Zimbabwe trapped in satanist economics

by Linda de Hoyos

In the last six months, Zimbabwe, a nation of 10.8 million people, has been afflicted with the "worst drought of the century" to hit Africa, which has wreaked havoc on the country and placed nearly half the population in danger of starvation. But under the leadership of Finance Minister Bernard Chidzero, the government of Zimbabwe has been forging full-speed ahead with a "structural adjustment program" dictated by the International Monetary Fund (IMF)—no matter what the cost to human life.

Chidzero's dedication to the proposition that usury comes first has even earned him accolades from the Britain, Zimbabwe's former colonial master when it was called Rhodesia. On Sept. 17 British Minister for Overseas Development Lynda Chalker praised Zimbabwe for its grim determination to proceed with austerity reforms. Chalker told the press she was "amazed the reforms were on course despite the critical situation."

In January 1991, Zimbabwe agreed to carry out the IMF-dictated structural adjustment program, despite the fact that Zimbabwe has paid a higher proportion of its debt than any other African country. By 1990, Zimbabwe's cumulative *interest payments alone* for the decade of the 1980s was double the entire debt principal of 1980!

Chidzero, who is known to have close ties to Tiny Rowland's Lonrho corporation, Zimbabwe's largest employer, enforced the IMF program, beginning with a 41% devaluation of the Zimbabwe dollar. The IMF also demanded free trade liberalization which forced imports to rise steeply, and cut into Zimbabwe's industry. Exports were also boosted. Under the IMF conditionality requiring that the Grain Marketing Board, which handles grain transactions, balance its books, Zimbabwe was still shipping out food as late as February 1992, when the extent of the impending crop failure was already known.

When the drought hit, Zimbabwe's economy was already feeling the effects of the IMF program, as inflation began to soar and unemployment rose to levels of 20%. After the government hiked interest rates in July, as per IMF instructions, interest rates rose to 42%! The hike in interest rates, some Zimbabwe industrialists believe, was designed to force firms to go to foreign creditors, bringing in more foreign exchange.

Late in 1991, Zimbabwe was downgraded from a "middle-income country" to a "low-income country." Zimbabwe is also host to some 125,000 famished refugees from the war in neighboring Mozambique, with some 5,000 new refugees arriving every month.

The drought has caused even greater dislocation. Zimbabwe is traditionally a food-exporting country, but this year's maize crop is down to 35% of its normal levels. Other crops are down by levels of 50 to 75%. Not only does Zimbabwe lose foreign exchange with the drought, but drought relief to stave off mass starvation requires that Zimbabwe import 2 million tons of food this year, of which only 1 million has been procured so far.

In addition, the drought has destroyed the country's major energy supplier: hydropower. On Sept. 21, the state-run electricity authority told all companies to slash power consumption by up to 30% and unilaterally cut household use by 75%. Many companies were already operating at only 70% capacity because of the energy shortage. The power cuts are expected to have affected 65,000 jobs.

The combined effect of the drought and the structural adjustment program is expected to shrink Zimbabwe's total Gross Domestic Product by 9-12% for 1992, with fears the collapse could be as great as 20%.

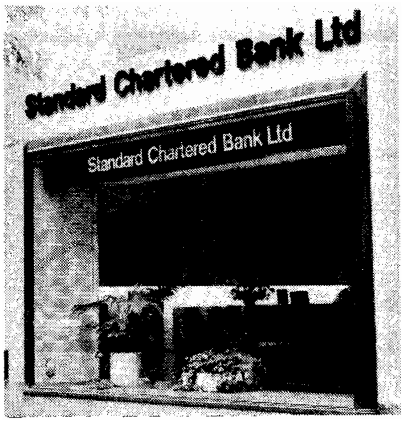
Enter the devil

But mercy for the hungry is not the order of the day. Instead, the British banks and IMF have used Zimbabwe's increased food dependency to press even harder for their demands to crash what's left of the Zimbabwe economy. In mid-July, as the Zimbabwe population was reeling under the effects of the drought, with only *one-third* of the afflicted population receiving food relief, the British bank Standard Chartered issued a scathing attack on the government for failure to "hop to" with the IMF program.

Intoned Standard Chartered, Britain's largest bank in Africa, "Since Zimbabwe, in its present dire straits, has no viable alternative to an IMF package, the government will have to grit its teeth and agree to politically unpopular policies. The difficult part will be implementing those policies, given the slippage in implementing ESAP [Enhanced Structural Adjustment Program] . . . and securing the political consensus necessary if the program is to proceed."

On July 30, Finance Minister Chidzero dutifully informed Parliament that Zimbabwe would proceed with the reforms "as the only way forward even in these difficult times." Chidzero announced that the government would:

- impose a 5% drought tax surcharge on individuals and companies to pay for the effects of the drought;
- cut subsidies to state sector industries, and move to sell them off to private owners;
- cut government spending by 20% despite the 40% inflation rate and $200 million projected spending for drought relief; cuts will include chopping the civil service by 10,000 jobs with plans for cutting another 10,000 in 1993;
- impose a further currency devaluation, this time for 15%, scheduled for later in 1992;
- cut food subsidies.



This British "Dope, Inc." bank ordered Zimbabwe to kill its own people.

Let them eat debt

In the last category, on Aug. 4, the government raised the price of maize meal, the major staple, by 50%, and the price of bread by 67%. The price hike, the government said, was necessary to offset the cost of importing food relief.

Then, on Sept. 2, drought victims were told that would have to live on 5 kilograms (11 pounds) of maize a month—a quarter of what they need to survive. The government, as reported by Reuters, said it was slashing food relief by two-thirds from 15 kilograms to 5, because of difficulties importing food. Aid workers say that a person needs 20 kilograms a month of maize meal to survive.

Striking the understated tone of a British aristocrat, Deputy Social Affairs Minister Florence Chitauro told a news conference, "We are dealing with a crisis situation which calls for some modification in our eating habits. People are being urged to prepare just enough food for their immediate consumption and not to throw away leftovers"!

Such admonitions tend to ignore the reality that the food consumption has already fallen to starvation levels. According to an Oct. 1 Reuters wire, people are now dying of hunger in northern Zimbabwe. Although the government has not admitted any deaths by starvation, Chief Sansali of the Binga district told Reuters: "I told my people to fend for themselves while we wait for nature to take its course. It already has anyway, because my people are dying of hunger every day."

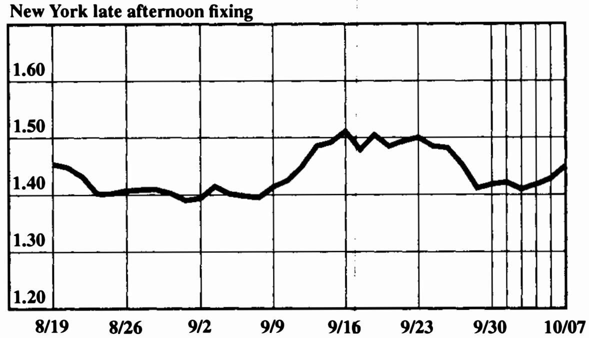
There are some recompenses, however. On Sept. 14, the IMF announced approval of a $459 million loan for Zimbabwe, which of course is dependent upon strict adherence to the structural adjustment program.

And, in an action that will be a relief for animal lovers, the U.S. Fish and Wildlife Service declared that it would give Zimbabwe $200,000 in emergency aid to help relocate about 400 elephants parched by the drought. "In addition to saving these animals from almost certain death, the relocation expands the African elephant's range outside the park into areas where they have been absent for years," FWS director John Turner happily noted.

Currency Rates

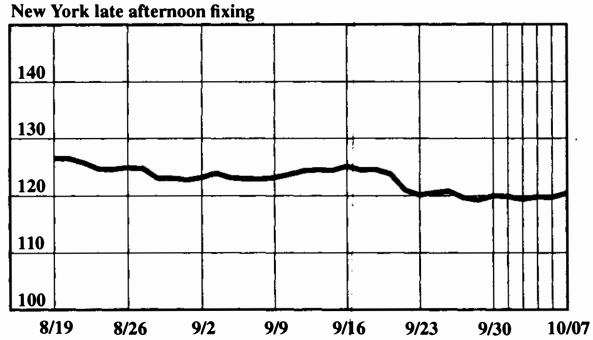
The dollar in deutschemarks

New York late afternoon fixing



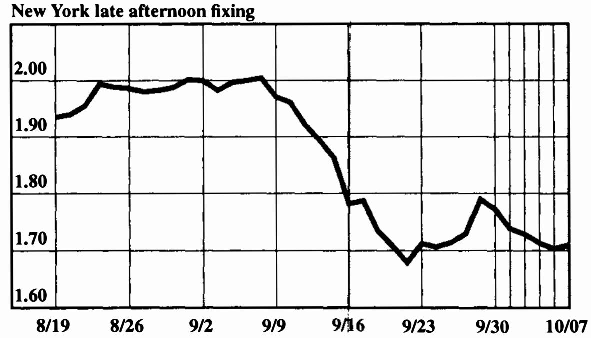
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing