The destruction of property rights and resulting wildlife catastrophe in Zimbabwe

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Abstract

Last year was Africa's year, with the continent enjoying the attention of the EU, G8 and UN. Most of the focus was on aid and debt relief; each rich nation or bloc eager to give more in fiscal support to overcome the myriad tragedies on the continent. But Africa provides many of the most important reminders of why countries grow rich – and as importantly, why they don't, which is directly, not just indirectly, related to the likelihood of how they'll protect their environments. For as the Commission on Africa said last year, lack of "good governance…is what we believe lies at the core of Africa's problems."[1] *More specifically, it is governance in the form of the institutions of free societies that matter most.*[2]

By looking at the tragedy unfolding in Zimbabwe, this paper provides empirical support for the notion that property right protection is vital for development and conservation in that country and probably in the rest of the continent.

Zimbabwe's lesson: Property Rights are the key to growth

When I first visited Zimbabwe in 1996, $1 US would buy about $8 Zimbabwe. When I was there in November 2004, $1 would get you Z$7000 at the official rate, but Z$12,000 when traded on the black market (from those desperate to get hard currency for their increasingly worthless Zimbabwe dollars). Today the $1 rates are respectively Z$100,000 and Z$145,000. The Government tries to place restrictions on prices, whilst printing money recklessly, but obviously cannot change the laws of supply and demand. For example, even the threat of imprisonment will not work; at least 282 bakers and shopkeepers were arrested in Zimbabwe's capital Harare at the end of June 2006 for charging more than Z$85 000 for a standard loaf of bread, the state-controlled Herald newspaper reported.For the past two years, bank notes have been printed on only one side and with an expiration date; bank collapses occur regularly; the economy has halved in the past five years and not surprisingly, official unemployment is about 80 percent.[3]

Much has been written about government-backed violence in Zimbabwe and the fraud at the polls in 2000, 2002 and last March. Similarly, a great deal has been written about attacks on independent journalists, the rising disease burden from malaria and HIV, and the systematic rape of opposition women by President Robert Mugabe's youth league. Mugabe has enacted a slew of policies designed to maintain his power base but which have caused the steady collapse of the economy. His recent Operation Murambatsvima (literally, "driving out the trash"), which targeted businesses and residences owned by supporters of the opposition party, the Movement for Democratic Change, has destroyed the informal economy over which Mugabe had no power but which sustained approximately a third of the population. Having rewritten laws to prevent an independent media, to disallow other forms of freedom of expression and to suppress independent election monitoring, Mugabe may well rewrite the constitution to delay handing over power and allow him to hand-pick his successor rather than engage in a true democratic process.

Certainly, it is not helpful for an economy to be run by a power-crazed tyrant. But the fundamental reason for the recent collapse in Zimbabwe is not the loss of freedom of the press, or unsound monetary policy, or high military expenditure from fighting wars in other countries that benefit cronies, or low health expenditure--although all these factors have a negative impact.

No, the real reason that Zimbabwe has collapsed is that there is no protection of private property. The executive rides roughshod over the judiciary in all matters of property, especially land rights. The result, to use Hernando De Soto's phrase, is 'dead capital' and total economic annihilation. The economy is now worth a fraction (in US$ terms) of its value in 2000, when the 'land reform' program really started.

In short, Zimbabwe provides the reverse of the good news offered by De Soto. In *The Mystery of Capital*, De Soto builds on the works of great economists like Coase, Knight, Hayek, von Mises, North and Adam Smith, to exhaustively demonstrate that *inter alia*, where private property rights are delineated and enforced, economies grow rapidly. When someone can borrow against their one large asset (for nearly everyone this is their home) they can establish businesses, buy supplies, design marketing programs, sell products and make a profit and thrive for themselves and their children. For some countries the vast majority of capital is dead - one cannot prove one owns it outright, and hence no capital market will lend against it. De Soto found that 90% of Egypt's property rights were effectively untitled. As he jokes, by barking at strangers the dogs demonstrate they know where the property boundaries are even if the people don't.[4]

Zimbabwe, on the other hand, had a system of property rights and the rule of law which, until recently, was more than adequate. Rights were based on a decent, largely unambiguous titling system and a judiciary that upheld rights of landowners in the face of an executive branch that (like so many African economies) was largely Marxist in orientation. And this same judiciary continued to try to do this in the face of mass expropriation of land rights in 2000. Even as late as 2003, as the final major swathe of white farmers were thrown off their property and their land left idle, some judges tried to uphold the constitutional rights of these farmers. But finally all the good judges were fired, resigned or run out of the country. I met one such judge in late 2004 in Johannesburg. He had stood up for individual rights and free speech in a case in mid-2003. First, he was quietly told to drop the case by a junior minister, then the authorities attempted to bribe him with a farm of his own, then they threatened him with the sack, then publicly humiliated him with a smear campaign in the government-run *Herald* newspaper, claiming he was the recipient of bribes, and finally he was told by a friend with police contacts that he was going to be arrested on bribery charges, so he fled the country. This 42-year-old, former Appeals Court judge, was gaunt and without visible means of financial support.

While his story is upsetting, the thousands who have died and the millions who have fled Zimbabwe with even less than this judge are all victims of the destruction of rights in Zimbabwe, which led to the almost instantaneous collapse of the economy. I am not alone in this assessment. Craig Richardson, an economist at Salem College, North Carolina, claims that the land seizures broke a vital "trust" and everyone "wondered if their assets were safe."[5] His analysis leaves no room for doubt about the cause of collapse. While the international community (and certainly African commentators) blamed the drought for the collapse of food production in Zimbabwe, Richardson shows that the drought of 2001/2002 was only 22% below average rainfall levels. It at most counted for 13% in the drop in the value of the agricultural economy; 87% of the drop was due to the collapse of property rights. Furthermore, he estimates that the 12.5% average decline in GDP growth was caused by land reforms, with poor rainfall playing a minimal role.[6]

In addition to Richardson's work, analysis by the Center for Global Development shows that there has never been a two year period when low rainfall in Zimbabwe was not associated with low rainfall in neighboring countries, Zambia and Malawi. According to the United States Department of Agriculture, maize production (the most important regional staple crop) in Zimbabwe fell by 74% between 1999 and 2004, whereas it fell by only 31% in Malawi and actually rose in Zambia.[7]

But to smooth over African political debate, and more defensibly to enable food aid provision, the drought in Zimbabwe has been played up as the cause of the food shortage.[8] This does long run discussions of the importance of institutions no favors. Indeed, most worryingly, Malawi, Namibia and South Africa have been flirting with the notion of 'land reform' – Mugabe style. And Malawi is even beginning to destroy urban property (businesses and homes) of those opposing the ruling regime. It is imperative that politicians and their advisers (especially in Africa) accept the reality of the causes of Zimbabwe's collapse.

But the situation is not as hopeless as it seems. The property rights collapse has happened elsewhere, and has been reversed. By way of hope, Richardson draws a parallel with Nicaragua, which also suffered economic collapse based on the destruction of property rights under the Sandinista government in the early 1980s. But in recent years, with a more capitalist-minded government, the Nicaraguan economy has grown at over four percent annually, with inflation below 10 percent, which, he claims, is mainly due to protection of property rights and private sector development,.[9] Richardson found that the other institutions of a free society matter, but, as predicted by De Soto, none matter so much as the right to the rewards of one's own labor.

Zimbabwe needs reinstatement of land rights and compensation to those robbed. Some landowners, both black and white, I spoke to still hold on to their original title deeds in the hope that they will be able to reclaim their land and rebuild their lives.

But ignoring issues of justice and compensation, it is vital that individuals (in economic terms anyone will do) are given transferable rights to land in Zimbabwe. Turning dead capital into something with life will do more than anything else to reverse the disaster that is Zimbabwe. This cannot happen with the current government. But Mugabe will die, become too infirm to govern or be the victim of a coup at some stage, when there will be a chance for democratic reform. While political reform is a necessary condition for economic growth, it is not sufficient – only private property right enforcement adds sufficiency for growth.

But what of the impact of property right destruction on the environment?

Zimbabwe had one of the more enviable wildlife management programs in place up till 2000.

The Zimbabwean Parks and Wildlife Act of 1975 was a very clever and useful piece of legislation since it gave ownership of wildlife to landowners. This allowed private land owners the possibility of gaining revenue from use of the resource. By selling hunting and game viewing licenses landowners in certain more arid locations (rainfall below 750mm/year) could gain greater revenue than from farming, and hence had an incentive to protect wildlife, and critically the habitat it requires. Indeed, by 1995, the Wildlife Producer's Association had 351 members with over 250,600 head of game[10].

Not only did it have private game reserves for general tourism and hunting, but it had the CAMPFIRE program (Communal Areas Management Programme for Indigenous Resources) established in 1988. CAMPFIRE helped local communities to reap the financial benefits associated with living in the vicinity of dangerous animals. They did this by selling a biologically-limited number of high value hunting licences to mainly foreigners (UK, US, South African, German predominantly), and then dividing most of the proceeds within the community. 90% of revenue came from hunting licenses but they have run a few eco-tourism sites too, and these were likely to become more important in future

CAMPFIRE was a radical change in policy because it recognized that local communities should benefit directly from wildlife and crucially created a sense of communal ownership and stewardship of the resource.

For over a decade CAMPFIRE provided significant revenues to communities while populations of white rhinos, elephants, lions and other charismatic megafauna flourished. By 1992 70,000 households were participating in CAMPFIRE, the elephant population had grown to 76,000 (then over 10% of all Africa's elephants). Unfortunately due to earlier widespread poaching, the black rhino population had dropped to 370 (down from 2000 in 1980) by 1993. But protection began to improve with funds increasing for park management, and critically, communal and private landowner protection, and by 1995, nearly 30% of Zimbabwe's land was used for conservation, over half of it private and CAMPFIRE areas.

But with the destruction of property rights in 2000, starting with the seizures of white-owned farms, uncertainty over land title everywhere has increased, culminating in the nationalization of most land, policing of poaching has drastically lowered (partly because there is also an HIV crisis and no fuel for Parks' vehicles and in many instances no one to drive them), and opportunists have entered to make money from short term poaching.

As Brian Gratwicke, a Zimbabwean wildlife expert puts it: If CAMPFIRE's market for wildlife through hunting and tourism is not maintained and cultivated, then there is the risk that the cost-benefit scales will tip against the wildlife. A recent media report serves to illustrate this point, as locals in Guruve are cashing in on their elephants to sell the ivory on the black market.

Even with the collapse of many controls, CAMPFIRE still managed to raise about 10% of total hunting fees for Zimbabwe in 2005 Z$ 5 bn (US$3m) and over half of that money was disbursed back into the communities.

Today poaching is rife and falls into three categories: subsistence; sport and commercial. Subsistence poaching reflects an opportunistic response to the combination of poverty, lack of food, and the disintegrating economy. Gratwicke reports that 'thousands of rural poor cut through wire fences on conservancies and commercial farms, then use this wire to make snares to catch wild animals for food'.

Illegal sports hunters, mostly from South Africa, are hunting without licenses and harvesting venison for 'biltong' (a dried meat delicacy) or hides (mainly zebra). Commercial poaching is for the provision of meat and 'trophies'. Once again Gratwicke citing local media reports says that unscrupulous South African based safari-hunting operations are bringing clients, perhaps ignorant of the harm they are causing, in to shoot trophies in unregulated situations such as game farms from which previous owners have been evicted[11]. Furthermore, it is alleged in local media that army helicopters have been used to transport antelope carcasses, and use landmines to cull hippos. And it's possible that poaching is occurring across the porous national borders as well, which should be of concern to other countries of the region.

The chairman of the Wildlife Producer's Association remarked in 2002: 'it is estimated conservatively that we have lost about 50% of our wildlife, 65% of our tourism in the country and up to 90% safari hunting on commercial farms, and a huge reduction in capture and translocations of wildlife on conservancies'[12]. Since 2002, Government officials have incited and paid its thugs to invade private land, accelerating this practice, so figures have not been measured properly since then.

Data are generally speculative or based on small samples, so extrapolation is unsafe but one estimate said that 10% of black rhinos were lost just in 2003, while over an 18-month period 60% of the extremely rare painted hunting wild dog population was lost. Furthermore, Mugabe's 'look east' policy and Zimbabwe's increasingly important relationship with China is worrying, since China is already a major importer of wildlife products for its traditional medicine and one high-profile case may mask many others; 67 illegally-procured elephant tusks were recently confiscated from arrested Chinese nationals.

Other problems abound due to the destruction of property rights, lack of rule of law in all aspects of social life, and the inherent short-termism it breeds: deforestation and overgrazing are an increasing and a widespread problem (maps show scarred countryside); pollution of water ways with untreated sewage, often being dumped into waterways killing fish and other aquatic wildlife and illegal gold panning exacerbating squatter communities on formerly private land; pollution of land and land degradation from deliberately-started fires to flush out game for hunting; invasive species such as water hyacinth are no longer cut back and proliferate.

Surprisingly lack of management has meant that elephants are proliferating with over 100,000 (at least in 2004), leading to even more habitat destruction (although the fact that elephants have survived this long means that poaching cannot be as a great a problem as worse-case scenarios paint it to be – at least on national parks where most of the elephants are today); Part of the reason elephant populations have grown is that so far only Gonarezhou of all the National Parks has been invaded by those claiming rights to squat/settle there (around 11,000ha was settled by March 2006). Unfortunately, revenue from sales of elephant ivory under CITES (the Convention on the International Trade in Endangered Species) from 1997 has apparently not been used to fund elephant conservation. [13].

Since there has been little accountability for foreign funds donated to Zimbabwe; multilateral, bilateral and private charitable donors have all been wary of trying to help protect wildlife. Into the void they have understandably left, less scrupulous partners have jumped. With help from its Southern African neighbours and other Eastern supporters (China and North Korea in particular) are helping Zimbabwe to maintain access to markets for its wildlife products, bypassing CITES regulations and furthering international trade in wildlife. Corruption is so significant that it is impossible to know how bad the status of wildlife protection is today; a few examples will suffice: game wardens have sold water pumps donated to National Parks by conservation groups; some game conservancies have been confiscated by Government and distributed to favored friends; the operations director of the Parks and Wildlife Management Authority was suspended over theft and translocation of wild game and then reinstated for 'lack of evidence', when the animals reappeared.

Unfortunately, as stories of corruption, mismanagement and wildlife destruction have trickled out of Zimbabwe, the main response from international wildlife groups is to demand strengthening of controls on international trade in wildlife (to allegedly control poaching etc.). While this is understandable given it is something they can influence (and successfully influence since the US has apparently stopped any wildlife trophy imports from Zimbabwe as they correctly view all of it as stolen property), it misses the main point, which is that without protection of property rights in all economic matters economies collapse, and with it wildlife protection, amongst many other things.

What is happening in Zimbabwe should be a lesson for those who demand national parks to house wildlife, oppose trade in wildlife and dislike private game reserves. While it is distasteful that hunting operators were as recently as March 2006 bidding for rights to hunt in Zimbabwe, they are reacting to incentives – today it's a cheap place to hunt and authorities need to make it costly for foreign hunters to bring back products from Zimbabwe. The US Government has followed good policy in stopping exports of trophies from Zimbabwe to US. But those opposing international trade in wildlife generally, should understand as explained by Richardson, that destruction of property rights is critical for the collapse of the economy and what they propose to control wildlife, is pretty close to what Mugabe has done to his entire economy – nationalize it. It is folly.

Those who care about wildlife should learn the Zimbabwe lesson, uphold property, communal and private, protect and enforce the rule of law, and allow diversity in economic systems, as one would want it in ecosystems, and the wildlife will flourish. Right now boycotting wildlife from Zimbabwe is the right policy. But when a new government comes to power, and if it upholds CAMPFIRE and private property, then international trade in trophies will help, not harm, Zimbabwe, since the revenue can be reinvested in wildlife management.

But times are changing.

It is well established that 'wealthier is healthier', and hence priorities for African nations with poor health systems must be on economic growth.[14] Fortunately, there is a new breed of African business leaders, politicians and opinion formers. A year ago, just prior to the Gleneagles G8 summit, businessmen met in London for the Business Action for Africa summit. Pascal Dozie, chief executive of Nigeria's Diamond Bank said "[t]he key to eradicate poverty is wealth creation, and you can only create wealth through the private sector through investment and job creation…. But to thrive, Africa's private sector needs help to grow."[15]

There was enthusiastic support from the floor for Mr. Dozie, with acceptance that property rights must be protected and the rule of law must be respected. Other institutions being pressed upon a somewhat surprised media were that stable and democratic governments should focus on creating predictable environments for business to operate in. And beyond that, "the state should adopt a hands-off regulatory approach."[16]

One can only pray that for all the inhabitants of Zimbabwe such changes in approach to combat corruption and dictators and uphold property rights and the rule of law come sooner rather than later.

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[1] Commission for Africa (2005), "Our Common Interest: Report of the Commission for Africa," Penguin Books Ltd, London, UK, p.25
[2] *Ibid*
[3] Roger Bate (2005a), "Zimbabwe's Impending Elections: What Other Countries Can Do and Why" AEI Online, *On the Issues*, February 23, 2005.
[4] Hernando De Soto (2000), "The Mystery of Capital: Why Capital Triumphs in the West and Fails Everywhere Else" US, Basic Books.
[5] Craig Richardson (2005), "The Loss of Property Rights and the Collapse in Zimbabwe" mimeo.
[6] *Ibid*
[7] Source: USDA (2005), Foreign Agr. Service, PSD Online db.
[8] "Food Imports Head into Zimbabwe" BBC Online, July 14, 2005.
[9] Richardson (2005), mimeo.
[10] B Gratwicke and B. Stapelkamp (2006) Wildlife Conservation and Environmental Management in an 'Outpost of Tyranny'
[11] ibid
[12] ibid
[13] ibid
[14] L. Pritchett and L. Summers (1996), "Wealthier is Healthier," Jnl of Human Resources 31 (4): 841-868.

[15] Jorn Madslien (2005), “African leaders in push for trade” BBC Online, July 5, 2005 (accessed 08/08/2005 :http://news.bbc.co.uk/1/hi/business/4653149.stm)

[16] *Ibid*