



Investing in People for Social and Economic Justice

Escalating Economic Crisis: “Yes to oil, No to Turmoil”

In response to acute fuel shortages in the country exacerbated by unrealistic price structure and festering arbitrage opportunities, the government resorted to hiking fuel prices. The increase in fuel prices was met with resistance from citizens who continuously drown in the prevailing economic conundrum. In as much as the current economic policies are informed by *Austerity for Prosperity*, below are key issues that government must seriously consider to ensure economic growth does not leave many people behind and that the provision of oil does not create turmoil as we are currently witnessing:

1. **Match oil price increase with wage increment.** While the government effected an increase in fuel price by over 100%, they proposed a paltry \$41 salary increment for civil servants and this disparity is a serious cause for concern. The effects of an upward movement in fuel tariffs on the whole economy cannot be overemphasised. In this case the cost of living shot to unprecedented levels, for instance, Harare commuters are forced to fork out nearly \$10 daily for transport to and from work. The government must therefore ensure that fuel price increase tally with wage increment.
2. **Arrest arbitrage practices** - Citizens are wary of inaction by government regarding arbitrage practices in fuel buying and selling on the black market and in this regard, the government should take appropriate action and protect citizens against such acts of economic sabotage.
3. **Review 2% tax threshold**—Fuel price hikes come on top of the 2% tax on electronic transactions. Whilst progressive taxation is necessary, there is need to review the 2% tax which continually burden the already overtaxed citizens especially the unemployed and underpaid. The tax threshold must therefore be raised to a reasonable minimum taking into account the poverty datum line.
4. **Holistic and inclusive policies**—There is a pressing and urgent need to bridge the widening distance between citizens and those who make decisions about them. The government should therefore develop an inclusive and holistic policy framework that addresses a myriad of challenges bedevilling the economy in order to build confidence and reduce the apparent trust deficit. The current piecemeal approach to solving the country’s economic woes is not yielding results.
5. **Policy clarity and consistency**—The recently announced fuel pricing model (different prices in Bond Note and USD) defeats the supposed 1:1 parity between US Dollar and Bond Note. Such policy inconsistency perpetuates market distortions. The government must therefore resolve the currency issue once and for all to arrest the multitier pricing system.

6. **National Dialogue** –While the nation is under shutdown and the government failing to come up with people centred resolution, ZIMCODD is calling for a holistic and an all encompassing national dialogue in addressing the macro economic crisis at hand which is degenerating into serious civic and political crises. Citizenry participation in economic policy formulation processes is a huge investment in national development and stability.
7. **Respect of access to information and use of social media** – ZIMCODD calls upon the government to open up communication platforms to allow free access to information by the public. The current internet shutdown is also affecting citizens in transacting, accessing information and freedom of expression. On the other hand the citizenry is called upon to exercise responsible use of the social media communication platforms.

ZIMCODD Contact Details

226 Samora Machel Avenue, Eastlea, Harare

Email: zimcodd@zimcodd.co.zw

Tel/Fax: +263-4-776830

Website: www.zimcodd.org

Facebook: Zimbabwe Coalition on Debt and Development

Facebook Account: ZimcoddZimcodd

Twitter @ zimcodd1