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Zimbabwe is booming – but its future lies in Chinese hands

China's willingness to do business with Robert Mugabe makes a mockery of Western sanctions

By Fraser Nelson – August 1st, 2013

Robert Mugabe always told a great many lies on the election trail, but this year, his biggest boast is actually true. Zimbabwe's economy is recovering and he is overseeing an extraordinary mini-boom. "Zimbabwe has not collapsed under the heavy weight of sanctions," he boasted from the podium on Sunday – and he is quite correct. The few sanctions imposed by the West have not stopped what a World Bank economist recently called an "amazing" recovery. For those who like to believe that political freedom is the surest route to prosperity, it's deeply depressing news. For the 89-year-old president, something has gone horribly right.

The election result is not due for days, but Mugabe's Zanu-PF is declaring victory anyway. Never mind that the electoral roll contained a suspiciously high number of centenarians in a country where life expectancy is 51, and, by some estimates, two million dead voters. Mugabe deployed his old Marxist guerrilla skills: he rounded up his people, roped in the military to campaign for him and intimidated his opposition into staying at home. Neither he nor his rival, Morgan Tsvangirai, seem to doubt that this worked. Yet another Zimbabwean election has been rigged.

But it's harder to rig the economy, and signs of recovery are everywhere. Hotels are becoming busier, drivers can fill their cars again and sales of lager are surging. The Zimbabwean economy grew more last year than the British one is expected to in the next three years. The press in Harare has taken to mocking Britain for being unable to control inflation – rich from a country where it is estimated to have peaked at 79.6 sextillion per cent. But since the US dollar and British pound were accepted as legal tender, economic stability has returned. On current trends, Zimbabwe's economy is about five years away from a full gravity-defying recovery.

This has been mostly ignored in Britain, as it contradicts what we thought we knew about Mugabe: that he is a kleptocratic maniac who is destroying his country rather than reviving it. His misrule has been a textbook case of how dictators can ruin their nations. When Zimbabwe went independent in 1980, it had bright prospects: a thriving farming sector and high literacy rates. But after Mugabe started to purge the white farmers, the former breadbasket of Africa was taken to the brink of famine, with starvation used as a weapon against millions. Ten years ago, my colleague Peter Oborne published a pamphlet, urging that Britain intervene, with the title "A Moral Duty to Act There".

And there was talk of acting, for a while. But very little came of it, and pitifully little has changed since. Tsvangirai was invited into a “unity partnership” with Mugabe, but there was neither unity nor partnership and things carried on as before.

By the normal laws of economics, Zimbabwe’s government ought to have collapsed – but the global spike in mineral prices has changed things. Suddenly, the diamond mines became more valuable than ever and Chinese investors turned up willing to do business with Mugabe without any of the qualms shown by the West. Instead of being lectured by the International Monetary Fund, he was being offered his gilded place in China’s fast-growing African empire.

Even now, officials in the Foreign Office talk about what to do with Africa as if the old colonial master still had substantial clout to wield. Tony Blair has admitted that he laboured under this delusion until he left office, only later realising that China had come from nowhere to be Africa’s biggest single client and most influential ally. That influence can come via Chinese government enterprises, or random, shadowy financiers such as Sam Pa, who was reported to have sent a cool $100 million to Mugabe’s Central Intelligence Organisation (his main tool of repression) in return for access to diamonds.

In Zimbabwe, the press is full of signs of China’s growing influence. There is talk of giant television screens being erected in Harare to transmit Chinese news. Mugabe has set up a Confucius Institute at Zimbabwe University and roofed his mansion with distinctive Chinese tiles. Two years ago a Chinese actress, Wendy Yang, was given a leading role in Zimbabwe’s longest-running soap opera, Studio 263. The yuan may become an official currency. It’s not that China’s money is single-handedly reviving Zimbabwe, but that its willingness to do business (and sell weapons) makes a mockery of attempted Western sanctions. Zimbabwe’s options are not simply Western-style freedom or penury. The Beijing model of “state capitalism” is available as well, and it pays.

A country that was previously unable to borrow can now offer its nickel, diamond and gold mines as collateral. A recent report from the Cato Institute estimates that Zimbabwe’s ability to borrow once again has allowed public spending to soar tenfold – leading to deficits so jaw-droppingly large that they almost approach British levels. Half of state spending goes to the chosen few who work for the government. The new wealth is shoring up a regime designed to outlive the elderly President.

This, at least, explains the Mugabe economic mystery. He’s getting rich thanks to a mixture of debt-fuelled spending, soaring mineral prices and deep-pocketed, studiously amoral Chinese buyers. It may be a fake kind of growth, and Zimbabwe is still far behind where it was before he started to tear his country apart. But there are signs that the improvement helps him politically. Even last year, opinion polls showed support for the opposition significantly weakening and Zanu-PF taking the lead. There is no doubt that Zimbabweans have yet again just seen a twisted, corrupt election. But even if it had been free and fair, that would have been no guarantee of a landslide victory for Morgan Tsvangirai.

There has always been a hope, in the UK, that Zimbabwe is just one election away from rebirth. It’s not so much of a foreign country: we share a history, a language, a religion and now a currency. Like almost all Britain’s colonies, it was granted independence with the institutions that ought to guarantee human dignity and freedom: a free press, limited government and an independent judiciary. If Zimbabwe flourished in 1980, there seems to be no reason why it could not do so again soon. After all, how long can an octogenarian tyrant last?

But the other old argument for change – that Zimbabwe's prosperity can only come with the restoration of its old freedoms – has taken a knock in recent years. Mineral mining vies with oil trading as the worst form of capitalism, bringing money without the need for liberty. To grow rich on farming and manufacturing requires the rule of law, education, property rights and economic liberalisation. Any old tyrant can cut a deal with foreigners who want to drill for oil or diamonds. And when he dies, another can take his place.

There is nothing to suggest that China's overall influence in Africa is malign: it has brought investment and jobs to places that desperately needed them. But it is hardly the world's greatest advocate of democratic freedom. Mugabe's recovery may well turn out to be a bubble that bursts when the loans stop, or the minerals run out. His regime may well collapse. But if it does, it may well be China rather than Britain that picks up the pieces.