

A Study on How the US is Helping to Resolve the Economic Hardship in Zambia and Zimbabwe

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Abstract:

*Both Zambia and Zimbabwe face extreme economic turmoil today. With extremely high levels of poverty, inflation, and shortages, the citizens of Zambia and Zimbabwe face unique economic challenges that call for the help of Western governments. In addition, the countries are burdened with health issues, including HIV/AIDS, cholera, and other epidemic diseases. The United States government has recognized that Zambia and Zimbabwe are in need of international aid, and the United States has taken many different methods and steps to address this issue. In particular, focus will given to the study and analysis of United States' policies, leadership, and institutions that are helping to combat economic problems in Zambia and Zimbabwe, as well as the extent to which these methods of US aid are effective and beneficial for long term economic growth in the two African countries.*

## Zambia:

### A Study on U.S. Policies, Leaders, and Institutions and their Effects on the Economic Exigency of Zambia

The country of Zambia has faced severe economic issues in the past few decades. Once a middle-income country in the early 1970's, Zambia is now one of the poorest nations in the world. The economic growth of the country began to slide after the beginning of 1970 when copper prices declined on the world markets. According to the United Nations, the country now experiences a 68% poverty rate, where 78% of the population living in rural areas are under the poverty line, and 53% of the population living in urban areas are under the poverty line. In addition, the country's situation further burdened by the rapid population growth, and the strain that HIV/AIDS and its related issues, such as rising medical costs and loss of productivity, have placed on the limited resources of the Zambia government. Under such circumstances, Western governments, in particular the United States, have recognized the need for aid and relief in Zambia, and have felt the obligation and responsibility to improve the economic situation that have left many citizens of Zambia in hopeless discouragement. We will note and analyze the ways United States' policies, leadership, and institution have effected the economic development of Zambia.

#### **Policies:**

The largest way for a country to influence the economic situation of another country is through international policy making, and this holds true in regards to the United States' policies toward the economic challenges of Zambia. The current policy that the US government is using stems from George Bush's "new compact" for global development speech given in 2002 at

Monterrey, Mexico (Bumiller, 2002). In his speech, Bush called for the abandoning of pouring money into failed “status quo[s]” because it does very little to actually help the poor (Bumiller, 2002). In fact, he further states that excessive giving of money to aid developing countries can actually “delay the progress of reform” (Bumiller, 2002). To further strengthen his point, Bush stated that foreign trade was much more important to the poor countries than any level of aid. Of course the goal of this policy was in the right direction as Bush called for the 50 nations present to accept a “higher, more difficult, more promising call” to ending global poverty (Bumiller, 2002). But only with strings attached.

The policy was proven to be transient, ineffective, and even harder to carry out. As Jorge Castaneda stated, “It's a shift in political attitude that is very important,” Bush clearly did not come to deliver his proposal without “anything to [be] put on the table” (Bumiller, 2002). What Castaneda was referring to was the underlying reason for global aid: the need for cooperation from poor countries to support the United States' strategic war on terror and promotion of democracy abroad. Foreign observers showed strong skepticism and criticism against the Bush administration when the US government decided to delay jump-starting this aid to 2004 because defense and protection from terrorism took a higher priority than foreign economic development. Thus, with underlying implications and no real determined goals nor time-line, the policy that the US has taken to deliver help to developing nations seems callow at best.

What proved to be even more troubling for developing nations was the fact that Bush demanded that the countries receiving foreign aid demonstrate ways in which their political, economic, and social structures are becoming more like the democratic institutions of the West; in particular, the US. Many observers and foreign countries not only saw this move as a puerile

act of forcing US political philosophy on other countries, but also as a frigid shift to Cold-War tactics. As the UN's Global Policy Forum (2002) stated, "The initiative offers increased funding to countries who meet specific criteria including economic policies and governance conditions defined by Washington." While this political move makes sense in terms of adopting closer scrutiny and more detailed management of relief-funds, it does not actually outline any clear and serious planning nor the commitment necessary for major economic development in countries such as Zambia. Thus, one can legitimately view this aid policy as a back-scratching bargain between the US and foreign countries: those developing countries who are behaving well according to Washington will be rewarded with US funding. What also makes this policy ineffective is the way the US structure is set up; congress will have to approve of the budget and the funds for aid, but this seems highly improbable when other institutions, such as the treasury, firmly believe that the way to ending poverty is not through welfare (Bumiller, 2002).

Finally, one may have to ask whether this policy is really helping countries that are most in need such as Zambia and Zimbabwe. "Currently, most U.S. aid goes to two strategic allies in the Middle East, not to fight poverty in Africa." stated the Global Policy Forum (2002). Under this context, it is even more likely for one to deem the "new compact" as a mere political strategy to reign in allies in the war on terror. Not only is this policy being used today not geared properly to fight poverty in Africa; it diverts the countries that are funding this policy toward other countries that can play a significant role in ensuring protection of US interests. Another reason why this policy might not be really alleviating economic pains in African countries is because it fails to address one of the biggest burden that the developing countries face: debt. This policy never mentions any concept on debt cancellation, thus failing to address the most current

needs. As the Global Policy Forum (2002) stated:

The leaders of the world's richest countries promote free trade and foreign investment as the engines of development, supplemented by small increases in aid. But the principal obstacles to reducing poverty in Africa remain the hemorrhaging of some \$14 billion in annual debt repayments to rich foreign creditors and the AIDS pandemic and the larger health crisis it represents

In any case, while the current policy that the United States has implemented in international aid shows that the country recognizes the deteriorating economic situation in developing countries, the questions remains whether this has been a step in the right direction to solving the problem. Nevertheless, it is critical that the US continue to examine its methods of responding to the economic challenges that many countries of Africa face; new Western and global efforts must measure the effectiveness of their policies not in terms of political alliances, but in terms of actualizing the improvement of economic and social well being in countries such as Zambia.

### **Leadership:**

Policies are the limits within which international leaders must operate; therefore, political leaders from the United States also play a major role in shaping the economic development of Zambia. The particular candidate of study here is Donal E. Booth, an American diplomat who is serving as the current United States Ambassador to Zambia. Booth has played a very influential role in changing the economic circumstances in Zambia since his stance has always been a welcoming one on the relationship between the US and Zambia. Booth commends the Zambian government in areas of change and reform, and he personally believes that the US government can do more to promote economic growth in Zambia. The Times of Zambia recounts that Booth

called for his government to assist Zambia in raising rural household incomes, boost community and public sector participation in the economy, as well as other initiatives such as health and education. At the same time, Booth is pleased to hear the Zambian government say that Zambia is not sitting idle but is making real changes and reforms in its government and economic institutions (Times of Zambia). The article published also states that the Zambian government has opened up the country more in terms of letting foreign companies and investors operate within the country while simultaneously working to protect individual rights and other humanitarian issues.

In addition, Booth is a major proponent of land and agriculture reform in Zambia. In a speech he recently delivered, Booth said that “agriculture offers the greatest potential for lifting people out of extreme poverty while also increasing food security in the Zambia and the region” (Lusaka Zambia, 2009). Booth effectively incorporates doctrines of market capitalism and privatization methods that have alleviated countries around the world from poverty while stating that a similar opportunity exists for Zambia to reinvigorate its economy by privatizing agriculture. One such innovation for relief that Booth helped to create was the Zambia Agricultural Commodities Exchange or the ZAMACE. This organization seeks to bring new benefits to the agricultural commodities market by “reducing transactions costs, giving real-time price discovery, and promoting transparency and trust between producers (farmers) and traders” (Lusaka Zambia, 2009). Booth is supportive of the developments taking place in Zambia and believes that creating a structured and transparent market is the precise, systemic change that is needed to empower the poor in Zambia.

On March 19, 2009, Booth took another major step in bringing about aid to the country of

Zambia. The ambassador congratulated Zambia for its eligibility to the MCC; the Millennium Challenge Corporation, which intends to provide significant resources to countries that had demonstrated good policy performance in governance in general. Most notably, the Zambian Parliament states that this shows that Zambia has satisfied the requirements of democratic reform, mainly in ruling justly and investing in people and economic freedom (2009). In addition, Booth explains that the funding the US government has secured is in the form of grants, not loans. Also, the grant given to Zambia has very limited strings attached to it; in fact, Booth said that the US government has no preference over which sector is being developed with the fund, so long as it contributes to sustained economic growth and poverty reduction (Zambian Parliament 2009). Finally, Booth has also recognized the need to invest in health treatment plans in Zambia in order to boost the country's economy in the long term. In another speech that the ambassador delivered recently, he notes that the US government has donated over \$200,000 worth of supplies to Zambian hospitals in order to combat the transmission of HIV/AIDS. Along with this, Booth has laid out a set of recommendations and proposals for the Zambian government to educate its citizens and provide the services that can limit the rate of HIV transmission from mother to children. All of this is to say that Donal Booth has recognized the United States' role in helping the social and economic problems that challenge the citizens of Zambia everyday, and he has effectively led the rebuilding path in the right direction through his leadership.

**Institution:**

While leadership from the US has come to benefit the economic situation in Zambia, individual leadership is limited in bringing about larger scales of change to the mass population

of Zambia; instead, one must look to see how independent institutions from the United States are working to bring aid to the country. The most important and direct institution that the United States government has established is USAID Zambia. USAID Zambia seeks to work with "partners around the world to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system" (USAID 2009). The organization promotes economic growth by focusing on improving agriculture, developing markets, raising education, and helping the health system to combat and contain the HIV/AIDS pandemic. In addition, the organization has worked closely with local and international non-governmental organizations as well as United States-based contractors (USAID 2009).

However, USAID (2009) is still criticized for its strict requirements that it places on Zambia in order for the country to receive aid from the US. As discussed earlier, such requirements demand the country to change many of its governmental and bureaucratic regulatory functions to be more suitable to those of the United States. USAID (2009) itself states, "The US, as a leader of the democratic world, can help Zambia define an appropriate model for its democracy." Thus, while the work of USAID Zambia (2009) is promoting the right types of aid that can bring relief to the economic circumstances of Zambia, the aid is still conditional. It is still hard to say whether this can truly lead to a long term growth and development of the economy for Zambia.

The citizens of Zambia face many unique economic challenges everyday, and it is critical to note the extent to which the United States' policies, leadership, and institution have been helping to relieve the economic burdens in Zambia. However, one also needs to recognize the

areas where further development and aid policies, ones that do not infringe upon democratic, political, and social institutional reforms in the country, should be implemented. The most important mentality that can be adopted by the United States is the fact that helping Zambia to develop economically will benefit the US as well. This is not a zero-sum relationship; it is about raising well being in a poverty stricken country so that human lives can be better valued. In addition, the US should not view Zambia as a country merely experimenting with political structures and depends on the US to offer the answer through democracy; instead, the US should view Zambia as an emerging and growing nation that can greatly benefit through aid and council from the US that seeks to establish solid market structures while simultaneously causing the establishment of good political governance. In any case, US policies, leadership, and institutions have played significant roles in Zambia and will continue to do so. The US can offer even greater help and more effective ways of bringing Zambia out of economic struggles when it asses the strengths as well as the weaknesses of its current methods of aid.

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## Zimbabwe:

### A Study on U.S. Policies, Leaders, and Institutions and their Effects on the Economic Exigency of Zimbabwe

Zimbabwe's economy has shown positive growth throughout the 1980's but have remained mostly stagnant up to the year of 2000. Since 2000, the economy has shown drastic decline with a 18% drop in 2003. The inflation rate in the country hovers around tens and hundreds of thousands every year. Recently, the government had to create one hundred trillion Zimbabwean-dollar banknotes in order to keep up with the soaring levels of inflation. Clearly, the economic situation in Zimbabwe lay in shambles, while the government is doing very little and has very limited options to help its citizens. The government of Zimbabwe faces problems in establishing a stable and free market system in the country due to the many tensions, conflicts, and wars that entangle the development of healthy institutions necessary for economic growth. In addition, the ruling regime in Zimbabwe have participated in controversial land redistribution reforms that have evicted many white farmers from the country and left the country in severe shortages. With many unwilling to move into Zimbabwe, foreign investment, foreign exchange, and private enterprises have all severely diminished in Zimbabwe. At the same time, government spending is still taking up a major portion of the GDP, forcing the government to print more and more money, only to escalate the inflation rate. Thus, it is clear that Zimbabwe is a place where foreign aid is necessary. An analysis of current United States' policies, leadership, and institution that are influencing Zimbabwe's economic crisis will show who is helping and the extent to which the current methods of aid are effective.

**Policies:**

As noted in the case study on Zambia, the same Monterrey compact applies to the country of Zimbabwe; however, there are additional US policies that cause further tensions and struggles in developing a stable economic environment in Zimbabwe. These policies, more accurately, sanctions, are placed on Zimbabwe due to what the US believes to be the lack of fair and democratic governance in Zimbabwe. Not only has the US played a major role in establishing sanctions on Zimbabwe, the EU, or the European Union, has also joined in pressuring Zimbabwe to change its political structure before further aid will be introduced to the economically disastrous country. These sanctions severely limits international trade, investment, and tourism for Zimbabwe, and the President of Zimbabwe, Robert Mugabe, calls these sanctions “inhumane, cruel, and unwarranted” (BBC, 2009). However, the United States government merely “brushed aside” Mugabe's appeal, and State Department spokesman Robert Wood told reporters that Zimbabwe has “got a long way to go before we [the US government] remove any targeted sanctions” (BBC, 2009). Again, one can see the political strings attached to foreign aid.

The situation became even more strenuous when “President Robert Mugabe and a longtime opposition leader-turned-finance minister made an unusual joint appeal Thursday for \$5 billion in international aid to revive Zimbabwe's shattered economy” (MSNBC, 2009). The two opponents, working together, presented an economic recovery plan that would get rid of stringent price controls, which have fueled a black market and spiraling inflation (MSNBC, 2009). In addition, the plan promotes the establishment of “safety nets and social protection” for those who are vulnerable to market forces, but very little planning was actually presented in the proposal (MSNBC, 2009). Yet, the most important aspect of this proposal was the United States' continual

refusal to lift further sanctions and offer additional aid. The US government “indicated that they would like Mr Mugabe to step down, but they have also said they can help the country recover if a democratic government is in place” (BBC, 2009). Along with the US stance, the EU also refuses to lift sanctions from Zambia, saying that Mugabe has not shed enough power into the hands of democratically elected ministers (Nehanda, 2009). As one can see, the political struggle between the ruling of Zimbabwe and Western governments has done very little to bring relief to the citizens of Zimbabwe who are suffering under its economic ruins.

### **Leadership:**

The leadership relation between the US and the Zimbabwe is not one that can be described as openly cordial. While certain US leaders have called for more international aid and support to be sent to Zimbabwe, most have done so with political skepticism and returned expectations. The first leader to study, one who is in the highest position of the United States, is President Obama and his current stance on Zimbabwe's economic situation. On the surface, many view Obama as a source of hope for the “best interest of Zimbabwe” (Egbuna, 2007). People believe that Obama's African heritage will call him to make political and economic decisions that promote effective construction of friendly relations between the US and Zimbabwe so that a stable economy can be erected in Zimbabwe with the help of US aid (Egbuna, 2007). However, a closer study into Obama's current position and leadership decisions seem to point to the contrary. BBC (2009) reports that Obama will continue the sanctions against Zimbabwe for at least another year, stating that “the political crisis in Zimbabwe remained unresolved and was a threat to US policy.” Even during a time when Zimbabwe is suffering from mass food shortages, outbreaks of cholera, and economic stagnation, Obama has persuaded the US as well

as the EU to continue the sanctions and limit aid against Zimbabwe until the country shows more signs of democratic reform and power sharing. At the same time, Obama has shifted the responsibility of international aid for Zimbabwe to South Africa. Smith (2009) from the Boston Globe states that “Obama. . . called for tougher international action and tighter US sanctions against Zimbabwe, and chided the South African government for not doing enough to resolve the political crisis in the neighboring country.” Under Obama's leadership, it remains to appear that relations between the US and Zimbabwe seems limited at best, if not hostile in many ways.

In addition to the leadership of President Obama, both James McGee and Christopher Dell, US ambassadors to Zimbabwe, have voiced similar opinions regarding US help in Zimbabwe. In fact, the interactions between the ambassadors with Zimbabwe is resentful and dangerous at times; both ambassadors have been recently kicked out of Zimbabwe after the Zimbabwean government expressed bitter annoyance with their influence in the country. Angus Shaw (2009) from ABC News recounts the joy that Zimbabwean officials expressed when McGee left the country, stating that McGee was treating “Zimbabweans as a bunch of kindergarten kids who do not know what is best for them.” Clearly, the conflict between the leaders of the two countries have placed a severe obstacle in blocking international aid from entering into Zimbabwe. Along the same lines, US ambassador Christopher Dell has had very little effect in bringing about understanding and aid to Zimbabwe. In fact, Kelemen (2009) from NPR recounts Zimbabwean president Mugabe saying, “Dell can go to hell.” Christopher Dell has been very vocal about maintaining economic sanctions on Zimbabwe and continues to accuse the Zimbabwean government of “mismanaging its economy and cracking down on dissent” (Kelemen, 2009). Going even further, Dell states that the US is considering additional aid

packages to Zimbabwe in the future only when Mugabe is gone, adding that he believes “Mugabe is a fading force and we need to be thinking about the day after” (Kelemen, 2009). Again, economic aid in Zimbabwe is extremely limited and is currently barred with political unrest and failure to establish open and mutual international relations. For economic aid to continue and be reactivated in Zimbabwe, both the US and Zimbabwe need to work on furthering developing their political trusts while focusing on the goal of economic development, poverty alleviation, and improving social well being.

**Institution:**

The US government has established the USAID Zimbabwe in order to combat the failing economy and social structures of the country. The very first sentence of the organization's mission statement is: “The need for free and transparent democratic systems that empower their citizens and create an environment for free and open markets to function is a fundamental requirement for sustainable development” (USAID, 2009). As noted, the mission of USAID Zimbabwe is much more centralized in terms of political courses of action. There is less focus on flexibility of funds and maneuverability of Zimbabwean officials to use money from aid as a source of investment in their own choice of sectors. Much more is dependent on the political establishment of the country and whether these changes fit the eyes of Washington. The organization further states that “at their core, current programs strive to support the restoration of effective democracy and responsible sovereignty” (USAID, 2009). While political action seems to be the driving axle of the organization, USAID has worked extensively in other areas of relief, especially in that of health services. Recently, the Zimbabwean Herald (2009) commended the United States for donating over \$2.2 million in medical supplies and drugs that combat malaria,

measles, and other essential drugs to support the country's health system. Therefore, there clearly is work being done in Zimbabwe where the United States has played a major role, but the perpetual political tension suffocates development in all areas.

Prior to the medical aid package, the Zimbabwean government suspended non-governmental organizations from operating in Zimbabwe. In August 2008, Henrietta Fore writes in ReliefWeb that for more than

two months, humanitarian workers have been ordered to stay in their offices instead of delivering aid to vulnerable children and families. UN agencies have been blocked when trying to access areas of greatest need. Humanitarian workers are routinely harassed and intimidated, and the financial resources of many organizations have been impounded by the Zimbabwean authorities.

Therefore, even when international aid is being offered to Zimbabwe, the political institution within the country obstructs their entrance. In addition, the United States' demand for democratic reform and parliamentary changes in Zimbabwe seems to be futile and counterproductive to delivering aid. M&C (2007) reports that officials in Zimbabwe are constantly annoyed by what they perceive to be coercive acts on behalf of the United States to control, destabilize, and recreate Zimbabwe. Not only do the Zimbabwean government consistently break their terms and refuse parliamentary changes that USAID has outlined, the cancellation of agreements between Zimbabwe and USAID creates further deterioration in Zimbabwe and US relations. In any case, further aid to Zimbabwe from the United States in the future may be perceived as ill-drive or politically motivated; there seems to be very limited large scale aid from USAID right now due to political insurgences.

While Zimbabwe continues to suffer in run-away inflation, food shortages, and rampant diseases, the domestic government is limited in its ways to create economic development while international governments are also limiting their willingness to offer aid. But the greatest problem remains: that while the governments of the world continue to tackle issues of political stability and interests, the people of Zimbabwe are suffering in their economic burdens while growing in their skepticism and hopelessness in the government and in aid to come for them. Therefore, further action needs to be addressed, and more influence needs to be vocalized for the help of the people in Zimbabwe. In order to do so, Western governments such as the United States need to live up to its belief that the rich nations are called for a higher goal and mission. Political relationships need to be realigned and rebuilt so that the issue of increasing the decency of human lives may be placed as the center axle driving aid and development rather than policy and institutional demands. For this to happen, a restructuring of United States policies, leadership, and institution behavior needs to occur, one that recognizes long term growth and development as well as securing the benefits for the people of Zimbabwe as the goal instead of self interests and political security.

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