a period, significantly more land will be acquired for resettlement.

18. An equally important part of Government's programmes will be the rehabilitation of the war-wounded, through training in order to enable them to acquire skills to regain their place in society and, as far as possible, lead a normal and independently productive life. Central to what follows, indeed to the evolution of the new order called for by the people's hard-won freedom and independence, is the efficient use of all the country's resources and the creation of opportunities for all its people.

III. SECTORAL POLICIES

1. Agricultural and Rural Development

19. In the past land was grossly unevenly divided along racial lines, and peasants have been significantly deprived of opportunities for efficient and productive employment of capital and labour in agriculture. They lacked adequate access to credit, extension services and marketing facilities and often received inadequate returns for their produce.

20. Neglect of African agriculture during the past years, coupled with the maldistribution of land and the consequent population pressure and generally poor soils and low rainfalls, over-grazing, and poor land husbandry, in the so-called Tribal Trust Lands, have led to low productivity and unacceptably low *per capita* incomes.

21. The land is a common heritage and no one should enjoy absolute ownership of it. Government will therefore entrust certain rights in the use of land to private individuals or groups of individuals for as long as such trusteeship best serves the national interest. Indeed, landowners share their property with the State, which is the sovereign custodian of the nation's natural assets and the State can restrict the uses and practices that are carried out on that land which are contrary to the national interest.

22. Government will therefore seek to achieve the following objectives in agriculture—

- (i) an acceptable and fair distribution of land ownership and use;
- (ii) a rapid reduction in the levels of absolute poverty in rural areas, together with an accelerated improvement in the standards of living of the rural population;
- (iii) an increase in both land and labour productivity in all forms of agriculture;
- (iv) substantial increase in employment for the rapidly growing labour force;
- (v) achievement and maintenance of food self-sufficiency and regional food security;
- (vi) extension of the role of agriculture as a major foreign exchange earner and a source of inputs to local industry;
- (vii) integration of the two agricultural sectors, viz. commercial and peasant;
- (viii) conservation of land and the environment for future generations; including a programme of conservation awareness;
- (ix) promotion of regional balance in agricultural development; and
- (x) development of human resources in the rural areas to the full potential.

23. These objectives will be pursued through, *inter alia*, the following policies—

- (i) a programme of land reform;

- (ii) mobilization of resources both internal and external to finance land reform and development programmes;
- (iii) reform and expansion of structures of complementary services including agricultural credit, marketing, research, extension and so forth;
- (iv) establishment and promotion of a number of production systems, depending on varying conditions, namely—
 - (a) communal farming and co-operatives;
 - (b) private/family and corporate farms of a variety of sizes; and
 - (c) state farms;
- (v) pursuance of appropriate agricultural pricing policies to achieve the objectives of food self-sufficiency and the extension of the role of agriculture as a significant foreign exchange earner;
- (vi) integration of the agricultural sector by, amongst other ways, resettling a significant number of peasant farmers from overcrowded tribal trust lands;
- (vii) promotion of research on appropriate technology;
- (viii) deployment of various means at its disposal, to ensure that unused and under-utilized land is productively utilized; and
- (ix) development of water resources, elimination of tsetse flies, improvement of conditions of health in all areas, and promotion of research into suitable crops for arid areas.

24. Government is committed to the establishment of co-operatives in productive enterprises and will, therefore, seek to set up training facilities for co-operative personnel so as to ensure democratic, orderly and profitable functioning of co-operative enterprises. Other support activities will be undertaken, such as research, the designing and construction of appropriate technologies and processes for rural production with a view to reducing the burden of labour and rendering work more enjoyable and respectable. Government will promote the establishment of communal and co-operative farms in agriculture, and provide general assistance to ensure their economic viability. In particular, assistance will be given to those in communities which are democratically organized and run, and farms in which local initiative is highest. Even under the individual freehold/leasehold system, there is ample room for selective co-operatives in input procurement, produce marketing, credit, land preparation and production. In this area Government will be building upon the traditional co-operative approach in the Zimbabwe culture in facing up to the technological challenges of tomorrow.

25. Government is already facing up to the challenges of a large part of our population which has been displaced in the past and especially during the recent war. A programme of resettlement has been embarked on, with emphasis on voluntary co-operative arrangements among the peasants so as to facilitate introduction and extension of existing and potential resources and inputs into the rural areas. Voluntary popular participation and democratic procedures, it bears emphasis, will be essential criteria for Government support of co-operatives.

26. In the rural economy of the future, Government foresees the setting up of small and medium scale manufacturing and commercial enterprises around small centres so as to provide productive employment, stem the flow to large towns and raise incomes and living standards in line with Government's decentralization policy. A significant number of such enterprises could be co-operatively owned and run, thereby extending socialist and popular democratic participation in the ownership and management of the nation's resources.

27. Government will explore the possibility of restructuring existing institutions with a view to assembling together an authority which would serve as a planning, co-ordinating and executing agency for land resettlement and development schemes.

28. It should be clear that the transformation of the land system and the redistribution of land are central objectives of Government policy. The mobilization of internal and external resources for purposes of land acquisition, resettlement and development, will be critical to the implementation of the policy.

2. Manufacturing

29. The expansion of this country's manufacturing sector and its linkages with other sectors of the economy have not only allowed a measure of insulation from external disturbances but have provided a substantially diversified base for future expansion and development. Consolidation of the role and contribution of the manufacturing sector to the national economy will need to be made while ensuring that the industry satisfied both domestic and growing export demand.

30. A significant degree of industrialization has taken place in Zimbabwe and today manufacturing contributes 25 per cent. to GDP. This impressive growth in manufacturing did not, however, give rise to an equally impressive rate of growth of employment in manufacturing. Over the period 1954-1975 the average annual rate of growth of employment in manufacturing was only about a third of that of output.

31. The inability of the manufacturing sector to absorb larger numbers of work-seekers was due, in part, to the existence of distortions in the capital and labour market which gave rise to distorted relative costs of factor inputs. At the same time, the failure of past manpower and other policies to increase indigenous skills has resulted in a relative shortage of skilled manpower and, hence, an overpricing of this factor input.

32. While the ability of the manufacturing sector to substitute for imported goods is recognised, the cost structure of this sector could present problems. It follows that if the vast majority of people are in agriculture, such a process might lead to a less equitable distribution of income.

33. The industrial structure which has emerged over the years may not be ideal to meet the new circumstances and demands. In view of the importance of the manufacturing sector there is the need for a well articulated and clearly laid out industrial strategy for Zimbabwe which would ensure, *inter alia*, efficiency, viability and competitiveness in international markets.

34. Aware of, and concerned at, the high cost of goods supplied to the rural and remote areas of the country, Government will seek ways and means of reducing distribution costs of such goods in these areas.

35. In view of the foregoing, Government will seek to achieve the following objectives—

- (i) an expansion of the manufacturing sector to enable it to meet the growing local demand and changes in the pattern of that demand;
- (ii) promote the export earning capacity of the sector;
- (iii) promote further import substitution in areas such as energy, fertilizer production, etc.;
- (iv) training and upgrading staff for higher levels of managerial and skilled positions;
- (v) making more effective and extensive use of local industrial and intermediate inputs;
- (vi) encourage linkages between on the one hand, manufacturing and on the other, peasant agriculture and small and medium scale rural industries;
- (vii) employment expansion through the further development of the sector and greater use of more labour intensive technologies;
- (viii) geographical decentralization of industries.

36. In the short term, import controls will be necessary for reasons of balance-of-payments and other considerations and will therefore continue to be applied.

However, in the medium and long term, emphasis will be placed on protection through the customs tariff consistent with international requirements and undertakings, though there may be special instances where import controls should be justified even in the long term.

3. Mining

37. Zimbabwe is richly endowed with a wide variety of minerals and the mining industry is one of the sinews of the economy. Minerals must, however and of necessity, be exploited for the maximum economic and social benefit of the country. Consequently, Government policy on minerals and metals produced in Zimbabwe must be guided by the role which mining performs in opening remote parts of the country and providing employment, as well as by the strategic importance of minerals and metals in the development of the manufacturing industry and their contribution to foreign exchange earnings.

38. Government policy aims at developing to the full the economic potential of our mineral resources, consistent with the needs of the population. It will therefore, encourage exploration, expansion of output in existing mines, opening up of new mining ventures and increase in the economic and social welfare benefits to mining workers.

39. Government will require beneficiation of minerals through to fabrication and manufacturing for the local and export market and will provide an acceptable and effective marketing system for all minerals and metals produced in Zimbabwe with a view, *inter alia*, to increasing value added and returned value.

40. Mineral resources are a wasting asset, consequently the methods and rate of exploitation should be consistent with the desirability to conserve the major minerals for national economic needs. In this respect, Government will prepare studies of the resources and priorities of use of the major minerals and metals, including in particular coal.

41. Government will require the early exercise of rights acquired under exclusive prospecting orders with a view to the early release of all land not required for mining purposes. It will urgently examine measures to encourage holders of mining claims to bring them to early production.

42. Government intends to participate in mining on a joint venture basis and will encourage foreign investors to take on local equity partners. Government desires to achieve the maximum possible Zimbabwean managerial and technical personnel in all spheres of the mining industry. It is, therefore, intended to expand training facilities so as to increase the total number of students and the variety of courses at the Bulawayo School of Mines. Government will also re-examine the desirability of establishing a School of Mining at degree level based on the existing infrastructure.

4. Energy

43. Government policy on energy is based on the need for optimum substitution of oil imports by domestic sources and the need to conserve energy. It will encourage the exploitation of renewable energy resources. Feasibility studies are being carried out with a view to expanding ethanol production; the beneficiation of coal into methanol, gas and oil in addition to the use of coal in the production of electricity, and the use of solar energy.

44. These activities together with possible hydro-electric schemes and the programme to electrify the Railways could combine in substantially reducing our oil imports, thereby improving our balance of payments.

45. In the rural areas, there is need for alternative sources of energy and for rural electrification. There is, equally, need to encourage research into use of such sources of energy as biogas and coal, as well as to promote a vigorous programme of re-forestation.

5. Transport and Communications

46. A comprehensive and efficient network of transport and communications is a vital and necessary basis for development; thus Government's immediate policy towards basic economic infrastructure, that is, transit and feeder roads, rail, air, postal and telecommunications, is to restore, improve and extend services throughout the country and especially in the rural areas.

47. Moreover, much has to be done and will be done to replace equipment and expand capacity to ensure a more solid foundation for future development and to serve the requirements of domestic, regional and international communications and trade.

6. Water

48. It is Government's policy to control the planning, development and management of our river systems, and to this end Government will own and operate all major water storage works and will raise charges for this water that take into account full recovery of capital, together with the maintenance and operational costs of the projects.

49. Particular emphasis will be placed on the provision of potable water supplies and the development of irrigation schemes in the rural areas in order to assist in the transition of these areas from a purely subsistence economy to a stage where they can play a greater role in the economic life of the country. Though the principles of charging for any water supplied from Government installations is supported, charges for water would be held in abeyance in the initial stages of development in view of the inability of most rural people to meet these charges.

7. Manpower

50. Development is by people. Continued and adequate supply of appropriately skilled manpower as well as the full involvement of the people generally in the development process, holds the key to the exciting growth prospects of the economy and to the fulfilment of a wide range of development objectives and national aspirations. Indeed, the creation of the Ministry of Manpower Planning and Development is ample testimony of the priority Government attaches to the subject.

51. Measures to deal with permanent long-term skilled manpower requirements of the economy will, of necessity, require time to work out and it may be necessary in the short term to resort to external sources. Nevertheless, Government is fundamentally opposed to any system of external recruitment based on expatriate conditions. Accordingly, it will not be sympathetic, either in terms of the tax provisions or exchange control measures, to facilitate such a system.

52. While Government accepts that it has the primary responsibility, directly and indirectly, for providing trained manpower to industry, it believes that private industry as the greater employer has a vital role to play in close partnership with Government.

53. In view of the importance of manpower, Government believes employers should continue to pay a levy in order to contribute towards the national effort of providing the economy with trained manpower.

54. Government will investigate measures to provide appropriate incentives to those employers engaged in approved training schemes. Transnational Corporations and other large employers will be expected to play a significant role in the training effort.

55. It is proposed to create a National Vocational Technical Training Centre to translate and carry out Government policies. The Centre will be responsible for licensing training schemes and standardizing training as well as the certification of trainees.

56. While Government's approach to training, as indeed in all other fields, continues to be non-racial and therefore non-discriminatory, Government believes

that the immediate and long-term stable manpower supply requirements of the economy demand that emphasis in training should be placed on manpower with a low emigration risk.

57. The concept of manpower is all-embrasive; it has to do with the full and efficient use of human resources and must cover women and the youth of the country as well as men. Indeed, women have a crucial role to play in the socio-economic development of the nation. Nowhere in our history has this role been more amply demonstrated than during the liberation struggle, just as, in the colonial days of the migratory labour system, women were for generations the backbone of the rural economy.

58. In developing the total human resources potential of the country, in particular those which have hitherto remained disadvantaged, equality of opportunity and conditions of service must prevail, untrammelled by consideration of sex. Legislation must conduce to this end, as is already the case with the minimum wage legislation. Likewise, urgent consideration must be given to the provision of special services, such as day-care facilities, for children of working mothers and the way must be cleared for women to enter or rise to high administrative and policy-making positions.

59. As for the youth of this country, Government firmly believes that our future lies in their hands. Indeed the youth of this country has stood up gallantly in the liberation war and accepts the challenge of building the new nation of Zimbabwe.

60. Urban and rural areas are generally lacking in facilities catering for the youth. It is intended to provide national and provincial multi-purpose centres where, in addition to recreational and cultural facilities, there will be provision for training young people whose education was interrupted by the war. The first concern will be to impart literacy, numeracy and civic education, but students will also be offered instruction in domestic science, nutrition, primary health care, metalwork, carpentry, building, fitting and turning, electronics, motor mechanics, gardening, animal husbandry, etc.

61. The challenge of development is there and the men, women and youth of Zimbabwe cannot but measure up to it. Government shall not fail them.

8. Labour and Employment

62. The creation of productive employment is the key element in the strategy to achieve the objective of equity and social stability.

63. Rapid industrialization alone cannot create sufficient jobs for the rapidly growing labour force. In the light of this, Government considers rural development as the major factor in solving the unemployment and underemployment problems, the extent and importance of which have always been underestimated in this country. Because of the relatively higher labour productivity and higher wages in the industrial sector, there is urgent need to expand to the maximum employment opportunities in this sector in order to avoid perpetuating a small and privileged urban wage income elite. Additionally, wage, fiscal and monetary policies will, to a large extent, duly take into account the need to expand employment in the industrial sector through encouraging labour intensive production techniques.

64. Population pressure and the inability of the formal sector to absorb sufficient levels of employment have resulted in tens of thousands of black Zimbabweans each year seeking paid employment with little or no chance of obtaining it. The wide and increasing gap between the standards of living of those in the rural areas and those with paid employment in the formal sector has caused an inflow of rural work seekers into the urban areas and further exacerbated the unemployment and underemployment problems in these areas. This has, *inter alia*, resulted in a severe strain on social services and housing in urban areas.

Government will, therefore, seek to—

- (i) promote research into the socio-economic impact on the informal sector in order to understand better the role and importance of this sector in the economic and social development of Zimbabwe;
- (ii) seek to remove all unjustifiable legal, social and economic discrimination against this sector;
- (iii) provide the necessary infrastructure and assistance to promote productive employment in this sector;
- (iv) regulate this sector in order to raise product standards and ensure that minimum acceptable standards of goods and services are instituted and maintained; and
- (v) persuade those unable to find productive employment in this and the formal sector to return to the land and participate in rural development.

65. As a member of the International Labour Organization, Zimbabwe will be guided in its labour and employment policies by the Constitution and Conventions of that body.

66. The cornerstone of Government's employment policy is that there should be no discrimination on the grounds of race, religion, colour, politics or sex in the employment field and positive steps have already been taken to eliminate discriminatory practices inherited from the past.

67. Government is fully committed to the I.L.O. concept of "tripartism", that is, that all matters affecting labour should be resolved by free discussion between representatives of Government, employers and workers. The principle of free collective bargaining between employers and workers on pay and conditions of service as enshrined in the law will continue to be respected and guaranteed.

68. Conciliation machinery already in existence for the settlement of disputes between employers and workers will be reviewed and, if necessary, amended to meet changing circumstances. The establishment of workers' committees and workers' councils is being encouraged as a means of involving the workers in problem-solving and improving working conditions at the shop and office floor levels. Means of promoting greater worker participation in the decision-making process at enterprise level will continue to be explored.

69. A vigorous programme in the field of occupational safety and hygiene will be developed to complement the existing comprehensive workmen's compensation and rehabilitation service which covers all workers.

70. A thorough and systematic record of information on employment and underemployment will be maintained, while the employment service for work-seekers and careers guidance to school leavers will be expanded and adapted to meet growing needs.

9. Incomes Policy

71. The existing gap in incomes and unequal access to the ownership of the nation's industrial, land and mining assets, are grossly unjust and could well be a threat to the peace and social stability of the country. Likewise, the historical inequities in pricing, in the tax and subsidy system, in the pattern of public expenditures and, in the delivery of public service, are anachronistic and undermine the foundations of a free and just society.

72. Government has already taken initial measures to correct the situation in a number of areas: a temporary minimum wage is already in place; sales tax on basic food items has been abolished; free primary schooling for all and free health services for the urban and rural poor have been instituted; and programmes of land redistribution and resettlement have already started. More concerted action by Government is likely to depend largely on the findings of the Commission of Inquiry on Prices, Incomes and Conditions of Service which has already started work on the structure of incomes, prices, etc., with a view to making recommendations for possible Government action in these areas. In addition, Government will review

questions relating to marketing, pricing, incentives and subsidies associated with agricultural products through the appointment of a Commission on Agriculture.

73. Government's incomes policy is conceived within a dynamic productive process and is integral to the very concept of growth with equity.

10. Social Infrastructure

(i) Education

74. The central and pervasive role of education is of paramount and decisive importance in the formation and enhancement of human resources and in the social and economic development of the country. Education is a human right and a basic human need. It will enable Zimbabweans to acquire a broad base of knowledge which will influence their attitudes, values and skills and on which they can build in later life. It is also an important instrument for effecting people's access to other basic human needs such as adequate nutrition, safe drinking water, health service and the inculcation of popular public health awareness. In addition, education is an economic investment in human beings, who are the most valuable resource of any country and the means and end of all economic activity. Without the output of the educational system it will be impossible to sustain, let alone accelerate, economic growth and development.

75. Government's view that education is a central and pervasive element in human resources, social and economic development implies that—

- (a) education must cover a wide spectrum with both the content and form adopted responding to the imperatives of excellence and relevance, i.e., high standards and quality, as anywhere else in the world, yet at the same time imbued with local values and combined with practical knowledge of concrete conditions;
- (b) investment in education be rationally planned and fully integrated with investment in other socio-economic activities in the public and private sectors so that the outputs of the system can become involved in productive economic development activities in a growing and expanding economy;
- (c) education is an important Government instrument for achieving equity; this means relatively more educational opportunities should be created in rural areas where an increase in the general level of education will contribute to more rapid adoption of improved agricultural methods and higher productivity of the rural people.

76. In pursuit of these principles, Government has already introduced free primary education and regards the introduction of universal primary education as its next proximate goal. The primary school population topped the million mark during 1980 and projections indicate that a figure of two million can be expected by the end of the next decade. Expansion of this magnitude in so short a space of time will require an annual output of between 2 500 and 3 000 trained primary school teachers.

77. Simultaneous with this development will be expansion of the secondary schools which will provide well educated young men and women to meet the future manpower needs in the skilled trades and professions. The expansion of the secondary school system will require corresponding increases in the output of trained secondary school teachers and will have important implications in other areas of education. Government sees an urgent need to establish new primary and new secondary teachers' colleges with a significant intake.

78. It is Government's conviction that there is a vital need for local participation in the provision of school facilities if essential expansion is to be achieved. Government sees the need for primary schools being provided through local initiative, mobilized through various local Government agencies in both rural and urban areas. It is an essential element of the education policy to ensure that in the development of new housing schemes simultaneous provision is made for the educational facilities required by the future inhabitants.

79. In planning for the expansion of secondary school facilities, Government places the main emphasis on expansion in the rural areas where the need is greatest. Funds permitting, Government's target is at least 500 new secondary schools in rural areas over the next five years; with substantial inputs from local communities.

80. In relation to university education, Government will seek to ensure that there is an increase in student intake and, where necessary, will encourage the introduction of new disciplines required to supply manpower skills of a growing and developing economy.

81. Government is fully conscious of the need to reduce unit costs of education especially in post secondary institutions. Therefore, it will review and examine ways and means of improving the efficiency of utilization of existing facilities and staff.

82. Government recognises the important role the educational system can play in the rehabilitation of refugees and former combatants who choose a civilian way of life. It will, therefore, encourage secondary and post secondary institutions to provide vacancies commensurate with the qualifications and career objectives of these individuals.

83. In the field of non-formal education Government aims at sponsoring well planned programmes of adult education. Not only must these programmes be closely related to the economic development programme of the country, but they must also relate to the work and experience of adult students. Adult education must not be seen as peripheral to the working life and experience of the individual, but rather as a vehicle for making a better adjusted and more efficient worker. In this connection every farm and every factory should become a place for work and for learning.

84. Local authorities and agricultural and industrial establishments will be expected to co-operate by providing adult education facilities for their work forces. The immediate target must be the elimination of illiteracy. Thereafter the aim must be the development of more intermediate and high level technical and administrative skills to which can be related communication skills and cultural enrichment.

(ii) *Health*

85. Government holds the view that health is a necessary and primary condition of development. While it cannot be considered in isolation from other elements in the economic and development process, particularly at this stage in Zimbabwe's revolution, it is also a human right regardless of the economic status or value of the individual. Government has accordingly declared, as it were, total war on disease and malnutrition as it has done against poverty and ignorance.

86. Past accents on health have tended to be on curative rather than preventive and promotive measures. This has had the inherent bias of greatly benefiting the urban dweller to the neglect of those in the rural areas. This situation has been compounded by the fact that during the liberation war the rural areas suffered the greater damage to their health facilities.

87. In future, the emphasis in health will be on promotive and preventive measures and on increasing health facilities in the rural areas. Preventive measures such as health education in hygiene and malnutrition, immunization programmes, maternal and child care amongst others will be expanded as will popular programmes of public health awareness.

88. In order to increase access to health services in rural areas, health clinics will be built at village level, manned by suitably trained primary health care workers, and backed up by rural health centres and hospitals, from district to provincial level. This objective and strategy in the provision of health care services will obviously require a considerable extension of training facilities for workers from the village health worker up to the fully trained nurse and midwife, including advisers in health education and nutrition.

89. Government intends to introduce an integrated and comprehensive National Health Service financed by general taxation and individual contributions from those in employment earning a salary in excess of an as yet to be determined level. The

first phase of this service was the introduction of free treatment for all those earning less than \$150 per month. It is intended to expand the provision of free treatment for those making use of the National Health Service.

(iii) *Housing*

90. Housing is a fundamental requirement of the people and Government intends to overcome the acute shortage which exists throughout the country. In the urban centres the shortage will be aggravated by the anticipated growth rate of 11 per cent. Government will, therefore, pay urgent attention to this problem and plans to alleviate the situation in both the urban and rural areas over the next five years. Loan funds will be required to be made available to individuals for extending their houses and funds will also be required for the electrification of those houses which are not yet connected.

91. For the prosecution of this task, as indeed, for the construction industry generally, the vital role to be played by the civil engineering and building industries is clear and urgent. Government will, accordingly, actively promote training programmes to meet the expected demands.

(iv) *Social Services General*

92. Government is fully committed to provide and promote social services of a high standard throughout Zimbabwe. In many areas social services have suffered as a result of the war and because of the need to return to their home areas hundreds of thousands of Zimbabweans displaced during the war.

93. With the return to more normal conditions Government, with the existing voluntary organizations and co-ordinating committees, will strive to improve and expand services in the fields of care and protection of minors, adoption of minors, juvenile delinquency, the rehabilitation of the handicapped, the welfare of the aged, public assistance to those in need, general and family casework and the rehabilitation of alcoholics and vagrants. In addition to the payment of compensation, a counselling and rehabilitation service will be established for all persons disabled in the war.

94. To this end, additional social service offices have been established in the remoter areas of Zimbabwe staffed by officers qualified in the social services and this service will be expanded to meet growing needs. The existing network of institutions—probation hostels, remand homes and training schools—will be expanded.

95. The possibility of introducing national pension and social security schemes taking account of Government's plans for expanding social services is included in the terms of reference of the Commission of Inquiry on Incomes, Prices and Conditions of Service. The findings of that Commission will guide Government in this regard.

11. Science and Technology

96. Zimbabwe is richly endowed with natural resources which should be rationally exploited to the benefit of all its present and future generations. The judicious application of science and technology to the exploitation of these resources is fundamental to the development strategy of our country and to the efficient utilization of the resources in ways which do not harm the environment.

97. The country is in the fortunate position of having a relatively sound science and technology base. However, past science and technology research and application have tended to concentrate on commercial agriculture with less emphasis on other equally important areas of the country's socio-economic life. The country has also lacked a unified and co-ordinated policy on science and technology.

98. It is Government's view that the vast potential of science and technology must be brought urgently to bear on the most pressing problems facing the country, particularly in the rural areas. Government also believes that there is an enormous amount of scientific knowledge and technology available outside the country which can be adapted to our environment and particular needs.

99. Government proposes to review as a matter of urgency the provisions of the Research Act and, if necessary, promulgate a new Science and Technology Act with a view to establishing necessary and appropriate institutions in this field. It is proposed to create a *Science and Technology Council* which will not only establish policy guidelines and priorities in science and technology research in the country, but will also monitor developments outside the country with a view to their application to Zimbabwe.

100. It is similarly proposed to establish a *Science and Technology Foundation* for the funding of science and technology research which will serve as a means of mobilizing both internal and external resources to be used in science and technology development in order to enhance the country's development.

101. Government recognises that transnational corporations are, or could be, sources of technology and other know-how. While encouragement will be given to these corporations to bring this technology to Zimbabwe and, together with their domestic counterparts, to undertake research and development in Zimbabwe, in order to minimize those practices of transnational corporations which are often inimical to a country's development, Government will ensure that they comply with the United Nations Code of Conduct on Transnational Corporations and other similar international codes.

IV. MONETARY, FINANCIAL AND FISCAL POLICIES

102. Fiscal soundness is a matter of cardinal importance, especially as it will go a long way towards preserving and increasing our credit-worthiness internationally, which will enable us to borrow if and when necessary.

1. Mobilization of Resources for Development

103. In order to achieve the objectives of growth with equity it will be necessary for the economy to attain high annual rates of growth of GDP. Such growth performance would require large public and private investment for reconstruction, restructuring and development purposes.

104. It will require the mobilization of all available domestic and external investible surpluses, for industrial and rural development as well as for the development of the social infrastructure.

105. Government will, therefore—

- (i) regularly examine the tax structure with the objective of improving its revenue yield capacity, its progressiveness and its equity;
- (ii) examine the most effective way of establishing a National Pension and Social Security Scheme which, *inter alia*, is expected to increase investible surpluses;
- (iii) examine the pricing and tariff structure of public goods and services with the objective of ensuring that consumers pay the full cost of their provision as far as possible;
- (iv) examine Government subsidies with a view to eliminating those which are economically inefficient or which cannot be justified on social and/or equity grounds;
- (v) use the means at its disposal to encourage savings institutions to extend their services to rural areas in order to tap investible surpluses in this sector;
- (vi) encourage and promote the involvement of rural unemployed and under-employed labour and elements of the armed forces for the undertaking of simple but needed investment projects in rural areas; and
- (vii) mobilize external financial and technical assistance for reconstruction and development.

2. The National Development Fund

106. Fully consistent with national self-reliance and the need to demonstrate to Zimbabwe's friends abroad the seriousness with which Government views the development task, Government intends to establish a National Development Fund for the purpose of mobilizing, or accounting for, domestic and external resources intended exclusively for development.

3. Money and Finance

107. Until now the private sector has dominated the financial and commercial banking sector. Much of this sector is foreign-owned and controlled. While private (domestic and foreign) institutions have been brought under control of the Reserve Bank of Zimbabwe and while, on the whole, the monetary and financial sectors have served the modern industrial and commercial sectors effectively, past monetary and financial policies have generally ignored or discriminated against black agriculture and the small business sector which is largely black.

108. In future, Government monetary and financial policy will employ a wider range of instruments, including—

- (i) more use of bank rate and open market operations to support policy objectives and ensure that the cost of money and credit properly reflects scarcity value;
- (ii) firmer influence on credit allocation to ensure equitable distribution of credit to priority areas of economic and social development;
- (iii) promotion of greater domestic participation and control in banking and financial institutions in order to ensure the effective implementation of monetary policy; and
- (iv) examination, through a Commission, of the whole monetary and financial sector with a view to establishing a suitable policy framework which will assist in the achievement of economic and social objectives.

4. Fiscal Policies

109. The tax structure in Zimbabwe is substantially regressive because of its reliance on indirect taxes for more than a third of tax revenues. In the past, Government expenditures were designed to ensure minimum spill-over of benefits to one racial group of tax revenues from another racial group. Because of the wide disparities in incomes between racial groups this made the total fiscal system highly regressive. The level of subsidies and their implications for equity and efficiency are a source of concern to Government.

110. Government views the entire fiscal system as a major instrument for achieving its objectives of growth, equity and full employment. To this end, Government will carry out a fundamental examination of the entire fiscal system, including the system of subsidies, the tax system and the distribution of benefits. Government will consider establishing a Tax Commission to assist in this process.

111. It will be a priority task, in this examination, to identify any ineffective and inequitable features in the fiscal system and to devise effective early measures to remedy such deficiencies.

V. INVESTMENT

112. Government policy is to develop to the full the potential of the agricultural, mining and industrial sectors of the economy. To this end, Government will encourage and welcome the participation of private enterprise in productive activities which create employment opportunities for Zimbabweans and which make a net contribution to the economy.

113. The Government regards investment in the rural areas as an absolute priority and a key-point of economic policy. Although it accepts that investment in these areas in the formative years may well yield lower returns to an entre-

preneur than are available from the highly developed urban complexes, Government urges investors to take the longer term national view and look to future rewards.

114. Government recognizes the vital role which foreign investment can play in the development of industry, in the very broad sense of the term, and desires the maximum possible Zimbabwean participation in all spheres of economic activity carried on within the country.

115. Government welcomes participation in joint venture projects and stands ready to negotiate appropriate agreements with investors.

116. Government also looks forward to undertaking industrial co-operative agreements as supplementary to joint ventures, which could involve supply and leasing of plants, co-production, co-marketing, etc., between Zimbabwean State enterprises and the relevant foreign or domestic enterprises.

117. Government recognizes the need for fair returns from investment having regard to its price control policy and taxation regime.

118. General policy on taxation of income is not to discriminate between the domestic and foreign investor except in relation to withholding taxes on dividends and branch profits.

119. General policy is to encourage domestic participation in productive enterprises within the country. Foreign investors will be expected to provide for domestic equity participation within a reasonable period of time.

120. Foreign investment will be welcomed especially in—

- (i) new enterprises in rural areas where socio-economic benefits may be expected to occur;
- (ii) new enterprises, particularly those requiring specific technology available to the foreign investor, which will make an additional net contribution to the economy, including the training of Zimbabweans;
- (iii) new enterprise on a joint venture basis, where the investor specifically wishes to have either an immediate domestic participation or a State equity participation, and which will make an additional net contribution to the economy;
- (iv) existing enterprises where an injection of additional foreign capital or technology will mean an increase in productivity and an improvement in the end product. As a general rule, the absolute amount of existing domestic participation in domestic enterprise should not be diluted, in future, by sale to foreign interests; nor must an existing domestic control level of equity holding be allowed to pass to foreign investors. But there is no objection to new foreign investment being introduced into existing enterprises to improve efficiency, technology, etc.;
- (v) undertakings in which more intensive use of local raw materials and processed inputs is promoted;
- (vi) areas in which labour-intensive technology and, in addition, technology that is appropriate and easily adaptable is promoted;
- (vii) activities in which generation of exports within a reasonable period is possible.

121. No special or preferential taxation, exchange control or import control benefits will be granted as a condition of State participation in any enterprise.

122. Government is fully aware of the need for, and willing to facilitate, profit and capital repatriation, but this will be subject to constraints in the balance-of-payments situation and the country's interest in promoting re-investment of profits. Having regard to the need for a planned and co-ordinated industrial development, Government will institute various measures, including a system of licensing, to ensure that private domestic and foreign investments of a given minimum size are consistent with the Government's industrial development plan. Government will

accordingly review present project approval arrangements with a view to determining their adequacy.

123. While Government encourages foreign investment, it is anxious to minimize those practices of the transnational corporations which are inimical to a country's development. In this regard, as in the case of technology, Government will ensure that they comply with the relevant international codes of conduct.

124. In general, Government will seek to participate in strategic industries. However, the level and rate of Government participation will be examined on a case by case basis through mutual agreement and in the light of national objectives and priorities.

VI. INSTITUTIONAL DEVELOPMENT

125. It is an unfortunate historical fact of our country that the establishment of institutions has been along racial lines. This not only meant inevitable duplication but also a limitation of their jurisdictional scope. With the new socio-economic order and the objectives which the nation has set for itself, it will be necessary to carry out an urgent review of all the existing public sector economic institutions with a view to determining their effectiveness, the extent to which their jurisdictions and mandates meet the requirements of the new order, and the extent to which rationalization is necessary and desirable to ensure that these institutions will be able to meet the needs of the economy.

126. In order to sustain and accelerate the pace of economic growth and development within the national objectives outlined in this Statement, Government will establish the following institutions:—

1. The Zimbabwe Development Bank

127. The Zimbabwe Development Bank will help in the mobilization of domestic and external financial resources in order to finance investment projects of high national priority. The Bank will lend to the State and its agencies, to joint-venture projects, whether between the State and foreign investors or between local nationals or enterprises, and to foreign investors. It will be free to lend to the re-organized State financial institutions and rationalized parastatal organizations such as the Agricultural Finance Corporation (A.F.C.) and the Industrial Development Corporation, (I.D.C.).

2. The Zimbabwe Development Corporation

128. This will be a State holding company and a development arm of the nation operating in all sectors of the economy and serving particularly as the Government's channel of participation in the economy either on its own initiative or in collaboration with domestic private, or foreign public/private investors. It will also be free to act through any existing development institutions in the public sector.

3. The Mining Development Corporation

129. The Mining Development Corporation, which will be a subsidiary of the Zimbabwe Development Corporation, will be responsible for Government's participation in the mining sector.

4. The Zimbabwe National Tourism Corporation

130. There is a need to develop the natural tourist resources of this country to their full potential, as they represent an invaluable economic asset. The accent on such development must be on conservation, preservation and proper management with proper consideration for the environment, future generations and the Zimbabwe culture, customs and traditions.

131. The Zimbabwe National Tourist Corporation will, *inter alia*, have the overall responsibility for co-ordinating, and undertaking other appropriate activities

relating to tourist development to ensure that there is proper and adequate provision of facilities and the maintenance of acceptable standards. It will work in close collaboration with existing institutions in the area in order to develop a comprehensive development plan for the industry which will secure the maximum possible benefits to the nation from its tourist resources.

5. National Vocational and Technical Training Centre

132. The National Vocational and Technical Training Centre will be responsible for determining standards and co-ordinating the nation's vocational and technical training, the licensing of training schemes, and the evaluation, standardization of training and certification of trainees. The Centre will also have the responsibility for co-ordinating all the statutory and non-statutory vocational and technical training institutions in the country with a view to having a unified practical approach to training.

6. A National Science and Technology Foundation

133. As already described under manpower, a National Science and Technology Foundation will also be established.

7. Trading Organizations

(i) State Trading Organizations

134. The new relationship which has opened up between Zimbabwe and a number of countries, and the need to assist the country's co-operative movement in international trade and negotiations, have created opportunities for trade which allow Zimbabwe to diversify its export markets and its sources of imports. The trading systems connected with some of these new relationships may be difficult to accommodate within the framework of normal private commerce. In order to take advantage of the opportunities which exist in this area, and in recognition of the growing trend towards State trading, Government will establish a suitable mechanism for dealing with State trading organizations.

(ii) Co-operative Trading Facilities

135. As part of its keen desire to promote a strong co-operative movement, Government will also help to establish wholesale co-operative trading facilities.

VII. REGIONAL AND INTERNATIONAL CO-OPERATION

136. Geographically, historically and economically, Zimbabwe is an integral part of the Southern African sub-region. It is also a natural part of the African region as a whole and shares much in common with the Third World. While it is landlocked it is also a key transit country. In order for its economy to forge ahead decisively and develop its full potential it needs the co-operation of its neighbours as well as international co-operation generally.

137. Government fully subscribes to the need and desirability of strengthening regional co-operation. It believes that such co-operation will help Zimbabwe and its neighbours in achieving a fundamental restructuring of production and distribution patterns and in moving rapidly towards self-sustaining growth through, *inter alia*, fuller exploitation of the natural resources of the region, establishment of optimal production units, fuller development of human resources and the building of a regional infrastructure.

138. Zimbabwe's fundamental strategy and policy on regional co-operation will be aimed at reducing steadily the external dependence of the economies of the region. It will be geared towards moving away from the enclave relationships which characterise the economies of the region. Similarly, at the continental and global level, Zimbabwe's policy will be based on the need to exploit to the fullest the comparative advantages of different economies in conditions of justice and equity and respect for the sovereign right of nations over their natural resources. Zim-

babwe recognises that the philosophy of self-reliance and self-help, while essential to the country's development, must be pursued in the context of the interdependence of nations. The Government shares the conviction that this interdependence carries with it new imperatives which can only be realized in the framework of a new international economic order based on sovereignty over national resources, re-allocation of resources to achieve more equitable development, distributive justice and effective participation by all countries, in particular developing countries, in world production and marketing arrangements and in the decision-making process.

CONCLUSION

139. The Government of the Republic of Zimbabwe is resolutely committed to, and will pursue with vigour and in a concerted manner, the attainment of the objectives and policy measures embodied in this Statement, and which will be reflected in the first national development plan of Zimbabwe already under preparation. While some of the measures are intended for immediate action, the implementation of others will require detailed elaboration and, therefore, time. The overriding objective is the attainment in Zimbabwe of a truly socialist, egalitarian and democratic society in conditions of sustained growth with equity.