IMF lays down the law for Zimbabwe post-Mugabe

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Even before Emmerson Mnangagwa was inaugurated as president Friday, the International Monetary Fund (IMF) issued a list of demands post-Mugabe Zimbabwe must meet before being reconsidered for financial aid packages.

The demands make a nonsense of Mnangagwa's platitudes and bromides about renewed democracy, his promise "to serve our country as the president of all citizens" and to provide "jobs, jobs, jobs," delivered in a packed stadium in the capital Harare.

On Thursday, Reuters was told by IMF mission chief for Zimbabwe Gene Leon, "While growth in 2017 will be boosted by the bumper harvest due to the exceptional rainfall, the challenge is to sustain growth going forward in a context where macroeconomic stability is threatened by high government spending, the foreign exchange regime is untenable, and the pace of reform inadequate."

The first task was to address "Excessive government spending" and "the central bank creating money" that was "potentially jeopardising the financial sector."

This meant deficit reduction (through cuts), accelerated "structural reforms" to "restore fiscal and debt sustainability" (more cuts) and to "rebalance the economy towards one where growth is driven by the private sector" (more cuts to the public sector as well as privatisations).

Before re-engaging "with the international community to access much needed financial support," Zimbabwe, which has already paid its arrears to the IMF, must also pay off arrears to the World Bank, the African Development Bank (AfDB) and the European Investment Bank accrued since international aid was cut off in 1999.

This amounts to US$1.4 billion to the World Bank and US$600 million to the AfDB. But Zimbabwe's total debts as of October to the IMF, World Bank and African Development Bank stand at $9 billion—so it faces being bled dry in celebration of the brave new world heralded by last week's deposing of Mugabe.

The replacement of Mugabe with the equally corrupt billionaire Mnangagwa, installed by the billionaire leadership of the armed forces, was prepared for months during which Mnangagwa and his backers reassured the US, Britain and other imperialist powers, as well as key trading partners China and Russia, that he would meet all demands placed on him.

Prior to the palace coup against Mugabe, the November 7 *Zimbabwe Mail* wrote mourning Mnangagwa's deposing as deputy prime minister in the factional struggle between the ZANU-PF old guard and the Generation 40 faction led by Grace Mugabe.

The article, "With Mnangagwa gone, back to square one for the economy!", explained that while in charge of economic ministries, he "began a gamut of reforms. Channels were opened with international financiers that had shunned Zimbabwe, among them the IMF, World Bank and the AfDB," as well as the European Union.

In China, Mnangagwa met entrepreneurs and the China Development Bank Corporation, setting up Special Economic Zones and the Industrial Park Project in Zimbabwe. In a 2015 interview with Chinese TV channel, CCTV, he was asked which areas of the economy needed urgent attention. Mnangagwa replied: "You cannot say there are areas of our economy which we are happy with… We have to see how we can create an investment environment which will attract the flow of capital. We must know that investment can only go where it makes a return so we must make sure we create an environment where investors are happy to put their money because there is a return."

Mugabe responded to the interview by warning, "This is where we are beginning to differ with some of our people; they're going to the extent of approaching the Chinese, saying we want a new leader)."

With Mnangagwa's key ally and former finance minister Patrick Chinamasa declaring during international negotiations that he had "fallen in love with the IMF and

World Bank," Mnangagwa was praised by Eddie Cross, economic secretary of the opposition Movement for Democratic Change (MDC) led by Morgan Tsvangirai, as "a business man who understands business."

Cross now anticipates that the MDC and other oppositional groups will end up in some form of power-sharing with ZANU-PF—possibly even prior to the general election scheduled for next year. In a November 22 interview with *The Zimbabwean*, Cross, a political puppet of the imperialist powers and financial institutions, put flesh on the bones of what is expected of ZANU-PF under Mnangagwa. The "very tough issues… on the table for the new regime" include:

• Shaping the upcoming national budget to reduce the "huge fiscal deficit" this year after the US$1.4 billion deficit in 2016.

• "Free and fair" elections as a precondition for "an IMF guided stabilization and recovery plan."

• The reduction of the fiscal deficit from 15 percent of GDP to just 3 percent "by both reducing recurrent costs and increasing State revenues. Both are going to be difficult to achieve as Zimbabweans are already heavily taxed and any cuts in employment costs are going to be very unpopular."

• Amending or removing the "Indigenisation Act" providing for 51 percent local ownership of corporations, complete autonomy for the Reserve Bank and revisiting land reform by "paying compensation to the [wealthy white] farm owners who had their land taken from them without compensation. Then what to do with the millions of hectares of farm land that is affected by this exercise."

• "Finally, the government is going to have to deal with the national debt which now stands at over US$30 billion [a trebling] if farm compensation is included as a contingent liability."

Another opposition politician with a story to tell is Tendai Biti, the former Minister of Finance from 2009 to 2013 during the period of cooperation between ZANU-PF and the MDC, who fell out with Tsvangirai and now heads the MDC-Renewal party. Biti told *Deutsche Welle* during an economic forum in Johannesburg, South Africa Thursday that Zimbabwe must mend relations with foreign donors. "We have to make peace with London, Brussels and Washington. We have to find the boys and girls with money," he said.

Biti stated, "We have removed the baobab [tree] that is Robert Mugabe. We are not going to allow a little mopane tree, a little acacia tree, to be another Mugabe. People will go back on the streets again." But to make absolutely clear that he was not advocating any popular action against Mnangagwa or the army, he added, "The minister himself will also go back to the streets again with the tanks."

These are the participants in the political and social conspiracy being prepared against the workers and rural poor behind the official celebration of Mugabe's fall.

NKC African Economics, an Oxford company dealing in sovereign risk in 30 African states, insisted in *Business Week*, "The task facing Mnangagwa, Zanu PF, the Movement for Democratic Change (MDC) factions, Joice Mujuru [formerly of ZANU-PF and now Zimbabwe People First] and several others is to put aside party-political issues and begin to implement economic and social policies that will encourage the wider international community to take Zimbabwe seriously and send the resources it needs to rebuild."

Everyone concerned knows full well that the policies that will be taken "seriously" are those which facilitate an international looting operation, hiked up debt repayments and fat compensation packages for Zimbabwe's former masters and the continued impoverishment of working people.

This explains why Zimbabwe's former colonial master is now busy seeking restored relations with Zimbabwe. UK Minister for Africa Rory Stewart made the first ministerial visit to Harare since 1998 on Thursday, where he met and was photographed with Mnangagwa prior to his inauguration. Stewart also met with Tsvangirai and Majuro. The Conservative government announced that Britain is putting together a package of support for Zimbabwe that is made conditional on "political and economic reform."