



**FULL TEXT OF THE GOVERNOR'S INTERVIEW
WITH
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FOR THE HERALD'S ISSUE OF
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- Q. Dr Gono, the June 27 run-off is over and while the political players are still talking about the talks on a possible way forward for Zimbabwe, the general populace has shifted its focus to the reeling national economy whose negative impact on ordinary people is now too severe. As Governor of the RBZ, what would you say is the way forward now in terms of reviving the economy under the prevailing national, regional and international conditions? Can you also give a detailed background to the origins of our current difficulties and at the same time commenting on the views proffered by some analysts who allege that our problems started with our interventions in the DRC as well as payments made to our War Veterans in 1997/1998**

- A. Our economy has been under siege for almost 10 years now since the time we began the land identification exercise as a precursor to the land re-distribution programme in 1997.

That process (land identification) drew adverse reaction from the West, especially Britain, who went on to adversely influence the World Bank, IMF, ADB, as well as other Paris Club lenders not to support Zimbabwe financially and technically.

Although two other factors are cited by the economic historians as having been partly influential to the genesis of our current state of affairs and the two factors are the DRC war where, as part of our responsibility and contribution to regional, continental and international peace and security, we went into that country as part of a regional coalition of states to defend its sovereignty and the payment of unbudgeted gratuities to the war veterans in 1998. To date, the impact of these two events is often conveniently exaggerated and therefore I will not dwell on these two factors as they remain peripheral to the main causes of our situation today.

On the exogenous side are the **sanctions** that are being applied against the country as a result of the factors I have already cited above as well as, currently the steep rise in the price of oil and other forms of energy, the global warming phenomenon which has produced

unpredictable weather patterns, which have brought about frequent droughts and floods detrimental to crop production, and animal husbandry, especially in Southern Africa and Zimbabwe in particular.

These irregular weather patterns have given rise to the current world as well as Zimbabwe food shortages. To this end strategies will have to be devised in order to deal with these external factors, and plans are afoot to do so.

Under endogenous factors, our economy has remained hostage to the lack of unity and lack of one vision among political players in the country, the diminished presence of economic patriotism showing itself in the form of the indiscipline and get-rich-quick mentality by most economic players in the country; in the public and private sectors of our economy.

All these factors have led to the introduction of a raft of extraordinary measures on the part of Government, through its various arms; such as the Reserve Bank of Zimbabwe, the Grain Marketing Board and other institutions under Government's control in an effort to survive. Some of those extra-ordinary interventions have flown in the face of conventional economics, while others have, by coincidence, conformed to economic convention or textbooks theories.

In dealing with the challenges before us, especially under a tightened sanctions regime, it will be necessary that

pragmatism and reality operate side by side, with technocratic interventions that run side by side with political idealism.

Having said this, however, there are two fundamental background points arising from your question that must be understood and underscored.

In the first place, and contrary to the propaganda that is often repeated even by some political groups in the country, that western economic sanctions have been targeted only at some individuals in or believed to be associated with the ruling Zanu PF, it is now common cause that ordinary people in the cities and rural areas are in fact the helpless victims of these illegal sanctions which are specifically designed to cause human suffering by precipitating a humanitarian crisis in Zimbabwe which could trigger a generalised conflict to justify international intervention.

This is being done in the vain hope that economic sanctions would provoke Zimbabweans into turning against their government.

In the second place, the time has come for all of us to understand that our national economy does not exist in a vacuum nor does it exist as another world separate from our national politics.

The economy and politics are inextricably intertwined such that it does not make sense for anyone to expect the RBZ to somehow fix the national economy and turn it around for the better while political players continue to play bickering games over the way forward.

Therefore, I cannot imagine let alone proffer any way forward in terms of reviving the economy given the current situation that is not based on and informed by a political economy of national unity. As such, the only way forward for our country is for Zimbabweans to come together and to speak with one voice to foster a national consensus that puts the country's interests first.

For sometime now my team and I at the RBZ have been calling for a social contract and a spirit of national healing as the pillars of the way forward not just in our national economy but also in our national politics.

Against this backdrop, we have been saddened to see how the outcome of the harmonized elections held on March 29 has led to unprecedented political disharmony in the country. That cannot be good for the economy.

And so, the prevailing disharmony is very dangerous for our national survival and we need to confront it with an audacious commitment to national unity. For that to happen, the political players across the political divide need to stop being players and start being leaders who do the right thing for Zimbabwe and Zimbabweans.

I honestly believe that our political leaders know what is right for Zimbabwe and what remains is for them to seek it with urgency or risk being judged very harshly by history and posterity.

Q. What do you expect to be the bottlenecks and the challenges facing the nation as it seeks to turnaround the economy?

A. You know, we are in an extraordinary situation requiring extraordinary measures. The business-as-usual approach will not do in this situation.

This is because the core issues are no longer about the conventional economic bottlenecks many of which are very well known not least because they have been highlighted in virtually all of my monetary policy statements since December 2003.

Yes, we have to attend to conventional bottlenecks such as foreign exchange reforms, removing pricing distortions that have adversely affected producer viability and we need to revamp the financial position of public utilities while continuing the fight against inflation among other urgent measures.

And even more critically, the current global instability of food prices dictates that we treat national food security as

our number one priority and thank God we are well positioned to deal with this challenge because of the considerable success of our ongoing historic and now irreversible land reform programme.

But, in my respectful view, the major if not the only bottleneck in our efforts to turnaround the economy is the absence of the required political will among key national leaders and stakeholders to do and say the right thing for Zimbabwe and its people.

As a nation, we have become too factionalized while some among us have become too foreign oriented in their actions and pronouncements. You cannot have a thriving and vibrant economy in such a situation even with the best of efforts and intentions from the Reserve Bank.

Q. The United States has drafted a resolution that is now before the United Nations Security Council seeking, among other things, to freeze personal assets and seeking to extend and internationalize the current limited travel ban against not only you but President Mugabe and six other top Government officials. What do you make of this move by the US administration that is supported by the majority members of the G8 given your pivotal role in trying to turnaround the economy?

A. While I respect the fact that sovereign countries have a right to take measures in pursuit of their national

interests, I have failed to understand how the world's most powerful nations have been so blinded by the British government which has a hidden agenda in Zimbabwe over the land reform programme they wish to reverse and they have found it within their top priority to make Zimbabwe's domestic affairs on internally disputed elections their international business to the point of seeking such misplaced and ill-conceived sanctions against Zimbabwe.

It is a fact that many members of the United Nations, including the United States itself under its current President, have for one reason or another held presidential elections with disputed outcomes that have been judged by some observers to be neither free nor fair but which, although internally controversial, have not posed a threat to international peace and thus have not warranted international intervention in terms of chapter seven of the United Nations Charter.

As I see them, the ongoing efforts instigated by the British government and led by the United States at the United Nations to impose sanctions on Zimbabwe on account of a disputed presidential election would set a very dangerous precedent which would itself be a very serious threat to international peace. Conversely, the fact that there are some Zimbabwean political groups or individuals that are supporting those efforts is a clear threat to national unity and stability.

Therefore, while the move you mention at the United Nations is predictable given what we have experienced

over the last few years from the same quarters, it is nevertheless quite sad to see that the countries seeking economic and other sanctions against Zimbabwe have abandoned all diplomatic pretence to neutrality and have decided to be part of the so-called Zimbabwean problem by taking partisan positions in support of particular Zimbabwean political players against others instead of bringing them together. Instead of preventing conflict, they are fomenting it and that is very sad to see.

By the way, it is very instructive to note that the anti-Zimbabwe sentiment in the G8 is so full of personal hatred of our national leadership that would lead a neutral observer from outer space to mistakenly conclude that the Government is sitting on a deadly nuclear arsenal that is a threat to world peace when the matter at stake is merely a disputed presidential election which has not provoked any unrest in the country beyond press statements from some aggrieved political quarters.

Indeed, the disproportionate and over the top focus on Zimbabwe by the G8 and their surrogates at the United Nations and elsewhere has led some amazed neutrals to observe that if the G8 were to pursue their 2007 US\$25 billion pledge to fight poverty and promote development in Africa by 2010 with the same zeal, vigour, enthusiasm and single-minded determination as they are pursuing the Zimbabwean leadership on account of a domestic affair over a disputed presidential election, there would be tremendous progress in realizing the United Nations goals of development across Africa.

At the end of the day, the gist of the matter though is that any sanctions against Zimbabwe and from whatever international forum, and however disguised, will only lead to more suffering of the already suffering ordinary people. It seems to me irresponsible that the United Nations Security Council should even bring itself to entertaining such moves whose only impact would be to widen and deepen the humanitarian crisis in Zimbabwe at a time when the United Nations should be at the forefront of solving the very same crisis in a non partisan manner.

Even so, I remain optimistic that the current wave of irrational excitement over Zimbabwe gripping some members of the G8 and their surrogates will sooner rather than later give way to reason, especially within the United Nations Security Council.

I believe that many rational voices in the United Nations and indeed within SADC and the African Union now realize that punitive economic sanctions and other measures whether personalized or not can only deepen and spread conflict in Zimbabwe at a time when there are now hopes on the horizon for a negotiated home-driven settlement to which His Excellency President Robert Gabriel Mugabe has committed himself and the government. I have faith in SADC mediation led by President Thabo Mbeki and I hope the international community will stop sowing divisions and support his efforts.

Otherwise, it should be clear to anyone who cares about the tense situation in the country that Zimbabwe and Zimbabweans do not need punitive economic sanctions or other divisive measures from the United Nations, rather, they need constructive support to bring about national unity and to lay the foundation for national healing and economic prosperity.

Q. With the support of its British counterpart which is coordinating and leading the current propaganda onslaught against Zimbabwe, the US government has targeted you alleging that you are "responsible for funding repressive state policies." What is your comment on this allegation?

A. That statement alone is enough to demonstrate that something else is going on here beyond what meets the eye. If the laughable allegation was that I am using my own personal funds to underwrite the alleged repressive State policies, one would pause and reflect for a moment. But I am the Governor of the Reserve Bank of Zimbabwe which is a State institution and I have discharged my responsibilities from that perspective and in accordance not only with the laws of Zimbabwe as enacted by both ZANU (PF) and MDC Legislators, but also international banking practice. Of course, I do not expect all leaders to understand banking and economics especially Central Banking but I expected a bit more understanding of the subject matter from former Chancellors of Exchequer and Harvard MBA graduates!

If the expectation at play here is that I should somehow work against the State or use my office to subvert it or be somehow disloyal to the State, then I should make it clear to anyone with an interest in this matter that no such a thing will ever happen. Never.

The reference to “repressive State policies” is a political opinion and not a fact. Besides, the Government of Zimbabwe is entitled to formulate and implement its own policies that it advances during elections and it is only the electorate in Zimbabwe that can support or reject those policies. It is not the business of the British or American government to tell the Government of Zimbabwe what policies to implement or not to implement.

It is now clear that there are some elements within the international community who want to abuse their positions at the United Nations to induce a rebellion in Zimbabwe by publicly supporting certain groups and individuals who are doing their bidding in the country while threatening and demonizing others who are seen as obstacles to that bidding.

As far as I am concerned, as Governor of the Reserve Bank, I stand ready to do what I believe and know is right for my country without fear or favour given the public mandate entrusted on me in terms of my employment contract. I take my instructions from my principals in Government and not from anyone in London, Washington, New York or anywhere else outside Zimbabwe.

If this earns me any punishment or personal hatred, then so be it. What I know and I believe every other fair minded person knows is that the Reserve Bank of Zimbabwe has since 2003 taken extraordinary measures to help Zimbabweans across all sectors of the national economy in a transparent manner to enable them to survive the consequences of illegal sanctions. I and the RBZ team will never shy away from helping out where we can and that is a matter of national responsibility and pride.

Q. Governor, there are strong indications that now that the run-off is over and President Mugabe came out the winner, more sanctions targeting the economy will be imposed against the country. Can our economy take any more battering from more and broader economic sanctions?

A. I have already made it clear that this whole discourse of sanctions is misplaced because sanctions always and everywhere affect the most vulnerable people in society than anyone else. This is food for thought for those bent on forging ahead with what can only be seen as an evil sanctions agenda. The idea that somehow the threatened sanctions would help ordinary Zimbabweans is not even a joke. It is shameful and disgraceful and an act of serious intellectual dishonesty that screams for debate by all fair minded persons.

While the difficulties that would result from further sanctions should not be underestimated or ignored, the fact remains that Zimbabwe will not die because of the threatened sanctions. If anything, those who have imposed economic sanctions on Zimbabwe and are now threatening more, and those locally who are supporting the sanctions, will never ever win the popular favour of Zimbabweans. About that I'm certain.

Otherwise, our economy has a capacity to survive but that capacity can only be triggered by our collective willingness as Zimbabweans to put our country first.

The sanctions will succeed in the interim if we remain divided as a nation and if there are some among us who want to make cheap political capital from being used by the western countries as their instruments or weapons of destabilization.

I must say though that in the long run, our economy and our nation will prevail and that those who think they can make political careers out of the misery of ordinary Zimbabweans shall live to regret their deeds.

Q. What mechanisms are there in place to fight the sanctions? In other words, how can we beat or bust the sanctions?

- A.** These sanctions that you are talking about are real and they are not coming from angels above or from our earthly friends. They are coming from enemies of Zimbabwe who are determined to trigger a humanitarian crisis in our country purely for political reasons in pursuit of their hidden agendas.

In that regard, it would be foolhardy to go up Mount Kilimanjaro and shout from its top the measures that are in place or will be in place to bust the sanctions. If we did that, then we would not know what we are doing let alone understand the challenges at hand.

All I can say here is that Zimbabwe is standing at a historic moment such that the salvation of our country now lies not only on the determined will of all Zimbabweans but also on our collective ability as a nation to better organize ourselves to extract value from our God given natural resources which may be the reason our country is attracting hostile attention from those who want to impose sanctions.

Swift and radical measures need to be taken to invoke a much quicker supply side response in order to avert further deepening and widening of the economic crisis. It is for us to know what these measures are or will be and to implement them for our enemies to find out after the fact.

Q. The Government through the RBZ has come up with the idea of the "People's Shops." How far have you gone in setting up these shops and how sustainable is this initiative?

A. Well, the term “People’s Shops” is a populist one and understandably so. But there is some very serious strategic thinking behind it. Among ordinary people, especially the vulnerable elements, the availability of basic goods and commodities at affordable prices is the key to the revival of our national economy.

It is for this reason that as the Reserve Bank, we have found it necessary to relieve the strain of the illegal sanctions especially among the vulnerable groups in our country in the rural and high density urban areas by putting in place a “Basic Goods Accessibility Programme” (BGAP).

Under this programme, targeted support is being given to the producers of basic commodities such as cooking oil, sugar, soap, matemba, salt, maize meal among others. These products are then supplied to targeted groups, through the so-called People’s Shops, at affordable prices. This programme has started nationwide on a pilot basis and so far it is going on very well and we have no doubt about the sustainability of the programme because it is based on good business sense.

Q. Some economists are saying this idea of the "People's Shops" is inflationary. What is your comment?

A. The same economists have said the same thing about any and every intervention we have made to alleviate the suffering of ordinary people in our country. I guess as economists it is their duty to point out the obvious without necessarily looking at the nuances and long term policy objectives being pursued.

Helping out suffering people may indeed be inflationary in the first instance but that kind of intervention is not inflationary in the long run if it is done in structural terms to stimulate productivity, provide food security, create employment and generate income as intended.

The basic point is that we are not living in normal times. Ours are extraordinary times requiring extraordinary measures and I cannot wait for the day the economists you are talking about will realise this fact.

Q. Still on inflation, there is general belief that the RBZ has given up the fight against inflation. Dr Gono is the fight still on or we have postponed that fight to another day in future?

A. That fight will remain until victory is achieved. That is our policy objective. What should be understood though is that fighting inflation in polarised political environment

and in an economy under growing illegal sanctions cannot be a textbook affair.

Therefore, when we scale up our proactiveness and adopt extraordinary measures to deal with extraordinary situations, that does not mean we have abandoned our main objective to fight inflation as our number one enemy, it simply means we need to be strategic in that fight which I have no doubt we will win sooner rather than later if we act together as Zimbabweans with a common heritage and a common destiny.

Q. Governor, the people of Zimbabwe are searching for hope. They have been living under economic hardships for over five years now. While their resilience has been amazing considering the hardships they've faced, one wonders whether that resilience will last for any much longer. Is there light at the end of the tunnel and if so, what is it that should keep Zimbabweans hoping that better days are coming?

A. Yes, indeed, there is light at the end of the tunnel and I see it in the eyes of ordinary people I meet everyday who tell me that they are relieved elections are over and that the composition of the elected Parliament dictates that Zimbabweans work together in a spirit of national unity and for the common good of the country. So the hope in the eyes of the people is shining the light on the urgent need for national unity and national healing.

More importantly, I see the light at the end of the tunnel when in his inauguration speech President Mugabe' called for national dialogue and national unity to find a common ground across the political divide. I was really touched by the self-evident sincerity and pragmatism of that national call.

I believe that President Mugabe's call will be well received by everyone, especially those in opposition politics, with important roles to play in the political process and that reception stands to create tremendous opportunities for the much needed economic recovery of our country.

So the key lies in the ongoing dialogue under the SADC mediation led by President Mbeki and I have absolute faith in the nationalism, patriotism and commitment of those participating in it and I don't believe for a moment that they will let Zimbabwe and Zimbabweans down simply because they cannot afford to.

Q. In conclusion, what can you tell the Nation and the world, especially those championing sanctions against the country, the President, yourself and others?

A. History is awash with actions that have been taken, guns fired, people going to war and people killed or injured on the basis mistaken identity, false intelligence, rumour,

stage-managed events, misrepresentations and outright lies on the part of those seeking to achieve sinister agendas which cannot or would not be accomplished if the true situation and facts are presented for all to see and interpret for themselves.

In the same vein Harare has been dubbed, the rumour capital city of the world, particularly when it comes to smearing individuals and the Government with falsehoods, and unfortunately outsiders never take time to verify or check those stories.

Only yesterday we had a story in a reputable US newspaper, The New York Times, admitting that they had been fed with lies until they tried to verify the story and that is when it emerged that they had been taken for a ride by a financially stricken lady who was hoping to get financial sympathy!

We also have cases of scribes who will write anything in order to be awarded scholarships or residence permits abroad on account of faking threats to their lives from the Zimbabwean so called “system” for alleged “nasty revelations” of Government misdemeanours. Others are internet lie-contributors doing so under pseudo names for the sake of earning US\$50 or US\$100 a month depending on how juicy their stories are. So, in short my appeal to the outside world is that they should verify, verify and verify again stories from Zimbabwe before swallowing hook, line and sinker the stories they receive and act upon.

Of course, I am not defending anyone who murders another person; I am not defending anyone who tortures another person or anyone who perpetrates violence on any other person or property for whatever reason. Such people must be punished, by and dealt with through the laws of the land after establishing the real facts on the ground, regardless of who the perpetrator of such murders, violence or torture is.

Ultimately for me, I would like the whole world and Zimbabweans in particular to know that I want to be counted as one of those patriotic sons of the soil who was there for my country, stood for and by my country and countrymen/women at Zimbabwe's hour of maximum danger, its hour of maximum need and not one who hid behind a finger or heap of lies, or under the desk when the country needed men and women to uphold its laws, preserve and promote peace and stability through whatever modest efforts I am able to make, and contributed to the preservation of the Nation's legacy as defined by our present and departed heroes and heroines of our liberation struggle.

Saka, sanctions or no sanctions, Governor Gono will stand for, and by Zimbabwe for Zimbabweans at all times. Never doubt that!

THE END