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Unemployment and Political Extremism in Zimbabwe, 2000- 2010

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Abstract: Unemployment prevalence among the youth is largely tribute to political extremism in politically disoriented countries. The paper examined the effects of political extremism in Zimbabwe on the high unemployment statistics in the period between 2000- 2010. The study applies the Zimbabwean quarterly data to explore the relationship among variables by using interrelated Tobit econometric procedure. The study findings indicated that 82.97 percent of the Zimbabwean population is unemployed, if the country is unstable and there is political violence. The partial coefficients showed that when political extremism persists, and is not controlled, unemployment is likely to increase by almost 4.29 percent increase in each period.

Key words: *Tobit, political extremism, Zimbabwe, unemployment*

1. Introduction

The general opinion is that unemployment prevalence among the youth is largely tribute to political extremism in politically disoriented countries. Unemployed youths are often recruited into political extremism or parties subsequently go out of their way and engage in illegal and violent methods in order to make ends meet (Bay & Blekensaune, 2002). Cochrane and Billig (1983) in their classical article suggested that unemployment has been particularly associated with the growth and support for right and rigid extreme political parties. A change in the political terrain and the changes in the ideologies may from time to time affect the levels of extremisms (Appelbaum, 2008). Literature has shown that political extremism can be, and has been used as a strategic tool to achieve a political objective (Lapan & Sandler, 1993; Pepe, 2003; Berrebi & Klor, 2006; Shurghart, 2006), however, Roemer (2001); Glazer and Konrad (1996) reiterate that extremism is a devastating tool to both welfare and social aspect of the society if not carefully watched and monitored.

The intensity of unemployment in Zimbabwe reached its highest echelon in the period between 2000 and 2010, accompanied by low and depressing economic growth, agitated hyperinflation and stagflation. The United Nation Office of Coordination Humanitarian Affairs (UNOCHA, 2008) reported that unemployment in the formal sector was 94 percent of which approximately 68 percent were the youth. The ILO published that of the country's workforce and a total population of 12 million people only 480 000 were formally employed in 2008 compared to 3.6 million in 2003 (Luebker, 2008), despite eagerly trying to find jobs, most people nevertheless discover that work was in short supply, several remain unemployed. In the midst of the rampant unemployment statistics, the political parties in Zimbabwe were rather more engrossed in their bitter rivalry on the political front. The (Central statistical Office [CSO], 2004), published that 70 percent of the country's labour force was employed of which 85 percent was male and 74 percent were female, the same survey showed that 90 percent of the rural youths were employed. Despite these promising facts from the CSO, the largest part of decipherable Zimbabwean workforce in particular the youths either worked in the highly savory and unceremonious in formal sector in which most were engaged in, to a certain extent, illegal trades such as illicit foreign currency trading at Zimbabwe's busiest international road terminals at the same time as others were more into unlawful trading of cell phones as well as other small electrical goods on the street. The Zimbabwean statistical office (CSO) most likely due to the lack of resources were not be able to collect the data in these sectors more over a number of these sectors were for the most part an illegal informal sector and to access appropriate statistics in such areas was regarded as almost impracticable.

Zimbabwe has gone through an assortment of economic and political inclinations from the time of attaining its independence in 1980 from the British colonial government to the present day. The country in its young

age of democracy it enjoyed a substantial amount of economic growth moreover at one point earned the status of having the most influential and prosperous economy after South Africa from 1980 to the late 1990 in so doing, gaining the designation "bread basket" of the Southern African Development Community (SADC) region. Ever since the dawn of the 21st century Zimbabwe encountered countless tribulations on the economic as well as the political terrain, these woes caused the once prosperous country into one of the most poorest countries in Africa, with an ever decelerating economy, hyperinflation, stumpy trade, employment and manufacturing figures coupled with political instability to elaborate, unemployment was estimated to be 80 percent and 95 percent in 2005 and 2009 respectively (CIA Fact book, 2013), the Zimbabwe's economy was faced with numerous political, social and economic crises. This paper inquires about the political arena also the performance employment statistics in the period ever since the beginning of the new millennium. In 1980, Zimbabwe's political arena was rather stable with only one foremost party, the Zimbabwe African National Union Patriotic Front (ZANU- PF) dominating after independence in 1980 and in the subsequent two decades, however this was ought to change as a new and stronger opposition party was formed Movement for Democratic Change (MDC) in the late 1990s this party was rather formed on the political ideology that the ruling party was abusing power and failing both the economic as well as addressing the quandary of inequality in the country from the time when Zimbabwe gained its independence from the British government in 1980. This posed intense pressure on the ruling ZANU-PF government furthermore in a bid gain support from the masses both parties engaged in both left and right wing political extremism which resulted in the economy further plunging into an aggravated economic calamity, with trade and employment mostly affected.

This paper seeks to examine whether political extremism between the ruling ZANU PF government and the major opposition party (MDC) contributed to soaring unemployment recorded during this period. To investigate this relationship the study will use the number of votes won by the ruling ZANU- PF in the national presidential elections and the economic impact on employment rate. The study implements a Tobit along with Heckit economic techniques to estimate the economic equation. This study will contribute towards literature, since the African economies are fundamentally characterized with high political instability and continued political extremism this study will possibly shed light on the impact of political instability along with extremism and its economic impact and development moreover the social implications on its citizens. This study seeks to enlighten and give an in-depth analysis of the Zimbabwe's problems and provide a sound foundation of future economic and political policies for both Zimbabwe and any other African or even global countries in a similar position. It is this study's aspiration that at least no other global economy will fall in the same snare as faced by Zimbabwe and its people in addition to provide a rather stern warning to other economies to be cautious of its political environment as this could have detrimental effects on the economy. The Zimbabwean political atmosphere in the early 1980s was basically between two major revolutionary parties ZANU- PF, which dominated in the northern provinces of Zimbabwe and the Zimbabwe African People Union (ZAPU) controlling from the Southern parts of Zimbabwe, on the other hand, ZANU- PF won the 1980 election, however, in 1986 the ZAPU party was assimilated into ZANU PF on the basis that the leaders from both parties feared a civil war erupting in the country thereby forming a powerful alliance in the process. Although Zimbabwe had other smaller opposition parties at the time mainly formed from the breakaway factions of some members of the ruling ZANU PF party. These small oppositions did not pose any viable threat to the ZANU PF party; furthermore the number of accumulated votes by all the small opposition parties did not reach any significant effect. This resulted in ZANU PF together with the former ZAPU now incorporated into ZANU- PF taking up all political seats from the parliament, judiciary to local governments.

On the economic arena Zimbabwe was so prosperous enjoying some of the highest economic growth, stable inflation and relatively a low unemployment statistics in the first decade of independence, however the economy struggled from exogenous forces such as the 1992 drought coupled with the International Monetary Fund's (IMF) Economic Structural Adjustment Program (ESAP) in the late 1980s and early 1990s which proved to have an exceedingly negative impact on growth, employment and inflationary pressures in view of the fact that the ESAP program did not work according to the plan (Chirisa & Muchini, 2011). Zimbabwe started to face some economic challenges in 1995 due to some misdirected economic policies. In the same period Zimbabwe hosted the all African games which most economists and scholars agreed that these games were not budgeted for. A number of accolades of economic, social and to lesser extent political predicaments were attributed to the economic meltdown nevertheless these woes were not as much as the ones of the

following decade however the economy started to show some signs of economic depression, these aspects included Zimbabwe's involvement in the 1998- 2000 Democratic Republic of Congo war, 1998 food riots led by trade unions and the land reform in 2000 in which, yet again, nearly every scholar agree it was not or inadequately planned for (CIA Fact book, 2013). These economic afflictions brought some fiscal and monetary degradation by and large an immense magnitude of the economic meltdown which was not so much as anticipated. During this period the government tried to implement a number of tailor made policies such as the Zimbabwe Programme of Economic and Social Transformation (ZIMPEST), Millennium Recovery Programme (MERP) and the New Economic Revival Programme (NERP) in order to revive the economy but most of these policies to greater extend failed.

The Movement for Democratic Change (MDC) on this background was fashioned in 2000, to most Zimbabweans was regarded as new addition to the political and economic system in Zimbabwe, as the MDC came up with what the majority of Zimbabweans considered as viable economic promises given that its leaders were the main organizers of the 1998 food riots. The ZANU PF led government felt threatened more than ever, in particular after the opposition won the referendum within its first year of inception; ZANU PF and MDC alike made some radical political moves to gain support such as a heavy wave of political extremism, name calling and blaming one another on the unsurpassed economic policy and preeminent form of governance were used by both parties. Extremism from both parties caused some economic repercussions, to mention, hyper inflation, and elevated unemployment rate coupled with a depressing negative economic growth among others. For a decade from 2000 to 2010, the Zimbabwean economy was unrelenting to plummeting deeper and deeper as both political parties chew each other out. The main segment hit by these political radicalism was the employment macroeconomic variable, in particular when unemployment rate was as high as 98 percent by 2008 and production capacity of most important manufacturing cycles where way below 50 percent plus some companies either considered closing production all together or relocating to nearby countries such as Zambia and South Africa where political conditions where more favourable.

2. Estimation techniques

To estimate the political extremism in Zimbabwe this paper will make use of the Tobit estimation procedure developed by Tobin (1958) on the basis that the variables of interest have a limited dependent variable and is not consistent as well as unswerving due to some poor collection technique and censored. The other supplementary motive behind to use the Tobit model is that the Tobit is practical in modelling censored data hence the name "censored data" model. Just as the landmark article by Walton and Ragin (1990) on the presence and severity of austerity protest among debtors nations; the Zimbabwean data in the last decade has been relatively regarded as either censored or that the data seems to have been systematically different from the observed population dynamics therefore need to be treated with extreme caution. The Tobit model allows some to be latent variables to be tested such as the discrepancy in the data. Most reports urge that the high unemployment statistics are a precedent that most Zimbabweans were either employed in the informal employment sector where there is no existing data furthermore most Zimbabwean legible workforce moved away from the county to neighbouring countries such as South Africa and Botswana while others moved further abroad to countries like the United Kingdom, United States of America, Australia. By setting that, y_t represents a continuous variable that the country is stable and there is no violence, thus the model will be estimated as follows:

$$y_t = \begin{cases} y^* if y^* \geq 0 \\ 0 \quad\quad if y^* < 0 \end{cases}$$

Consequently, in view of the fact that the observed data is in somewhat mixed as continuous and discrete distributed then the model assumes the latent or the unobservable independent variable and in the model, the latent or ideal variable is unobserved employment in the informal sector and Zimbabwe do not have the available data for such industry due to the nature of the industry or sector. The Tobit model assumes observed employment as y^* and is given herein by the following equation:

$$y^*_t = \boldsymbol{x_t'\beta} + e_i$$

The inverse mills ratio of the expected value of the y conditional on y > 0 is equal to X $\boldsymbol{\beta}$ plus a strictly positive sigma which is evaluated at $\boldsymbol{x_t'\beta}$ (Wooldridge, 2000). Thus

$$E(y/\boldsymbol{x}) = \boldsymbol{\Phi}(\boldsymbol{X\beta}/\delta)[\boldsymbol{X\beta} + \delta\lambda(\boldsymbol{X\beta}/\delta)]$$

Where,$e_i \sim iidN(0, \delta^2)$, now since the Tobit model do not allows to estimate β on $y^*{}_t$ on $\boldsymbol{x_t'}$given that the results can either be spurious or not efficient* hence the study need to construct the maximum likelihood observed probability of the variable that is being censored in our case employment with political stability as the dependent variable. Among the different years with stable political stability, the varying independent variables imply that a different probability of experiencing high unemployment and or economic upheavals. The probability function of the Tobit can be given as:

$P(y_i = 0/\boldsymbol{x_i}) = P\left(y^*{}_i < 0/\boldsymbol{x_i}\right)$

$$= \varnothing(-\frac{\boldsymbol{x_t'\beta}}{\sigma})$$

As a result the conditional distribution function greater than zero is given as a Gaussian function:

$P(y_t = y/\boldsymbol{x_i}) = \int_0^y \delta^{-1} \varnothing\left(-\frac{\boldsymbol{x_t'\beta}}{\sigma}\right) dz$ if $y^* > 0$

Subsequent to deriving the conditional probability function this paper provides the probability density function of the model, this function of political unrest against unemployment can be written as:

$$f(y/\boldsymbol{x_i}) = \varnothing\left(-\frac{\boldsymbol{x_t'\beta}}{\sigma}\right)^{y=0} \left[\delta^{-1} \varnothing\left(-\frac{\boldsymbol{x_t'\beta}}{\sigma}\right)\right]^{I(y>0)}$$

In this regard, I (.) represent a function; following the derivation of the probability density function subsequently the log- likelihood function is given as a mixture of both the probit and the normal distribution model, thus given herein as:

$$\log L(\beta) = \sum_{i=0}^{n} \log f(y/x_i)$$

$$= \sum_{y_i=0}^{n} \log\left(\left(\varnothing - \frac{x_t'\beta}{\sigma}\right)\right) + \sum_{y_i>0}^{n} \log\left(\delta^{-1} \varnothing\left(-\frac{x_t'\beta}{\sigma}\right)\right)$$

As of the above log- likelihood function it is essentially the Maximum Likelihood Estimation (MLE) is thus given as the value of $\hat{\beta}$ is maximized as Log L (β).In sequence, for the article to regulate and to estimate the data using the Tobit the paper has to be certain that a correct population sample is used hence the following section looks at the method to be utilized in the sample selection as per the Tobit hypothesis.

3. Tobit model and the Heckit technique

As pointed out previously that the Tobit model helps to combat the problems associated with the data observed may not indicate the systematic patterns observed and that non-random sample selection of potential observation. In line with the Tobit principle, to assist with the correct sample to be selected, the study will consider the statistical inferences associated with the censored data. The study introduces the Heckit technique developed by Heckman (1979), to deal with the problem related with sample selection. Basically, we need to conduct pristine steps in making sure that we do not select a sample that does not fully represent the population and the estimation technique. The procedure for sample selection model under the Tobit later extended as the Heckit procedure can be written as latent function, which is given as below:

$y_t = x_t'\beta + e_i$

$$T_i = I\ (z_i'\gamma + e_{0i} > 0)$$

Once more where I(.) represent a function, thus the dependent variable is observed if and only if $T_i = 1$ to satisfy the Tobit procedure. In this regard y_t is the wage which can be observed and only observed if a person is employed. The equation for T_i is an equation specifying the probability that the person is employed. The model is often completed that the errors are jointly normal thus:

$\begin{pmatrix} e_{0i} \\ e_{1i} \end{pmatrix} \sim N \begin{pmatrix} 1 & \rho \\ 0, \rho & \sigma^2 \end{pmatrix}$

For the sample selection under the Heckit applies the normality assumption hence we assume that the error terms are normally distributed such that $e_{0i} \sim N(0,1)$ such that the normality equation of the study can be given as:

* Since it is $E(y_i/\boldsymbol{x_i}) not E\left(y^*{}_i/\boldsymbol{x_i}\right) = \boldsymbol{x_t'\beta}$

$$e_{1i} = \rho e_{0i} + v_i$$

In order to estimate the conditional expectancy of the sample to be correctly specified the conditional expectancy for our study is given by the subsequent mean of the data in the variable set $\{x_i, z_i, T_i\}$ can be given as:

$$E(e_{0i}/e_{1i} > -x) = \lambda(x)$$
$$= \frac{\phi\ (x)}{\Phi\ (x)}$$

The error of the sample must be reasonable enough to allow the assumption of normality:

$$e_{1i} = \rho\lambda(z_i^{'}\gamma) + u_i$$

Thus

$$E(u_i/T_i = 1, z_i) = 0$$

Finally the selection criteria is written below as

$$y_i = x_t^{'}\beta + \rho\lambda(z_i^{'}\gamma) + u_i$$

"*Heckman (1979) observed that we could consistently estimate β and ρ from the equation if γ is known. If it is unknown but can also be estimated by a probit model for selection*" Hansen (2009:141).

Data sources: After satisfying the sample selection the study conducts the Tobit model using data from primary as well as different secondary sources with the unemployment figures given as a weighted percentage of the total labor force in Zimbabwe in the labor and social protection, World Bank WDI/ GDF while the political stability statistics are Annual statistics from the survey by the World Bank Institute on political stability/ no violence figures derived from the African Development Indicators. More so the study implemented a dummy variable to indicate a time of economic and social stability in Zimbabwe with 0 taking the value of economic and social stability while 1 takes the value of an alternative instability in the political and social arena and the results are represented in the following section below:

4. Estimation results and discussion

The problem for interpretation Tobit model analysis as mentioned by Roncek (1992) that;
"The problem for interpretation emerges because the ordinary output from the Tobit analysis provides only one standardized coefficient for each independent variable, despite the presence of the "types" of cases analyses."
The Tobit analysis results are shown in Table 1.

The fully- standardized Tobit coefficients suggested that 82.97% of the Zimbabwean population is unemployed if the country is unstable and there is political violence. The normalized partial coefficients showed that as political extremism persist unemployment is likely to increase by almost 4.29% increase in each period. The data empirically suggested that if the country is not economically and socially stable the amount of political instability and/or stability is likely to be high suggesting a 3.05% increase in political extremism. The results from the model show that 42% of the effects of unemployment pressure go towards the probability of political extremism, while the sigma from the Tobit printout of 4.5799632, provides 0.8297275 * 0.305972/ 4.5799632 giving 0.0554328 imply that the effects of political extremism implies a 5.5% higher probability of experiencing instability. Calculating both the conditional and unconditional effects of changes of the two variables, which are, unemployment and political extremism, the marginal effects show that a unit increase in the unemployment pressure implies that an expected change of 0.842934 in severity of political extremism. The Tobit model suggests that an unstable economy has negative repercussion effects on developmental issues. From the results, as long as the economy is experiencing high political instability the country's unemployment figures are likely to be escalating.

5. Conclusion and directions for future research

In the above discussion it is clear that it is prudent for the Government of Zimbabwe to engage itself in dialogue to refrain from the political extremism. The Zimbabwean law makers must review its policies on political differences and be able to address the causes and challenges of unemployment associated with political extremism faced by the country on a more neutral basis. The government should address issues such as job availability particularly to the youth, social protection of the youth and uphold the right to work of its population. The republic of Zimbabwe should also engage in policies that allow entrepreneurship and self-

employment for its people. The results of this study also presented exciting research opportunities, not only for future unemployment related studies but also for explorative analysis into the relationship in other variables. An in-depth approach with the political parties will be more insightful so as to identify the cases of political extremism and bring forth solution thereof. The study acknowledges that the methodology used in this research can be enhanced by using other methodologies such as the data envelope models. The study acknowledges that the procedure used in this paper may not be ideal because the Tobit model it lacks the proper cumulative normal distribution due to its non-linearity, regardless this approximation does apply.

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Annexure

Table 1 Results of the Tobit model

Variable	coefficient	Std Error	z-statistic	probability
c	4.579695	0.268729	17.04203	0.0000
Dummy	3.059732	0.441727	6.926750	0.0000
Unemployment	0.042934	0.030712	1.397973	0.0162
Error distribution				
Scale (c4)	0.829757	0.142302	5.830952	0.0000

STABILITY=0*@CNORM((0-I_STABILITY)/0.829757242313)+(1-@CNORM((0 - I_STABILITY)/0.829757242313)>0)*(I_STABILITY*(1-@CNORM((0- I_STABILITY)/0.829757242313))+0.829757242313*(@DNORM((0 - I_STABILITY)/0.829757242313)))