

The Growing Economic and Financial Crisis in Zimbabwe: What Will be the Effects on Elections in 2023?

welcome everybody to the
self-distress policy dialogue
today we are looking at the growing
economic and financial crisis in
zimbabwe
what will be the effects
on elections in 2023
and we have we are we are honored and
privileged to have
among the best romantic commentators on
the zimbabwe situation
in particular stephen hank
professor
of applied economics
at john hopkins university
and senior fellow and director of the
troubled currencies project at the
libertarian cato institute in gc
welcome steven
here then we have
a regular
program china
malapata
c1 founder of leon africa has been here
before
an economist
familiar with the figures and familiar
with the terrain that we're discussing
this evening
and he runs
either he's a regular on on
on twitter
you can see him and you need
his
twitter handle name
and we rely so much on him in terms of
seeking to explain some of these things
for us
and this the last but not least chennai
the developing economist
also noted no newcomer here as i said

earlier on
we we will have
stephen
looking at the
extent of the economic and financial
crisis and illustrating that in fig
and statistics
and as i said earlier on on the causes
in particular why history is repeating
itself where we have been through this
before
2006 2008.
uh international on the economic
implications
and chennai on the political
ramifications so that much to do i'll
ask stephen
to come in and make his presentation
stephen
okay thank you very much
let me first begin by indicating that
the
state of the world in zimbabwe is pretty
dire actually
they now have the highest inflation rate
in the world i i measured every day it's
624
per year right now that's the highest
inflation rate in the world
the currency the sim dollar has
depreciated by about 79
since the first of the year so it's it's
one of the truly junk currencies it's
essentially worth close
so
that is the state of play in in zimbabwe
as i speak
now the the question is uh
actually how do you
get a high inflation rate what what
causes that uh
and and the cause is always the same
thing too much money being printed the
printing presses are going too fast

and in zimbabwe of course we we've had experiences with hyperinflation you mentioned the 2007-2008 episode there was a second episode of hyperinflation in zimbabwe in 2012 and those episodes are marked by an inflation rate that has to exceed 50 per month so we're not nearly up there yet in zimbabwe but if this keeps up we could have a a third hyperinflation and and really a rather short period of time there have only been 64 episodes of hyperinflation in world history and two of those episodes have taken place in zimbabwe so what happens is that the government spends money and and they don't have a means to finance that no tax revenue that's defeat deficient or they can't access international bond markets or local bond markets to raise enough money to finance a government expenditure so what do they do the finance minister runs over to the governor of the central bank and says i've got some great bonds i want to sell you and and the government is credited the printing press spins around and and money is created and and that that is really the nub of the problem how do you put a hard budget constraint in that prohibits the monetary authority from financing

the government or monetizing the deficit being produced by the government and there are two ways to do that uh one one way is with what they call a currency board system now in rhodesia in both north rhodesia and south rhodesia you had a currency board from 1940 to 1956 and that worked uh very well uh most of africa i might add did have currency boards uh in the colonial period in the colonial period most of africa actually had currency boards there have been over 70 currency boards that have existed none have ever failed the now we have 14 the most notable one was uh designed and put in place by john greenwood a colleague of mine collaborator of mine in hong kong in 1983. they had a they had a huge currency crisis in hong kong at the time the currency board was put in and and it's worked like a charm ever since there there are other currency boards four of the of the new ones that have been put in i had a hand in the one in estonia in 1992 the one in lithuania in 1994 bulgaria 1997 and bosnia herzegovina in 1997. so so that those are a way to put a hard budget constraint in the system and that is the key to the whole thing a hard budget constraint now what does that mean how do how does a currency board work well it does issue a local currency but that local currency is backed 100 percent with anchor currency reserves and the local currency trades in an absolutely fixed exchange rate with the

anchor
and is fully and freely convertible
so the local currency really becomes a
clone of whatever the anchor
happens to be in hong kong for example
the the anchor is the us dollar so the
hong kong dollar
is essentially a clone of the us dollar
the hard budget constraint
comes into the picture with these
currency boards because the only way you
they they have no discretionary
monetary policy and they can't issue
credit
currency boards have no discretionary
monetary policy and they cannot issue
credit
so
the the only way the fiscal authorities
could actually
obtain
local currency in a currency board
country is if they took the anchor
currency foreign exchange into the
currency board and exchanged it for the
local money but they couldn't go in and
get credit
so
so how about this solution for
zimbabwe i i
personally
think it would work only under one conde
set of conditions and that is
if uh the currency board was located
outside of zimbabwe kurt schuller and i
have
designed a
a
let's say a draft currency board law in
which the currency board would be
located in switzerland the reserves
would be kept in switzerland there would
be five board members and and only two
of them could be residents

of the
local country in this case zimbabwe and
three would have to be external and then
they couldn't be from
representatives from any neighboring
country
so it would be
pretty secure i think
if a currency board was put in
place
in harare for example i i really
wouldn't trust it
and and i and so therefore what what
would i trust
full dollarization
full dollarization is exactly the same
thing as a currency board without the
local money you just use the anchor
whatever the anchor is it's the us
dollar remember
in the uh unity government period in
2009 until july 2013 you did have full
dollarization in zimbabwe and what
happened
the the minister of finance was bt and
and he was balancing the budget why
because he he couldn't take any
uh he couldn't receive credit
from any any monetary authority because
the the country was fully dollarized so
the budget was more or less balanced
uh the economy boom and inflation was
crushed by the way
uh the hyperinflation of course went
completely away
and and it worked very well now there
are 33
countries or jurisdictions that
are dollarized
one uh i actually i had a hand in doing
two of them one in montenegro in 1999
the
hyper-inflating
yugoslav dinar

was the currency for montenegro and what we did we we made the german mark a legal tender and we in in short dollarize montenegro the the inflation went away everything was stabilized and and has worked fine ever since the other country that i had a hand in dollarizing is ecuador uh and we did that in 2000 uh inflation has been controlled the country has been stable and and that system is the longest living currency regime they've ever had in ecuador so it's had quite quite a long life in a very unstable environment typically so i think with that uh that kind of summarizes what i think the problem is the problem we have a junk currency in zimbabwe we have the world's highest inflation in in zimbabwe and and we we have a central bank that extends credit to the to the government and and we don't have a hard budget constraint so how do you how do you get the hard budget constraint you either do it with a currency board one one located in switzerland as i outlined would would be fine and it would it would work very well the other alternative is to do exactly what they did in 2009 uh 2000 to 2013 under the under the unity government at the time dollarized fully dollarized those are

the only two options
every everything else you're talking you
wouldn't be discussing is ridiculous
it won't work in zimbabwe they they have
very weak institutions and of course
that's one reason why you want a
currency board or
dollarization there are no preconditions
associated with making these two types
of systems that impose hard budget
constraints work no preconditions
you install them right away in estonia
for example
i helped install design and install a
currency board we put in
in june of 1992
and and what was the currency
the currency they were using
was was the russian ruble
and they didn't even have a new
post soviet constitution when we put the
currency board in and it took only about
30 days from the time i introduced the
idea until the time we actually
installed it so you can do these things
very fast and there are no preconditions
they always work
so i think with that
a little introduction i i
i can
i can stop i have other
reforms that i think would be
wise to implement in zimbabwe if and
only if you had full dollarization or
currency board located in switzerland if
you had those things then you would have
stability and while stability might not
be everything everything's nothing
without stability you can't do any
reforms
so so whatever whatever they're doing as
long as they have the central bank in
zimbabwe it won't work
what went wrong stephen in the

outset
you tell our
viewers
or participants
what in your view went wrong
even in the previous
well what what
what went wrong is
there there's there's several factors
one one is the political culture of the
place
you you essentially have zano pf is a
one-party system
it is a one-party system with santa pf
running the show
but xana pf from my point of view it it
really operates more like a criminal
organization than a political
organization
so so that that is one problem
and and what allows santa pf to operate
that way is the fact that you have a
central bank and the central bank is
printing money it's it's all
it's all revolves around the central
bank if you got rid of the central bank
and replaced it with a currency board
located in switzerland or you fully
dollarized
everything would every everything would
be
stable and and you would be on the road
to repair
you would be on the road to repair
but then
why in your view
when when the solution appears less
obvious is that mainly
a currency board
what haven't the people in our area
resorted to it
is it by design is it because of some
ulterior motives to do with
what others acknowledged is a level of

looting that has been done through such
it's it's very simple
the the elites in in zimbabwe don't want
to be put in a straight jacket if you
had a currency board
based in switzerland or are you fully
dollarized
you you you put you put all these
politicians and and bureaucrats and
straight jackets
they they don't want that
they they they don't they don't want a
hard budget constraint they they want to
keep robbing the country
that's why i say the criminal aspect
is is definitely in there
it's it's definitely in the game
and and and if if you took the
basic nutrient in the system the
ecosystem out
that means that the money being produced
by the central bank
you you you would find
all all of these
politicians would be very unhappy that a
chain changed their whole
as i was speaking to a former minister i
would i wouldn't name her a former
minister of finance in zimbabwe
and he
tested the view that the
the ministry is well staffed minister of
finance and economic planning
some of the best zimbabwean experts in
that ministry
but that there has been always a legacy
of political interference
such as as that you have referred to
and i think the biggest
undertaking
would be to find out precisely
the level of that uh
interference and by whom
and what and for what purpose

i think i'll talk about
that
i i i think um
it it's it obviously starts with a
the the head
you you have to you know
where does where does the fish start
rotting first at the head
yes
yes i think i think
i'll leave steven for a while i'm sure
people will be coming there with a lot
of interest in you what you have to say
you can see the turnout is
very good because uh obviously stephen
hank is a
the draw card so i'll come back to you
stephen and let me turn to to tinashe
if you can take over from where stephen
left off
and
and if you need
be also draw some
some issues
or extrapolations from the extent of the
economic future crisis
and the economic implications thereof
tenancy okay uh thank you very much
shiva
and thank you very much steve for that
um i think uh it's very interesting
um i've got two questions perhaps that i
would uh
like to
perhaps just
talk about
uh based on what steve has provided us
as the alternatives which is a currency
board based in switzerland or full
dollarization i agree with him
more of a proponent of a currency board
but we'll get back to the currency board
later but i wish to
point out that dollarization cannot

happen again in surviving for precisely
the same reason
that steve highlights which is
the central bank
so local clearing the reason why
dollarization eventually
moved out or failed post the ga new
government post 2012
was that the central bank became
accounted for the local clearing so when
we say local clearing what we mean is
the financial institutions had to launch
real us dollars with the central bank
and certainly the central bank started
creating
these phantom dollars
in the system
to such an extent that eventually the
system was without dollars so it was not
a full dollarization
so as long as the rbz the central bank
is still constituted the way it is and
is still in charge of the clearing we're
already seeing it now
that the nostro accounts which are
supposed to have
full u.s dollars
close to 800 900 million
are
credit deposits they are not
backed by real dollars in the system at
the present moment and this problem
if we were to dollarize would be bigger
but zimbabweans are smarter
in the sense that they've taken out
their dollars they keep their dollars
under the mattresses
so
the cash
the dollarization that we'll have is not
an ecuador dollarization we're already
starting to see it it's a cash
dollarization
the whole system

is informal it's more like somalia
where everybody keeps hard cash they
don't trust the banks
with their u.s dollars because if you
put u.s dollars in the banking system
you're unable to withdraw those u.s
dollars
and this is the same risk we face if we
were to fully dollarized
that the dollars within the system will
eventually disappear and what we will be
left with are phantom dollars or
surrogates of dollars and not real
dollars
so i tend to agree that what we need is
a currency board to solve the issue
and i may articulate
maybe
first of all the points of departure
where i think that i agree with him that
the currency board
main account must not be in zimbabwe
we must pick it back on real
institutions
i disagree that it will be in
switzerland i think that uh the nuances
and
zimbabweans in africa i i think that
that would not play out well
but i think that there are stronger
institutions within africa that we can
pick you back on
one of which is south africa the south
african reserve bank the other is the
africa development bank
these are institutions where we can
hold our currency board's account
and there are they have the necessary
institutional support and transparency
that we will need
we can then have
external auditors that will audit our
reserves on a weekly basis and feedback
into the market uh you know or

using um
whatever platform but uh for
transparency and clarity sake
so it's just a slight point of departure
on the currency board
uh but i do agree that it should be
outsiders probably i just disagree that
it should be in switzerland for a number
of nuances
uh within the political realm of africa
as well as zimbabwe specifically but
there are certain countries that we can
pick it back on one of which is south
africa which is our largest trading
partner
by the way
then
certain areas of
where we do converge
is the biggest problem with zimbabwe and
here i would like to differ slightly
again with evil
the issue of corruption
i think that corruption is professed
right across the world
more so in certain states
i don't think that zimbabwe is any way
unique
or
exaggerated
more than any other country in terms of
corruption
um i think that
we
we do punch above our weight
perhaps but i think that corruption is a
constant in most countries
what where we differ with most countries
is that
the way we manage our monetary affairs
and
i think that even with the currency
board with full dollarization corruption
will still be there if people still

remember between the ga new years where
we had
serious cross economic growth corruption
was actually endemic and there was more
if you remember with regards to the
diamonds and what was happening in the
diamond sector a lot of those revenues
were not coming through the budget
but our monetary system was rules based
there was less discretion in our
monetary system
the central bank
has made it easier
for corruption
to then
affect
and pollute our monetary system
so
unfortunately zombie has
endemic problems we can't solve all the
problems all at once but i think
if i were to choose
the first thing i would want is to
immunize ourselves
from the corruption risk from all the
other risks as far as the monetary
policy or as far as the monetary
institutions are concerned so a currency
board just ensures
that whatever corruption happens
it happens with
in the fiscals but
it does not pollute or change
our monetary base
the biggest problem
is we
we've done this now for over 30 years it
didn't start in 2000
started in 1995
where we have been continuously debasing
our currency
and now it's twice in
in a decade that this has happened to us
and i think that the first priority that

we need to do is to reform the
institution our monetary institutions
are simply not strong enough
so whatever is
whatever is happening in the fistus
whatever corruption is happening
in zimbabwe it becomes 10 times more it
appears as if it's 10 times more because
the mechanism in which it happens is our
monetary system
but if we immunize ourselves from the
monetary system
corruption would happen
but not to the extent all would have the
impact that it currently has so those
are just i wanted to just give a bit of
color to the presentations that we've
already had
going forward what are we seeing in
tomorrow
i think that
the biggest problem that we've had
is a case of
this mob is no longer trust
the institution
the monetary institutions
so
whatever the institution comes up with
zimbabweans
are scared and they run away from it but
what that that does it becomes a
self-fulfilling prophecy in the sense
that the more and more people are afraid
of the zoom dollar this mobile dollar
the more and more
they're scurrying away and keeping us
dollars and they're not using the formal
sector
they're keeping their u.s dollars under
the pillow
this is dangerous for our economy
and it shows the lack of confidence that
zimbabweans have with their institutions
the biggest problem we have is

right now we're building there's a lot
of construction that's happening
government construction that's happening
but they're using short-term money
so ordinarily in road constructions
you would take 15 20-year money that you
would use to build
but what is happening is they're
borrowing short term
they're using short-term money from the
central bank to build this road
that is why inflation is the highest in
the world
now
you've got quite a a quandary there
in the sense that they have made it an
election pledge
to build as many roads as possible
they're not going to stop because this
is a political
agenda that they have and they will find
the money in as many ways as possible
so i don't think that there will be any
correction up until
after the election
so
if we are
scared
and if we are worried
that steve hank has his inflation rate
at 6.25
i think the worrying point is
it's likely to get higher
before the election so i think that we
will probably get into a into a
hyperinflation spiral
very soon
um and it can only be corrected after
the election
i don't see how it can be corrected
before any election but anyway i'm not a
political analyst
i suppose that the political analyst can
speak into that

but if we look at what's happening at
the present moment this is
when you look at our seasons this is not
the worst time in zimbabwe the worst
time happens around october
when our grain is at its lowest when
tobacco inflows are dried
and there is no currency at all and
we're preparing for the rainy season
this is the time when we demand more for
currency
so we expect that the depreciation of
our currency would be worse if
the zoom dollar has already lost 70
percent of its value you can sort of
imagine what's going to happen in
october november
so with that i think
will hand over to ebo
and uh we'll speak later if there's any
clarification that's required
coming back to you right away
it's this spiral in inflation
and you were saying that the
october and i agree with you
come october
we probably see a situation where
things are so serious
what would be the status of the zoom
dollar in by october
that's the first my second question is
what are the implications for the men on
men or women on the street
in this situation how did it affect
people's lives
and i'm talking from an economic point
of view i know you're you're staying
away from the political but really what
what will the economy look like by
october three months since
what are the implications for the future
of this dream dollar your state
polarization is important it won't
happen

and we know
you and i know that so far there is no
one discussing the currency board
it's something we'll discuss at the end
that is the solution steve has suggested
that he's a solution
uh currency board
we want to end make on note of how we
can
get the system to in this
case but in the meantime the economic
implications of the hyper inflation
spiral the
the the implications of
the decline in the values of the zoom
dollar all these what does this mean for
the person on the street
okay uh thanks evil uh so the year we
started the year at uh the exchange rate
was 210
to the dollar
we are now at 900. it's
close to a thousand to a dollar and this
is seven months in
so i think if you just extrapolate we
are probably will will probably hit uh
2000 or 3000 by the end of the year
but what has happened is
people are also fast cash dollarizing so
i make the distinction between
an ecuador type of dollarization
and a somalia type of dollarization we
are under the somalia dollar rising
which is we're using
cash
dollars more and more
which is where snapping cash out of the
system and keeping it under our metrics
so i think that by the end of the year
they will probably not have a sim dollar
to speak of
or it would really be at the margins
that's very clear in terms of the
everyday person

unfortunately they will be worse off
because a lot of their salaries are
still in
the morgue and dollars a lot of people
were employed
it's either it's woolly zoom dollars or
it's half zoom dollars and the other is
u.s dollars
uh but
we're earning less and less the economy
is actually contracting
and
poverty extreme poverty is 49
you'd expect but by the end of the year
it will be much more
why because we've already started
importing grain
so the grain that we produced last year
was just simply not enough
so i think it's a dire situation when
you think about it and perhaps that
from a political perspective when you're
going towards an election
might
help push
the political actors to act to find a
solution
now you're right that
not so many people are talking about the
currency board
but they are a lot even within the
powers that be within government that
are exploring it and want to know a lot
more about it
why and
it comes back to cash dollarizing
because the more and more the economy
actually cash dollarizing
cash dollarizes the more it contracts
so if you look at government revenues
government revenues are better off
using the financial system
so tax is only efficient when you use
the financial services system and if

more and more people are using cash and are outside the financial system it means that government revenues will sink even further and i think that's a big worry to them and that in itself will perhaps push them to finding some sort of solution we saw um adesina addishina and the africa development bank president coming to zoom these accreditors were seriously looking at them and are worried so this is perhaps where the solution might come from not necessarily from zimbabweans but from zibane's new creditors the chinese for example has sunk in 1.5 billion u.s dollars in one gate station seven and eight that's about six hundred megawatts now they don't want to be paid in dollars it made it very clear that their loan should be paid in u.s dollars and with that we saw a presidential decree si 133 which mandated zessa which is the electric uh the electrical company in zimbabwe to start charging in u.s dollars and this is primarily to service these creditors so you have a lot of creditors a lot of pressure that's coming from the creditors and these creditors will be extremely worried if the u.s dollar cash is not in the system but is outside of the system it just means that they will not get paid and they're extremely worried so you'll find a lot of pressure from the chinese

who are very serious business people
they've seen what has happened in sri
lanka what has happened in zambia that
they can lose their money they sunk in a
lot of money they can lose it and i
think that that's where
if we push
where the interest in the currency board
is also coming from because these are
institutions that are trying to find a
solution and right now we have two
roads we have one that's leading us to
catch dollarizing which is everybody's
worse off and the government is worse
off
and then the other is
a currency board that then stabilizes
you don't want to go into an election
with hyperinflation that's the worst
thing you could ever do with empty
shells so if i were the government of
the day what i would want is stable
prices
and you can only get stable prices at
this particular moment in time because
people don't trust the central bank
it's only a currency board that can
offer or proffer that solution of stable
prices
okay international i just want to set up
for you
before
i uh retire you of the time being
the first is that the initial
generalization you saw the report of the
meeting between
the reserve bank and business people
since they died in zncc yesterday
and the major complaint was that
they also want to use u.s dollars
just as the fuel companies are doing at
the moment that's one
what a change of that the second one is
that you made reference to

the government embarking on the
infrastructure development
as part of the election campaign
but in but last week there you had a
circular from the reserve bank or
wherever it was
criminalizing construction companies
as being responsible for the
exchange rate
discrepancies
my question is how will government be
able to sustain
the momentum for infrastructure
development
on the one hand and at the same time
contain
the impact on inflation
as they pay
these people in dollars
my last question of course is that you
mentioned the adb and uh that the
senator is a good friend of mine likes
to easily by the way what's your
suppressor trust scene in the 90s
i was not able to see but
what have you picked up as to
the
message that you implied
if they are impacting on the zimbabwe
policy framework
or do you expect them to do so
especially with respect to the
to the uh currency board you made
reference to
and and on picking up on that that maybe
it's better to have the adb
host the currency board rather than
switzerland is there anything you've
heard in this regard these are the three
questions i have for you
okay all right
uh i'll start with the last one no i
have not said anything i'm purely
speculating

i won't comment much on that um i'm
purely speculating
um and then i will come back to
the the other two questions uh on the
few companies that businesses want to be
the fuel company want to be like the
fuel industry uh the fuel companies if
you note
they ask for cash whenever we fill in at
a filling station they ask for us dollar
cash
they do not even want a us dollar swipe
right because when you swipe if it's us
dollar swipe
the money goes into
a clearing
right it's it's now in the um rtgs
system and those are not real dollars
so the fuel companies why we still have
fuel is because they ask for real u.s
dollar cash and i sort of did a poll on
why
you know these
fuel companies use dollar cash
eventually this u.s dollar cash finds
its way to zambia and in zambia that's
when the transfer is made for us to get
fueled into survivor
only u.s dollar cash is real
dollars in zimbabwe
just because
if you swipe you it may not be real use
dollars and that's why a lot of
companies are asking for
that
ability to charge in u.s dollars but
what they really want is u.s dollar cash
in zimbabwe it's not real rios real u.s
dollars if it's in the system
it's just a credit and that credit may
not
get to switzerland or to china the only
thing that will get to switzerland or
china is real use dollar cash so i think

that's where businesses were coming from
we've seen our retailers declaring
dividends in u.s dollars uh the only
reason why they're able to declare
dividends in u.s dollar is because
they're getting u.s dollar cash
now the big worry
is that the economy osmo is now purely
reliant well not purely
that might be an exaggeration but is
heavily reliant on diaspora remittances
as well as aid from the western nations
this is what fuels this u.s dollar cash
now with what's happening globally
we don't expect the remittances to come
in so this is the big worry for uh
for zimbabweans for the general uh
zimbabwean that um if all these cash uh
drives up then we have a problem i think
i've answered two of your questions
there's a third one that you are you ask
people if you just don't mind uh if you
don't mind just remind me of
the construction the infrastructure
development
and yes
we have been criminalized now for
contributing to the exchange rate
fiasco
and that you are saying in the same vein
they are there they will continue doing
infrastructure development
they have we all know
that they have to do those roads and we
all know who who's doing the the the
construction the road construction
nothing is going to happen to them but
um i think that uh
you know that was just a moral susan uh
by the minister trying to speak to
the problem because it's apparent
everybody knows that these construction
companies all they need to do is to just
raise an invoice with uh treasury and it

will be paid
and they use implied rates that are now
way above a thousand
um because you know they won't get paid
there and then and it takes time for
them to get to import
raw materials remember
road construction you need to import raw
materials from abroad what do you use to
import raw materials you do not use them
dollars you use hard currency
so
is that going to stop i don't think so
especially going towards an election and
the government of the day has made it
very clear
that uh
infrastructure is their big
issue yes the problem is
short-term money
to
construct roads that typically require
15-year 20-year money you're not gonna
get a payback within a year
and they're using
you know
day money to build a road
so it's
that's what that's what i was raising
the question
because the resources are finite
and i just wonder how they're going to
juggle around that
and therefore
very technically as he always does the
bleak picture ahead
and i i note the
the issue of the october
being when
when uh grain has
declined to bare minimum
the zim dollar is about 2 000 to 1.
the pressure on
prices soaring prices already

what do you think
what what are the
political implications difficult one but
let's go for it
yeah so just before i
go into literally how will this pan out
um just ahead of the elections you know
and even moving into october like um was
said before by tenacio
it's important i think to highlight why
are we here how have we got here because
i think we need to
demystify
um some of the things that have been
said that there's a willingness by
government by the ruling party to do
something different to do something
better i think we can easily say that
that that is not the case so
why are we here we know that over the
last um
from about 2015 2016 we've seen a lot of
quasi fiscal activities coming out of
the central bank the introduction of the
bond we saw um
as well um what what was his name again
the previous minister of finance um
chinamasa he was making payments for
radically to the imf and the world bank
and increasing the bank reserve ratios
and that kind of brought our banking
sector to its knees and i think the
trust factor
really started to go down from that
point the country's risk profile started
to worsen from that point as well so
this i think is what we would attribute
a lot of our issues really began with um
incorrect and unsound policies coming
out from the central bank where in its
role we have seen you know is it a
central bank is it a ministry of finance
are they doing fiscals are they doing
monetary policy it's all been a bit of a

mismatch and we have seen a lot of um statutory instruments being announced even in this year i mean i have lost count of how many times they make a new announcement between the ministry of finance and the central bank and so these types of sporadic um quasi-fiscal activities really have undermined the zimbabwean economy significantly and here we are where we are now we have seen um i think i'm tanashi was talking about um construction contracts contracts etc we need to align this as well to public debt what is our debt structure looking like since 2009 we have seen for example china now owning more than 50 percent of our public debt statement so and that has further implications again when you look at who is constructing these roads who has this contract what is happening because we need to understand all these key state actors as we as they are when we're looking into what's going to happen in the election what is who is interested and why are they interested in um the economy of zimbabwe are they interested in in the in the good of the whole nation or do they have their own um self-interest um as it were we have seen an undermining or an undermining of our mining sector with uh more than sixty percent of our gold output coming from the artisanal miners who will be key constituents in the next election so they have had more than 60 percent of our mining is from artisanal miners we have concessionary mining rights all over the place um we have a huge share of our mining also being given to china and a lot of lack of transparency in terms of our

royalties and taxation on mining
and i say all these things to try and
build a picture of who are the key um
state actors coming into 2023 election
i can also say that we can all agree at
this point that there is no
political will especially by the ruling
party elite and i like to put these in a
sub um
sector we have the we have the
government of zimbabwe as a whole yes
but within that we have the ruling party
elite which takes me back to um 2018
when we saw the the militarized coup
and that brought in a very in fact i can
say not brought in but it brought out a
very important state actor in the
military generals
and when you start to look at um mining
concessions who owns what who is
invested where you see a lot of these um
senior generals um being part of of the
key stakeholders in terms of ownership
and business especially in the mining
sector and a few partnerships as well
with chinese entities etc so
again i highlight this before i go into
the picture of how will this play out um
politically are these state actors
worried about um the ailing zimbabwean
dollar necessarily is it in their
interest to even do something about that
and i don't think it is i don't think we
are here because we have people that
want to actually do something about it i
think they stand to benefit a heck of a
lot with this continued chaos therefore
the will to actually do the right thing
like um tinashe is suggesting in terms
of you know could we bring a currency
board are they interested in getting
things better before the elections i
personally don't think so i think it is
with what they're interested in is not

losing power
and that's different between gaining the
support and um you know and endorsement
of the electorate
i think their interest is in power and
not in pleasing the electorate
um so as well what has happened um in
the last
few years is our risk profile has
worsened we have no
respect for property rights
um you know and a lot of the business
community i believe would echo this
especially this year we had
the the the central bank for instance
banning lending like how do you do that
how do you say no no banks can lend to
anyone anymore in the middle of a
financial cycle you know so our risk
profile in safaris business is worsened
um you highlighted the latest statement
which was we will freeze your accounts
if we think you're dealing in the
parallel market again we see this
infringement on property rights
every now and again we are reminded that
the current regime has got no appetite
to respect property rights and how this
um is perceived by the by the business
community at large is that it does
worsen our risk profile it will only
attract a certain type of investor who
is not necessarily interested in how
well the infrastructure is functioning
in how how many more young people in
zimbabwe will get employed what they're
simply interested in is maximizing and
expropriating
where they can and where they are and as
long as they can still continue to do
that they really have got no appetite to
change i i want to thank professor hank
for the new for the variation of the
currency board because as you know evo i

have been very much against the idea of a currency board but the idea that we could have a currency board that is situated elsewhere even outside of africa i think that that should be explored um

i doubt very much that the current regime this is something that they would be interested in like snatching alluded to you know there's this um definition of patriotism that the existing um that the regime tried to to force upon us you know with with some of their mantras where they say uh nike novak

meaning that it is the people that should own every resource which is not really what we're seeing especially with china having more than i think a 50 stake in the mining sector etc so you know we need to move away from some of these um definition you know poverty is not patriotic you know productivity is is is patriotic so if we can do something that can bring back our productive gains then that will be a prote um patriotic move i mean there's a very good reason why the central bank in south africa as was mentioned by tenacio is actually privately owned is actually in part owned by countries like switzerland and turkey and greece and italy etc so we need to to to move really away from some of these mindsets that we're being railroaded through you know and and strip all that back so what is happening and what and how will this pan out as we are um moving into

2023. as we've all said you know we are in in a dire situation the only the benefits that we have is we have the benefit of history we have been here before 2007 2008 where we did get to a

point where we had no um you know in terms of hyperinflation i and and actually once we're talking about hyperinflation you know sometimes i think we get so caught up in inflation and really how much does the inflation figure really tell us i mean for zimbabwe we are either extremely high inflation or less extremely high inflation you know i think this is this is where we are some of the other um more important how the current regime actually is actually structuring the next election is is where it gets interesting so at the moment we have a lot of where the lack of economic transparency we have seen in even in terms of how our reserves are reported we're not even sure how much of the sdr's the minister of finance has used and what he has used them for if you look on the imf charts zimbabwe has used well above 50 of our um of our im of our sdrs and yet when you speak to the minister of finance i think it's only recently that they said oh we finally used it so if we haven't used it we should be seeing the our foreign reserve balance going up but it's not going up so we we have all these smokes and mirrors when it comes to our budget statements it comes to our debt statement we don't really know how much money is there and what is it being used for we can only speculate that with the upcoming elections much of what should be in the national press will divert towards keeping those who seek power in power you know um the fact that we still have a lack of transparency in mining i mean when the the minister of finance um came in as a minister one of his key manifestos was how he's

all going to be transparent and you know
and i think he at one point had the
support of the imf to try and understand
the data in our mining sector until they
said look we can't do anymore
we don't know how much um is being
produced in the mining sector and
there's no traceability necessarily we
here now of the gold coins which is a
bit bizarre but here we are we've got
lack of transparency of who owns what
how much are we actually getting out of
our mining sector we have had reports
that um have been submitted by the
auditor general to zach around the um
corruption that's happening not
corruption sorry but around how the
presentation of mining data is wholly
inaccurate by some key mining um players
you know so but again nothing has been
done about that
we know that the
current government has made some key
alliances in the east
uh you know and who are benefiting a lot
from this chaos if you look at uh what's
happening in tiago who has
concessionary mining rights um i think
we are there some of the of the private
sino zimbabwe um companies are looking
to mine almost 12 million carriage by
within i think the next couple of years
and yet we don't even know in terms of
royalties and taxation where how what
has happened there we we're seeing new
chinese deals you know by the month
we've we've done lithium most recently
we have uh moved we know what's
happening in in the
chrome sector with zamasu being wholly
owned by china and so you start to
wonder this vested interest that china
has in zimbabwe
i would they support a change in in

regime and um
we're you know and and we're not sure i
mean time will tell but again we can see
from past activities even in other
african countries of how this panned out
we look at area countries of interest
like angola congo and how um
chinese presence almost um
promoted military presence and the end
kind of the chaos and the impact the
naked very negative impact that that had
on the general um
population so as as weird as i'm
painting this picture
we then think okay so what's going to
happen
um after we get to october and there's a
complete economic meltdown of course it
will be worse for the already already
impacted in the face of poverty in
zimbabwe is female and it's young you
know and so we are going to see that
worse than we're going to see the health
sector even more on its knees than it is
now um i mean it's it's going to be um
a disaster we and i am not sure that the
people of zama can necessarily hang on
until a mid-year
election next year however
if we go back to 2007 2008 the response
of the regime
unlike what nashee is saying which is
let's get more things back on the
shelves let's do better the regime will
respond in in in two ways
and that will be violence
and when it comes to election that will
be rigging because that is what has
happened in the past that is what
happened in 2007-2008
the popularity of the ruling party was
at its lowest why because people were at
their hungriest and this was widely
reported mugabe knew it everybody we all

were aware that everybody wanted a regime change and so what we saw instead was um unfortunately um you know really sort of a high rate of election violence you know which which has been recorded and to date really nothing much has been done in the way of compensating some of the victims etc

so

with this

you know this has um

an impact in terms of how do we then

look forward in terms of the elections

and this is where i think this they

becomes this kind of clarion call to

others that are interested in the

democracy of zimbabwe for the greater

good to actually start now

to prepare to counter the violence to

counter the election rigging because we

know that this is how they will respond

the response is not going to be let's

get a better economy let's build more

roads the response will be let's fund

what what we know works and that is

election violence and election rigging

um unfortunately we have seen even more

recently i mean just to give evidence to

to some of what i'm saying we've just

had a grant apparently from china to

build the new parliament at a time where

we hardly have any functioning hospitals

you know we it's so it's it just goes to

show you where the political will

lies and and um

and once you can um understand that you

can almost then anticipate what will

happen next it will not be to get things

to improve before the election instead

it will be to get to do more to uh

continue to shrink the democratic spaces

ahead of the elections because

quite honestly with what is happening

now unless you are in that sub sector of

the very elite uh politically um
um shall i say yeah in the very
political elite group
you are not really benefiting from
anything and even you
regardless of who your preferred um
political party to support is you will
not be supporting this to continue
beyond 2023 um i think i'll pause there
for now
before you before you pause i don't come
back to you
you said
that the
regime
the powers that be
are less concerned about
responding to the obvious
requirements
and expectations of electorate
then they are
bent on capitalizing
from the from the crisis
and then you went on to say that
they can in fact stand up to that
the regime through violence and rigging
do you think that
the
content of the state right now the
nature and control of the state now
is of the same metal
as it was in 2008
or even 2018
we hear of
distinction and divisions within
you've seen recently
evidence of that what else basically do
you think
don't don't you think the regime knows
that it's important to try and address
these
issues
because the first and second is
we have seen what's going on in sri

lanka and
actually this
discussion this conversation has been
broke what's happening in sri lanka
and therefore the implied
extrapolation that
this might happen in zimbabwe what's
happening in sri lanka
and you made reference of course the the
chinese debt
in sri lanka
won the highest
we just had today our debt to china's 13
billion plus
and a clear indication that china
has no capacity to
to cushion
such crisis as we see in sri lanka last
week thursday there were riots in makoto
they have been ramblings in the region
and by contrast
i wanted to make the point to you the
contractors i've just been in zambia
east africa
tanzania kenya uganda
and of course there are 40 years
ahead of us
i didn't see a us dollar at any time at
all
the currency is stable
right and gives education
and we have to come on this platform a
number of times bringing the former
governor reserve bank of zambia try and
explain to us how did they do it in
zambia
you know uh after karuna
and get the transition to tell us how do
they do it
you know in the ugandans
and i think
it's possible what do you think of the
currency board i mean is it possible
and what extent do remittances which are

now almost two billion a year in the formal sense
uh a cushion against the kind of social unrest that we are seeing in sri lanka even though the remittances have been a very important factor in israel
would like to reflect on this these observations quickly before we move to questions
so with the first question around um are we seeing some sort of um faction or you know what's happening with the ruling party is it in the exact same state as it was 2007 2008 perhaps and um like i said at the start you know we have what i am calling a sub-sector of the ruling party that is the political party elite there is not everybody everybody else is benefiting from crumbs from the table we have key players that are literally minting it they're making millions from deals in mining from deals in contracts and this is not everybody and so yes we will see i mean how what helped mugabe a little bit in 2007-2008 where the the the the jambanja from the warfights they they kind of you know they kind of he kind of brought brought in that constituency to support him whereas this existing regime does not have that luxury
you see we have seen their relationship with the vets we have seen them putting the whole veterans i mean in prison which was just ridiculous so we know that at the moment for the majority regardless of whether you are a zanu-pf um supporter or a ccc supporter we are all

suffering nearly exactly the same
and so and i think and i think obviously
the the political elite like i say
they're very much away but when you then
identify who they are and what resources
they control
this is when the military arm comes into
into play this is where the chinese arm
comes into play as well and i think this
is perhaps where they're hoping
that kind of support or influence will
enable them to retain um power
and so it will be interesting how the
rest of us um counter that
um and i think then you asked about um
what is happening in terms of china and
what we are seeing in sri lanka and in
mozambique and i think um
the chinese i i've referred to it before
on this platform as a domestic debt
tribe policy yes
you will get some debt
but i believe that what how much and
what you pay back and and the general
populace are becoming very aware of that
is way more probably than what you've
borrowed
and and therein and i think um
the chinese have the advantage of being
on both sides of the point to some some
extent yes we have some genuine chinese
private investors we have some chinese
investors who do have a vested interest
in seeing a better zimbabwe but i don't
believe that overall these are the
majority so
um in terms of quicker will they bail um
zimbabwe out perhaps through more debts
we already have had so much debt from
china and yet here we are
you know
um when we then look at um the idea of
remittances and myself is you know i can
speak personally to this um as somebody

within that i have diaspora constituency unfortunately the remittances that are running into billions every month that are coming from the diaspora are not really productive remittances this is money that is simply passing through zimbabwe

and back into the diaspora in some means whether it's back to south africa or back to zambia etc it's money that we're using for hospital bills for um maybe even funeral expenses and when you try and track okay so when we pay for hospital bills what does that look like it's back to tenacious point of people putting their money under the mattresses and going to spend that money outside of zimbabwe so we do not have that multiplier effect from diaspora remittances that some other countries have benefited you know like you look at india um

possibly sri lanka as well i think in the philippines that have really benefited um from the diaspora remittances because of that multiplier effect of money coming in money comes in from the zimbabwean diaspora but unfortunately it is leaking out it is not productive um productively um consumed and so we are not really benefiting um from those remittances unfortunately and i believe as we are seeing even here in the uk the inflation rates are coming up therefore as the inflation rates are increasing we will not um actually benefit as much there will not be as much um transport or remittances as well so i can't remember sorry what's your last question actually without the point i was trying to make it was to what extent

do remittances
and and secondly
informalization of the economy
and thirdly
the
the extent to which
the diaspora
has depleted zimbabwe of
active activists like yourself
75 percent of zimbabwean skills and
professionals outside the country
and that would have depleted also social
this
civic society
and its capacity to react uh
in organized fashion
and i was mentioning this
in passing but i wanted to get back to
your colleagues
to stephen and and
and to nashe and ask specifically
what are the possibilities
uh abrupt for this discussion
and uh of having this
currency board set up
can i start with stephen oh sorry sorry
ebo you did ask about the currency board
um i can come back with my response to
that if you like or i can give it now i
forgot you can carry on
so in terms of the currency board like i
said for the first time hearing the
alternative of having something set up
in switzerland because my view even was
in terms of having an anti-corruption
committee is something i've been
thinking about a lot and thinking that
this needs to be outside zimbabwe it
needs to be run by non-zimbabwe
residents so the idea of having such a
currency board outside of zimbabwe is
plausible however we have the issue of
today we don't have enough transparency
even to understand foreign reserves

you know so how would we anchor
what would be the anchor because we
don't really know i think we in the last
budget statement we had 200 280 million
uh was reported as is being off or
foreign reserves and obviously that
would be inadequate i think to use um
as an anchor for a currency board um i
would be more
minded to go towards the idea of
dollarization as i've said before i
think

yes we would not get the full benefits
um from dollarization because we are we
are where we are we we are with whom we
are with and so you know there would
always be some opportunities for this to
be exploited however that would reduce
significantly because at the moment we
are seeing this zimbabwe dollar i mean
it is there for arbitrage purposes in in
the most cases to be honest it we are we
are not benefiting if by october we
still have the the multi-currency the
civil servants that receive their
salaries in them dollars will just not
be able to afford to even a basic you
know meal a day you know so i personally
would say that i would prefer
dollarization

over um the currency board i also don't
think that our legal framework in the
way that it is being handled at the
moment by the policy makers would
actually stand up to the test of a
currency board because we do we are
subjected day in day out to um
sporadic statutory instruments some that
are even non-constitutional so even if
you were to set up a currency board and
assign a legal framework towards it i am
not sure that the current government
would necessarily adhere to that and so
that to me um puts that at risk um i i

think it's a good idea perhaps for the future but not presently
let's go back to stephen hank
and and and tinashe and then after i would welcome comments from our very august gathering here tonight
stephen uh first of all comments on on tinashe
and and chennai
and again a focus on possibilities
okay so let me begin quickly i by the way after i make my brief brief comments i'm going to have to depart because i'm i'm being called to comment on what's going on in italy as you know the president of italy has just accepted the resignation of draghi
and as a prime minister so i i'm gonna have to attend that in a few minutes one thing that uh is important today actually is the first day that the inflation rate has gone up to over 50 per month today it's 56.6 per month is the inflation rate in zimbabwe it's just shot up and if that continues for 30 more days then you will go in the hanky cruz world hyperinflation table which is really the now become in effect the official uh record keeping spot for hyperinflation so if it keeps up for 29 more days at this level you will be the 65th hyperinflation episode in world history the only thing i would say about tanasha's comments he's confused a lot of things making distinctions between currency

boards and dollarization there there is no difference technically there absolutely is no difference all he's talking about problems with clearing and so forth those problems would prove would occur under either a currency board or a dollarized system i should say they should be eliminated under both of those systems but there is no difference between a currency board system and a dollar i system in in in any meaningful way the only difference is that with a currency board you do have a local unit of account a local currency whereas with dollarization you do not but everything else is the same uh as far as uh chennai's comments are a concern i although i agree with many of the things that she had to say particularly about how the elites are ripping off the mining sector and that there's no transparency and so forth but remember the only way all this laundry list of problems that she enunciated will ever be solved is to solve the monetary authority and central bank problem you have to moth ball a central bank and put it into a museum that's the end of the story and whether you substitute it with a currency board out located outside the country again or dollarization uh it really doesn't make any difference

you just have to get rid of the central bank that that is the number of the problem
and if you don't get rid of it you won't have stability and without stability you won't be able to solve any of the transparency problems or
or
property rights problems or anything else and and all you have to do by the way to look at a successful development strategy the most successful one one of the most successful ones in history has been singapore it became independent in 1965
and
they had a leader who stepped up lee kuan yew
now now that's a that's a very interesting thing a leader with a vision and what was the first thing he did he kept the currency board the malaysian currency board so so they had a currency board they had a hard budget constraint they had sound money the second thing which which of course you would have to re-educate everybody in zimbabwe about this
he they didn't pass the begging bull he refused to take any foreign aid whatsoever in singapore and the reason for that he thought that the foreign egg would simply end up increasing corruption reduce the discipline in the system and create perverse incentives the third thing was he wanted a small lean and mean public sector
and and the fourth thing he wanted first world competitiveness in singapore and you got that with open free trade without any interference

the fifth thing is protection of private
property protection of private property
the sixth thing public safety
and and what you had
is a situation where
singapore was one of the poorest places
on the planet in 1965
there were tremendous ethnic tensions
almost a civil war was ready to break
out and in a little more than 50 years
you have the second richest country in
the world on a per capita basis
singapore so
we we know what has to be done and the
starting point for these developments
always is the same some money
some money and the only way to get it in
zimbabwe you've got to get rid of the
central bank
that that's that's the problem
so so with that
i'm evil i'm i'm unfortunately i'm going
to have to depart i i've been on now
with for an hour and a half but i've got
i must leave
thank you for inviting me
no no thank you for putting yourself so
admirably
uh and unpredictably
thank you very much indeed and uh and
i'm sure my colleagues would join me in
thanking you to find the time to join us
we take note this this uh this
conversation is recorded it will be
transcribed
and published so thanks uh stephen
and goodbye
now
uh tinashe
you heard what stephen had to say about
your
comments on the on the currency board
uh but one but you did make a reference
to

the possibility
or rather that there are people in the
system who favor such a thing
uh do you think it's
that we can have a currency board
whether it's locally or it's in africa
or
this island is it possible
uh it's
most certainly possible uh but not in
zimbabwe
uh as we've continuously highlighted
that it will have to be
uh entered into
numerous reasons that we highlighted i
think that there are lots of people who
are interested in the idea and who see
it as a possibility
the alternative is cash dollarizing i
think that people would not put their
money in the banking system
they will
continuously hold cash
and if they're holding u.s dollar cash
then the economy actually constructs of
a feather
the idea of having a currency board or
having your reserves
out of the mattresses
and in a south african
or africa development bank
account is you can actually leverage off
those reserves in the local market
so you tend to find that if you look at
the private sector
uh lending that has actually happened or
loans and advances in zimbabwe there
have been they have contracted to less
than a billion u.s dollars
at the height of 2013 24 2013
uh these used to be 4 billion u.s
dollars
so what you want is you want a financial
system that is able to grow and it

can only grow if we anchor ourselves
uh in a hard currency so that's where i
agree with uh steve
again i disagree you know if you look at
the fewer companies for example
uh this is where i
we have a point of departure the fewer
companies insist on cash
you know if anywhere else in the world
you should be able to swipe
for your fuel right in your standards
and it should be u.s dollars
so i think that if our reserves are
anchored outside of the country
then in locally we can still use
the zebrawind dollar we can use a
domestic currency those that want to
keep the us dollar are still able to do
so
right you can still keep your u.s dollar
you can still do whatever you want to
use dollar
but
in terms of our trade
trade should be with our counterparties
and it should be
a basket of goods or a busker or
currencies so we should be able to trade
in runs with the yuan
dollar so those are the distinctions i
make just understanding the nuances of
zimbabwe that there's a reason why
people are keeping money in cash boxes
nowhere else in the world do you find
people choosing to keep cash in cash box
in a bank
right you walk in your bank
and you choose to keep cash in a cash
box and not in your account
so those are the decisions
and then
do i think that uh the currency board is
possible is it feasible are they people
that are interested in it you'll be so

surprised people that uh the more and more we talk about it the more and more people want to understand it uh a lot of the times what happens in zimbabwe is just pure ignorance that a lot of people are adverse or do not want the idea purely because they don't understand it so the more and more we talk about it the more and more certainly a lot more people are interested in the idea people always want solutions do we see it happening i don't think so i agree with chennai and chennai is probably right that they will not implement their other competing ideas or other competing requirements or needs more specifically political that make it very difficult to immunize ourselves or to disband the rbz uh so it may not happen but it should not stop us from putting it as our position as business specifically as business and as society that the more and more we talk about it one day the political change will happen uh we've seen what has happened in uh in the uk for example you know political change happens all the time what you want are good ideas that are on the shelf that a good politician will be able to pick so um and that's really all we can do i'm not here to speculate on whether or not it can be implemented but i can certainly tell you that there are people within government there are people who

are very essential who are very much
interested in the idea
i'll come back to you at the end we have
20 minutes
to the end i will come back to you and
could help us please uh
just outline
the elements of the currency board
and how such a process
could would be undertaken i'll come back
to you
i'll now take comments
please raise your hands
there's tony tony
thank you and
thank you to stephen tenacious
i'm much more educated about the
problems
i'm a little confused that i'd like some
comment on this
the text of the or the process of the
conversation is that there are a number
of steps we need to take
in the future
but tonight is pointing out and i think
so is chennai
that in the interim between those steps
being taken
the citizenry is going to be hit by a
hardship on a scale that i don't think
would be seen before
october is going to be a breaking point
and already we can see
that on the
statistics of what's happening to the
livelihoods of ordinary people
uh people are in a polish situation
so
i'm wondering whether we even get
to an election
what's the point at which
the trust
of the citizenry breaks completely and
utterly

you know we're classified as one of the
most fragile states in the world
and it seems to me that
fragility
sometimes mutates him to fail
which is when people don't actually go
to work
they stop going to work they find other
routes
to do this thing
so the question i'm having
asked is a very simple one is will we
even get to an election
and if we uh
are faced with the kind of resistance
the citizens are going to have to put up
in the hardship they face
what other alternatives will the state
have but massive coercion we've seen
before
thank you any other hands
i raised the point earlier on
whose hand is up
how are you
thank you i'm very well
uh thank you to the speakers
um and i put my question in there for
tinashe and chennai
um and i'll build on what tony has
really said i think so well articulated
on the kind of rulership
that
is experienced in zimbabwe
with the upcoming elections
um in this
economic pressure cooker we are being
put in
what
what are the options for ordinary
zimbabweans i really do not expect
any any any
uh leadership from from what we have
uh at the moment number one number two
what for those organizations that are

engaged
in
proposing
uh alternative
solutions beyond i think the options
around the monetary policy that i mean
that we've talked into this evening
what are some of the things that people
should be putting on the table at least
for posterity to say at least these are
some of the things
that are being laid out as potential as
a potential roadmap for zimbabwe
that you would propose that maybe civil
society opposition groups can at least
vocalize
on behalf of the population
thanks eva
thanks jana
i was i made a point early on
about
the capacity
or the
resilience of the zimbabwean population
as evidence
over the last 20 years
the pw3
which one might argue has been also
prevented or
has caused the state to capitalize
on the apparent um
or can i call it
not cause no not not uh
dumbness of the population but
one is the
the
migration out of the country
people
have
have a avenue
uh south africa millions are there
and that has taken off the pressure the
second is the informalization of the
economy

to the point where i mean i don't know
if
people here know that
the musica
in bali
the last two years they have not used
zima dollars at all you have to go there
you buy us dollars
the informal sector you know the
informal sector is competing with the
former sector
in terms of supply of goods and services
um and of course the third as i said
earlier on is the depletion
of civil society
so i just wanted to raise those and and
get responses to herself
for those who have been
looking at the sri lanka
as a possible
model of what might happen here
i see a number of people here uh psp
group fc chanakira
uh hussein
player
love mogadinga
hope for oprah timono
freeman cambo
this love mall
come on let's hear you
chris
coffee david steele
in the responses
before i go back to the panelists
hello
love more
hello
yes come on
yes my
my worry very interesting
identify yourself please identify
yourself
yes yes
my word is i

listened to the discussion um
in terms of
2023
the practical example i i went yesterday
to check my name
you know at the local police station
local
station where i bought
you know
you know because for this the limitation
excise and i was very disappointed
because
i was the only one there
and i was told that the whole day very
few people are coming
want to check whether their names are
there
and now i think this is really a
challenge for us for civic society and
also for political parties
if people
don't exercise their right to vote
you know there is a lot of discontent
people do come to various rallies and so
forth
but our people
are not
registering to vote
they are not checking their names
so what change will come
if people don't participate
and i'm sure this is a challenge for
political parties but this is also a
challenge for civic society
organizations and also these platforms
i'm not seeing that and i believe
this is everywhere there is apathy
except
where we have these churches
you know where we've seen you know
politicians going to
to church meetings
you know the maposter in particular
and to me i i'm posing a question as

well there is a challenge that we need
to mobilize our people
especially the young to get registered
to get
a
national registration certificate and
participate and that's the only way in
which
they can see the change they want in the
absence of that we'll always be crying
thank you
thanks love both
reverend splendor excellence yes thank
you so much good evening
nice to see you welcome
thank you that's one of my questions is
maybe
can this economic crisis
translate itself
into
citizens behaving like what happened in
sri lanka
and in this involvement equation why why
can't it happen that way but also i
think one of the keys if you're working
on at grassroots level i'm realizing is
there's such a
an excess so
you know a mixture of the economy
desperation of people youth trying to
get something to do
with politics
they are very vulnerable
in other words they become easier to use
as political tools whether it is in
violence
mobilization
almost like militia groups if we look at
the situation with the mining
where there is the artisanal miners the
uh the mushrooms and so forth who later
on turned you know i turned out to be
more militia groups really um so i don't
know what

how do we
break that because the more the economy
collapses
the more these people become
tools easier to use as tools because
people are more desperate it's it's not
like translating into a sri lankan
situation but rather it's the opposite
way it becomes easier to use these
people so i don't know whether maybe how
you guys as political scientists how do
you reach this why is this about the
situation unique why is it not
translating into something else
thanks thanks uh reverend
nigel
and pierce i believe you are have
something to say
thanks evil
i mean i i came quite late on to be on
to the platform um
comment on the topic
oh yes i mean of course but uh there's
the risk that i may be duplicating
myself so i'll be very brief
okay i think
you know what is of concern to me uh ibo
is the fact that uh yes it is a you know
it is true
you know people have left
but they are those of us who are still
present
and we're watching this movie
which i mean for lack of a better word
you can call the perfect storm building
up
and
i hear very few voices of reason
you know coming to the fall and
obviously you're hosting these
meetings quite regularly is is most
welcome
uh you know the hopewells of this world
continuously you know do make statements

but you know my
my greatest disappointment is is is
business
uh business seem cozy in this
environment
they've caused it up in my view to
the
you know to the circumstances and
situation the hand the heads are in the
sand so to speak
and they're making money
and i don't know whether that is a
prudent move within itself
because we we are really staring at what
could be a perfect storm
when you engage
i wear the hat as you might recall of
the president of the economic society
we are repeatedly told that the economic
variables are sound the macroeconomic
picture is
looking good
despite the precipitous decline of the
strength of our
currency
so that that's all very very uh worrying
within itself
and i keep asking where is the social
fabric
of our people
you know in the context of what is
actually taking place
the center is cannot possibly hold
this situation of course i mean
tenacious
repeated clamoring for a currency board
is totally inconceivable i can't
you know i've attended for uh
in the past couple of months since about
march or april
just before the imf meetings
the minister of finance got onto his
plane
and everything was hunky-dory

but what happened subsequently
may june july macroeconomic aggregates
have been an absolute disaster
and when you actually try to make reason
with regards to the fact that
no economic fundamentals
no economic policy making
can withstand the perfect storms
or the waves that are coming
with regards to social and political
unrest
i think again we are talking
to people who perhaps are incoherent
somewhat
or are living in a bubble somehow
and they think we can make it to the
next election
and and that that that is very worrying
the final point of course is that we've
got
as i say i keep saying it's a perfect
storm you've got the ukraine russia
situation
which is meditating against any moves
because you've got global inflation
that is really descendant on all nations
and yet we as a country
are operating under sanctions
so we're trying to fight this whole
thing almost with uh
with with one hand you're not engaged
with international capital
you don't have access to lines of credit
you don't have supplier credit
and yet you are supposed to withstand
you know the fuel food fertilizer
triple f sort of scenario
so it speaks and makes
you know it is
so you know so where are we are we are
we
failing to totally communicate with the
policy makers
mean even yesterday's announcement if

you look and hear
that there's a new city that's being
built
without any trickle down you know this
is an economy now for what for the
elites clearly
people in the rural areas
um you know people in the urban areas
uh are really facing severe
you know uh
price increases
uh you know nutrition beats
the education the teachers are not going
to to to school
so we've got a total disaster in the
making
and yet we seem not to be communicating
at all
we are living evil in two separate
worlds
the ruling elite
and the masses
and there is absolutely no connect that
i can see
and so i'm saying
is it's that positive that you speak
about in terms of
uh the intellectuals having left
or what is it why are we not
communicating why can we not
understand each other
because truthfully we can't get to an
election
it becomes a military state
and even a military state within itself
is not an end in itself
because if you can't feed the nation
you know people say kusir kufandikupi
so i you know i'm
wondering whether i'm living in a
separate world
i'm wondering whether we are
communicating or we fail to communicate
all together

because that camp currency certainly by
october
uh i don't know a thousand two thousand
i don't know whether there are any
further bids on on where that exchange
rate is going it is just slipping so so
fast
and yet that is the currency that is
still used to pay
you know
not only civil servants by the way but
also the employees
and yet
you know business within itself if we
don't wake up to the fact that we have
to now pay our employees
with us dollars for them to actually
come to work then they won't come to
work
even within the private sector and that
little capacity utilization that is
there will just not happen
so mine is more i guess a rhetorical
question how we communicating or are we
whistling in the wind you know what is
going on
i i risk my case i'm
i'm i'm disheartened
i'm in a sense disappointed
and uh what is building up to a perfect
storm is just
the waves are actually the tide is
coming in and a lot of people will be
found with their pants down i thank you
thanks nigel nighter
society the businessman
thanks very much i got timber
and
september
right
and after september i will call on
pspigo
and ask him to reflect his september
yes

people i just want to comment on what
nigel is saying
right
that um when you look at business in
this country
what has business
been reduced to
it's been reduced to food
it's been reduced to fuel
and it's been reduced to agricultural
inputs
right
all business
that is relating to the
quality of life or the creation of a
microclass
in this country is gone
okay
you know you have a stock exchange
where your most highly capitalized
companies alcohol is liquor
and that just shows you there is
something wrong
and then secondly nigel
when you have as hippo says
75 percent
of your skilled people in middle class
residing outside the country
then it is difficult
for people to actually realize
how bad things are
you have a situation where people are
struggling
but most of these people don't know any
better
you know
then it becomes difficult and there are
several stories in africa that you can
that relate to that
okay
that's my contribution nipple thanks
timber thanks
pierce
uh thanks eva uh

and thanks for the discussion i'm sorry
i missed the
first end of it uh
i just wanted to make one comment about
the regional dynamic here because i
think you know it's important to look
at
opportunities to keep folk in this uh
in south africa uh engaged on on this
issue i was in a conversation earlier
today
we were looking at the different policy
positions that were being taken by the
corruption communist party in the
latest congress which are quite a good
set of
findings in relation to the situation in
zimbabwe judged opposed against the
amc's
discussion
which has
uh a very disappointing
focus on on migration and
criminalization of migration really
around the situation in zimbabwe so i
mean my my contribution here is to urge
the extension of this conversation into
the uh regional uh dynamic as well
because i think that
the region has a blind eye to the
situation in zimbabwe and
although there is an opportunity now for
influencing those discussions thanks eva
thanks that pierce i wanted to ask you
what have you heard about mozambique
appears
the riots last week there was hardly any
any mention of them here
and so yeah and there was very little
mention but
very very little men are you talking
about the the these were the protests
and right from the taxi drivers
yeah there was very little mention a bit

here as well i think it's it's it's uh
it's passed over uh really in many ways
no thanks i think at this rate i'll go
back to
chennai to say last the last few weeks
and then
to nasheed
to conclude on the
ss as i implode him early on
on the currency board and how it can be
formed
established
and
how it operates
and how more important how we can
escalate it
into the ranks of the policy makers and
get more traction around it
tonight
this has been a really great discussion
ebo it's been really interesting
listening to um to some of the other
attendees and what what they've been
saying and i think
as a point of reflection for myself is
obviously how many more of these
conversations do we have amongst each
other where we actually know you know so
i think
there is something to be said about
taking the conversation out there to um
to different um
groups that do not necessarily have the
same knowledge that we all do on this
platform right now so
um that is a a good point of reflection
i feel that where we are now
um there is an opportunity for citizens
as a whole to just really intentionally
come together to to to to get out of
this frying pan i know somebody said
earlier that it feels like we're in a
pressure cooker and i would say we are
actually in a frying pan i think a

pressure cooker is
a bit more gentle we're in a in a frying
pan some like me have escaped and jumped
out but i think we need to come together
to really save the majority because as
much as we are talking about it there is
a lived reality by zimbabweans we would
all know somebody right now who's either
really unwell
or um you know or has actually passed on
for reasons that they could have been
saved but because we do not have an
adequate health system and we will start
to see a lot more of these in the in the
days and months to come so we really
need to intentionally come together we
need the civic society to partner with
us on this
because you know we do not want to be as
in zimbabwe is very resource um
rich we have a lot of things that should
be going well for us and i think if
civic society's aim is for the
betterment of the lives of people in
zimbabwe then the idea of um of an
overhaul of a complete change um should
appeal to them just as much and i think
we need their support to take the
message out there and to really try and
move
towards this kind of congregation of
citizenry towards change
so i would say that that's a a point
to put across um
over and over again until it happens in
terms of the future in terms of currency
boards etc i think these are all really
great sound economic uh policies i would
only encourage um people like tenacious
to think about you know let's look at a
transformative as a transformed zimbabwe
let's not try and think of ideas that
only facilitate what we have today let's
re-imagine zimbabwe and think okay if we

reimagine zimbabwe do we really want to
be exposed to the risks in south africa
do we really want to take on adb who
might have some sort of moral dilemma
because as much as they are the
development bank we do owe them some
money and we have some other um
engagements with them so i think we need
to start really to reimagine zimbabwe
and to think about you know what could
we do in in a perfect um scenario rather
than how do we make things work and
protect or you know still have what we
have today and i think if we start to
think more like that we get better and
more you know transformation rather than
just trying to fix or fudge what we have
today because in in no time at all we
will be back where we are now
so yeah i think i will leave it at that
for now eboy again thanks for having me
it's been a great um discussion to be a
part of
now thank you soon just now in the
meantime we'll move to
tennessee
thank you very much
people um
there was a time when
the idea of a new constitution was
inconceivable in the world
and there was a time when there was a
push for a new constitution
uh they were called mad
those that
were in that period this was obviously
before our time
but there were those in 99 or even
before who pushed for a new constitution
um and
you know they were told that they were
mad
and
lo and behold

we now have a new constitution with new institutions
so the idea of a currency board and whether it's considerable or not it's actually as real
as
the new constitution was
i and it's a question of us just drumming up as much support as we can but i want to draw you to the actual constitution
chapter 17
31 section 317 where he talks about the reserve bank the actual constitution says uh
that's the second point an actual parliament may provide for the structure and organization
of
the reserve bank of zimbabwe and confer or impose additional functions to it the constitution as it currently stands gave an allowance
for us
to reconstitute to reform
to come up
with
a way in which we would want our monetary system to be held
or
we would
additional functions we could add additional functions to it so it's actually given us a lot of room
the constitution has given us a lot of room to formulate
and to implement a new monetary system and we're saying we're at a very good point
this is a perfect storm
in the sense that we're all very much aware
that something has to be reformed at the central bank

and we're all very much aware of all our
other problems
but all our other problems are
exacerbated
by a magnitude because of our monetary
system
now that constitution has given us the
right
to reformulate
to come up with the new to re-imagine to
use gennady's words
why don't we take it
now
the fact that the current politicians
may not implement it
didn't stop our predecessors
and certainly shouldn't stop us today
if this is the zimbabwe that we want
that has a stable monetary system a
rules-based monetary system
then i suggest that this is the perfect
time for us to do so now i know that a
lot of people want to boil the ocean
and they very well can do so because
we've got a debt problem we've got a
political problem we've got many
problems
but i think
that
for business and society at this point
in time
there's one thing that we can all agree
on whether you're zoned pf or
triple c or anyone you can agree that
the current
version of the central bank has failed
we can all agree on that
and what we need to do
is
take on the mandate that will be given
by the constitution
to reconstitute
the central bank
and to reimagine it and to put it in a

way
that it can help our monetary system and
we can save our monetary system
i am advocating for a current support
and we can have that discourse
that is what happened with the
constitution was
being reimaged in 99
2000
there was a lot of public discourse in
the sunday mail everywhere
so that people were aware
of what a new constitution could mean
perhaps we can have that sort of
conversation again
because we are all agreed the central
bank has failed thank you very much
everybody
thanks
well before i thank you to
chennai and stephen
i just want to
say well we're very at the instant
discussion
we try to look at the extent
of the economic and financial crisis
stephen gave us some frightening figures
six hundred percent
inflation fifty percent
month per month
and the scaling figure from tennessee
that will probably have two two thousand
to one u.s dollar by by december
and that this crisis looming come
october already
in the form of
crisis around food shortage crisis
around
the next
agricultural season
we have not
sufficiently examined the causes
of
of why history is repeating itself

whether this is by design
it just has to do with uh
providing avenue for for arbitrage and
corruption
or it's simply incompetence
and and nothing tenacious has done well
to show us the serious economic
implications
so now with the more difficult tasks to
try and
draw scenarios about
the possible political ramifications
they did well
to warn us
even even though i
i threw in the three
factors
namely the
remittances in increasing uh
informalization of the economy and
of course the
depletion of civic society
but
i'd like to add an end on this note from
one of our
participants i want to name him
because i have not been able to get his
permission but he said this
in my view the regime is currently far
more fragile at this time
compared to mugabe's period
they have no answer to the current
meltdown
there's virtually no food now
and they are unable
to control anything
everyone including the security forces
are filling the pinch
interesting times
and of course
from a senior
economist in our country
a former civil servant were together in
the government 1980s the first group of

senior african civil servants
and a very urgent observer of the
economic
situation as well
i don't i don't want to end all that
very depressing note
but those in our area
will be experienced apart from the
economic situation that we're going
through in zimbabwe
you also have a very unusual situation
on the 21st of july
heavy rain out there in our area on that
note i want to thank you all
and in particular
stephen
kinashi
and chennai
and for tinashe and chennai i'm sorry to
burden you over and over again but you
really uh the answer
and we hope that these discussions will
be back to these discussions of course
uh we can we can uh
sort of uh increase the coverage
have more people
participate but this one has all the
other policy dialogues are recorded
we transcribed
they'll be on youtube in the next two
two or three hours
and
you'll be getting them back to you in
printed form
also visit our website [surplustrust](http://surplustrust.org)
where you can
visit
and revisit
some of these discussions
thank you very much
and goodbye