

Bank Chief Out on a Limb

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Some say Gideon Gono is looking for a pretext to jump ship – if necessary by getting the president to push him.

For a senior Zimbabwean official, the central bank governor Gideon Gono has become unusually outspoken against the official line, condemning a new bill which will see foreign-owned businesses taken over.

Some analysts argue that as the economy continues to implode and the latest government policies look more misguided than ever, the country's top banker is looking for an exit route.

In the latest of several outbursts, the Reserve Bank governor publicly attacked the government for pushing the Indigenisation and Empowerment Bill through parliament. The bill would force foreign-owned companies, including banks and mines, to surrender 51 per cent of their shares to indigenous Zimbabweans.

The lower chamber passed the law on September 26; the upper house or Senate approved it without amendment the day after Gono made his comments, and the bill now only needs President Robert Mugabe's assent to come into force.

In an October 1 report on monetary policy, Gono warned, "We must avoid schemes that create perceptions of instant gratification through grab, take and run, and instead go into value-for-money, win-win types of acquisition.

He went on to suggest that powerful members of the elite were backing the nationalisation scheme so that they could profit from it personally, as many had done from the seizure of white-owned farms. That policy, launched in 2000, left many of the newly-appropriated farms in the hands of the rich and powerful, even though it was advertised as a move to help the poorest landless peasants.

"As monetary authorities, we also call upon government to ensure that the empowerment drive is not derailed by a few well connected cliques, some who are already making the most noise in ostensible support of this initiative, who would want to amass wealth for themselves in a starkly greedy but irresponsible manner, whilst the intended majority remain with nothing, as happened in the past with respect to other government empowerment schemes," said Gono.

It was the second time in less than three months that Gono lambasted a government policy. The first was over a June decision to force traders to slash the price of basic goods and foodstuffs, in hope that this restrain the massive inflation rate. Gono predicted that the immediate effect would be to empty the shops and slash production – and he was soon proved right.

Gono has also been critical of the continuing policy of land seizures, urging the government to end the policy and stop extending cheap credit to the big-time farmers and instead focus assistance on smallholders.

When Gono took over as head of the Reserve Bank of Zimbabwe in December 2003, he famously declared that "failure is not an option". Since then, he has generally complied with Mugabe's vision of how to

manage an economy, but the most recent policy decisions have driven his free-market tendencies out into the open.

Some observers believe that there is more to his new-found dissenting voice than just principle, and that he is now determined to leave the administration even if he has to get himself fired.

Lovemore Madhuku, who heads the National Constitutional Assembly, an opposition-aligned group that lobbies for a new, more democratic constitution, told IWPR that he believed that Gono wanted to leave government while some of his reputation was still intact, so that he could argue that he had done his best to turn the economy around but had been prevented from doing so by the ZANU-PF-led government.

“He is frustrated. He is trying to find a way out; this could be by pushing to be fired or being forced to resign,” said Madhuku. “His initiatives have not been working, and considering his statement that failure was not an option, he wants out.

“He has not been listened to. Decisions are made in the [ZANU-PF] Politburo, and Mugabe is the author of those policies.”

Madhuku predicted that however keen Gono was to depart, “he will not be allowed to do that until after the [2008 presidential and parliamentary] elections”.

Although ZANU-PF presents a monolithic face to the outside world, there are factions within it that quietly oppose Mugabe’s plans to stay on as president after next March. A senior official in the faction of retired army commander General Solomon Mujuru told IWPR that Gono had finally realised it was time to go.

“He thought he was going to be prime minister and now he knows that was a mere dream,” said the ZANU-PF official, who asked to remain anonymous. “So what’s better - him leaving as a governor who failed and who presided over one of the worst economies? Or leaving with some reputation and the impression that it was not his fault but the fault of government policies which he opposed and advised against?”

However, the source added that it was already too late, and Gono would have no future in a post-Mugabe environment.

“I am sure he wants to be remembered as a central bank governor who stood up to Mugabe, the only one that dared criticise his policies in public without fear. If he were going to have a political career, that would have been his selling point. But unfortunately, he has made too many enemies and knows that after Mugabe he will not have a place in government,” he said.

“The question now is: how far will Gono go and how much more will he say in the next few months before the elections? And how long will Mugabe tolerate his criticism?”

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