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Article

Zimbabweans under Humpty Dumpty Economics

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Abstract: This article seeks to understand the economic system of Zimbabwe, driving its notion of humpty dumpty or seemingly chaotic economics from economic fundamentals such as inflation, dollarization, currency floating and governance. The researchers explore secondary data sources across the spectrum to scrutinize their viewpoint on humpty dumpty economics. Based on statistical trend analysis of inflation and the value of money in Zimbabwe the authors conclude that inflation is harmful to the economy, and the ordinary citizens should be the heart and soul of policy making. The authors further recommend that the Government of Zimbabwe should adopt nudge theory when implementing economic policies.

Keywords: Inflation, Humpty dumpty, de-dollarization, currency floating, good governance, state abuse economics.

1. Introduction

Ordinary Zimbabweans have become economic refugees or economic immigrants in many countries because of the declining trust in institutions such as the Reserve Bank of Zimbabwe and the Ministry of Finance. In fact, fiscal and monetary policies in Zimbabwe largely create financial instability, social inequality, political patronage and a pro-elite political economy. While the burden of financial instability has forced many Zimbabweans to seek employment opportunities in other countries, those who remain in Zimbabwe have largely faced impulsive food, fuel and exchange rate hikes. While many Zimbabweans identify themselves as highly educated (or schooled, whichever way one puts it), the financial instability has created a largely informal sector where many struggle to secure well-paying jobs. In this context, of all the financial policies aimed at stabilizing the economy, currency floating can easily win the cleverest policy prize. In this state of financial chaos, the parallel exchange rate or black market dictates the Zimbabwean economy's displeasing reportage although the government of Zimbabwe disingenuously blames it on 'targeted' sanctions in the absence of deliberate pro-poor economic policies. This creates the impression of state abuse or oligarchy where a privileged few or elites with access to foreign currency can afford to watch the bulk of the ordinary population struggling to get a decent meal or even enjoy better standards of living.

Geographically, Zimbabwe is a landlocked country that is filled with a lot of natural but underutilized resources. It was once one of the strongest and financially stable countries in Africa in the 1980s, when it was frequently referred to as 'the breadbasket of Africa', perhaps a term of art rather than scientific usage. Zimbabwe got its independence in 1980 and its economic and social environments were feasibly strong when the Zimbabwean (ZIM) dollar was introduced. Key institutions such as the Reserve Bank of Zimbabwe (RBZ), the successor to the central Currency Board, had the sole right to issue Zimbabwe's currency (RBZ, 2020). The ZIM dollars to be introduced were in small denominations, and their value was greater than the United State Dollars (USD). As decades passed the economic, political and social environment became unstable, with policy inconsistencies within the public sector and corruption in its numerous forms becoming a norm. Zimbabwe also adopted structural adjustment programs such as the Economic Structural Adjustment Programme (ESAP) in the early 1990s which took Zimbabwe down the economic drain. There were other economic woes and scandals that also worsened the economic situation. Fast-track to the years after the fast-track land reform program, also rather chaotic, the sad consequences of financial anomalies were further felt through a rapid daily loss in value of the ZIM dollar especially before the introduction of the multicurrency system in 2009.

In 2003 the RBZ introduced time-limited "*bearer checks*" to curb currency deterioration and 'promote' access to cash. The *bearer checks* were of very high denominations which made Zimbabwe's hyperinflation laughable the world over. The period between 2003 and 2009 almost saw every Zimbabwean citizen becoming worthless billionaires and trillionaires who held valueless *bearer checks*, which further resulted in a monetary policy distortion. Revaluation of the bearer checks by slashing zeros occurred without notice to the general populace (Biti, 2009). Those who sought to have some financial intelligence and invest their money through the so-called unit trusts also lost their earnings.

Following the Government of National Unity (GNU), Zimbabwe unilaterally abandoned its local currency and adopted a basket of currencies in 2009. The currencies adopted initially were the US dollar, Euro, United Kingdom (UK) Sterling pound, South African Rand and Botswana Pula (Tomu et al, 2021). Goods and services were paid in hard currency US dollars which had dominated the market. The other currencies such as the Rand coins were initially used for convenience of small transactions. The adoption of the multicurrency regime was an attempt to resuscitate the country's harsh economic environment and save Zimbabwe from the battered image under a hyperinflationary environment. The multiple currencies worked incredibly well until the Government of Zimbabwe unilaterally raided USD accounts and made it impossible for those who had saved their USD earnings to withdraw the money. Withdrawal limits were imposed and the money lost value, all this aided by Zimbabweans' usual focus on liquid rather than solid investment. The unilateral stoppage of the multicurrency regime was a major policy misstep which eroded the general public's confidence in Zimbabwe's monetary authorities. The result was that many people who could not withdraw their savings suffered immensely without any recourse, something which smacks of state abuse or oligarchic financial management.

The RBZ ceased being the banker's bank or bank of last resort. It operated more as a patronized bank only printing money as dictated by exogenous forces. As a result, inconsistencies in monetary and fiscal policies seriously hurt the ordinary citizens in what the former RBZ governor Gideon Gono described as a casino economy. Impulsive price hikes, poor socioeconomic conditions and oligarchic management created a frustrating parallel market where astronomical exchange rates defined the lack of financial policy, outright state abuse and lack of commitment to seek guidance from normative structures such as the Constitution of Zimbabwe 2013. Sadly, the government has been reluctant to end this mess and allows money changers to proliferate in the cities. Further, the RBZ Governor who promised the nation to resign if his policies would fail under the government of President Emerson Mnangagwa has also presided over other policies that emasculate the general populace such as pseudo introduction of a Zimbabwean currency which caused a lot of citizens lost their USD savings.

In all this, it is seen that 2013 became a bad year for many Zimbabweans especially when the ZIM dollar was reintroduced in the form of bond notes, coins and electronic real time settlement (RTGS). Inflation has been out of control since then as shown below in Figure 1, and a lot of fiscal monetary adjustment policy reviews have occurred consistently as a bald attempt to solve money, the source of Zimbabwe's problems. At the deepest end of these policy inconsistencies are ordinary citizens. Put simply, every Zimbabwean has become an economist of some sort since the economic downturn has cruelly affected them.

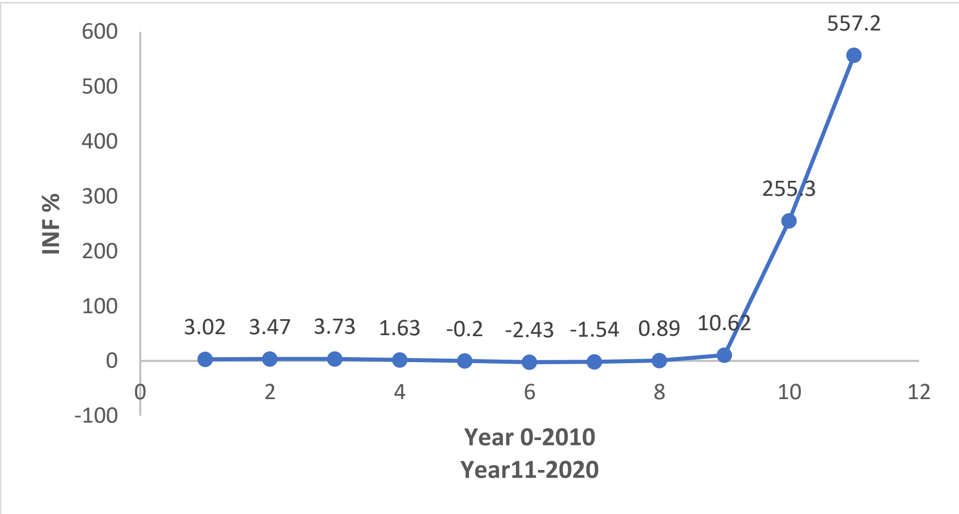

Figure 1. Annual Inflation Rate.

According to the world data website, the inflation rate for consumer prices in Zimbabwe moved over the past 40 years between -2.4% and 24 411.0%. In 2020 the annual inflation rate was 557.2% (Zimstats 2022). From 1980 to 2020 the average inflation was 701.1% per year. Overall, the price increase was 174 173 404 787.33% between 1980 and 2021. To illustrate this point, an item that was priced at 100 dollars in 1980 was so charged 174 173 404 787.33 dollars in the beginning of 2021.

To further demonstrate a poor socioeconomic direction on the part of the Government's humpty dumpty economics, the prices of goods and services have, after 2019, been pegged at three different prices to purchase one item and significant changes ought to happen frequently. For example, the black market which is the real determination of Zimbabwe's market forces is currently chaotic but seemingly critical for day-to-day prediction of the quality of life in Zimbabwe as it is used to define the different rates for cash and RTGS transactions. While the Government of Zimbabwe continues to speak of the official rate of exchange, this is practically disingenuous since the said rate is pegged at a much lower value than the black-market rate which effectively affects day to day life in Zimbabwe. The huge variances in the exchange rate and reliance on using the earnings from the formal market which excludes about 60 percent from the informal sector influence a persistent increase on month-on-month inflation as indicated in Figure 2.

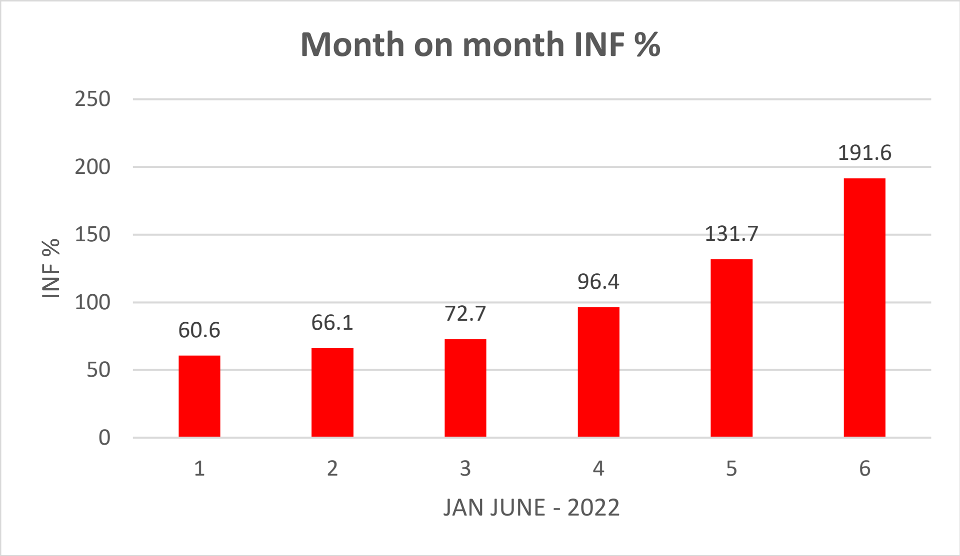

Figure 2. Month on month inflation rate 2022 (Source: Zim stats 2022).

The Zimbabwean dollar which was introduced as some '*strong currency in Africa'* under the current government has continued to drastically depreciate as indicated by Figure 2. Runaway inflation has destroyed the value of individual and family incomes, and this has condemned many ordinary citizens to abject poverty. The shock therapy so reflected in Zimbabwe's financial policy implementation has effectively left ordinary Zimbabweans unable to purchase basic goods like bread, staple maize diet, sanitary ware and so forth. Basic services like access to outpatient treatment have also eluded many Zimbabweans due to strikes by medical staff, absence of medical facilities and abuse of some relief funds under the Covid-19 funding. Effectively, humpty dumpty economics have been the biggest let down for the ordinary citizens since the Government through the Minister of Finance continues to utter disingenuous statements such as the fact that civil servants are being remunerated well when they struggle to support their families.

Objectives and research problem

The aim of this research is to evaluate the government's seemingly chaotic economic policy implementation and suggest recommendations that put the concerns of ordinary people in the policy cycle. The thesis of the humpty dumpty economics flows from the public concern that state abuse rather than state capture is the real problem. State abuse is explained for instance by the government's failure to simply float the currency because if it openly does so, the U-turn on floating policy can be sold by opposition politicians as a genuine tool to criticize the government's impulsive financial policies. The corollary to this is that there is a general absence of political will to promote mature public engagement and end parallel rates, economic chaos, and to proffer nuanced debates on alternative ways to water down the sanctions excuses which seem endemic. The pertinent questions to ask include whether Zimbabwe should float its currency; how the exchange rate fluctuations influence the standard of living for the general populace, and how the Zimbabwean dollar is an economic manipulative agent used by the ruling elites to prolong the economic chaos currently obtaining in Zimbabwe or consolidate their stay in power.

2. Literature Review

Studies pertaining to dollarization or any other approach to stabilizing the economy in Zimbabwe are plenty. They sadly ignore the fact that any attempt to de-dollarize/dollarize/re-dollarize should be an endogenous outcome that is based on a policy of macroeconomic stabilization. This we argue will make Zimbabwe a normal country unlike the current situation where people in general are just struggling to survive or lead decent lives. In a country where interdisciplinary research hinges on political sociology to study economic problems, this article argues that social institutions such as hospitals, schools and civil institutions have provided the evidence of how the economic chaos affects the ordinary citizens. By way of analysis, the hyper-inflationary environment in Zimbabwe has been deemed the highest in the world reaching beyond two million percent in 2008-2009 (Karinza, 2009). The politicized economic policy is one way to manifest to ordinary Zimbabweans that they are being excluded from any benefits that come out of elitist policies.

While the government of Zimbabwe continues to focus on eliminating the shock therapy by creating some gold currency or making them comparable to bitcoins, the economic crisis has changed the price structure which does not want a realpolitik posturing. Political reasons seem to perennially overshadow sound economic policies even when the politicians seem to promise Zimbabweans that economics should come first before politics. Literature from Steve Hanke for instance shows that in 2022, Zimbabwe's April inflation was the highest in the world, estimated at 244% against the authorities 96, 4%. Hanke's model of inflation estimation is based on the Purchasing Power Parity (PPP) ratio which compares two price levels from two countries. Zimbabwe's government has sadly developed a defensive policy strategy where either the RBZ governor or the Minister of

Finance simply focus on what works for the government and then disingenuously use civil servants who cannot defend themselves as examples of what is or is not working under the humpty dumpty economics.

Literature also shows that Zimbabwe's government does not give citizens a significant role in the design of economic policy. This is so if regard is made to the abandonment of a multicurrency regime that had improved the standards of living of ordinary Zimbabweans. Sikwila (2013) examined the impact of dollarization of Zimbabwe's economy and concluded that significant benefits in all sectors of the economy were experienced with great improvement of real gross domestic product. Stability in price levels was achieved and inflation dropped to a single digit. Shortages and scarcity in shops was resolved, and goods were readily available and affordable. It could be argued from the above point that a relatively strong currency and exchange rate was the anchor of economic growth and stability.

It would also seem from literature that Zimbabwe's economic policy is made at the group interest level, sometimes loosely given a national interest coating to benefit a privileged few. Ordinary Zimbabweans are sadly the biggest consumers of the government's humpty dumpty economics and the government enjoys the monopoly in supplying policies that make citizens suffer. For instance, Sikwila's study cited above was constructed upon Noko (2011) who also concludes that dollarization leads to macroeconomic stability. Instead of learning from economic, social and political unrest and strikes that followed the economic downturn in 1998 and 2008, the multicurrency environment that had managed to stabilize Zimbabwe's wider economy was again vindictively thrown into turmoil in 2018 and 2019. Zimbabweans were made to believe that the Zimbabwean dollar would be equivalent to the US dollar. A lot of people who could not withdraw their money in foreign currency immensely suffered from this vindictive step which was surprisingly imposed under a governmental policy of '*economics over politics*.'

The example of the successes of citizen-friendly policy making under the multicurrency regime was abandoned and citizens became the scapegoats of elitist economic problems. Even before the Mnangagwa administration, Chigome (2015) had agreed with Sikwila (2013) that Zimbabwe under Robert Mugabe should not have abandoned the multicurrency regime without having fulfilled the motives that led to its adoption. Both acknowledge the non-existence of the best currency regime scenario in any country but emphasize that Zimbabwe's government should, at the very least, allow citizens to benefit from the policy changes. There is a gridlock in economic policy making in Zimbabwe and this paper argues that miraculously enough, Zimbabwe has not been a victim of economic unrest in response to the government's vindictive economic policies.

Basically, dollarization is influenced by an exchange rate depreciation and increasing high levels of inflation. Dollarization is a gradual process, as domestic inflation rate increases, economic agents do not expeditiously abandon local currency for foreign substitutes (Tomu et al 2021). The use of foreign currency in domestic transactions gradually grows with the increase in domestic inflation rate. To avoid creating the impression that economic policies are merely instruments of a regime's survival tactics, it has been shown that rational economic agents should switch to an alternative currency with a high degree of purchasing power against a background of high inflation and exchange rate or devaluation expectations (ibid). Unfortunately, the rational choice for Zimbabwe's government would be to go for policies that emasculate the ordinary citizen, and which make life a lot more difficult for the ordinary citizen due to impulsive hikes in goods and services.

Literature also shows that (de)monetization of valueless currency alternatives is the shortest way between Zimbabwe's economic stability and betterment of the ordinary people's standards of living. In 2019, Tendai Biti, the former minister of Finance and Economic Development in Zimbabwe argued that Bond notes should be demonetized, a quasi-fiscal instrument which chased away good money. Biti (ibid) argued that **liberalization of the exchange rate was necessary.** He noted that if the RTGs are allowed to settle and if the exchange rate is allowed to be liberal, it will settle at a rate which is much lower than the going rate (ibid). Unfortunately, economic or political intellectuals have not been ingenious enough to discuss the benefits of floating the currency in simple ways which the general public can understand. The same argument can be made for the hype around the so-called Mosi-oa-Tunya gold coins created as a source of value to tame the volatile exchange rate.

For instance, according to the International Monetary Fund (IMF), free floating, also referred to as a clean or pure float of currency, is when the exchange rate for a country's currency is determined by supply and demand of the currency. Exchange rates can be understood as the price of one currency in terms of another currency. In a free float regime, the exchange rate is solely determined by market forces of demand and supply of foreign and domestic currency. This approach allows countries to retain their monetary independence and be able to control inflation, unemployment and other external aspects. Zimbabwe's executive for example does not take lightly the admission from Treasury that government's line ministries, departments and procurement players are fueling inflation pressures and causing currency turbulence (SABC News 2022). This came to light when President Mnangagwa threatened Finance secretary George Guvamatanga with unspecified punishment (ibid). The threats simply underline the opaque approach to policy analysis in Zimbabwe.

Against the above, the view by Mikesell and Goldstein (1975) which shows how a pure float might constitute competitive exchange depreciation has to be interrogated faithfully. There is also a need to analyze why floating rate advocates support a system in which monetary authorities in each participating country commit themselves to completely avoid official sales or purchases in the exchange market. For instance, in their arguments, state enterprise's purchases and sales of military goods should take place in the private or non-official exchange market such that the government will not influence the exchange rate for their own benefit. A non-intervention rule has the advantage of permitting easy policing.

3. Developments that smack of humpty dumpty economics and their implications on ordinary Zimbabweans.

Zimbabwe's policy formulators and implementers make political governance weak by not investing in policies that benefit ordinary citizens as the repositories of state power. In mid-June 2020, the Reserve Bank of Zimbabwe introduced a foreign exchange auction trading system. The adoption of the Dutch auction system was expected to bring transparency and efficiency in the trading of foreign currency in the Zimbabwean economy. This system was meant to address instability in the local currency market and help reduce surging inflation levels. The system allocates US dollars to public and private firms and provides an official exchange rate between the local currency and the US dollar (RBZ, 2020). The central bank also said it would continue fighting inflation through a restrictive monetary policy.

In spite of the seemingly noble Auction system, price hikes have been a daily phenomenon experienced by the ordinary Zimbabwean. The pricing system is no longer efficient and standardized pricing has long been abandoned. What is regrettable and worrying is that, even after quoting prices in US dollar terms, retailers and producers continue to hike prices of goods and services. The central bank referenced the Auction system as the way to free market price discovery on foreign currency, but this has not been the case in Zimbabwe where basic commodity prices are prohibitive.

The Interbank rate which is operating like some willing buyer willing seller financing model is used surprisingly as the official exchange rate for pricing of goods and services from the government's position. This model competes with the Auction system which excludes many economic participants such as the ordinary people, allowing big firms and businesses to milk profits. The system has struggled to meet demand resulting in a backlog of payments (a reflection of how un-sustainable the overvalued auction exchange rate system is) which has accelerated inflation. Offering a favorable exchange rate is one major limiting factor of the auction system which has fueled those black-market exchange rate systems. While the auction system was put in place purportedly to curb inflation, there is always a parallel exchange rate that is based on speculation and dictates the economy in many ways unlike the Interbank rate which is used to fleece ordinary people of their paltry earnings. The business fraternity and the general population do not trust Zimbabwe's monetary authorities when it comes to monetary policies and interventions. Speculators have taken advantage of the situation and this has always driven the parallel exchange rate way higher than the official exchange rate.

Zimbabwe's exchange rate difficulties have been visible enough for all to see. This has sparked a lot of debates in business forums. While economists and business analysts are at loggerheads on whether Zimbabwe should adopt a currency board, the ordinary people continue to be denied access to quality goods and services because the prices are astronomical. A currency board may be needed since it is a monetary institution that issues notes and coins (and in some cases, deposits) fully backed by a foreign reserve currency and convertible into the reserve currency at a fixed rate and on demand (Hank and Schuler, 2015). The reserve currency is a convertible foreign currency commodity chosen for its expected stability. In all this, analysts ignore the fact that a currency board is only a part of the monetary system in any country that has viable commercial banks and other financial institutions. This would only be ideal in promulgating certain rules of behavior on exchange rates, currency convertibility, government financing of final or supplementary budgets and so on.

In Zimbabwe where citizens have no influence in the economic policy cycle, the adoption of a currency board would mean an exchange rate that is fixed to an "anchor currency". The board would issue an automatic convertibility of domestic currency to this fixed rate whenever required. It also promotes a visible anti-inflationary policy that is aimed at curbing inflation. The aim would be to attain single digit inflation rate because the exchange rate is now a function of inflow and outflow not indiscipline. This will protect the ordinary people from being fleeced by oligarchs and those who disregard sound pricing models. The board is essential when the ordinary citizens need foreign currency, and the board can freely sell the currency. This is linked to the view from Hank and Schuler (2015) that the successful use of a currency board to stabilize the economy in the aftermath of hyperinflation can be magical if pro-people as was the case for Argentina, Lithuania and Estonia.

The Zimbabwean dollar has failed to qualify under the characteristics of sound and good money. In an attempt to solve this predicament, the Reserve Bank governor John Mangudya introduced gold coins whose performance has been compared to bitcoins. The purpose of the Mosi-oaTunya gold coins is to act as a store value, hedge against inflation and as a viable investment (RBZ, 2022). The gold coins are also considered a viable alternative to the high demand for the US dollar in Zimbabwe, which is fueling the exchange rate volatility (ibid). The demand for US dollars would only weaken if the general public accepts the gold coins. This is almost impossible since the gold coins are pegged at around US $1400.00 in July 2022, respectively on an income or salaried means, ordinary people earn below US$300. This means the rich and connected will have access to the gold coins. This creates a situation described in Matthew 13 v 12 where to those who have more, more shall be added to them while those who do not have, the little they have is being taken away. This can be described in Marxian philosophy as a climate of class interests that creates the '*haves and the have nots*.' Thus, the ordinary poverty-stricken citizen will continue to wallow in poverty while the elites tell the world to come and dine at the table.

Further, the gold coins simply show that the government of Zimbabwe is ashamed of its vain confidence in a local currency. When the Zimbabwean currency was considered strong in Southern Africa in 2016 and 2017, RBZ's Mangudya hinted at resignation if his policies would fail. The same was obtained for the government which sought to adopt the policy of '*economics over politics*.' The gold coins are simply meant to do what multi-currencies should be doing, that is, being available in quality and quantity to every citizen. This is clear if regard is made to the claim that the gold coins would be available for sale to the public in both local currency and US dollars and other foreign currency based on the prevailing international price for gold and cost of production. Each coin will be identified with a serial number and can easily convert to cash, locally and internationally. It thus becomes clear that the government is being disingenuous in its refusal to re-dollarize, float the currency, or give the people of Zimbabwe access to financial security.

There is a need to halt pro-elite economic policies that are fertilized by reverse or rehearsed policy implementation. The government notes the concerns of ordinary citizens such as the need to re-dollarize and then deliberately craft policy decisions that make it difficult for them to ignore the demands of the citizens. If innovation and creativity on the port of government is linked to economic security, Zimbabwe will soon adopt a pragmatic approach where those with sound financial and monetary knowledge are consulted in crafting per-people policies. The gold coins are meant to mop away the US dollars which the government seems reluctant to see in high circulation. While some people can be certified owners of the gold coin, the ordinary people are concerned with the security around ownership. This is because many Zimbabweans have been hoodwinked by *bearer checks*, unit trusts or vindictive restrictions to access their US dollars held in Zimbabwean banks.

There is a need for policies that uphold the values on public administration and financial management that are enshrined in sections 194 of the Constitution of Zimbabwe 2013. These values include transparency and accountability in state governance. In this wake, the pertinent question currently is, 'Will the gold coins work?' Even if they work for those who can afford them, most ordinary Zimbabweans have lost faith and trust in the banking system and in the credibility of the government's monetary policies. Some of the concerns revolve around the processes that come along with the purchasing of gold coins. How would ordinary citizens purchase the coins and not risk being profiled for money laundering? Will the certificates of purchasing gold not be used as evidence to prosecute those profiled? How secure will be the personal information that is required to process the gold certificate given for instance how, during the 2018 harmonized elections some political parties were allowed service providers to send campaign messages through personal mobile cell phones without the consent of users.

Effectively, ordinary Zimbabweans are already struggling with shortages of necessities and price hikes. Equally, the memories of 2008-09 era where they became poor trillionaires are still hurting them when the local currency was redenominated in free fall style. Pensioners lost their money, bank accounts savings were wiped to nothing, citizens lost confidence in banking. The same thing happened in 2018 and 2019 when Zimbabweans were made to live a lie that the ZIM dollar was equivalent to the US dollar. As a result, without worrying about the government and its views in resuscitating the economy that is in a Lazarus moment, many people simply choose to keep their money in their houses or community savings group popularly known as "*Mukando*" which is now an informal yet popular banking system. Uncertainty in financial development has reached an all-time high and no diligent citizen will keep foreign currency in a bank or institution which is a port of the value chain in promoting humpty dumpty economics.

4. Way forward

This paper suggests that Zimbabwe's humpty dumpty economics and the chaos that has made ordinary citizens economic refugees in other countries need to promote the nudge theory of economics. In this way, the forces of globalization and sustainable living must inform policy making if Zimbabwe is to promote pro-poor economic development. The decision to always blame exogenous forces such as targeted sanctions seems disingenuous, as the government deliberately fails to ward off domestic forces that encourage hyperinflation, high food inflation, grand corruption and tender scandals and general economic indifference. The aspirations of Zimbabwe's Vision 2030 and mission towards an upper-middle-income country can only be realized fully if all the economic fundamentals are made pro-people. Transparent discussion is needed on issues that have condemned ordinary people to a wasted generation and these include re-dollarization, currency floating and adherence to the tenets of good governance.

4.1 *Re-Dollarization*

In reality, a Zimbabwean currency can be a noble idea if it is sustainable to use or when the economic principles are not being replaced by political interests. While Dollarization has been profitable for no ordinary people in Zimbabwe, a well-managed local currency may be antidotal for Zimbabwe. Chigome (2015) argued that the decision to move to dollarization is not only a monumental historical event but rather a difficult and crucial decision which requires resources, time and may even threaten government legitimacy. At one point an idea to join the rand monetary system in Zimbabwe fell off the pipeline because the authorities felt that it would compromise the sovereignty of the nation. The concern from the ordinary people was that government officials were not willing to exercise due diligence when withdrawing huge amounts of money. Policy makers and the Zimbabwean society should be adequately knowledgeable about some of the ways in which sustainable dollarization may be achieved. Official re-dollarization may put Zimbabwe in a compromising position with the global creditors as the US dollar deposits would certainly, automatically be set off against the current debts. But the ordinary citizens who have for long periods been at the mercy of economic crises can improve their happiness index, and the most important thing is that the government will improve the gross domestic product per capita.

4.2 *Currency floating*

Zimbabweans are living in an era of information economics just like any global citizen. Information is an integral part of day-to-day human activities. The rise of information economics has an impact on market externalities (the actions of buyers and sellers). Information economics is concerned with how citizens' information (income, preferences, buying behavior, etc) may be used to create, manage and exchange wealth. If a floating exchange rate is considered; speculation, rumors and economic fluctuations will determine the preliminary rate for the day. If supply of domestic currency is out of the way of demand, the currency will fall and vice versa. Market forces will settle at an equilibrium when demand for currency is equal to supply.

In a free market with non-government intervention guarantees easy policing, liquidity and official reserves play no role. Information is available and no limitations to entry and exit in the market. In such a system, domestic currencies have an advantage of generating private liquidity, hence increasing international liquidity for private transactions. Floating rates promote exchange market stability, liquidity consistency and currency exchange depreciation. Currency floating also comes with challenges if the exchange rate becomes too high or too low when it comes to trade and paying debts. This leads to governments considering minimal intervention, but this comes with challenges as governments tend to manipulate the system. For instance, the liberalization of the market by privatizing government companies has often resulted in the elites buying the same companies below the market value, raising the question of how genuine we are in fronting the notion of liberal market. Currency floating requires genuine intentions and little interference from governments. It seems the prolonged debate on floating the Zimbabwean currency is more political than anything because if this is done, then the government would behave like it is admitting that its hyped financial policies have dismally failed.

4.3 *Good and good enough governance*

Section 3 of the Constitution of Zimbabwe 2013 lists many tenets of good governance which must serve as a normative framework for economic policing. The government ought to maintain a direct contact between the government and the governed who are considered by the Constitution as the repository of state power. This can only be done by promoting genuine de-politicization of national dialogue so that political concerns do not override the legitimacy of those with dissenting views. This will also stifle perennial inclination to score cheap policies, politics and disingenuous explanations on Zimbabwe's catastrophic breakdown as a failed state with a fragile economy. E-governance should also be improved in Zimbabwe as a way of encouraging transparency and as a new way of listening to citizens. This way the citizens can articulate their interest and exercise their legal rights and obligations without fear. This serves as a clarion call to restore democratic freedoms that stimulate economic development. Collected taxes and foreign aid should be distributed in the interest of the public.

Inflation affects investment and is a detriment to economic growth. The government may reduce inflation by targeting money supply (Monetarism). This is when the government sought to control inflation through controlling supply. Decreasing money supply reduces the purchasing power of consumers, and those who have money would want to keep it and save it, instead of using it. Furthermore, the government through its law enforcement agencies should plague the gap through which money is supplied to the black market to buy foreign currency which in turn feeds into high black-market rates as banks chase the US dollar through the black market. The best way to promote good governance is to respect the Constitution's provisions on public finance management and on public administration. This would also mean that national laws on public finance management are also respected when making pro-people economic policies.

5. Conclusion

In conclusion, the foregoing analysis has shown that high inflation is harmful to economic growth. It is imperative that the nudge theory should be used to implore the Zimbabwean Government to ensure that Zimbabweans enjoy access to basic needs. The promotion of economic stability and happiness of the general populace should be prioritized. Ordinary people are the consumers of public and private goods and services. They should have a secure supply of goods and services. Politicized policy making must not threaten economic growth, while vindictive government decisions must be constrained by the Constitution, national as well as international laws. This paper argues that if pro-elite policies are not halted, impulsive policy making will have an even worse impact on the economy ad infinitum. The inclusive development in Zimbabwe and even the reality of an upper Middle-Income Economy by 2030 can only be determined by the value and priority given to inclusive policy cycles, reliable processing of public concerns, and publicly oriented development. The decision-makers need to understand how ordinary citizens react to the financial policies. This is important for continued democratic success, and for the success of any policy that can genuinely be considered pro-poor. Further, it is obvious that if the generality of the citizens see that politicians impose impulsive policies, citizens can lose their trust in the polity's democratic processes and structures. Zimbabwe needs to design its financial policies beyond simple heuristics or rules of the thumb. Both the government of the day and opposition politicians must abandon cheap political points and pay close attention to the fact that ordinary citizens may not always respond rationally to pro-elite financial policies.

Authors Declaration

The paper reflects the authors' own research and analysis in a truthful, heuristic and complete manner and the research has not been previously published elsewhere. The data that support the findings of this study are openly available at https://www.worlddata.info/. and https://www.zimstat.co.zw/. The authors collaborated in collecting data although Sharon Hofisi analyzed the data**.** The research was done with no funding from any organization.

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