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Fresh insights into the Zimbabwean situation

CENTRAL BANKER DISSENTS OVER NATIONALISATION

The ZANU-PF administration presses ahead with a plan to take a controlling share in foreign-owned businesses, despite warnings about the consequences.

By Mike Nyoni in Harare

Credit: Lazele

Main branch of Standard Chartered Bank in Harare. Picture taken October 17.

The Zimbabwean authorities are pressing ahead with a nationalisation scheme despite warnings from the country's central banker that the economic effects will be ruinous.

The dispute highlights the schism between politicians who place ideological policies above pragmatism, and the technocrats in the administration.

On September 26, the lower house of parliament passed the Indigenisation and Empowerment Bill, which will compel foreign-owned firms, including mining companies and banks, to cede 51 per cent of their shares to black Zimbabweans. After the upper chamber, the Senate, passed the law on October 2, only President Robert Mugabe's assent is required for it to enter into force.

Defending the bill in the lower chamber, Indigenisation Minister Paul Mangwana likened the planned takeover of foreign banks, mining and manufacturing firms to the government's seizure of commercial farms which started in 2000 — a move which critics say has been counterproductive, destroying farming and ultimately the wider economy.

NEWS IN BRIEF

- **Zimbabawe's main opposition party, the Movement for Democratic Change, said on October 15 that ongoing violence against its supporters showed that President Robert Mugabe and his ruling ZANU-PF party were not committed to dialogue.**

- **On October 15, dozens of members of the Women of Zimbabwe Arise group were arrested in Harare for demonstrating against alleged police brutality. The following day, several people were arrested when police broke up a march by activists lobbying for a new constitution. At least 20 students were arrested and others were injured after being beaten by police at Masvingo Polytechnic College during a peaceful protest to demand the release of a detained student leader.**

- **Britain is at the centre of a diplomatic row over Prime Minister Gordon Brown's proposal to send a European Union envoy to Zimbabwe — ahead of a landmark EU summit with African states — to assess human rights abuses under President Robert Mugabe. Diplomatic sources say Germany is opposed to the idea while Nordic states agree with Brown.**

- **The mainly white Commercial Farmers Union says it will continue to engage the government after a court ordered white Zimbabwean farmers to vacate farms earmarked for resettlement.**

- **A new satirical play titled "Overthrown", due to open in Bulawayo,was banned by police as Mugabe arrived in the city to attend a university graduation ceremony.**

Mangwana said the new bill represented a "political decision" taken to correct the injustices of the colonial past.

"They want to create white islands in a liberated Zimbabwe, but we will not take that," he said. "The 51 per cent is only the minimum — we want 90 per cent. When you are carrying out a revolution, you do not do it in half steps. Zimbabwe cannot be half independent."

The minister scoffed at warnings that partial nationalisation would prompt foreign investors to pull out of Zimbabwe.

"The 51 per cent is only the minimum — we want 90 per cent" — Indigenisation Minister Paul Mangwana.

"If Standard Chartered Bank feel they cannot continue their operations in Zimbabwe, they can simply go," he said, indicating that local banks would step in and fill the gap.

A day before the Senate vote, President Mugabe made it clear he agreed with this view when he addressed ZANU-PF members at Harare airport on October 1 after returning from the United Nations General Assembly meeting in New York.

"The minerals are ours. We are offering partners, good partners, friendly partners, a share, 49 per cent or thereabouts. If they won't take it, hard luck — we will give it to our people," he said, according to the DPA news agency.

The same day, the governor of the Reserve Bank of Zimbabwe, Gideon Gono, adopted a very different line on the issue. In a statement on monetary policy, he called for a "fine balancing act between indigenisation of the economy and investment attraction".

"Of particular concern to us as monetary authorities would be any attempts to forcibly push the envelope of indigenisation into the delicate area of banking and finance," he said.

Imprudent statements by politicians worsened Zimbabwe's country's sovereign risk factor and undermined property rights, and this would act as a deterrent to badly-needed foreign investment, he said.

Gono warned that hasty decisions would have "unintended consequences", just as he did in July, when the government to slash prices of goods and services in a bid to curb inflation. The result of that policy move was that basic goods disappeared from the shops in a rush of panic-buying.

Instead, the central bank chief recommended that the indigenisation process should be managed in such a way as to ensure local people were able to pay for shares. Thus, if a company had assets valued at 500 million US dollars, it would take about 15 years for locals to acquire a 51 per cent stake.

Central bank chief warned against trying to impose indigenisation policy in the "delicate" area of banking and finance.

Gono alleged that the present nationalisation initiative was being backed by "well-connected cliques" who wanted to use it to "amass wealth for themselves in a starkly greedy but irresponsible manner".

In a pointed rebuke to Mangwana, Gono challenged those who wanted to muscle into the banking and financial sector to apply for operating licences from the central bank.

Mugabe had a five hour meeting with Gono on September 3, which according to the Zimbabwe Independent, resulted in a "temporary truce".

However, an economic analyst in Harare said it was unlikely the central banker and his political masters would be able to agree on the fundamental issues.

"Their imperatives are divergent," said the economist, who did not want to be named. "Mugabe sincerely believes we need price controls to cushion the most vulnerable members of society. He also wants to take over companies he believes are working in league with the opposition against his government."

Powerful interest groups want to use nationalisation to get rich "in a starkly greedy but irresponsible manner" — Gono.

The analyst said more of the same kind of populist rhetoric could be expected from the political leadership as the March 2008 presidential and parliamentary elections drew closer.

"People like Mangwana are more likely to align themselves with the president before they are reined in by prudent advice from Gono, who better understands the implications of such reckless utterances on investor confidence," he said. "When Gono said in his monetary statement that he was merely offering advice… he knew what he was up against. There will be more wanton spending and even more economically damaging statements until the elections in March. Any meeting of minds on policy issues can only be coincidental, although one would expect government to appreciate the importance of getting into an election riding on a healthy economy."

Zimbabwe is in its eighth year of recession, with annual inflation put at 6,600 per cent, unemployment at 80 per cent, and widespread shortages of fuel and basic foodstuffs.

Mike Nyoni is the pseudonym of a journalist in Zimbabwe. ■

BANK CHIEF OUT ON A LIMB

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

By Hativagone Mushonga in Harare


Credit: Lazele

Central bank governor Gideon Gono presenting his mid-year monetory policy statement. Picture taken October 1.

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.

We must avoid schemes that create perceptions of instant gratification through grab, take and run" — Gono.

"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.

Credit: Lazele

National Constitutional Assembly chairman Lovemore Madhuku addresses a gathering in Harare. Picture taken August 8.

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 trying to find a way out; this could be by pushing to be fired or being forced to resign" — Lovemore Madhuku of the National Constitutional Assembly.

"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.

"I am sure he wants to be remembered as a central bank governor who stood up to Mugabe" — ZANU-PF official.

"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?"

"How far will Gono go and how much more will he say in the next few months before the elections?" — ZANU-PF official.

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?"

Hativagone Mushonga is the pseudonym of a journalist in Zimbabwe.

TEACHERS VOTE WITH THEIR FEET

As qualified teaching staff leave their jobs and flood out of the country, the schools are filling up with untrained teachers.

By Yamikani Mwando in Bulawayo

Zimbabwe's schoolteachers once belonged to the elite who could afford houses and cars, but increasing numbers are now joining the exodus of economic migrants, leaving pupils in the hands of untrained replacements.

In the Eighties, when the country was still in euphoric mood after achieving independence, teachers looked forward to a life of plenty. Today, however, they say they have been turned into paupers by the deepening economic crisis. Like most Zimbabweans — especially others working in the large public sector — teachers have found their salaries eroded almost to nothing by spiralling inflation, currently estimated at over 6,600 per cent year on year.

Teaching staff in state schools earn a little over three million Zimbabwe dollars (ZWD) a month, which works out at about 100 US dollars at the official exchange rate and but only six dollars on the parallel market, which is a better reflection of consumer prices.

Such is the level of anger at low wages in the education sector that when the militant Progressive Teachers Union of Zimbabwe, PTUZ, went on strike in September to press for higher pay, it was joined by the Zimbabwe Teachers' Association, ZIMTA, which is seen as more closely aligned with the authorities.

PTUZ general secretary Raymond Majongwe said it was the third industrial action this year, which was prompted by the government's continuing failure to address teachers' concerns.

Credit: Lazele

Head offices of the Zimbabwe Teachers' Association in Harare. Picture taken October 17.

Three weeks after the strike began, however, the ZIMT — which conducted its strike action separately from the PTUZ — announced on October 4 that it had reached a settlement with a pay offer of 14 million ZWD a month. This was still below the official poverty line — set at 16.7 million ZWD as of August — which had been used as a negotiating measure, and also fell short of the 18 million ZWD which the PTUZ was seeking.

Teachers have found their salaries eroded almost to nothing by spiralling inflation.

On October 10, the PTUZ leadership passed a resolution that its members should return to work while the union decided what to do next. This did not amount to an acceptance of the pay offer.

Whatever the outcome of the PTUZ's deliberations, the government is unlikely to offer teachers a significant better deal in the near future. That means the mass outflow of teachers to neighbouring states is likely to continue.

Teachers flock to schools in other southern African states which need anglophone staff.

Zimbabwean teachers are held in high regard in the region, and there is high demand for them in South Africa's expanding education system, as well as in Botswana, Lesotho and Swaziland, and also in Mozambique, where there is rising demand for English-speaking staff. Further afield, many have found teaching work in Britain and even Australia.

The PTUZ says more than 5,000 teachers resign every month in frustration over the poor pay.

According to Majongwe, many accept manual jobs if they cannot find teaching placements. "They find themselves as farm labourers in neighbouring Botswana and South Africa," he said.

To fill the gap created by this exodus, the education authorities have hired untrained relief staff, despite complaints by both parents and qualified teachers that this is compromising children's education.

Trade union says at least 5,000 teachers leave their jobs every month.

Unqualified staff have always been used to plug gaps in school timetables, but until economic crisis set in at the end of the Nineties, young people looked on these temporary stints as a transitional phase while they looked for proper jobs.

In Zimbabwe's second city Bulawayo, the education department is now full of school-leavers desperate to find work as relief teachers.

Majongwe believes the government is happy to take on more malleable workers who, because they are on temporary contracts, are barred from taking industrial action.

"Because the unqualified teachers are desperate for jobs, they take up these posts," he said. "And they cannot complain about conditions because there are no jobs in the country. They are happy."

"Give me any job and I will take it" — relief teacher in Bulawayo.

One student in Bulawayo preparing for his Advanced Level exams, the final school qualification, said, "We are being taught by people with mere Advanced Levels, when we were told previously that we needed someone with a university degree to teach us. But people with university degrees no longer want to work here any more, because of poor salaries."

An unqualified teacher in a Bulawayo secondary school admitted he had little option but to take this low-paid job, even though he sympathised with the striking teachers.

"Give me any job and I will take it, but because there aren't any, this is what I will do in the mean time," he said.

Employing undemanding, unqualified teachers allows the government to resist pay demands from the unions.

Majongwe says his union plans to work with parents and pupils to lobby the education ministry to stop recruiting untrained teachers. However, he fears it will be a futile exercise, because having this cheap and undemanding labour force on hand allows the government to resist pay demands from the trade unions.

Yamikani Mwando is the pseudonym of a reporter in Zimbabwe. ■

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