

## Editorial

## BT Editorial comment



## Lest we forget

Zimbabweans will next week celebrate (or maybe just observe) two important public holidays—Heroes Day and Defence Forces Day. The country's journey since Independence from British colonial rule has been a labyrinth full of truths, half-truths and deception.

Gallant fighters lost their lives during the liberation war and their surviving comrades-in-arms fought for this sovereign state we now call Zimbabwe. Some of their aspirations apart from self-rule were economic independence, respect for civil liberties and peace and tranquillity.

At 39, Zimbabwe today finds itself between a rock and hard place. The ethos of the liberation struggle are increasingly coming under intense scrutiny as millions continue to be under the jaws of poverty. Nearly a fifth of the country's population is in need of food and the number could rise if Zimbabwe experiences another drought.

The socialist ideology and the spirit of Ubuntu which was dominant during Zimbabwe's infancy has faded.

The country is now ranked one of the most corrupt States in the world and taxpayers have paid the price of corruption. Corruption is now endemic in both the public and private sectors. Apart from greed, some of the key drivers of graft have been the deteriorating economic situation and sanction-busting measures that have benefited some sections of the elite.

President Emmerson Mnangagwa's administration has promised to tackle corruption but that will not be an easy task. With thousands of college students hustling to make ends meet, some corners will be cut to eke out a living. Independent statistics show that 85 percent of the population is unemployed.

A multi-pronged approach which infuses a new culture of transparency, accountability and above all patriotism should be the starting point in fighting corruption. We are mindful that you can take the horse to the river but you can't force it to drink. But that should be the starting point given that corruption is not only a bane for development but will prejudice future generations.

The two public holidays also come at a time political temperatures are simmering. The opposition party, MDC, is planning demonstrations against government over the challenging economic environment.

The country's history of mass demonstrations has not been a good one. Lives have been lost during clashes between protesters and security agencies and this quite often has created hurdles in Zimbabwe's re-engagement process with the international community. The clashes have also created a love-hate relationship between members of the security forces and civilians and this is not desirable.

Failure to settle financial obligations owed to multilateral institutions and economic sanctions imposed on the country have presented a case on why Zimbabwe should reengage. After all, we cannot go it alone.

As we salute our heroes—those who have died and the living, let spare a moment to craft policies that will steer Zimbabwe out of the woods. A vibrant State with strong institutions that can guarantee peace, prosperity and pride in nationhood is the legacy that our leaders should leave for the future generations. Astute statecraft is a means to the end.

## TODAY IN FINANCIAL HISTORY

<b>08 August</b>	<b>1978</b> :Pope Paul VI Dies
<b>1796</b> : Boston African Society establishes with 44 members	<b>1980</b> :Cost of a gallon of Gas \$1-19 cents
<b>1814</b> : Peace negotiations begin in Ghent, Belgium	<b>1981</b> : US Air Traffic Controllers Strike
<b>1829</b> : French government of De Polignac forms	<b>1981</b> :MTV Debuts
<b>1843</b> : Natal (in South Africa) is made a British colony	<b>1989</b> :US The Savings and Loan Crisis
<b>1914</b> : Montenegro declares war on Germany	<b>1990</b> :Cost of a gallon of Gas \$1-34 cents
<b>1916</b> : A's set AL record with 19th consecutive loss on road	<b>1990</b> :Great Britain Suffers From Heat Wave
<b>1918</b> : World War I: The Allies launch the Hundred Days Offensive, beginning with the Battle of Amiens where 500 tanks and 10 Allied divisions attacked German lines	<b>1990</b> : Iraq Invades Kuwait
<b>1919</b> : Treaty of Rawalpindi, British recognise Afghanistan's independence	<b>1997</b> :Microsoft Buys Stake in Apple Computers
<b>1922</b> :Pirates set record of 46 hits in a doubleheader (against Phillies)	<b>2000</b> :Cost of a gallon of Gas \$1-26 cents
<b>1943</b> :Vegetables & fruit rationed in Holland	<b>2001</b> :US Bans Human Cloning
	<b>2004</b> :The Statue of Liberty was reopened for tourists
	<b>2007</b> :Minneapolis I35W Bridge Collapse
	<b>2007</b> :Barry Bonds 756th Home Run
	<b>2010</b> :Cost of a gallon of Gas \$2-78 cents

## EVENTS DIARY

<b>09 August 2019</b>	12:00hours
-Marketers Association of Zimbabwe, MAZ Training Room, Harare, 0800hrs	<b>18-21 August 2019</b>
10 August 2019-Charity Fun Day, Old Hararians Sports Club	Insurance Institute of Zimbabwe 2019 Winter School,
<b>12 August 2019</b>	Trout beck Resort, Nyanga
Heroes day, National Sports Stadium	<b>19-24 August 2019</b>
<b>13 August 2019</b>	Zimbabwe Agriculture Show
Defence Forces day	<b>4-7 September 2019</b>
<b>15 August 2019</b>	AHFoZ 2019 All Stakeholder Conference on Health, Elephant Hills Resort, Victoria Falls
-SeedCo AGM, SAZ Auditorium,	<b>26-28 September 2019</b>
	ICSAZ 2019 Annual Conference, Elephant Hills Resort, Victoria Falls

## Dilbert cartoon



## OPINION

## FEEDBACK

editor@businesstimes.co.zw



## The Fall of the Economists' Empire

ROBERT SKIDELSKY

LONDON – The historian Norman Stone, who died in June, always insisted that history students learn foreign languages. Language gives access to a people's culture, and culture to its history. Its history tells us how it sees itself and others. Knowledge of languages should thus be an essential component of a historian's technical equipment. It is the key to understanding the past and future of international relations.

But this belief in the fundamental importance of knowing particular languages has faded, even among historians. All social sciences, to a greater or lesser degree, start with a yearning for a universal language, into which they can fit such particulars as suit their view of things. Their model of knowledge thus aspires to the precision and generality of the natural sciences. Once we understand human behaviour in terms of some universal and – crucially – ahistorical principle, we can aspire to control (and of course improve) it.

No social science has succumbed to this temptation more than economics. Its favoured universal language is mathematics. Its models of human behaviour are built not on close observation, but on hypotheses that, if not quite plucked from the air, are unconsciously plucked from economists' intellectual and political environments. These then form the premises of logical reasoning of the type, "All sheep are white, therefore

the next sheep I meet will be white." In economics: "All humans are rational utility maximisers. Therefore, in any situation, they will act in such a way as to maximise their utility." This method gives economics a unique predictive power, especially as the utilities can all be expressed and manipulated quantitatively. It makes economics, in Paul Samuelson's words, the "queen of the social sciences."

In principle, economists don't deny the need to test their conclusions. At this point, history, one might have thought, would be particularly useful. Is it really the case that all sheep are white, in every place and clime? But most economists disdain the "evidence" of history, regarding it as little better than anecdote. They approach history by one route: econometrics. At best, the past is a field for statistical inquiry.

The economist Robert Solow offers a devastating critique of the identification of economic history with econometrics, or "history blind" as he calls it:

"The best and brightest in the profession proceed as if economics is the physics of society. There is a single universally valid model. It only needs to be applied. You could drop a modern economist from a time machine ... at any time, in any place, along with his or her personal computer; he or she could set up in business without even bothering to ask what time and which place."

In short, much of the historical modelling economists do assumes that people in the past had essentially the same values and motives as we do today. The Nobel laureate economist Robert Lucas carries this approach to its logical conclusion: "the construction of a mechanical, artificial world, populated by ... interacting robots ... that is capable of exhibiting behavior the gross features of which resemble those of the actual world."

The goal of economics is to replace the particular languages that obstruct the discovery of general laws with the universal language of mathematics. Elon Musk takes Lucas's interacting robots one step further, with his ambition to link the human brain directly to the world (which includes other human brains). Our thoughts will be directly socialized without the intermediation of any language. When you think "door, open!" it does. Whereas economists dream of putting God in their models, the robotic utopians dream of reversing the fall of man by creating godlike humans.

To be clear, this is the apotheosis of a Western conceit. The West still views itself as the bearer of universal civilization, with the non-West no more than a lagging cultural indicator. In the West itself, the authority of economics has diminished, but this hasn't dented the West's propensity to export its civilization. "Good economics" has been partly replaced by a commitment to universal human rights as the means to save the

world from itself, but the purpose is the same: to lecture everyone else on their shortcomings.

Here, we encounter a paradox. The triumph of universalism has come just when Western power is collapsing. And it was that power which made Western thought seem universal in the first place. Conquest, not missionaries, spread Christianity around the world.

The same is true of Western social science and Western values in general. The non-West bought into the Western model of progress, especially economic progress, because it wanted to free itself from Western tutelage. This still gives economics (a Western invention) its edge. It's a kind of white man's magic. But without the power and authority behind the magic, its appeal is bound to fade. The non-West will still want to emulate the West's success, but will pursue it by its own means. The University of Chicago and MIT will give way to universities in China or India, and the non-West will choose which Western values to embrace.

Yet the world needs something universal to give us a sense of shared humanity. The big challenge – to use that overworked word – is to develop what the philosopher Thomas Nagel called a "view from nowhere" that transcends both cultural fetishism and scientism, and does not force us to choose between them. This is a task for philosophy, not economics. - Project Syndicate

## Zim getting close to fuel market price: IMF

Zimbabwe's economy is getting close to the fuel market price after eliminating subsidies which have been in place over the past months, subsidies which helped keep prices low in US\$ terms, the International Monetary Fund (IMF) has said.

Despite the erratic supplies, fuel prices have over the last few months rising gradually, tracking movements on the foreign exchange market. Demand for the commodity increased since May as business and domestic consumers of use fuel as an alternative source of energy. Zimbabwe is facing rolling power outages lasting up to 18 hours due to depressed generation at the country's largest hydro-powered station.

Until May, fuel importers were accessing foreign currency at 1:1 between the RTGS dollar and the greenback despite the central bank dumping the parity in February.

IMF resident representative to Zimbabwe Patrick Imam told *Business Times* the subsidy was not done in a transparent manner as it was not reflecting in the budget.

"Zimbabwe has subsidised fuel on a large scale in the recent past. This was, however, not done in a transparent manner, as these were not reflected in the budget despite the budget eventually having to pay for it. It was instead done indirectly," Imam said.

"The central bank, through preferential foreign exchange allocation to fuel importers, helped keep fuel prices low. This quasi-fiscal activity has now started to be addressed, and we are getting close to the market price."

Since the removal of the fuel subsidy, the price has been on an upward trend will fuel retailing at ZWL\$9.01 and ZWL\$9.06 per litre for petrol and diesel respectively



Since the removal of the fuel subsidy, the price has been on an upward trend will fuel retailing at ZWL\$9.01 and ZWL\$9.06 per litre for petrol and diesel respectively

from ZWL\$3.26 and ZWL\$3.38 prior to the removal of the subsidy.

Imam said the Fund was not opposed to subsidies as they can be used, for instance, when the government wants to encourage the consumption or production of something that would otherwise be under-supplied by the market such as education.

"In all countries around the world, there is a strong belief in the importance of having an educated population, both for its own sake because there is an intrinsic value in being educated, but also because an educated workforce imposes a posi-

tive externality on the country," he said.

He said when Malawi removed all primary school fees, enrolment went up from 2 million children to 3 million over 6 years and the enrolment gap between the rich and the poor closed.

Imam said there were also bad reasons to subsidise, for instance when they happen for political reasons and that from society's point of view are not necessarily desirable or efficient.

"Think of the Common Agricultural Policy as practiced in Europe in the 1980s. European farmers were able to extract large subsidies,

because they mattered politically. The result of this policy was that it imposed a huge cost on European consumers, but especially on farmers around the world who saw an oversupply of products such as milk depressing international prices," he said adding that there are subsidies used to keep loss-making State-owned enterprises that are not viable alive.

"Think of all the airlines over the African continent that are recapitalised every few years. It's politically easier to keep a State-owned enterprise alive than face a vocal group of unemployed individuals."