

Cash Crisis Ruins Christmas

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Bleak festive season in prospect as crippling cash shortage takes its toll.

First Street, which stretches for two kilometres through the centre of Harare, has evolved into a huge shopping mall with all the top-of-the-range hypermarkets and other major shops. However, Barbours Department Store is the only one to recognise the season, proclaiming in bold, gaudy letters, "Merry Christmas & a Prosperous New Year".

Other big retailers, such as Edgars, Truworths, Topics, Greetermans, OK Zimbabwe and Clicks appear to have forgotten this traditional courtesy to customers as the nation lurches towards Christmas in the grip of the worst currency crunch in history.

Last week, the Harare City Council stuck to tradition, albeit briefly, when it held its annual ceremony at which the mayor switches on the Christmas lights along the shopping mall - from Kwame Nkrumah Avenue in the north to Robert Mugabe in the south - to mark the official start of the festive season.

While the lights were switched on in the evening, by the following morning they had been switched off with no official explanation.

In the run up to Christmas, most of the shops are all but empty following an ill-advised price blitz by government in June, when retailers were forced to slash their prices by half. The majority of businesses have not recovered from the ensuing losses, while others are nervous about restocking to pre-June levels, fearing a repeat of the price cuts.

However, there is another reason for the gloomy mood - a five-week shortage of smaller denomination "bearer cheque" bank notes.

Three weeks ago, Central Bank governor Gideon Gono said of the 67 trillion Zimbabwean dollars in circulation, on two trillion could not be accounted for.

While he blamed the cash squeeze on illegal black market trading in scarce foreign currency, others speculate that the Reserve Bank is holding on to cash in a bid to rein in soaring inflation - which now officially stands at over 8,000 per cent.

A plan by the Central Bank governor to introduce new currency has been twice delayed as a result of inflation.

In the last few weeks, the long hours people have spent queuing outside banks have reportedly affected production schedules.

While businesses are finding it virtually impossible to conduct cash transactions with the informal traders who supply them with goods, such as ink cartridges and bond paper.

As a result of the cash shortages in banks in the past five weeks, the market has experienced a steady decline in parallel market trading rates.

Although officially, the Zimbabwe dollar trades at 285,000 ZWD dollars to the US dollar, most people use the parallel rate of 1.6 million ZWD to the dollar.

"This is a classical dysfunctional economy," said an independent economist. "It's the first time I have heard of a country running short of its own currency.

"But the real issue is that this is the latest shortage in a long list of shortages ranging from fuel and electricity to water and basic food stuffs."

Another economist from Harare said that Gono faced "a serious dilemma" in deciding the best way to tackle the shortages.

"There is obviously the political imperative to meet the requirements of consumers as we head towards elections [in March] next year, yet he believes releasing more money feeds the speculative market of rich foreign currency dealers," explained the economist.

On December 19, Gono announced that new banknotes would be issued in an attempt to tackle the serious cash shortages throughout the country. Notes to the value of 250,000, 500,000 and 750,000 ZWD were to be introduced, while the 200,000 ZWD bill was to be phased out.

"The cash shortages will be a thing of the past. Within the next few days, there will be sufficient cash to go about our business," he said.

However, it remains to be seen if the introduction of the new notes will ease the pressure for Zimbabweans.

Along First Street, there is little activity in shops, except for sales staff brushing dust from shelves.

Till operators spend much of their time in idle chatter, responding to customers' questions about whether they offer cash from point-of-sale automated teller machines. The answer is invariably an annoying shake of the head.

According to reports, they keep much of the cash for their relatives and friends, or sell it to desperate clients.

All the activity on the street is to be found outside where people stand in winding queues outside Intermarket Bank, Cabs Building Society, ZB Bank, Barclays, Kingdom - even though most of them have no cash. There are occasional bursts of protests as bank employees pass by.

ZB Bank has now shut the two ATMs outside its main Angwa Street branch in Harare's central business district, and most others are "temporarily out of service".

For many Zimbabweans, it is not likely to be a merry Christmas, much less a prosperous New Year.

"People have for long put up with shortages of basic commodities. But what do you do when you can't even access your cash?" asked Chipso.

The mother from the poor suburb of Glen View said she was unable to purchase a school uniform for her son who is starting secondary school next year.

"It's probably going to be the worst Christmas of my 35 years," she said.

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