

Zimbabwe: Confusion worse confounded

Chris Maroleng*

The rapid socio-economic decline that has been a key feature of the Zimbabwean crisis would seem to be beyond the control of the authorities in that country. Nor is there much indication that negotiations will take place between the main political forces, an event suggested by some as an inevitable prerequisite for a solution to Zimbabwe's policy woes.

That such a resolution to the Zimbabwean imbroglio becomes ever more critical is highlighted by the annualised rise in price inflation, which has now broken through the 1,000 per cent mark. This symbolic watershed has led some previously sober commentators to speculate about a stage, soon being reached, at which the general public finally loses patience with Mugabe's government, or at which the collapse of the

* Chris Maroleng is a senior researcher with the African Security Analysis Programme at the Institute for Security Studies.

economy and the society it is supposed to sustain actually comes to constitute a clear and present danger to regional security.

Concerns surrounding the possible implosion of Zimbabwe have been heightened in recent months as public anger swells over the rising cost of living and the recently introduced monetary policy. Many economic analysts have described the Zimbabwe central bank's new policy as cosmetic, since it fails to address the root causes of the country's economic crisis. The governor of the Reserve Bank of Zimbabwe (RBZ), Gideon Gono, presented this new monetary policy to the nation during his mid-year monetary policy review on 31 July 2006, in which he announced a number of piecemeal economic measures under what he labelled 'Project Sunrise'.

According to the RBZ, this new economic policy – which has seen the devaluation of the local currency by 60 per cent – is focused largely on small and medium enterprise (SME) development. It has also included the removal of three zeroes from the currency from 1 August 2006 through the introduction of a new series of bearer cheques. The central bank chief, who is now being tipped as a presidential candidate when incumbent Robert Mugabe leaves office, gave Zimbabweans until 21 August this year to dispose of old notes in their possession.

However, difficulties experienced in the implementation of this new monetary policy came to fore when Gono had to cut short an official business trip to China after his austerity package brought widespread confusion, principally caused by the limited period allowed for exchanging old money for new, and restrictions on the amount of currency that could be changed per day. People with substantial sums of bearer cheques to dispose of were being required to produce proof of the source of the money in cases where the funds involved were in excess of Z\$100 million for individuals and Z\$5 billion for companies. Where such proof was not satisfactory, the funds were confiscated and deposited into an 'anti-laundering bond' for two years at a zero interest rate. This, of course, constitutes a new kind of confiscatory tax for the cash-strapped government. In a further attempt to curtail money laundering and parallel foreign exchange activities, the RBZ limited daily cash withdrawal to Z\$100,000 for individuals and Z\$750,000 for companies.

'Project Sunrise' has also seen the introduction of nation-wide roadblocks and stricter border patrols involving the Zimbabwe Revenue Authority, Zimbabwe Republic Police and 'The Youth' to investigate the illegal export and import of local currency. Gono estimates that there is more than Z\$33 trillion outside the country in what he termed 'mini central banks'. Under the new measures, anyone caught with currency in excess of Z\$5 million will be prosecuted. Meanwhile, the RBZ says that of the Z\$45 trillion (US\$180 million at the old official rate) of old bearer cheques that had been in circulation, Z\$35 trillion (US\$140 million) had been returned, leaving \$10 trillion (US\$40 million) – 22 per cent of the money in circulation – unaccounted for.

Hyperinflation is one of many symptoms of Zimbabwe's severe economic crisis that has also spawned shortages of fuel, electricity, essential medicines, hard cash and just about every basic survival commodity. More ominously for Zimbabwe's ageing head of state, the economic meltdown has also begun severely to affect members of Mugabe's security establishment who in the past have acted as guarantors for his regime's extended shelf-life. It is not surprising that, in his efforts to ensure that the people entrusted with his security remain loyal, President Mugabe has awarded some of the most important civil positions to 'securocrats', clan and family members. Close family members, such as his sister, Sabina Mugabe, and his nephews Leo Mugabe and Patrick Zhuwawu, wield considerable influence within the administration, and active or retired senior army officers now occupy many key posts.

Retired Generals Zvinavashe and Mujuru both carry considerable weight in many security-related matters, and General Mujuru's influence has increased considerably since his wife was appointed vice president. Retired General Nyambuya has been appointed Minister of Power and Energy, Retired Brigadier General Chiwenza is on the board of the Zimbabwe Electricity Supply Commission, Brigadier General Nyikayaramba is chairman of the National Railways' Board, Air Commodore Karakadzai is general manager of the National Railways of Zimbabwe (NRZ), Retired Colonel Muvhuti is general manager of the Grain Marketing Board, Retired Major General Mbewe heads National Parks and Wildlife, Major General Regeje directs Zimbabwe Broadcasting radio programmes, and Colonel Mutize is supervising Operation Maguta, the military supervision of agriculture.

The opposition Movement for Democratic Change (MDC) and Western governments blame the current crisis on repression and misguided government policy, epitomised by Mugabe's seizure of productive farms from whites for redistribution to landless blacks. The farm seizures destabilised the mainstay agricultural sector and caused severe food shortages after the government failed to provide black villagers resettled on former white farms skills training and input support to maintain production.

President Mugabe, who has ruled Zimbabwe since the country's independence from Britain in 1980, denies mismanaging the country and says its problems are because of economic sabotage by Western governments opposed to his seizure of white land. Additionally, President Mugabe persists in his belief that the main opposition party, the MDC, is carrying out an external foreign agenda and does not qualify as a 'national' political entity.

This location of the MDC outside a legitimate national discourse has provided the pretext for Mugabe's continual refusal to accept the need to engage in a constructive dialogue with the political opposition aimed at finding an end to the crisis. It has also set the context for the international dimension of Mugabe's political message, which had

emerged in the 2000 general election, marked the 2002 presidential election, and would once again be the refrain in the 2005 general election. This interpreted the political battle in Zimbabwe as essentially over the land question, and between a liberation movement and its former colonial oppressor. Clearly absent from this discourse was the articulation of a plan that would extract Zimbabwe from the quagmire. The central bank's recent adoption of 'voodoo economics' presages worse still to come, and international bankers are predicting that inflation will top 4,000 per cent before 2007 is out.