ZIMBABWE CRISIS REPORTS

Issue 10 ■ July 2007

Fresh insights into the Zimbabwean situation

END OF ROAD FOR CENTRAL BANKER?

Gono likely to either resign or face the sack after his withering criticism of the president's price-slashing move.

By Norman Chitapi in Harare

Credit: Lazele

A trader sells sugar in one of Harare's high-density surbubs. Most of the products that have disappeared from supermarket shelves have found their way onto the black market. Picture taken July 10, 2007.

Reserve Bank governor Gideon Gono may not be in his post for much longer after apparently falling out with his patron, President Robert Mugabe.

In a withering attack on the government's June 26 decision to slash prices of basic goods by 50 per cent, Gono publicly warned last week of a boomerang effect, with companies shutting down because of losses. He painted a grim future of empty shops "leading us to needlessly draw spears against each other" as people run out of basic necessities.

Mugabe has so far not commented on the statement by Gono, who is also the president's personal banker. However, it is the first direct attack by a senior government official on Mugabe's policies. And analysts say Gono's remarks mean he is unlikely to remain in government much longer.

"We are seeing the beginning of the end for Gono's roadshow," said an official from the pressure group Crisis Coalition of Zimbabwe in Harare this week. The official spoke in his personal capacity and refused to be named, lest his stance be confused with that of the coalition.

"Gono's options are very limited indeed," said the official. "He can either resign or stay on and be fired. Mugabe and his colleagues are concerned with political survival. An economic recovery in the near future, which is very unlikely, would for them be only a bonus."

When Gono took over in December 2003 as governor of the Reserve Bank of Zimbabwe, he famously declared "failure is not an option" when questioned about his capacity to resolve the country's seemingly intractable problems. Last week, he all but accused Mugabe's government of

NEWS IN BRIEF

■ Government-imposed price controls which have emptied supermarket shelves and petrol stations will continue because they are bringing relief from "inexplicable and astronomical" price increases, President Robert Mugabe said this week at the opening of parliament. He told lawmakers that western sanctions, sabotage conducted by Zimbabwe's "political enemies", and drought were jointly to blame for the country's economic crisis. Year-on-year inflation is officially put at 4,500 per cent, but financial institutions estimate it is double that figure.

■ South Africa's Democratic Alliance claims that between 5,000 and 6,000 Zimbabweans are entering the country legally every day, and it suspects that at least another 1,000 are coming in illegally. A delegation from the ruling African National Congress found that 5,000 Zimbabweans were arrested in July while trying to enter South Africa.

■ Women's rights activists are suffering increasing repression and torture, according to Amnesty International. Members of Women of Zimbabwe Arise, a group which is in the forefront of human rights protests, have been arrested with their babies, beaten and tortured.

■ President Mugabe announced this week that courses in corruption and the danger it poses to the economy will form part of the curriculum in Zimbabwe schools.

stabbing him in the back when it launched a blitz on businesses for alleged "profiteering".

The Crisis Coalition official said Gono felt gravely betrayed by the government after he came in "as the knight in shining armour" to get the country out of an eight-year downward spiral.

When Mugabe appointed Gono as Reserve Bank governor in 2003, he also attacked Gomo's precedessor, Leonard Tsumba, for following textbook economics by refusing to print money as and when it was needed. Mugabe said he wanted somebody who understood the country's unique situation in the face of western sanctions which he claimed were being orchestrated by the former colonial power, Britain.

Gono had so far been complying with Mugabe's brand of economics, but the latest crisis has seen battle lines drawn between himself and his patron. The central banker said attacks on businesses and blanket price controls imposed by government on June 26 and enforced by state security agencies were "ruinous".

"It is critical that urgent steps be taken to deal with the supply side imperatives without which, or failure of which, will leave the country in a worse-off situation," said Gono in a letter addressed to Mugabe, which was leaked to the press. He accused government of not having a plan of how to maintain production at the prices it was forcing businessmen to maintain. "We need to define clearly at what point we will exit from the current blitz," he said.

A senior ZANU-PF official opposed to Mugabe's latest assault on business said Gono and Mugabe had never before been so sharply divided. "Gono has been Mugabe's personal banker and financial advisor for many years — since he was chief executive officer at the Commercial Bank of Zimbabwe," said the official, who asked to remain anonymous. "He is perhaps the only person who knows and fully understands the nature of Mugabe's finances, but now they are sharply divided on national policy."

If Mugabe fires Gono, he faces a backlash from his colleagues in the Southern African Development Community — however, that is unlikely to stop him, continued the official.

"In terms of national policy, they are worlds apart. The time has almost come for them to part ways if Gono wants to save some modicum of credibility as a professional," he said. "In political terms, he will have to look for sanctuary in one of the factions — either in the divided opposition or those in ZANU-PF who believe in the efficacy of his policy recommendations."

ZANU-PF is divided into three major factions. One supports Mugabe's sole candidature in the presidential election next year; the other two are fighting each other to replace the party's 83-year-old leader. Gono is said to be aligned with the faction led by Politburo member and Rural Housing Minister Emmerson Mnangagwa, against that led by retired army commander General Solomon Mujuru, the husband of Vice-President Joice Mujuru. Both Mnangagwa and Mujuru accuse Mugabe of ruining their business interests.

The ZANU-PF politician said Gono had wanted to build his future political career on the back of a successful economic revival programme.

"Reducing inflation to a single digit as he had set out to do at the beginning would have been a good entry point [into politics]," he said. "This would have put him ahead of competition in ZANU-PF and in the [opposition] Movement for Democratic Change as well. Now he realises that his political ambitions are being ruined before he has made them public."

Gono's litany of complaints about the government, which were leaked to the public, could be an attempt to regain some credibility ahead of ZANU-PF's special congress in December.

In his letter to Mugabe, Gono said there was need to respect private property and for policy consistency to attract foreign investment, which would generate much needed foreign currency. He attacked state-sanctioned land invasions, which he said disrupted the nation's economic backbone, the commercial agricultural sector. It was a criticism he had been making publicly since 2005, five years after the land invasions began, and when most of the land had been parcelled out, either to government officials or to landless "war veterans".

Gono also attacked government spending, the huge budget deficit and corruption, all of which frustrated the battle against inflation. He has long favoured a free exchange rate for the local currency, which is pegged at 250 Zimbabwe dollars, ZWD, to one US dollar. This is against the more realistic black market rate of more than 100,000 ZWD to one US dollar. Gono said government's unrealistic rate had caused "pricing distortions and instability" in the market.

Over the past three weeks, police have arrested some 1,700 company representatives for failure to comply with its decree on prices. Shops have been looted while most fuel service stations are dry.

Opposition leaders and captains of industry have accused Mugabe of adopting populist policies to win over voters ahead of next year's first joint presidential and parliamentary elections. The MDC has threatened to boycott the ballot if there are insufficient electoral law reforms to ensure free and fair voting.

The leader of the main faction of the MDC, Morgan Tsvangirai, called the price cuts an "election gimmick" to buy votes — but Mugabe sees the recent daily price increases as business's attempt to engage in the politics of regime change.

Mugabe has in the past accused business of sponsoring the MDC. Now, analysts say, he has found an opportunity to hit them where it hurts most — the pocket. But, the analysts say, Mugabe might have shot himself in the foot, for the resulting shortages will hurt him and his party in the elections next year.

Norman Chitapi is the pseudonym of an IWPR journalist in Zimbabwe. ■

POST-MUGABE QUANDARY

There's little consensus amongst analysts over who should lead the country once Mugabe finally goes.

By Benedict Unendoro in Harare

As the Zimbabwean crisis deepens, analysts are already exploring which political party would be best equipped to turn around the country's fortunes in the post-Mugabe era.

Many observers, including the outgoing United States ambassador to Zimbabwe, Christopher Dell, have predicted the demise of President Robert Mugabe's regime in six months. Mugabe has no choice but to step down by September this year, for the good of himself, the country and his ruling party, said ZANU-PF insider Ibbo Mandaza.

The Zimbabwean crisis has deepened in the last two weeks since Mugabe ordered a price slash on all goods and services, a populist move many see as the tipping point for his own fortunes. To wriggle out of the resulting chaos, Mugabe has no choice but to introduce subsidies, which economists and the International Monetary Fund, IMF, say will increase quasi-fiscal deficits that will in turn stoke hyper-inflation further. The IMF says the government will have no choice but to resort to printing more money in order to finance the subsidies. This, economists say, will trigger the further decline and the fall of the government.

Zimbabwe faces a combined presidential and parliamentary election early next year which many are pinning their hopes on to bring about much-needed change to the country. However, commentators say the poll may not in itself be the solution, even if it is held in a free and fair atmosphere.

It is thought that South African president Thabo Mbeki, who is currently trying to mediate in the Zimbabwean political crisis, and

Credit: Lazele

President Mugabe inspects a guard of honour at the opening of parliament. Picture taken July 24, 2007.

Britain, the former colonial power, would prefer a reformed ZANU-PF as the way forward.

But Arthur Mutambara, leader of one of the factions of the opposition Movement for Democratic Change, MDC, said this option was unlikely to work.

"The international community, particularly western governments, have shown a keen interest in the jockeying for positions among ZANU-PF factions, which seems to imply that if any one of the factions were to successfully replace Mugabe they would consider normalising relations with Zimbabwe," he wrote in an opinion piece for a Zimbabwean news site.

"The thinking seems to be that the problem is Robert Mugabe the person, and that anyone else will do just fine."

In his piece, Mutambara argues that ZANU-PF as a political construct is beyond redemption and should not have a future in the new Zimbabwe, "First and foremost, the Zimbabwean crisis is bigger than the person of Robert Mugabe. There are institutional, structural and systemic dimensions to the challenges we are facing.

"Over the past 27 years, ZANU-PF has developed a distinct socio-politico-economic culture and value system rooted in political illegitimacy, poor country governance, economic mismanagement, bad policies, corruption, patronage, incompetence, and disrespect for the rule of law.

"Whilst Mugabe is the personification and cardinal symbol of this misrule, these traits are now deeply rooted within ZANU-PF, which is rotten to the core. Mugabe is the glue that keeps the rot together."

Prominent Zimbabwean economist Tony Hawkins supported Mutambara's views in a recent interview with the independent Zimbabwe radio station SW Radio, "I also don't believe the people of Zimbabwe are willing to be governed by a reformed ZANU-PF because I think ZANU-PF has gone way beyond the point of no return in respect of re-branding and so on.

"When you have done as much harm as they have done it is very hard to believe that voters — if they are given a free and fair opportunity — would vote for a continuation of this party regardless of whom is leading it."

At the same time, however, political observers do not see a weakened MDC as a viable alternative to ZANU-PF.

The MDC split in October 2005 over an issue that many saw as trivial — the newly introduced upper house of parliament, the senate.

The main faction of the party, led by founding president Morgan Tsvangirai, did not see the value of contesting elections for the senate, arguing that the results were a fait accompli because the playing field was so heavily tilted in favour of ZANU-PF. But the other MDC faction participated in the ballot — though won an insignificant number of seats. The latter group alleges that Tsvangirai triggered the MDC split with his "dictatorial tendencies" and his followers' propensity for violence.

"Mugabe is the glue that keeps the rot together" — MDC's Mutambara.

Many also see the chance of either MDC faction winning the elections next year as remote.

"The MDC surprised everyone in the 2000 general election when they almost upset ZANU-PF. But people should remember that that was mainly a protest vote. Ever since that shocker, the MDC's fortunes have been dwindling, as has been shown by the loss of several seats in subsequent polls. Now a divided MDC cannot be expected to fare any better," said an independent journalist working in Harare.

Even if the MDC won the election, buoyed by the support of a disgruntled populace struggling under a collapsed economy, this would not signal the beginning of a new era, he said.

He cited the Zambian experience where the opposition Movement for Multiparty Democracy, MMD, swept to power on a protest vote but once in charge became guilty of the same misdemeanors that Kenneth Kaunda's United National Independence Party, UNIP, was ousted for.

He pointed out that Frederick Chiluba's party was in fact seen as more corrupt than its predecessor; and Chiluba himself is currently on trial for siphoning 500 million US dollars from state coffers.

Analysts also cite the Kenyan model where the Rainbow Alliance, a grouping of opposition politicians and ruling Kenya African National Union rebels, swept to power under Mwai Kibaki. They note that corruption and repression remain as all-pervasive as under Daniel arap Moi.

The journalist also said signs of corruption were already showing in the MDC as some of the party's most senior members were benefiting from Mugabe's largesse. Recently, several senior party officials took delivery of farming equipment including tractors from Mugabe's farm mechanisation programme.

An opposition politician in the fringe Democratic Party, DP, said, "Even if the MDC somehow won the combined presidential and parliamentary polls, the transition would be far from smooth. Mugabe has militarised all state institutions and generals have been quoted as saying they would not allow Tsvangirai to rule Zimbabwe."

Indeed, in many areas of the public sector, including the judiciary and state-run companies, military men now hold key positions. On the eve of the 2002 presidential election, senior officers released a statement saying that the army would not support a president who lacked liberation war credentials — a clear reference to Tsvangirai.

Defence forces chief, General Constantine Chiwenga, reiterated this partisan stance in a speech made just before the March 2005 legislative polls.

"The period immediately after Mugabe's fall should see the demilitarisation of state institutions and no one can do this except ZANU-PF itself, or its offshoot, because these military figures have no respect for the opposition," said the DP politician.

But a reformed ZANU-PF option faces a major challenge in the person of Mugabe himself — especially if he decides to hang on until elections next year.

"Mugabe is not a Nyerere," said the journalist, referring to the late founder of the Tanzanian nation, Julius Nyerere, who, on seeing the disastrous course his socialist policies were steering the country, stepped down from the presidency and played midwife to the reform of his own party, Chama Cha Mapinduzi, CCM. In 1985, Nyerere relinquished the national presidency but retained the chairmanship of the party to oversee its transformation.

Political observers do not believe the MDC is a viable alternative to ZANU-PF.

Ever since Tanzania, one of the most stable nations in sub-Saharan Africa, has been ruled by successive CCM governments and its democratic system is seen by many as a model to emulate.

"Unfortunately, Mugabe lacks Nyerere's integrity and wisdom. Mugabe, unlike Nyerere, won't admit his mistakes, and won't show flexibility and pragmatism. Instead, he would like to drag his country into the mud with him," said the journalist.

But Simba Makoni, tipped by many observers as the one likely to lead a reformed ZANU-PF, said during a recent visit to South Africa that much was taking place inside ZANU-PF and a reformed party would soon emerge.

Benedict Unendoro is the pseudonym of an IWPR journalist in Zimbabwe. ■

BUSINESSES REELING FROM PRICE-SLASHING ORDER

Panic and desperation sets in among Zimbabweans as most retail outlets run out of goods.

By Nonthando Bhebhe in Harare

Motorists queue for fuel, some with extra containers, as they rush to buy increasingly scarce fuel supplies in Harare. Picture taken July 21, 2007.

"It was an act of madness," said a manager at a Spar store in the low-income Harare suburb of Seke. "[The] ripple effects will be felt for a long time in Zimbabwean business. Job losses will be immediate."

Businesses in Zimbabwe are still reeling from President Robert Mugabe's June 26 decision to slash the prices of all commodities by 50 per cent, in a bid to tackle skyrocketing inflation, which he claimed is being fuelled by the private sector to bring down his government. The move sparked a stampede of shoppers, leaving companies with empty shelves. Many say they may now be forced to close.

"This act is the latest in a long chain of irrational political decisions Mugabe has taken in the past few years to keep himself in power," continued the Spar manager. "The next will most probably be the seizure of mines and foreign-owned businesses which he is legitimising through the Economic Empowerment and Indigenisation Bill currently before parliament."

Tichafa Chari, a schoolteacher in the same area, compared the latest move to Operation Murambatsvina, the military-style demolition of urban dwellings in 2005 which destroyed the informal sector and left 700,000 people homeless and two million with no source of income. It was believed at the time that Mugabe did this to stem fears of a rebellion by the urban poor that would unseat him.

"Operation Murambatsvina destroyed the informal sector, and now this is destroying the formal sector. So where do we go from here?" said Chari.

Like Operation Murambatsvina, the current operation, according to Mugabe, is to stop the formal sector from working with western powers wishing to effect "regime change" in Zimbabwe.

Several senior company executives, many from companies headquartered outside Zimbabwe, have been arrested and have spent nights in filthy police cells for failing to comply with the government directive to reduce their prices.

Long fuel queues are back at the few service stations that have received cheap fuel from the state-owned National Oil Company of Zimbabwe, NocZim, which they are selling at 60,000 Zimbabwe dollars, ZWD, a litre, (just under 50 US cents at black market prices), down from nearly 200,000 ZWD two weeks ago.

The fuel situation had stabilised after government allowed private companies to import and sell fuel at rates determined by the black market from which dealers obtained the foreign exchange to import.

But since the price-slash directive, those service stations have run dry and have not restocked. The government has ordered all service stations to sell their fuel at 60,000 ZWD a litre but NocZim supplies are still very low. The national fuel procurement company has promised to increase its deliveries to service stations countrywide.

The public transport sector is almost grinding to a halt after government ordered them to reduce their fares or face the cancellation of their operating licences.

Government told public transport operatives at a meeting last week that if one of their vehicles was caught over-pricing, officials would cancel the licences of not just that one vehicle but of the whole fleet.

One city commuter bus operator said, "Really I cannot be working for the government. It makes no sense to continue when I will be making such a huge loss."

Motorists have also been affected as they cannot get fuel and are being forced to either source from the black market or leave their cars parked. Traffic on Harare's roads has been significantly been reduced over the last week or so.

"It makes no sense to continue when I will be making such a huge loss" — bus company operator.

Zimbabweans initial excitement about the order to slash prices of basic commodities by half has now been replaced by panic and desperation as most retail outlets have begun to run out of goods. The first casualties of the price slash were the butchers, which ran out of the beef and pork within a few days of the directive. Most meat outlets in Harare suburbs have either closed or are about to.

Highfield butcher Petros Mawoneke was on the verge of tears when IWPR asked him what effect the price reduction had had on him and his family.

"I just don't know for how long I will be coming to work if the situation continues like this. I am afraid that one day, we will be told not to report for work any more because we are not selling anything at the moment. Our suppliers are no longer supplying us.

"I don't want to think about the worst — I am trying to be optimistic but at the same time I need to be realistic. It will just kill me if I lose this job. How will I feed my kids? Already I am struggling and am only able to provide one meal a day. The government needs to think about people like us and put in measures to protect us."

In response to the beef shortages, the government last week revoked the licences of all private abattoirs for refusing to continue supplying meat and meat products. They had stopped slaughtering livestock in protest against the slashing of prices which they say would bankrupt them.

Trade Minister Obert Mpofu said the Cold Storage Company, CSC, part owned by the government, would now have the sole responsibility of slaughtering livestock. The CSC, however, was already facing serious financial problems and had been operating well below its capacity.

One of the largest outlets of pork products, Colcom Foods, has already run out of everything except bacon, a few boxes of pork sausages, polony and smoked ham, all of which are foods for the rich.

An employee at Colcom Foods told IWPR that the company did not know when the next supplies were going to be delivered. Its general manager in Harare's Workington industrial area was recently arrested together with 33 top executives of other companies for allegedly ignoring the government directive to reduce prices.

"First it was the bread queues, now it's for everything — this is absolute madness" — shopper.

Long queues could be observed at TM Supermarket in Arcadia suburb, where the prices of basic commodities like washing soap, washing powder, Vaseline petroleum jelly and margarine were reduced by more than 100 per cent. Reports say the situation is the same countrywide.

Thomas Madziva, who was queuing to buy slices of polony and bread rolls for his breakfast, was irate.

"Why should I queue when all I want is polony? This is getting really frustrating now. First it was the bread queues, now it's for everything — this is absolute madness. Our relief was temporary — we should have known this is where Mugabe's generosity would land us."

Nonthando Bhebhe is the pseudonym of an IWPR journalist in Zimbabwe. ■

The Zimbabwe Crisis Report is an initiative of IWPR-Africa's Zimbabwe Programme.
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