

## **AFRO-PESSIMISM AND SA**

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### **Zimbabwe's man-made disaster**

Modern Zimbabwe is an example of a society that went wrong because of a government that pursued lousy economic policies. After independence, the country enjoyed solid economic growth, political stability and improved social services. Its growth rate outstripped SA's and its stock exchange outperformed the JSE.

Matters started going awry when President Robert Mugabe's government effectively nationalised most of the country's free press through a media trust. Though such measures did not immediately translate into economic stagnation, they helped turn Zimbabwe into a closed society. And closed societies are not economically successful in the long run.

Further deterioration followed the Mugabe government's refusal to enact the economic transformation demanded by a post-Cold War globalised world. Price controls in critical parts of the economy distorted the production and distribution of essential goods; government failed to curtail its own expenditure (partly because it spent so much money on patronage); it printed money (to the extent that the central bank has been referred to as "Bob's Takeaway"); and now excessive inflation reigns, in turn wreaking more havoc on the economy.

Clumsy attempts to bolster the currency through control measures are bound to backfire through a sharp currency adjustment, critical shortages or both.

The problems were all self-imposed. Countries like Botswana which did not follow such policies enjoyed much better economic performances.

The lesson from Zimbabwe is powerful: It is not pre-ordained that things will go wrong because we are in Africa; rather, policy decisions, particularly those affecting economics, determine success.

SA has had its share of stupid decisions which brought economic misery and declining living standards ..... P W Botha's term in office is a case in point. Thus SA can be depressed by and relieved at the developments in Zimbabwe – depressed because the economy of an important neighbour and trading partner is deteriorating sharply, relieved because SA's political system and economic policies are diametrically opposed to Zimbabwe's.

That fact offers, at the least, the opportunity of a different future. Yet SA must be neither complacent nor arrogant. Many countries with a great future ahead of them failed to realise their potential: Tanzania and Kenya in Africa, Brazil in South American and India in the East.

SA could slide similarly. Unemployment, corruption and Aids are formidable forces that could conspire to wreck our future.

Exceptional vigilance, a renewed commitment to economic growth and the determination to maintain an open society are essential.

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