



Written by [Jack Kenny](#) on May 17, 2011

Zimbabwe Looks to Gold Standard

It looks like Ron Paul and Steve Forbes aren't the only ones talking about the gold standard for what Paul has called an "honest currency" that won't be made worthless by inflation. The central bank of Zimbabwe, where hyperinflation is not a stranger, is considering adopting a gold-backed currency according to a recent report in the *New Zimbabwe*.



The government there "ditched the Zimbabwe dollar in 2009 after it had been rendered worthless by record inflation levels and adopted multiple foreign currencies with the US dollar, the South African Rand and the Botswana being the most widely used," the report said.

Finance minister Tendai Biti says the country needs at least six months import cover and a sustainable track record of economic growth, inflation stability and above 60 percent capacity utilization in industry before the "Zim dollar" can be brought back into circulation. But Dr. Gideon Gono, head of the central bank, said the country should consider adopting the gold standard.

"There is a need for us to begin thinking seriously and urgently about introducing a Gold-backed Zimbabwe currency which will not only (be) stable but internationally acceptable," he said. "We need to re-think our gold-mining strategy, our gold-liberalisation and marketing strategies as a country. The world needs to and will most certainly move to a gold standard and Zimbabwe must lead the way." The huge budget deficits accumulated by the United States is leading to a resistance to relying on the U.S. dollars as a base currency, Gono said. The central bank chief warned that the U.S. greenback's days as the world's reserve currency are numbered, the *New Zimbabwe* report said.



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