

## Zimbabweans sending secret reserves home

By Fiona Forde Ordinary Zimbabweans gorged themselves this week on President Robert Mugabe's order to shopkeepers to halve their prices - spending secret reserves of cash sent home by the estimated 3,6 million Zimbabweans living across the world. "Each year, we believe they are sending home somewhere between \$600-million (about R4,1-billion) and \$1-billion," says economist Eric Bloch. This week, the buying power of the foreign currencies showed its face.

Mugabe's edict last month, which is being harshly enforced by police and militias, was meant to give ordinary Zimbabweans access to goods that have been out of their reach because the country has the highest inflation in the world. Analysts believe his bizarre economic intervention, which artificially halved prices, was a bid to buy much-needed public sympathy in the run-up to the elections. The reality however is that it is about to backfire in more ways than one.

It's quite remarkable," said one Harare car dealer, who asked not to be identified. "While there may be shortages on some shelves right now, there is no shortage of money. What you see is clever trading." Bloch believes black marketeers have been waiting in the wings for just this opportunity. "The moment the task forces began to enter shops and slash the prices, as many black traders were watching their actions closely, knowing that the same stores would not be able to stock up again once supplies run out." The black marketeers purchased in bulk on Wednesday in preparation for when they could resell the goods at grossly inflated prices. By close of business on Wednesday, Bata's shelves had been cleaned out after a mere 48 hours of trading shoes at abnormally low prices. Riot police swooped on Makro on Thursday to stem the frantic flow of shoppers who turned up in their thousands, and with their millions of Zimbabwean dollars. On Friday, shoppers were filling baskets with every possible thing that they could while the few items on the shelves still remained. "I bought a TV for Z\$8m this morning, down from Z\$50m yesterday," a junior manager at Makro told me on Thursday, quite pleased with his day's purchase. He was one of the privileged staff allowed pre-trading access to the rock-bottom goods at the Harare store that morning. By 3pm on Thursday, Makro had to close its doors for the day as shoppers went on a mad spending spree inside. By then, the vast warehouse looked like something from the old Soviet Union, with police officers patrolling the wide aisles, keeping a steady watch over shop assistants to prevent them reversing the surreal prices, as shoppers continued to empty the shelves. Although the television sets had long since sold out by that hour, bargain kettles (down from Z\$8m to Z\$2.1m) and coffee makers (Z\$2,4m, down from Z\$9m) were in big demand. Bulk supplies of food, toiletries and cleaning agents, a fraction of their asking prices a day earlier, were equally popular. On Friday state radio news bulletins warned of criminals masquerading as inflation police, demanding goods be sold to them at inferior prices, exactly as the men in uniform have been doing. Zimbabwe Independent editor Iden Wetherell believes, however, that what the government is doing is criminal too. "It must be quite difficult for anyone to discriminate between one and the other at this stage," he says. While the price-slashing edict has been a bonanza for consumers, it's crippling businesses who know that if they defy it they will be taken to court. By Friday, Harare's upmarket supermarkets continued to offer ample supplies of just about everything that money can buy, with the exception of meat. Farmers have begun to dig in their heels, refusing to slaughter their animals at cut-throat prices. The fear now is that government will bypass the distributors and go straight to farms and force the hands of the farmers. "But this won't last," argues Wetherell, whose newspaper was forced to cut its price from Z\$80 000 last week to Z\$40 000 on Friday, "although we had planned to put it up to Z\$100 000 this week to try and keep up with our costs." His view is shared by other business people who remain oddly optimistic in the face of the bizarre situation. "No, we're not worried," claims the car dealer. "Yes, we will suffer for a while. But when the government resorts to these measures, then you know the end is near. This kind of stuff just can't last," he smiles. "I give him until September at the latest." Bloch agrees: "Mugabe is not a man who will ever accept responsibility for the crude mismanagement of this economy, which is all his own doing. "He no longer has Tony Blair to blame for it. Gordon Brown hasn't commented on it yet. Who better to blame than the business community? He's desperate. He needs someone to blame. He blamed them, cut the prices. But it is backfiring at a rapid pace.

## About the Author

From [www.iol.co.za](http://www.iol.co.za):

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