

Mugabe regime backtracks on price policy

After ordering businesses to slash their prices - a policy that led to shortages and many companies going to the wall, the Zimbabwe government has now changed its tack...

Harare - The regime has now said the prices of basic goods can be raised again, in order to ease widespread shortages, which followed the imposition of price cuts, state media reported on Wednesday.

The government mouthpiece, *The Herald*, reported yesterday that shops and businesses, which the government ordered to slash their prices two months ago as part of a controversial crackdown on so-called profiteers, can now increase their charges for commodities such as sugar, cooking oil and soap, as well as phone bills by up to 20%. In addition, agriculture retailers would also be able to hike their charge to farmers for maize seed and insecticides.

Obert Mpofu, the country's industry minister, acknowledged the need to increase the availability of goods, saying, "More concerted efforts should ... be put on improving the supply of basic commodities to the market".

"Stakeholders are, therefore, urged to have a common sense of purpose, direction and focus for the benefit of all Zimbabweans," he said.

It is the first time the government has allowed retailers to increase the cost of basic commodities since the launch of Operation Dzikiza (Operation Reduced Prices) when they were effectively forced to halve their prices.

Zimbabweans at first welcomed the move - seen by critics as a tactic by Mugabe to buy support - and stocked up, but as was also predicted by experts, that led to shortages and empty shelves, with manufacturers unable to cover the cost of production.

When he announced the pricing edict in June, Mpofu claimed some businesses were colluding with veteran President Robert Mugabe's foes in the West to plot his downfall.

Retailers and manufacturers, grappling to cope with an inflation rate now believed to be well over 5000% (latest reports put inflation at 7600%), had been raising their prices several times a day.

Police have so far arrested more than 12 000 retailers and manufacturers since June, most of whom have been fined.

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