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Dollarization of the Zimbabwean Economy: Cure or Curse? The Case of the Teaching and Banking Sectors

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ABSTRACT

This paper analyses the effects of the dollarization of the Zimbabwean economy in 2009, in the wake of devastating hyper-inflation and a political crisis that reached its zenith with the electoral crisis of 2008. Efforts to revive the battered Zimbabwean economy, largely through the dollarization of the Zimbabwean economy are assessed through the lens of the teaching and banking sectors. During the peak of the Zimbabwean crisis in 2008, the teaching sector almost collapsed as partial disintegration at the physical level took its toll on the sector. Most of the primary and secondary school teachers responded to the hyper-inflation that had eroded their incomes by going into the diaspora or joining Zimbabwe's burgeoning speculative informal economy. The establishment of the Government of National Unity (GNU) saw the dollarization of the Zimbabwean economy and the shelving of the Zimbabwean dollar in March 2009. The above developments saw the teaching sector beginning to show signs of re-integration, as some of the teachers who had left the profession re-joined the sector. This was largely because the dollarization of the Zimbabwean economy 'killed off' the speculative activities which were sustaining some of the teachers in the informal economy, during the period of crisis (2000-2008). In stark contrast, the banking sector thrived during the peak of the Zimbabwean crisis, as most banks became key players in highly speculative activities in areas such as Zimbabwe's bullish stock exchange and real estate. The profits that were being realized in the banking sector trickled down to their workers who became the best remunerated workers amongst all the sectors in Zimbabwe. In a twist of irony, the banking sector was adversely affected by the dollarization of the economy, as the speculative activities that were reaping huge rewards for the banks were wiped out overnight by the adoption of more stable currencies at the expense of the precarious Zimbabwean dollar. This spelt disaster for the banking fraternity, as most banks in the first few months of dollarization struggled to pay their workers in hard currency and instead were forced to downsize their operations and lay-off some of their employees. With dollarization of the economy in 2009, the once vibrant banking sector was suddenly facing the grim prospect of disintegration, which had plagued sectors such as teaching during the peak of the Zimbabwean crisis.

Keywords: Disintegration, Re-integration, Hyper-inflation, Dollarization, Speculative, Informal Economy, Structuration

Introduction

The main argument in this piece is that the Zimbabwean crisis in the 2000s, and the subsequent stabilization of the economy made possible by the Government of National Unity (GNU) and the dollarization of the Zimbabwean economy in 2009, had uneven and paradoxical outcomes for workers in the teaching and banking sectors. The paper contends that the teaching sector partially disintegrated at the physical level, as large numbers of teachers left the profession due to hyper-inflation[1] that was wiping away their incomes at a fast pace. The official dollarization of the Zimbabwean economy in March 2009 however saw the teaching sector re-integrating again, as most teachers who had left the profession returned to work.

The paper argues that in complete contrast to the teaching sector, the banking sector boomed during the crisis, and the Zimbabwe Congress of Trade Unions (ZCTU) monthly remuneration lists in 2008 saw the banking workers consistently topping the lists. However, the dollarization of the Zimbabwean economy turned the tables on this once prosperous sector, as bank workers like the bank tellers and other clerical workers found themselves being laid-off, as most banks struggled to remunerate their workers in hard currency.

Lastly, it is argued that Anthony Giddens' structuration theory is of great utility in highlighting the agency developed by both the teachers and bank tellers, who are the focus of this paper, in surviving hostile structural forces (an unfavourable political climate and economy). Despite this agency ensuring the sustenance of some households, to some extent, the survivalist responses to the crisis employed by some of the teachers and bank tellers had the effect of propping up a culture of corrupt and illicit activities that fuelled a get rich quick mentality among some sections of Zimbabwean society.

The paper is based on a study conducted among some of the sections of the working class in Harare and sought to ascertain the different responses at both the work place level and the individual and household level, that teachers and the bank tellers came up with in the face of hyper-inflation and a political crisis. 16 primary school teachers who were teaching in public schools and 16 bank tellers were interviewed. Both samples of teachers and bank tellers had 50

[1] Hyper-inflation is defined by Hanke (2008) as a situation where the year- on- year rate of inflation breaches the 12,875 percent mark. Zimbabwe began to hyper-inflate in 2007 and hyper-inflation was officially reported by the Zimbabwe Central Statistical Office to have peaked at 231 million percent in July 2008. However, Hanke (2008) from the CATO Institute at the Johns Hopkins University contends that Zimbabwe's hyper-inflation peaked at 89.7 sextillion percent in November 2008. A sextillion has 21 zeroes, and if this figure is accurate, then Zimbabwe's hyper-inflation would be the second highest in history, after Hungary's hyper-inflation which peaked in 1946.

percent women and 50 percent men. Semi-structured interviews were conducted to gather information. Key informants who were mostly the trade union leaders in the teaching and banking trade unions were also interviewed to find out their views of their respective sectors during the period of crisis in Zimbabwe and the immediate period post-dollarization of the economy. The study was conducted between August 2008 and May 2009. Before getting into the cases, it is necessary to flesh out the economic context of the Zimbabwean crisis by assessing the country's economic performance during the decade of crisis.

Zimbabwe's Economic Performance During the Peak of the Crisis

This section of the paper discusses and highlights some of the salient features of Zimbabwe's economic performance during the peak of the Zimbabwean crisis in the 2000s. As Graph 1 below shows, inflationary pressures had built up from 1997, when inflation rose from 19 percent in that year to 56 percent by 2000, to over 1000 percent by 2006 and shooting to an astronomical 231 million percent by July 2008. Zimbabwe's inflation began to shoot up dramatically in early 2007. This is when hyper-inflation set in, with the month-on-month rate of inflation for February 2007 reaching 50 percent, which translated to a 12,875 percent year-on-year rate (Hanke 2009, UNDP 2008). Despite 231 million percent being an exceptionally high figure, leading economists in Zimbabwe such as Tony Hawkins and Godfrey Kanyenze disputed this official figure and claimed that the rate was higher still[2]. Hanke (2008) who is based at the Cato Institute at Johns Hopkins University posits that Zimbabwe's year on year inflation peaked at a stupendous 89.7 sextillion percent in November 2008. This was the second highest rate of hyper-inflation in recorded history. A sextillion has 21 zeroes. Robinson (2007: 3) explained the negative effects of hyper-inflation on the various classes in society:

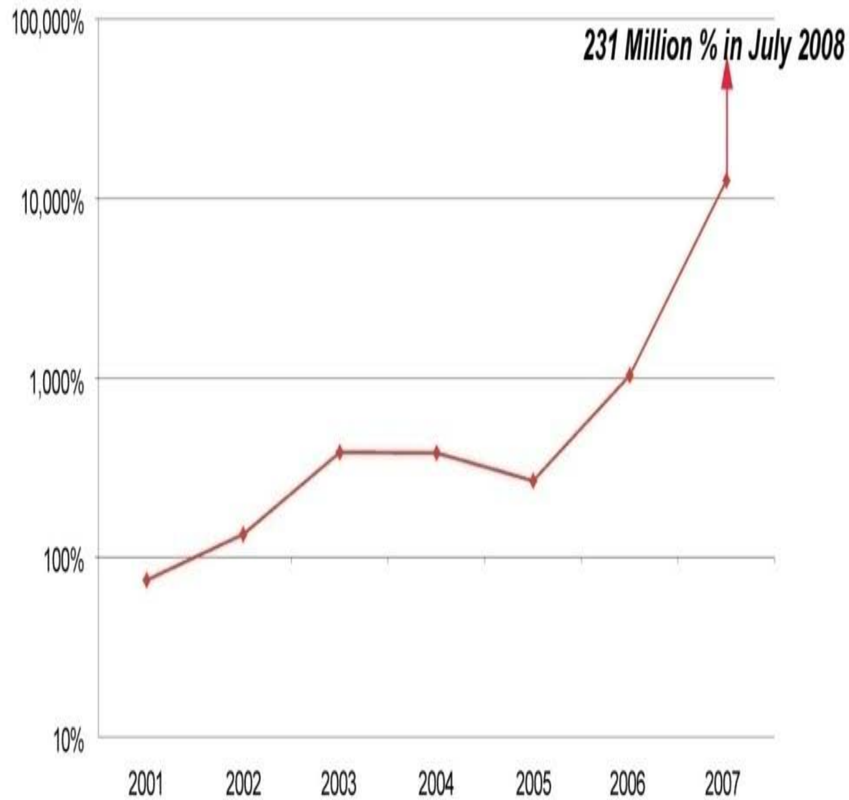
> Hyperinflation is… notorious for concentrating incomes in the hands of the rich while impoverishing the poor, often making already highly unequal societies even more divided.

In the Zimbabwean situation, this undesirable process was magnified by high levels of patronage. Key resources in a highly distorted environment, such as cheap credit and foreign currency at the official rate, were allocated to selected individuals and groups, enabling them to

[2] Tony Hawkins and Godfrey Kanyenze were interviewed on a number of occasions during the course of this study in 2008. These leading economists were interviewed in order to get their views on the Zimbabwean economy which was on a free-fall during this period.

amass enormous levels of wealth in a very short space of time. Those with political clout borrowed heavily from the banks and then declined to pay, waiting for inflation to remove the burden of the original debt (Robinson 2007).

Graph 1 : Zimbabwe's CPI inflation, annual average, 2001–2007



Source: Central Statistical Office

Zimbabwe's other economic indicators show the severity of the crisis, as Table 1 shows. Average annual GDP growth, employment growth, and formal employment figures continued to plummet, especially during the period of extreme crisis.

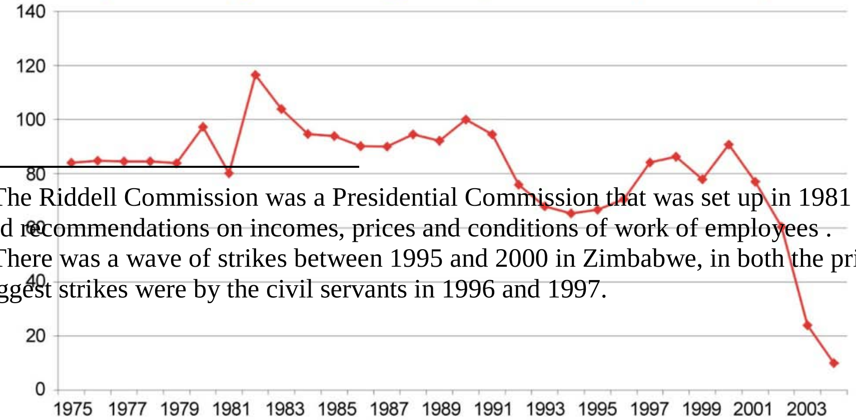
Table 1. Zimbabwe's Macro Economic Indicators

Economic indicators	1980 - 1990	1991 - 2000	2001 - 2006
Average annual GDP growth (%)	*4.30*	*0.90*	*-5.7*
Employment growth (%)	*1.90*	*0.40*	*-7.5*
End of year pop (millions)	*9.74*	*11.34*	*11.95*
Formal employment (% of pop)	*12.20*	*10.90*	*7.00*

Source: Zimbabwe Central Statistical Office

Real wages of the working class continued to fall during Zimbabwe's period of crisis. As Graph 2 below shows, real average earnings peaked in 1982, when wages were adjusted in line with the Poverty Datum Line, as recommended by the Riddell Commission.[3] However, following the adoption of a wage-restraint policy in 1983, real wages fell, a trend that was repeated during the period of ESAP (1991-1995), when there was the deregulation of wage setting and rising prices (UNDP 2008). A period of worker militancy resulted in an increase in real wages between 1995 and 2000.[4] But, by 2004, the year in which the CSO data on real wages ends, real average earnings were far lower than during the final years of UDI (1975-1979). The trend in the decline in real wages for the working class continued until 2008, and this is the reason why large numbers of workers left their jobs either to join the informal sector or look for jobs in other countries.

Graph 2 : Average real earnings index, 1975– 2004 (1990 = 100)



Source: Unpublished Central Statistical Office data

[3] The Riddell Commission was a Presidential Commission that was set up in 1981 in Zimbabwe, to make enquiries and recommendations on incomes, prices and conditions of work of employees .

[4] There was a wave of strikes between 1995 and 2000 in Zimbabwe, in both the private and public sectors. The biggest strikes were by the civil servants in 1996 and 1997.

The Reserve Bank of Zimbabwe (RBZ) was forced to revalue the Zimbabwean dollar, three times in a space of less than three years, because of rampant hyper-inflation in the country. In August 2006, in an operation called ‘Sunrise 1’, the RBZ removed 3 zeroes from Zimbabwe’s currency and promised to introduce a new currency in the near future. In August 2008, exactly two years after the first revaluation, the RBZ slashed a further 10 zeroes from Zimbabwe’s currency, calling this ‘Sunrise II’. Rampaging hyper-inflation forced the government to erase another 12 zeroes in early February 2009. This was ‘Sunrise III’. Thus, a staggering 25 zeroes had been slashed from the Zimbabwean currency within a space of only three years. The hyper-inflation was just unsustainable, and when the Zimbabwean dollar was officially shelved in March 2009, the highest single denomination was a 100 trillion dollar note. When the 100 trillion dollar note was introduced on 16 January 2009, it was worth the equivalent of US$ 30 on the parallel market. See picture below of the note.

Zimbabwe’s economy contracted by 14.1 percent in 2008, while public spending collapsed, pushing unemployment and poverty to‘catastrophic’ levels (IMF 2009). The IMF Report claimed an estimated 14% fall in real GDP in the Zimbabwean economy in 2008, on top of the 40 percent cumulative decline during 2000-2007. The economic implosion in Zimbabwe was, however, halted by the formation of the Government of National Unity (GNU) and the subsequent dollarization of the Zimbabwean economy in early 2009.

The Teaching Sector Before and During the Crisis

During the first decade of Zimbabwe’s independence, the government followed a socialist path. The main driving principle was ‘Growth with Equity’ (The Government of Zimbabwe 2001). This principle was adopted so that the government could redress the inherited inequities and imbalances in access to basic needs such as education, health facilities and services. In line with the above policy, the Government of Zimbabwe invested heavily in the education sector, such that primary and secondary education enrolments expanded by 79 percent and 841 percent respectively in the period 1980 to 1989 (Government of Zimbabwe 2001). Primary school education was made free. This resulted in gross admission rates shooting to well over 100 percent, and by the end of the first decade of independence, Zimbabwe had achieved universal primary education (Government of Zimbabwe 2001). As primary and secondary education expanded at a rapid pace in Zimbabwe in the first decade of independence, the number of teachers also increased, and by 1997, when the Zimbabwean crisis began, the Zimbabwe Teachers Association (ZIMTA) estimated that there were about 100,000 primary and secondary school teachers in Zimbabwe's public schools.

The strides that were made in the education sector in the first two decades of independence were however undone during the period of the Zimbabwean crisis (2000-2008), as a mass exodus of teachers left the profession because of the poor remuneration that the teachers, and the rest of the civil service were getting. ZIMTA and The Progressive Teachers Union of Zimbabwe (PTUZ) claimed in 2009 that a staggering 45,000 teachers quit the profession and sought jobs in the diaspora in the 2000s. The teaching sector suffered immensely during the period of hyper- inflation between 2007 and 2008 and the Zimbabwe Congress of Trade Unions (ZCTU) monthly lists of incomes for the unions that are affiliated to it consistently showed the teachers to be amongst the least paid workers. From October to December 2008, the teachers' average incomes were Z$ 729,000, Z$ 3 million and Z$ 12 million respectively (*The Worker*, October 2008, November 2008, December 2008). However, if you convert these incomes to the prevailing exchange rates *vis-a-viz* the US$ during that time, it becomes evident that the teachers were earning next to nothing, because their income was less than US$ 10 for each of the three months. The October 2008 income was the worst, because when the teachers earned Z$ 729,000, it was equivalent to US$ 0.72 on the widely used parallel money market. This is the reason why in the last half of 2008, most teachers in the public schools had left the chalk and the classrooms, to embark on an indefinite industrial action, in protest against the miserly salaries. Thus, at the physical level, the teaching sector experienced some form of partial disintegration, and by the end of 2008, it was only a few teachers in the private schools who were still teaching.[5]

The concept of the disintegration or decomposition of certain classes or particular sectors in a country's economy has been theorized in the sociology of work by scholars such as Eley and Nield (2000). These two scholars asserted that the working class in general in the West showed signs of disintegration in the early 1980s at the ideological and organizational levels, as trade unions became relatively weaker in comparison to previous decades, notably the immediate post First World War years. Eley and Nield (2000) argue that this class ceased to be united in the classical Marxist sense of being a class for itself, as a consequence of the onslaught from the

[5] Teachers in private schools were being paid more money by the affluent parents who could afford to send their children to private schools. In some cases, these teachers were being paid in hard currency while teachers in the public schools were being given the worthless Zimbabwean dollars.

right-wing politics and economics of Reagan and Thatcher in the 1980s. This paper contends that a depletion in the numbers of particular sections of a class, like what occurred to the working class numbers in sectors such as manufacturing, catering and teaching in Zimbabwe during the peak of the Zimbabwean crisis, can also be conceived of as the disintegration of a class at a physical level.

Migrating to Other Countries as a Response to the Implosion of the Economy

Migrating to other countries is one of the options that many teachers resorted to, in response to the economic implosion that took place in Zimbabwe in the 2000s. A wave of emigration that included teachers began soon after the disputed general elections in 2000 and commencement of the fast track land reform programme (Zinyama 2002). The destinations varied from neighbouring Southern African countries, to as far away as New Zealand, Australia, the United Kingdom and the United States. A study conducted by the Scientific and Industrial Research Development Centre (SIRDC), in 2004, which covered 532,609 professional Zimbabweans in South Africa, the United Kingdom, Botswana, the United States and Canada, found out that amongst the professionals, teachers constituted the largest group of migrants. They constituted 26 percent of the migrants, 25 percent were doctors, nurses and pharmacists, 23 percent were engineers and other scientists, 17 percent were accountants, 5 percent were farmers, 2 percent were bankers and 1 percent each were clergy and others (SIRDC 2004). By 2008, the number of teachers who had left the profession for other countries had increased and the PTUZ and ZIMTA estimated that between 2000 and 2008, around 45,000 teachers had left the country.

Interviews conducted on teachers confirmed that many teachers were leaving Zimbabwe as the economic situation worsened. Ben Chatuka, a teacher by profession who was not teaching from September 2008, because of the poor salaries explained the extent of teacher migration from his school:

> When I joined the primary school that I was teaching at in 2004, the staff complement was 21 teachers, including temporary teachers, but by September (2008) when I stopped teaching, 12 teachers had left for South Africa, Botswana and Swaziland in order to look for better teaching posts in these countries. When the PTUZ called for an industrial action just before the start of the Third term in September, there were only 7 permanent teachers in the whole school, including the headmaster, who were still coming to school to teach.[6]

[6] Interview with Ben Chatuka on 4 October 2008.

Memory Chipunza who is a teacher by profession, but had since stopped teaching in May 2008, recalled the exodus of teachers from the primary school she was teaching at in Glen View:

> When I joined Glen View 1 Primary School in 2006, there were 16 teachers, but when I decided to quit in May this year (2008) none of the teachers that had been at the school when I joined, were still teaching at the school. Most did not say where they were going. You would just hear from the grape- vine that so and so is now in Botswana or South Africa.[7]

Thus, migrating to other countries by teachers because of salaries that had collapsed as a result of the hyper-inflation, meant that this component of the working class had partially disintegrated by the time dollarization was officially introduced in March 2009.

The Informal Sector as a Means of Survival for Teachers

As Zimbabwe's economic crisis deepened and the formal sector shrank, the informal sector burgeoned and proved to be the sector that sustained many livelihoods. This is in stark contrast to what the informal economy was like at the advent of independence in 1980. At independence in 1980, the informal economy in Zimbabwe was relatively small, accounting for less than 10 percent of the labour force (Mhone 1992). All the 16 teachers that I interviewed were engaged in some informal sector activity that ranged from petty commodity trading, cross-border trading and foreign currency dealing.

One salient feature of Zimbabwe's informal economy during the period of extreme hyper-inflation was its largely speculative outlook. The informal economy, also known as the 'black market', was very lucrative because of the shortages of foreign currency and most basic commodities in Zimbabwe. As a result, you had a thriving 'black market' in foreign currency dealing, fuel, and basic goods like mealie-meal, sugar, cooking oil, and soap, which were brought into Zimbabwe from neighbouring countries like South Africa and Botswana by cross-border traders. A speculative informal economy will in most cases thrive in hyper-inflationary situations, because this provides an opportunity for people to hoard goods and re-sell them later at inflated prices, rather than keeping money which is prone to losing value because of hyper-inflation. In this case, speculative activities assist people to hedge themselves from the devastating effects of hyper-inflation (Hanke 2008). The 'black market' also thrived in countries that have faced hyper-inflation in the past like Germany during the Weimar Republic (1920-

[7] Interview with Memory Chipunza on 6 August 2008.

1923), Argentina (1988- 1989) and Yugoslavia (1992- 1994), as most goods became available in the informal economy (Dornbusch *et al* 1990, Carmen 2002, Petrovic *et al* 1998).

Cross-border trading is one of the livelihood strategies in the informal economy that many teachers in this research were involved in. The teachers were best placed to engage in cross-border activities because since 2005, Zimbabwean civil servants could visit South Africa without the need to obtain a VISA, which until early 2009 cost about R 2000 to obtain for those individuals who were not civil servants. However, in early 2009, that application fee was waived. The school holidays and the almost year long industrial action by teachers in 2008 also meant that some teachers had 'free time' to freely engage in cross-border trading. Tracey Chamboko who was a primary school teacher narrated how cross-border trading became pivotal for the survival of her family:

> I started engaging in cross-border trading in 2006 and it has helped my family a lot because the salary that I earn as a teacher is not enough to do anything with it. The teaching that we have been doing for the past few years now, has just been a community service, because teachers have been working for nothing. So, because of the meager salary, I decided to become a cross- border trader, while I continued to teach by the side. I have been going to South Africa, mostly to Musina, to buy goods like sugar, cooking-oil, soap, rice and hair extensions, which I have been re-selling here in Zimbabwe.[8]

Edith Madombwe, another primary school teacher explained how cross- border trading was helping her cope with the crisis:

> From about 2002, our economic situation as teachers has worsened, and we have become the laughing stock of society because of our meager salaries. As I am talking to you now, my salary last month (September 2008) was Z$ 812, 000 which was equivalent to US $2 on the parallel market which is widely used. Tell me, what do I do with US $2 as a salary for the whole month? So I am engaged in cross- border trading, and I go to South Africa twice a month to buy groceries like sugar, cooking- oil, mealie- meal, flour and rice which I re-sell here.[9]

Tracey and Edith's accounts reveal that cross-border trading was very helpful in sustaining quite a number of people. Teachers were also taking advantage of school holidays which they had and the crippling teachers' strike of 2008 to make the most of the situation, and engage in cross-border trading.

Foreign currency dealing was also a way of weathering the hyperinflationary

[8] Interview with Tracey Chamboko on 6 August 2008.
[9] Interview with Edith Madombwe on 3 October 2008.

environment in Zimbabwe. Sam Dhana, who was a primary school teacher in Highfields claimed that he was able to sustain his family through foreign currency dealing:

> Every month, I receive between 50 Pounds to 100 Pounds from my brother who is in England. I use some of the money to buy food for my family but mostly, I use this foreign currency to buy Zim dollars. I will then use the Zim dollars to buy more forex from other people who want to dispose their forex at favourable rates, that ensure that I buy more US$ than I would have had previously. I repeat the cycle continuously, and at the end of the day, I make a lot of profit in forex terms.[10]

Re-integration of the Teaching Sector in the Wake of Dollarization of the Economy

When the Government of National Unity (GNU) was formed in Zimbabwe in February 2009, one of the first measures the GNU implemented was to dollarize the Zimbabwean economy, in order to bring some semblance of macro-economic stability, and to stem the scourge of hyper-inflation. Bloch (2009) defines dollarization as the substitution of a domestic currency by a more stable foreign currency. It does not necessarily imply that only one foreign currency is introduced or adopted. A lot of countries have adopted dual and/or multiple currency regimes and Zimbabwe is one such example that has done this, as the major currencies like the US$, the South African Rand, the British Pound Sterling and the Botswana Pula are all accepted as legal tender in Zimbabwe (Bloch 2009).

Chitambara (2009) argues that dollarization is predominantly a response to a loss of confidence in the local currency owing to severe bouts of macro-economic instability, notably hyperinflation, currency crisis as well as high and volatile interest rates. Countries facing policy uncertainty may also adopt dollarization. Chitambara further postulates that the currency crisis in Latin America, Central and Eastern Europe in the 1980s renewed interest in the debate on the merits and demerits of dollarization. Robertson (2009) notes that dollarization has been adopted in the past by countries like Argentina, Bolivia, Mexico, Peru, Yugoslavia, Russia, Georgia, Turkey, Mozambique and Zambia. Most of these countries dollarized their currencies because of the hyperinflation scourge. Advocates of dollarization have argued that dollarization results in the virtual and almost overnight elimination of hyperinflation. Thus, most chronic high inflation

[10] Interview with Sam Dhana on 10 August 2008.

countries like Argentina in the late 1980s and Yugoslavia in the mid 1990s successsfully eliminated hyper-inflation after the adoption of dollarization (Chitambara 2009). Dollarization also has the effects of leading to a reduction in exchange rate volatility, a lessening in the possibility of currency crisis and capital flight. Currency risk is eliminated as there is no possibility of a devaluation. Dollarization also deprives a government of its money printing inflationary powers to finance fiscal deficits (Hanke 2008). Dollarization however also has got a downside to it. A cost of dollarization is the loss of an important emblem of national identity and pride, the national currency. There may also be a loss of political autonomy and sovereignty as the dollarizing country may leverage its currency as a coercive tool to force the dollarized country to adopt certain policies that may not be in its interest (Hanke 2008).

In line with dollarization, the GNU decided to pay every civil servant an allowance of US$ 100, regardless of one's post or educational qualifications. This move by the government resulted in sectors that were 'dead' like the teaching and nursing profession to be resuscitated because teachers who had not been teaching for the greater part of 2008 went back to work. The same occurred in the medical fraternity. Thus, since February 2009, there was a gradual re-integration in the teaching sector, as teachers who had long abandoned the profession went back to the classrooms. The PTUZ reported in April 2009 that out of about 100,000 teachers that were teaching in public schools before the crisis, 60,000 had gone back to work after the GNU started paying civil servants in foreign currency, (*The Worker*, May 2009). The PTUZ went on to say that the outstanding 40,000 were mostly those teachers who went to other countries and got better paying teaching posts or other opportunities. The Union however, went on to add that, by April 2009, 6,000 teachers had returned to Zimbabwe from South Africa, and that about 3,000 of these, were already teaching again in government schools. The other 3,000 had just deserted their teaching posts, and so the Ministry was mulling whether these teachers should just be re-engaged without punitive measures being taken against them.

Most of the teachers that I spoke to said that they had gone back to the classrooms because the US$ 100 that they are getting was much better than the worthless trillions of Zimbabwean dollars which they had been getting from the government before the dollarization and randisation of the economy. Elizabeth Mpariwa summed up the feelings of most teachers on the US$ 100 that they were receiving:

> The US$ 100 that we are getting from the government may not be enough to sustain an individual for a month, let alone a family, but, I believe that this is a good starting point, given the economic crisis we are coming from as a country. I had stopped teaching in April 2008, but I have decided to go back to work because I believe that if the GNU works properly, our salaries will improve with time, to be in line with the Poverty Datum Line. But for now, at least I can buy a few groceries and afford my transport costs so that I can report for work, unlike in the past.[11]

The Banking Sector During the Crisis

When the study was conducted in 2008, the banking sector had 15 commercial banks, of which three had some degree of state ownership, and the others were wholly privately owned. There were also six merchant banks, three discount houses and four building societies (UNDP 2008). Four of the private commercial banks, South African-owned Stanbic Bank, the Merchant Bank of Central Africa, and British-owned Standard Chartered Bank and Barclays Bank were multi-national banks commanding 55 percent of the commercial banks market share (UNDP 2008). The three banks that had a degree of state ownership, the Commercial Bank of Zimbabwe, ZB Bank and the Zimbabwe Allied Banking Group, were gaining market share through preferential treatment from the state, indicating an unfair playing field.

The banking sector was generally doing very well during the peak of the Zimbabwean crisis because of the speculative activities that most banks were engaged in, in a bid to cushion themselves from the hyperinflation. As a result, most banks were trading in the best performing stocks on the Zimbabwe Stock Exchange (ZSE), which also happened to be doing very well during the period of the crisis, as individuals and companies chose to trade on the bourse's best performing shares, as opposed to saving money which was being eroded rapidly by the hyperinflation. The exceptionally excellent performance of the ZSE defied basic economic reasoning, to the extent that Koning (2008) accused some stock market commentators and analysts of making simplistic linkages between the stock market and a country's Gross Domestic Product (GDP). Stock market analysts normally inform the public that any event that stimulates GDP growth inevitably drives stock prices up, and any event that hurts GDP growth pushes stocks down (Koning 2008). The economic malaise that occurred in Zimbabwe however completely contradicted that logic. Koning (2008) argues that the Zimbabwe Stock Exchange (ZSE) was the best performing stock exchange in Africa, the key Zimbabwe industrials index going up by 595 percent over a period of twelve months in 2007. Koning (2008) and Hanke

[11] Interview with Elizabeth Mpariwa on 26 April 2009

(2008) are of the opinion that one of the ways for people to hedge themselves against the hyperinflation was buying stocks of the best performing counters on the ZSE. Another way of hedging against the hyperinflation was to buy property. Thus, Real Estate and the ZSE boomed during the crisis as individuals and companies scrambled to maintain and even add to the value of the Zimbabwean dollars that they had. Banks were no exception and profited a lot from the booming ZSE and the property market.

The above activities in the banking sector saw the Reserve Bank of Zimbabwe (RBZ) Governor, Gideon Gono accusing most of the banks of engaging in activities that were not the core activities of the banking sector (Gono 2008). Such criticism was rich and paradoxical, coming from the RBZ Governor, whose central bank was engaged in quasi- fiscal activities, and the printing of money that was fuelling hyperinflation and in turn the speculative activities that the banking sector was involved in (The International Monetary Fund 2009).

The Thriving Banking Sector During the Period of the Crisis

The profits that were being made by the banks trickled down to the working class sections of the sector, like the bank tellers and other junior bank clerks. Paula Porusingazi a bank teller with one of Zimbabwe's commercial banks narrated the good working conditions that bank workers were enjoying:

> Even though working conditions in Zimbabwe are generally tough because of inflation, but my bank has been trying to give us remuneration that is better than what most workers get in other companies. We earn salaries twice a month and last month, my two salaries amounted to Z$120 million (Then, in October 2008, this was equivalent to between US$100 and US$120 on the forex black market). Each person also gets fuel coupons of up to 50 litres, which one can sell to other motorists, if one does not have a car.[12]

Miriam Sithole, a 26 year old, who had been a bank teller at Stanbic Bank for three years echoed Paula's statement when she narrated the relatively better working conditions and remuneration in the banking sector, as compared to other sectors of the economy:

> I have been a bank teller with Stanbic Bank for three years now and although the salary that I receive is not enough to buy all my needs, especially household furniture, but I think I am better off than my friends who work as secretaries in private companies in town because my salary is always higher than theirs, even though our academic qualifications are almost the same. Last month (October 2008) I got a salary of Z$73 million (US$146 on the parallel market in Zimbabwe as of the end of October 2008). We also get

[12] Interview with Paula Porusingazi on 8 December 2008.

paid twice a month and this is quite helpful in ensuring that we always have some money to buy basics and to be able to report for work.[13]

The bank workers also benefitted a lot from foreign currency transactions. During the crisis in Zimbabwe, there was a foreign currency transaction scheme that was labeled 'burning money' that became very popular and made people to become instant quadrillionaires and trillionaires in Zimbabwean dollars. This 'burning of money' was a form of bank transfers that were done through a banking system known as the Real Time Gross Settlement (RTGS). If a person gave US$ to the bank and requested that the money be transferred into their accounts as Z$, that individual would get Z$ that were many more times higher than the prevailing exchange rates on the market. The advantage of bank workers was that they could withdraw much more money every single day as opposed to the withdrawal limits that had been placed on everyone else. With the large amount of Z$ withdrawn, most bank workers were able to buy foreign currency on the streets and repeat the 'burning of money' process *ad infinitum,* thus making a lot of money in the process. Quite a number of the bank tellers that I interviewed told me that they hoped that the Zimbabwean crisis would continue indefinitely, because it was actually benefitting them a lot.

Other bank tellers interviewed were going to places like Dubai and China to buy mostly electronic goods which they would resell in Zimbabwe. The burning of money was helping people to fly with Air Zimbabwe for almost nothing as they would burn a few US$ and then pay for their airfares with the quadrillions or quintillions of Zim dollars they would have obtained in the RTGS transactions. In reality the national airline was making huge losses, and that is part of the reason why it is in financial doldrums.

Even though the working class in other sectors of the economy was showing signs of disappearing, in sectors like banking, the working class continued to remain intact and appeared to be able to cope relatively better with the economic crisis, as compared to the teachers for instance, who had to leave formal employment and engage in largely petty commodity trading. The introduction of dollarization in the economy which spelt the death of speculative activities however changed the situation dramatically for the banks and their workers, as most banks became unable to remunerate their employees in hard currency because of depressed deposits in the banking sector.

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[13] Interview with Miriam Sithole on 11 November 2008.

Reversal of Fortunes: Banking Sector in the Era of Dollarization

The Worker of April 2009, reported that a massive retrenchment exercise was looming in the banking sector as most institutions were struggling to adjust to the dictates of a dollarized economy. Kanyenze[14] contends that most banks struggled during the early stages of dollarization because of the capitalization requirements that were imposed by Zimbabwe's central bank which required banks to be strictly capitalized in hard currency. Most banks were also not getting many deposits from clients, because of the low incomes that people were receiving in hard currency that could not permit them to bank some of their earnings. Several banks such as Zimbank, CABS and Stanbic, had already closed some of their branches in reaction to the slump in business (ZIBAWU, April 2009). ZIBAWU went on to report that contract workers and those that worked in lending and advances departments had been the most adversely affected as banks were no longer issuing out loans. This had resulted in many banks being forced to streamline their operations owing to the slump in business as most people no longer visited banks. Consequently, the working class in the banking sector is the one that was now facing serious threats of disintegration because of the dollarization of the economy.

Agency of the Teachers and Bank Workers in the Face of Crisis

Giddens' (1984) structuration theory is of great utility in explaining the agency of the teachers and the bank tellers (survival strategies) in the face of a hostile structure (political and economic context). According to Giddens' structuration theory, agents/actors, who are the teachers and bank tellers in Zimbabwe in this paper, were able to monitor their own thoughts and activities as well as their physical and social contexts. This implies that actors (the teachers and bank tellers living under an unfavourable structure like hyper-inflation and a political crisis) were capable of rationalization, which in Giddens' work means the development of routines that enabled them to efficiently deal with their social lives. Consequently, Giddens' agents and certainly, those in the Zimbabwean context, have the ability to make a difference in the social world and improve their situation. Giddens certainly recognizes that there are constraints on actors from the structure, but this does not mean that actors have no choices (in the Zimbabwean case, the different responses to the hyperinflation by workers in Zimbabwe) and make no difference.

[14] Interview with Godfrey Kanyenze, the Director of the Labour and Economic Development Research Institute of Zimbabwe (LEDRIZ) on 14 May 2009.

Giddens' structures are not fixed 'girders' though, in the Durkemian or Parsonian sense, and so the agency displayed by some of the sections of the working class like the teachers and bank tellers had the effect of reshaping the (structure) i.e some sections of Zimbabwean society. Illicit activities or extra-legal activities that some sections of the working class were engaged in, in the highly speculative informal economy were abetting a 'get- rich quick' and 'dealer' culture among some sections of the society and this in turn promoted corruption and illicit activities in institutions like banks. The influential economist Henry Hazlitt (1992: 8) was not wrong when he argued: 'The consequences of inflation are malinvestment, waste, a wanton redistribution of wealth and income, the growth of speculation and gambling, immorality, corruption, disillusionment and social resentment… and eventual collapse'. This shows that hyper-inflation has the propensity to compromise a society's scruples.

Workers agency at the political level (partyism) which entailed mostly to support and vote for the MDC was however partially successful, as the MDC won the March 2008 elections that led to the formation of the GNU and the subsequent dollarization of the economy. The MDC victory however was not outright, and this meant that the political agency of the majority of the workers voting for the MDC was not able to totally reshape the repressive political structure or system that partly was responsible for the Zimbabwean crisis. Thus, the primacy that is placed by Giddens on the power of agency to reshape structures is a bit exaggerated. The fact that a lot of the teachers also barely stayed afloat in the face of the Zimbabwean crisis also cautions us against romanticizing the agency that was displayed by some sections of the working class.

Conclusion

The paper has argued that the crisis in Zimbabwe in the 2000s and the period in the immediate wake of dollarization from March 2009 had contradictory effects on the primary school teachers and the bank tellers. During the period of crisis, the teaching sector partially disintegrated at the physical level as most teachers either left the country or decided to join Zimbabwe's informal economy on a full-time basis. Workerist responses at the workplace level, such as embarking on industrial action did not help the plight of the teachers as their incomes continued to be eroded by hyper-inflation. Consequently, survivalist responses at the individual and household levels within the informal economy which included petty commodity trading, cross-border trading and foreign currency dealing became the best option for the survival of the teachers. However, the dollarization of the Zimbabwean economy changed the situation for the teachers, as that development 'killed-off' most of the speculative activities in the informal economy and forced teachers to go back to formal employment, thus resulting in a gradual re-integration of the teaching sector.

In contrast, the banking sector thrived during the crisis and it remained intact because of the profits that banks were making from speculative activities. The situation however changed dramatically for this sector when dollarization was effected. Most banks all of a sudden struggled to pay their workers in hard currency and other banks were even forced to downsize their operations, retrench their workers and close some of their branches. The banking sector was now facing a decline because of a slump in business as deposits dwindled and speculative activities disappeared because of the dollarized economy. Thus, dollarization proved to be a double-edged sword that was able to wipe-off hyper-inflation in no time and lead to the gradual re-integration of sectors such as public sector teaching. On the other hand dollarization of the economy brought with it difficulties for sectors such as banking, as liquidity levels in the country were generally low in the immediate period after dollarization.

The responses of the teachers and some of the bank tellers displayed a sense of active agency in the face of the Zimbabwean crisis, albeit that some of that agency had the effect of compromising the Zimbabwean society's principles.

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