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Mumbengegwi, C. (eds.) 2002. Macroeconomic and Structural Adjustment Policies in Zimbabwe. Palgrave. ISBN 0-333-80177-6.

Reviewed by: Samuel Sampson

The preface is a must read. It gives a brief description of Zimbabwe's economic situation and explains the purpose of this edited book. The chapters were presentations or collaborations from a conference held to seek answers to the nation's economic problem. The book presents three key questions: (1) what lessons has Zimbabwe learned from 20 years of experience with macroeconomic policy and management; (2) how can the observed outcomes be explained; (3) what changes in macroeconomic management are needed in order to enhance the growth capacity of the economy? The author makes three bold claims:

- The book is an important contribution in the direction which, "generate viable policy options for the future."
- The chapters provide valuable insight into the paradox and the pitfalls involved in the transition from a controlled to a market-oriented macroeconomic policy regime.
- The major insight of this book is that partial and non-implementation of structural adjustment reforms may lead to worse outcomes than strict adherence to macroeconomic controls

The paradox, to which Mumbengegwi refers, is that economic growth and performance indicators were significantly higher during the period of regime control (1988's) compared to the period of IMF/World Bank directed (1991 – 1995) economic structural adjustment package (ESAP). The book identifies the two different economic periods. First there was economic growth and then the economic decline. Under strict governmental control the economy flourished. However, with the ESPA, less government intervention and more market forces the economy declined. "Market forces were to play a more significant role than state controls in determining prices and resource allocation." Conventional wisdom states that a free market, rather than government intervention, is best for a healthy economy. The contrary occurred in Zimbabwe.

The introduction and overview by Mumbengegwi and Mabugu was expertly well composed and carefully presented. Each chapter deals with one aspect of Zimbabwe's economy by identifying the policy, giving specific examples, discussing the problem, and stating reasons fir failures. From Robinson's economic performance in chapter 2 to Mutangadura's health sector in chapter 14, the book is a treasure of lessons in public policy. The two main protagonists – policy and people, are scrutinized (the former more so than the latter). The reader would recognize the tremendous importance of human resource re-training, re-development, and the overall value of the person in public policy implementation. Much blame is placed on the policy less is placed on the government officials and civil servants who actually were responsible for implementing the policies. We were not told whether the government was qualified to implement the new policies, or were there period evaluation to evaluate the implementation process.

The book states that fiscal stabilization which was required up-front, was never seriously attempted because the Zimbabwean government found it difficult to reduce its expenditure levels. This is one of the many precious facts that the book unearthed. There is also the term "Iatrogenic effects," which means: illness caused by the physicians actions or the unforeseen ailments that the patient would not have had to endure. In the case of Zimabawe, there were many iatrogenic effects from the ESAP. We get a clearer understanding of why policies fail, and in the case of Zimbabwe most of the problems were identified. For example, the author said that the villain was government fiscal imprudence, which threw all the macroeconomic fundamentals into disarray. Also, there was another claim that persistent revenue and expenditure mismatches made the budget deficit problem the cause of Zimbabwe's economic instability since the start of the economic reform. Furthermore, the author adds that the high domestic inflation relative to the country's major trading partners caused the real exchange rate to appreciate, thus undermining export competitiveness. The term, Macroeconomic Instability was defined as the manifestation of low overall economic growth, high budget deficits, high inflation, low foreign exchange reserves, a weak balance of payments position and generally negative macroeconomic fundamentals.

In chapter 5 there is a prescription. It says, there needs to be a relaxation of restrictions and assistance to would-be small entrepreneurs and to remove the web of laws and regulations, which obstructs the establishment of and operation of small business. It adds that these would be the most fruitful governmental interventions in labor markets in that they redress failures in capital market by promoting human capital accumulation. Chapter 8 says that currency and financial crisis are often triggered not by what policy makers are actually doing, but rather what financial markets perceive them to be doing. Overall, I am very impressed with this book that represents a compilation of reports submitted by the most knowledgable policy practitioners in Zimbabwe. The editor is intimately educated and informed about fiscal and monetary aspects of the economy. His explanations of the events, the cause and effect, have really simplified the complexities of economic policy governance. Although the direct causes (non statistical) of the economic decline are well documented, the editor insists on recalling the 'period of external reform' as the birth and reason for the decline. This is only a spurious relationship that is not worth mentioning since all the cases identify personnel actions as the significant independent variables. The three claims that were mentioned above are found to be accurate. Likewise, the authors sufficiently answered all three questions that were initially presented.

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