

The Atlantic Council of the United States

Getting Zimbabwe (and Africa) Back on Track

Welcome and Moderator:

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Speaker:

**The Right Honourable Tendai Biti, MP,
Minister of Finance of the Republic of Zimbabwe and
Secretary-General of the Movement for Democratic Change (MDC)**

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J. PETER PHAM: Good afternoon. For those of you who don't know me, I'm Peter Pham, the director of the Michael S. Ansari Africa Center here at the Atlantic Council. And on behalf of the chairman of the Atlantic Council, Senator Chuck Hagel, and our president and CEO, Fred Kempe, it's my pleasure to welcome you here this afternoon for this discussion with the Right Honorable Tendai Biti, minister of finance of the Republic of Zimbabwe and secretary general of the Movement for Democratic Change.

Before introducing our guest of honor, permit me to say a word about the council's Africa Center for the benefit of those who are new to us today. The Michael S. Ansari Africa Center was established in September 2009, with a mission to help transform U.S. and European policy approaches to Africa by emphasizing the building of strong geopolitical partnerships with African states and strengthening economic growth and prosperity on the continent.

The center seeks to engage and inform both policy makers and the general public of the strategic importance of Africa, both globally and for American and European interests in particular, through programs and publications as well as a robust media presence within the context of the Atlantic Council's 50 years of work to promote constructive U.S. leadership and engagement in international affairs, based on the central role of the Atlantic community in meeting international challenges.

The Ansari Africa Center supports and collaborates with the public and private sectors in forging practical solutions to the challenges and opportunities in Africa. It was just over a year ago that I came on board, but I'd like to think that with your support and the hard work of the team we've put together at the center, we've made considerable progress in fulfilling the mandate given to us. I'd like to thank the center's deputy director, Bronwyn Bruton; assistant director, Kristen Smith; our research assistant, Adrienne Chuck; as well as the event staff here at the Atlantic Council for their help in putting together today's event.

Let me turn to our guest of honor. You have a brief biographical sketch of Mr. Biti so I won't read it to you, but permit me to simply highlight three points. He has been arrested every year since 2000 by the government on various charges under its laws, such as the Public Order and Security Act. He was arrested in June 2008 for treason and remanded for a month in the infamous Harare Remand. And he has served as finance minister since February of 2009.

I won't belabor the first point. On the second, it's worth noting that at the time of his arrest in 2008, bail was set at a trillion Zimbabwean dollars. Now, our guest, his family and friends, had to scramble. But if he had just waited, bail would have come down. Inflation, after all, was 231 million percent that July. The question, of course, was whether he could afford to wait that long in the Harare Remand.

In the months that followed, the inflation rate continued to climb. Government statisticians ceased to keep track, but the consensus of the academic community was that inflation peaked in November of 2008 at a monthly rate of 79.6 billion percent – the monthly rate – which is equivalent to a 98 percent daily inflation rate, or a seven times ten to the hundred-and-eighth power annual rate, a rate only exceeded once in all of human history by the Hungarian pengo in July of 1946. And shortly afterwards, they abandoned that currency.

Just a few months later, however, our guest became finance minister in the inclusive government. And today the inflation rate is about 4 percent, the economy is expected to grow by up to 9 percent this year and with all due respect to the many good people here in Washington these days for the IMF and World Bank meetings, his is truly an extraordinary success story.

Of course, there are still uncertainties, not least of which is the question of elections in Zimbabwe. So without further ado on getting Zimbabwe back on track, let's welcome the minister of finance of the Republic of Zimbabwe and secretary general of the movement for democratic change, the Right Honorable Tendai Biti. (Applause.)

TENDAI BITI: Thanks, Peter. Good afternoon, ladies and gentlemen, distinguished guests. It's my pleasure to be here. And I can see in the audience old friends, old faces – my friend Lloyd Pierson – that I met many years ago when he introduced me to the late Congressman Donald Payne, who became a very dear friend of our struggle in Zimbabwe. So I want to acknowledge all of you. I met Peter a few weeks ago somewhere in the bush of – the bushes of South Africa and at the Brenthurst Foundation, led as some of you know by Greg Mills. And I didn't know at that time that he would kindly invite me here in Washington. So I'm very indebted to you, Peter, for organizing this.

I've been asked to speak on the topic of getting Zimbabwe moving – getting Zimbabwe working again. And this is a critical question. It's a critical dialogue on getting our country to move again. But the issues I'm going to talk about here to a large extent apply to the rest of Africa, which finds itself in a status quo of fragility, in a status quo of conflict. There are common threads that run through this debate. So the solutions I'm proffering for Zimbabwe could be the solutions for Somalia, could be the solutions for, say, Cote d'Ivoire – which is also in a conflict situation – for South Sudan and so forth.

In the past few months I've been doing a lot of thinking. And I've come up with this theory that I call theory of states in permanent crisis. It looks like on the African continent there are a lot of states that are caught up in cyclical cycles of conflict. You go through a temporary period of peace and stability where there is growth, some modicum of stability, some modicum of peace building, some modicum of nation building. But after five, 10 years, you wallow again into conflicts – a military coup, a civil war, a violent election, some cataclysmic event that just erupts.

And you look at the Democratic Republic of Congo, you can – it's almost that the state's in permanent crisis – countries like Rwanda, for instance, if you study their history very closely, Somalia, the Horn of Africa, and so forth. And there's something common in all these countries. There's something common. The first thing that is common is exclusion – the exclusion of huge populations to the center of production – the center of production.

So you've got entire continents, entire – you've got entire regions, entire tribes that are excluded from the normal productive circles. Oftentimes these people that are excluded have got one thing in common, the language that they speak, their ethnic group and so forth. So what is

essentially a struggle about lack of inclusivity becomes translated, particularly in Western circles like these ones, as an ethnic, tribal battle. But it isn't. It is about exclusion.

Another common feature of these unstable states as well is a nonfunctioning economic base – an economy that does not deliver, and – a (inaudible) states that is not capable of complying with the normal obligations of a normal state – the right to housing, the right to clean water and so forth. There are some states on the African continent – and I'll be a diplomat for once, I won't mention the countries – there are some states on our continent that are mere historical fictions created at the Berlin Conference of 1884.

There are some states where there is no connection between the capital city and the rural areas. And to call this a government – you shouldn't call it a government. It's a – the president should be called the mayor because he controls two or three modern metropolis. That state is not able to provide effective governance across its territorial boundaries. The economy, ladies and gentlemen, is the glue to the modern state as we know it. Is the state able to reproduce itself and to reproduce an open, modern market economy that can create the opportunities for creation of surplus and wealth in that particular geographical formation? And if you look at most states that have been in conflict, this capacity is not there. And so a modern, functional market economy becomes a necessary precondition to stability. It's a necessary precondition to stability.

The third thing that is characteristic of these failed states is the absence of a unified common vision – the absence of a unified common vision, a glue that keeps the people together within the geographical boundary, some value system. You know – you know, in Latin (sic; German) they call it a basic "Grundnorm."

Here in America you have got your American Declaration of, you know – you know – you know, Independence. Thomas Jefferson and others came together in 1774 and defined a certain bundle of rights that bind you as a people: We take it as self-evident that all men are born equal. I don't know what he meant by the pursuit of happiness, but it's a phrase that I like. (Laughter.) It's a – it's a critical – it's critical phrase.

So most of Africa that is in fragility lacks this "Grundnorm" of Jeffersonian values and principles that bind us, that we place above our party labels, above our tribal labels, above our religious labels. And because we don't have these common values – you are going to have an election in a few months' time, in November of 2012. Some of your parties are going through vicious primaries, caucuses and so forth.

If those things were to happen in Africa, each time you have an Iowa caucus, some people will be dead. You know, some people will be dead. (Chuckles.) Some of the candidates would have be dead, dead by now. I won't tell you which one. (Laughter.) But this is the nature of – this is the cyclical nature of African politics.

And the sum total of – the sum total of these things that I've spoken of must also be seen in the context of the colonial state, or the postcolonial state, to be – to be more precise. And here the colonial masters must plead guilty to this. You have a situation where the colonial state was

not democratic. The colonial state was designed as a small seed in an enclave economy. So you've got a tiny modern – tiny modern center that is serving the few white colonialists.

After independence you try to democratize services, democratize delivery. But you don't democratize the economic supply side of the base. And the postcolonial state is then reduced to become a gatekeeper – a gatekeeper to services, to licenses. It becomes a neopatrimonial economy. It becomes an economy driven by clientelism, by patronage and so forth.

Imagine a queue – a queue. Most people who come from Africa know a queue. In a queue, you stand in a queue to purchase something, to get something. In my country during the crisis years, we would see a queue; you'd stop your car; if you are walking, you just joined the queue, and then ask later what – is this a queue for bread? Is this a queue for gas? And so forth.

Now African presidents in the postcolonial – the people, the security guards – that's what we call them at home – that are manning this queue, they've got the power of making you skip the – from the end of the queue to the front of the queue. So they are basically gatekeepers. So part of the challenge is not in making this queue orderly. It is – the challenge is to make the queue disappear by providing that which is in short supply. So economic expansion becomes very important. And these factors reproduce themselves continuously on the African, you know, continent.

So the question I've been asked – how do we make Zimbabwe grow – could be rephrased differently. How do we make African politics anti-cyclical? How do we prevent and deal with the challenges of African states that are in permanent crisis? And I will speak specifically on Zimbabwe, but bear in mind that a lot of the things that I'm going to speak here apply to Africa, particularly fragile Africa, those states that are in permanent crisis.

With respect to Zimbabwe and most of these countries, the first and immediate challenge is politics, because politics is ultimate soccer pitch, football pitch, in respect of which all these different conflicting values, principles are fought. It's politics; it's the political arena. So we have to get our politics right, whether it's Zimbabwe, whether it's DRC, and so forth.

And what are the fundamental things that we have to address? Number one is the issue of delivery and change in the renewability – what others would call elections. Elections are important. Elections are important for creativity. In Zimbabwe we have been – our country turned 32 yesterday. The 18th of April, 2012 was our 32nd birthday. So it's a very young state by any standard. It's a very, very, extremely young state by any standard. We have hardly had an uncontested election in Zimbabwe. We have – we have never had an uncontested election in Zimbabwe.

And I want to say, just on Zimbabwe, that – and many of you, for instance, know about what happened in 2008 and so forth. The same thing had happened in Kenya in 2007. The same thing was to happen in Ivory Coast a few years later. And sometimes nowadays the problem is not the election per se. You can actually have a free and fair election. The problem is the morning after, when the old order refuses to give in to a new – to a new order.

We've got an expression for it in my mother language; it's called *handiende*, "I won't go." One of our famous artists, a man called Steve Dhongi Makoni, sung a popular song called *Handiende*. The metaphor was about a woman who says, I will not leave my homestead. I will not leave for my children. *Handiende* So the disease on Africa is this *handiende* syndrome. You know, I won't go. So we saw it in Kenya. We saw it in Cote d'Ivoire. We saw it in Zimbabwe.

And our response as the international community has been a disaster. You know, one of the things that has failed Africa is international law. International law has been tried and tested, and it has failed. It is failing in Syria. It is failing in – you know, in Iran. It is failing in Iraq. It is failing in Afghanistan. International law is also failing Africa, is also failing Africa.

When international law is to resort to resolutions in the Security Council like Resolution 424 which predicate military action, it is to me not proof of the correctness and efficacy of public international law. It is proof of the failure of international law, because modern diplomacy was designed, and the U.N. was created by President Truman and others, to actually prevent conflict to the level of physical attrition and physical confrontation. But that's another debate. I'm not a professor of public international law. But international law is failing us.

And also what we did then is we created the precedent of patched-up governments. You make the loser become part of the solution, and you patch up these inclusive governments, national governments of unity, whatever. To me they are betrayal of democracy. They fail of international law; they fail of local institutions; they fail of creativity, if – with great respect to many distinguished men and women that spend hours negotiating or cobbling up these – you know, these agreements.

How do you sanctify democracy? There are certain things that are important. The first one is a constitution. The first one is a constitution. A good solid constitution made by the people, for the people is important for Zimbabwe as it is important for Kenya, is important for Somalia as it is important for Cote d'Ivoire, is important for Libya as it important for Egypt or Algeria. A constitution is a contract that defines the issues of the evolution and devolution of power, that defines the issue of how power is shared and distributed.

To me, the constitution is at the epicenter of the existence or nonexistence of the social contract, and I'm using the social contract in a – in a Kantian manner. When there's peace or violence the states in permanent crisis that I've referred to, what is essentially happening – it is a breakdown of the social contract. And a lot of things that happen when there's a breakdown of social contract – there are no rules. There are no rules. It's a law of the jungle. The rule of law does not exist. The judiciary doesn't function. State institutions, they've collapsed. Institutions that are important to oversee the state, they are decimated; the media, for instance.

So – and another thing that actually dies is trust. Trust is very important. It's a key component of the social contract. And the model state can't function without trust. If you ever imagine what would happen if you're driving in Massachusetts and you stop at a traffic light and the other people don't stop, you are going to stop at the traffic light when it – when it says red because you anticipate that the other fools – you trust the other fools to stop because the traffic

light facing them is – says don't move. But if ever one day we all lose trust and faith, there will be disaster.

In South Africa – I'm sure there are a few South Africans here – they use effectively this stop system. You all stop at a junction, but the person who has gotten there first – is the first one whom you – I always say that in Zimbabwe you can't use this. We'll kill each other – (laughter) – because we don't trust each other. So I want to get in there first and what about the, you know, way I'm going. So trust is a very important ingredient. And in Africa, because there's a general deficit of trust – that is not created after independence – it was created before independence, because a lot of what the colonial master did was to divide tribe on tribe, sister on sister, village against village. So the trust deficit is there. And in the absence of trust deficit, you call in lawyers, you call in lawyers to draft a contract. The modern contract is necessary because people don't trust each other. Do you know understand what I'm saying?

So the constitution is the ultimate guarantor of and reflection of the trust deficit that is existing in society. So to me it becomes the first and primary guarantor of the restoration of the social contract. The most common marriage – the most common contract in the world is the contract of marriage. So one fool says I do, the other one says I do. When you are saying I do, you are – you are saying I'm surrendering the exercise of my normal rights to freedom of association from my movement – of movement. I'm also accepting certain obligations.

Now in Africa, these are rights that are generally not well-respected. That's why, you know, I think the future modern African contract, you also need lawyers. Here, you know, you have pre-nups and post-nuptials. It's a reflection of that trust deficit. So the constitution is critical. The constitution is critical as a starting point.

Second, you need institutions. You need institutions. Public institutions are your biggest defense to the protection of your democracy – newspaper houses, churches, trade unions, business associations and so forth. You need strong institutions.

Then of course is the issue of the election management itself, the election management itself. As I said before, elections are important. In the context of Zimbabwe – in the context of Zimbabwe, there is a debate every day. Are elections going to be held this year? Are elections going to be held next year? That is not the point. The point is, have you come up with conditions and have you implemented conditions that will create a sustainable election? The sustainable election is the precondition to a sustainable Zimbabwe. And what are those things that are essential in creating a sustainable election in Zimbabwe? The first one is implementing agreements that we have signed on. Number one, the global political agreement itself – 80 percent of the global political agreement itself are commitments that we as Zimbabweans, we as the political parties that are a signatory to this agreement, have reached an understanding on, 80 percent of it is a political agreement on things that we have to do. We have to deal, for instance, with security sector, military reform, the chiefs, the youths, how food is distributed in an impartial manner. So let's implement that.

Number two, we've agreed to certain things that are in our road map. We agreed on a road map that we signed off to in May of 2011. The road map includes issues around dealing

with the constitution and the constitution-making process. Many of you are aware that when the process of concluding the drafting – the first draft of this constitution – and I hope we'll be able to do this in the next few weeks – and with that, a lot of work has been done. There's a draft now with about 208 clauses. And there are about six or so issues that are still sticky. One of them is the issue of citizenship. Some would – some would reduce the debate to whether we should have dual or more citizenship or a Zimbabwean will lose his citizenship once he or she acquires the citizenship of another country. From our point of view, the debate is not about dual or more citizenship. The debate is simply this: Any Zimbabwean, any natural Zimbabwean, can't lose his citizenship under any circumstances. Once you are born in Zimbabwe, you can't lose your citizenship under any circumstance. It can't be taken away from you. It's like the right to life: It becomes an element of you, inalienable rights like the right to life, the right to housing, the right to water and so forth. That's how we're putting it forth. Forget about multiple citizenship. Once you're a citizen, the natural – you can't lose your citizenship under any circumstances.

In short, I can't see anyone arguing against this. But others are arguing against this because they see elections. They see the politicians' agenda. And I'll come back to politicians' agenda, but the politicians' agenda is one thing that has killed our country. Within 52 years, did the people have a vision in 1980 of what – how they saw our country in 1980? No. How they saw our country in 2000? No. How they see our country in 2020? No. They had one vision, which is – the *handiende* – of the president in 2012.

You know, you know, you know, I said in a meeting the other day that when a person goes beyond 70, every day that you live on earth is a bonus from God. Now some of us want to live to a hundred. That's a serious ambition.

But that's – and so the question of – the question of the road map – the other thing which we also agreed on is the issue of legislative reform. We have to clear out key legislative reform. Just to mention some of the notorious pieces of legislation, the public or the security act, the access to information and protection of privacy act – two laws that have no room in a democratic country.

Number three, under the road map we've agreed to media reform. It's an insult to all Zimbabweans right now that we have one national broadcast in Zimbabwe, the ZBC, which is just a portal of – a portal of attacking people in the – in the – in the opposition, in the democratic movement. At least we – now we have four newspapers, three independent newspapers. But we still have a long way to – we still have a long way to go.

We agreed in the GPA that we should register and license broadcasters. That has not been implemented, so we still have bodies like Studio 7 publishing from here. The agreement was that we would reach these people as soon as possible. We have not done that.

Another key area is security sector reform. You cannot have an election in Zimbabwe without security sector reform. And this is critical. The army, like any other public institution, the police, like any other public institution, the intelligence service, like any other public institution, must be below the constitution, must be subordinate to the constitution and the

elected civilian authority. Whatever Zimbabweans decide to elect at the next election, all public institutions must respect the people's will. And this is – this is elementary. This is self-evident. But it's quite clear that the deficit element, the trust deficit element is there. So we have to have some reform. We have to change some laws and so forth. And we are working towards that. We're working towards that.

So the first matrix as a precondition to the next election in Zimbabwe is implementing the things that we have agreed to. Some of the things we have agreed to are the 24 things that we agreed post the Maputo summit extraordinary meeting of SADC that took place on the fifth of November 2009. We agreed on 24 things, which we handed over to the chairperson of SADC – sorry, to the facilitator, President Zuma, on the 8th of June 2010, a few days before the World Cup. None of those things have been implemented; they have to be implemented.

And then SADC itself must implement the things that itself has resolved and agreed on. In March 2010 last year – sorry, 2011, last year – 30th of March, 2011, SADC went to Livingstone within the shed of the Victoria Falls. They agreed that they would send three persons to work with JOMIC, the Joint Monitoring and Implementation Committee. It's now April of 2011; we haven't seen those three-persons committee. So SADC itself must implement what it has agreed on.

Some of you will recall that in August, 15th of August of 2011, SADC was in Luanda, Angola. And one of the resolutions that was – that was adopted there was that the next election in Zimbabwe should be held in accordance with the SADC guidelines on election that was agreed in Mauritius in 1996, the SADC electoral guidelines. They have not been implemented. They have not been implemented. In fact, if you were just to implement those SADC guidelines, the Mauritius guidelines, you'll have a decent, acceptable, credible, uncontested election in Zimbabwe.

So it's not just the things that we as Zimbabweans have agreed; it's all the – also the things that SADC has agreed to. And I think it would be regrettable – I've already said uncomplimentary things about international law. International law must respect that ultimately, it is the final deciding thing between failure and success in conflict situations like Zimbabwe, Syria and others. And it's important – it's important that international law is up to scratch, understands the situations will remove a lot of politics and bickering at the U.N. Security Council, the abuse of veto power and so forth that has been taking place. It's important that international law comes to the – to the fore.

The second thing that must happen as a precondition to the election in Zimbabwe is the issue of putting measures that secure the integrity of the vote, the integrity of the vote. The integrity of the vote is a reference to the many technical issues that are necessary to create a legitimate election.

Firstly, amendments to the electoral act. That must cover things like, one, the ease to which people can register to vote, the manner in which people can register to vote. We need a brand new voters' roll. Many of you know that. We've got a current voters' roll with 6 million people on it. The problem is that 4 million of those – 4 (million) of – 4 million of these 6 million

people are dead. But these 4 million people have a tendency to resurrect – we’ve just come out of Easter – (laughter) – they have a tendency to resurrect during voting day. So we need a brand new voters’ roll, a modern voters’ roll that is automated.

In the 2008 election, as a political party, we had to go to court to ask for an automated voters’ roll. After much heckling, we got it – we’re given the voters’ roll in electronic form three days before the election. It was in a CD form. But you couldn’t analyze it. It was like a Michael Jackson CD, “Bad,” “Thriller,” “Billie Jean” and so forth. (Laughter.) We couldn’t – we couldn’t analyze it. When we eventually unlocked it and did our analysis, there was one house in a place called [inaudible] which had 75 people. We went there; that house didn’t exist. It was just a piece of ground.

So these are all part of the election reform, what I call – what I call securing the integrity of the vote. Integrity of the vote includes when – how long does it take you to announce election results? Last time it took us six months before election results we announce. Even we went to the runoff before official results of the last election had been announced. Here in America, you have got an election that is 3,000 percent above us. You go to sleep knowing the winner.

So this is unfortunate. So these are technical issues, the automation of the results, the automation of the process. In 2008 we spent as a political party a lot of money – in effect, that’s how we were able to secure our victory – we spent a lot of money sending cars, cameras, mobile phones with cameras photographing results that we posted outside polling stations. So we collected those pieces of paper, put them in the data form, and we were able to declare that we had won the election.

These things shouldn’t be happening. Everything should be automated. Everything should be computerized. And finally, everything should be audited. All these things should be in the electoral act. So that’s the second thing, securing the integrity of the vote.

The third thing is securing the security of the person. This, ladies and gentlemen, is the key thing in our election. How do we vaccinate this election against violence? Because violence has been a tool of political arbitration in our country. Thousands and thousands of people have been killed. Thousands and thousands of people have been abused, maimed. And 2008 was the defining year. What measures do we put to make sure that violence does not interfere with our, you know, electoral processes?

Part of the answer is security sector reform because the violence in Zimbabwe has largely been state-sponsored and state-driven. The violence in Zimbabwe has actually been state-initiated, state-sponsored and state-driven. And it is only the state that has had the capacity of executing the massive, the corrosive violence that we’ve seen in our country. So part of the solution is security sector reform.

Part of the solution is international law. How many observers and monitors are you going to deploy into Zimbabwe and when? Don’t deploy them three weeks before, two months before, because they will not understand anything. Deploy them at least six months before so that they can understand the political terrain of our country.

And some of the violence is not going to be physical. One of the dangers of next election is that you might not actually see physical violence, but those who planned violence will now be reaping the violent harvest of fear because they've done sufficient work; people are traumatized by what happened in the past. So if the police is going to reap the harvest of fear, just an ordinary look, like I stay like this, is going to be violent. You might not know. You might just think, oh, that black person is ugly, he's not a threat. So these people must come before. That's the third issue, security of the person.

The third thing is security of the people's will. How do you – what measures are we going to put as Zimbabweans – in the national law to vaccinate ourselves against *handiende* syndrome, the morning after, the morning after?

You know, Ivory Coast, Kenya, Zimbabwe has proved that the opposition can win an election. But Africa, Zimbabwe is not like Washington. If you win an election, White House and winning an election are on the same address. In Africa, winning an election and state house, they're miles apart.

So how do we bridge this huge gap? And it's a challenge, and not just for Zimbabwe, but for the rest of Africa. How do we secure the people's will? What measures do we secure the people's will? And clearly, you can see again that international law has got a role to play in that particular – in that particular juncture.

So I have spoken about politics. And I've emphasized the issue of a constitution. And I've emphasized the issue of a sustainable election. These are critical. The rule of law, the operations of the rule of law – these are important.

The second thing which is important is the economy. I have already made this – the point that the economy is a necessary precondition – it's not a sufficient – it's not a sufficient condition, but it's a necessary precondition for democratization. The reason why I say it's not sufficient – there are some countries that are dictatorships with an open market economy. I won't mention their names. Some of them are very big. But a democratized functional economy is critical. I've alluded to the fact that dictators are gatekeepers in failed states. They are the manners of a queue. So in – a functional economy is important.

What are the issues that we are battling with? And I will just summarize them.

In 2009 our challenge was that of stabilizing our economy, as Peter has said, with inflation that was over 500 billion percent. We had gone for 14 years, from 1997 to 2008, experiencing declines in our – negative declines in our GDP, from modest declines of minus 2.7 percent in 1997 to minus 14 percent in 2008. In fact, even this minus 14 percent – it's a meaningless figure, because when you have got these zeros that we have, economics, calculations, planning is just a work of fiction, because everything would have been vandalized by inflation.

And remember the hundred trillion dollar you were referring to – we had a hundred-trillion-dollar note by August of 2008. But we took 20 zeros in July of 2006. We took 13 zeros in July of 2008. So to the hundred trillion, add 13 plus 10 zeros. I don't know what lexicon – I don't know what – you know, when I was young I used to think that counting, enumeration ended with \$1 million. So the minute you get to a million, that's infinite. I hadn't lived under Zimbabwe during the crisis years. I learned that billions existed, that trillions existed, that quadrillions existed, that zillions existed. I hope this never happens to another country before.

We also had the challenge of action, where capacity average, industrial capacity – [inaudible] – was between 2 percent to 10 percent. So we had to deal with many challenges, which we did in a document called the short-term [inaudible] and the recovery program.

And we concentrated on four things. First was macroeconomic stabilization. And we achieved this through the abandonment of the Zimbabwean dollar and the adoption of multiple currencies, principally the South African rand and the Zimbabwean dollar. And this was a very important move. It was not an act of wisdom on the part of the Zimbabwean government. It was just a recognition of what was already happening on the ground: Zimbabweans had rejected their own currency. We can't bring it back. Some will ask when the Zimbabwean dollar will come. We can't bring it back because we do not have the necessary current account to sustain – to sustain our own currency. The ratio of our imports to exports is 3-to-1, so to every dollar that comes in, three dollars are going out. So unless and until we build a balance of payment position that can sustain a currency, we'll not be able to do that. Remember, a currency is a relationship between your exports and your imports.

Internally, if you're not trading, then internally, you can use even firewood to – trade. There was a time in Zimbabwe when we were using fuel coupons as a means of currency. But because we are trading, we have to have a currency that is balanced. And you can only balance it if you've got sufficient exports to back up that currency. We don't have that.

The second thing which we did was a “catch” budget. We eat what we kill. So if we – if we – if we catch a rat, we eat a rat. The problem with many governments – I have to be careful, given that I'm in Washington – (laughter) – the problem with many governments is that you catch a mouse and you have a party for an elephant. It doesn't work. That is why there's a problem in the eurozone. That's why there is a problem in Greece, in Spain, in Italy, in Portugal. People have been spending. Cheap money has been on the markets irrespective of the supply side of their economy. And the men of these emerging countries – again, I have to be very careful – you have exported your jobs out. So even baseball caps are made in China. And that's a problem. You – because you can't be a consumer economy. You have to – you have to produce.

And oftentimes in Africa, as in other countries, the problem is not the budget deficit per se. You can run a budget deficit if you are constructing a dam. You can borrow to construct a dam. There's nothing criminal about that. It is how you finance the budget deficit. In our case, we monetized the budget deficit by printing of money. And by 2008, broad money supply in Zimbabwe was 3000 percent. That means there was a lot of paper money chasing a few goods, and of course high inflation.

The third thing that we did was to stabilize the financial markets. One, we reopened the Zimbabwean stock exchange, which had been closed in November of 2008. And secondly, we liberalized both the capital account and the current account. Thirdly, we liberalized interest rates. During the crisis years, the government was borrowing through treasury bills that had interest rates that we kept artificially low. So the cost of money to government was kept artificially low. And that discouraged savings because the interest rates were too low. So we freed up, we deregulated, and for the first time in 15 years we restored a regime of positive rates of interest – you know, positive rates of interest.

I think the biggest thing which we did – and I talk about these policies – the biggest thing which we did was to restore trust in the market, because we've been predictable. We've been consistent. And I have said if there is anyone who is going to push me to tear out a measure that I don't agree with, if anyone is going to force me to return to the Zimbabwean dollar, I will – quit and go back to my – (inaudible).

And what we have done is not – is not – is nothing that comes out of a textbook. It's just commonsense economics. You don't need the IMF or the World Bank to tell you that hyperinflation is not sustainable, that printing money when you're not producing is not sustainable, that you can't – you can't spend what you don't have. You don't need – you know, you know, you know, you know, my friend Joe Stiglitz to tell you that. And that is exactly what we – what we have – what we have done.

The second thing that we did was to supply-side economics. We aimed for capacity utilization of 60 percent from the zero to 2 (?) 10 percent that it was. We removed all kinds of restrictions that we – in the economy: price controls, subsidies. We had something called – export surrender requirements. So all companies that we're exporting, we – to surrender their export earnings which we – in U.S. dollars for Zimbabwean dollars, we removed all kinds of restrictions in our industry. And that worked by the end of the year. In 2009, our capacity production had increased to 45 percent, to 15 percent. And by the end of the year, our growth rate in 2009 was 5.5 percent. Our inflation figures went from 7.7 percent from 500 billion percent.

The third thing which we did was human development index pivot. Schools had closed; you remember, hospitals had closed. The state was dysfunctional. We'd call it, in Zimbabwe – typhoid. In Zimbabwe, in 2008, 4,000 people died from cholera. And cholera, as you know, is a disease of debt. It's a disease of lack of planning.

So we put money into life expectancy in Zimbabwe. By 2008 it sank to 34 for women, 37 for men. Official statistics from our minister of health: 4,000 Zimbabweans were dying every week from hunger and starvation. That means in 10 months, 160,000 people were dying in beautiful, black, independent Zimbabwe, more than the 50,000 that died during the 25 years of our war of liberation.

So we have addressed the issue of social services. We created what are called vulnerable – people, sick; they fund – the people that we called “vulnerables” were child-run households –

you know, ghetto children, 12-year-old, 15-year-olds were running households. Both parents were dead; they have gone into the diaspora or have died of HIV or other – some other disease – widows and so forth. So that was the – an important link, the human development index.

Then lastly was of course the issue of monetizing, the democratization agenda, the constitution-making process, the peace building, the national organ for reconciliation and so forth. So those were the four pillars.

But that's not enough. Stabilization is not enough. We need to grow this economy, but to grow it on an inclusive matrix. We have to create jobs in our economy, and we need foreign direct investment, which has not been there in significant terms – last year, US\$220 million. We need bilateral assistance from your governments.

And I want to say that with great respect to people here, that your foreign policy as a country, as America, could be better towards Zimbabwe. You don't deal with very difficult, fragile states by disengagement, by isolation. It doesn't work.

In fact one of the ironies is that your State Department is actually called the Harry Truman Building, and the Truman Doctrine was all about engagement. George Marshall was the secretary for state under President Truman. The Marshall doctrine was about engagement. The success of your country is predicated by the success of others. So you must engage, but engage strategically.

And what is the purpose of strategic engagement in Zimbabwe? To assist the people of Zimbabwe. And by "people," don't look at politicians. Don't look at Robert Mugabe and ZANU PF. Look at the ordinary people, the ordinary men and women in Lochito (ph), in Chiendambuya, in the Cholocho, in Tsholotsho – you know, in Gwanda, in Gweru and so forth. These people need drugs. These people need schools. These people need hospitals. These people need water and so forth. The wait-and-see attitude is retrogressive and unscientific. The wait-and-see attitude doesn't. So engagement is critical. And unfortunately, this is not a commonly held view.

Expanding the economy is critical because it loosens the grip of the old order. It loosens the power and tension agenda, expanding and dealing with the economy. And on this particular issue, the biggest issue which we are dealing with vis-à-vis our economy, is the question of debt, our sovereign debt of over US\$9.1 billion. We have got huge arrears to the African Development Bank of over half a billion dollars, huge arrears to the World Bank of over \$1.2 billion, huge arrears to the Paris Club of creditors of over \$3 billion. And as you know, the Bretton Woods institutions – the World Bank, the IMF – you must have a relationship with them; otherwise your credit rating is high and so forth. So part of the things that we are dealing with, we are battling with, particular on this trip is, how do we engage and how do we deal with the issue of our crippling sovereign debt?

We – it's not a debt crisis as far as we are concerned. The debt question finished in 1999 when we defaulted. It's a development issue. It's a development issue because to unlock those development funds, we have to deal with the question of debt. We require about US\$14 billion

to deal with our infrastructure – energy, water, roads, irrigation, technology and so forth – US\$14 billion. And there is no way that we are going to be able to generate – to generate these funds.

And the economy is important. I've said already that the growth must be inclusive because part of the source of conflict in Africa is exclusion, the sense of alienation, regional, even an unequal development. If you go to Bulawayo or if you go to the southwestern part of our country, it's almost as if independence just passed it. They were innocent bystanders to the process of the democratization of the – our country, and the key thing is both – there's been no development that has – that has been done there. Show me a new bridge. Show me a new skyscraper that has been built in the last 32 years in that part of the country. If you wake up someone who died in Bulawayo in 1968, he won't get lost. (Laughter.) The big roads are still there; the small little colonial buildings are still there; there's been no development. So inclusion and inclusive growth is important. Expanding the economy is very important.

I've never heard of a country that is stable which does not have a functional economy. But of course on the – on the other side, there are bad, bad countries with functional economies. You know them better than I do. So the economy is critical.

The third issue is transitional justice. Zimbabwe's been a conflict-ridden country, state in permanent crisis, as I called it. And it didn't start with 1980, by the way. It didn't start in the last three – in the last three – 32 years. In the last 32 years, we've had horrible things. We had Gukurahundi between '82 and '87: Thirty-thousand Zimbabweans were murdered in a genocide. Then we had the violent land reform program. Nobody quarreled about the land reform program, but it's the manner in which it was done. People were displaced, people were killed. Then we had Operation Murambatsvina, the cleanup operation of 2005. Over a million people were destroyed; homes were destroyed. Then we had – then we had the violent election of 2008. People were killed, people were brutalized, and so forth.

So it's a nation with scars. It's a nation that is dead timeout – you know, you know, you know. No, but – if unfortunately if you look at the history of our country, this is a country that has never had more than 10 years of sustained peace from 1890. The First Chimurenga, 1895, armed fights between the incoming colonial whites and the existing black communities. 1923, 1931, the Land Apportionment Act, and a war literally when blacks were being displaced from the good commercial areas to give away to white ranchers, white farms and so forth. Another conflict, 1954, labor conflicts at places like Wangi, massive conflicts. 1958, the birth of the modern liberation movement. So from 1958 to 1979, basically armed conflict in the country.

So it's a country that has never been at peace with itself. It's been a state of permanent conflict. Can you imagine this America if the Civil War had been continuing from 1860? You wouldn't have anything – infrastructure you have and so forth.

The World Bank in 2010 did produce the report – World Bank Development report of 2010 which spoke of conflict, and that report is very incisive. It says for every five years of conflict you have, you lose 8 points off your gross domestic product. So if you measure now, in Zimbabwe, using that same formula, from 1890 to now, what eight points we have lost? So we

could have been the biggest economy in sub-Saharan Africa. So the question, therefore, of transitional justice becomes an inextricable component of – for creating a sustainable Zimbabwe.

What we do with the victims, the issue of reparations? When do we start to make the inquiries anyway? Do we start in 1890? Do we start – where do we start? This is a painful, difficult debate, but it's a necessary debate. People – every one of us has got a story to tell of abuse.

You know, I – you know, you know, I – I've been in prison many times before. And in the 2000, 2001, it used to be light prison. You get arrested; you spend four days in prison. And during those days, I used to think that the sock – you know that the sock that you men put on was the symbol of freedom. You never imagined that – because in jail, you don't put it on. So just having the opportunity, the freedom of choosing the pair of socks that you are going to put on is freedom.

Then I went to Harare Remand and the things that I saw there, and my concept of freedom, the outward freedom is just going into a clean bathroom. A clean bathroom – it's – you take it for granted. You know, you take it for granted. Each time you go into a bathroom, you never think. But when you go to some of the places where some of us have been, you then know that freedom – you take a lot of things for granted; a lot of things you take them for granted, particularly in this developed part of the – of the – of the world. And so the issue of healing our people is very critical because we're never in time out. We've been traumatized and so forth.

Now, there are other issues that are also important. One of them is the land question in Zimbabwe. It is important to put a full stop to the land question. The land reform came and gone, and it's final. It's final in the sense that I don't think anyone can undo what is – it's final. We accepted that. But we must translate now the land reform – but the land reform was never about simply replacing one group of landowners with another group of landowners. It was all about food security. Land acquisition was not a means in itself. It was – it is not a means to an end. It's a transition to something.

And therefore we need to deal with the reform of the land, the issue of dealing with security of tenure, the issue of making sure that that which is debt capital is life capital, and you not have a fully functional economy unless you deal with the issue of restoring a land market, dealing with the issues of tenure, dealing with the issues of yields. At the present moment, our yields are between 70 kilograms to one kilogram per hectare, when an average farm in Africa can give you as much as 15 tons of grain per hectare, maize, as we call it, corn, as you call it in this part of the world. So this is another critical area that we have to deal with, putting a full stop to the land question, modernizing our land and ensuring that there is absolute food security.

If you were to ask me about issues that we need to deal with, we also need to deal with which – with our own fears as a group of people. There are some of us who fear violence. So if we're to write our Jeffersonian principles, we must write that our society should be free of violence.

There are some of us who fear, interfering into our economy. We must write into our own Jeffersonian principles the fact that we can have political differences, but the economy must not be interfered with. But it must be inclusive economy. It must be an economy that is blind to regions. It must be an economy that serves all Zimbabweans equally. It must be an economy that creates jobs. It must be an economy that creates – that gives to citizens opportunity of generating surplus, generating wealth.

Thirdly, there are some of us who are afraid of reversals of what they see as the legacy, the land question, for instance. Let's have an honest discussion on that, and let's put a closure to it. There are some of us that have to be taken to The Hague because we've killed people. Let's have again in our own Jeffersonian discussions a total, entire discussion on transitional justice.

And then lastly is the common vision, a common vision. The biggest challenge and the biggest sin of Africa's post-independent fathers is the lack of foresight. Nationalism was excellent in dealing with issues of democratization: one man, one vote. Sadly, they meant it literally. But beyond that, you do not have a higher value. If you had asked President Mugabe, President Kwame Nkrumah, how do you see Ghana 40 years from now, the answer could have been lacking.

So I think the issue is nationalism has done its part. It's now exhausted, to use the language of Frantz Fanon. Let's liberate it from its own inertia. The majority of people in Africa and in my own country, 30 percent – sorry, 70 percent of the people are under the age of 30. This is a Facebook generation. This is a Twitter generation. This is a YouTube generation. This is a Google+ generation. It's a generation of cheetahs, not hyenas. They are looking forward. So let's find a common vision. In my country, we are working, for instance, on a vision, 2040, how do we build a Zimbabwean economy that is a hundred billion dollars. From what I know, we offer our diamonds and so forth, we can easily build a \$400 billion economy. I wish this question had been asked by Daniel Arap Moi and others at the time of independence 40 years ago – you know, 40 years ago.

So it pains me when we come here to these gatherings at the World Bank in this – as African ministers were very active – we move from one door to other discussing the same issues that our grandfathers in 1960 were discussing. You don't see South Korea in these meetings, do you? You don't see Singapore. In Singapore – Singapore was created in 1965 – in 1960. But you don't see them because they had a vision of transforming leadership, transformational leadership. I'm – I've just turned 45, but I feel like I'm 80 because the issues I am dealing with are 80 years old. And those who are really 88 years should have dealt with them many years ago, but they didn't deal with them.

But despite this, I'm very optimistic about the continent, about Zimbabweans. I think we've got honest people, hardworking people, intelligent people. And I think that we'll be able to create not just a sustainable Zimbabwe, but a sustainable Africa. I think we will do this. (Applause.)

DR. PHAM: Thank you very much for that, really what truly was a tour de force. And in the interest – I'd like to open it now up to the audience, who I'm sure will have a number of

questions. And because our time is limited, please do limit yourself to a question and not a statement, and please identify yourself and wait for the microphones.

The gentleman there.

Q: Chairman of the Islamic Development Initiative in North America. But my question is about the gold sector. How do the extraction industries fare in the last 15 years with getting net back to them or to their owners, the real market value of their products in terms of world markets – the extractive industries?

MIN. BITI: Oh, go ahead. Why don't you take a few?

DR. PHAM: Oh, you want to take a few? OK.

The gentleman – (inaudible).

Q: Doug De Groot, Executive Intelligence Review. Brief question: What are the implications of the – for the transition of the passing of Solomon Mujuru?

DR. PHAM: In the back there.

Q: Hi, Nico Colombant with Voice of America. I was wondering if you could address the recent conflicting statements by the black empowerment ministry and the prime minister concerning the foreign mines, foreign-owned mines.

DR. PHAM: You want to start with those? So –

MIN. BITI: Well, thank you very much.

Well, the issue of extractive industries and commodities is a burning question to all countries that are resource-endowed, not just in Zimbabwe, even in South Africa. South Africa, you see the likes of Julius Malema, now operating off nationalization. In Australia, it actually cost a prime minister his job, Kevin Rudd, when he proposed the 45 percent additional profit tax on commodities.

In our own country, we are battling with the issues of indigenization and empowerment. And there's a new term – there's a new term that has been invented by the economists and others like that, the lexicon of resource nationalism. The reason why this has become a debate is because there is a huge gap between the contribution of commodities to the national coffers and what is being extracted. There's also the issue of environment. You know, once the resources are gone, they're gone, number one. Number two is the damage that is done to the environment.

There is a – there's a – there is a – there's a gold mine in Zimbabwe found in a place called Masheen Gorengo Mine (ph). There's a paved road close to this mine. And the distance between the paved road, where the paved road finishes, to where this mine is is 90 kilometers. But it will eventually take you two hours to drive this 90 kilometer because they are so bad. This

mine has been there for – (inaudible) – but they’ve not even bothered to pave this road so that it can help the community, it can help – so there’s a – there’s a gross mismatch between what has been contributed and what is being extracted, and which is why here in Washington, the World Bank has come up with this EITI, Extractive Industry Transparency Initiative, to help small countries bridge the gap between what is coming out of the soil and what is being contributed today to the coffers.

If you talk of Zimbabwe – for instance, we’ve got an income tax act. The income tax act, which is our tax law, has got about 32 schedules. Of these 32 schedules to the act, 60 percent of them are benefits or tax expenditures to the mining sector. So that the effect of mining tax in Zimbabwe before what we did in December was in fact one of the lowest in the world, 8 percent. And because there are so many loopholes, very few mining companies actually pay and declare a dividend. Between 1996 and 2008, only two companies on two occasions actually declared a dividend and paid tax. So we very much welcome what the World Bank is trying to do through this extractive industry.

Take platinum, for instance, we’ve got huge platinum reserves, the second largest in the world, but there’s no validation in Zimbabwe. There’s no processing. There are 10 derivatives from a platinum mine. We don’t know where they are going to. So we need to – not just Africa, so not just Africa, but, you know, Australia, they’re challenging on – there have been challenges on this.

There really has to be a transparent forum that balances the interests of private capital and the interests of the communities and the interests of citizens who own those resources at first instance. Many of the contracts that have been negotiated are just horrible. They make no distinction between equity capital and working capital. Working capital is confused with equity capital. So companies are going out with – (inaudible).

Just to give you one example, we have got diamond mines in Zimbabwe who have come in recently. They were asked to contribute \$5 million, and that \$5 million was confused as equity capital. But \$5 million was just the capital that was the working capital necessary to get the mine on its feet. Now, \$5 million is the price of less than a hundred carats. So in one shovel, these mines it repaid their working capital. So it’s very sad, which is why you see many African countries now renegotiating their old contracts, because they were so exploitative and so illiterate, so illiterate, they didn’t understand the mechanisms.

Solomon Mujuru. I think one of the things that has become a major destabilization in Zimbabwe is the unresolved succession issue in Zimbabwe. If we are going to go to an election probably next year, and if we have a party that is placing its hopes in somebody who is 88 years old, I think there’s something wrong with that. If you are 88 years, you belong to a people’s home, you belong to a wheelchair. And to place the fate of a country to an 88-year-old. With great respect -- I’m not a member of ZANU-PF, but with great respect, it’s not – it’s an insult to the present generations. We need renewal in Zimbabwe.

I have absolute no doubt that the death of Solomon Mujuru was inextricably connected to the unresolved succession issue in Zimbabwe. And it’s frightening, because if they can do that --

and the inquest was very clear that there was foul play. If they can do that to the candidate's top general, you know, the (ice and war?) of Zimbabwe, what more little people like some of us? So it's really frightening, which is why I said in my address that we have to deal with measures to vaccinate this election against violating the security of the person. And it's critical that we – that we – that we do that.

Solomon Mujuru was a great soldier, a great strategist, and my suspicion is that as a country, we are missing him. But he's gone, so we have to come up with a framework that makes sure that more and more people don't die, and dying for power, you know. You know, I've been a minister for three years, and I ask my colleagues -- some of whom they have been there in 1980 – look, don't you get tired? (Laughter.) You know, because it's crazy, you can't be that thing for 30 years. Otherwise, you are giving zero. You know, there's a marginal propensity to production of good ideas. After 10 years, you are history. That's why you people with limited terms of office – four years, four years – first four years, you are learning the ropes. Second term, you have got better ideas. But 30 years, for Christ sake. (Laughter.)

Indigenization. Indigenization is – is -- let me say this. It's important that economies are democratized. It's important that the majority of people participate in their well-being. There's no question about it. So any measure that promotes the majority in participating is not a problem. So democratizing the economy per se is not the problem. The challenge in Zimbabwe is, number one, the process was not properly thought out and the process is not democratizing at all.

The net effect of indigenization is transferring shares that are held by white people to shares that are held by black people. The transfer is for value, which is a good thing because, you know, expropriation, compulsory acquisition, is a thing of the past. But in a situation where the majority of the people are poor, you are not democratizing, you are just transferring shares from a few rich white people to a few rich black people. So it's not democratization, it's just elite transferring. So it wasn't well thought-out. It wasn't well thought-out.

And true due process is not sufficiently being followed. So I think it's a program that we need to go back to the drawing board and then say genuinely how can we empower people. As far as I'm concerned as minister of finance, I think that the best way to empower our people at this present moment in time is to expand our economy to create as many economic actors as possible: creation of small-to-medium enterprises; creation of microbusinesses; financing our agriculture, because agriculture's a business; attracting foreign direct investment; building our services so that they're 25 percent, they're 50 percent of gross domestic product. Anything else becomes patronage, becomes clientelism.

Let me just give you an example of the absurdity of the empowerment program as we are currently trying to do it. There are four foreign banks in Zimbabwe – major foreign banks. The first one is Barclays Bank, which all of you know. It used to – it used to own slaves, but that's another debate. There is Standard Bank. There is Standard teller bank. Then there is MBC, Merchant Bank of Central Africa, which is owned by a South African bank called Nedbank, which is part of the old Mutual – which is part of the old Mutual group.

Now, theoretically, 50 percent of that, or 51 percent, has to go to black people, theoretically. It's not what is going to happen, but I'm just giving you the absurdity of the situation. To start a bank in our country, the minimum capital requirements are \$12.5 million. So, Peter, you can start a bank. (Laughter.) The markets – the average market capitalization of each of the banks is \$60 million, these four banks. So if you are going to indigenize, the black – the new black person has to pay in \$30 million to start – sort of to buy-in the shares. The total capital of the bank is 60 million.

Now, why, if you've got \$30 million, why should you go to Mr. X bank when you can otherwise, in fact, start two banks on your own? Remember the threshold is \$12 million. So it doesn't make sense at all. You are not creating wealth. You are not creating fresh capital.

So the program has not been well thought-out, but it's an important program to have as many of your people engaged in your economy, not just as labor, as workers, but also as generators and creators of wealth. That we don't question. But the method that we are trying to do it is what is a disaster.

DR. PHAM: I think we have time for one more round. Emira? Here.

Q: Thank you. I'm Emira Woods with the Institute for Policy Studies, and thank you so much for carving out space for this event and for the brilliant remarks.

I guess I have a question to you as sort of the political leader of MDC. So take off your finance minister hat. You know, it seems as if repeatedly MDC is looking essentially for the 88-year-old to die. (Chuckles.) And I guess I wondered if you could share a bit in terms of the vision of MDC. To what extent is MDC doing things differently this time around to assure that even if there is finagling with the electoral process, that the outcomes, if it is 2013, would be different than the last go-round?

And then I guess I had a quick question on the finance minister end. You know, the African countries put forward a candidate for the World Bank, and that candidate did not – was not the victor. I'm wondering, on the questions of voice and vote of Africa in the World Bank, to what extent Zim or other finance ministers are pushing further on the agenda of expanding the voice and vote at the bank. Thank you.

DR. PHAM: We'll take two more.

Ambassador Yates.

Q: Mary Yates, retired diplomat. Nice to see you again, Mr. Minister. Thank you for those remarks. And I agree with your statement at the beginning that these could be applicable in many other places in Africa. I hope you give the talk somewhere on the continent as well.

My question goes back to when you talked about SADC, and it's something in the implementation of the GPA, and it's something that some of us have worked on and worried

about and watched and watched SADC grow in its leadership, certainly under President Zuma, to try and move these – the implementation of these items forward.

The reason I ask you to go to that a little bit more is because I think it's critical in thinking of the election. I mean, the road map is there. Many people have worked hard on it. But if they don't take root, you know – so what can be done? Why has it failed? And what can the outside world do to help?

DR. PHAM: In the back there.

Q: Nick Donovan from the Global Witness. Thanks very much for – (off mic).

Could you give us a little overview on what your expectations of diamond revenue will be this year? And who are the true beneficial owners of Anjin Diamonds and Mbada Diamonds and some of the other diamond companies?

MIN. BITI: Thank you. Thank you for the questions.

First, on the MDC, number one, on elections, we're very clear on what has to be done. In fact if you go on the website, we published on the 14th of March – sorry – 8th of March 2012 a document called CoSEZ, Conditions for a Sustainable Election in Zimbabwe. And some of the things that I've been talking about are actually – you will actually find them in that document.

We have also – we have also a – there are lots of things that we are – we are doing. There are lots of things that we are doing, which, if you go on our website, you will be able to see.

And I think there are three critical issues. Number one is to place our party in a position that we are able to win this election decisively. And that – I've absolutely no doubt about it.

In terms of our connectivity with the people, in Morgan Tsvangirai we have got a leader who is essentially the face of the struggle, the face of change in Zimbabwe. He's clearly the undisputed – undisputable leader of the change struggle in Zimbabwe.

We've also been doing a lot of policy work, some of the things that I've spoken of – the vision for Zimbabwe, Vision 2040, and so forth. And it has been a lot of hard work – environmental policy. These are territories that Zimbabwe has engaged in, issues, questions of ICTs, ECT. We have done a lot of work, a lot of work, and you'll see as they are launching some of these documents in the next few months at different times. One of the documents that we are launching is a document that will be called JUIP, which stands for jobs, upliftment and investment for you. And it's our answer or our own alternative voice to the issue of democratizing our economy and the whole debate around indigenization, what needs to be – to be done.

Part of the issues that we are also working on, one of the problems in Africa is you can actually have your transition, but because the government, the new authorities, don't have a plan

in the first hundred days, in the first 365 days, we are also working on a lot of this – a lot of this work. So there is a lot there we are doing, which I clearly can't disclose in a forum like this, but if you go to our website, you'll be able to see what we have been able to do.

The one thing positive to come out of the inclusive government has been to equip our people with the experience of statecrafts. We – I don't know what would have happened if the MDC had not come into government; we probably by now would have been cannibalizing ourselves as a people. We, in fact, did give our people some time out. But I think one of the things that has happened in the last three years is that we have understood statecrafts; we have understood the center, the epicenter of the bureaucracy of the state.

And trust me, if we had negotiated the GPA, the Global Political Agreement, now with the knowledge that we have, there will be a lot of things that we'd have sought to define and redefine. And one of the things is redefining the state, redefining the bureaucracy. The bureaucracy is very powerful, and we have learned it. So we would have dealt with the parastatals, ETCs. So we have learned a lot of things in the last three years, and that is something that is very positive.

As far as the issue – the issue of voice and the reform at the World Bank, at the – we're a tiny little country, Zimbabwe, so I don't talk about those issues often. But yes, as a matter of fact, Zimbabwe, like any other African country, we supported the candidature of Ngozi. We are disappointed that she didn't get the post. And quite clearly, all institutions must evolve, whether it's the World Bank, whether it's – whether it's the U.N., institutions must evolve. The circumstances that existed in the late '40s are not the circumstances that exist now. So we must democratize our domestic politics inasmuch as we must democratize our international – our international institutions.

I spoke of the U.N. Security Council. If I look at what is happening in Syria, for instance, the bloodbath that we saw in Libya, I think it is obligatory on the international community – I think the U.N. Charter was very good, the U.N. Charter was very good. Article 2.7 was very good. But I think it's time now to revise the U.N. Charter and come up with certain values and principles that we have learned in the last 50 years and so forth.

The U.N. Charter was a basic *Grundnorm* at that particular time. We didn't want war. We didn't want interference in domestic affairs. But that's history. The world has become flat. The world has become global. So how – so what happens in your backyard is my business. You can't – you can't kill people and say, oh, no, I'm protected by Article 2.7 of the U.N. Charter. That's – belongs to a Smithsonian museum. (Laughter.) It can't happen in modern international law.

So I guess the thinkers of this world must really, really accept that we have moved on. We are trying to get the right to intervene, the right to protect, but let's have an open discussion, and let's change some of the statutes that have clearly become archaic.

Diamond revenue: We anticipate to receive \$600 million this year. That's what we put in our budget. Our budget was \$4 billion. But in the – in the first three months of the year, we

have hardly received anything. So there's a shortfall on our diamond revenue of \$92 million. There are problems that are there which we are dealing with. But it's important for a small economy like Zimbabwe that it is able to account fully for all its resources so that we can benefit our people.

DR. PHAM: SADC.

MIN. BITI: Oh, SADC.

Look, I agree, I totally agree with you, with your comments. If you don't plan, you will repair, and the cost of repair is much, much bigger than the cost of implementing a plan. And I think SADC must understand that it can't afford another implosion in Zimbabwe. We imploded in 2008. SADC can't afford another implosion. The world – despite our problems, despite the debates we're having with the State Department, the world was in fact very kind to the inclusive government, very kind to the Zimbabwean people. We kind of got another second chance.

But in a world where every region is faced with falling surpluses, falling an intense contraction of capacity, contraction of production, there is fatigue, there's fatigue in international affairs. Many, many countries are becoming inward-looking, America included. So if we get it right the next – if we get it wrong the next time, I'm afraid we are – we'll be in for another long war of conflict. The next election in Zimbabwe is as important as the 1980 election. It's a conflict-preventing election. It's a development-defining election. So we can't afford to get it right.

So far, there is little evidence of movement inside SADC. There's little evidence of movement inside SADC. My suspicion is people are going to start moving when it's clear that we have to have an election. Whether we like it or not, an election has to take place by March or July next year. Now, there is no point in starting moving in January of 2013. You are – you are – you are – it's too late. It's too late. So I think that it will be much cheaper, much strategic to actually move now on the things that have to be – to be – to be – to be done. And I must say it's not just the baby of the – of the – of the – of the SADC on its own. What about the African Union and what about the U.N. itself? What about your own bilateral, you know, governments?

The huge amounts of money – I was talking to Donald Kaberuka, the president of the African Development Bank, a few weeks ago, the 23rd of March in Tunis. And he was telling me that the Africa Development Bank had just appointed a director responsible for the Horn of Africa, in particular Somalia. We all know the huge amounts of money that are required for Sudan – South Sudan – was – that as well, eh? We all know the huge amounts of money that are required for Somalia. If international law had avoided the collapse, the fragility, those huge amounts of money would not have to be spent. So, as I said before, repairing is a higher premium than planning and implementing your plan.

And I hope that the powers that be are listening to what we are saying in Zimbabwe – is that, look, let's have the discussion now; let's have the engagement now. And we're not reinventing the wheel. The things that need to be done are straightforward; I've said many of them here, the things that have to be – to be done. And in Zimbabwe, people are very lucky in

that at least the Zimbabwean parties are talking. You know, the president and the prime minister have pancakes every Monday afternoon, and those pancake sessions are very important. So there's an avenue of intervention, and I hope all the powers be that can understand that there is an opportunity here of moving forward and going forward.

DR. PHAM: Thank you very much. Thank you. Please join me in thanking him for having generously carved out this time for us. (Applause.)

(END)