

Statement of
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“Zimbabwe: From Crisis to Renewal”

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Mr. Chairman and Members of the Committee, I request that the entirety of my statement be submitted for the record.

Mr. Chairman and Members of the Committee, ladies and gentlemen, I am honored to give my testimony on “Zimbabwe: From Crisis to Renewal.”

I first visited Zimbabwe in 1993 and made numerous trips to that country in the succeeding years. It is a country whose natural beauty I came to appreciate and whose people I came to love. During my first trip to Zimbabwe I noticed that poverty and fear were ubiquitous. Still, like most people, I was shocked by the spiral of economic decline and political violence that started in the late 1990s and marked most of the past decade.

Over the last ten years, I observed the situation in Zimbabwe and wrote about it in newspapers around the world, including the *Financial Times* and the *Wall Street Journal*. My research led me to conclude that the economic and political destruction of Zimbabwe was, without a doubt, man-made. The excuses of Robert Mugabe, his henchmen and foreign apologists, who blame the destruction of that once relatively prosperous country on everything from targeted sanctions to weather patterns, are contemptible.

Toward the end of the 1990s, the opposition to Mugabe’s misrule of Zimbabwe grew in strength. When he lost a nation-wide referendum on a new constitution in 1999, Mugabe realized that a defeat in the next election was very likely. He decided to destroy the opposition by expropriating the commercial farmers who formed the financial backbone of the opposition movement.

The frontal attack on property rights of the farmers wiped out much of Zimbabwe’s export earnings and sent destructive ripples throughout the rest of the economy. Land titles became worthless and could not serve as collateral. The banking sector seized up. Gideon Gono, the Governor of the Reserve Bank of Zimbabwe, stepped in and unleashed the printing presses. What followed was the second greatest hyperinflation in history that Steve Hanke of Johns Hopkins University estimated to have reached 90 sextillion percent in 2008. Living standards plummeted to levels last seen in the 1950s. The average life expectancy for men fell to 37 years and for women to 34 years. Unemployment

skyrocketed to between 85 percent and 90 percent. The cholera outbreak of 2008 that killed thousands of people merely demonstrated the obvious – Zimbabwe was now a failed country.

The power-sharing Global Political Agreement of 2008 that was meant to return Zimbabwe to the path to development and democracy was a deeply flawed document. To start with, it ignored the democratically-expressed will of the people who elected Morgan Tsvangirai and his party, the Movement for Democratic Change, to run the country. It was forced upon Mugabe's unwilling ZANU-PF and on the justifiably suspicious MDC by the regional giant, South Africa, in the dying days of Thabo Mbeki's presidency.

The GPA left the military and the Department of Justice in the hands of the ZANU-PF. Crucially, it also left the Ministry of Mines in Mugabe's hands. The mining ministry is essentially an offshoot of the Zimbabwean military. Over the last two years, it has been awarding mining concessions for exploration of Zimbabwe's natural resources, including platinum, diamonds, gold, chrome and nickel, to a number of South African, Chinese and Russian state-owned or government-linked corporations.

Parts of the proceeds from those mining operations are channeled to the Zimbabwean military and to the ZANU-PF. Reports indicate that laborers in the Zimbabwean mines include Chinese and Zimbabwean prisoners. The sharing of the proceeds from the exploitation of Zimbabwe's natural resources with the military and the top echelons of the police, while ignoring the rest of the population, can have only one goal: Mugabe and the ZANU-PF are buying the loyalty of the armed forces and police in order to crack down on the opposition in the future.

The GPA also failed to specify the powers of the President relative to those of the Prime Minister. Over the last two years, Mugabe has repeatedly ignored his Prime Minister and expanded his powers at the latter's expense. Reappointment of Gideon Gono to the governorship of the reserve Bank of Zimbabwe, and the appointment of the provincial governors and of a slew of new ambassadors happened without consultation and, in many cases, against the expressed wishes of the Prime Minister.

To sum up, the GPA did not represent a transfer of power to the democratic forces. All indications are that the ZANU-PF is determined to hang onto power – by whatever means necessary. It is, therefore, unsurprising that the ZANU-PF essentially blocked progress on reforms that are vital if democratic transition is to take place. Among those are a) drafting and adoption of a new constitution, b) liberalization of the media, c) reform of the electoral system and d) de-politicization of the military and police force. The uneasy truce between the two main parties, which we have been observing over the last two years, will, in my opinion, unravel as soon as the ZANU-PF decides that the benefits of eliminating the MDC outweigh the costs of destroying the remnants of the GPA.

Before moving on to the future of Zimbabwe, allow me to make one final observation on Zimbabwe's past. Robert Mugabe and the criminal organization that surrounds him would not have lasted a year, had it not been for the explicit support given to them by

South Africa and most, but not all, of the powers in the region. Botswana and its courageous President Ian Khama and Zambia under the late Levy Mwanawasa deserve our admiration and the gratefulness of the people of Zimbabwe for opposing Mugabe.

The governments of South Africa, Namibia, Mozambique and Angola, on the other hand, ought to be condemned for enabling the orgy of violence and destruction in Zimbabwe to continue. Their decision to hold on to the outdated concept of solidarity between the so-called African “liberation movements,” while ignoring the clearly expressed desire of the Zimbabwean people for change is a sad testament to the self-serving and venal nature of much of the contemporary African ruling elite.

Where do we go from here? The responsibility for the resolution of the Zimbabwean tragedy rests primarily with the people of Zimbabwe and, secondarily, with the governments in Southern Africa. There are clear limits to what the U.S. government and well meaning Americans can and should do. Among the measures that the U.S. government can take are:

1. The continuation of targeted sanctions against persons and companies responsible for the perpetuation of the violence and economic mismanagement in Zimbabwe.
2. A spearheading of the international effort to isolate Mugabe and the ZANU-PF, which should include intensive pressure on other governments in the region to resolve the Zimbabwean issue in favor of democracy and economic growth.
3. A ban on the exports of blood diamonds from Zimbabwe under the Kimberley Process Certification Scheme.
4. Continuation and, preferably, expansion of the Voice of America radio coverage into Zimbabwe. Most Zimbabweans rely on radio for news. Speaking to one of the senior opposition leaders in Zimbabwe, I have learned that “The VOA is the only truthful voice coming to Zimbabwe. In every village people listen to it on the radio. Unfortunately, the VOA broadcast is only an hour long.” It is astonishing that, ten years after Zimbabwe embarked on its road to ruin, the VOA broadcasts are that short. Having grown up behind the Iron Curtain, I can personally attest to the power of truthful information in undermining tyrannical regimes. The role of the Radio Free Europe/Radio Liberty in the collapse of communism was, I believe, absolutely vital. The U.S. government has often expressed its willingness to step up its financial aid to Zimbabwe. And yet, I believe that the U.S. government can help the people of Zimbabwe in a much more effective and efficient way by enabling more Zimbabweans to access truthful information on a more frequent basis. Let the people make up their minds about the course of action that they need to take to better their lot.

I believe that the following actions should be avoided:

1. Provision of foreign aid to the government of Zimbabwe either now or in the event that the government falls into the hands of the MDC.
 - Experience shows that aid is a disincentive to reform. Without recourse to aid, the government of Zimbabwe was forced to take some very important steps that could

stimulate the growth of the economy. Among those was the legalization of the possession of, and trade in, foreign currencies, and partial liberalization of the business environment. Regrettably, the positive effects of those reforms have been limited by a) a threat of renewed political violence, b) uncertainty surrounding property rights and c) indigenization policy that requires 50% of shares in businesses to be owned by Africans. Still, economic reforms that the government adopted already clearly indicate that the government is capable of taking potentially beneficial decisions on its own. What is needed is a coherent set of market reforms that complement each other.

- Far from stimulating development in Africa, aid has retarded it. Between 1975 and 2005, per capita aid to Africa averaged \$24.60 per year. By contrast, in China it averaged \$1.50 and in India \$2.11 Over the same time period, the compounded average annual GDP growth rate per capita in China was 7.9 percent and in India 3.5 percent. In Africa it was a negative 0.16 percent. It is crucial to understand – both by U.S. policymakers and by the Zimbabwean government – that rapid and sustained growth will be needed to return Zimbabwe to the economic conditions of the 1990s, let alone the 1980s. There is no indication whatsoever that foreign aid to Zimbabwe would unleash economic growth. Quite the contrary, it would likely retard it.
 - In the past, aid to Africa has been, by and large, stolen or wasted by rapacious politicians and bureaucrats. There is no surer way to corrupt the few remaining honest politicians and civil servants in Zimbabwe, than to entice them into dishonest behavior with large sums of foreign money. In a nation where a) a steady income of \$200 per month is considered a good salary, b) parliamentary oversight is weak, c) civil society weaker and d) media freedom nonexistent, corruption would increase exponentially.
2. A number of respected commentators in the United States and elsewhere have called for Western governments to finance those government departments in Zimbabwe that are under the sole control of the MDC, such as health and education. In addition to satisfying an understandable humanitarian impulse, the argument goes, Western aid could help the MDC accomplish concrete goals in improving the welfare of the Zimbabwean people and point out the difference between the self-interested ZANU-PF on the one hand and the MDC on the other hand. That argument would be stronger, I believe, if there were a serious likelihood of a democratic transfer of power from the ZANU-PF to the MDC in the coming years. However, I do not believe that a peaceful transfer is likely. Still, should the U.S. government decide to increase aid for education and health, such aid should be accompanied by the highest degree of scrutiny. In my view, it should be ultimately overseen by American officials seconded to the health and education departments in Zimbabwe.
 3. Another main concern about international aid relates to the future involvement of the International Monetary Fund and World Bank. It is crucial for the U.S. government and the MDC to understand that the involvement of those two organizations does not guarantee high and sustained growth rates in Zimbabwe.

Instead, heavy IMF/WB involvement may well produce a cycle of indebtedness and aid dependency that we have seen in many other African countries before.

In order to prosper, Zimbabwe needs to adopt the economic policies that enabled Hong Kong, Singapore, Chile, South Korea, Taiwan and many other previously poor countries to rise from poverty to riches in a space of one or two generations. First, order must be restored and political violence extinguished. The government must then overhaul the corrupt judiciary, putting emphasis on sanctity of persons and property. Trade with the rest of the world must be liberalized and domestic business environment freed of excessive regulation and government interference. Parastatals must be privatized or shut down. Only a free economy can produce prosperity and enable the rebirth of a free people.