domestic politics. We are told that the outcome was not good and the donors got it wrong, the EU being faulted for blindly following the World Bank line, but we are told little about what the government were doing (and why). It is difficult to reach a judgement on the extent to which economic failures were due to actions (or inaction) of the government, actions of the World Bank and IMF, or actions of the EU. Did the EU make things worse, or fail to make them better?

Overall, the book is good at reviewing the detail and the politics of EU–ACP relations as embodied in successive Lomé agreements. As such, it will be useful for those interested in the detail of the evolution of EU–ACP aid and trade relations (in many respects, it is remarkable how little real change there has been in some 30 years). While there may not be much that is new to experts, the collection of so much material in one volume is useful. The book offers less to economists, as it is light on economic analysis. This not a criticism, as the book is not intended for economists, it is more in the realm of international political economy.

Reference


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*The Economic Decline of Zimbabwe: Neither Growth nor Equity*
Carolyn Jenkins and John Knight
Palgrave, 20002

Two researchers at the Centre for the Study of African Economies in Oxford have put out a new book evaluating post-independence Zimbabwe. The country is an interesting case study. The politics has been dramatic, including the UDI (Unilateral Declaration of Independence) regime and sanctions, internal war and Robert Mugabe in different forms. The economics of this natural-resource-rich and beautiful country is interesting too, with industrialisation under
sanctions, an attempt at redistribution with growth, more controls, export orientation and then fully fledged trade liberalisation before more controls. The history offers a rich opportunity for interesting analysis.

Jenkins and Knight have high ambitions for their book. They want to discuss the policy objectives of the new regime, assess how the objectives were achieved and analyse the reasons of success and failure. They raise growth and redistribution as the central issue — the subtitle is ‘Neither Growth nor Equity’ — and state that the approach is ‘dictated by the concern that the needs of the poor must be addressed without jeopardising the growth potential of the economy’.

The authors clearly present the main dilemma of growth and distribution: keep the white minority happy, so as to benefit from their skills and investment, and at the same time satisfy the aspirations of the black majority. An intermediate balance could have been ‘embarking on a restructuring of the pattern of ownership in the economy and a reorientation of the protected economic ownership towards one that was more internationally competitive’. The lack of both has led the path towards today’s disaster.

However, except for raising the issues of distribution and growth and political economy in the first part, the book basically addresses short-run economic adjustments. Much of the material presented is descriptive, in particular the chapters on growth, redistribution and fiscal performance (3–5). Economic analyses are concentrated to estimation of money demand functions (ch. 6), investment (ch. 7) and labour markets (ch. 8). The labour market chapter is a careful and innovative analysis of employment and wages, drawing on interesting data from many sources. But it is hard to see the motivation for this selection of three chapters of econometric analysis and they do not bring forward the main theme of growth and equity. The book drifts towards macro and fiscal imbalance is identified as the root of the economic problems. The collapse of trade liberalisation and the recent economic deconstruction are not given much attention.

I was surprised to find that the book does not offer an analytical framework that guides their evaluation. In fact, the book is quite theory free. The background development thinking is highly conventional, Washington consensus type. This is a bit surprising coming from Oxford. After all, colleagues of the authors have written a framework for ‘controlled open economies’, with an interesting mix of neoclassical and structuralist approaches. No trace of this work can be
found. Many of the observations in the ‘consensus’ literature have a self-evident feel, also here: ‘It is important that the macroeconomic and infrastructural environment is conducive to profitability and economic growth’ and ‘cautious macroeconomic policy is a necessary but not sufficient condition for economic growth and for progress with redistribution’. There are many such statements.

The empirical material typically separates between the 1980–9 and 1990–6 periods. The radical trade-liberalising ESAP programme of 1990 certainly is a breaking point, but there is room for a more complex understanding of the 1980s and the sources of the ESAP. Many observers have looked at the immediate independent period as an attempt at redistribution with growth that encountered a foreign-exchange constraint. The import compression imposed in 1983–5 to control the foreign-exchange situation also compressed economic activity. But then the government expanded export-promotion measures and in the late 1980s export earnings improved and growth picked up. In fact, many were surprised by the dramatic liberalisation when things started to improve. The book explains the ESAP as the result of mainly external pressure and that policy was reactive. It is worthwhile looking deeper into the internal political background of the reform and the political leadership may have benefited from the liberated flows of capital and goods.

While the book offers an interesting description of the politics of Zimbabwe (ch. 2), the political economy is not brought into the book’s analysis. The main lesson seems to be that bad policy gives bad results and that bad policy is the outcome of a bad regime. While this may be obvious, it does not offer much thought for counterfactuals. Some concepts of governance are discussed in relation to economic performance, in particular credibility and time consistency. The concepts are clearly helpful in the evaluation of any policy regime, but they are too sophisticated to evaluate Mugabe. Other issues of political economy would have been more challenging. For a simple start, political stability is often raised as an important asset in cross-country growth regressions. Stability lengthens the time perspective of policy and investment. Politics have been stable in Zimbabwe, but not with the expected result. Why has the regime not seen the potential benefits of private sector growth? What have been the economic interests of the political leadership and how have these interests been entertained by the institutions they constructed and the policies they chose? Even in
this one-party state, politics is not without checks and balances. What have been the political constraints on the political leadership?

To the benefit of the readers, the authors several times sum up ‘lessons’. Key lessons (p. 16) are ‘large public-sector deficits absorb private resources and reduce both investment and consumption’; ‘macroeconomic policy package must be credible and sustainable’; ‘controls are an inadequate means of achieving economic objectives’; and ‘infrastructure is important for business’. It is hard to quarrel with these lessons, but they are not much backed up in the text. More broad generalisations are offered about political economy (p. 291), such as: ‘[it is] important that new governments in emerging economies have a credible economic strategy’; programmes can be ‘undermined by ad hoc discretionary changes in response to lobbying pressures’; ‘policy lock-in mechanisms are necessary to limit government discretion’; and ‘it is important that redistribution be incorporated . . . from the beginning’. Again, probably right, but not very helpful and not based on analysis.

The authors sum up their own contribution (p. 290): ‘The analysis of the preceding chapters has been more detailed than any of the previous studies. It has been a careful study of Zimbabwe, more particularly of the objectives and some outcomes of post-independence economic policy making.’ The book is certainly a collection of interesting and competent discussion and descriptions of various aspects of independent Zimbabwe, but it is not a book that will give readers an analytical grip on the issues or challenge them with counterfactual possibilities and alternative interpretations and it does not follow through on the tradeoff highlighted in the beginning, about growth and distribution. There is some material about distributional or, rather, labour-market consequences of macroeconomic adjustments, but not much about growth processes. And growth mechanisms are interesting, although they do not generate much growth in this case.

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