

A Trusteeship for Zimbabwe?

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The situation in Zimbabwe has become critical. The nation is suffering economic, health and social implosion. After three fraudulent elections, a chaotic land redistribution program and more recently the "cleansing" of township small and micro business selling black market daily essential needs and the bulldozing and burning of informal homes, President Mugabe has lost any chance of engaging civil society or of turning the situation around. People feel utterly defeated and powerless. As they undertake the grinding daily search for the means to survive, citizens have to deal with an army of spies and oppressive agents of government. Government is now at war with its citizens.

Zimbabweans have also to accommodate the longest-running genocide in fifty years, created by the monumental incompetence and malfeasance of the central government: the HIV-AIDS epidemic. With a 35% infection rate amongst adults, 80% unemployment, mass poverty and food scarcity, HIV turns quickly to AIDS and AIDS to death. No international authority has yet to name this genocide and so no agency has any responsibility to act to stop it!

Political Paralysis

The current danger is that, with Mugabe weak and old, the field is ripe for new demagogues to take over.

Zimbabweans do not see, and thus do not agree, on what to do next. The Mugabe government does not have the ideas or the integrity to persuade the international community to rescue the country it governs. False posturing and lies by Mugabe has led to even the World Food Program having no funds to rescue millions of Zimbabweans from imminent starvation. The main opposition party, the MDC, has yet to fashion a recovery program that can attract both local and international support. The only possible MDC / ZANU-PF joint activity is to re-write the Constitution towards fresh elections that ZANU-PF can only lose. It will not happen for a while.

Now, at last, a senior member of South Africa's ANC party, Cyril

Ramaphosa, has stated that South Africa should intervene in Zimbabwe. He, however, did not say how.

The Role of the International Community

It is a certainty that, over the next ten years, the international community will have to pour large amounts of money into Zimbabwe, if only as humanitarian aid. Immediately, Zimbabwe requires at least US\$818 million (IRIN, April 26th, 2005) for the urgent importation of grains and cereals that it does not have. And another US\$1 billion till this December for fuels, medicines etc. Over the next five years the total Zimbabwe "bill" for 'relief and recovery' will likely come to at least US\$15 billion!

What terms should the international community, including South Africa and the African Union, set for the use of this money? How can aid be provided that will not be drained away by corruption?

This is the key question and opportunity regarding Zimbabwe's recovery and the return of human rights and citizen economic security. South Africa can play a lead role in this effort, and in so doing can restore the promise of NEPAD and of the AU. It has the opportunity to create a "failed state" program based on international trusteeship. Such a plan, if successful, could then be used elsewhere in Africa. It would, for instance, fit the needs of Afghans to wrest competence from war lords and ideologues. It has lessons for South Africa's long marginalized township and rural areas whose non-working local economies still hold the majority of citizens as economic prisoners.

I believe that to be successful, a recovery program must be built upon the quick realization of individual and community economic and social rights. People must be treated as competent immediately, not after prolonged "training" or "management". The plan must give them the financial means and the right to make their own economic decisions, to look after themselves and their families, and to contribute to their communities.

Finally, the management of foreign exchange in any such plan is critical: it must not be diverted into the pockets of corrupt officials or used to pay off the debts of the Mugabe government. Instead, it must be highly strategic. It must pass directly from the trusteeship to economically productive industry and businesses.

The Plan

The following is an outline of the plan that a colleague and I put together in 2003, at the request and with the agreement of the Zimbabwe Country Team of the United Nations. It stands in stark contrast to the usual IMF macroeconomic stabilization program, based on controlling deficits and the balance of payments. Here are the main points:

1. All foreign aid is to go into a special foreign exchange account in the Zimbabwe Reserve Bank, without exception.
2. The equivalent in local currency would be transferred as needed into a *Zimbabwe Economic and Social Rights Trust*, controlled by persons appointed by the UN.
3. A customized foreign exchange system would be implemented under UN supervision.

The Economic and Social Rights Trust would use the inflow of foreign aid to provide "Child" and "Investment Rights" to all citizens who register and act together under Community Trusts formed at the village, neighbourhood, and street levels.

"Child Rights" would be set at US \$60 equivalent per child per month up to 18 years of age. The monthly inflow of funds would be used first to buy locally produced food for daily child feeding. The payments for the food goes 30% to pay the school fee until paid off each term, 10% to the Community Trust, and the balance to the parent / local supplier. In this way, the money would circulate *locally* three to four times, activating and rewarding local economic production and building community cohesion and common purpose.

"Investment Rights," worth US\$300 per adult per year for five years, would be paid to each Community Trust per registered resident adult. These funds would be used jointly at the local level to build or restore community productive capacity such as community gardens, irrigation, improved grazing and woodland, rental housing and other infrastructure, and to finance individual crop production, food processing etc. For the reconstruction of Zimbabwean society, it will be essential that the funds be employed not only at the communal level but also at the individual level as well so as to provide the means to rekindle the private SMME sector so decimated by the Mugabe government.

Impact of the Plan

By design, each Community Trust converts a politically and economically dysfunctional village or neighbourhood into democratic property companies, with modernized rights of access to and ownership of land. They become asset holding, investing and managing bodies. Women become equal owners, the most important gain possible in Africa. These "investment" monies will be more than matched by local equal member/ owner labour contributions since there is now a community body that can turn investments in cash and labour into member dividends.

We anticipate that Community Trusts would join with local government and business to form regional periodic market systems, community banks, production and service companies and the like.

The total cash infusion per year into a community of a thousand adults and a thousand children under 18 would be US\$670,000. To this, the adults would add around US\$456,000 worth of labour. The local income multiplier should rise from around a pathetic 1.4 or so at present to between 3.0 and 4.0. The total annual local economic activity generated per year would be around US\$2.4 million, or US\$4,900 per family of four. This is a return on state / donor investment of 358%. Total investment (cash and labour) would be US\$760,000 per year, or US\$1,500 per family.

This surge in unlocked local energy and economic investment would then drive the national Gross Domestic Product at least 3% per annum higher. It would also generate tax revenues equal to 60%+ of its cost because of the high total national multiplier, which will be around 9. Just as importantly, when compared to the IMF balance of payments route, it would first build local demand to reward the revival of neighbourhoods and then of companies, enabling all Zimbabweans to become active participants, both locally and nationally.

Foreign Exchange

Under the plan, all foreign exchange (forex) provided by the international community would be sold for local currency to business and industry through a series of forex "windows." The first window would be limited to exporters, because export industries like mining, tourism, and agriculture generate forex through their international sales, thus multiplying the amount of forex available. By giving priority to exporters, guarantees for foreign loans would be easier for them to

obtain, further swelling the pool of forex available.

Any forex surplus in the first window would be passed to a second "window" through which national essentials like fuels, medicines etc. are bought. This would act to keep the cost structure of the economy, and inflation, down.

Any further forex surplus would go to a third "window" that would auction its available forex for use by domestic business and industry.

The Reserve Bank of Zimbabwe could amalgamate any forex it might have, but without the right to determine the rules or prices of this internationally supervised scheme.

Balancing Localization with Globalization

The use of economic and social rights programming in this plan, employing a strong "localization" model to balance "globalization," would allow Zimbabwe to come under an innovative form of UN / AU Economic and Social Trusteeship. It would stimulate the economy from the "bottom" up by providing the means for all citizens to quickly become economically active and secure, it would ensure a better than minimum level of schooling and health for all, and it would build communities and local economies, thus laying the foundation for national reconciliation, rapid economic recovery and a broad-based growth in citizen ownership of their country's productive base. We anticipate that this will result in a rapid restoration of an active and participatory democracy.

Financially and organisationally competent communities would be able to soon enter the land market if they wished to expand their land base or to move into particular crops or to be nearer to markets. A full people led agrarian and land reformation will follow this form of economic rights programming, taking the state out of the driver's seat of what has become a too politically charged matter.

Finally, if implemented and fully funded, this recovery plan would attract back the three million Zimbabweans who have fled in the last four years and who have considerable skills and much needed experience.