

Too Close to the Edge?

International Society, IOs and the Struggle for Zimbabwe

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Abstract

How do international organizations (IOs) manage conflicts between their members, and how do the different milieus of international society affect their efforts? To answer these questions, I compare diplomatic practices of cooperation and contention to the interactions mediated by IO staff and management. I focus on an arguably extreme case – the (post-1998) 'Zimbabwe crisis' – that highlights some of the historic, structural and institutional strains in the fabric of international society, and therefore represents a frontier for social grounding of global governance. In my paper, I 1) review different assessments of the Zimbabwe crisis; 2) survey direct diplomatic efforts to influence its course; and 3) trace Harare's responses. I conclude by discussing how the IFIs dealt with the conflict between Zimbabwe and the West, and what this means for our understanding of their role in international society. For my analysis, I rely on data, documents and insights drawn from a wide range of sources, including informal discussions with officials and observers in Southern Africa, Europe, China and the United States.

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Introduction: Exploration or consolidation?

There are different reasons to venture into Africa and closer to the fringes of international society. As Fredrick Jackson Turner pointed out, (moving) frontiers can break 'the bonds of custom', offer 'new experiences' and create room for 'new institutions and activities' (Turner 1996: 38). Tracing the expansion of the European society of states might therefore reveal changes in the conduct of the original architects of contemporary international order. If Carl Schmitt is right, and order is invariably founded on an exception to its rules, one might suspect—wrongly, as it were, from Schmitt's point of view, but evidently so from Frantz Fanon's—that the logic and consequences of this apparent paradox are most obvious in contexts in which the violence unleashed by the internalization of the rules pierces the veneer of orderly change: Revisiting Africa's struggle with decolonization might thus uncover some of the deep-rooted contradictions that define practices of cooperation and contestation in contemporary international society. Somewhat less ambitiously, an exploration of the international relations of countries like Zimbabwe might still serve to shed some light on some of the fault lines that divide the different milieus of contemporary international society, and complicate the social grounding of global governance.

The English School (ES) offers a framework of interpretation that supports each of these approaches. As Bull and Watson point out, the simultaneous 'evolution of the European system of interstate relations and the expansion of Europe across the globe' was essentially completed 'by the end of the Second World War' (Bull and Watson 1984: 6-7). From an ES perspective, it is hardly surprising that since then, political communities that contested the international order that been established by, and 'in substantial measure *for*' the European and Western powers, have fought it 'in the name of ideas or values that are themselves Western', and in doing so, deprived these ideas or values of their universal meaning (Bull 1984: 217-23). Nor that, more often than not, the outcomes of their struggles – for sovereignty; the end of colonial rule; racial equality; economic justice; and cultural liberation – depended on shifts in the balance of power, changes in international law, diplomatic skill, the ripple-effects of wars and redefined great power preferences that stir the status quo to maintain a social equilibrium. The ES can even explain why the typical reward for the unruly consists in their admission to, though rarely their acceptance by, the society they had taken on in the first place.

Despite these insights, current ES scholarship shows little interest in using this arguably loose framework to explore how post-colonial African states fit into international society. Given the spectre of formalization that haunts mainstream IR, it is perhaps inevitable that the ES seems more interested in establishing, for instance, whether international society stands or falls with the state, or on what basis territoriality should – or should not – be treated on par with sovereignty to consolidate the ES research agenda (Buzan 2006; Holsti 2004) Of course, there is nothing wrong in revisiting the topoi that contributed to the school's emergence to test the validity and reliability of Bull's tentative taxonomy of the practices and rules that define international society. Unless, that is, such consolidation drives crowd out work that embraces the English School's original research programme and exploits its pluralist outlook to explore how shifts in perspective and token additions to its navigational toolkit affect the way we think about order and change in the anarchical society.¹

Assuming that the comparative advantage of an eclectic school of thought lies in its ability to contribute to a better understanding of an elusive problem, rather than of its assumptions, or lineage, I propose to stretch – and patch – the original ES research programme to come to terms

¹ For an excellent *pièce de résistance*, see (Sharp 2009).

with a problem that links international relations to global governance: How international organizations (IOs) manage frictions between their members, and how the different milieus that define international society affect their efforts. Empirically, I focus on the IMF's role in Zimbabwe's increasingly contentious relations with the West. In doing so, I examine the institutions that sustain the wealth of nations – international trade and finance – and flesh out the ties between the 'primary' institutions of coexistence and the 'secondary' or 'designed' institutions that define, monitor and enforce rules of cooperation.

For analytical purposes, I follow mainstream constructivists by treating IOs as both social environments that shape states' identities and interests, and purposeful actors that can 'create actors, specify responsibilities and authority among them, and define the work these actors should do, giving it meaning and normative value' (Barnett and Finnemore 1999: 700). However, unlike mainstream constructivists, I doubt that IOs should be viewed as mere bureaucracies, or that their conduct can be explained on the basis of 'principle-agent' models that focus on the negotiations between their members and their staff or leaders. While IOs may not always do what states expect them to do, the 'social stuff' and the technical expertise that confer them a rational-legal authority hardly give them the free reign many national bureaucracies enjoy. If IOs overstep their (imperative or open) mandates, lose sight of their objectives, or are perceived as part of a problem, rather than a (second best) solution, their members will eventually pull the plug, walk away, or threaten to do either (Jupille and Snidal 2006).

While some IOs undoubtedly survive as Zombies, few resist 'ordinary state conduct', or in Bull's words: the 'daily actions' of states that arrogate 'to themselves the rights or competencies of principle actors in world politics' and cooperate with each other 'in resisting the claims of supra-state or sub-state groups to wrest these rights and competencies from them' (Bull 1977: 68). But rather than concluding that IOs are bound to their principles, it is important to note that their permanent exposure to ordinary state conduct constitutes IOs as a social fact. In theory, the institutions that monitor and maintain the rules of cooperation may differ, in quality, from the institutions that define the rules of coexistence. However, in practice, cooperation and coexistence overlap: Even if states agree to vest IOs with the authority to determine 'the most efficient means of achieving a given end', Bull notes, it is 'difficult to find examples of international relations in which international technical management has wholly driven out the diplomatic approach' (Bull 1977: 177).

To document how the diplomatic moment affects international relations, the next section reviews different assessments of the Zimbabwe crisis; section two surveys the scope for direct diplomatic efforts to influence its course; section three traces Harare's responses to these efforts, and conclude by examining how the IFIs dealt with the conflict between Zimbabwe and the West, and what this means for our understanding of their role in international society.

Through the looking glass darkly: Assessing the Zimbabwe crisis

Faced with Zimbabwe's plunge from bread basket to basket, it is tempting to fall back on explanations that focus on local agency, structure or (mis-)fortune. First, there are the actions and events that lead to the 2001 farm invasions and land grabs, or – in the government's terms – the 'Third *Chimurenga*' (liberation struggle), including the government's failure to settle the land question under the Lancaster House Agreement's 'willing seller, willing buyer' principle; the autocratic turn in the mid 1990s, which gave President Robert Mugabe the power to grant disgruntled war veterans unbudgeted payouts worth roughly US\$500m in 1997; the corrosive

cronyism that led to the government's 1998 decision to assist Laurent Kabila's efforts to drive Rwandan and Ugandan forces out of the Eastern DRC; and ZANU-PF's refusal to accept defeat in the constitutional referendum in February 2000, or in any of the presidential and general elections since then. Then there are the structural constraints, including racial inequalities, deep social divisions and a weak and vulnerable economy that called for bold government interventions, and the institutional failures (to control inflation, boost investment and stem import growth) that explain why these interventions drained the country's currency reserves and eroded the government's policy space. Last but not least, there are the setbacks caused by the devastating – and ill-timed – droughts that hit the country shortly after independence (1981-83) and during the government's most ambitious economic reforms (1992).

Yet each of these themes has a distinctly international dimension. The international community obviously could not prevent events like the 1992 drought that crippled agricultural output, caused millions to starve and decimated foreign receipts. But donors and aid agencies did set the stage for the authorities' relief and rehabilitation programmes. International relations also influenced more contingent – and controversial – developments. Even if ZANU-PF turned Zimbabwe into a 'modern version of an ancient tribal chieftainship' that put Mugabe in charge of 'all the main decisions' and enabled him to reward 'loyalty with largesse at the expense of the general population' (Cross 2001: 17), and no matter how easily the logic of political survival can sway an embattled incumbent to ignite lingering conflicts over land distribution, to dispense unbudgeted gratuities and pension pledges, or to engage in a regional war, there is nothing like a bogey man in London to distil power from chaos (Chabal and Daloz 1999). Last but not least, there are international organizations like the IMF that have a mandate to maintain rules of cooperation to protect their members' independence – but in the case of Zimbabwe, clearly failed to convince the authorities of the need for a fiscal adjustment and of the risk of a balance of payments crisis.

At a first glance, the Fund's failure hardly seems surprising. During the 1980s, the IMF had lost much of its lustre in Africa (Helleiner 1983). A growing body of research suggested that IMF-supported adjustments tended to harm employment, increase inequality and weaken the poor without improving a country's balance of payments positions or growth prospects (Connors 1979; Donovan 1982; Killick 1982; Gylfason 1987; Pastor 1987). Perhaps more importantly, 'imposed' austerity and reform programmes had sparked popular riots throughout the developing world, and the Fund's 'strict' conditionalities and 'rigid' application of performance criteria fuelled fears of a neo-colonial turn. Standoffs were frequent, and fierce. In 1986, the IMF, frustrated with Harare's refusal to comply with agreed-upon loan conditions, cancelled a Stand-By Agreement. In turn, Mugabe denounced the idea that the IMF could provide solutions to Africa's financing needs and debt burden as a 'mockery'.² Neighbouring Zambia's President Kenneth Kaunda quoted the Fund's 'unbearable' demands when he pulled out of his Fund arrangement.³

Yet when the Zimbabwean authorities started to draft their 'home-grown' Economic Structural Adjustment Programme (ESAP) in the late 1980s, they decided to involve the Fund, along with the World Bank. Arguably, Harare had little choice in the matter. In 1980, Prime Minister Mugabe argued that Zimbabwe had joined the IMF to gain access to concessional and commercial loans to hedge its dependency on a promised '1'000 million dollars' aid package the

² *African Development Bank meeting in Zimbabwe* (BBC World Service, 13 May 1986)

³ *Zambia-IMF Fallout Mirrors Third-World Woes* (NYT, 8 June 1987)

U.S. and the U.K. 'no longer wish to be reminded about'.⁴ Ten years later, President Mugabe turned to the Fund because Zimbabwe needed its seal of approval in order to raise the USD 3.5bn the authorities calculated they would need to fund the reforms.

After ESAP had failed, Mugabe – unsurprisingly – regretted his decision. Still, a number of analysts agree that Harare should have resisted 'neoliberal orthodoxy'. According to Patrick Bond the 'fifteen years of arm-twisting' by the Bretton-Woods Institutions that culminated in ESAP had crashed 'manufacturing and the social wage' and contributed to the 'full-blown socioeconomic and political crisis' without ever offering the slightest chance of tackling the country's deep-rooted economic problems (Bond 2005: 609). However, others suggest that 'orthodoxy' as such might not have been the problem. An IMF-commissioned evaluation concluded that ESAP's failure represented 'a classic case of a reasonably strong national commitment to reform gone sour from economic and political miscalculation in the sequencing of economic reforms' (IMF 1998: 110). According to the group of experts, the programme's authors had 'radically underestimated the fiscal implications' of economic liberalization, and failed to mobilize political support for the massive cuts in non-interest expenditures that would have been necessary to balance the books. The Fund had failed to alert the authorities to the risk of an economic contraction, and its 'very large misforecast' of an 18% growth spurt between 1991 and 1995 – GDP expanded by 1% – unwittingly or not made the fiscal adjustment 'appear more feasible than was actually the case'. IMF staff countered that there was little they could do to make up for the government's 'lack of ownership', and that reform outcomes would have been different if the authorities had played by the book, rather ditching difficult adjustment for 'soft targets' (IMF 1998: Staff Response, 139).

Long after the Fund had suspended its support for ESAP, and despite a frightening deterioration of socioeconomic conditions, international society still disagreed whether Harare had overplayed its hand, or whether the Fund had caused it unnecessary pain. Less than three weeks after the IMF's 24 member Executive Board unanimously agreed to suspend Zimbabwe's voting and related rights in response to its failure to meet its overdue financial obligations in September 2002, 162 (out of 177) members of the UN General Assembly elected Zimbabwe to the 18-member Economic and Social Council (ECOSOC). Clearly, few developing countries thought that one of theirs should be excluded from the UN's main economic body just because it refused to comply with the Fund's rules.

It is not clear how many Southern leaders still see Mugabe as a liberation hero whose plans to create a new Zimbabwe have been thwarted by the country's former colonial masters. After all, a number of African leaders have accused Harare of jeopardizing the continent's future,⁵ and some critics have blamed Mugabe for single-handedly derailing Thabo Mbeki's efforts to talk up an 'African Renaissance' by inviting those used to peer 'through the looking glass darkly' to notice that 'the establishment of genuine and stable democracies in Africa, in which the systems of governance will flourish because they derive their authority and legitimacy from the will of the people' was 'upon us'.

But this does not mean that they were prepared to subscribe to the Western view that cast Mugabe as a villain, or worse. The U.S. State Department may have had no doubts that 'blame for the political and economic crisis now confronting Zimbabwe must be laid squarely at the feet of

⁴ See *Summary of World Broadcasts: Zimbabwe* (BBC, 25 September 1980); the reference is to the infamous 'Kissinger billions' that made the rounds on the eve of the 1979 Lancaster House settlement.

⁵ In 2003, Nigeria, Kenya and Australia decided to suspend Zimbabwe from the Commonwealth. After the marred presidential elections in 2008, Kenyan Prime Minister Raila Odinga called for Zimbabwe's suspension from the African Union.

ZANU-PF and President Mugabe,⁶ and Tony Blair may have been convinced that a regime change was both necessary and justifiable: 'I don't [get rid of Mugabe] because I can't, but when you can, you should'.⁷ But throughout the developing world, and in most of Africa, a majority of politicians agreed that for all his flaws, Mugabe was ultimately defending Zimbabwe against reckless interventionists and IMF-led free-market buccaneers, and thus deserved both credit and support.

Journeys without maps: Politicizing diplomacy

If Bull is right, and one of diplomacy's main functions is to minimize 'the *effects* of frictions in international society', the tensions between Zimbabwe and the West constituted an ideal terrain to test diplomatic skills (Bull 1977: 171, my emphasis). In a society that is built on the recognition of the distinct 'values, preoccupations, prejudices and sensibilities' of different political communities, and thus accepts that some chafing actually preserves the pluralist order, 'ideal diplomats' should be capable of applying tact and intelligence to prevent frictions from turning into disputes and conflicts that are 'unrelated to the "true" interests of the parties involved.' In dealing with assumed rouge states, Paul Sharp notes, this usually means that diplomats have 'to damp down the fires ignited by the political character of foreign policy' (Sharp 2009: 206)

In the course of the Zimbabwe crisis, they had little scope to do so. On the one hand, Mugabe's prominent role in the (armed) struggle for independence gave him the authority to act as 'chief maker and articulator' of a 'highly active and visible' foreign policy that stressed the international responsibility for the country's – and the continent's – woes while denouncing all external interference as an attempt to reassert colonial rule (Chan and Patel 2006: 175-6). On the other hand, the crisis over the national vs. international responsibilities to create the conditions for development escalated at a time when Western politicians were losing sight of the domestic frontier. Starting with Clare Short's short-sighted refusal to take on the United Kingdom's diplomatic liabilities ('We are a new government from diverse backgrounds without links to former colonial interests'), New Labour missed few opportunities to exploit Zimbabwe's woes to politicize and colonize diplomatic space.⁸ Solving Zimbabwe's problems had become a matter of partisan prestige, turning a sovereign state into a showcase for political ambition. Unlike the Conservatives, who had done 'very little, if anything, to challenge' the deterioration of the economic situation in Zimbabwe during their long tenure, FCO Minister Peter Hain told parliament in 2000, Labour did want Zimbabwe 'to succeed', and stood ready to 'help' as soon as the local government came to its senses.⁹

Yet as Taylor and Williams point out, Labour's single-minded determination to blaze the Third Way into Africa was not the only source of international irritation. London's relationship with Harare was also dogged by the 'difficulties involved in finding an appropriate balance between public bilateral criticism and quiet, multilateral diplomacy' (Taylor and Williams 2002: 553). Foreign Secretary Jack Straw may have recognized that British pressure played into Mugabe's hands – he once confided to the press that he could not 'think of anything that Mugabe would

⁶ Walter H. Kansteiner: *Zimbabwe's Political and Economic Crisis*. Testimony before the U.S. Senate Committee on Foreign Relations Subcommittee on African Affairs. Washington, D.C., June 28, 2001

⁷ *The tragedy of Tony Blair* (The Independent, 18 March 2007).

⁸ The letter explicitly stated that Labour did 'not accept that Britain has a special responsibility to meet the costs of land purchase in Zimbabwe.'

⁹ *Hansard* (Commons) 15 February 2000: Column 755-757.

more relish than the idea that Western powers would seek to get together some kind of military invasion force'¹⁰ – and the FCO and DFID repeatedly tried to duck behind multilateral institutions, such as the Commonwealth. But whenever multilateral diplomacy played its course and created an opening for a rapprochement, Parliament urged the Cabinet to resist compromise, insisting, for instance, that readmitting Zimbabwe into the Councils of the Commonwealth 'without a very substantial and verifiable improvement in its human rights record and major steps to re-establish democracy would be a travesty of the Harare principles and a betrayal of all that the Commonwealth stands for' (FAC 2003: 16).

Mugabe arguably had a better grasp of the game. British diplomats might insist that 'African states... should be reminded on a regular basis that it is just not good enough to fall back on arguments which derive from the liberation struggle' (FAC 2003: 18). But Mugabe knew that he could count on a sympathetic audience if he asked the UN General Assembly 'to convey to Britain and especially to its current Prime Minister, Mr. Tony Blair, that Zimbabwe ceased to be a British colony in 1980... that the people of Zimbabwe waged an armed revolutionary struggle for their independence and stand ready to defend it in the same way'.¹¹ When Brian Donnelly, London's High Commissioner in Harare from 2001 to 2004, openly challenged the government's brutal repression of opposition rallies and his staff started to tour the country to monitor the distribution of international food aid, they were put under surveillance, demonized, denied ministerial access and threatened with expulsion (CD 2008: 170). The constant harassment, which prompted an ever greater share of (Western) diplomats to work around the government – and directly support civil society – undermined the West's ability to influence the authorities, and eroded its influence as a whole.

Yet while Mugabe made a clever play on the regional and economic cleavages that divide international society, he has persistently underestimated the relevance of the different milieus that span across such divides. At the UN, few Southern governments will take offence with a formerly elected head of state who insists that 'We want to be left in peace to carry out our just reforms and development plans, as we peacefully interact and cooperate with other countries within the region, the African continent and the international community.'¹² But in the international financial community, which funds states ambitions and throws them a life-line when things go wrong, pluralist postures have less purchase. Private and public lenders and investors expect IOs that monitor economic and exchange rate policies (the IMF), provide cheap finance (the World Bank Group and the regional development banks) or offer guarantees (MIGA) to do their job and signal where funds are need, or where they will go to waste. Even if IOs are sensitive to the balance of power and great power preferences, they do have and o to great lengths to preserve a significant degree of autonomy to set an agenda and engage in activities that somehow balance the preferences of their shareholders, operational imperatives – the Fund, for instance, must lend enough to support itself – and the relationships between its borrowers and their broader constituency (Woods 2006).

It is not clear how much of this was lost on Mugabe, or how little he thought he could do about it. What is clear is that after telling an IMF delegation to 'shut up,' his government focussed on the West's power in the international financial institutions. When U.S. Congress passed the Zimbabwe Democracy and Economic Recovery Act in 2001, Harare's controversial Information Minister, Jonathan Moyo, accused Washington of 'forcing the World Bank, the IMF, and other

¹⁰ Jack Straw, *Press Release: Intervention in Zimbabwe and Action Against Iraq* (FCO, 22 August 2002).

¹¹ UN A/57/PV.2: 27.

¹² UN A/57/PV.2: 27.

financial institutions not to provide money to Zimbabwe'.¹³ In fact, the Bill specified that the 'Secretary of the Treasury shall instruct the United States executive director to each international financial institution to oppose and vote against ... any extension by the respective institution of any loan, credit, or guarantee to the Government of Zimbabwe; or ... any cancellation or reduction of indebtedness owed by the Government of Zimbabwe to the United States or any international financial institution'.¹⁴ But even though U.S. Executive Director hold veto positions in matters that concern the fundamental orientation of the IFIs, their votes could not sway operational (lending) decisions – not without Zimbabwe's assistance.

Pluralists without a pause: Juggling tricks, threats and treats

While most academic studies on the role of the IMF focus on the high politics of its lenders or the low politics of its borrowers (Thacker 1999; Vreeland 2003), the political debates typically focus on the threat they pose to sovereignty. Developing countries in particular view the IMF as a cynical decoy the West created to force the rest to juggle their sovereign rights and their international obligations in an attempt to attract financial support without jeopardizing the independence that justifies their existence as sovereign states. According to a former Zimbabwean diplomat, Harare implemented the 1991 Economic Structural Adjustment Plan (ESAP) 'notwithstanding its suspicion' of the Fund, and went over its head 'to avoid expulsion from the Fund' after 2004 because the authorities were painfully aware that Zimbabwe needed the Fund's backing to get its act together and prosper (Chan and Patel 2006: 177). Yet, Zimbabwe's three decade long 'love-hate relationship' with the Fund suggests was more complex than that.

Given the government's fall-out with the Fund that prompted the cancellation of the country's first Stand-By Agreement in 1986, Mugabe may have been reluctant to agree to Finance Minister Bernard Chidzero's request to involve the Fund in the adjustment programme his economic team was drafting with the World Bank's assistance. However, he was probably appeased by the fact that the Fund's contribution to ESAP was marginal (Dashwood 2000).¹⁵ Though the IMF offered advice on fiscal and exchange rate policies, most of the programme's measures were aimed at the corporatist control structures that – most business leaders and many government officials agreed – had stifled economic dynamism and hampered growth during the first decade of independence, and thus fell into the Bank's remit and expertise (Brett 2005). Mugabe was probably pleased that it formally endorsed ESAP when it was unveiled in February 1991. And he hardly opposed the Fund's decision to co-finance the programme under its Enhanced Structural Adjustment Facility (ESAF) when donors insisted that they would only support the programme if the authorities let the Fund monitor their fiscal and macroeconomic management under a conditional lending arrangement.¹⁶

The reset of the country's relations with the Fund did not last long. Shortly after the Executive Board formally authorized a three-year SDR 343.8m (USD 484m) loan to support 'macroeconomic and structural reform policies' on 27 January 1992, the country was hit by the worst drought in living memory. Roughly 10m Zimbabweans were threatened with starvation, the grain boards had no reserves, the Z\$ had been devalued, and newly introduced user-fees limited access to many public services. Tensions rose, and when the Fund opened its resident

¹³ *BBC Worldwide Monitoring* (BBC, 6 December 2001).

¹⁴ *Zimbabwe Democracy and Economic Recovery Act of 2001* (13 December 2001).

¹⁵ Eric Bloch, *Poor Africa and the IMF's 'bad faith'* (The Zimbabwean Independent, 10 September 2004)

¹⁶ *Donors call for IMF Involvement in Structural Adjustment Programme* (10 December 1991).

representative office in July 1993, government support for the ESAP had crumbled. In March 1993, the media reported that Chidzero was 'exasperated by the political in-fighting' and the cabinet's refusal to accept budget cuts and had started to look for a new job, possibly abroad.¹⁷ In October, he suffered a first heart attack, and after a second attack in January 1994, he stepped down. Despite distress signals from the Ministry of Finance, Mugabe decided to postpone the appointment of his successor until the 1995 general elections. By the time Mugabe nominated Ariston Chambati, a prominent entrepreneur and known fiscal conservative, ZANU-PF had been re-elected, but budget discipline – and relations with the IMF – had plummeted to new lows.

Fund officials were reportedly 'horrified at the amount of slippage' and 'aghast' after learning that four months into the fiscal year 1994/95, government had consumed seven months worth of budget. After 'initial steps' to assist Harare in improving budget controls failed, Jürgen Reitmaier, the Head of the Fund's Southern African division, informed the authorities that the Executive Board had decided to suspend the final tranche of the EASF loan and would only consider resuming disbursements if the authorities authorized IMF staff to monitor budget allocations, agreed to include quasi fiscal liabilities in its balance sheet, curbed domestic borrowing, lifted capital controls, sped-up fiscal reforms and started to accumulate foreign reserves.¹⁸ Armed with a budget that projected a fiscal deficit of roughly 13% of GDP – Chambati was confident that he would manage a turnaround, and even though his untimely death in September delayed negotiations, in November, his successor, Herbert Murerwa, agreed to all of the Fund's conditions. True to its word, the IMF agreed to defer its final lending decision.¹⁹

Once more, hopes for a normalization of the working relations were short-lived. In January 1996, Mugabe informed the press that his government had decided to ignore the Fund's prescriptions, that it would set its own pace for the retrenchment and that its decision to ring-fence education and defence spending was non-negotiable. In response, the Fund decided to cancel the remaining loan tranche and to stand by until the authorities demonstrated a 'determined political commitment' to sound economic policies.²⁰ Technical assistance programmes were put on hold.

Despite the fallout, the economic outlook improved. But despite an 8.7% growth spurt, the government failed to curb its budget deficit below the 10% mark. Things threatened to spiral out of control when Mugabe's decision to authorize unbudgeted payouts worth Z\$ 1bn (US\$ 500m) to disgruntled war veterans spooked investors. However, Murewa's plans to raise interest rates and dump all corporate-held forex reserves into the market to foot the bill earned him rare praise from the IMF.²¹ When Harare offered reassurances that the land reforms would be 'carried out according to the law' and guaranteed to 'provide fair compensation' for any expropriations, the Fund agreed to resume lending and in June 1998, it authorized the disbursement of the first of three USD 53m credit tranches under a new SDR 130m SBA.

But again, the rapprochement did not last. In November, the IMF suspended the second tranche pending credible explanations as to how Harare intended to fund the land reforms, its military engagement in the DRC and the hike of civil service salaries. Predictably, Mugabe was enraged. In April 1999, he told the (official) *Sunday Mail* that he would 'dismiss the IMF as an institution that we can relate to' unless it proved 'by something concrete' that it was willing to support his

¹⁷ *Goodbye to Chidzero?* (The Indian Ocean Newsletter, 27 March 1993).

¹⁸ *IMF runs out of Patience with Zimbabwe* (South African Business Intelligence, 14 July 1995).

¹⁹ (Herald, 9 November 1995).

²⁰ *IMF presses Zimbabwe to cut public spending* (AFP, 11 November 1996).

²¹ *IMF supports Zimbabwe austerity plan to stabilize economy* (AFP, 18 November 1997).

government.²² A few weeks later, he travelled to China, Singapore, Iran, and the United Arab Emirates. Although his tour only yielded pledges for a Z\$ 1bn (USD26.3m) loan and a Z\$93m (USD2.4m) grant from Beijing, Mugabe told the media that 'there will not be any need for us to look for balance of payments support elsewhere', denounced the IMF as 'a tool ... used by the western imperialists to subject us to their will' and insisted that the Fund had become 'a monster we do not deserve. We are better off without it. We will be happy without it'.²³

Murewa tried to retract, but relations deteriorated – not because of Mugabe's tirades, or because of the deepening economic, political and social crisis, but because by February 2001, Zimbabwe had started to fall behind with its interest payments. On 24 September 2001, the Executive Board 'reviewed Zimbabwe's overdue financial obligations', and given arrears worth SDR 53.7m, declared the authorities 'ineligible to use the general resources of the IMF, and removed Zimbabwe from the list of countries eligible to borrow ... under the Poverty Reduction and Growth Facility' (IMF 2001). Following standard procedures, the Board adopted the Declaration of Non-cooperation and suspended technical assistance in June 2002. One year later, it suspended Zimbabwe's voting rights and on 3 December 2003, the Executive Board initiated the compulsory withdrawal procedures. The resident representative's office was shut down in October 2004 – but the curtain did not fall.

Conclusion: Underneath the strobe light

While Zimbabwe's half-hearted efforts to court the Fund may have been dictated by funding concerns, the Fund's relationship with its unruly member raises a number of perplexing questions. Why didn't the Washington-based institution drop the country after two of its key shareholders made clear that they saw no reason to prop up a reckless tyrant? Why didn't the main guardian of the Washington Consensus pull the plug when it became apparent that Harare refused to reform, and that each new credit line meant throwing good money after bad? And if that did not matter, why didn't the Fund tire of Mugabe's antics, particularly since the financial gains – and losses – paled in comparison to the reputational, operational and emotional costs?

Given the secretive nature of the Fund's deliberations, answers to these questions will always contain a speculative element. Yet the 'ordinary conduct' of the IMF offers a number of clues that are worth pursuing:

Perhaps most significantly, the IMF continued to talk to the authorities despite pressure from the US and the UK, the losses on its loan book and the abuse it had suffered throughout its dealings with Mugabe because its management was convinced that continuing to talk was important. During his 2004 visit, the Director of the IMF's African Department, Abdoulaye Bio-Tchané, reassured Mugabe that the Fund remained committed 'to help Zimbabwe' if the authorities showed their commitment to restore investor confidence, agreed to take meaningful steps to 'rebuild relations with other official creditors' and would significantly increase 'payments to the Fund in line with Zimbabwe's payments capacity'. Mugabe, in turn, declared 'that Zimbabwe was prepared to have a meaningful relationship with the IMF, even if he did not always agree with its economic advice' (Bio-Tchané 2004).

In some respects, the willingness to talk paid off. In a controversial move in August 2005 (the origin of the funds remains contested), the authorities repaid SDR 82m (USD 120m) to settle its arrears to the GRA, reducing the country's debt to roughly SDR 120m (USD 175m). Shortly after

²² Quoted in *Mugabe Says Zimbabwe Might Soon Cut Ties with IMF* (Reuters, 18 April 1999).

²³ *Zimbabwe: when will the slump end?* (African Business, June 1999).

the transaction became public, Mugabe told the state television that the move had been necessary because Britain had ‘wanted to use the fact of our owing the IMF ... to bring about, you know, a change of the regime here’, and emphasized that ‘It’s only in regard to Zimbabwe that the IMF became this political monster that we saw rearing its head in order to consume us.’²⁴ The message was clear: what looked like a defeat really was a victory. By paying back the Fund, the Government of Zimbabwe had defused one of London’s most powerful weapons.

However, Mugabe’s account was flawed. While Britain no doubt tried to use the IMF as a foreign policy tool, it did not work out. Indeed, one could argue that the crisis in Zimbabwe ‘sharply exposed’ the limits of British influence not only because it showed that London had ‘responsibility but not power’ (Hill 2001: 347). The fact that Britain was unable to use its authority (or the EU’s sympathies) to use the Fund to leverage its policy objectives. While London explained that it would cooperate with the IMF to ‘help a *democratically accountable* Zimbabwe’, it acknowledged that the Fund had suspended ‘Zimbabwe’s voting and administrative rights’ only because the government had refused to adopt ‘sound macro-economic policies’, and that it was ‘ready to re-engage’ as soon as this changed, no matter who ruled in Harare (FAC 2003: 1, emphasis added).

This matters because in the dealings between its members, the IMF is not merely a ‘catalyst’ for donor disbursements; a ‘partner’ that helps donors coordinate and organize budget support; an ‘advisor’ that assists governments – and donors – in assessing alternative policy and aid scenarios; a ‘mobilizer’ that channels additional aid flows to those states that can absorb them; or a ‘convener or coordinator’ that helps donors direct their efforts (IEO 2007: 26). It is a force on its own that acts as a gatekeeper to international society. As one commentator noted after Mugabe and Bio-Tchané had met to discuss Zimbabwe’s expulsion, the meeting had ‘provoked the rarest of emotions in Zimbabwe today – hope’: that the political leadership was finally ‘coming around’ to accept the need to ‘re-integrate the country into the community of nations,’ ready to listen ‘to the voice of reason and the influence of realities’.²⁵

But at a more fundamental level, the IMF’s commitment to deal with Zimbabwe, no matter what, manifests a more radical ambition: to be recognized as a member of international society. In the case of the IMF, the diplomatic moment that invests all forms of international cooperation, reverberates in its own conduct *vis-à-vis* its members and its shareholders. Unlike states, who employ a diplomatic corps to minimize the effects of frictions caused by proximity, the IMF works with technocrats (and times with technopols) to minimize the effects of the frictions caused by the capital markets. While the tools differ, the ordinary conduct of the IMF’s faceless bureaucrats suggests that their aim is similar: to protect the anarchical society – in this case: from the politicians that ignore the fragile economic foundations of their endeavours.

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²⁵ *Make up with the IMF* (Financial Gazette, 25 November 2004).

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