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How Bad Is Inflation in Zimbabwe?

By MICHAEL WINES

HARARE, Zimbabwe, April 25 — How bad is inflation in Zimbabwe? Well, consider this: at a supermarket near the center of this tatterdemalion capital, toilet paper costs $417.

No, not per roll. Four hundred seventeen Zimbabwean dollars is the value of a single two-ply sheet. A roll costs $145,750 — in American currency, about 69 cents.

The price of toilet paper, like everything else here, soars almost daily, spawning jokes about an impending better use for Zimbabwe's $500 bill, now the smallest in circulation.

But what is happening is no laughing matter. For untold numbers of Zimbabweans, toilet paper — and bread, margarine, meat, even the once ubiquitous morning cup of tea — have become unimaginable luxuries. All are casualties of the hyperinflation that is roaring toward 1,000 percent a year, a rate usually seen only in war zones.

Zimbabwe has been tormented this entire decade by both deep recession and high inflation, but in recent months the economy seems to have abandoned whatever moorings it had left. The national budget for 2006 has already been largely spent. Government services have started to crumble.

The purity of Harare's drinking water, siphoned from a lake downstream of its sewer outfall, has been unreliable for months, and dysentery and cholera swept the city in December and January. The city suffers rolling electrical blackouts. Mounds of uncollected garbage pile up on the streets of the slums.

Zimbabwe's inflation is hardly history's worst — in Weimar Germany in 1923, prices quadrupled each month, compared with doubling about once every three or four months in Zimbabwe. That said, experts agree that Zimbabwe's inflation is currently the world's highest, and has been for some time.

Public-school fees and other ever-rising government surcharges have begun to exceed the monthly incomes of many urban families lucky enough to find work. The jobless — officially 70 percent of Zimbabwe's 4.2 million workers, but widely placed at 80 percent when idle farmers are included — furtively hawk tomatoes and baggies of ground corn from roadside tables, an occupation banned by the police since last May.

Those with spare cash put it not in banks, which pay a paltry 4 to 10 percent annual interest on savings, but in giltedged investments like bags of corn meal and sugar, guaranteed not to lose their value.

"There's a surrealism here that's hard to get across to people," Mike Davies, the chairman of a civic-watchdog group called the Combined Harare Residents Association, said in an interview. "If you need something and have cash, you buy it. If you have cash you spend it today, because tomorrow it's going to be worth 5 percent less.

"Normal horizons don't exist here. People live hand to mouth."

President Robert G. Mugabe has responded to the hardship in two ways.

Although there is no credible threat to his 26-year rule, Zimbabwe's political opposition is calling for mass protests against the economic situation. So Mr. Mugabe has tightened his grip on power even further, turning the economy over to a national security council of his closest allies. In addition, he has seeded the government's civilian ministries this year with loyal army and intelligence officers who now control key functions, from food security to tax collection.

At the same time, Mr. Mugabe's government has printed trillions of new Zimbabwean dollars to keep ministries functioning and to shield the salaries of key supporters — and potential enemies — against further erosion. Supplemental spending proposed early in April would increase the 2006 spending limits approved last November by fully 40 percent, and more such emergency spending measures are all but certain before the year ends.

On Friday, the government said it would triple the salaries of 190,000 soldiers and teachers. But even those government workers still badly trail inflation; the best of the raises, to as much as $33 million a month, already are slightly below the latest poverty line for the average family of five.

This will only worsen inflation, for printing too many worthless dollars is in part what got Zimbabwe into this mess to begin with. Zimbabwe fell into hyperinflation after the government began seizing commercial farms in about 2000. Foreign investors fled, manufacturing ground to a halt, goods and foreign currency needed to buy imports fell into short supply and prices shot up.

Inflation, about 400 percent per year last November, edged over 600 percent in January, but began to soar after the government revealed that it had paid the International Monetary Fund $221 million to cover an arrears that threatened Zimbabwe's membership in the organization.

In February, the government admitted that it had printed at least $21 trillion in currency — and probably much more, critics say — to buy the American dollars with which the debt was paid.

By March, inflation had touched 914 percent a year, at which rate prices would rise more than tenfold in 12 months. Experts agree that quadruple-digit inflation is now a certainty.

In the midst of this craziness, some Harare enclaves seem paradoxically normal. North of downtown, where diplomats and aid workers are financed with American dollars, and generators and bottled water are the norm, the cafes still serve cappuccino and the markets sell plump roasting chickens, albeit $1 million chickens.

Everywhere else, the hardship is inescapable.

In Glen Norah, a dense suburb of thousands of tiny homes southwest of the city, 58-year-old Ayina Musoni and her divorced daughter Regai, 26, share their five-room house with Regai's two children and three lodgers. The lodgers, two security guards and a teacher, pay monthly rent totaling $3 million, or about $14.25 in American money.

Ms. Musoni's latest monthly bill for services from the Harare city government was $2.4 million. The refrigerator in her closet-size kitchen is empty except for a few bottles of boiled water. Christmas dinner was sadza, or corn porridge, with hard-boiled eggs. For Easter, there was nothing.

Mother and daughter make as much as $10 in American money each week by selling vegetables, from 7 a.m. to 6 p.m. daily. But the profits are being consumed by rising costs at the farmers' market where they buy stock. "Like potatoes," Regai said. "I went last week, and it was $500,000 for a packet. And when I went this weekend, it was $700,000.

Millions of Zimbabweans survive these days on the kindness of outsiders — foreigners who donate food or medicine and, more important, family members who have fled the nation for better lives abroad.

As many as three million Zimbabweans now live elsewhere, usually in Britain, South Africa or the United States. An economist here, John Robertson, estimates that they remit as much as $50 million a month to their families — the equivalent of one sixth of the gross domestic product.

Ms. Musoni's is not a hard-luck story; in Harare, most people now live this way, or worse. Indeed, life for many may be better in the nation's impoverished rural areas, where subsistence farming is the only industry and millions of people are guaranteed free monthly rations from the United Nations and other donors. In the cities, little is free.

Unity Motize, 64, lives with her 65-year-old husband, Simeon, in Highfield, a middle-class suburb turned slum not far south of town. The couple occupies one room of their three-room house. The second sleeps two sons, their wives and their two infants, all left homeless last May after riot police bulldozed the homes of hundreds of thousands of slum-dwellers. A 23-year-old son and an unemployed daughter sleep in the living room.

Hyperinflation is a cradle-to-grave experience here. The government recently announced that the price of childbirth, now $7 million, would rise 463 percent by October. Funeral costs are to double over the same period.

In rural areas, said one official of a foreign-based charity who declined to be named, fearing consequences from the government, even the barest funeral costs at least $6 million, or about $28.50 — well beyond most families' means. The dead are buried in open fields at night, she said. Recently, she watched one family dismantle their home's cupboard to construct a makeshift coffin.

"I'll never forget that," she said. "The incredible sadness of it all."

Critics say that Zimbabwe's rulers are oblivious to such suffering — last year, Mr. Mugabe completed his own 25-bedroom mansion in a gated suburb north of town, close by the mansions of top ministers and military allies.

But the government says it has a plan to revive the economy. That plan, the latest of perhaps seven in 10 years, would quickly raise billions of American dollars to end a chronic foreign currency shortage, cut the inflation rate to double digits by year's end and an end to the recession that has gripped Zimbabwe, halving its economic output, since 1999.

Mr. Robertson, the economist, says that is unlikely. Zimbabweans can and probably will endure greater hardship, he says. As a whole, the nation has only now sunk to standards common elsewhere in Africa. But the government may have reached the limit of its ability to do anything about it. Cutting spending seems impossible, and raising taxes further is unthinkable.

That leaves one option: "much more inflation," he said. "Because this government is always going to be printing its way out of its current difficulty."