ARTUZ Position on the Mid-Term Budget Review

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Background

The mid-term budget review presented by the Minister of Finance, Prof. Mthuli Ncube, was met with high expectations and hope that it would address the following pressing issues:

1. A crippling energy crisis
2. Low civil service wages and staff morale
3. Inflation
4. Slow economic growth
5. Corruption in the procurement process
6. Collapse of social services, including the education and health sectors
7. Budget deficit resulting from massive cuts in aid following the Trump administration's new foreign policy
8. Effects of tariffs and reciprocal tariffs on trade and the balance of payments

Far from addressing these critical issues, the budget was another political statement portraying a rosy picture of a balanced budget while the economy is in crisis. Prof. Ncube chose to celebrate the overhyped metric of GDP growth without addressing the conditions of ordinary people. Civil servants remain poorly remunerated, crippling electricity load shedding is affecting production and jobs, international aid cuts are threatening access to antiretroviral drugs, high inflation continues to erode wages and incomes, and slow global economic growth is reducing export receipts from mineral sales, which the economy heavily depends on.

The mid-term budget review, presented by the seasoned professor of neoliberal economics, sought to accelerate austerity measures and further burden the poor. It is anchored on the following: a. Cash budgeting and a balanced budget, which still allows security ministries, the Office of the President, and the Cabinet to exhaust their budgets and encroach on funds for critical sectors like health and education.

b. Pursuit of a neoliberal staff-monitored program of the IMF, aiming to cut the civil service wage bill to below 50% through:

1. Freezing recruitment for critical positions in the education and health sectors

2. Suppressing wage reviews and ignoring the erosion of wages and incomes due to inflation

3. Inflation targeting, tight monetary policy, and keeping the fiscal deficit to 1.5% of GDP

4. Prioritizing debt servicing of odious debts and cutting public spending for critical social sectors

Weaknesses of the Budget

a. Inflation

The 2025 budget statement was based on a baseline and shock scenario. However, the budget has been affected by the shock scenario, undermining the real figures and outcomes. It was predicated on inflation being kept below 41.5%, but inflation has now surpassed the shock scenario, reaching 92.6%.

b. Budget Deficit

The budget assumed revenue would be at least 18.5% of GDP. However, with aid cuts and slow economic growth, this is no longer feasible. Growth in the manufacturing, mining, and tourism sectors has been revised downward, which will negatively impact taxable revenue. The agriculture sector is the only one poised for a rebound.

Austerity

Education

The education sector continues to struggle under the impact of neoliberal austerity measures: a. Freezing teacher recruitment undermines the quality of education, as the student-to-teacher ratio remains unaddressed. b. The Heritage-based curriculum faces challenges due to slow funding for infrastructure, with only six

ICT labs capacitated. c. Low wages are affecting staff morale, and collective job actions continue to disrupt learning. d. Infrastructure funding is slow, and the construction of new schools remains largely propaganda, with no tangible results. e. The 2025 budget allocated 16% to the Ministry of Primary and Secondary Education, below the 20% recommended by the Dakar Declaration. Inflation exacerbates the situation. f. The government has not been funding BEAM adequately. While funding is allocated, cash budgeting delays payments.

Higher Education

a. There is no significant funding for artificial intelligence research. b. Poor staff remuneration has led to collective job actions. The University of Zimbabwe is in crisis, with lecturers striking and allegations of fake results being published. c. Infrastructure funding remains suppressed, leaving students struggling with accommodation and inadequate lecture and study rooms.

What Mthuli Missed

a. Measures to address rampant smuggling of minerals, particularly gold and lithium. b. Solutions to the massive procurement crisis, where goods are purchased at inflated prices. c. Accountability in the Mutapa Investment Fund, which should contribute to the national budget rather than serve as a vehicle for political corruption. d. Addressing the erosion of wages and incomes due to inflation. e. A clear plan to address the budget deficit, which has grown due to aid cuts and slow economic growth. Borrowing from domestic and external markets will suffocate working people with austerity measures instead of targeting tenderpreneurs and gold smugglers. f. Solutions to the crisis in the education sector, including colleges and universities. g. Immediate measures to address crippling power cuts, which continue to cost workers their jobs. h. A plan to mitigate the effects of trade tariffs on the economy. i. A decisive allocation of funds for antiretroviral treatment and climate change adaptability programs, which have been affected by aid cuts following changes at USAID.

Call to Action

1. Civil service unions must unite to confront Prof. Ncube and the Mnangagwa government, demanding salary reviews. Austerity measures are choking

households and the economy, as families lack disposable incomes. The IMF's 50% wage bill prescription must be rejected.

2. Working people must unite to confront corruption, which is depriving Zimbabwe of billions in potential revenue.
3. Citizens must demand an end to neoliberal policies that are ruining the economy and collapsing social services.
4. Working people should form a Working People’s Party to unite the masses and defend their class interests.
5. The masses must demand the immediate dissolution of the current government and the establishment of a Transitional Authority.

For and on behalf of ARTUZ,

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