Africa Report by Linda de Hoyos

IMF puts Zimbabwe under the gun

The IMF keeps upping the ante against Zimbabwe—all part of London's geopolitical strategems.

Speaking at the Third Southern African International Dialogue held in Victoria Falls on Oct. 5, Zimbabwe President Robert Mugabe called for major reforms in the global financial system. "No economic empowerment initiatives can thrive under the threat of unregulated currency trading," he told assembled leaders from Africa and Asia. "This situation is made worse by the crippling foreign debt burden weighing down on most developing countries." Globalization, he warned, could result in global polarization. "It could mean getting swamped by the rich from the North, who appear to enjoy all the advantages at the expense of the South, whose condition continues to worsen."

But, as President Mugabe knows, not only is the global financial system, bankrupt as it is, functioning to the disadvantage of the developing countries. The International Monetary Fund (IMF) and like-minded agencies of the United Nations act at the service of the private interests of the British Commonwealth, particularly in Africa, where the British Crown's extraction companies are on an acquisition campaign for the continent's mineral wealth. Since Zimbabwe sent troops in August 1998 to defend the Democratic Republic of Congo (D.R.C.) against invading Uganda and Rwanda, Zimbabwe, although it had not fallen behind in debt payments, has been under the IMF gun.

The IMF has refused to release a $193 million tranche in its Structural Adjustment Facility, citing new conditionalities. Privately, Zimbabwe officials were told that the demand was that Zimbabwe remove its troops from the Congo, and, it is implied, permit Uganda and Rwanda to take over the country. Waiting behind the Ugandan and Rwandan militaries (which have effectively annexed three eastern Congolese provinces), are such mining companies as Canada's Banro Resources and Barrick Gold.

The same day that Mugabe was calling for reform of the unjust monetary system over which the IMF presides, the IMF and World Bank launched a new assault on Zimbabwe. The World Bank cancelled a meeting for Oct. 7 where it was to release $140 million, charging that Zimbabwe had misled the Fund and lied about the size of its military expenditures. Zimbabwe officials had told the IMF that it was spending $3 million a month on its deployment to the Congo, but the Bank claimed that an internal Finance Ministry memorandum showed the figure was $27 million. Finance Minister Herbert Murerwa told the press that the memorandum was a request for $27 million, not the actual disbursement. He said that the IMF had already appeared to accept this explanation.

Even so, the World Bank announced on Oct. 6 that aid to Zimbabwe was suspended until it met IMF conditionalities. The African Development Bank then withheld another $130 million.

The IMF siege has put the economy into a tailspin. Without the Fund's approval, donor funds are cut. This, combined with the plummeting of the price of gold, Zimbabwe's major export, over the last year, has caused a budget crisis, a run on the country's currency, and inflation soaring to 70%. An IMF team, which has been in Harare, Zimbabwe's capital, since Oct. 6, is demanding a devaluation of the Zimbabwean dollar, a cut in the budget deficit to only 2% of GDP, and withdrawal from the Congo. According to an unnamed source cited in the *Financial Gazette,* "There has been some agreement on the issue of the D.R.C. troop withdrawal, with the government saying that it is banking on the current cease-fire process and that it will pull its men and equipment out once the cease-fire takes hold." Given a new offensive being carried out by Uganda and Rwanda, this is unlikely to be soon.

The Zimbabwe government refuses to devalue its currency, and will commit itself only to reducing the budget deficit to 4-5% of GDP.

The crunch on the government budget is wreaking havoc. Doctors working for the national medical system have been on strike for the last month, demanding a doubling of wages. Although the government has promised the wage hike by January, the strike is still not over. The government is also stymied in carrying out its land reform program, by which uncultivated land of large private owners would be bought, and then distributed to Zimbabwe's many landless farmers, who were forced out of their homesteads during British rule. The IMF has demanded the government fully compensate the private land-owners—the first conditionality used to delay the disbursal of the $193 million tranche. Then, the Fund turned around and put the squeeze on the Zimbabwe budget. Now, farmers are threatening land seizures, the kind of chaos the government sought to prevent.

Treatment meted out to Zimbabwe by the IMF, World Bank, and Paris Club of government donors, contrasts starkly with that given to Uganda, where a new debt relief package was announced last month. If there is any pressure from donor countries on Uganda to withdraw from the Congo, it is all bark but no bite.