mineral-rich Katanga and Kasai provinces, and threaten the countries of the Southern African Development Community (SADC), to the south of Congo. This was not appreciated at all in London and Washington, because both the British and U.S. governments had given clandestine support to the Ugandan/Rwandan invasion.

Zimbabwe's Potential Leadership Role

What the foreign visitor to Zimbabwe realizes immediately, is the tremendous agricultural and economic potential of the country. Even as first seen during the approach by air, the rich and highly developed agricultural land, with a network of roads and dams, is impressive. But Zimbabwe has much more water than it can use right now. The Zambezi River in the north could deliver water to the dry southwest around Bulawayo, Zimbabwe's second-largest city. The engineers in the Ministry of Water Development in Harare are very confident, that if they could only realize the water projects that they already have designed, Zimbabwe's agricultural production could rise tremendously, to guarantee self-sufficiency and even more exports than today.

The country could also become a powerhouse for industrial production. It already has the largest industrial base in Sub-Saharan Africa, after South Africa, including a steel mill.

Finally, geographically, Zimbabwe is the natural infrastructure link between South Africa in the south and Congo and Eastern Africa in the north. Already Zimbabwean engineers are planning region-wide expansion of road and rail networks. For any real development of Southern and Central Africa, Zimbabwe will be a decisive factor. If it can break the colonial shackles of the past—as the government is trying to do with the land reform—and intensify the type of South-South cooperation that has developed in recent years, with the leadership of Malaysia's Prime Minister Dr. Mahathir bin Mohamad, then the country could become a pivot in Africa for replacing the collapsing world financial system with a new, just world economic order. Zimbabwe's potential thus constitutes a serious threat to the strategic interests of the modern colonialists. The British and Anglo-American elites know this, and they are acting to destroy Zimbabwe, by orchestrating what they call the Zimbabwe crisis.

IMF, World Bank Put Zimbabwe Under Siege

by Dean Andromidas

Walking about Harare, the capital of Zimbabwe, one can hardly recognize what its colonial past was 21 years ago, before independence, when the city was still named Salisbury, after the Earl of Salisbury, and was the administative center for the British colony of Southern Rhodesia, the namesake of British African empire builder Cecil Rhodes. But, nestled between the high-rise office buildings that seem to have eclipsed the markings of the colonial era, there stands a stately building fully restored to its turn-of-the century glory, what appears to be one of the finest examples of British African colonial architecture. Written across its entrance-way, one can read, "Lonrho Building." Here was, no doubt, the first home of the legendary London and Rhodesia Company. The security guards there today have never heard of the colorfully infamous, late chairman, Tiny Rowland, who ushered one of Britian's best known imperial-era companies through the troubled waters of neo-imperialism. They only know the Lonrho Building as the current home of the Zimbabwean headquarters of the International Monetary Fund (IMF) and World Bank. Some things never change.

For more than three years, the IMF has put Zimbabwe under siege. Make no mistake: This punishment is far worse than the United Nations sanctions that had been imposed on Ian Smith's apartheid Republic of Rhodesia in the 1960s and 1970s. The IMF and World Bank are working hand-in-glove with the British Foreign Office and the complex of Anglo-American mining and financial interests, to implement a policy of genocidal war and economic impoverishment in Africa.

Zimbabwe's "crime" was to defend itself from this onslaught. First, in 1998, it deployed its troops to defend the Democratic Republic of the Congo, preventing the Anglo-American marcher-lords, Ugandan President Yoweri Museveni and Rwandan President Paul Kagame, from conquering the D.R.C.—thus throwing a roadblock in front of the multinational mining companies, such as Barrick Gold, whose advisory board includes former U.S. President George H.W. Bush.

Its second crime was to embark on its land redistribution policy, aimed at redressing the historic inequity of the ownership of 11 million hectares of prime agricultural land by the same colonial interests against which Zimbabwe fought a bitter liberation war.

Of course, its third crime was failing to fully implement the Economic Structural Adjustment Program (ESAP) which it adopted in 1990, under pressure from the IMF.

Today, unprecedented political and economic pressure is being exerted to force Zimbabwe to "toe the line," in return for being brought back into the IMF fold. At the end of February, Zimbabwe President Robert Mugabe met with IMF Managing Director Horst Köhler and World Bank President James Wolfensohn, during the IMF-World Bank summit with African heads of state in Dar es Salaam, Tanzania. On March 8, an IMF delegation was dispatched to Harare to draft a so-called "shadow" program, requiring Zimbabwe to implement draconian "fiscal discipline" and a 20% devaluation of its currency. If agreed to, not one cent of new money will be released before August, if at all.

According to Harare sources, the high-level talks between South Africa and Zimbabwe on March 18-19, led by South African Finance Minister Trevor Manuel and Zimbabwe Finance Minister Simba Makoni, were aimed at having South Africa underwrite the deal. At a press conference following the talks, Minister Makoni said that the government would be committed to fiscal discipline and to "restoring relations with international multilateral institutions." This was clearly for the ears of the IMF delegation, which was still lodged at the Lonrho Building in Harare.

Whether such an agreement is reached or not, this will not be the closing chapter in Zimbabwe's and the rest of Southern Africa's conflict with the IMF and the financial oligarchy its serves.

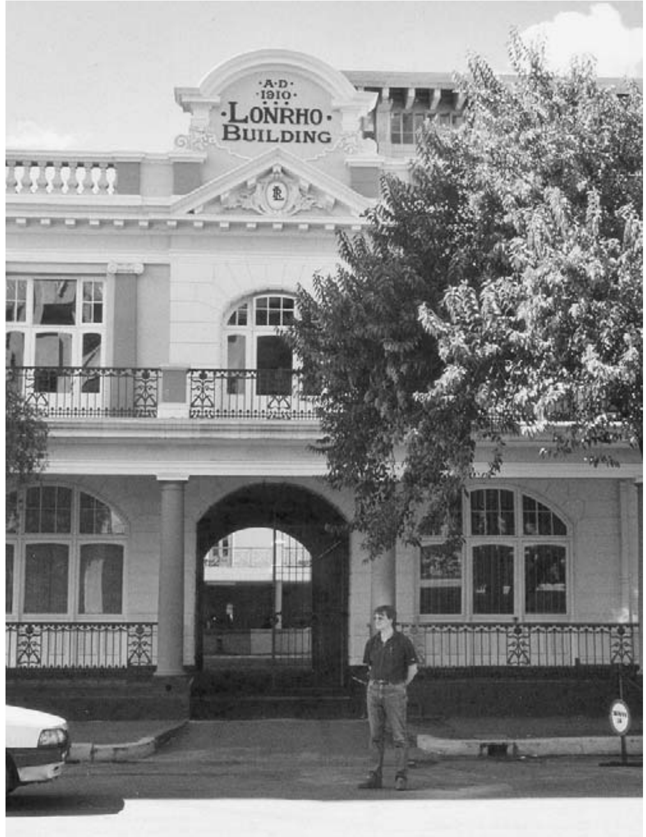
EIR had the opportunity to see the effect of the IMF's ESAP firsthand, as well as to talk with government ministers, officials, political leaders, and the "man in the street." We found that the principal issue in Zimbabwe is the catastrophic effect of the ESAP, and Zimbabwe's bitter experience with the IMF since winning its independence in 1980. *EIR*'s correspondents saw the same problem that afflicts almost all developing countries, where a strong commitment to nation-building is undermined by the adoption, sometimes with misplaced enthusiasm, of IMF policies, including the ESAP and its rhetoric of "globalization," "trade liberalization," and "privatization."

Mugabe Slams the IMF Program

In his address to the special party congress of the ruling ZANU-PF party in December 2000, President Mugabe recognized that it was a mistake to adopt the disastrous policy that has been at the root of the country's political discord. He told the party delegates:

"The hardships we endure today arise from the programs of adjustment in which we acquiesced at the beginning of this decade, which have had the terrible effect of simply wiping off the phenomenal social gains we had made during the first decade of our independence. Presently, many of our young people are unemployed; support for our communal farmers has declined; our health institutions can no longer adequately serve our people; our social safety nets are largely dismantled, and the laws to protect workers against arbitrary retrenchments are, by and large, repealed. Our people suffer and blame the party and government for it. . . .

"For the past decade, we adjusted and liberalized the economy by way of ESAP and its sequel ZIMPREST. The question we could not answer in both programs is: For whom are we adjusting the economy? By hindsight and by sheer deepening misery of our people, we can now answer that question. We adjusted the economy to serve the external interests, which is why our people have nothing to show, ten years into the adjustment."



The Lonrho Building in Harare, appropriately enough, has today become the Zimbabwean headquarters of the International Monetary Fund and World Bank.

Agricultural Policy

At the same party congress, President Mugabe laid out his government's land redistribution program as being at the center of an economic policy which he hoped would address the failure of the ESAP.

This was explained to *EIR* by a senior ZANU-PF official, who said that the government must now address "fundamental issues." The official pointed out that as a developing country, which has no control over commodity prices, especially cash crops and minerals, the first priority of the government is to develop its tremendous agricultural potential, to achieve food self-sufficiency as well as improve its export potential. In this regard, the government has plans to build at least one dam in every rural district per year. There was also concern about moving away from dependency on tobacco, which now accounts for 40% of export earnings.

The official pointed out that this requires gaining control of the land, for the benefit of all Zimbabweans. He emphasized that, while the government is moving to regain control of 5 million hectares of land that is currently held by the commercial farming sector, there is no attempt to deny anyone the right to farm. The government has drafted legislation to limit the size of farms to between 1,000 and 2,500 hectares in the most productive regions of the country. Many commercial farmers own up to seven farms, and in general only 35% of the land they own is under cultivation.

If not addressed, the official pointed out, this is a "potential timebomb." "We must feed our people," he said, and this cannot be done when 65% of the nation's most fertile land lies fallow.

He said that the government is trying to pursue an industrial policy that would contribute to developing Zimbabwe's full agricultural potential, including building transport infrastructure, and food processing. But, he said, the "globalization concept" has greatly damaged Zimbabwe's manufacturing sector.

He pointed out that, now, Zimbabwe has been "put under siege," and the IMF and international donors refuse to support the government's policy.

'That Monstrous Creature'

Last year, when the IMF again refused any lending to Zimbabwe, President Mugabe declared, "Let that monstrous creature get out of our way. Why should we continue to plead? Let us look elsewhere for resources. After all, the money is not to be given free of charge. The money is a loan, and if you are going to go down on your knees and confess, as if to the Almighty, for your sins, they will say, 'Okay, you have done wrong—and can you now do this and that in the future?' For goodness sake, we are a sovereign country, and we must not humiliate ourselves to that extent."

But why does President Mugabe find himself compelled again to negotiate with the IMF? The answer is brutally simple. Neither Zimbabwe nor any other country in Africa, nor anywhere else, can exercise its sovereignty, unless that "monstrous creature," and the Anglo-American financial establishment that controls it, is defeated.

This is especially the case in Zimbabwe and South Africa, whose economies continue to be dominated by the international financier establishment centering around the powerful mining empire of Anglo American Corp. and its sister company, DeBeers, along with its related banking, insurance, and finance houses. Zimbabwe's economy and its commercially held land are part and parcel of this economic empire. The dismantling of both the Ian Smith regime in Rhodesia and the South African apartheid regime has proved to be far easier than dismantling the control of this truly "monstrous creature."

A brief review of the IMF role in Zimbabwe in the last 20 years since independence, is now in order.

The Unfinished Fight for Independence

Zimbabwe was one of the few countries to win its independence after a bitter 14-year guerrilla war. It inherited an economy and an administrative system that had been created to serve a white colonialist population of no more than 200,000 people, leaving the remaining 7 million people politically and economically disenfranchised. The first years of independence saw the ZANU-PF address these issues. The ministries responsible for not only health, education, and welfare, but also agriculture and infrastructure, had to be greatly expanded. Thus, between 1980 and 1990, the number of students enrolled in primary and secondary schools went from 1.2 million to 2.2 million. Secondary students went from 74,000 to more than 700,000, giving Zimbabwe one of the highest literacy rates in Africa. An entire health system was created, with the construction of an impressive number of hospitals and clinics throughout the country, as well as basic infrastructure such as roads, water projects, and electricity and communications. The government created about 55 "growth centers," which constitute nodal points of infrastructure, bringing together roads, electricity, schools, and healthcare facilities, to service the communal farm regions where 55% of the population lives—the 55% who had been ignored under the Rhodesian regime.

Nonetheless, economic independence did not come with political independence. Not only was the best agricultural land controlled by the white settlers and powerful British and South African corporations, as well as a number of British "Earls," "Dukes," and "Sirs," but the rest of the economy was as well. Zimbabwe is the second most industrialized country in Sub-Saharan Africa, after South Africa, but even now, 90% of the economy is controlled by the same Anglo-American interests that ran Rhodesia.

With independence came a new Finance Minister, Bernard Chidzero, who had spent the years of the liberation struggle cloistered at the United Nations. Educated at Harvard and in London, Chidzero was a favorite of the IMF and the British, and reigned as Finance Minister between 1980 and 1995. In 1982, under Chidzero's tutalege, Zimbabwe found itself reluctantly accepting its first "IMF Stabilization Program," complete with demands for currency devaluation, massive cuts in the budget, particularly for health, edcuation, and welfare, as well as food subsidies. By 1984, the IMF cut off credit to Zimbabwe because it refused to cut deep enough.

Also in 1982, apartheid South Africa, or more precisely Anglo-American South Africa, moved to cut off land-locked Zimbabwe's access to its ports, and launched irregular war against it, through its support of the Mozambique rebel movement Renamo. The latter attacked the transport corridors between Zimbabwe and Mozambique's two major ports, Beira and Maputo, forcing Zimbabwe to spend millions of precious dollars on maintaining 30,000 troops in Mozambique. This military commitment did not end until the end of the civil war in Mozambique in 1992.

The IMF and the British in particular attacked Zimbabwe's first attempts at land redistribution. As part of the Lancaster House Agreement, which ended the war for independence, both the British and U.S. governments promised to finance land redistribution programs. But the agreement stipulated that for the first ten years of independence, the commercial farms could only be bought and sold on a "willing buyer and willing seller" basis. Nonetheless, the government was able to purchase enough land to resettle 70,000 people. But by 1989, the British government cut its funding commitment. Why? One senior Zimbabwean Agriculture Ministry official, who had been in charge of the program, told *EIR* that the reason had nothing to do with "transparency," as the IMF types would claim.

"The British told us we were doing too good a job," the official said. "You see, we were building the necessary infrastructure to make the redistribution exercise viable. This included paved roads, schools, clinics, as well as the necessary water and electricity systems. The British told us all this was not necessary, and we should take the least costly approach." The money soon dried up.

As with all IMF "stabilization programs," this one failed to bring stability or economic growth. By 1989, Zimbabwe had a foreign debt of more than US$2.6 billion. The IMF solution was the ESAP, which was tailored for the new policy of "globalization."

The earlier failure of the IMF stabilization program provoked a great debate within the country, which continues to this day, on whether to adopt the new policy. But by October 1990, the new policy was accepted, and once again guided by Finance Minister Chidzero. One compelling reason for adopting the policy was the fact that donor nations, including the United States and the leading West European countries, will not give financial assistance unless an ESAP is adopted.

The cornerstones of the policy were the same as before: trade liberalization, both domestic and foreign; deregulation of prices and wages; lifting of all currency controls; massive cutting of the public budget; privatization of parastatal companies and slashing government employee roles, as well as repealing labor laws that protected minimum wages and job security.

Under the policy of "cost recovery," school fees were charged for primary schools, and students had to pay for textbooks and other expenses such as uniforms. The education budget was cut by 32%. The IMF's economists claimed that Zimbabwe's population was being over educated! By 1999, the number of students in the education system dropped by 20%, despite the extraordinary commitment Zimbabweans have toward educating their children.

Although the government maintained, theoretically, free health care for the poor, medicines disappeared from the shelves of hospitals and clinics. Along with the medicines, the medical staffs all but disappeared as well, and the cost of medicine went up 150%. This occurred while the AIDS epidemic reached catastrophic proportions, with 24% of the population becoming HIV-positive.

Trade liberalization resulted in the collapse of Zimbabwe's industrial base, especially its textile industry (see **Table 1**). In the first six years of the program, industrial production fell by an average of 15-20%. While jobs in the public sector where retrenched by 20,000 and in the private sector by 25,000 in this period, 250,000 to 300,000 youth were leaving school and entering the labor market every year!

The cost of living zoomed upward, while between 1990 and 1997, average real wages fell by 33% despite rising productivity.

One of the hardest-hit areas has been agriculture, but not for the commercial farmers. After independence, the government had made extraordinary efforts to increase production in the communal farming areas, where the vast majority of indigenous Zimbabweans live. This included roads, infrastructure, agriculture extension programs, subsidies for seeds and fertilizer, and the creation of a grain marketing board that would enable communal farmers to sell their surplus. These programs suffered massive cuts across the board, under the IMF regime.

A former Industry and Trade Minister explained to *EIR* the obvious failure of the policy: "Between 1980 and 1990, we had growth rates of 5% annually, but between 1990 and now it has hardly reached 1%. . . . The official exchange rate for the Zimbabwe dollar in 1990 was 8 to the U.S. dollar; now it is 60. In 1990, a loaf of bread cost 4 Zimbabwe dollars, now it costs 25. As for the foreign investment that Chidzero promised, it never materialized!"

Another senior official in the Agriculture Ministry told *EIR,* "When the ESAP was implemented, the IMF brought us to seminars to show us how it would work. They then brought in their 'shadow' ministers, who looked over your shoulder to make sure you were sticking to the program. At the end of the day, you saw your programs being cut, social services being reduced, and the constant reminder: 'If you don't do it our way, we will cut you off.' Then, by 1996, when the whole exercise began to unravel. The IMF cut the credit lines and said, 'You are now being monitored.' "

A concrete example of this was the budget of the District Development Fund, the governmental agency responsible for the building of infrastructure such as feeder roads and small

TABLE 1

Manufacturing Volume of Production in Zimbabwe

(1980 = 100)

Sector	1991	1992	1993	1994	1995	1996	1997
Foodstuffs (including stock-feeds)	147.2	150.1	123.1	129.6	141.9	127.6	135.4
Drink and tobacco	133.8	134.3	126.5	127.0	118.8	130.8	134.2
Textiles (including cotton ginning)	226.2	176.2	192.4	206.2	80.9	80.0	80.0
Clothing and footwear	148.9	124.5	127.7	125.2	100.0	101.7	101.8
Wood and furniture	101.2	105.8	95.3	106.1	114.9	160.3	133.8
Paper, printing, and publishing	143.7	143.0	149.5	168.9	155.5	152.8	153.1
Chemical and petroleum products	159.4	138.1	129.4	148.7	133.6	136.9	155.8
Non-metallic mineral products	170.1	157.7	129.7	1169.8	156.6	181.8	176.7
Metals and metal products	113.5	100.6	82.3	92.1	88.1	88.9	93.6
Transport equipment	142.8	141.0	82.0	132.6	138.6	200.5	203.3
Other	47.9	39.4	95.0	84.6	53.2	54.5	40.5
Total	**143.0**	**129.9**	**119.3**	**130.7**	**113.4**	**116.9**	**120.6**

Source: Central Statistics Office of Zimbabwe, *Quarterly Digest of Statistics,* 1998.

dams in these communal areas. It was cut from 5 billion Zimbabwean dollars to 1 billion. It is important to note that it is this department which is responsible for building the infrastructure required for the land redistribution program. Cutting of the budget contributed to the sharp decline in the productivity of the communal farmers who account for most of the production of maize, one of Zimbabwe's staple crops.

Destabilization Escalates

On Dec. 9, 1997, Zimbabwe experienced its first food riots, which were soon followed by the Anglo-American effort in 1998 to overthrow President Mugabe. Pressure from the IMF became an integral feature of this operation. While the opposition Movement for Democratic Change channeled the rage in the population against the government, rather than against the IMF, the Fund and the British Foreign Office moved to tighten the economic noose around Zimbabwe's neck.

Once the IMF suspended its support for Zimbabwe's failed ESAP, it automatically made it impossible for Zimbabwe to contract loans from either commercial sources or donor countries. In the last year, under this pressure, almost all donor countries have suspended what aid programs existed. On top of this, the European Union is threatening to impose sanctions, including blocking Zimbabwe's agricultural exports to Western Europe, its principal trading partner.

One example of what this means concretely, is the Mukwasine Dam and Irrigation project. This project is part of a network of dams planned for the southeast of the country, which would turn one of the most arid and least productive regions into a green belt, allowing for hundreds of thousands of hectares to be utilized for the cultivation of sugar and grain. Although the dam is half built, under British pressure, several European countries only recently suspended the loans they had already begun disbursing for the project. Zimbabwe cannot pay contractors, and this is costing the country millions of dollars a day.

The aid cutoff threatens no fewer than 80 dams and other major water projects under construction or in advanced stages of planning and implementation. Many of these projects are in the Zambezi and Limpopo river basins, and therefore are important for Zimbabwe's neighbors, especially Botswana and Mozambique. Some of these projects would help to prevent the catastrophic flooding that is affecting hundreds of thousands of people in Mozambique.

Another example is the suspension of a program in which the German government had promised road-building equipment needed to repair roads destroyed by the massive flooding that occurred both this year and last year.

Denied sufficient foreign exchange, Zimbabwe has been unable to import sufficient amounts of oil, spare parts, and even medicines. The commercial farm sector, which accounts for 40% of the country's foreign exchange, is working closely with the IMF, threatening not to sell this year's tobacco crop unless the Zimbabwe dollar is devalued. The other major foreign exchange earner is the mining sector, which is dominated by Anglo American and other mining companies controlled by British and South African interests which are now closing down their operations, claiming foreign exchange shortages and low prices. On March 19, Falcon Gold Mining, which is controlled by Anglo-South African interests, closed down production.

The assault constitutes a case of collective punishment, and only the absence of an occupying army would prevent it from being declared a war crime under the Geneva Conventions.