Declaration

I declare that the thesis hereby submitted by me for the Doctor of Philosophy degree at the University of the Free State is my own independent work and has not previously been submitted by me at another University or institution for any degree, diploma or other qualification. I furthermore cede copyright of the dissertation in favour of the University of the Free State.

Signed: __________________________

Victor Muchineripi Gwande

November 2018
Dedication

To my parents, siblings and family for all their undying support in my academic and life endeavours.
# Table of Contents

Abstract ......................................................................................................................... i
Opsomming .................................................................................................................... iii
Acknowledgements ........................................................................................................ v
Glossary ........................................................................................................................... viii
Tables and Figures .......................................................................................................... xi
Economic Map of Rhodesia ............................................................................................ xii

**Chapter One: Introduction** ........................................................................................ 1

Themes and Concepts ...................................................................................................... 2
Justifying Researching Industrialisation ........................................................................ 5
Historiographical Overview: Issues and Perspectives in Industrialisation .................... 6
1. The General Development of the Manufacturing Industry ............................................. 6
2. The Second World War, the Federation, UDI and Secondary Industry ......................... 9
3. Sundry Perspectives ..................................................................................................... 12

The State and Interest Groups in Rhodesia ..................................................................... 14
Sources and Methodology ............................................................................................... 17
Thesis Outline .................................................................................................................. 19

**Chapter Two: ‘To Industrialise or Not’: Economic Interest Groups, the State and Secondary Industry during the Second World War and the Post-war years, 1939-1948**

Introduction .................................................................................................................... 21

Development of Secondary Industry: The ‘Long Haul’ .................................................... 22
The Second World War and Industrial Policy ..................................................................... 31

Administering Industry .................................................................................................... 39

Assisting Industry? .......................................................................................................... 41
1. Excess Profits Tax ....................................................................................................... 42
2. Protection .................................................................................................................... 44

Factors of Production and Secondary Industry ................................................................ 50
The 1948 Customs Union (Interim) Agreement ................................................................. 58
The State of Secondary Industry between 1939 and 1948 .................................................. 62

Conclusion ....................................................................................................................... 64

**Chapter Three: Post-war Industrial Growth, the Evolution of a National Organised Industry and the Central African Federation, 1949-1957**

Introduction .................................................................................................................... 65

The Impact of the 1948 Customs Union Agreement ......................................................... 65

‘Our Federation is developing into an increasingly valuable organisation’: The Birth, Expansion and Operations of the FRI ......................................................... 67
Chapter Four: From FRI to ARNI: Organised Industry, the State, Changing Economic
Fortunes and Central African Decolonisation, 1957-1965

Introduction ................................................................. 111

The transition to, and the operations of ARNI ................................................................. 111

‘A luta Continua’: ARNI and Government’s Industrial Policy and Development ..................... 115

Industrial Assistance through Tariff Protection ................................................................. 124

A stop-go-stop affair: Industry and Commerce relations ...................................................... 130

Politics, Economic Crisis and Capital Flows ........................................................................ 134

The Threat and Implications of UDI ..................................................................................... 145

Import Control Policy ........................................................................................................... 147

Manufacturing Growth, 1957-1965 ...................................................................................... 152

Conclusion ............................................................................................................................. 154

Chapter Five: Planning and Administering an Economy under Siege: Organised Industry and
the State during UDI, 1966-1979

Introduction ........................................................................................................................... 155

UDI, Economic Policy and State-Industry Relations .............................................................. 155

Hopes and Expectations: Government and ARni Positions on the administration and planning of
industrial development and the economy .............................................................................. 158

Increased calls for State assistance ....................................................................................... 167

Business, Economy and Politics ............................................................................................ 186

Manufacturing Growth under Sanctions and Planning .......................................................... 195

Conclusion ............................................................................................................................. 200

Chapter 6: Conclusion .......................................................................................................... 202

Bibliography .......................................................................................................................... 215
Abstract

This thesis examines the relationship between organised secondary industry, the state and other economic interest groups (farmers, miners and commerce) over industrialisation in Southern Rhodesia (Colonial Zimbabwe) between 1939 and 1979. Using diverse and fresh archival material that includes minutes and reports of industrialists’ congresses, industrial journals, business newspapers, legislative debates, government and commissions of enquiries’ reports, the thesis demonstrates that this relationship was uneven, irregular and often shifted depending on time and context. The thesis also concludes that the great expansion and diversification of industry which took place was, among other factors, attributable to the efforts of private entrepreneurs. Industrialists galvanised and formed representative organisations, starting with the Salisbury and Bulawayo Manufacturers’ Association (c.1920) which then evolved into the Salisbury and Bulawayo Chambers of Industries (c.1930s), Association of Chambers of Industries of Rhodesia (1941-1949), the Federation of Rhodesia Industries (1949-1957), Association of Rhodesia and Nyasaland Industries (1957-1964) and the Association of Rhodesian Industries (1964-1979). These organisations engaged the state in pursuit of industrial development. Often, industrialists associations’ requests, demands, and suggestions were opposed, if not dismissed, by the government and other economic interest groups and yet, remarkably, secondary industries expanded. By privileging the voice of industrialists which hitherto has been neglected in the historiography, the thesis moves beyond the existing scholarship’s emphasis on the actions of the state in the industrialisation of Colonial Zimbabwe through planning, regulation and establishment of major industries of national importance. While this existing analysis is correct, it is incomplete.

Between 1939 and 1965, farmers, miners and commerce, with the state’s support, believed in the supremacy of the primary exporting industries of agriculture and mining in propelling the economy of Southern Rhodesia. The state’s bias towards the primary exporting industries of mining and agriculture manifested itself in its adoption of imperial preference by which it opened the colony for imports of manufactured goods from other parts of the British Empire in return for market opportunities for the primary products. It also sacrificed industrial interests in negotiating trade agreements, thus, depriving secondary industry of tariff protection. Further, the state routinely accepted advice which labelled the manufacturing sector as of secondary importance to mining and agriculture. The result was government policy based on the idea that industrial development was a field of private enterprise, whose growth ought to be voluntary. Industries were left to their own devices and to develop as opportunity occurred. The exception to this policy was during the crisis periods of the Second World War and UDI. Faced with the shortages of imported manufactured goods in the domestic market induced by the interruptions in international trade
because of the war, the Southern Rhodesian government realised the imperative of developing local industries. The nascent industrialists seized the opportunity and prevailed upon the state to adopt an active policy to foster industrial growth. At the instigation and lobbying of industrialists, the government agreed, but no sooner had the war ended than the state retreated from its temporary support of local industries, reiterating its avowed policy of leaving industry to its own devices. This policy continued in the post-war years and throughout the period of the Federation of Rhodesia and Nyasaland (1953-1963). The other exception was during UDI. Determined to survive under sanctions, the government and organised industry cooperated and collaborated to keep the wheels of industry in particular, and the economy in general, going. In an effort to preserve foreign exchange in the face of sanctions, the government introduced import control measures, which had the consequential effect of encouraging the establishment of import substitution industries which were able to take advantage of the protection it afforded.

Key words: organised secondary industry, state, economic interest groups, industrialisation, Southern Rhodesia.
Opsomming

Hierdie tesis ondersoek die verhouding tussen georganiseerde sekondêre bedryf, die staat, en ander ekonomiese belangegroepe (boere, myners, en handel) aangaande industrialisering in Suid Rhodesia (koloniale Zimbabwe) tussen 1939 en 1979. Deur gebruik te maak van diverse en vars argivale materiaal, soos notules en verslae van nyweraars kongresse, nywerheidsjoernale, besigheidskoerante, wetgewende debatte, regerings- en kommissies van ondersoek-verslae, demonstreer hierdie tesis dat hierdie verhouding ongelyk, onreëlmatig, en het gereeld verskuif afhankend van die tyd en konteks. Hierdie tesis kom ook tot die gevolgtrekking dat die groot uitbreiding en diversifisering van die nywerheidsektor was, te same met ander faktore, aan die pogings van privaat entrepreneurs toegeskryf. Nyweraars het verteenwoordigende organisasies gevorm en aangespoor, met die Salisbury and Bulawayo Manufacturers' Association (c.1920) as die beginpunt, wat later ontwikkel het na die Salisbury and Bulawayo Chambers of Industries (c.1930s), Association of Chambers of Industries of Rhodesia (1941-1949), the FRI (1949-1957), ARNI (1957-1964) en die ARnI (1964-1979). Hierdie organisasies het met die staat betrokke geraak in hul strewe na nywerheidsontwikkeling. Dikwels het nywerheidsassosiasies se versoekte, eise, en voorstelle teengestaan, en soms van die hand gewys, deur die regering en ander ekonomiese belangegroepe, en tog, merkwaardig genoeg, het sekondêre nywerhede uitgebrei. Deur eie stemme van nyweraars wat tot dus ver historiografies afgeskeep is te verhief, beweeg hierdie tesis verder as die bestaande werke se beklemtoning van die aksies van die staat in die industrialisering van koloniale Zimbabwe deur beplanning, regulasies, en die vestiging van groot nywerhede van nasionale belang. Terwyl hierdie bestaande analyse korrek is, is dit wel onvolledig.

Tussen 1939 en 1965 het boere, myners, en handel, met staatsondersteuning, geglo in die oppergesag van die primêre uitvoer nywerhede of landbou en mynbou in die bevordering van die ekonomie van Suid Rhodesia. Die staat se vooroordeel teenoor die primêre uitvoer nywerhede of mynbou en landbou het gemanifesteer in die aanvaarding van imperiale voorkeur waardeur dit die kolonie oop gemaak het vir die invoer van vervaardigde goedere van ander dele van die Britse Ryk in ruil vir die markgeleenthed vir die primêre produkte. Dit het ook nywerheidsbelange opgeoffier in die onderhandelde handelsoorkoms, en sodoende sekondêre nywerheid ontneem van tariefbeskerming. Verder het die staat gereeld advies aanvaar wat die vervaardigingssektor as tweederangs tot die mynbou en landbou ge-etiketteer het. Die resultaat was ‘n inerte regeringsbeleid wat op die idee dat nywerheidsontwikkeling ‘n veld vir privaat ondernemings was, wie se groei vrywillig moes wees, gebaseer. Nywerhede was oorgelaat aan hulle lot, en om te ontwikkel soos geleenthede opgekom het. Die uitsondering tot die beleid was tydens die krisis-
periode van die Tweede Wêreldoorlog en UDI. Terwyl die Suid-Rhodesiese regering gekonfronteer was met tekorte van ingevoerde vervaardigde goedere in die plaaslike mark, wat veroorsaak was deur die onderbrekings in internasionale handel a.g.v. die oorlog, het dit die noodsaaklikheid van ontwikkeling van die plaaslike nywerhede besef. Die ontluikende nyweraars het die geleentheid aangegryp en het die staat forseer om ‘n aktiewe beleid te aanvaar om nywerheidsgroei te bevorder. Op aandrag van nyweraars, het die regering ingestem, maar kort na die oorlog het die staat hierdie tydelike hulp aan plaaslike nywerhede teruggetrek, en sodoende het die regering sy duidelike beleid om nywerheid oor te laat aan sy eie lot beklemttoon. Hierdie beleid het in die na-oorlogse jare en regdeur die periode van the Federasie van Rhodesia en Nyasaland (1953-1963) voortgegaan. Die ander uitsondering was gedurende UDI. Bepaal om onder sanksies te oorleef, het die regering en die georganiseerde bedryf saamgewerk en saamgewerk om veral die wiele van die bedryf te hou en die ekonomie in die algemeen te gaan. In ’n poging om buitelandse valuta in die gesig te hou van sanksies, het die regering invoermaatreëlmaatreëls ingestel, wat die gevolglike effek gehad het om die vestiging van invoervervangingsbedrywe aan te moedig wat voordeel kon trek uit die beskerming wat dit gebied het.

**Sleutel terme:** georganiseerde sekondêre nywerheid, staat, ekonomiese belangegroepe, industrialisering, Suid-Rhodesia.
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I have accrued so many debts in the process of writing this thesis. I am grateful to the University of the Free State for granting me a three-year studentship to undertake my doctoral studies in the International Studies Group under the mentorship of Professor Ian Phimister. Professor Phimister has been more than a supervisor. Apart from critically reading through my chapters and offering insightful interventions in interpretations and making arguments, his support went beyond the academic to that of a parental figure. He showed concern with my social well-being and made it a point to enquire about my family and indeed my own welfare before every supervision meeting. That approach made me feel at ease. His belief in my capabilities spurred me on. Professor Phimister was also generous enough to share with me his archival collections which were crucial in the crafting of some of the chapters in the thesis. My co-supervisors, Dr Admire Mseba and Dr Tinashe Nyamunda were similarly helpful with their close reading of my work and refining my arguments. They also emphasised to me the need to write simply and with clarity. When the going was tough, they always found humorous ways of encouraging me to keep going. In many ways, they projected themselves as brothers. Their collegiality lessened the pain of writing.

The footnotes in the thesis show the number of institutions from which the material used in putting together the chapters was drawn. I am grateful to the following institutions for allowing me access to their collections, without which the thesis may not have seen the light of the day: The National Archives of Zimbabwe, National Archives of South Africa in Pretoria, University of the Free State Sasol Library and The Herald House. In particular, I would like to thank the following individuals at the National Archives, Simbarashe Mutenha, Livingstone Muchefa, Pamela Mutume, Trynos Nyoni, Fungai Chanetsa (MHSRIP), Edina Nherudzo, Alfred Chikomba and Lawrence Mukusha for their assistance in maneuvering through the archives and its bureaucracies. Kuda at The Herald House helped by scanning a lot of newspaper cuttings on secondary industry. We were in it together, thank you for your efforts.

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Above all, glory be to God for he is an enabler. *Nekuti ndezvaShe!*
<table>
<thead>
<tr>
<th>Term</th>
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<tbody>
<tr>
<td>ACCOR</td>
<td>Associated Chambers of Commerce of Rhodesia</td>
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<tr>
<td>ACCORN</td>
<td>Association of Chambers of Commerce of Rhodesia and Nyasaland</td>
</tr>
<tr>
<td>ACIR</td>
<td>Association of Chambers of Industries of Rhodesia</td>
</tr>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
</tr>
<tr>
<td>ARNI</td>
<td>Association of Rhodesia and Nyasaland Industries</td>
</tr>
<tr>
<td>ARnI</td>
<td>Association of Rhodesian Industries</td>
</tr>
<tr>
<td>BCI</td>
<td>Bulawayo Chamber of Industries</td>
</tr>
<tr>
<td>BSAC</td>
<td>British South Africa Company</td>
</tr>
<tr>
<td>CAF</td>
<td>Central African Federation</td>
</tr>
<tr>
<td>CATMA</td>
<td>Central African Textile Manufacturers’ Association</td>
</tr>
<tr>
<td>CZI</td>
<td>Confederation of Zimbabwe Industries</td>
</tr>
<tr>
<td>DCC</td>
<td>Development Coordinating Commission</td>
</tr>
<tr>
<td>EPT</td>
<td>Excessive Profit Tax</td>
</tr>
<tr>
<td>EPTA</td>
<td>Excessive Profit Tax Act</td>
</tr>
<tr>
<td>ESAP</td>
<td>Economic Structural Adjustment Programme</td>
</tr>
<tr>
<td>FBI</td>
<td>Federation of British Industries</td>
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<tr>
<td>FRI</td>
<td>Federation of Rhodesian Industries</td>
</tr>
<tr>
<td>FROLIZI</td>
<td>Front for the Liberation of Zimbabwe</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Trade and Tariffs</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>ICA</td>
<td>Industrial Conciliation Act</td>
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<tr>
<td>ICS</td>
<td>Import Control System</td>
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IDAC  Industrial Development Advisory Committee
IDC  Industrial Development Commission
IDC  Industrial Development Corporation
ISCOR  Iron and Steel Corporation
ISI  Import Substitution Industrialisation
LAA  Land Apportionment Act
MECC  Ministerial Economic Coordination Committee
MP  Member of Parliament
NASA  National Archives of South Africa
NAZ  National Archives of Zimbabwe
NCI  No-Currency-Involved
NLHA  Native Land Husbandry Act
NPC  National Priorities Committee
OPEC  Organization of the Petroleum Exporting Countries
P&F  Property and Finance
PM  Prime Minister
PSCC  Private Sector Coordinating Committee
RF  Rhodesian Front
RNFU  Rhodesia National Farmers’ Union
RTA  Rhodesia Tobacco Association
RHISCOM  Rhodesia Iron and Steel Commission
TAC  Tariff Advisory Committee
TILCOR  Tribal Trust Land Development Corporation
UANC  United African National Council
UDI  Unilateral Declaration of Independence
<table>
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<td>Zimbabwe African National Union</td>
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<tr>
<td>ZAPU</td>
<td>Zimbabwe African People’s Union</td>
</tr>
</tbody>
</table>
Tables and Figures

Table 2.1: Gross Value of Output in Agriculture, Mining and Manufacturing, 1938-1940 ...... 32
Table 2.2: Secondary Industry expansion in numbers and value, 1938-1948......................... 63
Table 3.1: European and African Labour employed in Manufacturing, Mining and European Agriculture, 1950-1951......................................................................................................................... 66
Table 3.2: Southern Rhodesia exports (in order of importance) to the Union, 1951-1952...... 67
Table 3.3: Industries that benefited from rebates in 1949...................................................... 78
Table 3.4: Value of Exports between the Union of South Africa and the Federation, 1954-1957 .................................................................................................................................................. 103

Figure 1: A pictorial representation of industrial expansion in Rhodesia as at 1956.......... 109
Table 3.5: Manufacturing Industries Output Compared with Agriculture and Mining, 1949-1957 .................................................................................................................................................. 109
Table 3.6: Distribution of manufacturing establishments by value of net output in Southern Rhodesia 1956/57..................................................................................................................... 110
Table 4.1: Manufacturing Sector 1958-1962.......................................................................... 153
Table 4.2: Contribution to the National GDP: Manufacturing, Agriculture and Mining, 1957-1965 (£ millions) ........................................................................................................................................... 153
Table 5.1: Distribution of Industrial Activity by Area – 1963 and 1972.................................. 182
Figure 2: Business’ call for harmony, 1977 ........................................................................... 193
Table 5.2: Changes in the relative importance of manufacturing groups 1966-1974......... 198
Table 5.3: Operations of manufacturers by size of gross output 1972.................................. 198
Economic Map of Rhodesia

Source: Adapted from *Economic Survey of Rhodesia, 1966.*
Chapter One: Introduction

When the Great Depression (1929-1933) and the Second World War (1939-1945) exposed the vulnerability of relying on the export oriented primary industries of agriculture and mining, the Southern Rhodesian state conceded the need to develop local secondary industries.¹ The Great Depression resulted in the decline of commodity prices on international markets. Countries, and mainly colonies like Southern Rhodesia, which relied on exporting primary products suffered from contracting markets and ultimately revenue. In order to lessen the impact of the Great Depression, for instance, farmers in Southern Rhodesia encouraged the development of local factories that could process their farm products.² The development of local factories during this period was not unique to Southern Rhodesia alone. Even in East Asia, particularly British India, ‘the rapid development of cotton industries occurred under the Great Depression and its aftermath from the early 1930s.’³ Still reeling from the adverse effects of the Depression, the Second World War broke out in 1939. The war disrupted international trade patterns. Goods formerly imported became practically unavailable on the domestic market. Manufacturing industries in western countries were geared towards the war and so too were shipping priorities. All these resulted in shortages of manufactured goods on the local market. To meet the local demand, Southern Rhodesia turned to local factories.

Nascent industrialists seized the impetus provided by the Second World War to expand. The political economy of that industrialisation has a contested genesis and history. Both the state and industrialists had different expectations on the industrial development path the country would pursue. They disagreed on whether industrialisation should be a state led and protected development or free enterprise. For the state, secondary industrial development could best be achieved through free enterprise while industrialists preferred state protection as and when it suited them. Other factors of production tied to industrial development such as labour, markets, capital and transport also became central to their debate, attracting the attention of other economic interest groups. Industrialists coalesced around their interests and formed representative organisations to push through their interests. It is these industrial representative organisations

¹ Secondary Industry is an economic sector that processes raw materials into finished products. It mainly consists of two branches; the manufacturing and construction sectors. These can also be divided into light industry or heavy industry. This study relates organised secondary industry to the manufacturing sector and does not differentiate between heavy industry and light industry. The manufacturing sector constitutes automotive industry, electrical industry, chemical industry, energy industry, metallurgical industry, food industry, glass industry, textile and clothing industry, and consumer goods industry.
formed to represent and advance interests of industrialists that this thesis refers to as Organised Secondary Industry.

The thesis examines the relationship between organised secondary industry, the state and other economic interest groups over the industrialisation of Rhodesia between 1939 and 1979. The study investigates the extent to which the nature and structure of secondary industry in Zimbabwe was influenced by the relationship of the state and organised industry. It also examines the contribution of organised secondary industry to the development of policies on industrial relations, immigration, housing and urbanisation in the post-Second World War period. In a way, it seeks to establish the extent to which organised industry rather than political considerations alone influenced these policies’ formulation. Furthermore, the thesis analyses the position of organised secondary industry as regards the establishment of the Federation of Rhodesia and Nyasaland (henceforth, the Federation) in 1953; Unilateral Declaration of Independence (UDI) in 1965; the intensification of the liberation struggle and the negotiations for Zimbabwean independence in 1979. It further examines the effects of these historical developments on the relationship between the state and organised industry. The general development of secondary industry is traced over time paying particular attention to its overall contribution to the Gross Domestic Product and to the economy.

By contrast to the emphasis that many scholars have placed on the role of the state as the driver of industrialisation, the thesis puts private enterprise represented by organised secondary industry at the centre of industrial development in Southern Rhodesia. It takes 1939 as its starting point. That year coincided with the outbreak of the Second World War, a watershed in the colony’s industrialisation. By 1979, on the eve of Zimbabwe’s independence, Rhodesia was the second most industrialised country in sub-Saharan Africa, after South Africa. It boasted a diversified economy, second only to that of its neighbour.

**Themes and Concepts**

In telling the story of the interaction between organised secondary industry and the state in Colonial Zimbabwe, this study deploys various concepts namely, economic interest groups, the state, import substitution industrialisation and societal corporatism. These require some qualification and explanation on how they are used in the thesis. The state, as employed in this

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4 Because the study focuses on the colonial period, Zimbabwe is referred to by its colonial names; Southern Rhodesia up to 1964 and Rhodesia from 1965 to 1979.

study, refers to an organised political community and its apparatus, institutions or structures used in the decision making process, exercise of authority and administration which manifests itself in a government. Because the locus is on the exercise of administration or decision making process, the state and government are used interchangeably in this thesis. This state is seen to be functioning at two levels, that is, the central state and the local state. The central state refers to the successive Southern Rhodesian governments between 1939 and 1979, except during the Federal period (1953-1963) where there was the Federal Government and the Southern Rhodesia territorial government. This state is of specific kind, that is, it is self-governing. Municipalities or urban councils are considered the local state. As David. J. Murray and Jeffery Herbst stated in their studies, the state does not function in a vacuum. The state’s ability to make and allocate decisions is determined by the “match-up” between interest groups and state institutional structures. Agreeing with these conclusions, this thesis adopts Tor Skalnes’ notion of societal corporatism to understand state-interest groups relations, but focussing on industrial development. Societal corporatism refers to the changing role of interest groups vis a vis their relationship with the state (largely their collaboration).

The economic interest groups that ‘matched up’ the state were drawn from the four main sectors of the Rhodesian economy namely, mining, agriculture, commerce and secondary industry. These interest groups represented private enterprise, that is, business units established, owned, and operated by private individuals for profit. These entities established colony-wide representative associations in each of their sectors that engaged the state with an ultimate goal of advancing and protecting their sectoral and sometimes collective interests. The Chamber of Mines and the Rhodesian Mining Federation represented the mining industry; agriculture had the Rhodesian National Farmers Union and the Rhodesia Tobacco Association, while the Chamber of Commerce catered for the colony’s retail and merchant interests. The Salisbury Chamber of Commerce established in 1894, became the Associated Chambers of Commerce in 1919 and in 1947 evolved to become the Rhodesian Federated Chamber of Commerce. With the establishment of the Federation in 1953, it had to reflect its geographical representation and thus changed to the

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6 These demarcations are adapted from their application in J. Alexander, The Unsettled Land: State Making & the Politics of Land in Zimbabwe, 1893-2003 (Oxford: James Currey, 2006).
8 Herbst, State Politics in Zimbabwe, 253. By “match-up” he means ‘an interest group directly confronting the particular part of the state that is making the allocation decision in such a way as to cause political conflict.’, 253.
10 Murray, Governmental System in Southern Rhodesia; and C. Leys, European Politics in Southern Rhodesia (Oxford: Clarendon Press, 1959), discuss these economic interest groups in detail.

Whereas the formation of agricultural, commercial and mining interest groups happened much earlier, in secondary industry this only occurred in the 1920s. Even at a time when industrialists formed their own representative organisations, these were not colony-wide. Commercial and industrial interest groups emerged in Salisbury and Bulawayo, the two major urban centres where most industries were located. Both the Salisbury Manufacturers’ Association and the Bulawayo Manufacturers’ Association were formed in 1922. Later in 1930 and 1935, manufacturers’ associations transformed into Chambers of Industry both in Bulawayo and Salisbury, respectively. These chambers later formed a loose Association of Chambers of Industry of Rhodesia in 1941.

The Chamber’s functions had a limited coverage compared to the other interest groups in mining, agriculture and commerce which had a national scope. The Chamber of Industries was partially limited by the lack of a clear differentiation between commerce and industry as some industrialists were also affiliated to the Chamber of Commerce. It also reflected the state and the position of the sector in the Rhodesian economy. It was only in 1949 when industrialists formed the Federation of Rhodesian Industries (FRI), that secondary industry had a clearly defined national representation. The FRI subsequently evolved into the Association of Rhodesia and Nyasaland Industries (ARNI) in 1957 to reflect the geopolitics of the Central African Federation and changed again to the Association of Rhodesian Industries (ARNI) in 1964, after the break-up of the Federation of Rhodesia and Nyasaland. It eventually became the Confederation of Zimbabwe Industries (CZI) after 1980. All these groups interacted with the state and among themselves as they pursued their interests. This thesis examines this interaction to assess how it informed the development of secondary industry.

The study also engages with debates on industrialisation in the Third World. These studies in industrialisation stress the importance of Import Substitution Industrialisation (ISI), as a driver of industrial development. ISI was first implemented by some Latin American countries (Brazil, Argentina and Chile) in the 1950s as a development policy aimed at reducing their dependence on the industrialised countries of North America and Western Europe.\textsuperscript{11} Dependency theorists

recommended the adoption of the ISI to the so-called developing countries.\textsuperscript{12} They argued that for Third World countries (periphery) to develop, they must delink from the metropole (centre). Delinking, they suggested, could be achieved through ISI. Early independent African countries adopted the same approach to their economic development.\textsuperscript{13} Can Colonial Zimbabwe’s industrialisation be explained within this thinking? Partly, this study will answer this question.

\textbf{Justifying Researching Industrialisation}

While the industrialisation of Zimbabwe has received some scholarly attention, the focus has been on its general development as influenced by a number of factors.\textsuperscript{14} These include the role of the state, the effect of exogenous and episodic developments such as the Second World War, the 1948 Customs (Union) Agreement with South Africa, the establishment of the Central African Federation, and UDI in 1965.\textsuperscript{15} The factors are sometimes narrowed down to specific sectoral fortunes of, for instance, the cotton and textile industries.\textsuperscript{16} Although these are important, they only tell part of the story of the development of secondary industries. For instance, the Second World War may account for the opportunistic development of the manufacturing sector but hardly informs us on their persistence after the war. Similarly, political moments like the Federation and UDI may have offered conditions of further industrial growth but that growth depended on various internal dynamics and variables. These included the relationship between industrialists and the state.

Also, although subsequent colonial states somewhat supported local industry, its governments were at times heterogeneous. As Murray observed, the state constituted various competing


interests. Precisely how these competing interests played out and impacted industrial development is scantly investigated. This thesis examines the politics underpinning industrialisation and how industrial politics influenced its development. Moreover, given its late development in comparison to mining and agriculture, the manufacturing sector offers a lens to analyse the interaction among the economic interest groups and the state regarding promoting its growth. Thus tracing the history of the development of organised industry, in its various forms, reveals the extent to which it contributed towards industrialisation. Even more, understanding the politics of industrialisation allows us to appreciate Southern Rhodesia’s experiences of state-making, modernisation and ISI at a time when these notions were not yet fashionable in the 1930s and 1940s. The rest of the African continent apart from South Africa and Rhodesia, only adopted these ideas in the 1960s.

**Historiographical Overview: Issues and Perspectives in Industrialisation**

1. **The General Development of the Manufacturing Industry**

Secondary industrial development in Zimbabwe has received scholarly attention from different perspectives employing a number of sources and methodologies. The earliest discussion on secondary industries appeared in editorials and letters to the editor of various newspapers. Industrialists’ reports, pamphlets and journalistic accounts also emerged. This literature focussed on the prospects of secondary industries in Southern Rhodesia. It also encouraged the development of the sector. This was against the realisation that agriculture and mining dominated the economy and received much support from the state. Some of this early work also discussed the development and scope of the nascent manufacturing sector. In their account of the emerging secondary industries, C. H. Thompson and H. W. Woodruff confined their attention to cotton textile and iron and steel sectors. The decision to focus on these industries was influenced by the availability of information. The two sectors were under government control. Thus, data concerning them was readily available. What emerged from this work was that the state was pivotal in their growth and expansion. Thompson and Woodruff also noted that while state assistance was crucial, other factors, such as capital, skilled labour and African advancement had equal importance in keeping the momentum of manufacturing growth. Leonard Tow outlined in depth the significance of these factors. He systematically examined how the Rhodesian economic environment

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18 Thompson and Woodruff, *Economic Development in Rhodesia and Nyasaland*.
19 Ibid, 164.
20 Tow, 'The Manufacturing Economy of Southern Rhodesia'. Also in 1969, the Rhodesian Economic Society held a symposium on ‘Industry in Rhodesia’ at which papers on various aspects of industry such as government industrial policy, factors influencing or inhibiting the growth of secondary industries and the impact of industry on other
conditioned the growth and expansion of the manufacturing sector. Whilst this literature gave insights into the development of the sector, it was limited to its own time.

The development and scope of secondary industries later received considerable attention from scholarship which traced the history of manufacturing from the beginning of colonisation to the post-colonial period. Various perspectives emerged. Ian Phimister’s *An Economic and Social History of Zimbabwe* offered a starting point in understanding the origins and development of the manufacturing industry in Southern Rhodesia. Phimister argued that manufacturing in Southern Rhodesia began in the 1890s and picked up in the crisis periods of the Great Depression and the Second World War. He challenged earlier scholars who emphasised the outbreak of the Second World War as the starting point of the manufacturing sector in Southern Rhodesia. His work discussed the central role of the state, explaining it from its initial reluctance to assist infant industrialists and the later shift from the 1940s when it began to assist the sector through negotiating trade agreements with South Africa. Phimister stresses this point in a subsequent publication.

The role of the state in the development of the manufacturing sector recurred in the work of other scholars. For instance, Pangeti used company history, while Mlambo and Phimister employed sectorial analysis of the textile industry to demonstrate the state’s role of the manufacturing sector. However, these studies were limited by the unavailability of data at the time that they were writing. For example, in *Zimbabwe: A History of Manufacturing*, Mlambo, Pangeti and Phimister relied heavily on public and government official records which did not reveal critical information about the subject. This was because at the time of publication, some archival material, for example, data for the UDI period was mostly not available due to different archival access regimes. Sources for this period are now accessible. Their availability makes it possible to revisit developments of the time, and ask new and different questions about the relations between organised industry and the state and their implications on the trajectory of industrialisation in the colony.

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25 Pangeti’s thesis is a case in point where she examined the state’s entrepreneurial role in manufacturing using the case studies of Zimbabwe Iron and Steel Company (ZISCO) and the Industrial Development Corporation (IDC) to buttress her argument. See also Mlambo and Phimister, ‘Partly Protected’.
Other scholars like Leonard Zinyama and Daniel Tevera focussed on the distribution of the manufacturing sector in Southern Rhodesia. They demonstrated that uneven distribution of the manufacturing sector around the country was one of the characteristics and challenges that accompanied industrialisation. Thus, decentralisation needed to be promoted to address this reality.

The limitation of these studies is that although these scholars analysed the spatial distribution of industries, they paid little attention to the development of secondary industry over time.

In the years after independence, a debate emerged over the best path to keep the momentum of industrialisation. Participants in this debate assessed the state and prospects of industrialisation under a black government. Daniel B. Ndlela and David Wield recommended a number of policy changes in light of the challenges inherited from the colonial state. In their policy suggestions, however, they are silent on how interactions between state and industrialists could be explored. Yet, any progressive policy making required participation of all interested stakeholders. This assessment occurred in the context of emerging questions about the role of the state in development. One school of thought fronted by the World Bank argued that the state’s role should be rolled back. This school argued that the Zimbabwean state was interventionist and its protectionism had produced an industrial structure that was highly inefficient and inhibited further growth. The World Bank, recommended policy changes towards liberalisation.

The World Bank’s analysis and recommendations were rejected by Colin Stoneman and Roger Riddell. In contrast to the World Bank’s recommendations, Stoneman argued that the state was central in the earlier industrialisation and ‘that there [was still] a need for an intelligent state role.’ Riddell’s response to the World Bank’s recommendations was even more blunt, stating that these recommendations were built on insufficient and deficient data and, worryingly, the World Bank

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27 Ibid.
30 Ibid.
32 Stoneman, ‘The Industrialisation of Zimbabwe’. 

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had intentionally misrepresented the country’s industrial sector performance for ideological reasons. Riddell observed that ‘the major sources of manufacturing growth were import substitute industrialisation and domestic demand aided by state support.’ He recommended that while the government may have to roll back industrial regulation, it should not liberalise. Riddell and Stoneman stressed the importance of the state in industrialisation.

Giovanni Arrighi discussed the development of secondary industries within a Marxist framework. Arrighi’s account of the industrialisation process illustrated how the emerging manufacturing sector created a new class of industrialists who played an important role in reshaping the colony’s political economy. He also noted the impact of external factors and key events like the Second World War and the Federation in stimulating the growth of manufacturing. Noteworthy here is the fact that the development of the manufacturing sector was not at the core of Arrighi’s investigation. His analysis only gives an insight into the effect of the emergence of the manufacturing sector on the Rhodesian society. The magnitude of the sector’s impact can be better appreciated by unpacking its evolution and the politics attendant to it.

2. The Second World War, the Federation, UDI and Secondary Industry

Discussing the effects of the Second World War on Southern Africa, Norman Mlambo examined the development of war-oriented industries in Southern Rhodesia and South Africa. He argued that while the war stimulated the development of industries, the same war placed limitations on industrial war effort because the two countries lacked technology and skilled manpower. Mlambo challenged the traditional historiography which tended to limit and reduce Southern Rhodesia’s war effort to the supply of labour, training airbases, manpower and raw materials. Although his thesis was important in highlighting an example of an industrial sector that developed during the war years, its analysis of the industrialisation was limited only to war-oriented industries and the war period itself.

In a contribution to the debate about the economics of the Central Africa Federation, Arthur Hazlewood made an important point about industrialisation, that although the Federation had not brought substantial economic benefits to the three territories by the time of its dissolution,
secondary industries had expanded. He attributed this to the high inflow of capital and the operationalisation of the 1955 Federal Tariff Agreement. For him, the Federation provided two important factors for secondary industry expansion: protected domestic market and capital. In suggesting this, Hazlewood did not appreciate initiatives and efforts of industrialists in setting the agenda for industrialisation.

Some scholars like John A. Handford and James A. C. Girdlestone analysed the impact of UDI and the attendant sanctions on the Rhodesian economy. In a full-blown celebration of settler entrepreneurship during sanctions, Handford emphasised the positive influence of sanction-induced protection on manufacturing industry. Equally, Girdlestone accounts for industrial expansion under sanctions. Both scholars used statistical data to depict the structure of and changes in the manufacturing sector. They also revealed the importance of a ‘protected’ market in stimulating local industries. The insights on the manufacturing sector raised in these works provide a foundation from which to build upon as new material on industrialisation during the UDI has become available. But, there are two marked limitations in these studies. First, they both hardly referenced their sources which limit their usefulness in further research and the veracity of some of their claims cannot be ascertained. However, Girdlestone was the Senior Economist of ARnI. Therefore, his account of the manufacturing sector can be understood to be his personal experience and observation of the times. Secondly they give an overview on policy issues and ideas. This study examines in depth policy issues and interaction between the state and industrialists that informed industrialisation.

Another review of the Rhodesian economy during sanctions was done by David M. Rowe. Rowe explained how sanctions induced institutional changes that strengthened rather than weakened the targeted country or government. Cornered into isolation, the beleaguered Rhodesian regime devised new ways to control various local institutions, interest groups (business community) and the market. It used this powerful position to win political support and loyalty from business in order to withstand the expected adverse impact of sanctions. In explaining the state’s capture of business community, Rowe foregrounded his analysis with Murray’s account of the intergroup politics and the position of the state in Rhodesian politics and governance up to 1953. Before 1965

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40 Ibid.
41 Handford, Portrait of an Economy: Rhodesia under Sanctions; and Girdlestone, ‘Manufacturing and Construction’.
but especially up to the 1950s, commercial and industrial interest groups, despite their own antagonism, enjoyed much recognition and close relationship with state. The United Party government reflected the interests of these groups.\textsuperscript{43} However, for Rowe, this all changed from 1962 onwards when the Rhodesian Front government came to power. It usurped all the influence of commercial and industrial interest groups.\textsuperscript{44} Business was muzzled and became acquiescent, Rowe concluded. By tracing the operations and voices of organised secondary industry, this thesis seeks to show the continued influence of economic interest groups in statecraft.

The reaction and position of these interest groups to this new state’s influence was investigated by Ian Phimister and the present author.\textsuperscript{45} They examined the political and structural relationship between settler colonialism and secondary industry as well as the composition, capitalization, ownership, or product range of the manufacturing sector in the immediate period before and after the UDI. They demonstrate the complicit role of big business in the economic project that sustained UDI and the expansion of secondary industry in the first half of the 1960s. Pius Nyambara also discussed the relationship between industrialists and the state in the textile industry on the eve of the Federal period.\textsuperscript{46} Nyambara’s paper gave extensive voice and agency to industrialists and revealed the complex relationship and interactions between them and the state. These studies were supported by rich primary and archival sources.

However, these foregoing works have their own limitations. They were either sector specific or limited to a particular period. Therefore, their findings cannot be generalised and do not reflect what happened in the whole manufacturing sector and the period which this study intends to cover. Furthermore, these studies focused on a particular aspect in their discussions. Nyambara focussed on the location of a third cotton spinning mill for the textile sector. Yet, as other scholars such as Gann and Gelfand, Patrick Bond and D. G. Clarke highlighted, secondary industrial development impacted on other aspects as urbanisation, housing, labour and capital and money markets.\textsuperscript{47} Such aspects drew the attention of industrialists but scholarship has shied away from

\begin{thebibliography}{9}
\bibitem{43} Ibid, 40.
\bibitem{44} Ibid, 106.
\end{thebibliography}
discussing these from industry’s perspective. This thesis amplifies the relationship between the Rhodesian state and organised secondary industry over a *longue durée*.

3. Sundry Perspectives

Secondary industrial development in Southern Rhodesia has also been written from the perspective of its capitalisation. The present author and D.G. Clarke emphasised the importance and role of foreign capital in promoting manufacturing expansion. Clarke disaggregated the sectoral disposition of foreign companies and analyses foreign involvement in specific sectors including agriculture, mining, manufacturing and finance and banking. He identified the major companies and the various manufacturing subsectors in which they had interests. Clarke concluded that the principal foreign companies were British although South African influence was also very high and often difficult to distinguish from British ownership. The present author illuminated Clarke’s observations in a Master’s thesis investigating the entrenchment of foreign capital into the manufacturing sector. Gwande concluded that while the industrialisation of Southern Rhodesia was taking place at its own rate, it was the availability of foreign capital, especially after 1948, which accelerated the growth of secondary industries. This entrenchment of foreign capital would define the character of secondary industry where there was concentration of production into the hands of a few big corporations. These big corporations formed the crux of organised industry. However, both studies did not illuminate the interactions between big business (as part of organised industry) and the state. By virtue of their position in industry, big business wielded some influence in directing industrial politics. This is investigated in the current study.

Other scholars have focused on labour in secondary industry. Angela Cheater’s study examined labour organisation in textile manufacturing. Patricia Made and Birgitta Wagestrom brought a gender dimension to the experiences of workers in the manufacturing sector. Their work lamented the marginalisation and abuses experienced by women in the work place. These included discrimination in wages, sexual harassment and lack of upward movement in the industrial ladder. Made and Wagestrom advocated improvement in women’s conditions. A study on the manufacturing sector commissioned by the Zimbabwe Ministry of Community Development and Development.

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50 Made and Wagerstrom, *Zimbabwean Women in Industry*. 12
Women Affairs stressed the importance of addressing the gender inequalities among workers. Influenced by feminism and seeking to challenge the triumphalist writing of Zimbabwe’s immediate past which celebrated the achievements of men, these works became stories of women in industry. Their focus on labour, however, does not tell us how secondary industry developed.

Literature on the manufacturing sector also exists in the form of company histories. George Hindley wrote a company history of Johnson and Fletcher Ltd, an industrial and a commercial organisation established in 1898 in Bulawayo. The author was employed as a public relations consultant by the company, granting him access to all company records. Despite having access, his account lack critical and contextual analysis of the development of the company and the manufacturing sector, which is the objective of this study. Meikles’ published an anecdotal account of its development in Rhodesia since 1892. These publications were self-celebratory and public relations campaigns. Although these company histories hinted on the industrialisation taking place, they were not indicative and reflective of the politics underlying the process.

The historiography suggests that the industrialisation process in Southern Rhodesia was spearheaded by the state and owes its expansion to exogenous factors such as foreign capital injection. Yet, same scholarship acknowledges the reluctance of the state to encourage industrial development, and in some instances, examines the fights between the two. Another observation is that the state may have somewhat assisted secondary industry but the sector was largely private-owned, suggesting that individual industrialists worked hard to achieve the sectorial growth. In as much as exogenous shocks might have given impetus to industrialisation, they hardly explain its persistence in times of relative normalcy. Some of the scholarly work was focussed on specific issues. Its confinement to a particular sector or period or aspect limits our knowledge of the industrialisation of the country. New perspectives on secondary industrialisation can be understood in terms of state and organised industry’s actions and interactions. Noteworthy also is the dearth of writing of the manufacturing sector in current historiography of Zimbabwe. For instance, the expansive histories of Zimbabwe published recently are striking on their comparative silence on industrialisation. These histories are therefore inadequate and incomplete. This research in part fulfils the missing subject.

The State and Interest Groups in Rhodesia

Examining organised industry and state relations entails an understanding of the dynamics of interest group politics. Colin Leys was among the first set of scholars discussing interest groups and their interaction with the state. Leys demonstrated how business civil society influenced politics structurally and systematically in Southern Rhodesia. He concluded that all the interest groups were organised around a common objective of maintaining white racial superiority over Africans. Whereas European business community unanimously supported one political party, labour rallied behind the Rhodesian Labour Party that represented its interests. The economic interest groups Leys identified were ‘not mutually antagonistic’ and their ‘rallying point was fear of African economic and political competition.’

Leys’ account of political dynamics and change was thus centred on a homogenised local European society that was monolithic and free of conflicts. As L.H. Gann demonstrates, this was not the case. In contrast, Gann shows that there were heterogeneous interest groups in his account of Europeans’ early social, political and economic history. Gann examines how intergroup competition and conflicts affected the historical trajectory of Southern Rhodesia. One example was the 1922 referendum to decide whether Company rule in Southern Rhodesia would be replaced by a Responsible Government to create a self-governing colony or by joining the Union of South Africa as a fifth province. In his account of the referendum, Gann establishes that various interest groups, both formally organised or not, were associated with one side or the other. Such competition had a huge impact on the outcome of the referendum.

Leys was further challenged by Murray who argued that a study on any country’s political and administrative structure should not be limited to its formal institutions or structures or government. Instead, ‘the point of attention is the system of power relationships through which basic decisions are taken for the society.’ Murray disaggregated the governmental and administrative structure of Southern Rhodesia showing how the various economic interest groups identified by Leys became part of that governmental structure. This enabled them to exert some influence over political decisions. He further observed that the various interest groups were full of conflicts amongst themselves as they competed for the attention of the state. The state took advantage of these conflicts to move in as an arbiter thus manipulated interest groups to its own

54 Leys, European Politics in Southern Rhodesia.
57 Murray, Governmental System in Southern Rhodesia.
58 Ibid, xvi.
advantage. Gann and Murray revealed the degree to which interest groups and their varying and competing agendas can influence the trajectory of a country. While inter-group conflict is demonstrated in these works, there is little discussion on impact of such conflicts on economic policy in general and industrialisation in particular.

Attempts to show the effects of interest group politics on policy making were undertaken by Jeffry Herbst, Tor Skalnes, John Alistair McKenzie and Angus Selby.\(^5^9\) Herbst analysed the state’s decision making process and he concluded that its ability is determined by the power or lack of it, of interest groups to check the autonomy of the state in exercising its functions. Skalnes’ work looks at the role of various interest groups in influencing economic reform in post-Colonial Zimbabwe, especially in light of the adoption of the ESAP. The 1993 article is particularly revealing of the influence of organised industry in supporting economic liberalisation. For him, this was a huge paradox as industry would be negatively affected by the liberalisation of the economy. Yet they embraced and even campaigned for structural adjustment. Skalnes’ analysis was however limited to the ESAP period. Furthermore, organised industry in his discussion was treated as a homogenous group. Yet the CZI comprised of sub-sectorial representative organs. Also contributing to the interest group politics and state relations, McKenzie and Selby focussed on commercial farmers’ interests in both the governmental system and promulgation of agricultural policy. While these studies demonstrated the politics of commercial farmers and their interactions with state, they did not identify linkages between this group’s interests and its equivalent in other sectors. My study in part examines these linkages in pursuit of industrial policies.

There is also latest work that analyses state-interest group relations. Tapiwa Mudimu’s thesis explores the ‘entangled relationship between miners, farmers and the state.’\(^6^0\) He engages the protean nature of colonial state policies, exploring how they influenced the interaction of settler farmers and miners from 1895 to 1961, and how the sectors reacted. Madimu explored the changes which characterised succeeding colonial governments, highlighting reasons that influenced the adoption of specific policies regulating agriculture and mining. The country’s first administrative system, led by the British South Africa Company (BSAC) laid the foundation of a policy framework which dictated miner-farmer relations for six decades from 1890. Such relationships were always


shifting and mainly characterised by friction. Madimu concluded that ‘the government’s mediating role constantly shifted and significantly influenced the nature of policies which regulated farmer-miner relations up to 1961.’

My study extends this analysis to state-industry relations as Southern Rhodesia industrialised.

Musiraro Ndakaripa also investigated the relationship between the state and civil society organisations over the indigenisation policy in post-Colonial Zimbabwe. He used various concepts to analyse state-civil society relations. Of interest to this study are the ideas of statism and public choice. Statism is described as ‘the dominance of the state over social, economic and political groups.’ Ndakaripa’s study revealed that ‘the Zimbabwe state, on several occasions, adopted a statist approach and marginalised interest groups on indigenisation.’ Using the public choice concept, which is premised on the notion ‘that people are motivated mainly by self-interest’, Ndakaripa suggests that ‘business associations [in Zimbabwe took] advantage of their organisation and access to officials and institutions to pester the state to formulate economic policies and regulations which [were] tilted in their favour.’

This thesis also adopts Belinda Bozzoli’s examination of the political nature of the ruling class and its formation as a very useful lens of analysis. Bozzoli explained how various class interests formed and employed various means to express and exert their ideology over the South African state and society. Taking a cue from Bozzoli, this study investigates the modus operandi of organised industry as an economic interest group in Southern Rhodesia in achieving secondary industrialisation of the country. This is done by disaggregating organised industry, exploring its composition, functions, and operations as well as its interactions with the various state and government departments. Also, the relationship between organised industry and other economic

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64 Ndakaripa, ‘State, Civil Society and the Politics of Economic Indigenisation in Zimbabwe’, 24.
66 Ndakaripa, ‘State, Civil Society and the Politics of Economic Indigenisation in Zimbabwe’, 23.
interest groups is explored to demonstrate how the pursuit of the goals and objectives of industry impacted on the operations of others. It is also hoped that analysing the power relations and dynamics between the state and industry can help explain how the sector provided a lifeline the Rhodesian economy.

**Sources and Methodology**

This is a qualitative study that uses primary material accessed mainly from the National Archives of Zimbabwe, the National Archives of South Africa, media houses and government departments such as the Parliament in Zimbabwe. It draws from memoranda, policy papers, correspondences and minutes of meetings related to industrial policy of the country.

The National Archives of Zimbabwe holds many files on secondary industry in Southern Rhodesia. The material has information on the state of the sector, statistics on production, employment and overall contribution to the economy. There are files on specific areas of secondary industries which detail developments in such sectors, for example, steel and textile industries. The debate over tariff and protection policy in favour of secondary industry features prominently in the archive. Files under the S series have data on manufacturing companies and industrial development in Southern Rhodesia. ARnI’s papers up to Independence are in the National Archives already. The ARnI papers include minutes and resolutions of their yearly congresses. The collection also includes contributions from various chambers affiliated to ARnI and other invitees which included government officials, stakeholders from other sectors as commerce and mining.

The researcher was also privileged to access unprocessed ARnI papers at the Records Centre at the NAZ. In terms of the access regimes at NAZ, these papers are due for public use but because of backlog in the processing, they are not yet accessible. However, the researcher applied to the Director of the NAZ for a special permission and was granted. This is the first time that these papers have been used in any academic research. The papers cover the period from 1964 to 1973. The papers reveal the constant interactions between the UDI state and industrialists, which hitherto have not been known to researchers as elaborated in the last sections of Chapter Four and Chapter Five.

Organised Industry published a monthly journal, the *Rhodesian Recorder* (available in the National Archives), from 1949 up to the 1960s. The journal was a mouthpiece for industrialists and commerce. ARnI’s papers and the *Recorder* capture industrialists’ voices on many aspects that concerned them. By carefully reading through the *Recorder*, a picture emerged of the development
of secondary industry. Aspirations, desires and demands of industrialists featured in every volume. The government and other interest groups, especially the Chamber of Commerce, were also given space to contribute or respond to issues that were topical concerning secondary industry and the economy in general. Thus, the Recorder offered a way to piece together the interaction between industry, other interest groups and the state.

The National Archives also hold other published primary material, primarily official reports, surveys and position papers by both government and interest groups concerning secondary industry and cognate issues. Statistics on various aspects of Rhodesia, including the manufacturing sector were published by the Central Statistics Office through either the Monthly Digest of Statistics or the Official Yearbook. Commissions of Inquiry set up by the government also published their findings which reveal a number of aspects that informed this research. More useful from the Commissions’ reports were the evidence gathered and the recommendations made. Through their national representative bodies, industrialists published surveys which were crucial in assessing the state and position, changes and developments of the industrial sector in relation to the broader economy. Similarly, Legislative Assembly Debates were useful in bringing out government’s voice on industrial aspects. The University of the Free State Sasol Library contains a collection of these Hansards dating from 1929 to 1980.

The thesis also made use of the Smith Papers. These were accessed from the digital collection at the International Studies Group gathered from the Rhodes University Cory Research Library in Grahamstown, South Africa. The Smith papers consist of the Rhodesian government white papers, Cabinet minutes and correspondences. These were crucial in casting new light on the decision and policy-making processes by the Rhodesian Front government during this period. The papers revealed inside dealings of the government as it sought to maintain power and withstand sanctions. The voice of the government was also captured through these papers. Simultaneously, the government’s interactions with interest and pressure groups is mapped out from these papers. These were crucial for the UDI period. Researchers who have written on the manufacturing sector during this period did not have access to these papers. Professor Ian Phimister was generous enough to share with me some of his collections gathered from various repositories in Zimbabwe and South Africa during his earlier research on the development of the manufacturing sector in Southern Rhodesia.

The discussion on trade agreements between South Africa and Southern Rhodesia was informed by material gathered from the South African National Archives in Pretoria. South African newspapers also complemented the archival material. What comes clearly from the negotiations
and the final trade agreements was the feeling of cooperation and competition between the two neighbours. Largely, South Africa prevailed over its weaker neighbour and bullied Southern Rhodesia into agreements which affected the expansion of some of its industrial sectors. But equally, the clothing and textiles industry of Southern Rhodesia enjoyed a favourable market in South Africa as a result of these agreements. Newspapers like *The Rhodesia Herald* and *The Financial Gazette*, and the business journal, *Property and Finance*, were crucial as complementary and alternative sources that bridged gaps where private papers or certain original primary material was not available or silent on certain aspects. They were particularly helpful in constructing the discussion in Chapter 5.

The discussion and argument presented in the chapters that follow was constructed from all these sources, corroborated, juxtaposed and contextualised in debates and conclusions made in existing historiography. There are particular years that organised industry did not hold Congresses or records of proceedings of such gatherings are missing. Although the researcher tried to remedy these inconsistencies by using either newspapers or the *Recorder*, still gaps remained. These reasons explain the seeming dearth of the official voice of industrialists in some instances in the thesis.

**Thesis Outline**

Chronologically and thematically structured, the thesis is written over six chapters. This chapter introduces the study, detailing its scope, aims and objectives. It also highlights historiographical issues on secondary industry, themes and concepts which inform the thesis. Substantive examination of state-industry relations commences in Chapter Two. Although the chapter title shows that it covers the period between 1939 and 1948, it opens with a background discussion on the peripheral development of secondary industry under the shadow of and opposition from mining and agricultural interests before the Second World War. The outbreak of the Second World War brought some changing fortunes for the secondary industry. That development occurred in the face of opposition from farmers, miners, commerce and the state. The development of local secondary industry between 1939 and 1948 is traced in the context of contested policy debates. This discussion terminates in 1948 when Southern Rhodesia signed a Customs Union Agreement with South Africa, which spurred further local industrial development. Meanwhile, industrialists had initiated processes to form a colony-wide association, which was eventually established in 1949.

Chapter Three analyses the evolution of organised industry from several fragmented individual chambers to ultimately coalesce into one national organisation. From the Associated Chambers of Industries of Rhodesia, formed in 1941, these Chambers evolved to become the Federation of
Rhodesian Industries (FRI) in 1949 with a colony-wide coverage. The chapter tails off with yet another call for amalgamation of industrialists of the three Federal territories between 1956 and 1957, the Association of Rhodesian and Nyasaland Industries (ARNI). The chapter explains how organised industry operated during this period. The establishment of the CAF and other post-war developments are used to assess the relationship between the FRI and the state as well as other economic interest groups.

Chapter Four starts by discussing the establishment of ARNI in 1957 as a broader industrial organisation for industrialists in the CAF. It details the politics of this organisation, especially the demands and aspirations of Southern Rhodesian industrialists in juxtaposition to those of its counterparts in the northern territories. The chapter also examines interactions with both territorial and federal governments. It further discusses the views of organised industry on the state of the economy and politics and its bearing on their interests. A discussion on industry’s attitude towards the Federal dissolution, the new right-wing Rhodesian Front government’s policies and the threat of unilateral declaration of independence in 1965 concludes the chapter.

Beginning in 1966, Chapter Five examines the interaction between the state and industrialists over the administration and implementation of the import control policy and currency allocations—the two major economic instruments of the UDI regime. This chapter challenges scholars who described organised secondary industry as muzzled and acquiescent to the UDI Rhodesian state. It demonstrates that in the economic sphere, organised industry remained forceful in pursuit of its interests despite the omnipresence of the state. It adopts Tor Skalnes’ notion of societal corporatism to explain the relationship between ARnI and the state during this period. It ends in 1979 with a discussion on the nature and structure of secondary industry that emerge during UDI and industry’s position on decolonisation.

The thesis concludes in Chapter Six by summarising the relationship between organised industry, the state and other economic interest groups, through reconciling the aims and objectives of the study with the evidence presented. The thesis’ argument and contribution to historiography are emphasised and points to new areas for further research.
Chapter Two

‘To Industrialise or Not’: Economic Interest Groups, the State and Secondary Industry during the Second World War and the Post-war years, 1939-1948

Introduction

The outbreak of the Second World War in 1939 brought mixed fortunes for Southern Rhodesia. Whereas the colony previously relied largely on imports for manufactured goods, it now turned to local products because of the interruptions in international trade caused by the war. Imports became increasingly less, inducing shortages and high demand. Shortages stimulated calls for local industry to fill the vacuum. Consequently, an import substitution industrialisation (ISI) drive was developed. However, this impact of the Second World War was not unique to Southern Rhodesia. It was also felt across sub-Saharan Africa. The only exception to this was South Africa, which had a comparatively established secondary industry by the time the war broke out. Not all industrialisation was sparked off by the conditions of the war, however. For example, in British West Africa, Lord Hailey had already recommended in 1938 that Britain allow her dependencies to develop local secondary industries.\(^1\) While these factors are acknowledged, the impact of the war stood out as it accelerated industrial development.

At the same time, secondary industrial development in colonies such as Kenya and Southern Rhodesia was aided by the greater buying power of their white settler population.\(^2\) Southern Rhodesia had the crucial advantage of being a self-governing colony. Southern Rhodesia under the Responsible Government was free to manipulate tariffs, something denied to every other colony.\(^3\) Shigeru Akita observed a similar tendency in British India during the Great Depression. Quoting from a *Commercial Report on India*, Akita writes: “There is little doubt that a self-governing India will take full advantage of her fiscal autonomy in order to promote her industries. [Lancashire’s] efforts to regain a footing in the Indian market may be frustrated by the fiscal policy of an autonomous India.”\(^4\) Just as in British India during this period, this autonomy allowed Southern Rhodesia to determine its own economic policies independent of the metropole, except in matters of African

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\(^3\) For a detailed analysis on how Southern Rhodesia manipulated tariffs, especially with respect to Northern Rhodesia and the Congo, see A. M. Kanduza, *The Political Economy of Underdevelopment in Northern Rhodesia, 1918-1960: A Case Study of Customs Tariff and Railway Freight Policies* (Lanham: University Press of America, 1986).

\(^4\) Akita, ‘British Economic Interests and International Order of Asia in the 1930s’, 38.
affairs, currency and foreign policy. Its domestic bourgeoisie used the shortages caused by the war to accelerate calls for the development of local industries. These clamours concern this chapter as it examines the views of industrialists on one hand and those of farmers, miners, commerce and the state on the other, regarding the encouragement and development of secondary industry in the country between 1939 and 1948. By examining the different stand points of these various interest groups, the chapter scrutinises relationships between these groups and the state in the development of Southern Rhodesia in general and industrial development in particular.

In what follows, the development of local secondary industry between 1939 and 1948 is traced in the context of contested policy debates. The chapter begins with an analysis of the state and position of secondary industry before the Second World War and moves to its changing fortunes during the war and the immediate aftermath. It ends in 1948 when Southern Rhodesia signed a Customs Union Agreement with South Africa which gave impetus to local industrial development. At the same time, industrialists had begun to organise under a colony-wide association, eventually established in 1949. The chapter ends by analysing the size and structure of the secondary industrial sector that emerged from the developments between 1939 and 1948. It also re-emphasises the role of industrialists in setting the tone for industrial development vis-a-vis state and other groups.

Development of Secondary Industry: The ‘Long Haul’

The origins and development of secondary industry in Southern Rhodesia has received considerable scholarly attention. Nonetheless, the context in which that development occurred needs to be outlined if the clamour and debate over local industry that emerged during the Second World War is to be understood. When the British South Africa Company (BSAC) occupied Mashonaland in 1890 and conquered Matabeleland in 1893, its desire was to exploit the envisaged abundant mineral resources. When the expected minerals failed to materialise, the BSAC shifted its attention to the utilisation of the new colony’s land resources. The BSAC administration consequently geared its economic policies and political structures towards securing a sound footing for mining and agriculture. Constantly in the shadow of these two primary sectors was secondary industry. The few incipient industrialists established foundry and engineering firms alongside mining in the short-lived boom between 1894 and 1896. Over the years, concerns derivative of

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7 Phimister, An Economic and Social History of Zimbabwe, 239.
agriculture emerged, notably, bacon, butter, cigarettes/tobacco and grain milling factories. Broadly speaking, the development of secondary industry flowed along the line of least resistance, that is, simple repair works and first stage agro-processing.

The incipient industries were boosted by the interruptions caused by the First World War and the Great Depression. Phimister notes that,

[W]hen war broke out in Europe in 1914 the destruction of various international trading relationships and the interruption of others initiated a period of unprecedented opportunity for southern African secondary industry. Freed from overseas competition, they had domestic and regional markets largely to themselves.  

Even then, such opportunities could not sustain any significant shift towards secondary industry. During that temporary reprieve of the war, South African industrial products provided stern competition as industries south of the Limpopo took advantage to export to its neighbour.

Nonetheless, some local industrial expansion took place. Foundry work was one such sector where expansion was recorded as ‘a great many of the orders in this connection, which in former years have been sent to the Rand [were] now being executed in Salisbury’. This, in part was the beginning of ISI. As the war ended, one expected some brake in industrial growth but new stimulus kept the industrialisation momentum alive. ‘Inflation in Europe, limited shipping space and the short supply of manufactured articles all combined to protect local industry in the immediate post-war period.’

Meanwhile, the development of copper mining on the Copperbelt in Northern Rhodesia from 1922 and Katanga in Belgian Congo also helped to keep incipient factories working. The two mining centres created a market for Southern Rhodesian secondary industry, especially those producing inputs for mining and consumer goods.

But the development of secondary industry did not occur without some measure of resistance. With the support of the state, some farmers and miners still believed in the supremacy of their primary export industries. Merchants profitably surviving on importing and distributing manufactures to farms and mines voiced their opposition to development of local industries. They cited costs as the trade-off for protecting nascent industries in the colony. For them, encouraging secondary industry at the time would not achieve economies of scale. Products so produced would be costly and of poor quality, they worried. This was exemplified by the support that commerce, together with mining and the state gave to the 1930 Customs Agreement between South Africa

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8 Ibid, 240.
10 Ibid.
11 Ibid.
and Southern Rhodesia. This Agreement, ideally, allowed free exchange of goods between the two countries, but only on certain specified products. Article II provided the right of each of the contracting parties to frame its own customs tariff. But, Article III compelled Southern Rhodesia to follow the Union should it take action to protect in any way the interests of the nationals. Of particular importance to secondary industry in Southern Rhodesia was Article IV, which provided that,

Subject to such modifications as are hereinafter provided for, there shall be a free interchange of the products and manufactures of the Union and of Southern Rhodesia, except that in the event of one party to this Agreement levying an excise duty on any article produced or manufactured in its territory, it shall be entitled to levy a corresponding customs duty on importations into its territory of a like article produced or manufactured in the territory of the other contracting party.

This arrangement was distinctly to the advantage of South Africa since at the time Southern Rhodesia was not yet a manufacturing country. Thus, this provision stifled factories from continuing to grow in Southern Rhodesia. What was clear from the Agreement was the Southern Rhodesian government’s attitude towards protection of local industries. The government did not offer any protection to the emerging local factories, thereby stifling any sustained secondary industrial development. Contributing to a debate on the Agreement in Parliament, the Treasurer argued that it would have been,

foolish for this government or anyone else to have rejected the agreement and cut ourselves off from markets which were open to us. To have done that would have been to sacrifice the interests of the primary producers of this country for the benefit of secondary industries. One has only to look around and see what it [protection] has brought other countries.

Further castigating the impact of protection of local secondary industry, the Treasurer added:

It has increased the cost of production, and it has made it impossible for them to sell the products of their own countries outside their own borders. Here we are producers of raw materials and we are looking for markets; therefore we want to have as few of these barriers against us as possible…We have to remember that once you put up barriers and walls which may tend to shut out the products of your neighbours, you must also face the other result…[that] may keep your own products within your own country…the protection that local industries seem to desire [was possible] only at the cost of having no agreement at all.


15 *Legislative Assembly Debates*, 31 March 1930, Cols. 410-411.
The Prime Minister made a similar point in his own contribution to the motion: ‘Not even the strongest advocate of protection of our products could anticipate that the Union would sign an agreement permitting us to impose taxation on their products while they were not to be allowed to impose any taxation or embargo on our products.’ Three crucial points are worth emphasising from the foregoing remarks. First, the interests of primary producers took precedence in negotiating trade agreements with secondary industry as the sacrificial lamb. More tellingly, lack of protection to local secondary industries by the state hampered their expansion. The state was therefore instrumental in stifling secondary industrial development in the 1920s. Secondly, South Africa bullied its weaker neighbour into an agreement. Thirdly, the economy of Southern Rhodesia had not developed significantly enough to provide sufficient bargaining power. Consequently, it succumbed to South Africa’s impositions. In doing so, Southern Rhodesia sacrificed the protection of local industries in favour of securing export markets for its primary products which were the pillar of the economy at the time.

Following the acceleration of the Great Depression and the frustration at the terms of the 1930 Customs Agreement, farmers shifted tact and began to support industrialists. The Great Depression had compounded the crisis for farmers, particularly tobacco and maize producers. In 1928, overproduction in tobacco saturated the market resulting in a decline in prices. The onset of the Great Depression in 1929 resulted in the loss of export markets for primary commodities and a further slump in prices locally. For farmers, the alternative was to support the development of local industries. The rationale was that local secondary industry would replace the export market lost during the Great Depression. Certainly, the nascent factories required raw materials, which local farmers could supply.

Commerce and industry disagreed about the implications of the 1930 Customs Agreement with South Africa and also about their particular interests, which conflicted. Commerce preferred free trade to protection whereas industry favoured protection. In the history of trade relations between Southern Rhodesia and South Africa, the two countries maintained the general principle of free exchange of products between 1899 and 1935. Industrialists viewed these Agreements as highly skewed in favour of South Africa. Reeling from the effects of the Depression, farmers also shared similar concerns as industrialists. Organised agriculture complained that, ‘the fact remains that the

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16 Ibid.
17 For detailed discussion see V.E.M. Machingaidze, ‘The Development of Settler Capitalist Agriculture in Southern Rhodesia with particular reference to the Role of the State, 1908-1939’ (PhD, School of African and Oriental Studies, University of London, 1980), 182-198.
Union market has been further restricted and no corresponding advantage has been obtained for Rhodesian produces'. Tobacco imported into the Union from Southern Rhodesia was limited to 2,000,000lbs weight of Virginia type and 400,000lbs of Turkish type and such tobacco was not entitled to admission free of duty. These figures were considered small if compared to the volumes traded the previous year, 1929, which amounted to 5,833,389lbs. Complaining to the Premier, H. U. Moffat, in 1930, the Rhodesia Manufacturers Association noted that the Agreement ‘left the Manufacturers of Southern Rhodesia … in the old position of having to meet the keenest competition from large and well-established factories in the Union’, the effect of which would ‘stifle to a considerable extent enterprise in opening up new factories and industries.’

This tendency of belittling secondary industry in policy decisions or trade and customs agreement became a huge divisive point, hence the contests between Southern Rhodesia’s commercial and industrial interests over trade policy with South Africa.

Despite the existence of manufacturers’ associations, some manufacturers were affiliated and represented by the Chambers of Commerce. Industrialists felt under-represented by commerce. For example, in memoranda prepared by the Chamber of Commerce to government in 1933, there was limited coverage of the concerns of industry when compared to commerce. Coalescing around the newly formed independent Chambers of Industry in Bulawayo and Salisbury, industry began to demand direct government intervention through protection. In 1933 the Salisbury Chamber of Industries wrote to the government stating that,

the present Customs Agreement between Southern Rhodesia and South Africa affords no protection for the secondary industries of Southern Rhodesia and that the time has arrived when they should be afforded some measure of protection against their more highly industrialised neighbours in the Union of South Africa, by the imposition of tariffs on articles imported from the Union of South Africa when similar articles are manufactured in Southern Rhodesia.

The Bulawayo Chamber of Industries also supported the idea. Dissatisfied with the Agreement, industrialists called for its termination and renegotiation. In November 1933, industrialists passed a resolution that, ‘the government be requested to give notice to terminate the Customs Agreement before the 31st December, 1933, with a view to obtaining an Agreement which will afford adequate

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19 National Archives of South Africa (henceforth, NASA), HEN Vol. No. 3896 Ref 710, Trade Relations, no date; and NAZ S1246/5/30, Memorandum by the Manager of Neill’s Bacon Factory, 21 December 1933.
20 NAZ H.Mss LE 3/1/1, Customs Agreement between Southern Rhodesia and The Union of South Africa, Report thereon by the Controller of Customs and Excise and the Government Statistician, 15 December 1931.
22 See for example NAZ S679/15/8, Association of Chambers of Commerce of Southern Rhodesia: Memorandum on Customs Agreement with the Union of South Africa, 23 October 1933.
23 NAZ S679/14/4, Salisbury Chamber of Industries: Memorandum on Customs Agreement between Southern Rhodesia and the Union of South Africa as concerns Secondary Industries in Southern Rhodesia, 9 November 1933.
24 Ibid.
protection to Rhodesia’s secondary industries, failing which, the Chamber recommends that arrangements be immediately made to control our own customs. The Chambers of Industries justified the termination of the Agreement because of its lop-sidedness in favour of South Africa. Further, Rhodesian goods were less competitive against the Union’s on the domestic market because ‘manufacturing costs were higher in Rhodesia than in the Union owing to restricted market for which Rhodesian manufacturers cater, the higher cost of raw materials imported. Moreover, industrialists argued that ‘European wages were considerably higher in Rhodesia than in the Union of South Africa.’ In spite of this strong case, industrialists’ call went unheeded.

Industrialists were neglected because of the dominant sectional interests in state at the time. Commercial and, initially, agrarian interests, opposed to any market interference by the state, shaped state power. During this period, Southern Rhodesia’s economy depended on the export-oriented primary industries of mining and agriculture. Britain and South Africa provided the two most important markets for the products of these two pillars of the settler economy. Agricultural and mining elites as well as merchant capital (commerce) involved in international trade desired to maintain ties with London and Johannesburg, which were the exports and financial markets for the country. This found expression through the adoption of Imperial Preference policy. As a result, the promotion of secondary industry was looked down upon. This is not surprising, for the imperial power frowned upon industrialisation in colonies. British officials’ remarks concerning the development of manufacturing industries in India during the 1930s testifies to this thinking. Commenting on India’s industrialisation, Sir Thomas M. Ainscough (British Senior Trade Commissioner in India) said,

The policy of maximum industrialization … must inevitably lead, firstly, to a serious clash of interest with the agricultural element, which constitutes nearly 70 per cent of the population, secondly, to a crisis in India’s finances as the Government of India rely upon Customs receipts for some 60 per cent of their revenue, and, lastly, to the collapse of the financial and economic fabric of the Government of India which is dependent upon an excess balance of exports

25 Ibid.
26 See more reasons in NAZ S679/15/4, Memorandum prepared by the Salisbury Chamber of Industries on the Customs Agreement at present existing between the Union of South Africa and Southern Rhodesia; Reasons for Requesting Cancellation, no date.
27 See more reasons in NAZ S679/15/4, Memorandum prepared by the Salisbury Chamber of Industries on the Customs Agreement at present existing between the Union of South Africa and Southern Rhodesia; Reasons for Requesting Cancellation, no date.
28 Phimister, An Economic and Social History of Zimbabwe, 173-4; See also Murray, Governmental System in Southern Rhodesia, 174; Leys, European Politics in Southern Rhodesia, 105-106; and Phimister, ‘Accommodating Imperialism’.
in order to meet India’s financial commitments in London (amounting to some Rs.50 to 60 crores per annum) and to maintain the exchange.\textsuperscript{30}

The preference for the export oriented primary industries of mining and agriculture were routinely affirmed in the recommendations of Committees/Commissions that the state appointed to undertake investigations into the Rhodesian economy. All these committees recommended against any assistance to secondary industries. In 1930, the government of Southern Rhodesia appointed Henry Clay to look into aspects of industrial relations in the colony.\textsuperscript{31} Clay presented his findings in 1930. His report downplayed the significance of secondary industry, stating that they were ‘dependent for their market on the primary industries, and can only expand if these [agriculture and mining] expand.’\textsuperscript{32} The only viable policy for Southern Rhodesia was to concentrate on its comparative advantage of producing primary products for the export market.

Following the Clay Report, the government of Southern Rhodesia commissioned the Danziger Committee in 1934 to inquire into the position of the agricultural industry in the colony’s economy.\textsuperscript{33} During its data collection, the Committee asked ‘whether it [was] possible to build up a white colony on any other basis other than a white agricultural population’, to which it concluded that a white colony was only possible through promoting a white agricultural population.\textsuperscript{34} The Danziger Report was not dissimilar to that chaired by Clay, advising that promoting secondary industry in the face of a limited and unreliable local market would result in the increase of the cost of living and cost of production for agriculture.\textsuperscript{35} This in turn could lead to food shortages. Meanwhile, local secondary industry could not compete with products from other industrialised countries.\textsuperscript{36} Consequently, the Danziger Committee stressed that Southern Rhodesia was best placed to maximise on its comparative advantage in agricultural exports and make available manufactured goods through imports. Indeed, agriculture and mining remained the backbone of the economy. For example, in 1927 mining was the major contributor to the Gross National Product, accounting for 21.4\% and agriculture followed with 19\% while manufacturing contributed only 4.6\%.\textsuperscript{37} In 1939, the primary exports together contributed 94\% of total exports with gold alone accounting for 60\% of this total.\textsuperscript{38} Relying on export-oriented primary industries

\textsuperscript{30} Quoted in Akita, ‘British Economic Interests and International Order of Asia in the 1930s’, 42.
\textsuperscript{32} Ibid.
\textsuperscript{34} Report of the Committee of Inquiry into the Economic Position of the Agricultural Industry of Southern Rhodesia.
\textsuperscript{35} See Ibid; and Pangeti, ‘The State and Manufacturing’, 74-75. Interestingly, Danziger would become the future Minister of Finance under whom industries fell.
\textsuperscript{36} Ibid.
\textsuperscript{37} Pangeti, ‘The State and Manufacturing’, 68.
\textsuperscript{38} NAZ S482/459/39, Trade of Southern Rhodesia, undated.
perpetuated Southern Rhodesia’s dependency on the imperial centre and South Africa, both undesirable for the self-governing colony. Even more, this dependency prolonged the adoption of any active policy on secondary industrial development.

The conservative attitude of the state towards secondary industry continued. In 1938 the government of Southern Rhodesia yet again set up another commission of enquiry, the Economic Development Committee, which excluded industrialists in its composition.39 Some of its terms of reference were to look into (i) the establishment and development of secondary industries for the processing of natural products for internal consumption and/or export, (ii) the establishment and development of processing industries making use of imported materials and (iii) the nature and extent of the assistance to be afforded by the state with a view to the encouragement of new or the expansion and development of existing primary and secondary industries.40 It presented its findings in 1939. In its findings and recommendations concerning the term of reference (i), the Committee did not favour the encouragement of expansion of production by artificial means, to industries based on agriculture.

As far as secondary industry based on mining was concerned, no proposal was submitted to the committee for the establishment of any form of industry using any of the minerals produced in the colony. One witness, however, suggested the possibility of an industry in asbestos tiles and sheets based on waste asbestos and cement but the Committee’s own enquiries brought no fruitful results.41 In respect of the term of reference (ii), the Committee advised that possibilities existed in the manufacture of fibres, yarns, textiles and apparel, metal manufactures, rubber and footwear because these constituted the huge volumes of imports into the country.42 The high volume of imports of the items mentioned above was an indication that they had a sufficiently high demand locally, thus making the prospects of concerns manufacturing them high. Noteworthy is that before any industry can be established, there must be a volume of demand or prospective demand sufficient to attract the necessary capital and enterprise. The Committee’s view on the term of reference (iii) was that private enterprise should be left to its own devices to develop meaningful industries as opportunity occurred.43 Furthermore, the Committee expressed that, ‘it was

40 Ibid.
41 Ibid, 38.
42 Ibid, 34.
unnecessary, if not undesirable, for the government to devote funds to hastening such [industrial] development.

The Committee, however, remarked that it had been impressed by the readiness with which new industries, given the slightest opportunity, had been established. In light of that, it recommended that industries should continue on that path. The state accepted this advice despite the fact that Southern Rhodesia neither had a textiles sector nor a capital goods sector, both essential building blocks for a secondary industrial sector. On the eve of the Second World War, Southern Rhodesia had 299 industrial units with a gross output of £5,107,000, employing a total number of 17,554 employees of all races and paid wages amounting to £1,254 million per annum. Almost all of these were light consumer goods industries, privately owned by domestic white capital except for example, Bata Shoe Company, local brewery owned by South African Breweries Limited, Fisons Ibatros Fertilisers (Rhodesia) Ltd and African Explosives and Chemical Industries, among others, which were foreign owned.

By contrast, gross output for mining was £7,696,000 and agriculture contributed £3,770,000. They employed 90,967 and 96,684 workers (of all races), respectively. By the time the war broke out Southern Rhodesian factories produced ‘butter and cheese, maize meal and wheaten flour, soap and candles, bacon and hams, squashes and minerals [soft drinks] sweets, paints, malt liquors, tobacco, cement and tiles. Smaller industries produce[d] furniture, stationery, biscuits, clothing for the native trade, fertilizers, jams, polishes etc.’ Secondary industry was slowly contributing to the gross domestic product, thus deserved some attention.

While successive reports and various interest groups had all argued against secondary industry, the Commissions had also received representations from witnesses on the need to promote local industries. Giving evidence before the Economic Development Committee one witness pleaded for ‘the establishment of a Board of Trade and Industry or some such organization, whose function it would be to advise the government in respect of tariff and other problems connected with the establishment and promotion of trade and secondary industry.’ The Committee advised that ‘the present stage of the colony’s industrial development does not appear to warrant the setting up of

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44 Ibid.
46 Census of Industrial Production, 1938-1962.
49 Phimister, An Economic and Social History of Zimbabwe, 246.
a permanent Tariff Board or a Board of Trade and Industry. Instead, the committee proposed that the government should ‘nominate a Senior Permanent official to give consideration to proposals requiring government action and to act as the Chairman of the Adhoc Committees [it] suggested, especially in pursuant of the proposals to establishing a textile industry.’ Interestingly, the Southern Rhodesian government adopted strikingly similar advice given by the Mynors Report on the Question of a Central Bank in 1949 as will be shown later.

The Second World War and Industrial Policy

The outbreak of the Second World War in September 1939 rendered the conservative policy towards secondary industry by the government untenable. The war disrupted international trading patterns. Imports (especially of manufactured goods) sharply declined because of hostilities in Europe and North America. Where they were available, the goods were expensive due to profiteering that characterised the war. Besides, there was no foreign exchange to buy these and shipping facilities were not available to transport the goods as priority was given to the war effort. Under these circumstances, the government realised the need to encourage local industrial development. Temporarily during the war, an active and positive policy towards the manufacturing sector was adopted.

Meanwhile, the Salisbury Chamber of Industries discussed the Economic Development Committee’s report at a special meeting in early 1940. It strongly condemned the Report for its failure to accept the proposal to establish a board of trade. Frustrated by the rejection of their proposal and also taking advantage of the shifting government attitude induced by the shortages and high demand during the war, the Salisbury Chamber of Industries, through some of its members who had now joined the government, revived the idea of the board. E.P Vernall, an industrialist and a member of the Salisbury Chamber of Industries was elected to the Legislative Assembly for Salisbury Central in 1939 under the United Party. He raised the Chamber’s suggestion in Parliament in 1940. Seconded by D. Macintyre, MP for Bulawayo South and also a businessperson, Vernall moved a motion that a permanent advisory committee be set up to assist

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51 Ibid.
52 Ibid.
55 Legislative Assembly Debates, 1 May 1940, Col. 171.
in the industrial development of the Colony.\textsuperscript{56} Out of this motion came the statutory Industrial Development Advisory Committee (IDAC) in 1940.

Legislative debates regarding the motion are very revealing. Vernall pushed for the formation of this board because, in his view, industries had not received the due recognition they deserved from the government. The Minister of Finance and Commerce, J. H. Smit, agreed with Vernal conceding that ‘so far the development of secondary industry in Rhodesia has been mostly through private enterprise.’\textsuperscript{57} By 1940, secondary industry was steadily increasing its contribution to national gross domestic product as demonstrated by Table 2.1.

Table 2.1: Gross Value of Output in Agriculture, Mining and Manufacturing, 1938-1940

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture (£ millions)</th>
<th>Mining (£ millions)</th>
<th>Manufacturing (£ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>3.8</td>
<td>7.7</td>
<td>5.1</td>
</tr>
<tr>
<td>1939</td>
<td>3.6</td>
<td>8.1</td>
<td>5.4</td>
</tr>
<tr>
<td>1940</td>
<td>4.9</td>
<td>9.2</td>
<td>6.3</td>
</tr>
</tbody>
</table>

\textbf{Source:} Census of Industrial Production, 1938-1958.

By 1940 the manufacturing sector had even surpassed agriculture’s contribution to the national GDP. It was second only to mining.

Justifying support for the development of secondary industry, Vernall also pointed to the unfavourable balance of trade with South Africa. In 1934 Rhodesian imports from the Union amounted to £1,748,940 against exports of £423,053. By 1939, the same figures were £2,573,952 against £640,343 creating an adverse balance of £1,933,508.\textsuperscript{58} ‘Surely’, Vernall argued, ‘the industries of this country can make some of these goods instead of having to buy them from the Union.’\textsuperscript{59} In his contribution, Macintyre claimed that, Southern Rhodesia was the only self-governing colony in the British Empire that did not have an Industrial Development Committee of some description to look after trade and commerce generally.\textsuperscript{60} Citing the examples of Australia and South Africa which had Scientific and Industrial Development Council and Board of Trade and Industries, respectively, he urged Parliament to consider setting up such a committee. These departments promoted development of secondary industry within their own territories. The boards protected industry and supported those industries which the government was satisfied could be made to stand on their own if given a reasonable amount of assistance during their teething years. This was what the envisaged committee in Southern Rhodesia would do.

\textsuperscript{56} Ibid.
\textsuperscript{57} Ibid, Col. 190.
\textsuperscript{58} Ibid, Col. 175.
\textsuperscript{59} Ibid.
\textsuperscript{60} Ibid, Col. 179.
Although some MPs gave conditional support, others opposed the encouragement of secondary industry. Noaks, a Mazoe MP and also an established farmer and member of the Rhodesian Agricultural Union, supported the development of secondary industry provided they were based on agricultural processing. Politically, the Labour Party supported the promotion of secondary industries. Its support was motivated by the self-interest of its constituency, white labour. In 1931, secondary industry employed 2,100 Europeans; in 1936, 2,200; and in 1938, 2,300. For the Labour Party this was a concern because it showed a very low uptake of white workers into employment. The expansion of secondary industry was, therefore, necessary to increase white employment. Furthermore, the Labour Party comprised of elements that wanted economic and monetary regulation through establishing a Central Bank. Similarly, incipient industrialists also desired the same. Disenchanted by the failure of the government to establish the bank, the Labour Party malcontents supported industrialists’ quest for assistance. There was a convergence of interests.

Stronger opposition to the IDAC came from Max Danziger, former chair of the 1934 Committee of Inquiry into the Economic Position of the Agricultural Industry of Southern Rhodesia. He still had not shifted from his position. He bluntly said,

\[\text{[t]here is more pathetic faith in the blessed idea of secondary industry. So many people do not hesitate to go to any length almost as long as they can see another secondary industry established in the country. Not sufficient consideration is given to the point as to whether we have enough markets in the country to support the industry or whether such industry is going to be a help to the country or handicap.}\]

Danziger further argued that, the country’s limited population meant it could not be self-sufficient. For that reason, the country ‘cannot possibly substitute for our primary industries the few secondary industry that we can establish in competition with similar industries in England itself.’ The doubt expressed by Danziger over the limited internal market was important as it became very topical subsequently.

Even as these debates raged on, the creation of the IDAC marked the first of many concessions that the government subsequently made at the behest of industrialists’ lobbying. However, in this instance, the imports supply bottlenecks resulting from the Second World War strengthened industrialists’ lobbying. At the same time, the debate over IDAC revealed the convergence of interests of industrialists, farmers and labour, which previously were at variance. Consequently, IDAC comprised of Salisbury and Bulawayo Chambers of Industry, the Rhodesian Agricultural

\[61\text{ Ibid, Col. 175.}\]
\[62\text{ For a detailed discussion see Mseba, ‘Money and Autonomy in a Settler Colony’, 136.}\]
\[63\text{ Legislative Assembly Debates, 1 May 1940, Col. 192.}\]
\[64\text{ Ibid, Col. 193.}\]
Union and the Chamber of Mines. Its mandate was to investigate, recommend and advise the Minister of Finance, under whose portfolio IDAC was placed, on all aspects of industrial development. In order to assist IDAC execute its mandate, Parliament, at the insistence of Prime Minister Godfrey Huggins, approved the setting up of a revolving fund in 1941. Start-up funding for industries was crucial for any significant industrial expansion to occur. The fund was for the ‘purpose of financing experiments and developing secondary industry, when such experiments and development are recommended by the IDAC and approved by government.’ The revolving fund, it was hoped, would operate similarly to the Land Bank, which had successfully supported the expansion of commercial agriculture.

Individual industrialists also petitioned the Prime Minister to support secondary industry. In a memorandum to the Premier, Rhodesian Iron and Steel works suggested,

if the government is satisfied that the establishment of factories for the manufacture of articles from iron and steel in Rhodesia is a feasible proposition and that such industries are more likely to be established on a sound economic basis if blast furnaces are erected, then it is clearly the duty of the government either to assist in the establishment of the basic industry or at least to exercise such control as may, in the circumstances, be necessary. Even Commerce supported government intervention to encourage secondary industry. As alluded to earlier, the war induced shortages on the local market due to disruption in international trade, which in turn resulted in most imports being curtailed. In order to survive, traders needed new sources of supply. Rhodesian industry became an immediate alternative. Merchants now looked to local secondary industry to produce and supply manufactured goods to satisfy local demand. Commerce urged government to assist industrial development by making funds available for IDAC to undertake investigations and recommend industries that should be developed. The government made available £25,000 to the IDAC. It carried out experiments and investigations in, for example, the dehydration of foodstuffs and distillation of alcohol. The debate over financial assistance actuated the need for a definitive industrial policy and state’s assistance.

Justifying financial assistance to industries, MP Lister who linked industrialisation to the grand political project of Southern Rhodesia of building a ‘white man’s country’ posited that,

I feel that by establishing secondary industry in the Colony we will eventually be able to encourage a larger European population to settle here, because until we

65 Legislative Assembly Debates, 11 July 1941, Col. 2299.
66 NAZ S932/14, Memorandum on IDAC to the Prime Minister, 1941; and Legislative Assembly Debates, 11 July 1941, Col. 2299.
67 NAZ S915/304/174/1, Riscom, Memoranda and Reports: Memorandum addressed by Rhodesian Iron and Steel Works to the Prime Minister, 17 February 1941.
68 Associated Chambers of Commerce, Annual Congress, 5 March 1941.
69 NAZ S104, IDAC’s Minutes of a meeting held on 28 July 1941.
can establish such industries, there is not much prospect of this country going ahead rapidly in that respect. We are not likely to get any large influx for European artisans… unless there are openings for them in this direction and as I say, there is not much outlook for immigration unless we develop our secondary industry in the way which is evidently contemplated in this motion.\textsuperscript{70}

Crucial to note from Lister’s contribution is how he couched his words within the idea of colonial state-making through the promotion of white immigration and settlement. Immigration became a subject of intense discussion between industrialists and state officials.

Before the war, Southern Rhodesia’s official policy followed the recommendation given by the Economic Development Committee in 1939. The Committee had advised that private enterprise should be left to its own devices to develop meaningful industries as opportunity occurred and that it was undesirable for the government to make funds available for industrial development. However, rapidly changing circumstances of the war did not permit that trajectory. One such scenario was the concentration of all efforts and investment capital towards winning the war, which limited the availability of private capital. With this realisation, IDAC advised the government that, ‘with private capital for the purpose either short or shy … it is submitted that the vital requirements of the moment can only be met by active state interest…actual state intervention, and particularly by the provision of, where necessary, funds by the state for the establishment or expansion of industry.’\textsuperscript{71} This was clearly a shift in government policy from leaving industries to their own devices and adopted some qualified intervention. Realities of the war necessitated this shift.

State intervention could be done through,

the establishment of state enterprises (i) directly controlled by the government i.e managed departmentally, (ii) managed and controlled by a public utility corporation financed by the state or the financing of private enterprises (i) by direct loans in need or share subscription on the part of the Exchequer (ii) by loans or share subscription on the part of an independent public investment corporation financed or capitalised by the state.\textsuperscript{72}

In the end the state settled for the policy of ‘encouraging and assisting private enterprise to carry out the development desired’, provided that private enterprise had the capacity, ability and was interested in executing the task to the benefit of the country.\textsuperscript{73} The government of Southern Rhodesia sought to strike some balance between free enterprise and ‘measured’ state control.

\textsuperscript{70} Legislative Assembly Debates, 11 July 1941, Col. 2306.
\textsuperscript{71} NAZ S482/152/42, Memorandum on Industrial Development in Southern Rhodesia, 1942.
\textsuperscript{72} Ibid.
\textsuperscript{73} Ibid.
In the context of the war, some measure of control was necessary though. Control was introduced through the Excess Profits Tax Act (EPTA) and the Factory Control Regulations. EPTA was a deterrent measure to profiteering during the scarcities of the war. It was also a method to harness the wealth of the country for the prosecution of the war and gain some revenue for the Rhodesian state to ‘get on with development’. Factory regulations were to control the setting up of new factories, with workers’ health and safety, licensing, among others being the regulations’ objects. The introduction of these measures once again brought to the fore the complex relations between state, industrialists and other economic interest groups. During the Parliamentary debate on the introduction of EPTA, Noaks, on behalf of farmers, Fereday, on behalf of commerce, and other sympathisers of industry such as Smit, the Minister of Finance and Commerce, opposed it. They feared that the tax would drive out capital and destroy and discourage enterprise.

Moreover, taxation was already a burden, as income tax was still operative and Tobacco Sales Tax in place for tobacco producers. Others spoke in support of mining, which they argued had been taxed enough through the Gold Premiums Tax. Ironically, Vernall, an industrialist and Major Hastings, a firm supporter of private enterprise, supported the tax. For Vernall and other like-minded MPs, the tax was necessary because business could not enjoy profits at the expense of the thousands who were making sacrifice for the country at the war front. They, however, qualified their support noting that in normal times they would have rejected the motion outright but because of the war, they had to concede.

Factory regulations were introduced on the advice of the IDAC. These were seen as necessary because ‘there [was] a growing tendency which [had] become apparent since the outbreak of the war to set up new factories some of which [were] undesirable backyard type.’ The haphazard establishment of these factories was likely to compromise the quality of industrial products, thereby fail to meet legitimate demands of the public. Such an eventuality would affect the interests of old established industries, which in turn was detrimental to the economic interests of the colony. Even the Associated Chambers of Industries of Rhodesia (ACIR) formed in 1941, though with some qualification, supported the regulations: ‘This chamber does not favour the introduction of

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75 Ibid, Col. 1755.

76 Ibid, Col. 1755.

77 NAZ S482/458/39, Rhodesian Manufacturing Companies: Letter by the Secretary of Treasury to the Parliament Secretary, 15 September 1941.
any system which would restrict the free development of secondary industry, but recognises that indiscriminate expansion would be to the detriment of the country’s interests.” ACIR said ‘it is therefore in agreement with licensing of industries as necessary in order to ensure proper control’. It was through the provisions of factory regulations that all new industries were licensed to operate. Licensing afforded the government the power to assess the desirability of a particular industry vis-a-vis the already established ones. Parliament subsequently debated factory regulations in 1945 and upgraded them to Factories Act.

Acting on the advice of the IDAC, the state also nationalised some basic industries. IDAC recommended to the Prime Minister that the ‘government [should] nationalise basic industries especially those which private enterprise is not willing to take up.” In 1942, the government took over the iron and steel works at Bulawayo, set up a cotton-spinning mill at Gatooma and later in 1944 nationalised sugar refinery. This was one of the few instances where the government heeded the IDAC’s advice. Otherwise, the majority of its recommendations were ignored. In 1941, the IDAC queried why the country was importing pig iron and steel when the base minerals of the colony offered prospects of starting an iron and steel industry on which other subsidiary industries depended. Having a functional and expanded iron and steel works was crucial for Southern Rhodesia since this heavy industry was the basis of all national industrialisation without which manufacturing industries would have found it difficult to develop.

The interruptions caused by the war also necessitated that the country needed its own iron and steel works. Southern Rhodesia already had an iron and steel works in Bulawayo privately owned by domestic capital in partnership with the South African Iron and Steel Corporation (ISCOR). Due to undercapitalisation, the venture could not meet the country’s needs. For instance, the Minister of Mines and Public Works questioned whether it was in the national interest to leave the industry (iron and steel works) under a private and uncontrolled company that was unable to expand sufficiently to meet the immediate needs of the country or it should be acquired by the

78 NAZ S482/458/39, Rhodesian Manufacturing Companies: Record of proceedings of Associated Chambers of Industries of Rhodesia meeting 26 August 1941.
79 Ibid.
80 Legislative Assembly Debates, 25 April, 1945, Col. 105.
81 NAZ S106, Letter by the IDAC to the Prime Minister, October 1942.
Realizing its own funding limitations, the Bulawayo based company also petitioned the government to develop bigger furnaces to smelt iron ore. Meanwhile, some engineering firms were complaining that the quality, cost and supply of steel was uneconomic and poor. It was against this background that the government took over the industry and created the Rhodesia Iron and Steel Commission in 1942.

The IDAC also investigated the possibility of establishing a cotton spinning industry in the country in 1941. Like the iron and steel industry, cotton spinning industry was a necessary basic industry important for the establishment of a solid clothing and textile sector in Southern Rhodesia. Consequently, it was crucial that the state set cotton spinning mills on a sound footing. Several meetings with the Cotton Research and Industry Board throughout 1941 resulted in the granting of a £20,000 loan to the Board to set up a textile industry. Some funding also came from the British Cotton Growing Association. Subsequently, a ginnery was established at Gattooma in 1942. It is these mills, which the government nationalised in 1943. Industrialists and ardent believers of free enterprise resented these take-overs for they saw this as expropriation or nationalisation. Government assistance was desired but not nationalisation or public ownership. The Salisbury Chamber of Industries protested to the IDAC. ‘How are the laws going to be viewed by the people outside our borders? How are they going to be viewed by industrialists interested in investing? Will government nationalise all industries? What criterion are they using?’ it asked. The Federated Chamber of Commerce stressed that ‘the state should not come into competition with private enterprise and must enjoy no privileges.’

At face value, nationalisation seemed a contradiction to the avowed policy of leaving industries to develop themselves as opportunity occurred. However, the government argued that state take-overs of basic industries should be seen as complimentary to private enterprise. IDAC clarified these government interventions, stating that,

[T]he government policy is to nationalise under Commissions or Government Utility Companies basic industries such as iron and steel and cotton spinning, the

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84 NAZ S915/304/174/1, Iron and Steel industry: Letter to the Minister of Coordination by the Minister of Mines and Public Works, 27 September 1941.
85 NAZ S915/304/174/1, Memorandum submitted to the Prime Minister by the Rhodesian Iron and Steel Corporation Limited, 30 September 1941.
87 For more on the nationalisation of the iron and steel works, see Pangeti, ‘The State and Manufacturing Industry’, 173-177; and Johnson, ‘The Impact of the Second World War on Southern Rhodesia’, 118-121.
88 NAZ S104, Minutes of meetings dated 19 May 143. For a detailed study on the development of the textile industry in Southern Rhodesia see Mlambo and Phimister, ‘Partly Protected’.
89 Mlambo and Phimister, ‘Partly Protected’, 147.
90 NAZ S106, Letter by Salisbury Chamber of Industries to IDAC Secretary, no date.
object being to make semi-finished products so that private enterprise can obtain semi-manufactured material at the lowest price and so enable them to compete with imported manufactures. This will also prevent monopolies from being established by the cornering of semi-manufactured products. The government believes that all creameries, bacon factories and the processing of certain perishables such as meat should be co-operative or be done by a Commission or utility company.92

It, however, qualified that ‘where private enterprise is willing to invest, the government should not come into competition with private concerns.’93 Potential investors quizzed the country’s High Commissioner to London, K. M. Goodenough, over the government take-overs. He also clarified that the government was taking its ‘stand on the very simple and common sense principle that, if there is anything that should be undertaken in the national interest and private enterprise is unable to or unwilling to take the risks involved, then the government must do so.’94 Indeed these basic industries were of national importance because they formed the basis of industrialisation. Moreover, private capital was not ready to develop these because they had a longer gestation period before they started generating any return on investment. Even more, private capital through compulsion and taxation, was aiding the prosecution of the war. What should also be observed is that commerce and industry interests converged in condemning nationalisation.

**Administering Industry**

As the government nationalised sections of the secondary industry, industrialists pushed for improvements in the administration of the sector. The government agreed. Towards the end of 1943, the government established the Department of Trade and Commerce with a view to foster secondary industry in the colony and establishing closer relations with commerce and industry.95 The new portfolio was put under the administration of L. Fereday, a businessperson and a member of Chamber of Commerce. Also added to this new department were the Factory Control Regulations, Weights and Measures Act, Sugar Prices Order, Cotton Research and Industry Act, IDAC, Industrial Development Act and Industrial Alcohol Committee. All these were instruments to facilitate the balanced development of industries.

The title ‘Trade and Commerce’ drew the ire of industrialists who felt it was not representative enough. Addressing members, the President of the Chambers of Industries said that,

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93 NAZ S106, Letter by the IDAC to the Prime Minister, October 1942.
95 NAZ S918/3, Commerce and Industries: Department of Commerce and Industries, Evidence to Commission on the Public Service, undated.
[W]e welcome the recent appointment of the Minister of Trade and Commerce whose portfolio we find apparently includes industry, although no mention of that fact appears in his title. We all wonder, however, why industry was not officially included in his portfolio and why he should not have been appointed as Minister of Industry and Commerce as in other countries, instead of Trade and Commerce which appear to be synonymous terms. We note that just recently also a Department again of Trade and Commerce has been formed and certain industries at any rate will be dealt with by this department and why, therefore, could it not be titled the Department of Industry and Commerce so that Southern Rhodesia as well as our neighbours and our home country might know that industry now forms a definite and most important part of our government programme.96

Consequently and precisely because of these reasons, in October 1944, the name of the department changed from ‘Trade and Commerce’ to ‘Commerce and Industries’. Yet another score for industrialists. However, this happened with the acquiescence of commerce and this explains why Fereday was appointed head of the Department.97

Crucially the government appointed the former Assistant Commissioner of Taxes, A.S. Rowe, as Secretary of the Department. Rowe became a crucial figure in winning concessions from the Ministry of Finance in terms of customs and tariffs because of his previous attachment with the Treasury. With this reorganisation, the Department of Supply whose function had been to attend to the abnormal wartime needs of commerce and industry was stripped of its responsibility to the new Commerce and Industry department by government. During the transition from wartime to peaceful conditions, a permanent department of commerce and industries would now deal with all industrial aspects.

Changes were also made to the IDAC. The Chamber of Industries was at the forefront in bemoaning the status and capacity of IDAC in addressing the colony’s industrial development. It called for the establishment of a new board of industry. Referring to IDAC, Stanley Cooke, President of the Associated Chambers of Industries of Rhodesia, highlighted that the committee is only advisory and is only part time and it has no executive power. I therefore urge that a definite department of industry or industrial board be appointed without delay with power to take executive action and to spend funds once approved.98

Other evidence suggests that IDAC members resigned because of the limited powers they had and the neglect with which their recommendations were dealt with by the government.99 In response,
the government through the Industrial Development Act, set up the Industrial Development Commission (IDC) in 1944 to replace IDAC. Where IDAC had been limited to an advisory role, IDC had the authority to finance new industries and schemes for expansion, administer, organise and modernise existing industries. The other mandate of IDC encompassed coordination of industry, ensure balanced industrial development in the colony, location of industry and matters of government’s assistance towards industry.

Assisting Industry?

The reorganisation in the administration of secondary industry revealed the temporary positive attitude of the state. Noteworthy is that these manoeuvres happened at the instigation of industrialists. Rowe and Fereday, both keen believers in industrial development, assisted industrialists’ push and so did the Prime Minister Huggins. At the same time, the government admitted that since the development of secondary industry was now part of its policy, it was obliged to assist industrialists. Besides, since many of these industries had opportunistically developed during the war, the state acknowledged that ‘some if not most of these, will need nursing through the post war years and it is imperative that the Minister responsible for the economic development of the colony be supplied with the administrative and technical staff necessary to ensure sound development and progress.’ Among the priority essentials were statistical staff and an economic advisor because the colony was likely to face the question of the protection of secondary industry. In such an eventuality, the government would continuously need the best economic and statistical advice possible. Indeed, the IDC was already seeking statistical service from the department of Commerce and Industries. The government acknowledged other imperatives such as the need for a standards bureau, an Industrial Research Laboratory and a trade representative in London to advertise the possibilities of industrial development and attract capital. The first two were aimed at improving and maintaining the quality of products and investigating new methods of production. The trade representative would also find markets for the produce of the colony and act as buyer for the various commissions and boards now in existence, as well as for government itself.

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100 Industrial Rhodesia: A Record of Industrial Development in Southern Rhodesia, 29.
101 Ibid.
102 NAZ S918/3, Commerce and Industries: Department of Commerce and Industries, Evidence to Commission on the Public Service, undated.
103 Ibid.
104 Ibid.
1. Excess Profits Tax

As industry expanded, so did grievances and demands from economic interest groups. Topical of the demands during and immediately after the war was the need for the repeal of EPTA and protection of industry. In unison, all the economic interest groups called for the abrogation of EPTA. Even those who had advocated its introduction shifted positions. They used the statutory bodies, both IDAC and IDC, to push for its abolishment and sometimes also campaigned through their associations. The President of Salisbury Chamber of Commerce stated that 'I think the colony has been badly let down by the government in this matter of industrial development. I refer particularly to the urgent representations made by the IDAC and others regarding the detrimental effect the Excess Profits Tax was having upon development.'

His sentiments were echoed by the IDAC Chairman who stated that the EPT Act stifled the establishment of new industries on any large scale, was already retarding the development of existing and recently established industries, and was an inequitable form of taxation. He explained that industrialists were prepared to contribute in taxation to finance the successful prosecution of the colony’s war effort, but objected to the EPT in its obtaining inequitable form.

This objection was born out of the realisation that,

> young firms, which have had no time to establish themselves but are growing rapidly, feel the burden of the tax more heavily than old firms which have accumulated large capital reserves out of profits in the past, but may be now in a period of decline. Industry grows out of profits put back into the business ... Excess Profits Tax forbids this growth.

Critics of the EPT further noted that,

> a firm may have been established in the standard year, or just before, to exploit a new process or patent or may have put capital into a new development or may have taken over and reorganized a losing business. In such cases, it would deliberately face losses in the formative period in the expectation of compensation when the new development is established but Excess Profits Tax takes the whole of this anticipated compensation.

In short, industrialists pointed out that the EPT did not only severely cut into the industry’s ability to finance expansion of its operations, but also stifled reinvestments and improvements by eroding the sector’s earnings and capital. But even after the committee trenchantly illustrated its case, the

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105 NAZ S932/14, National Industries: Salisbury Chamber of Commerce: Presidential address at the 49th Annual General Meeting on 28 June 1943.
106 NAZ S915/40, Excess Profit Tax, 1944-1946, Memorandum to the Minister of Finance by IDAC, 23 December 1942.
107 Quoted in Ibid.
108 Ibid.
state maintained that it was not prepared to repeal the Act. Rather, it was prepared to consider exemptions. Industries were, therefore, expected to apply for exemption to the Treasury.

The basis for exemption was at the discretion of the state and was underpinned by what it termed ‘Industries of National Importance’. This created another point of collision with industrialists as the government had a limiting view to what it considered national importance. For instance, while dismissing an application from the clothing industry seeking relief from EPT, IDAC advisor, T. C. Lloyd, maintained that the sector was the least deserving in the colony. ‘Factories of this type are the poorest employers of European labour, use practically no raw materials of local origin, and enjoy a considerable turnover for the minimum investment of capital. These factories do not appear to me to compare with others which are engaged in essential war work’, he elaborated.109

Yet the Chamber of Industries considered all existing and potential secondary industry to be of national importance. Thus, for them, leaving it to the government to favour the establishment or development of the limited few industries considered to be of national importance would preclude the majority of industry from even starting. If permitted to even commence, their efforts would be abortive.

Conflicts between the state and industrialists over the EPT continued. After being denied relief from the tax, a company which considered itself a good candidate for relief, delivered a protest letter to the EPT Advisory Board, expressing that ‘this decision comes as a great surprise to us and is naturally very disappointing…we would not like to create the impression that we doubt the impartiality of the Advisory board.’110 A letter by the Secretary of Commerce and Industries to the Minister of Commerce also covered a number of such complaints and remonstrations from industrialists.111

The EPT produced tensions not only between government and organised industry but also within government. Exchanges between the Minister of Commerce and Minister of Finance demonstrate the displeasure at the Board's prejudices over secondary industry. In one such correspondence, the Minister of Commerce complained that established industries had not received relief for the year ending 31 March 1944 despite the government having adopted the principle of giving relief from Excess Profits Tax to secondary industry.112 He emphasized that no single case of relief had

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110 Ibid, quoted in a letter to Secretary of Department of Commerce and Industries by Rhodesian Plough and Machinery Co. Ltd., 5 July 1945.
111 See Ibid, Letter by the Secretary of Department of Commerce and Industries to the Minister, 27 August, 1945.
112 Ibid, Letter by Minister of Commerce to Finance Minister 3 September 1945.
been given to industries for that period. The Minister of Finance justified the Board’s decisions and dismissed the query.\footnote{Ibid, Finance Minister to Commerce and Industries Minister, 25 September 1945.}

The EPT Board’s attitude towards industry further bred conflicts within itself. The negative attitude led to the resignation of its advisor, D. Musgrave. In a letter to Minister Fereday, he stated that ‘I find, by experience, [that] I totally disagree with the Advisory Board on a matter of principle…in these circumstances, I should be allowed to withdraw from further association with that Board.’\footnote{Ibid, Letter by IDC Chairperson to Minister Fereday, 4 February 1946.} Musgrave believed that industry should be encouraged to consolidate its position. To ensure this, industries had to be allowed to reinvest profits failing which many would be forced to close down, or even liquidate, for lack of capital. The advisory board was, however opposed to this. Thus, his resignation was not surprising. Doubling as both EPT board advisor and the chairperson of the IDC, industrial interests were a priority to him. Any failure to prioritise them would trigger such action as happened. Overall, the foregoing EPT discussion is particularly important for two things. First, it demonstrated how economic interest groups worked together where their interests converged. Secondly, it demystifies the tendency to present state’s assistance as voluntary and readily rendered.

2. Protection

If the case of EPT showed the sometimes-cordial relations among the various economic interest groups, protection of industry demonstrates how fraught their relations could be. With expanded powers to coordinate industrial development, the IDC picked up on the need to protect secondary industry. Besides financing industries, industrialists and other state officials encouraged the government to simultaneously offer assistance through other forms. They suggested protection, manufacturing rebates, custom duties and tariffs, trade agreements as well as anti-dumping laws as plausible options that the government could pursue. This clamour for protection was not new, however. It started with the emergence of incipient factories in the 1890s, and was protracted through to the Great Depression and the two World Wars, but it intensified during the transition to post war years.\footnote{For early clamour for protection see Phimister, \textit{An Economic and Social History of Zimbabwe}, 239-246; and Murray, \textit{Governmental System in Southern Rhodesia}, 174.} The demand for protection became a crucial determinant shaping the interaction between industrialists, other economic interest groups and the state throughout the industrialisation of the country. Seeking protection, one company, Rhodesian Plough and Machinery Co. Ltd, petitioned the government that ‘protective tariffs similar to those in the Union of South Africa seem necessary to give effect to the Government’s intention to foster the
The Rhodesian Plough and Machinery Co.’s wording of the demand for protection is important for a number of reasons. First, it reveals the spectre of South African influence on the Southern Rhodesian economy. In almost all the cases for protection presented to the government, whether individually or through organised interests, there was always reference to developments in South Africa. Secondly, the case also shows the organisational status of industrialists. The fact that there existed the Associated Chambers of Industries of Rhodesia and yet industrialists approached the government individually reveals the organisational limitations of the Chamber at the time. The shortcoming was that the purported Chamber of Rhodesian Industries was virtually an organisation for Salisbury and Bulawayo based industrialists. There were yet to be any representative organisations in other towns such as Gwelo, Umtali, Gatooma or Que Que where industries were also emerging. The Rhodesian Chamber of Industries focused on interests of its members only, excluding non-member industrialists from elsewhere. While acknowledging this organisational limitation that, however, did not handicap much their lobbying. What they could not achieve individually or through the Chamber directly from government, industrialists turned to statutory boards of IDAC and later IDC. Statutory boards picked up industrialists’ plea and encouraged government to consider protecting industries, even temporarily.

Government had lukewarmly discussed IDAC’s advice earlier on. Enquiries about state assistance to secondary industry by potential investors laid bare the fact that there was ‘no specific instance on record where direct protection through Tariff has been accorded to a budding industry or to one already established.’ An attempt to assist industries through protective tariffs was frowned upon in some cabinet quarters. For instance, the Minister of Mines and Public Works expressed his reservations to the Premier, ‘I was always opposed to the Government’s policy of protecting industries by control, subsidies, tariffs and other similar forms’, he stated, adding ‘attempts have been made to afford protection through income tax. This should not be allowed in any circumstances.’ The Minister was even more blunt at another occasion when he noted that, the government has been undeservedly accused of opposition to the establishment of secondary industry. So far the majority of suggested industries

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118 NAZ S482/101/42, Secondary Industry: Letter to the Minister of Finance and Commerce by the Controller of Customs and Excise, 31 July 1941.
that have been submitted to the government may be described as bastard industries which are not worthy of the consideration of the government and if they are established the capital must be found by the public and the geographical protection which they will enjoy should suffice without protection through customs and the like.\textsuperscript{120}

He later grudgingly conceded that local industries might need some temporary protection in their teething days.\textsuperscript{121} For him, protection was against the spirit of the Atlantic Charter which promoted trade liberalisation. The Chamber of Industries disagreed with the Minister’s standpoint. The Atlantic Charter’s authors, it argued

ought to take note that its terms cannot be applied literally in all cases despite it being a wonderful conception...for all nations to open wide their doors to the produce of other nations and allow production only in those countries where such production can be effected most cheaply would lead perhaps to a greater disaster than even this last fearful war has proved.\textsuperscript{122}

As IDC replaced IDAC, it revived the push for protection. ‘Vigorous tariff protection [is] wanted if industry is to be substantially stimulated’, said G. Musgrave, Chairman of the IDC.\textsuperscript{123} Acting on the advice of the IDC, the Minister of Commerce and Industries suggested to the Premier that secondary industry be protected. He quoted from a South African Board of Trade and Industries Report, noting that:

[I]t is the considered opinion of the Board that if any branch of industry can be established on a sound economic basis with a reasonable measure of protection, such protection should be granted. To overcome initial obstacles the board feels that the protection granted should be high enough to be effective. Once the industry is established and has got over its teething troubles, the protection should be gradually reduced.\textsuperscript{124}

Most Rhodesian industrialists demanded and expected a similar attitude from their own government.

The government put up the question of protection for debate in the legislature in 1945. Eastwood, seconded by Davies, argued that using Customs tariff to protect secondary industry was undesirable because tariff protection was insidious to the economy. Instead, they proposed that

\textsuperscript{120} NAZ S915/304/174/1 Riscom – Memoranda and Reports, Letter to Honourable Minister of Co-ordination by Minister of Mines and Public works 27 September, 1941.
\textsuperscript{121} NAZ S482/101/42, Secondary Industry, Letter by the Minister of Mines and Public Works to the Prime Minister: Protection of Local Secondary industry, 2 December 1943.
\textsuperscript{122} Association Chambers of Industries of Rhodesia, Report of Proceedings for the Third Annual Meeting: Presidential Address by Stanley Cooke, 28 September 1944; and also the earlier Association of Chambers of Industries of Rhodesia, Report of Proceedings of the Second Annual Meeting: President’s Address by N.A Phillip, 24th August 1943.
\textsuperscript{123} Rhodesia Herald, 8 November 1945; and also NAZ S482/181/42, Industrial Development Advisory Committee: Industrial development in Southern Rhodesia: Report by the Technical Advisor, T. C. Lloyd to the IDAC, 1943.
\textsuperscript{124} NAZ S916/B20, Protection of Industry: Minister of Commerce and Industry, Mr Fereday to the Prime Minister, 1945.
financial assistance be conditionally granted to people involved in secondary industry on the basis that such recipients will,

submit to a full inspection of their accounts and satisfy the government that (i) the management is operating with efficiency and economy and (ii) that the net profit does not exceed ten per centum on the capital employed in the undertaking after normal allowance for the depreciation and reserves have been made.\(^{125}\)

Vernall spoke in favour of protection citing the comparison between Great Britain and America wherein the former temporarily took the free trade route after going off the gold standard in 1931 and the latter, Canada, South Africa and other European countries imposed trade tariffs and exchange controls.\(^{126}\) The United States, Vernall pointed out, grew her industries to the extent that she began exporting to Great Britain. This later forced Great Britain to protect. The overall point he made was that if Rhodesia were to industrialise, she needed some sort of protection. Vernall further argued that protection was needed because the Union merchants were dumping their jam with extras in order to entice Rhodesian merchants to buy their commodity.\(^{127}\)

Other interests from the private sector opposed protection. Addressing the Junior Chamber of Commerce in Bulawayo, Balfour Dugmore, the Bulawayo Chamber of Commerce advisor, showed he was still an ardent believer in primary industries and skeptical of secondary industry. He emphasized that the future of Southern Rhodesia did not lie in the establishment of isolated secondary industry, but in the wise exploitation of mining and agriculture. Even more, he deprecated the ‘present relish’ for protection and the ‘artificial stimulation of small factories which were glorified in the name of secondary industry.’\(^{128}\)

The discussion on protection became topical and heated so much that the IDC appointed a Commission of Enquiry into the Protection of Secondary Industry in Southern Rhodesia in 1945, under the chairmanship of W. Margolis.\(^{129}\) It published its findings in 1946. Two key recommendations made by the Commission are worth noting. First, it advised that ‘any assistance given to a particular industry in Southern Rhodesia must be judged in the light of its effects upon the cost structure of those industries producing for export, and cannot on economic grounds be

\(^{125}\) Legislative Assembly Debates, 4th July 1945, Col.2274.


\(^{127}\) Legislative Assembly Debates, 4 July 1945, Col. 2279.

\(^{128}\) Bulawayo Chronicle, 03 May 1946.

justified if it results in an increase in this cost structure . . . ."130 Secondly the Commission stated that,

the secondary industries of this colony must for the present be regarded as truly of secondary importance. Their ability to meet the needs of the consumer is restricted largely to consumers within Southern Rhodesia. They are thus dependent upon local consumers, and it would not be in their interests to accept assistance in any manner which might be calculated to be harmful to those very industries upon whom they are dependent for their market.131

It justified this position on the basis of the little contribution made by secondary industries to the country’s exports. The contribution of secondary industry to the exports of the country during the war had increased from 8,9% in 1938 to 14,9% in 1944.132 During the Commission’s data collection, the antagonistic views among the different interest groups once more became apparent.

Noted the Commission:

Whilst the primary industries were prepared to agree that the judicious development of secondary industries in Southern Rhodesia was important to the future welfare of Rhodesia; whilst they were prepared to admit that it might be advisable to protect certain infant industries for a limited period, whilst they agreed that protection against such practices as dumping was necessary, they were yet firm and unanimous in their opposition to any policy which would have the effect of permanently curtailing the economic development and expansion of the primary industries. In certain instances they went so far as to oppose any assistance being granted to secondary industries even if the effect upon the primary industries was of a guaranteed temporary nature. The representatives of the basic industries of Southern Rhodesia were fully alive to the significance of the costs of production as a limiting factor towards the expansion of export trade and they rightly emphasised not only the importance of export trade to the economy of this territory but also the fact that their industries were the mainstay of this export trade."133

Commerce also opposed protection of secondary industry. It feared protection would compromise its long established profitable trade. Some even refused to give evidence to the Commission while others concluded that ‘the commission intended on recommending the imposition of a general tariff on a higher scale, regardless of the interests of the import and of the Colony as a whole.”134 Trade and commerce had long profitably established themselves in the country. It was, therefore, unsurprising that they opposed the whole idea of promoting local industries through protection.

Taking due cognisance of all evidence, the Commission recommended that,

in considering forms of assistance to be applied to any particular branch of industry, account must be taken of the effect of such action upon the costs

130 Ibid, 10.
131 Ibid, 12.
132 Ibid.
133 Ibid, 25.
134 Bulawayo Chronicle, 05 July 1946.
production of the remaining branches of industry and that for economic reasons no such action should be taken if the effects upon these costs of production is likely to be of a permanent nature.\textsuperscript{135}

It further advised that ‘having regard to the magnitude of the cost to the consumer of Southern Rhodesia, the government should not for economic reasons embark upon a policy of protecting the local industrialist against external competition purely on the grounds that such a policy would engender certain forms of productive activity in Southern Rhodesia.’\textsuperscript{136} It also recommended that controlled assistance and protective duties be granted to given industries for a given period, provided that consumers were safeguarded by granting such aids only to industries which were competitive.\textsuperscript{137}

To implement this recommendation, the Commission suggested appointing a Tariff Advisory Committee (TAC). Consequently, the government set up TAC under the chairmanship of Secretary of the Department of Commerce and Industries in 1947. TAC’s mandate was to receive and investigate all applications for assistance to secondary industry of whatever nature and recommend to the Minister of Commerce and Industries the extent, if any, to which such assistance should be granted.\textsuperscript{138} Further, TAC would also recommend to the Minister those commodities for which suspended duties were to be incorporated in the customs tariff of Southern Rhodesia. Granting of rebates of duty, review of trade relationships with other countries especially the proposed Customs Union Agreement with South Africa were also to be the responsibility of the tariff committee. Despite all these concessions, industrialists persisted without a full and definitive protectionist policy. The Commission’s recommendations still reflected the general belief in primary export industries. To a certain extent, it was also reflective of the influence that interest groups in mining and commerce still had in policy decisions. More tellingly, the adoption of the Margolis Report marked a retreat by the state from the war time policy and controls.

Following on from the Margolis Report, in 1947 the government appointed yet another commission, the Development Coordinating Commission (DCC). Chaired by Sir Miles Thomas, a British businessman in the motor industry, member of British Advisory Panel on Tank Production and a later Chairperson of British Overseas Airways Corporation, the Commission was tasked to study and advice on methods and priorities necessary:

To ensure the most rapid development of the colony on sound lines, to effect a rapid increase in European population, to make the best use of water resources both for irrigation and hydro-electric purpose and to expand production and

\textsuperscript{135} Margolis Report, 37.
\textsuperscript{136} Ibid, 49.
\textsuperscript{137} Ibid, 49-58.
\textsuperscript{138} Ibid, 59-60.
export trade by scientific development of large deposits of coal, iron ore, asbestos and other raw products.139

It published yearly reports between 1947 and 1949. The Commission was advisory and non-executive. The implication of this was that its recommendations and advice were not binding. The Committee assessed the colony’s economic development priorities and recommended that immediate and urgent necessities were,

improved rail and port facilities in order to: accelerate coal, chrome and copper traffic. This means more housing accommodation for communications personnel, which calls for cement, bricks and water-piping. These are key essentials. Increased emphasis on beef raising is urgent, demanding water conservation schemes, large and small, and more bashed wire for fencing.140

‘A Central Economic Committee to focus and integrate projects in the Colony and relate them to activities in other Central African territories is urgently needed’, recommended the Commission and further added ‘improved Commercial contacts with British firms through London are essential.’141

Other short-term priorities included,

Continued progress with Kariba hydro-electric generating scheme, establish experimental agricultural plots in the Sabi Valley, quadruple iron and steel production capacity at Que Que, increase capacity at Gatooma to 100,000 spindles and coordinate native cotton growing with animal husbandry, extend subsidy on gold mining, introduce coordination of road and rail freight capacities.142

Worth mentioning is that the DCC encouraged development of secondary industries, especially textiles and cotton piece goods sector and iron and steel production. Despite the non-binding nature of its recommendations, the Southern Rhodesian government took the Commission’s advice to promote secondary industry. This decision exposed the inconsistencies in government’s policy towards the development of secondary industry, if judged against its decision to accept the Margolis Commission’s recommendations the previous year.

Factors of Production and Secondary Industry

The previous discussion focused on the shifting government attitude towards secondary industrial development. At the same time, industrialists demanded government to intervene by granting protection which had resulted in the setting up of the Margolis Commission to look into the matter. While overall that Commission advised against protection, it, however, noted other critical

139 NAZ S110, Southern Rhodesia, Development Coordinating Commission, First Interim Report to the Prime Minister of Southern Rhodesia, March 1948.
140 Ibid.
141 Ibid.
142 Ibid.
factors that the government could assist with for the development of secondary industry. ‘Development along sound economic lines’, noted the Commission, ‘can ultimately only be obtained by ensuring that the supply of labour, capital and raw materials are being made available to the industrialists in the most efficient manner.’\footnote{Margolis Report, 46.} It is to these factors that the following discussion turn.

The Committee enquired about the sources of capital. The response was that additional capital could be obtained in Rhodesia. While indeed some capital could be obtained internally, this was by no means sufficient to meet the total future requirements of the territory. Besides, much of this capital went into a small number of big concerns.\footnote{For a detailed discussion on capital flows into the manufacturing sector, see Gwande, ‘Foreign Capital, State and the Development of Secondary Industry in Southern Rhodesia’; and Clarke, \textit{Foreign Companies and International Investment in Zimbabwe}. For a general discussion see Stoneman, ‘Foreign capital and the reconstruction of Zimbabwe’; and ‘Foreign Capital and the Prospects for Zimbabwe’.
} The option was therefore to look up to outside sources for additional capital needs to finance smaller firms. To attract such capital, some form of inducements were necessary if local industrialists were to cope with competition from other countries backed with big financial investment in their industries. One such way was taxation policy. In this regard, the recommendation was a substantial reduction in income and corporate tax and to assure that such reduction was long term.\footnote{NAZ S2538/180/57, Investment of Foreign Capital in Southern Rhodesia and the colonies, 1950.} This suggestion was only implemented vigorously from 1949 onwards as shall be discussed in the following chapter.

Another factor against industrial expansion was the limited market. Danziger, farmers and miners deployed the limited market argument as a strong justification for the protracted reluctance to promote industries. All the previous reports discussed earlier raised this point.\footnote{See Danziger Report 1934; Economic Development Committee 1939; Commission of Inquiry into Protection of Secondary Industry; and Tow, ‘The Manufacturing Economy of Southern Rhodesia’, 232-249.
} Even industrialists conceded this reality. The internal market could be expanded through increasing the white population via immigration or by paying Africans living wages. As one industrialist highlighted, ‘any prospects of the expansion of industry hinged on making Southern Rhodesia a permanent European settlement and the key to that was immigration.’\footnote{Industrial Rhodesia: A Record of Industrial Development, 17.
} This was proved when the siting of the Empire Air Training Scheme greatly expanded the domestic market. The scheme brought into the country more than 10,000 soldiers who expanded local market and increased
demand for local manufactures.\textsuperscript{148} It also brought men into the colony who had industry-specific knowledge scarcely available in the country.\textsuperscript{149}

At the same time, immigration would aid the cause of creating a white man’s country. ‘We must strongly support our government in its consideration of a large immigration scheme’, urged the Chamber of Industries President in 1944.\textsuperscript{150} He emphasised that his Chamber expected skilled and capitalised immigrants who would contribute to industrial development as either artisans or investors. Another caveat to immigration was that the government had to most seriously consider maintaining a reasonable majority of British subjects entering into the Colony.\textsuperscript{151} In this regard, industrialists’ interests converged with political interests. Thus, immigration and industrialization were mutual partners and tools for achieving a grand political project.

The other option to deal with the market problem was to allow the advancement of Africans and increasing their purchasing power. According to the Minister of Finance, ‘an important factor in our future progress is an increase in the spending capacity of the non-Europeans. This is the best way in which to enlarge and establish our internal market.’\textsuperscript{152} He further urged skills capacitation for the unskilled, both Europeans and Africans arguing that ‘unless and until we concentrate on these, we stand no chance of becoming industrialised.’\textsuperscript{153} Industrialists were the loudest in calling for African advancement. This matter had topped the agenda of the Chamber of Industries’ congresses since 1942. Some had even advocated that Africans should at least have the right to manufacture some of their own requirements.\textsuperscript{154} In 1944, the Associated Chambers President suggested that,

one thing that industry must provide for and that is reasonable and gradual is the advancement of the native and the provision of employment at such remuneration that will allow the progressive native to live, feed and house himself suitably. We might again observe that such a provision would soon provide its own reward for industry and commerce, as every native with money in his pocket spends a good portion of that money in the purchase of the extra amenities of


\textsuperscript{149} NAZ S482/181/42, Industrial Development in Southern Rhodesia, Report by T.C. Lloyd, IDAC Technical Advisor, January 1943.

\textsuperscript{150} Association of Chambers of Industries of Rhodesia, Report of Proceedings for the Third Annual Meeting, Presidential Address by Mr Stanley Cooke, 28 September 1944.

\textsuperscript{151} Ibid.

\textsuperscript{152} NAZ S916/B20, Protection of Industry: Minister of Commerce and Industry, Minister Fereday to the Prime Minister, 1945.

\textsuperscript{153} Ibid.

\textsuperscript{154} Association of Chambers of Industries of Rhodesia, Report of Proceedings of the Second Annual Meeting: President’s Address by Mr N A Phillip, 24th August 1943.
life and thus offers to industry the possibility of a great expansion of their markets and for commerce a market for their import goods.155

By 1946, industrialists were in favour of greater African urbanisation. Making Africans permanent urban dwellers, working in industries for survival would, in the long term, address the challenge of productivity, efficiency and security of labour. A. W. Sturgess, the President of the Association of Chamber of Industries of Rhodesia, argued that,

it must be admitted that migratory labour is most wasteful. A settled indigenous labour force is the answer. It has been proved that natives who are permanently resident with their families where they become regular workers seldom change their employers and consequently do become efficient workers.156

These remarks were by no means novel. In 1943 Prime Minister Godfrey Huggins had remarked that ‘if whites in Bulawayo wanted black labour then they must accept a permanent black working class and African families living in these [urban] townships.’157 However, Macintyre an industrialist and official of the Bulawayo Municipality opposed the idea. For him, ‘the best native is the native who comes in for twelve months and goes away and his place is taken by another native.’158

In 1946 industrialists revived the idea creating a permanently urbanized African. ACIR suggested a cohort of measures, namely,

increased mechanisation, better supervision and instruction of native labour, the ruthless elimination of loafers and untrainable whose continued employment tends to drag down the output of better workers, attractive conditions of service in regard to food, accommodation and general treatment, provision of accommodation enabling those natives who wish to do so, to bring their wives with them; and the complete registration and classification of native labour seeking work and through the employment bureau, the diversion of natives into regular channels of employment.159

The Chamber also urged the establishment of an employment bureau by municipalities using the provisions of Section 55, Part 11, of the Natives (Urban Areas) Accommodation and Registration Act (1946) (NUARA).160 Such a bureau was seen to be handy in keeping a full record of an employee. Under this system, an employer who discharged a worker would state the reason and

156 Report of the Second Annual Congress of the Association of Chamber of Industries of Rhodesia: Presidential Address, 8 October 1946.
158 NAZ S1906/1, Evidence to the Howman Commission, 26 November 1943.
159 Report of the Second Annual Congress of the Association of Chamber of Industries of Rhodesia: Presidential Address, 8 October 1946.
160 For detailed discussion, see E. Chipembere, ‘Colonial Policy and Africans in Urban Areas, with Special Focus on Housing, Salisbury, 1939-1964’, (MPhil, University of Zimbabwe, 2006).
the bureau would record that reason. The moral effect would, so they reasoned, deter Africans from flitting from one employer to another. Consequently, a Native Labour Advisory Board was formed in 1947.\textsuperscript{161} The Chamber also supported the idea of a pension and savings scheme for Africans. This was an imperative since ‘secondary industry employed a large number of natives.’\textsuperscript{162} A sub-committee chaired by the President of Salisbury Chamber of Industries was set up to find methods of encouraging and helping Africans to save money.

The development of secondary industry forced a shift in the socio-economic order that the state and politicians hoped to achieve in Southern Rhodesia. Two Acts that is, the Land Apportionment Act (LAA [1930]) and the Industrial Conciliation Act (ICA [1934]) had defined the socio-economic order in the country. The ICA was enacted in 1934 and later amended in 1937. Part of its objectives was to prevent Africans from competing with whites for skilled jobs in secondary industry. The Act, hence, did not recognise Africans as employees by definition. In the event that Africans were employed, they did not enjoy rights accorded to employees because the Act excluded them. The LAA, the magna carter of white rule in Southern Rhodesia, demarcated land ownership along racial lines. It became the cornerstone of African policy, in which Africans had to develop separately from Europeans, thereby reducing competition between the two races. According to L. Gann and M. Gelfand, ‘land legislation [LAA] in many ways sprang from fear. European farmers looked askance at native neighbours, the smaller white maize growers dreaded competition from both Africans…and bigger white producers…Europeans felt scared of being ‘swamped’ by black men.’\textsuperscript{163} Industrial expansion and its attendant African urbanization necessitated a shift from this status quo. In urban areas, ‘various employers housed African Workers on their stands.’\textsuperscript{164} This created animosity between industrialists, the central government and urban municipalities.\textsuperscript{165} Housing African workers on industrial sites flew in the face of the LAA, which required blacks to stay in African townships.

The effect of industrial development on Africans affected the interests of white labour, miners and farmers and politicians in general. Industrial work demanded skilled labour. This was in short supply in Southern Rhodesia. The alternative was therefore to upgrade African workers skills. Commenting on the impact of foreign capital and industrialisation on the socio-economic order,

\textsuperscript{161} Bulawayo Chronicle, 23 August 1946; and also T. Scannarhia, The Urban Roots of Democracy and Political Violence in Zimbabwe: Harare and Highfield, 1940-1964 (Rochester: University of Rochester Press, 2008), 34-39.

\textsuperscript{162} Rhodesia Herald, 19 July 1946.

\textsuperscript{163} Gann and Gelfand, Huggins of Rhodesia, 80.

\textsuperscript{164} Ranger, Bulawayo Burning, 107.

\textsuperscript{165} Chapter 3 in Ranger’s Bulawayo Burning clearly articulates the contradictions and conflicts that emerged between the central government, City Councils and businessmen, as a result of industrial expansion and African urbanisation. Although these conflicts were occurring in 1930s, they continued well into the 1960s.
C. Baylies noted that as ‘foreign capital later moved into manufacturing where market conditions were favourable – implying promotion of industrialisation – its interests then became compatible with upgrading the skills of the workforce.’ One way of achieving this was through the advancement of Africans, offering improved education and training in order to create a semi-skilled, if not skilled, labour force that nevertheless remained less expensive than white labour. In time, industrialists found support in Huggins, who in the post-war years, conveniently agreed to African advancement. In fact, in 1944, Huggins pushed for legislation to ‘compel local authorities to set aside Native Urban Areas as originally envisaged under the Land Apportionment Act.’

For farmers and miners, industrialisation, so they argued, would result in labour shortages for their industries. Skilled African labour, would now become costly for farmers and miners who, for long, relied on the so-called cheap African labour. To secure and satisfy their labour needs, the Chamber of Industries engaged Nyasaland migrant labour. Nyasas became preferable because ‘the native population generally in Nyasaland is exceptionally well-educated, the proportion of natives with literary and industrial training being well-above that of the neighbouring territories.’ The Nyasa were employed on particular terms. It was Nyasaland’s government preferred policy that after two years every Nyasa would have to return home, unless he brought his family to Southern Rhodesia. Additionally, it was compulsory for an employer to deduct five shillings from a Nyasa’s monthly wage and send it to Nyasaland, or use the deferred payment system. It should be noted, however, that this system also occurred in farms and mines.

African urbanisation had its own problems. The high number of Africans entering towns seeking employment placed a huge demand on amenities, from housing to various social facilities. Housing facilities were already stretched due to high post war immigration and the return of Rhodesian ex-service men. To address housing shortages among Europeans, the Rhodesian

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167 Gann and Gelfand, Huggins of Rhodesia, 172-179.
168 Ibid, 177; See also Phimister, An Economic and Social History, 274.
170 Daimon, ‘‘Mabhurandaya’: The Malawian Diaspora in Zimbabwe: 1895 to 2008’ (PhD, University of the Free State, 2015), 74-79.
171 Ibid.
172 For detailed discussion of urban problems, see Phimister, An Economic and Social History of Zimbabwe, 258-266; and Raftopoulos and T. Yoshikuni, (eds.), Sites of Struggle.
government established a National Building and Housing Board in 1945. African urban housing remained the responsibility of local government. Urban municipalities bickered with industrialists regarding this. Municipalities argued that it was the responsibility of industrialists to house their workers. Conversely, industrialists argued that municipalities had inherent jurisdiction over urban governance and therefore had the mandate to provide accommodation to urban residents regardless of who employed them. They cited in their argument, the provisions of the NUARA. Some industrialists, for example, the National Federation of Building Trade Employers argued that if local authorities could not provide accommodation, at least they ‘should allow industrialists to house natives on their industrial sites.’ For these industrialists, such an arrangement would reduce transport costs on their part and at the same time lower government costs of housing Africans working in industry.

However, African urbanisation offered another important advantage to industrialists. One of the advantages was that it allowed for the deepening of the consumer market for secondary industries. This was achieved through increasing the spending capacity of non-Europeans by the absorption of Africans into the more rewarding manufacturing sector as permanent employees rather than as casual and migratory workers. Permanent industrial employees became permanent urban residents who looked to the products of secondary industries for their daily livelihoods. Indeed, African wage employment significantly increased from 254,000 in 1936 to 377,000 in 1946. Of these workers, 31,401 (31,236 males plus 165 females) were employed in secondary industry in 1946. More importantly, the value of wages paid to all employed workers in the manufacturing sector increased from £3,341 million in 1946 to £13,022 million in 1953. The ever-increasing number of Africans employed in semi-skilled work in secondary industry translated into increased purchasing power and demand for manufactured products for this section of the population. This in turn offered further investment possibilities to industries catering for these demands.

As African urbanisation deepened an internal market for secondary industries, another way to deal with a limited market was to widen it. A closer association of Central African territories and

174 Ibid; see also B. Ngwenya, ‘Unmet expectations: The National Building and Housing Board (N.B.H.B) of Southern Rhodesia and the provision of houses for Europeans 1946-1953’ (BA, Economic History Department, University of Zimbabwe, 2005).
175 Gann and Gelfand, Huggins of Rhodesia, 179.
176 See Chipembere, ‘Colonial Policy and Africans in Urban Areas’, Rhodesian Recorder, September 1952. This was a long standing debate between the Central Government and Municipalities beginning in the 1930s; see Ranger, Bulawayo Burning, 112-117.
177 Rhodesian Recorder, September 1952.
178 Ibid.
180 Thompson and Woodruff, Economic Development in Rhodesia and Nyasaland, 65.
renegotiations of trade relations and agreements could widen the market. The Chamber of
Industries raised these ideas and coincided with other political desires within the territory. For
instance in 1941, Huggins called for closer association with Northern Rhodesia.\footnote{Gann and Gelfand, Huggins of Rhodesia, 170, 208-215.} The Chamber of Industries urged both its members and government to hasten amalgamation with Northern
Rhodesia and Nyasaland.\footnote{Association of Chambers of Industries of Rhodesia: Report of Proceedings for the Third Annual Meeting, Presidential
Address by Mr Stanley Cooke, 28 September 1944.} Because the two territories enjoyed free trade with the Belgian Congo because of the Congo Basin Treaty, the Chamber suggested that this must now be dispensed with.
In its place, the Chamber argued,

we invite our neighbours, the Belgian Congo, Portuguese East and West Africa
to join with us in an industrial and commercial federation of central African
states to give us all the benefits of each other’s productions and industries and
to help in the development of Central Africa as a whole.\footnote{Ibid.}

Should this be achieved, the federation would be extended eastwards to include Tanganyika, Kenya
and Uganda. Such a federation, so they hoped, would strengthen their bargaining position should
they eventually decide to include South Africa.\footnote{Ibid.} With the enormously expanded market from the
envisaged federation, Southern Rhodesia could become a veritable hive of industry. In addition,
other territories could benefit equally by the purchase by Southern Rhodesia of their raw material
and the products of their particular industries. Industrialists found support from the Minister of
Commerce and Industries particularly on their idea to invite a commercial and industrial delegation
from the Belgian Congo to Southern Rhodesia in 1944.\footnote{Ibid.}

Other members of the Chamber of Industries resented the prospect of South Africa being
considered for the envisaged industrial and commercial federation. They warned that it would be
disastrous for Southern Rhodesia if a union with South Africa were consummated. The fear was
that closer association would come with removal of all customs barriers and that would spell
collapse of Rhodesian industries. Once barriers were removed, they maintained, ‘the Union will
most certainly and gladly look to Rhodesia as her market.’\footnote{Ibid.} Statements of intent to that effect by
many of the South African leaders were quoted. A South African representative confirmed at a
Labour Congress in Bulawayo that South Africa would need markets in Africa. This was likely
because he doubted if the push for an increase in the purchasing power of Africans in the Union

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181 Gann and Gelfand, Huggins of Rhodesia, 170, 208-215.
182 Association of Chambers of Industries of Rhodesia: Report of Proceedings for the Third Annual Meeting, Presidential
Address by Mr Stanley Cooke, 28 September 1944.
183 Ibid.
184 Ibid.
185 Ibid.
186 Ibid.
\end{flushleft}
would be sufficient to enable them to absorb the industrial output.\textsuperscript{187} Therefore, South Africa would inevitably look to Rhodesia for her markets.

The South African representative further bragged that because the Union was the most developed country in Africa it was ‘obviously’ the industrial hub. Precisely for that reason, Central Africa in general and Southern Rhodesia in particular had to concentrate on agriculture and rely on the Union for manufactured goods. This thinking incensed Rhodesian industrialists and subsequently fed into and poisoned the future customs union negotiations between the two countries. For Rhodesians, such a trajectory meant the reversion of the colony to a ‘real back-veld area’.\textsuperscript{188} Other industrialists hated the fact that South Africa had a protectionist policy and was not prepared to change from that position. South Africa’s Minister of Industry even repeated that it was his most definite intention to protect their industries.\textsuperscript{189}

The 1948 Customs Union (Interim) Agreement

Against the South African government’s pronouncement above, the other matter that influenced relations between industrialists and the state was the approach that the Rhodesian government took in the negotiations for the Customs Union Agreement with South Africa. The Customs Union was meant to deal with the problem of a limited market and to foster industrial development in Southern Rhodesia. Industrialists were, therefore, an interested party in the negotiations but the government excluded them. South Africa and Southern Rhodesia had long-standing relations. Between 1910 and 1935, the two neighbours maintained a Customs Union in which for the most part, trade relations hinged on a common tariff and some free interchange of products.\textsuperscript{190} The first departure of importance from this principle of free trade occurred in 1924 when the two governments agreed that the importation of beef, cattle and tobacco into the Union from Southern Rhodesia should be rectified in order to protect the interests of the Union producers of these products. Although the restriction was applied reciprocally, its main operation was in favour of Union producers.\textsuperscript{191} A new agreement was concluded in 1930. The main provisions of this new agreement were that,

\begin{itemize}
\item each party was free to frame and amend its own customs tariff, either party was liable for specified percentage payments to the other party on removal of its manufactures to the territory of the other party, duty at Union rates was
\end{itemize}

\textsuperscript{187} Ibid.
\textsuperscript{188} Ibid.
\textsuperscript{190} NASA HEN Vol. No. 3896 Ref 710, ‘Trade Relations between the Union of South Africa and Southern Rhodesia, 1950; See also Cole, ‘The Tariff Policy of Southern Rhodesia’.
\textsuperscript{191} NASA HEN Vol. No. 3896 Ref 710, ‘Trade Relations between the Union of South Africa and Southern Rhodesia, 1950.”
payable by the one party to the other on removal of imported goods to the
territory of the other party, etc.\textsuperscript{192}

By 1933, Southern Rhodesia felt disadvantaged under the 1930 Agreement and contended that the
balance of trade favoured the Union. The main complaint concerned the restrictions on cattle and
tobacco. Moreover, pressure was brought to bear on the Southern Rhodesia Government to limit
duty free competition from the Union and there by promote the development of secondary
industry in the country.\textsuperscript{193} Industrialists in both countries demanded that local industries should
receive adequate protection.

Meanwhile, Union primary producers who were reeling under the Great Depression increasingly
opposed the free trade principle embodied in existing customs agreement. Producers, particularly
of livestock and tobacco, were antagonistic to the duty-free entry of Rhodesian products.\textsuperscript{194} Against
this background, the 1930 agreement was abandoned and replaced with the new 1935 Trade
Agreement. This new agreement provided for the importation into South Africa of Southern
Rhodesia leaf tobacco under a quota (2, 400,000 lbs), free interchange of specified animal, pastoral
and agricultural products as well as the prohibition of the importation into either country of wheat,
wheat flour, meal and bran, potatoes, maize and maize products, vegetable oils, eggs, butter,
cheese, lime and limestone, except under permit.\textsuperscript{195} In such a case, these were duty free. As industry
developed in Southern Rhodesia, this agreement too, was seen as unsatisfactory, especially from
Southern Rhodesia’s perspective.

The 1935 South African-Southern Rhodesia agreement was seen as more preferential than a
customs union.\textsuperscript{196} Therefore, the two countries needed to adjust the existing agreement so that it
aligned with the proposals being made at international level, that is, free trade.\textsuperscript{197} In the meantime,
various Rhodesian economic interest groups expressed disapproval of the existing trade agreement
with South Africa.\textsuperscript{198} In 1945, the Southern Rhodesian Department of Commerce and Industries
sent out a questionnaire to industrialists regarding the desirability of revising the Trade Agreement

\textsuperscript{192} NASA HEN Vol. No. 3895 Ref S710 vol.6, Memorandum on Union and Southern Rhodesia Trade Relations, no.
date.
\textsuperscript{193} Ibid; see also NAZ S679/14/4, Salisbury Chamber of Industries: Memorandum on Customs Agreement between
Southern Rhodesia and the Union of South Africa as concerns Secondary Industries in Southern Rhodesia, 9
November 1933.
\textsuperscript{194} NASA HEN Vol. No. 3895 Ref S710 vol.6, Memorandum on Union and Southern Rhodesia Trade Relations, no.
date.
\textsuperscript{195} Ibid.
\textsuperscript{196} NASA HEN Vol. no. 3895 Ref S710 vol.6, Notes of a meeting of the External Trade Relations Committee held
on 16 July, 1946.
\textsuperscript{197} Ibid.
\textsuperscript{198} Disapproval of trade relations were expressed during data collection by the \textit{Commission of Enquiry into the Protection of
with South Africa. A summary of industrialists’ responses to the questionnaire compiled by the IDC showed that ‘most of the replies emphasise[d] some disadvantage under which the industry suffers when competing with the Union manufacturers…the present tariff agreement with the Union is inequitable as far as Rhodesian manufactures are concerned.'

At the same time, the United States was pushing free world trade in the post war period. It encouraged customs union in place of Custom tariffs and preferential trade relations. In line with this, it called for an international trade conference to deal with these aspects. Faced with the dual necessity of aligning future relations to the American proposals and the need to meet Rhodesian demands, in 1946, the Union government approached the Southern Rhodesia government to discuss the possibility of a new Customs Union. Preliminary talks were held at a governmental level in October of the same year. During the protracted negotiations, Rhodesians skepticism over its powerful neighbor was laid bare. Southern Rhodesia pointed out that inside the country, the Union was regarded as serious threat in the industrial sphere, thus, the re-establishment of a Customs Union and the resultant free entry of Union manufactures would hamper her [Southern Rhodesia] own industrial development. Furthermore, the Rhodesian delegation highlighted that Rhodesia was developing along the similar path to the Union and sought to achieve a balanced economy which would, in effect, lessen her dependence on the Union. She was also still committed to imperial preference wherein she wished to retain her trade relations with the United Kingdom and other Dominions. The prospects of securing these alternative markets reduced the attractiveness of the market offered by the Union.

Presented with these scenarios, the Union needed to adduce strong arguments why it was beneficial for Southern Rhodesia to consider a Customs Union. The Union government thus argued that ‘with a comparatively small European population, the Rhodesian market was too small to allow either the external or internal economies of large scale production to be utilized. A Customs Union would offer a large market which in turn would reduce this disadvantage.' Closely related to this was the possibility of expanded industrial production, which would give encouragement to European immigration into Southern Rhodesia. Interesting to note is that where Southern Rhodesia had presented a couple of reasons why it was skeptical of another Customs Union, South

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199 NASA HEN Vol. no. 3895 Ref S710 vol.6, IDC’s T.C. Lloyd comments on Questionnaire to Industries submitted to the Department of Commerce and Industries, 20 August 1945; and also NASA HEN Vol. no. 3895 Ref S710 vol.6, A Survey of the Trade Agreement with the Union by T.C. Lloyd, 4 April 1945.

200 NASA HEN Vol. no. 3895 Ref S710 vol.6, Agreed Summary of the discussions between officials of the governments of Southern Rhodesia and the Union of South Africa, 2-4 October 1946.

201 Ibid.
Africa presented nine reasons why Southern Rhodesia needed to join the Customs Union. Seen as desperation by South Africa to have a market north of Limpopo, Southern Rhodesia took advantage and gained a bargaining position. For example, Southern Rhodesia demanded that South Africa "undertakes to give all possible assistance...in accelerating industrialisation." It further demanded that a classification be made on industries which will be normally distributed throughout both territories, industries which could advantageously be established in one territory only with a view to supplying the whole of Southern Africa market and ascertaining the degree of protection which would be required by Southern Rhodesia industry during the transitional period against the older established Union industries. The Union stood its ground though.

Against these Rhodesian demands, the Union proposed that the Customs Union should allow for the 'produce or manufacture of either territory to be admitted free of customs duties and free of restrictions as to quality and quantity, subject to modifications as may be agreed by both parties.' Both parties, however, compromised and agreed that 'in order to promote conditions which will enable a full Customs Union to be attained, the Union government will co-operate with the government of Southern Rhodesia in a policy of fostering industrial expansion in Southern Rhodesia on sound economic lines.' This clause became Article 4 of the eventual agreement. Further consultations ultimately led to the signing of the Customs Union (Interim) Agreement in 1948, the main purpose of which was set out in the preamble as,

... to achieve complete removal of all customs and other trade barriers between the two countries, to re-establish a full and complete Customs Union and to extend such Customs Union to other African States or territories by subsequent agreement with them as a means of contributing to the establishment and maintenance of a high level of production, employment and real income throughout the world and in particular in the territories party to this Agreement.

This preamble was a regurgitation of the principles adopted by the International Trade Organisation Committee, the precursor to GATT. Because South Africa and Southern Rhodesia were signatories to the GATT, they were obliged to assure the other contracting parties that the Customs Union was not a disguised perpetuation of preferential arrangements between them.

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202 Ibid.
203 NASA HEN Vol. No. 3902 Ref 710/1, Meeting of the Sub-Committee on Policy held 21 January, 1947.
204 Ibid.
205 Ibid.
206 NASA HEN Vol. No. 3910 Ref 710/1/1, Minutes of the First meeting of the Union-Southern Rhodesian Committee to carry out the terms of the clause 3 of the Draft Customs Agreement with Southern Rhodesia held at Pretoria on 12 to 13 May 1947.
207 Union of South Africa, Government Gazette, Notice No.4059, Customs Union (Interim) Agreement between the governments of the Union of South Africa and Southern Rhodesia, 18 November, 1948.
Adopting the GATT preamble into the Agreement was therefore a way to gain international acceptability and permission to operate the Customs Union. The Agreement was submitted to the GATT Assembly for ascent in 1949, and indeed it was approved.\(^{208}\) The Agreement was an interim intended to last 5 years. Among the provisions of the Agreement were that the Union would grant products of Southern Rhodesian origin liberal access to the South African market while allowing Southern Rhodesia to retain protective duties in respect of 70 specified Union-made products.\(^{209}\) Articles 9 to 12 provided for negotiations on free and restricted entry of goods not specified under Article 6 and 7 into each other’s territory. Noteworthy is the sustained South African influence in the Rhodesian economy. The eventual agreement showed how much Southern Rhodesia depended on South Africa despite both its professed desire for Imperial Preference and skepticism of the Union. Indeed, South Africa acknowledged Southern Rhodesia’s desire to protect and grow her industries. Thus, she made quite a number of concessions to her weaker neighbour. More importantly, throughout negotiations for this Agreement, industrialists in Southern Rhodesia were not consulted yet the Customs Union was in part meant to foster industrial development for the colony. Industrialists were incensed by their exclusion from the negotiations so much that they never wholly accepted the Agreement. Industrialists’ ill feelings will be discussed in the next chapter.

**The State of Secondary Industry between 1939 and 1948**

Overall, the numerous interactions, concessions, denials, conflicts and sometimes collaborations and corporation between and among the economic interest groups and the state shaped and determined the pace and structure of secondary industrialization that emerged during this period. Staggering on with minimal state assistance be it financial or protection, secondary industry grew in number and value.\(^{210}\) By 1948, Southern Rhodesia boasted a diversified industrial sector. The major subsectors were food and beverages, tobacco manufactures, textile and clothing, wood, furniture and fixtures, chemicals and chemical products, rubber, paper, printing and publishing, metal manufacturing industries. Of these food and beverages, textiles and clothing and metal manufactures were the biggest contributors to the gross domestic product.\(^{211}\) These were all basic industries key for further industrialisation. Table 2.2 below shows the size of secondary industry by 1948.

\(^{209}\) *Government Gazette*, Notice No.4059, Customs Union (Interim) Agreement, Articles 6 and 7.
\(^{210}\) See Southern Rhodesia, *Census of Industrial Production, 1938-1948*.
Table 2.2: Secondary Industry expansion in numbers and value, 1938-1948

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of establishments</th>
<th>Labour Employed</th>
<th>Gross output (£'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>299</td>
<td>17,554</td>
<td>5,107</td>
</tr>
<tr>
<td>1939</td>
<td>294</td>
<td>17,865</td>
<td>5,434</td>
</tr>
<tr>
<td>1940</td>
<td>295</td>
<td>20,659</td>
<td>6,297</td>
</tr>
<tr>
<td>1941</td>
<td>303</td>
<td>22,334</td>
<td>7,307</td>
</tr>
<tr>
<td>1942</td>
<td>296</td>
<td>24,341</td>
<td>8,371</td>
</tr>
<tr>
<td>1943</td>
<td>327</td>
<td>26,053</td>
<td>9,458</td>
</tr>
<tr>
<td>1944</td>
<td>331</td>
<td>28,668</td>
<td>11,230</td>
</tr>
<tr>
<td>1945</td>
<td>382</td>
<td>34,510</td>
<td>14,062</td>
</tr>
<tr>
<td>1946</td>
<td>435</td>
<td>39,958</td>
<td>17,264</td>
</tr>
<tr>
<td>1947</td>
<td>430</td>
<td>40,684</td>
<td>21,058</td>
</tr>
<tr>
<td>1948</td>
<td>473</td>
<td>47,848</td>
<td>25,858</td>
</tr>
</tbody>
</table>

*Source: Census of Industrial Production, 1938-1962*

The 1948 Customs Agreement stimulated the clothing and textile industry’s export market. Since the Agreement only came into operation in 1949, more details and statistical evidence on its impact will be dealt with in the succeeding chapter. Nevertheless a pointer is necessary here. The Union imported only £65,609 worth of textiles and clothing in 1948 but by the end of 1949, the figure had increased to £988,954. Other exogenous factors eased the market problem. In the post-war period, Britain faced a dollar shortage. It faced a deficit in American currency needed to import goods. As a measure to preserve the dollar reserves it had, Britain looked to its empire for resources. The new inward looking policy by Britain was a blessing to Southern Rhodesia, especially for its tobacco producers. Southern Rhodesia replaced America as the supplier of tobacco to Britain. The London Agreement of 1947 between Southern Rhodesia tobacco producers and British tobacco manufacturers enabled this. It resulted in the increase in local tobacco production.

The increase was also accompanied by a corresponding increase in tobacco producers and it promoted a high rate of immigration in the post-war years. The influx of European and white immigrants in turn increased internal demand for manufactured products thereby giving impetus to the development of industries. Meanwhile, Southern Rhodesia’s asbestos and chrome had huge demand in the United States of America. The two exports became major dollar earners and generated revenue crucial for the importation of industrial machines and other inputs. Labour

213 Commerce, June 1952.
214 For more on the impact of this Agreement, see S. Neube, ‘Colonial Zimbabwe’s Tobacco Industry: Global, Regional and Local Relations, 1947-1979’ (PhD, University of the Free State, 2018).
employment patterns also shifted.\textsuperscript{216} By 1948, secondary industry employed 46,964 workers compared to 17,820 it employed in 1939.\textsuperscript{217} Of this figure 40,818 were Africans and 6,146 Europeans and the corresponding figure for 1939 was 15,048 and 2,772 respectively.\textsuperscript{218} Arguably, this shift in African employment formed the base of an African proletariat that was instrumental in the rise of African trade unionism and labour strike of 1948.\textsuperscript{219} More important, the expansion of the secondary industries necessitated the formation of a national organisation of industrialists as eventually happened in 1949.

**Conclusion**

Competing interests between organised secondary industry, the state and other economic interest groups shaped secondary industrial development between 1939 and 1948. The government appointed successive committees to advise it. Every committee but one, advised against the promotion of secondary industry. Mining and agriculture formed the pillars of the economy; hence, their interests took priority over those of secondary industry. The fortunes of the manufacturing sector changed during the Second World War and kept that momentum in the post-war years. However, the sector still faced challenges, stiff opposition and belittlement from the state and other economic interest groups. Nevertheless, industrialists organised themselves into a national association to fight for their interests. This became the modus operandi of secondary industry, as the subsequent chapter will show.

\textsuperscript{216} See Clarke, ‘The Political Economy of Discrimination and Underdevelopment with Special Reference to African Workers’; and Census of Industrial Production, 1938-1948.

\textsuperscript{217} Census of Industrial Production, 1938-1948.

\textsuperscript{218} Ibid.

Chapter Three

Post-war Industrial Growth, the Evolution of a National Organised Industry and the Central African Federation, 1949-1957

Introduction

This chapter analyses the evolution of organised industry from several fragmented individual chambers or associations to one national organisation. From the Associated Chambers of Industries of Rhodesia, formed in 1941, these organisations evolved to become the Federation of Rhodesian Industries (FRI) in 1949 with a colony-wide coverage. This federation was more vigorous than its predecessors in its approach to industry’s interests. It advocated a definitive industrial policy and government assistance through protective tariffs, among other demands. Throughout its entire history, the FRI faced numerous challenges and was largely unsuccessful in its quest to push the government for assistance. This chapter seeks to understand this by analysing the operations of the FRI and its relationship with the government from the FRI’s establishment in 1949 up to 1957. It terminates in 1957 when the FRI became the Association of Rhodesia and Nyasaland Industries (ARNI), a new industrial organisation with a wider coverage of the three territories forming the Central African Federation (CAF). It will also discuss the impact of the formation of the CAF on industrial development, how industrialists contributed, viewed and reacted to its establishment.

The chapter begins in 1949 with an analysis of the state of secondary industry as stimulated by the 1948 Customs Union Agreement. It then examines how the resultant industrial expansion influenced the organisational structure of industry as demonstrated by the formation of the FRI. The chapter argues that industrialists received minimal state assistance to achieve industrial expansion, and in fact, largely persevered on their own during this period, through various initiatives. The state continued to be a reluctant partner despite the numerous pleas, and in some instances activism, from organised industry. By 1957, almost all of industry’s requests were either yet to be attended to, where they received attention, it was not satisfactory or had been completely dismissed by government. Remarkably, this did not, however, inhibit industrial growth and expansion.

The Impact of the 1948 Customs Union Agreement

Aided, partly, by the market and some protection afforded by the Customs Union Agreement, secondary industries expanded in number and value. In 1949, 508 industries had a gross output of £31,300,000. By 1950, secondary industry firms had increased to 648 with a gross output of
£42,414,000 and a net output of £19,102,000.¹ According to the *Rhodesian Recorder*, in 1939, the combined output of mining and agriculture was three and half times the gross output of factory industries. By 1948, the products of all secondary industry exceeded the combined gross output of all mining and agriculture by 38%.² Table 3.1 below demonstrates the importance of secondary industry as an employer, in relation to agriculture and mining.

Table 3.1: European and African Labour employed in Manufacturing, Mining and European Agriculture, 1950-1951.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Europeans employed</th>
<th>Africans employed</th>
<th>Net Output (£ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1950</td>
<td>1951</td>
<td>1950</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8,845</td>
<td>9,441</td>
<td>53,314</td>
</tr>
<tr>
<td>Mining</td>
<td>2,396</td>
<td>2,530</td>
<td>59,548</td>
</tr>
<tr>
<td>European Agriculture</td>
<td>7,375</td>
<td>7,534</td>
<td>168,997</td>
</tr>
</tbody>
</table>


Observable from the table is that by 1951, secondary industry was the biggest employer of white labour compared to mining and agriculture. Although figures of African labour in secondary industry were the lowest among the three sectors, they were not far from those of mining labour. The fact that manufacturing figures of African labour reached above 50,000 was a significant feat by the standards of the time. In terms of value, manufacturing had overtaken mining by a significant margin of £6.7 million in 1951. Though still lower than European agriculture, manufacturing was showing great expansion. In 1951, manufacturing had a net output of £21.8 million to European agriculture’s £24.1 million.³ For agriculture, this figure had actually dropped from £27.1 million in 1950.⁴

Meanwhile, the contribution of secondary industry to the export trade reached substantial proportions. The leading secondary exports in order of importance are shown in Table 3.2 below.

³ Ibid.
⁴ Ibid.
Table 3.2: Southern Rhodesia exports (in order of importance) to the Union, 1951-1952.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Export value in £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1951</td>
</tr>
<tr>
<td>Clothing</td>
<td>2,827,000</td>
</tr>
<tr>
<td>Cigarettes</td>
<td>652,000</td>
</tr>
<tr>
<td>Meats preserved</td>
<td>413,000</td>
</tr>
<tr>
<td>Sugar reserved</td>
<td>403,000</td>
</tr>
<tr>
<td>Jute and hessian (excl. bags)</td>
<td>365,000</td>
</tr>
<tr>
<td>Footwear</td>
<td>340,000</td>
</tr>
<tr>
<td>Cotton piece goods</td>
<td>301,000</td>
</tr>
<tr>
<td>Cotton yarns</td>
<td>226,000</td>
</tr>
<tr>
<td>Asbestos cement manufactures</td>
<td>189,000</td>
</tr>
<tr>
<td>Ground nut oil</td>
<td>180,000</td>
</tr>
<tr>
<td>Furniture Wooden</td>
<td>153,000</td>
</tr>
<tr>
<td>Blankets and rugs</td>
<td>142,000</td>
</tr>
</tbody>
</table>


This expansion occurred on the backdrop of the influence of the trade agreement. As the Southern Africa Customs Union Council noted:

The continued industrial expansion in Southern Rhodesia since the Interim Agreement came into operation cannot be ascribed merely to a fortuitous wave of prosperity during that period, but it is proof that the optimism of those who sought, by introducing the agreement, to encourage the development of trade between, and industry in the two territories, was well founded.\(^5\)

The Council visited a number of factories in Salisbury, Bulawayo, the Rand, East Rand and Pretoria, and 'could not help being profoundly impressed by the immense progress which has been made in industry in the two countries.'\(^6\) Such progress manifested itself in the formation of a colony-wide organisation for industrialists.

‘Our Federation is developing into an increasingly valuable organisation’: The Birth, Expansion and Operations of the FRI

As secondary industries grew both in number and value, organisationally the sector was also evolving. In 1949, industrialists formed the FRI to replace the old Association of Chambers of Industries of Rhodesia. The old chamber, said Sir Malcom Barrow, the Minister of Home Affairs, was ‘not [a] particularly influential body and its strength lay in the two Chambers in Salisbury and Bulawayo.’\(^7\) The new organisation [FRI] initially comprised of four chambers, that is, Salisbury, Bulawayo, Gwelo and Umtali. By 1952, Gatooma Chamber of Industries was formed and became

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6 Rhodesian Recorder, July 1952.

7 Federation of [R]hodesian [I]ndustries, Final Annual Congress, July 1957. Malcom Barrow was himself a founding member of the FRI and had served as the first Federal Minister of Commerce and Industries in 1953. He was intimately knowledgeable about industrial development.
the fifth chamber. The FRI developed a *modus operandi* of inviting Cabinet Ministers, representatives of commerce, other government officials and many visiting industrialists to its gatherings, in particular its annual congresses. This was in addition to its earlier practice of sponsoring its members to stand as Legislative Assembly candidates. If the sponsored members won seats, they would be better placed to influence government policy especially as it related to industrial interests. However, the FRI advice and assistance was not always solicited or taken by the government. The FRI held its first annual congress in October 1950. It passed a number of resolutions that pertained to industry for onward submission to the government. These included issues such as African housing, roads and railways facilities, planning of future industrial development (industrial policy), trade agreements, protective tariffs and the pricing of raw materials.\(^8\)

The FRI undertook a number of initiatives to advance the interests of its members. In its first year of existence, it collaborated with a publishing house, Ramsay Parker Publications to launch a trade and industry journal, the *Rhodesian Recorder*, to cover and publicise secondary industrial developments. The inaugural FRI President, Stanley Cooke, hailed the *Recorder* as the first journal to represent industrial interests, remarking that it was ‘a sign of the times and of the coming of age of industry in Rhodesia.’\(^9\) The Premier, Huggins, similarly noted that the establishment of the journal by the FRI, showed ‘the considerable advance made by the secondary industries of Southern Rhodesia in recent years.’\(^10\)

The *Recorder* was a critical advertising medium for the output of Rhodesian factories, both for local consumption and export as well as for manufacturers outside who wished to enter the Rhodesian market. The value of the journal was lauded by business people. R.Z. Kaufman of Kaufman Sons and Co, a Rhodesian wholesale merchant firm, commented that,

> [W]hile in Britain, I found the *Rhodesian Recorder* on the desks of many businessmen I visited. In some cases it was open, and I could see that the advertisements and editorial columns had been well pencilled. In thus bringing the potentialities of Rhodesia and the other territories it serves to people overseas, your journal is providing an invaluable service.\(^11\)

Such was the importance of this journal to the publicity of Rhodesian industries.

To enhance the publicity of the industrial potential of the Colony, the FRI undertook an Industrial Survey - a record of achievement and progress in industrial development on the eve of the CAF in 1953. The survey attracted praises from as far as New Zealand and USA. In addition, explained

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10 *Ibid*.
G.A.D. Roberts, FRI President (1952-1953), the survey ‘had resulted not only in favourable publicity for Southern Rhodesia and for the Federation, but had initiated interest which gained for the [CAF] much needed investment capital.’12 Despite this drive, in 1954 FRI members still implored the organisation to expand its public relations drive. Salisbury Chamber of Industries sponsored a resolution to,

establish a permanent standing committee to deal with all aspects of publicity for the Federation of Rhodesian Industries and the development of manufacturing industry with a view to keeping all sections of the community acquainted with the economic, strategic and sociological advantages of Industrialisation.13

It emphasised that there was much less publicity in Britain of Rhodesian opportunities, hence the need for a permanent public relations committee. For the Chamber, Rhodesian industrialists ‘lacked propaganda.’14 Supplementing these efforts, the FRI also prepared List of Rhodesian manufacturers, showing the box (address) numbers, locations of firms, telephone numbers and references.

The FRI’s concerns over publicity converged with the government’s worries over the same and resulted in a collaboration between the two. In 1955, the Southern Rhodesian Minister of Treasury, C.J. Hatty, toured overseas. From the tour, he realised that there was very little knowledge abroad of industrial development and opportunities in Rhodesia. It dawned on both FRI and government, that a campaign to publicise Rhodesian industries abroad was necessary, hence the collaboration. Together, the FRI and the Southern Rhodesia government launched an Industrial Booklet advertising industrial development in the colony. The booklet was intended to be in circulation beginning January 1956.15 To gain the maximum value from the distribution of the booklet, it was desirable to have someone with appropriate and adequate experience in Southern Rhodesia to deal with any immediate enquiries that could arise.16 For this reason, the two parties agreed that P.C. Aldridge, the Director of the FRI, should go to Britain to handle the distribution of the booklet and any immediate follow-up that might occur. This territorial initiative was supported by the Federal Government, which facilitated the acceptance of Aldridge in Britain because upon the formation of the CAF, territorial governments ceased responsibility of external affairs to the Federal government.

13 Ibid, 81.
14 Ibid.
16 Ibid.
In order to reach the relevant audience, government liaised with the Federation of British Industries (FBI) to be the distributor of the booklet. Hatty enlisted the support of the Federal High Commissioner to London, Lord Llewelyn, telling him that he wished that the booklet ‘reached all the 7,000 members of the Federation of British Industries and the bulk of members of the National Union of Manufacturers, thus if the High Commissioner can help in this regard.’\textsuperscript{17} The Minister of the Treasury encouraged Aldridge to adopt a Federal attitude towards industry and not hesitate to do all he could to assist any industry wishing to come to either of the Northern territories.\textsuperscript{18} This expectation on the part of Aldridge and his team was emphasised to the High Commissioner by both Huggins and Hatty.\textsuperscript{19} The emphasis stemmed from the fear that since this was primarily a Southern Rhodesian initiative, Aldridge might act in a manner that would benefit territorial interests to the exclusion of the northern Federal partners. Similar campaigns occurred in respect of capital mobilisation as will be discussed later.

Locally, the FRI initiated the ‘Buy Rhodesia Campaign’ to deal with the prejudices against local industries propagated by commerce, local consumers and sometimes even government which preferred imports to locally made industrial products. The FRI Secretary complained that,

\begin{quote}
    a silly trait that has definitely got to be broken down is the prejudice against reputable Rhodesian products. Twice in one week we have had manufacturers coming into our office telling us that if they put labels on their goods marked ‘Made in Rhodesia’ they might as well give up trying to sell in the colony. Some factories are exporting up to 85% of what they make because of the local prejudice against anything made in Rhodesia. Goods exported are not bought out of sympathy but because they consider them of good value. Thus far, exports of secondary industries amount to over £4,000,000 a year. People buying these products cannot all be wrong.\textsuperscript{20}
\end{quote}

The intention of the campaign, therefore, was to assure and convince locals that local industries were able to cater for their requirements. The campaign was conducted as a one week-exhibition whereby special posters and window displays were on various shops across towns. Rhodesian industrialists were obligated to ensure that stores and shops were supplied and acquainted with their most reputable products available.\textsuperscript{21}

FRI enlisted the cooperation and support of commerce to execute the campaign, thereby demonstrating the sometimes cordial relations between the two interest groups. This was also an

\textsuperscript{17} NAZ S3269/34/30, Industrial Booklet: Letter by the Minister of treasury to Sir Gilbert Rennie, High commissioner for Rhodesia and Nyasaland, 23 December 1955.
\textsuperscript{18} Ibid.
\textsuperscript{20} Rhodesian Recorder, January 1950.
\textsuperscript{21} Ibid.
opportunity to cement relationship between commerce and industry. Aldridge emphasised that the ‘Buy Rhodesia campaign should create and cement contacts that will pass down through the years. For after all is said and done, who can give better service to Rhodesian commercial enterprise than the local factory? And surely the easiest and the obvious market for Rhodesian goods is nearby shops and stores.’

Despite the cooperation between industry and commerce, reflections on the ‘Buy Rhodesia’ campaign showed that it failed. Commerce blamed this squarely on industrialists. It noted that ‘the failure of the campaign was due to the shortcomings in the quality of locally manufactured products.’ According to Commerce, another reason for the failure was ‘almost certainly lack of publicity.’ Even industry conceded that the campaign flopped. While acknowledging insufficient publicity as part of the reasons for failure, it, however, rejected commerce’s assertion that it was due to the poor quality of industrial products. In its rebuttal, the FRI argued that the success of industry’s export drive disproved such an assertion.

Furthermore, the FRI pressed the government over the ‘Buy Rhodesia’ principle. FRI felt that the government was not giving sufficient support to the expansion of Rhodesian secondary industry, ‘in particular constant support by Ministers in public speeches and public statements and expansion of policy in government departments to buy Rhodesian.’ The ill-feeling arose from the government’s tendency of awarding the bulk of its tenders to foreign businesses to the exclusion of local manufacturers. The FRI suggested to the government that it should increase its preference on tenders to local industry from 10% to 12.5%. The Minister of Trade and Industrial Development, R.F. Halstead, concurred with industrialists on the ‘Buy Rhodesia’ campaign. Buying Rhodesian, Halstead suggested, would be a twin solution to address adverse balance of trade while offering a springboard from which local industries could expand. Halstead explained that,

A greater local sale would in the end mean larger production, greater efficiency and lower production costs. The greater the local demand for our own goods, the better able will our manufactures be to compete in the export market. For confirmation of this claim, consider the largest manufacturing exporters, Britain and United States of America. Each became able to sell to the whole world because its industries were built up in the first place on local demand… a larger and sustained home market is the essential basis for a larger export trade. Buying Rhodesian becomes therefore a factor of untold importance in our industrial development.

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23 Ibid, June 1950.
24 Ibid.
25 Ibid.
26 NAZ F344/39/5/1/50: Federation of Rhodesian Industries: Minutes of a meeting between FRI and Ministers of Trade and Finance, 06 August 1952.
The government agreed to inform all its departments of the necessity of purchasing local products and to support local industries through the medium of public ministerial statements on ‘Buy Rhodesia’. It resolved that ‘an Interdepartmental Committee should be set up under the Chairman of the Tender Board to look into the whole matter of the buying policy of the government and the means whereby the use of local products could be encouraged.’ It also undertook to print pamphlets and brochures promoting local industry. The effect of these government decisions was that it guaranteed local industry with slightly increased government market, even if it was just a 2.5% at this point.

The FRI criticised commerce too, for not buying Rhodesian. ‘We have lots of common problems with commerce, but here we do start to diverge; there is marked hesitation on the part of retailers in this colony to place sizeable orders in advance, to help us to plan our production’, criticised one speaker. McAllister also added his voice to the criticism. He lamented that ‘it is rather incredible that they will tie up money for a period of six to twelve months in placing orders overseas and pay the interest on that money, when the article can be purchased satisfactorily and quite economically on their own doorstep. Even so we do not get that support from them that we ought to get.’ By failing to buy locally, industrialists implied, commerce was an impediment to local industrial expansion.

FRI also pushed hard to secure markets for its members. It was particularly the reason why it supported the CAF. The FRI President, who was also the Chairman of the United Central Africa Association, taking a long term view, staunchly supported the establishment of a British Central African Dominion, beginning with the Federation of the two Rhodesias and Nyasaland under the auspices of Britain in co-operation with Belgium and Portugal. Buttressing the need for a wider market, he commented that ‘one of the problems facing Rhodesian industry is that the home market is not large enough to allow production on the same scale as in other industrial countries. If a British Central African Dominion were created, however, this problem would disappear.’

Organised industry insisted on its support for Federation when its President declared that ‘as individuals we have taken a very keen interest in the federal issue and will do all in our power to ensure that federation is a success.’ Similarly, The Rhodesia Federated Chamber of Commerce suggested a Customs Union with Northern Rhodesia and Nyasaland and further suggested that

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29 FRI, Annual Congress, July 1953, 9.
31 Rhodesian Recorder, November 1950.
32 Ibid.
‘an assured future for Southern Rhodesia and economic development of Central Africa territories can only be secured by the closest possible unification of the Central African territories and calls upon the government to implement their undertakings at the Victoria Falls.\textsuperscript{34} This was in reference to negotiations for the establishment of the CAF.

While the government had delivered the Customs Union Agreement with South Africa, FRI looked northwards for more markets in the Congo. F. Gordon Harper, the FRI Secretary, arranged for 22 Rhodesian manufacturers to be represented by agents in the Congo. He claimed that Southern Rhodesia had high prospects in the Congo because

\begin{quote}
we are closer to the territory than any other industrial country ... we should therefore be able to deliver more speedily ... another advantage is that the bulk of our goods are intended for the native market...we should therefore understand the Congo’s requirements better than any other country. We certainly have a big pull over the Union in this respect.\textsuperscript{35}
\end{quote}

African clothing offered the biggest possibilities in the Congo and as such it was this sector that largely benefited. Other good lines were in cheap cigarettes, metal buckets, iron beds, mirrors, hoes, steel windows, men’ hats and potato crisps.\textsuperscript{36}

In further attempts to expand markets, the FRI lobbied the government to appoint trade commissioners in the other African territories and to despatch trade delegations to those territories. The government posited that due to financial constraints, it was not possible to appoint trade commissioners, a fact to which the FRI agreed. Instead, the government suggested that ‘a roving commissioner from the Department of Trade and Industrial Development should on regular intervals visit Northern Rhodesia, the Belgian Congo and the East African territories.’\textsuperscript{37}

The establishment of the CAF in 1953 saw the re-emergence of complaints against the tender system. The new Federal government was accused of unjustly treating local industries. The FRI pursued these accusations on behalf of its individual members. The case of Fothergill and Harvey (Rhodesia) (Pvt) Limited, a Southern Rhodesian textile concern, illustrates this point. The company complained about the practices of Northern Rhodesia and Nyasaland territorial governments. When making purchases, the two colonies used Crown Agents in London and did not extend similar opportunities within the Federation. The company felt ‘very strongly that as a great number of the articles at present being purchased by the Crown Agents are manufactured within the

\begin{flushright}
\textsuperscript{34} Rhodesian Recorder, April 1950. \\
\textsuperscript{35} Ibid, December 1949. \\
\textsuperscript{36} Ibid. \\
\textsuperscript{37} NAZ F344/39/5/1/50, Federation of Rhodesian Industries: Cabinet memorandum on encouragement of Secondary Industry, 08 August 1952.
\end{flushright}
Federation, the same procedure in these territories as in Southern Rhodesia should be adopted and local industries should be given a chance to tender. This was a lucrative market which it wished to penetrate. Pursuant to this, Forthergill and Harvey requested FRI to facilitate on its behalf and other Rhodesian companies to be listed on the suppliers list of the Crown Agents in London.

Buoyed by its previous success in Southern Rhodesia, the FRI wrote to the Department of Commerce and Industry seeking government’s plans and information regarding the introduction of a uniform tender board procedure from the four governments. It even encouraged the government to consider adopting the Union’s approach wherein there were margins of preference for local industry enforced through the Union Tender and Supplies Board Regulations. Hatty, the Minister of Treasury, assured the industrialists of government efforts to assist them. For instance, the government and all its departments instituted a scale of preferences for local tenders whereby if a product was of 80% or more Rhodesian origin, it received full rate of preference. This marked an improvement from the Southern Rhodesian preference discussed previously.

The Changing Structure of the FRI

Alongside all these initiatives, the FRI evolved organisationally. Initially a general disinterest from industrialists in joining the FRI underpinned that evolution. In 1950, FRI complained of non-membership to Chambers of Industries. For instance, out of 700 firms eligible for membership as of January 1950, only 195 firms were members to a Chamber of Industry. This notwithstanding, the mere formation of a nationwide organisation was crucial, for industry was now better able to determine the necessity of its own needs. At the same time, constituent chambers and affiliates were also evolving. For example, clothing manufacturers organised themselves into a bigger association, the Mashonaland Clothing Manufacturers Association. It became the recognised voice of clothing manufacturers throughout the colony and it also acted in an advisory capacity to the government when called upon. There were similar trends in sectors such as iron and steel, and food and beverages. Other chambers devised means of achieving the overall goals of FRI. Bulawayo and Salisbury Chambers formed what they called Production Engineering Groups.

These were set up to engineer production, deal with African productivity and formulate wage

38 NAZ F292/14/9/1, Federation of Rhodesian Industries: Letter by the Forthergill and Harvey (Rhodesia) (Pvt) Limited to the Secretary of Federation of Rhodesian Industries, 21 June 1954.
39 Ibid.
41 Ibid.
42 FRI, Annual Congress, November 1954, 22.
43 Rhodesian Recorder, February 1950.
44 Ibid, January 1951.
structures in all industries employing Africans in mass production activities. The FRI closely monitored these developments in order to avoid any potential competing agendas from emerging.

Internally, FRI experienced growth and bragged about its work. It remarked that,

the effectiveness of our organization is illustrated by the steadily increasing membership of constituent Chambers … several industrial organisations have applied for affiliation and although certain domestic issues must first be settled, there is no doubt that the Federation is becoming a widely representative body.47

During the 1953 Congress held concurrently with the Central African Rhodes Centenary Exhibition, FRI President appraised delegates that the Federation provided facilities for local manufacturers to display their products at the exhibition. In particular, ‘it hired a portion of the Industrial Hall and provided every amenity for the industrial exhibitor, from the fully-constructed stand and lighting to maintenance and supervisory services.’48 The biggest beneficiaries were small manufacturers.

The formation of the CAF had an impact on the organisational growth of the FRI. Already in 1953, the Mayor of Bulawayo, J.H. Butcher, encouraged the FRI to expand into the Federation.49 In 1954, the Chambers of Commerce of the three Federal territories formed the Federal Council for Commerce. It invited industrialists to join the Council, but this invitation was rejected as industrialists desired to form their own organization. Subsequently negotiations among industrial interests of the three territories resulted in an agreement to form a Federal Council for Industry in 1955.50 It consisted of the Association of Chambers of Commerce and Industry of Northern Rhodesia, the Federation of Rhodesian Industries and the Nyasaland Chamber of Commerce and Industry. The Council championed the interests of industrialists in the territories but in reality, it was mostly utilised by the Southern Rhodesian industrialists because, in the two northern territories development of secondary industries had not reached the level that it had in Southern Rhodesia and also because existing organisations in these territories covered both the field of industry and commerce and there were practical difficulties in the way of separating the two functions.51

Reflecting on the Council, Sir Malcom Barrow, the Minister of Home Affairs, said ‘its weakness lay in the very fact that it was an organisation resting on three independent and administratively unconnected pillars. The spirit of co-operation and goodwill was always present but such a body

46 Ibid.
47 FRI, Annual Congress, July 1953: Presidential Address, 4.
48 Ibid, and also, Official Catalogue and Guide to the Central Africa Rhodes Centenary Exhibition (Bulawayo: 1953).
50 F292/14/9/1, Federation of Rhodesian Industries: Letter by FRI Secretary to Secretary for Commerce and Industry, N R Bertram, 16 July 1954.
51 FRI, Final Annual Congress, July 1957.
could never have been a permanent one. The Council, therefore, was circumscribed in its function. Crucially, however, this Council formed the basis of the formation of the Association of Rhodesia and Nyasaland Industries, which will be discussed in the next chapter.

There was also cooperation between the government and the FRI. A case in point was the ‘formation of the Industrial Advisory Committee through which the federation has been able to have regular consultations with the representatives of government.’ In this vein, the FRI President also acknowledged Trade and Industrial Development Secretary, N.R. Bertram, for his efforts and support to industrialists, especially for the appointment of a Trade Commissioner in East Africa. It is in instances like these that the influence of FRI manifested and that as a body it was able to maintain a high sense of duty and responsibility to its mandate. The government also sought the Federation’s cooperation and assistance. Bragging about this, the FRI President said, ‘on that basis we can claim that our federation is developing into an increasingly valuable organization not merely to its own members but also to the government and the country. It has earned this degree of confidence which it needed and ought to maintain it.’

The FRI also advocated that the Federal government should sponsor the establishment of an Industrial Development Corporation similar to that which existed in South Africa, with a view to promoting and stimulating industrial development and [white] immigration. While they showed vigour in making the foregoing representations, they also conceded that they had lost ground heavily in other areas, for example in the negotiations for the South African trade agreement and this was even more regrettable given that the bargaining power lay in their hands. Overall, the FRI worked tirelessly in pursuit of its members’ interests. However, there remained outstanding matters upon which organised industry and the state battled, as is illustrated below.

**Perpetual Struggles: FRI vs the Central State and Municipalities**

As noted in Chapter One, the state is understood as functioning at two levels, that is, the central state and the local state. The central state composed of the Federal government and the territorial government of Southern Rhodesia. Municipalities are the local state. The FRI engaged both territorial and Federal governments in pursuit of its interests. Industrialists and the central state

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52 Ibid.
54 Ibid.
55 Ibid.
clashed over a number of policies that conditioned industrial development. These are enumerated in what follows.

1. **Government Industrial Policy**

In 1948, the government changed the administrative structure of industry. It disbanded the Industrial Development Commission and replaced it with a fully-fledged portfolio – the Division of Trade and Industrial Development. IDC’s work was carried on by a new Industries Committee, which served,

> to investigate applications for assistance to industry other than those falling within the scope of Tariff Advisory Committee, recommend to the Minister what assistance, if any, should be given, keep under review the progress of industries which received unacquitted loans and with the approval of the Minister, to initiate any enquiry or investigation which aims at the development of industry generally.  

The government also maintained its policy of ‘giving assistance where assistance is needed and for as long as it is necessary in the national interest’ and that ‘inherently, [industry] must be a voluntary and not forced growth’. The government therefore, looked upon industry to establish itself.

Even when the CAF was established in 1953, it virtually adopted the Southern Rhodesia industrial policy, with a minor variation whereby the roles of TAC and Industries Committee were consolidated under a newly formed Industrial Development and Research Branch. Otherwise, the Federal government’s policy was that industrial development was ‘essentially a field of endeavor for private enterprise’ while the government’s role was to ‘provide the basic facilities on which private enterprise can establish industries…’and not directly participate in industrial undertakings.

The government maintained that assistance to industry ‘should be given either by rebate of customs duty on imported materials or imposition of a protective customs tariff or the imposition of anti-dumping duty (although this was really never vigorously implemented).’ This applied to an industry and not a particular firm within an industry. Other forms of government assistance included tax relief, negotiating for export markets and trade agreements with other countries. In determining industries that warranted assistance, the state prioritised those that utilized local raw

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60 NAZ F292/16/3, Industrial Policy 1953-1963: Memorandum on Industrial Policy, 16 October 1957.
materials (as opposed to imported semi-manufactured materials), those that were mechanised and those whose products enjoyed a stable and sizeable market.62

Granting of rebates depended on the protection already afforded to an industry by the duty imposed on imported goods similar to those to be manufactured, that is, the greater the duty on the imported article, the less the rebate on imported raw materials and, conversely, the smaller the duty, the greater the rebate. The duration of the rebate granted varied according to industry, the deciding variable being the time needed for that particular industry to be established.63 Imperial preference was also a determining factor. In some instances, rebate was denied, if, for example, the raw material being imported was procurable locally. Manufacturers, therefore, had no liberty of choosing the best market from which to buy. Where an industry was assisted through the customs tariff, the TAC held the mandate to recommend to the government the industries that warranted support. By 1949, customs duty rebates to secondary industry totaled £136,150.64 Table 3.3 below illustrates the breakdown of the rebates granted.

Table 3.3: Industries that benefited from rebates in 1949

<table>
<thead>
<tr>
<th>Industry</th>
<th>Rebate Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>beer brewing</td>
<td>£2,468</td>
</tr>
<tr>
<td>boot and shoe manufacturing</td>
<td>£7,652</td>
</tr>
<tr>
<td>brooms and brushware</td>
<td>£530</td>
</tr>
<tr>
<td>confectionery</td>
<td>£766</td>
</tr>
<tr>
<td>disinfectants and insecticides</td>
<td>£854</td>
</tr>
<tr>
<td>fibre suitcases</td>
<td>£2,402</td>
</tr>
<tr>
<td>furniture manufacturing</td>
<td>£1,069</td>
</tr>
<tr>
<td>hollowware and enamelware</td>
<td>£1,352</td>
</tr>
<tr>
<td>iron and steel</td>
<td>£818</td>
</tr>
<tr>
<td>paints and colours</td>
<td>£323</td>
</tr>
<tr>
<td>paper wares</td>
<td>£3,205</td>
</tr>
<tr>
<td>plastic articles</td>
<td>£3,038</td>
</tr>
<tr>
<td>polish manufacturing</td>
<td>£636</td>
</tr>
<tr>
<td>soap, perfumery and toilet preparations</td>
<td>£22,409</td>
</tr>
<tr>
<td>steel windows and doors</td>
<td>£2,324</td>
</tr>
<tr>
<td>sugar refining</td>
<td>£58,421</td>
</tr>
<tr>
<td>textile manufacturing</td>
<td>£25,532</td>
</tr>
</tbody>
</table>

Source: *Legislative Assembly Debates*, 24 May 1950, Col. 1531; and *Rhodesian Recorder*, July 1950.

Noteworthy is that for the first time, the state officially outlined its industrial policy and methods of assistance afforded to secondary industry. Despite this seemingly well elaborated policy, industrialists remained unsatisfied with it. Government policy and assistance was heavily criticised in industrialists’ debates, contributions and pronouncements during congresses and at other

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62 Ibid.
63 Ibid.
64 *Legislative Assembly Debates*, 24 May 1950, Col. 1531-31.
various fora. Industrialists accused the government of inertia and neglecting the needs of secondary industry despite its ‘importance’ to the country. During the inaugural FRI Congress, the Mayor of Salisbury, Ralph Cleveland (1949-51), criticised government for a contradictory policy. ‘The government’, he said, ‘should put a stop to the practice of issuing official publications advising what a wonderful field of investment the colony provides…while they were at the same time placing further and physical obstacles in the way of development.’ Government, industrialists pointed out, had imposed a ban on the sale of industrial sites, railway was not delivering, accommodation inadequate, yet it was encouraging further industrial development. Similarly, the Rhodesia Federated Chambers of Commerce voiced its dissatisfaction over the government’s progress with major development schemes such as rail, road, African housing, food production, industrial conciliation.

By 1953, criticism of government had intensified. In a contribution on the motion of industrial policy moved by the Salisbury Chamber of Industries during the FRI Congress in 1953, one Poole exuded the anger and dissatisfaction of industrialists over government industrial policy:

We have been fobbed off from time to time with assurances that our problems are being dealt with and duly appreciated, but we must admit that very little action has followed and we have lost confidence in any suggestion that the government as a whole, the Cabinet as a whole, appreciates the necessity of the vital part that industry plays, and the necessity for government help in matters of major planning and policy. In the absence of a clearly defined industrial policy, we can only conclude that there is not one. We have from time to time had a loosely worded indication of policy given to us, but if we examine the situation in its essentials, it does not present a very attractive picture…the overall industrial picture is not and has not been thoroughly appreciated, and industry is virtually left to paddle its own canoe – something which in present day conditions is virtually impossible, and if we consider how the industrial policy – if we have one – has succeeded, the picture is not a very attractive one. It is not sufficient merely to quote the statistics of industrial production, compare them with statistics of production of ten years ago and say that we have a successful industrial policy. That is a fallacy.

All twelve contributions made on this resolution concurred with Poole’s view, though some qualified their support. L. S. Davies of the Bulawayo Chamber cautioned that the impassioned pleas made for government assistance created a misleading impression that industrialists were like a ‘very small child appealing for assistance…’ yet, ‘…we have become a most lusty child, perhaps in the adolescent stage, and that all we are asking is for a little assistance at high levels which will help to launch us in to manhood.’ Nonetheless, the attack on general industrial policy was

65 See FRI, Annual Congress, July 1953; and FRI, Annual Congress, November 1954.
66 Rhodesian Recorder, November 1950.
67 Ibid, April 1951.
68 FRI, Annual Congress, July 1953, 8.
69 Ibid, 24.
unanimous. Thus, on the backdrop of this and in light of the impending Federation, the FRI urged the incoming Federal government to ‘recognize in planning its overall economic policy, the vital part which secondary industry must play in the creation of national wealth and prosperity and to establish and maintain conditions necessary for the continuous expansion of industrial activity.”

In March 1954, Hubert Ponter, the outgoing President of the Salisbury Chamber of Industries, complained that the industrial policy of Southern Rhodesia was now unquestionably outmoded and inadequate. “This policy which has been officially described as the principle of giving assistance where assistance is needed and for as long as it is necessary in the national interest, is clearly incompatible with the present and future requirements”, he said. He added: ‘beyond certain concessions in the rebate of customs duties to manufacturers, there is but little evidence of positive encouragement to the industries which are making such a vital contribution to the country’s economy by the creation of wealth, the maintenance of employment – both European and African – and the expansion of exports.” Consequently, he pleaded for a ‘clear appreciation of industry’s potentialities coupled with the ability and the will to create conditions in the Federal state which will inspire confidence both in the minds of our own people and in those countries with capital funds for investment.”

At the 1954 Congress, industrialists again criticised government for not taking seriously the deliberations of the Congress. Chassay of Bulawayo complained of the absenteeism by government Ministers and officials at their Congress despite an invitation having been sent. Their non-appearance was a ‘sign of lack of co-operation in the Federation.” ‘A special note to this effect’, he said, ‘should be made to the government that not enough attention has been given to the Congress.” Others complained of the government’s eagerness to accept advice from academics but dragged feet if it was industry. The FRI remarked:

We have been told that we must have industries here but only industries, which use the local raw materials, industries must not be encouraged here, which have to import their materials. That is fundamental nonsense … if we were to follow the academic course of building up only those industries, which are based on local products, in a very short time we would collapse completely. They tell us how to run our own business having never run one themselves.”

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70 Ibid, 7.
71 <i>Rhodesian Recorder</i>, March 1954.
72 Ibid.
73 Ibid.
74 FRI, <i>Annual Congress</i>, November 1954, 80.
75 Ibid.
76 Ibid, July 1953, 9.
Industrialists were concerned that more time was being spent trying to win government’s support instead of dealing with other problems. For Poole, it was a ridiculous waste of industrialists’ time that we ourselves have to grapple with so many problems which arise from lack of government interest or guidance and in some cases even government obstruction. If we have a satisfactory and a sympathetic industrial policy in which to work, we can get on with our own jobs and develop our own businesses and the government can play its part in helping us.\(^{77}\)

In spite of these concerns, it appears the government did not heed these warnings, as industrialists continued raising similar complaints.\(^{78}\)

Eventually, the Federal government stated its trade and industrial policy yet again in 1955. The trade and industrial policy of the Federation was embodied in the Customs Tariff of the country. The general principles behind the tariff were the ‘honouring of its existing obligations; the maintenance of an Imperial Preference system with the most favoured nation treatment to members of GATT.’\(^{79}\) Further embodied in the tariff were the provisions that capital equipment of any nature should be permitted entry into the Federation duty free, subject to the reservation of Imperial Preference. Raw materials for industry entered free too except if they were coming from within the Federation, in which case, duties charged were of such an order as not to raise the cost of the final product. The government memorandum conceded that industries deserved partial protection. ‘Industries should not receive high protection’, explained the memorandum, but the government ‘feels that such young industries should not be open to the full blast of abnormal or unfair competition from other countries.’\(^{80}\) Hence, the government was prepared to grant protection against disruptive practices, by means of anti-dumping duties.

The government was consistent on its position and role regarding industrial development. For instance, in line with its policy of leaving industries to private enterprises, government relinquished control of its investments in secondary industries, as evidenced by the privatisation of the Sugar Industry Board (1954) and Riscom (1956). The nationalisation of these industries in the 1940s had been justified because it was government policy to take over and establish industries that could not be profitably run by private capital or those of national interest. At the time of privatisation in the late 1950s, it was felt that the industries had been sufficiently developed and could now be passed over into the hands of private capital. In addition, privatisation was necessitated by the

\(^{77}\) Ibid, 10.  
\(^{78}\) Ibid, November 1954; October 1955.  
\(^{80}\) Ibid.
failure of the state to either properly manage nationalised industries or adequately fund their operations.

Even these government maneuvers did not satisfy industrialists. Throughout 1955, the FRI continued to demand assistance from the Southern Rhodesian territorial government. The Southern Rhodesia government acceded to industrialists’ pressure and escalated the matter to the Federal government resulting in the appointment of a Cabinet Working Party in 1956.81 The Federal Prime Minister set up the Working Party to examine two memoranda prepared by the Southern Rhodesia Government on incentives and the structure for industrial development. The Working Party was required to report to Cabinet and to make recommendations. The observation made by the Working Party as it commenced its work is crucial to note. ‘We have noted the absence of a defined policy in regard to tariff assistance’, said the officials, before adding that ‘tariff assistance is the most obvious instrument of industrial policy and we consider that in order to remove uncertainty and promote confidence for future investment in the Federation, government’s view on tariff assistance should be formulated.’82

The Working Party’s approach to the investigation was holistic and contextual. As it looked into the matter, it adopted an approach guided by the following principle: ‘Having regard to the economic circumstances of the country, what should be done to assist industry?’ as opposed to the Southern Rhodesian government’s concern about ‘what should be done to assist Industry?’83 The Working Party highlighted that two main economic policy considerations guided its investigation. First, the dependence of the Federation on exports and consequently, the government concern about keeping the general level of costs as low as possible. Secondly, the need to restrain the several demands made on physical resources, particularly during the construction period of the Kariba Hydro-electric project (which was itself, partly, a scheme designed to expand industry.) The overall conclusion drawn from these considerations was that ‘government should be selective in the encouragement it gives to industry and should consider in each case first the public interest in policy aspects and secondly the industrial or commercial interests involved.’84 The Federal government adopted wholesale the Working Party’s recommendations.

The demands by the Southern Rhodesian government and the recommendations by the Cabinet Working Party are worth enumerating. The Southern Rhodesian government claimed that the lack

82 Ibid.
83 Ibid.
84 Ibid.
of sufficient local skills and capital made it necessary for the Federation to ‘import’ new industries; otherwise, the country would lose out if it did not take advantage of the existing opportunity afforded by the interest in the Federation. The two memoranda further made frequent reference to efforts in other countries to encourage the establishment of industries, urging the Federation to enter into competition and bid for industries by the offer of incentives, before losing potential industries to other countries. The Working Party objected by arguing that ‘industrialisation is a continuing process and we do not agree that government policy should be conditioned by an attitude that certain firms must be attracted here now or else the opportunity of similar development will be lost forever.’ It added that ‘every country presents different circumstances and government incentives are only one of the competitive factors influencing an investor.’

The Southern Rhodesia government also desired ‘dispersion of industry’, interpreted to mean ‘the encouragement of industry to establish itself in those parts of the Federation where demands on services, particularly municipal, can most easily be met.’ Responding to this expectation, the officials pointed out the dangers of government intervention to achieve such an end, especially in the case of the Federal Government. For them,

the danger of exposing government to charges/accusations that one territory or part of one territory is being developed at the expense of others would be most real. Nor would it be desirable that territorial governments, by competing with each other in that way, should introduce an artificial factor leading industries to locations where, on economic considerations solely, they would not otherwise establish themselves.

Instead, the Working Party was of the view that government responsibility should be ‘limited to making available to industrialists full information on the industrial conditions in each centre of the Federation, industrialists must then make up their own minds in selecting where to set their enterprise.’ ‘However’, it added, ‘we do not exclude competition between municipalities to attract industries, such competition can be healthy, it is within the competence of municipalities.’ It further recommended,

no tax exemption as a means of encouraging the establishment of new industries, no acceleration of wear and tear allowances on new plant and machinery, existing allowances were considered adequate, no provisions of capital or loans, no government Federal or territorial was to afford local industry any preference over and above the existing one.

85 Ibid.
86 Ibid.
87 Ibid.
88 Ibid.
89 Ibid.
90 Ibid.
91 Ibid.
Industrialists also sought the creation of an Industrial Development Corporation, Bureau of Standards, Information Bureau, and a Board of Trade, but the Working Party dismissed these requests.

Disappointed by the Federal government’s efforts, the FRI insisted on trying to win government’s support for secondary industrial development. Addressing fellow members during the final congress of the FRI in 1957, President Hubert Ponter called for a vigorous approach at government level regarding the achievements, potential and needs of secondary industry throughout the country. He emphasised that, in light of the decline of copper prices, it was even important that government encouraged secondary industries. ‘Our present need demands a broad industrial programme,’ he urged. Ponter called for the establishment of a Ministry of Economic Affairs responsible for policy formulation. He said:

We hope that an official announcement will not long be delayed. We want to see an overhaul of the existing government machinery dealing with trade and industry and with tariffs in particular…while we are glad to see the supplementation of the staff of the existing Ministry, I cannot see why an independent Board of Trade, for which we have appealed for many years, cannot be established.

Some government officials were also sympathetic to industrialists and concurred with some of their suggestions. For instance, N. R. Bertram, Secretary for Commerce and Industry, recommended that to deal with industrial complaints, it was desirable to set up a legally constituted Board of Trade and Industries, the same as the South Africa’s Board of Trade and Industries, to advise the government on matters pertaining to operation and development of industry. E.A. Abrahamson (FRI President and an MP) had earlier raised the call for an Industrial Charter in the form a Board of Trade and Industry at the 1954 Congress. He also suggested the replacement of the TAC with a broader, more authoritative body to handle on a wider plane, issues which affect trade and industry. Despite these pleas, the government did not heed industry’s demands and it remained so up to 1957.

2. Taxation

Industry and commerce clashed with the government over the taxation system. In the 1950s Commerce urged that the Super Tax and Undistributed Profits Tax Act be abolished and revenue from taxation on incomes be derived solely under the Income Tax Act. Industrialists submitted

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92 Rhodesian Recorder, August 1957.
93 Ibid.
94 Ibid.
95 Ibid.
97 Rhodesian Recorder, April 1950.
a memorandum urging a change in companies’ taxation in the 1950s. Bulawayo industrialists wanted a reduction in company tax from 8s. 3d to 5s. in the hope that ‘it will assist in the formulation of a taxation policy that will assist rather than hinder the development of industry in the colony.’ They further pointed out that the obtaining tax made up of income tax of 7s. 6d. and gold industry contribution of 9d, with an additional tax on undistributed profits, was only 9d. less than in Britain which was ‘a highly socialized state supporting extensive welfare schemes.’ It also compared with South African tax, which comprised of 4s. plus a provincial rate of 9d. (though this differed according to province) which they deemed relatively low.

Industry drew these parallels to demonstrate that Rhodesian business were highly taxed, to their disadvantage. Industrialists, thus, commented ‘the disparity tends to make the Union, on grounds of taxation, more desirable for expansion by the setting up of satellite companies. Companies with interests in both countries may even be tempted to show the greater part of their profits as arising in the Union.’ Consequently, they lamented the obtaining taxation as ‘hopelessly wrong, immoral, ill-considered, academic, ponderous, and has no logical basis or sequence.’ One industrialist gave an analogy to demonstrate his frustrations with the tax system;

laziness is tax-free, stay in bed long enough, loaf, and introduce a few more tea breaks and your output and profit will be so low that you are untaxable. Speed up, work harder, and better, and your production costs will be lower, your sales will increase, your efficiency will produce a profit and you are damned. Tax assessment is on its way.

The import of this was that Southern Rhodesia punished hard work through onerous taxation.

3. Transport Facilities

Another matter of contestation was that of inadequate transportation facilities, especially rail transport. FRI members persistently complained that Rhodesian industry was forging ahead but inadequate railway facilities hampered progress. D R Jackson of Umtali drew attention to the fact that many industries were being compelled to operate part-time due to the inability of the railways to meet their requirements and L S Davies of Bulawayo suggested that the railways organisation should be investigated in order to determine whether its cooperation could be improved. Gwelo and Umtali Chamber of Industries suggested that ‘in view of the inability of

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99 Ibid.
100 FRI, Annual Congress, July 1953, 38.
101 Ibid.
103 Rhodesian Recorder, November 1950.
the railways to handle the available traffic, the government should be requested to give consideration to increasing the number of Road Service permits.\textsuperscript{104} The Umtali Chamber added that transport was the greatest drawback to industrial expansion. It further commented that ‘to be self-supporting, Southern Rhodesia needs many more industries but before we can reasonably expect new industries to come here, the government must provide the necessary services and [transport] facilities to enable them to operate.’\textsuperscript{105} It should also be noted that railway transport challenges had resulted in the government nationalising the Rhodesia Railways in 1947, but the problem persisted.\textsuperscript{106}

In response, Sir Arthur Griffin, the General Manager of the Rhodesia Railways highlighted that one of the main difficulties was that of securing trained staff. Moreover, much of the recruitment was done in the UK and the success of this was being jeopardised by the shortage of housing in the Colony.\textsuperscript{107} For his part, the Deputy PM of the Federation, Sir Roy Welensky, justified the continued use of rail over road, based on pricing. Urging industrialists to consider the financial implications of such a switch, he stressed that,

railway rates for such commodities as copper, chrome, coal, cement and maize are low and vary over a long distance haul, from a little under one-half penny to slightly under one penny a ton mile. But the rates quoted by Road Transport Operators are over 4\textsubscript{1}/3d a ton mile each way, that is nearly 10d. a mile for the return trip…8d. a mile when the load is carried in one direction only. This is a great difference.\textsuperscript{108}

Trial runs were undertaken, which attempted to carry large quantities of coal from Wankie to the Copperbelt by road.\textsuperscript{109} It became apparent that apart from financial difficulties as highlighted, there were other major setbacks which could not be lightly set aside. ‘For one thing, the roads would not stand the traffic, and for another the weight restrictions on roads and some of the bridges would be a huge limiting factor’, explained Welensky.\textsuperscript{110} As a temporary reprieve to the railways of their burden, its passenger services business was transferred to road services. Thus, between 1954 and 1955 passenger train services between Bulawayo and Salisbury were suspended and replaced by road transport, leaving the railways to focus on cargo deliveries. Furthermore, the government

\textsuperscript{104} Ibid.
\textsuperscript{105} Ibid, March 1951.
\textsuperscript{108} FRI, \textit{Annual Congress}, November 1954, 4.
\textsuperscript{109} For an in depth analysis into the problems of coal transportation to the Copperbelt, see Phimister, \textit{Wangi Kolia}, 99-100.
\textsuperscript{110} FRI, \textit{Annual Congress}, November 1954, 4.
issued additional temporary road permits over this route and beyond as far as Umtali.\textsuperscript{111} This was subject to review though, depending on the developments in the railways.

Industry still raised issues with the general administration and pricing system of the railways. Industry accused the government of neglecting transportation facilities. Muirhead of Rhodesian Plastics Ltd was so blunt in his submission:

\begin{quote}
The Lord knows we had enough transportation problems stuffed down our throats by Government, they cannot do this or that and industry must wait in order to let transportation catch up with the development of industry. We are so sick and tired of hearing it that we have all forgotten to talk about it but still it remains and here we are in a situation in which we can help the government, if the government will only have the sense to let secondary industry develop so as to encourage further secondary industries and to let secondary industry import its raw materials.\textsuperscript{112}
\end{quote}

By this, he envisaged that industrialists would use the railways for bulk transportation of at least 50\% of their goods, thereby assist in reviving the railways. However, to his dismay, the government did not buy the idea. Muirhead attacked the government for ‘continuing to say that secondary industry has no future in this country’ which reasoning, he argued, was ‘a complete fallacy’.\textsuperscript{113}

Apart from deficient railway facilities, there was the issue of distribution rates charged by the railways. In unison with the Rhodesia Federated Chambers of Commerce, FRI studied the railway rating structure. As a result of this combined effort, certain safeguards were preserved, notably the retention of distribution rates. The study proposed that the railway tariff should be amended to provide for preferential rates for the distribution of local manufactured products for exports.\textsuperscript{114}

This exercise clearly illustrates not only the effectiveness of FRI but also the benefits of a concerted and joint action.

4. Linkages between Primary and Secondary Industries: The Pricing of Locally Produced Raw Materials

Pricing of primary products was also a thorny issue for industrialists. At their congress in 1953, industrialists pushed a motion to ‘examine the fundamental structure and relationship of primary and secondary industries and in particular, the price structure of primary commodities and generally, of aids to the development of industries.’\textsuperscript{115} In his contribution to the motion, Hatty submitted that

\textsuperscript{111} Ibid.
\textsuperscript{112} Ibid, July 1953, 17; Although industrialists complained, Croxton, 
\textit{Railways of Rhodesia}, 208-222, explains the ‘modernisation schemes’ undertaken by Rhodesia Railways to cope with the post-war boom.
\textsuperscript{113} Ibid.
\textsuperscript{114} FRI, \textit{Annual Congress}, November 1954, 54.
\textsuperscript{115} Ibid, July 1953, 12.
when world prices of certain commodities are fairly high, the products in this country produced here seem to be pitched at the world price and the argument is always adduced: “well, if it will fetch that in the world market it should fetch that locally.” It is a curious thing that when world prices of a particular prime commodity are fairly low, then of course we don’t get the price of that same commodity locally very low, but we are then told about the problem of the primary producer in producing it here. I am not intending to make a dig at the primary producer in this country but I am intending to make a dig at the background policy which enables that sort of thing to happen. It is no use just deciding that we are going to produce minerals out of the ground and that we are going to sell them in world markets at world prices which are determined by events usually outside our own control and very far from this country, if we are going to develop, we are going to need those primary products on which to base secondary and possibly tertiary industries and we cannot possibly do that unless we have the pricing of the primary materials adequately arranged.\footnote{Ibid.}

In other words, local industries could process local raw materials but were hampered from doing so by the inhibiting cost structure. The FRI blamed government for the pricing structure of these primary products because of its actions, which favoured primary producers. While the government could assist primary producers, ‘it should not just subsidize primary industries to the pitch where secondary industry cannot use the products of that primary industry. If a primary product cannot be produced economically then I maintain that it should not be produced at all, unless for strategic reasons’, argued Hughes in 1953.\footnote{FRI, \textit{Annual Congress}, July 1953, 15.} For instance, in the case of maize and other products, the prices of these products were pitched so high that it was cheaper to import and land it in Southern Rhodesia than it was to process the local product.

Meanwhile, at the congress in 1954 firms in the food and beverages sector demanded that the government allow for the price reduction of sugar.\footnote{Ibid, November 1954, 13.} Similarly, Poole on behalf of the steel industry, complained that,

purely as a result of giving a high price to primary producer, we now find a situation in which we have a loss of employment in secondary industries using steel. At least one steel-consuming business has left the country…we have the loss of the tax on individual earnings of people employed in the industry, we have the loss of the confidence of the investing public in any industry consuming steel, we have the loss of skilled immigrants who would have come in to work in these industries and we have encouraged competition in our neighbouring countries and placed our own manufacturing industries in a very unfavourable position…that is the net result of pursuing a policy of high prices to the primary producer and not considering the secondary manufacturing industry…it is a complete fallacy and a complete failure.\footnote{Ibid.}
In response, the government assured industrialists that they were looking into matter. Ellman-Brown, the government representative, explained that the government had appointed a steel expert as the General Manager and that a new board was put in place after the recommendation from the Commission of Inquiry into the Iron and Steel industry.\textsuperscript{120} He pleaded for patience to allow the new board and new staff to stabilize, if not, turn around things.\textsuperscript{121}

Another industrialist, J. De Haas, highlighted the importance of forward-backward linkages between primary and secondary industries. He dealt with the linkages from the point of Europeans and Africans employment. Rhodesia was faced with an ever increasing population. For him, ‘only secondary industry can in future absorb this increasing population especially the African population…I put it to you Sir, the outlet will be in secondary industry. I go further and say that primary industry cannot absorb this population to any extent and that only the healthy growth of secondary industry can bring it about.’\textsuperscript{122} All these complaints demonstrate the reluctance with which the government dealt with secondary industry and the frustrations of industrialists thereof.

5. Capital

Local industry also faced capital shortages. Government and industry cooperated to address this problem. In 1949 the government launched a booklet to attract capital, entitled \textit{Southern Rhodesia: A Field for Investment}. The prime target was the United States of America. The government dispatched a delegation to the United States to distribute the booklet. However, one industrialist criticised the booklet as inadequate. He noted,

\begin{quote}
where it does fall down is in the impression it conveys that the country needs only a couple more factories to achieve industrial self-sufficiency. What I criticize is the modesty of the government’s industrial programme. It compares this country’s present state of development with the middle and south-western US and Canada of 50 or 60 years ago. There are enormous opportunities for industrial expansion in this country but instead of indicating the scope of this expansion, the booklet has unwittingly conveyed the opposite impression and then defeated its own object - to attract dollar investment.\textsuperscript{123}
\end{quote}

In spite of the criticism, the booklet was well-received in America.\textsuperscript{124} The Federation made conditions for American investment very favourable. For instance, United States capital invested in approved investments in the Federation could be remitted to the United States at any time subsequent to the initial injection of the dollar capital. Furthermore, the Federal government stated

\begin{itemize}
\item\textsuperscript{120} For more information, see Southern Rhodesia, \textit{Report of Commission of Inquiry into the Operations of RISCOM} (Salisbury: Government Printers, 1954).
\item\textsuperscript{121} FRI, \textit{Annual Congress}, November 1954, 28.
\item\textsuperscript{122} \textit{Ibid}, 18.
\item\textsuperscript{123} \textit{Rhodesian Recorder}, October 1950.
\item\textsuperscript{124} See Gwande, ‘Foreign Capital, State and the Development of Secondary Industry in Southern Rhodesia’.
\end{itemize}
clearly that ‘it welcomes outside financial participation in the development of the country’, particularly, ‘private United States dollar investment’. This posture was a great advertisement by the Federation to other potential investors.

The establishment of the Federation attracted some considerable foreign capital into the country. Kirkpatrick, a guest at the FRI Congress in 1953, highlighted that during the ‘past three years we have been instrumental in injecting something like £3 million into Rhodesian industry and most of that money has gone into the newer and smaller concerns. We are therefore naturally extremely interested to see that Rhodesian industry flourishes and continues to flourish.’ He also warned that capital was becoming one of the scarcest commodities due to competition coming from Canada and Australia, which offered long-term possibilities for investment. The other problem was that UK investors homogenised African problems. ‘People in the United Kingdom’, Kirkpatrick elaborated,

hear of a riot in Durban or some trouble further north, they regard that trouble as a part of the trouble in the whole of Africa, they do not isolate Southern Rhodesia as we ourselves on the spot here know we can isolate. Africa is regarded as one field for investment and unfortunately, these happenings north and south of us are considered most seriously and are the reason why Africa at the moment is not a popular field of investment.

Despite the spectre of instability, Welensky reported an increase in foreign investment. According to him, investment in private enterprises increased from 1.05 million pounds in 1952 to 3.02 million in 1953 and 5 million pounds in 1954. Investment was forecasted to reach some 20 million pounds by the end of 1954, excluding inflow into the government, the railways, banks and other official institutions. Indeed, private investment from abroad for the years 1954 and 1959 was about £123 million, much of it provided by British industrialists.

Industrialists and government carried through more campaigns to lure capital, especially British. ‘It has for some time [been] felt the need to stimulate British interest in industrial opportunities in Rhodesia, particularly as far as secondary industries and manufacturing are concerned’, explained Hatty. British investment was preferred because it was a way of maintaining ties and showing loyalty to ‘home’. In a memorandum to Cabinet, the Federal Ministry of Commerce and Industry

126 FRI, Annual Congress, July 1953, 35.
127 Ibid.
128 FRI, Annual Congress, November 1954, 8; and Gwande, ‘Foreign Capital, State and the Development of Secondary Industry’, 73-76.
130 NAZ S3269/34/30, Industrial Booklet: Distribution of Industrial Booklet, 15 December 1955. For information on inflows of capital, see Gwande, ‘Foreign Capital, State and the Development of Secondary Industry’; and Bond, Uneven Zimbabwe, 73-75.
noted Southern Rhodesia’s campaigns to attract investment for industrial expansion in the UK.\textsuperscript{131} In conjunction with its industrialists, Southern Rhodesia had engaged the Federal Trade Commissioner in London to approach industrialists in UK to consider expanding to Southern Rhodesia. The Trade Commissioner met with the Federation of British Industries (FBI) whose reaction was not encouraging. In his observation, ‘UK industrialists are not easily attracted to the idea of expanding their operations in other parts of the Commonwealth.’\textsuperscript{132} The FBI explained its reservations:

The business offering to United Kingdom industrialists at home and abroad is, in the main, sufficient to absorb their full time energies. There is over employment and yet much to be done to modernise the home industries without thinking of expansion abroad. Many industrialists have experienced bitter disappointments at changes in government policies abroad. They are, therefore, more cautious about accepting promises which might be short-lived. Industrialists are more conscious of the trend towards nationalism in multi-racial communities than possibly ever before.\textsuperscript{133}

What also became apparent from the engagement was the lack of information about the Southern Rhodesian government’s policy on industrial development. To this end, the Trade Commissioner advised the government that the information on financial legislation (taxation and transferability of profits), factory legislation, labour (availability, working conditions including legislation, working hours, adaptability and training facilities), general policy towards industrial development and existing rates of customs duties (tariff concessions, if any) should be made more readily available.\textsuperscript{134} However, the government showed little interest in this advice, to the anger of industrialists.

In need of finance capital, local industrialists joined with other interests to push for the formation of a Central Bank to provide credit finance local development. ‘In view of the importance of the actions of the banking system and their effects upon the development of the colony’, suggested the Central Statistics Office, ‘control of the powers of the banking system to create credit is essential.’\textsuperscript{135} The two banks in the country, Standard Bank and Barclays, were foreign owned.\textsuperscript{136} They kept the bulk of their accumulated funds at their headquarters in Britain and South Africa. Just 50\% of their assets were held in local business loans, and these were short-term loans.

\textsuperscript{131} NAZ F292/16/2, Memorandum for Cabinet on Industrial Development by the Minister of Commerce and Industry, 26 August 1955.

\textsuperscript{132} Ibid.

\textsuperscript{133} Ibid.

\textsuperscript{134} Ibid.

\textsuperscript{135} As quoted in Bond, \textit{Uneven Zimbabwe}, 64.

considered restrictive and undermining industrial growth. According to Patrick Bond, ‘the position of many manufacturers was that finance remained the domain of foreigners who either sent hard-earned Southern Rhodesian money to London and Cape Town or who encouraged excessive luxury goods imports.’\(^{137}\) These grumblings showed increasingly the need for a central banking system to control the credit system. Presenting the colony’s budget in Parliament in 1948, the Minister of Finance stated boldly that ‘it is becoming more evident from day to day that the Colony must control its own monetary system. It is essential that the Colony should maintain the levels of the reserves which back our credit system…’\(^{138}\)

The need for financial regulation resulted in the commissioning of the Bank of England representative, H. C. B. Mynors, to look into the question of the Central Bank.\(^{139}\) Mynors advised against the setting up of a central bank. ‘The economy and finance of Southern Rhodesia are so dependent upon external influences that they could not be directed to any extent through the mechanism of a Central Bank…’, recommended Mynors.\(^{140}\) Southern Rhodesia accepted the advice.\(^{141}\) Demands for monetary regulation and a central bank continued, however. Industrialists and merchants led the campaign. As Admire Mseba noted: ‘Rhodesian industrialists continued to complain that the absence of central bank greatly aggravated capital shortages and seriously retarded the general development of the country.’\(^{142}\) By 1952, Southern Rhodesian government warmed up once more to the establishment of a central bank. The creation of the CAF in 1953 and its potential to expand the economy added an impetus to the calls for the Reserve bank as it rendered untenable the earlier argument that ‘the colony’s economy was too small to require the services of a central bank.’ Indeed, the CAF established the Central Bank of Rhodesia and Nyasaland in 1956.\(^{143}\) Apparent from the creation of the central bank is that it ‘was set up against the background of continued complaints by industrial and commercial sectors, and by an enlarged economic entity created by the formation of the Federation.’\(^{144}\)

\(^{137}\) Bond, *Uneven Zimbabwe*, 64.
\(^{138}\) *Southern Rhodesia Legislative Assembly Debates*, 18 May 1948, Col. 112; and see also Nyamunda, ‘Financing Rebellion’, 38.
\(^{140}\) Ibid.
\(^{141}\) See NAZ S2225/4, Memorandum by the Minister of Finance on H.C.B. Mynor’s Report on the question of a Central Bank, 2 March 1949; and Mseba, ‘Money and Autonomy in a Settler Colony’, 138.
\(^{142}\) Mseba, ‘Money and Autonomy in a Settler Colony’, 139.
\(^{143}\) For a detailed discussion on the formation of the Central Bank, see Ibid; and Nyamunda, ‘Financing Rebellion’, 38-49.
\(^{144}\) Mseba, ‘Money and Autonomy in a Settler Colony’, 139.
6. Promulgation of laws

Industry and the state also engaged each other over the formulation and implementation of laws and regulations that had a direct impact on industrial development. Manufacturers acknowledged African housing as one of Rhodesia’s most acute problems hindering the country’s economic development. The problem ballooned, so much so that municipalities and the government suspended licenses for new industries due to the lack of accommodation. In Salisbury, the FRI approached the municipality many times seeking to address housing problems. Some industrialists illegally housed Africans in various parts of the city, especially on their industrial sites. They only stopped when the municipality threatened them with prosecution. Apart from the tensions that housing shortages caused, this problem also revealed the contradictions in colonial policy as regards Africans in urban areas and the spatial segregation. In Umtali, the development of industries brought with it similar challenges. According to the Umtali Municipality, the expansion of fresh industries caused shortages of housing, local bus services and even meat. In one of the African township, Sakubva, the population grew from 5,516 in January 1950 to 11,882 in September of the same year. Flats totaling 480 as well as 163 married houses and 157 units for single Africans had been built and there had also been erected two small townships of a temporary form of construction housing approximately 3,000 Africans and yet these were still inadequate.

In unison, Umtali industrialists and the municipality mooted a number of possible options to address the compounding housing challenge. First, they both agreed on proper and efficient use of existing housing for Africans. This was in realisation that many occupants of these houses were not usefully employed and therefore, not deserving occupants. Efficient and proper use meant that ‘if an African leaves his employ, his successor can be accommodated and the employer can build up the best labour force suited to the nature of his work. This method will also weed out of the locations that type of native more suited to agriculture than to urban life.’ The second option was to open fresh land for housing beyond the existing limits of suburban development. For instance in Umtali, 500 acres of land were allocated for this purpose.

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145 Rhodesian Recorder, January 1950.
146 Ibid.
147 Ibid, September 1950.
148 Ibid.
149 Ibid. For an in-depth discussion on the nexus between African (un)employment and urban housing crisis see B. Mpofu, ‘No Place for ‘Undesirables’: The Urban Poor’s Struggle for Survival in Bulawayo, Zimbabwe, 1960-2005’, (PhD, University of Edinburgh, 2010), 28-55.
151 Ibid, September 1950.
Matebeleland Clothing Company Bulawayo suggested as a temporary measure, the construction of pole and daga huts, consisting of a bedroom and kitchen, with communal ablution facilities.\textsuperscript{152} Amidst this search for a solution, the municipalities increased rentals for African accommodation under their control, which offset the efforts being made. In the case of Umtali the municipality increased rent by no less than 33.3\%.\textsuperscript{153} Because under the NUARA, the employer met the accommodation needs of his African employees, the rental increase meant an increased cost to employers. That decision incensed some industrialists who then pushed for Africans to either ‘begin to meet some part of the cost for their own accommodation or that the legislation be reviewed or better still government speeds up its financial search to provide cheaper housing.’\textsuperscript{154} The FRI stepped in to help with African housing and announced a scheme through which they hoped to accommodate about 10,000 Africans.\textsuperscript{155}

Meanwhile, the debate still raged on over whose responsibility it was to provide urban accommodation. Municipalities expressed that the responsibility of African urban housing fell chiefly on the government as part of its overall responsibility for ‘Native Development’.\textsuperscript{156} At the same time, some manufacturers felt that the government could not be made to bear the whole burden alone, and that the assistance of the municipalities was necessary. In respect of this, the FRI demanded the Minister of Local Government and Housing to outline the plans for African urban housing.\textsuperscript{157} Acknowledging the government’s responsibility, the Prime Minister, Garfield Todd, in 1954 sought loans from the Colonial Development Corporation to fund African housing projects. He received one million pounds.\textsuperscript{158} Meanwhile, the government urged industrialists to offer opportunities for Africans in industry to deal with inward migration from other territories and rural areas as well as to maintain harmonious relations between races. According to Ellman-Brown, the government also supported the aim of establishing on a permanent basis the urban African, who, with proper training and supervision, strengthened by continuity of service, would be able to increase his efficiency and productivity to the benefit of industry and the country.\textsuperscript{159}

\textsuperscript{152} Ibid.
\textsuperscript{153} Ibid.
\textsuperscript{154} Ibid.
\textsuperscript{155} Rhodesian Recorder, February 1951; and Mpofu, ‘No Place for ‘Undesirables’: The Urban Poor’s Struggle for Survival in Bulawayo’, 43-52.
\textsuperscript{156} For a discussion on this subject, see Ranger, Bulawayo Burning, especially chapter 3; and Mpofu, ‘No Place for ‘Undesirables’: The Urban Poor’s Struggle for Survival in Bulawayo’, 28-55.
\textsuperscript{157} FRI, Annual Congress, November 1954, 45.
\textsuperscript{158} Ibid, 49; See also NASA, BTS, Box 72, 1/58/7 Vol.1, Letter by South African High Commissioner (Southern Rhodesia) to South African Secretary for External Affairs concerning Southern Rhodesian native housing, 7 October 1954; and Rand Daily Mail, 7 October 1954.
\textsuperscript{159} Ibid, 45.
Urban problems, including housing shortages, limited industrial expansion. The Factory Control Regulations (1942) temporarily banned on the sale of industrial sites. Factory Control regulations were upgraded into the Factories Act in 1945 but only came into operation on March 1, 1950. Like its predecessor, it was intended to achieve safety and better standards in the factory structures. In particular, the old established industries were becoming a ‘disgrace’ to modern industrial development.\textsuperscript{160} This was not surprising because many of them had started haphazardly and had never grown out of the stages of improvisation. They were a legacy of wartime difficulties.\textsuperscript{161} They were a risk to the employees in those industries and an eyesore in the industrial sector. Other industrialists would have wanted to improve their buildings but were frustrated by the restriction on building permits and the ban on the sale of industrial sites by government and municipalities. The ban was imposed in 1950 because of the acute shortage of housing for Africans living in the municipal areas. Industrialists contested these bans while at the same time making efforts to solve the housing problems that had triggered them.

The ban on the sale of industrial sites was lifted in Salisbury and Bulawayo in 1951. According to the Minister of Native Affairs, W.A.E. Winterton, the sale resumed because ‘both councils satisfied the government that they were dealing with housing problems to their utmost capacity.’\textsuperscript{162} However, the Bulawayo Chamber President, L. S. Davies, criticised the decision because, for him, the backlog on African housing should have been met and the provision of essential services ought to have been supplied to all existing industries first before the ban could be lifted.\textsuperscript{163} The Salisbury Chamber doubted whether the lift made any difference if other factors such as transport and labour were not addressed. Here was a case of industrialists becoming too demanding. On one hand they did not want the government to intervene and on the other wanted it to address the problems industrialists faced.

However, industrialists persistence could pay dividends, as the case of the License Control Bill demonstrated. During 1954, the Southern Rhodesian legislature introduced the License Control Bill, which according to FRI, would have resulted in the licensing of manufacturers. Through this bill the Rhodesian manufacturer would have been the most controlled industrialist in Southern Africa. ‘If adopted in its original form’, stated the FRI,

[the Bill] would have involved manufacturers not only in obtaining a manufacturer’s license, but also possibly would have necessitated their holding general dealer’s licenses and importer’s license. It would have entailed also the manufacturer complying with all the provisions of the law relating to the approval

\textsuperscript{160} Rhodesia Recorder, February 1951.
\textsuperscript{161} Ibid.
\textsuperscript{162} Ibid, March 1951.
\textsuperscript{163} Ibid.
of the manager and the premises under the licensing legislation, in addition to complying with the Factories and Works Act.\textsuperscript{164}

To its credit, all the points contained in the FRI’s evidence to the Select Committee on the Bill were accepted in the freshly framed Bill. In the words of the FRI Secretariat, this ‘illustrates just another small case where the FRI has been careful to watch the interests of all manufacturers in Southern Rhodesia and on this occasion has been successful in saving them considerable trouble.’\textsuperscript{165}

Industry, municipalities and the central state also clashed over the imbalanced development of secondary industry in the country. Minister of Agriculture, P B Fletcher, noted that ‘a problem that has been worrying the government for considerable time is over-concentration of industry in the two main centres, Bulawayo and Salisbury.’\textsuperscript{166} This needed redress. However, the two major cities possessed great advantages, hence the concentration of industries there. For instance, Bulawayo was directly connected by rail to the export markets in the north and South Africa. Salisbury was the capital city and seat of legislature and the heart of the tobacco-growing districts.\textsuperscript{167}

The other advantage was that, to the manufacturer requiring considerable labour, Salisbury was the initial destination for migrant labour from Nyasaland. Though untrained and lacking industrial skills, these workers provided Salisbury with a reservoir of labour which was not so easily acquired in some of the other centres.\textsuperscript{168} Both cities had the biggest European population, which at the time formed the core of the domestic market.

These advantages notwithstanding, over-concentration deprived other towns and cities the opportunity to enjoy the benefits of urbanisation. Even more, over-concentration flew in the face of the government’s vision of balanced development. Decentralisation was, therefore, imperative in the development of the smaller towns.\textsuperscript{169} The government took a deliberate policy to build up the other hitherto seemingly neglected towns. Such towns in order of size, included, Umtali, Gwelo, Que Que and Gatooma. The aim was to establish in these towns ancillary and complimentary industries, which would promote the development of the towns concerned and level off their inequality with Salisbury and Bulawayo.\textsuperscript{170} Partly because of this, the government had established dehydration factory and Jute Industries at Umtali, steel works at Que Que and the

\textsuperscript{164} NAZ F292/14/9/1, Federation of Rhodesian Industries, untitled memo.
\textsuperscript{165} Ibid.
\textsuperscript{166} Rhodesian Recorder, March 1950.
\textsuperscript{167} Ibid, October 1950.
\textsuperscript{168} Ibid.
\textsuperscript{169} This logic is well captured in the debate on the location of a third spinning mill of CRIB. See especially, Nyambara, ‘The politics of locating the third spinning mill in Southern Rhodesia, 1951-1953’.
\textsuperscript{170} Rhodesian Recorder, October 1950.
Cotton Research Board’s ginnery and spinning mill at Gatooma. In addition, decentralisation allowed undeveloped communities to share some of the amenities of urban life and counteracting the city-to-city migration. This spirit was also marginally engendered with the establishment of the Federation. In 1956, Parliament appointed a Select Committee on Decentralisation. The Committee endorsed decentralisation but advised that the government should establish an Economic Coordinating Council to deal with the practicalities of decentralisation. The Council never came into being, decentralisation remained unimplemented, and a contested policy.

Industrialists and the state also clashed over immigration laws. For industrialists, immigrants brought skill and capital which benefited industry. According to the International Bank for Reconstruction and Development, European immigration brought in capital ranging between £3 million to £6 million yearly between 1949 and 1952. The 1,606 immigrants who entered Southern Rhodesia during February of 1951 declared capital amounting to £461,834 - the highest amount for any one month since January 1949. During 1950, £3,461,084 was declared by 16,245 immigrants as against £4,068,182 by 1,811 immigrants in 1949. Immigration, therefore, was a stimulating factor in industrial growth, particularly because the majority of these immigrants entered the manufacturing sector.

Despite the above benefits, the government insisted that any employer wishing to bring overseas immigrants into the country should pay a guarantee fee ranging between £100 and £300 for each immigrant. However, after repeated requests from organized industry and commerce for the revision of this unwieldy and costly system of immigration guarantees, the government made two concessions which all businessmen appreciated. First, all ‘employers [were] free to bring into the colony all the labour they need for commercial and industrial expansion ...’ Second, employers were ‘required to pay only a small insurance premium at the rate of 1% per annum.’ The government insisted that the ‘immigration guarantees were intended not as a brake on the flow of settlers but to indemnify themselves against the expense of possible repatriation of undesirable immigrants.’

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171 See NAZ F292/16/14, Decentralisation of Industries: Memorandum on Distribution of Industry, 11 April 1957; and Federation of Rhodesia and Nyasaland, Federal Assembly Report of the Select Committee on Decentralisation, 6 August 1957.
173 Rhodesian Recorder, June, 1951.
175 Ibid.
176 Ibid.
While thankful for the concessions, commerce and industry insisted on the abolition of the system of immigration guarantees altogether. The FRI, placed the matter of immigration guarantees on the agenda of its 1953 annual congress and stressed the need to ‘foster and encourage large-scale selective immigration of Europeans.’ The source target of immigrants was of course Britain. Debating against this motion, A.E. Abrahamson, President of the Bulawayo Chamber, emphasised that ‘the importation of human material should be made as free as possible’ and deplored ‘any closed shop policy.’ He argued, ‘immigration will bring into this part of the world men of ingenuity, men with capital, who will start new ventures to fill the gaps in the productivity of the country, in industry and in all creative endeavor. That is the only way to build the country.’ For him, the restrictive or selective policy was likely to deprive the country of white immigrants.

Partly due to the lobbying by industrialists, and partly on its own initiative, the government enacted new immigration laws, the Immigration Act (1954) and the Immigration (Selection) Regulations, (1954). These laws set out the selection criteria for immigrants. These were, inter alia, ‘good character, good health, possess capital or income in an amount deemed sufficient by the [selection] Board, has qualifications, education, training or experience likely to render him efficient in the occupation he intends to undertake in the Federation.’ In a way, the new immigration laws allowed for the admission of the industry-specific immigrant. Of the 10,700 European immigrants entering the Federation for employment in mining, agriculture and manufacturing industry between November 1954 and August 1957, a substantial proportion totalling approximately 7,000 entered manufacturing industry.

7. Protection of Local Industries and Negotiating Trade Agreement with South Africa

The major point of friction between industrialists and the state concerned tariff protection and the approach to negotiations for trade agreements. While the 1948 Customs Union Agreement had initially proved a good stimulus, industrialists from Southern Rhodesia and the Union of South Africa began raising concerns about it. Complaints initially emerged from South Africa. The Transvaal Chamber of Industries complained that certain sections of the agreement harmed to the Union’s manufacturing industry due to the inequitable and economically unsound conditions brought about by the import control. As a result, the Chamber urged the government to take

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177 FRI Annual Congress, July 1953, 41.
178 Ibid.
179 Ibid, 42.
181 Ibid.
183 Rand Daily Mail, 30 September 1949.
immediate steps to remove the resulting disadvantages, which were jeopardising the continuance of established industries in the Union. According to the Chamber, the clothing industry was the hardest hit by the alleged inequitable competition of the Rhodesian industry.

The National Textile Manufacturer’s Association of South Africa also weighed in on the matter.\textsuperscript{184} This is not surprising, as trade statistics showed that Southern Rhodesian clothing and textile exports more than doubled in the aftermath of the Agreement. Recognising this, the Union industrialists were somehow justified in seeking import control measures extended to Rhodesia as well as revising existing tariff system.\textsuperscript{185} J. N. Theron, Undersecretary for Commerce and Industries in the Union, however, clarified that the agreement was not merely and purely a trade and economic issue alone. Rather, the agreement was also ‘a matter of major political policy involving the Union’s relations with an important Government’s next door.’\textsuperscript{186}

Naturally, these Union protests invited a response from Southern Rhodesian industrialists. Southern Rhodesian industrialists denied that the colony’s exports were affecting the Union’s garment industry to ‘anything like the extent believed.’\textsuperscript{187} Instead, they countered that ‘South African goods have always been sold in Rhodesia against competition of our own local factories, but we have never complained about unfair trading from the Union.’\textsuperscript{188} In one of the responses, the FRI blamed the Union industrialists for the competition. The FRI Secretary explained that,

\begin{quote}
  personally I have aided more than one such concern to open up in the Colony and I have considered it part of our policy to increase, no matter from what quarter it comes, the productive capacity of Rhodesian industry. We are pleased to welcome them and we hope they will long continue with us. These factories are setting up in Bulawayo and more plan to come and they are making clothing, which is being sent down to South Africa. This is greatly to the benefit of Rhodesia and it is adding material to our exports, which are so badly needed. On what grounds therefore, can the Union manufacturers complain about our increasing exports if they themselves-by their own influx-are largely responsible for the increase?
\end{quote}

At the same time, the FRI also complained about the trade agreement. According to Aldridge, the FRI Director, three quarters of the imports from South Africa entered Southern Rhodesia duty free, while the remaining quarter was admitted at duties considerably lower than the most preferential rates contained in the tariff book. He maintained that the Agreement ‘has not only reduced the protective element for Rhodesian industry to insignificance, but has also put the

\textsuperscript{184} NASA-P HEN vol.3907 Ref 710/1 vol.16, Memorandum on the effects of the Customs Union (Interim) Agreement between the Union of South Africa and Southern Rhodesia on the Textile Industry of the Union of South Africa, 8 July 1953.

\textsuperscript{185} Rand Daily Mail, 30 September 1949.

\textsuperscript{186} \textit{Ibid}.

\textsuperscript{187} Rhodesian Recorder; December 1949.

\textsuperscript{188} \textit{Ibid}.

\textsuperscript{189} \textit{Ibid}, March 1950.
colony in a position where any prospective new class of industry must face completely duty-free competition from South Africa. Complaints continued at successive gatherings of industrialists. In his Presidential Address at the FRI annual congress in Bulawayo in 1953, Roberts stated that ‘Rhodesian industrialists had completely lost confidence in the ideals of the Customs Union Agreement with South Africa because of South Africa ‘bypassing’ many of its most important objects.’ Part of the agreement’s objects was that it was a machinery for regulating the flow of goods and trade between the parties on a basis of fair and unsubsidized competition. Recognising the relatively less developed state of industry in Southern Rhodesia, the Agreement also provided for its development on a sound economic footing.

However, for FRI, these ideals were, for the most part, by-passed and this was ultra vires the stated purpose of the agreement. In particular, the gravest concern was the Union Government’s ‘complete failure to implement one important article of the agreement – the definition of manufacture – and the result has been a complete loss of confidence in the principle or idea of the Customs Union Agreement.’ FRI Vice President, A H V Muirhead, questioned the validity of the Customs Union. Explaining the very strong feelings held by Rhodesian industrialists about the operation of the agreement, he said, ‘in fact, I will go so far as to say that I am not sure that the agreement is in effect a valid operative agreement today, for part of the agreement has never been ratified and brought into operation by the Union Government.’ As a result, many industrialists recommended that government should not renew the agreement unless they received a ‘similar measure of protection for their industries within the Federal area to that enjoyed by their competitors in the Union.’ Although the criticism was aimed at the Agreement, it was also a manifestation of the FRI’s dissatisfaction over the government’s laxity in the implementation of the agreement.

Against this backdrop, industrialists called for re-negotiation of a new trade agreement. In any case, the 1948 Agreement was nearing its five-year lapse period. Even more, the impending Federation of Rhodesia and Nyasaland was bound to impact on regional trade, which warranted a re-look at trading arrangements. The FRI cautioned that, ‘quite obviously we do need and we must always have neighbourly and brotherly relations with our southern neighbours, but…we must

191 Rhodesian Herald, 9 July 1953; See also Cape Times, 9 July 1953; The Star, 9 July 1953; and FRI, Annual Congress July 1953: Presidential Address, 5.
192 FRI, Annual Congress July 1953: Presidential Address, 5.
193 Rhodesia Herald, 10 July 1953.
194 Ibid.
ensure that in any future negotiation, tariffs or customs union agreements, Rhodesian and Central African interests must be placed in the forefront, for they are virtually the only interests which count. Furthermore, it emphasized that any future agreements, whilst they might be in a spirit of mutual trade, must include provisions to ensure that trade and industry would be carried out on a fair and equitable basis. The government also needed to be wary that agreements were not an end in themselves but were also subject to interpretation and implementation. As such, the government needed to be aggressive regarding the last two. Even a government official agreed that the Customs agreement should be discontinued but for different reasons to those of industrialists. In response to the demands for the non-renewal of the Customs agreement with the Union, Bertram, the Secretary for Commerce and Industry, said that ‘the existing agreement cannot continue if for no other reason than that it is an agreement one of the parties to which is no longer competent to operate such an agreement. Southern Rhodesia will lose her right to deal with external trade matters for the Federal government.’

The new 1955 Trade Agreement replaced the 1948 Agreement. This agreement applied to all three territories of the Federation. It provided, inter alia, for ‘duty free entry into the Union for 78 Federal items and for a further 91 items if more than 75% of the factory cost accrues in the Federation. If this 75% cannot be obtained, then the items benefit by a considerable reduction in the Union’s most favoured nation rate, such reduction varying with the percentage added to the factory cost by Federal manufacture.’ On the other hand, South Africa was given ‘duty free entry on only one tariff item, but is given preference over all countries except the United Kingdom in all but 39 tariff classifications and further preferences over the United Kingdom in respect of 120 items.’ The Rhodesian industrialists attacked this agreement. During its last congress as FRI, Ponter, said that ‘we hoped that the new agreement negotiated with the Union after the Federation would show that industry was here and had to be encouraged. We voiced our misgivings at the terms of the agreement and they have been fully justified by events.’

195 FRI, Annual Congress, July 1953, 23.
196 Ibid.
197 Ibid, 46.
199 Ibid.
While previous agreements were arguably beneficial to Rhodesia, Ponter now desired the country to develop independently away from under the shadow of South Africa. He, however, acknowledged that ‘obviously, we want to trade and must trade with South Africa and other countries, but the main consideration must be: “will it, does it, can it suit us?” (emphasis in the original).’ Ponter further criticised the manner in which the government negotiated the agreement stating that,

it seemed obvious to delegates that a certain arrogance on the part of Federal negotiators had led to the outwitting of the Federation during negotiation of the South African Trade Agreement. Unlike their South African counterparts, who it is known, were in constant touch with South African industrialists, the official Federal negotiators made it quite clear that they did not welcome outside ‘advice’ during the talks.

He drew parallels with Europe, which at the time was questioning the proposed European idea of a Free Trade Area on that continent. Yet, ‘the Federation - a young country in which everything depended on economic health and development - allowed large quantities of manufactured goods to enter to the detriment of its own industries.’

Associated Chambers of Commerce also contested the provisions and impact of this agreement on the Federal economy. Their memorandum stated that,

[When the present trade agreement was negotiated in 1955; organised Commerce and Industry in the two countries had little opportunity of influencing the course of negotiations because such negotiations were conducted by government officials on the basis of the new tariff for the Federation which, at that stage, had not been published.]

In terms of its impact, for instance, in the textile industry, trade statistics are revealing. ‘Our textile industry … which was beginning to obtain the greatest foothold in the Union market prior to the agreement, is subjected to severe restrictions which do not apply in reverse direction’, complained Commerce and Industry of Rhodesia. Whereas exports of cotton piece goods and clothing from the Federation to the Union in 1954 amounted to some £2.4 million, this dropped to £1.8 million by 1957. Conversely, exports in this period from the Union to the Federation increased from £5.8 million in 1954 to over £7 million in 1957. Similar restrictions were noticeable in the cigarette and tobacco trade. Where in 1955 the Union purchased over £2 million worth of Rhodesian unmanufactured tobacco, in 1957 it only took £549,000 worth.

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201 Rhodesian Recorder, August 1957.
202 Ibid.
203 Ibid.
205 Ibid.
Overall, commerce and industry grumbled that the present trade agreement has resulted in the Union of South Africa being granted a preferential position in the Federal market in many respects even greater than the United Kingdom, notwithstanding the fact that the basis of the Federation’s tariff is Imperial Preference and that the Federation has particular obligations to the United Kingdom. These obligations do not arise entirely from ties of sentiment although these are of course strong. Britain is still the Federation’s best customer…is also the source of the majority of our investment capital.206

For the Union to be granted a position more favourable than the United Kingdom was no small concession, yet the Federation only received a very limited concession in the Union market. Flow of trade progressively favoured the Union as the Table 3.4 below shows.

Table 3.4: Value of Exports between the Union of South Africa and the Federation, 1954-1957

<table>
<thead>
<tr>
<th>Year</th>
<th>Union to the Federation (million £)</th>
<th>Federation to the Union (million £)</th>
<th>Balance of Trade (million £)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>43.4</td>
<td>13.7</td>
<td>29.7</td>
</tr>
<tr>
<td>1955</td>
<td>45.5</td>
<td>16.7</td>
<td>28.8</td>
</tr>
<tr>
<td>1956</td>
<td>53.3</td>
<td>16.6</td>
<td>36.7</td>
</tr>
<tr>
<td>1957</td>
<td>60.9</td>
<td>13.6</td>
<td>47.3</td>
</tr>
</tbody>
</table>


Going forward, the Chamber of Commerce bluntly stated that ‘it could not support the continuation of the 1955 Trade Agreement with the Union. These grumblings led to the renegotiation of the agreement, which resulted in a new one in 1960.207 Noteworthy also is the convergence of interests between industrial and commercial interests.

In negotiating trade agreements, there were a number of considerations. First was the realignment of the Federal tariff, given the different stages of development in the three Federal territories. In the first instance, a tariff is a means of raising revenue for an importing country. Bearing this in mind, Nyasaland, for instance, was entirely an importing country, it was producing raw materials for exports hence its whole tariff structure was on the basis of raising revenue on certain types of imports in order to pay the needs of its central government.208 The situation was different for Northern Rhodesia and more so for Southern Rhodesia. Southern Rhodesia had advanced industrially and needed protection for its local industries. So, any commission or body that would be tasked to negotiate tariff policy and trade relations needed to address the need to raise revenue

206 Ibid.
208 FRI, Annual Congress, July 1953, 23.
and protect local industries while also considering Nyasaland’s needs. A Federal Fiscal Commission formed in 1953 looked into this matter. It then recommended inter-alia that ‘a Customs Union should be created between the three territories within one year from the inception of Federation with complete freedom of trade throughout the Federal area in regard to products originating in the three territories. On external goods, there should be a unified general tariff.’

The second consideration was Imperial preference. While Imperial preference was maintained as an obligation from British Imperial policy for tobacco interests, sentimental and loyalty reasons, it was also viewed as a setback for local development. Commenting on imperial preference, C. J. Hatty remarked that,

I would not like it to be suggested that I am in any way disloyal to the British Crown, but… I have been worried from time to time at the flag-waging that is taking place in regard to Southern Rhodesia – the good little boy who has towed the line and helped the Mother Country. But I believe that the greatest help we could be to the Mother country is to be economically strong in ten years’ time.

Imperial preference obligated Rhodesians to prioritise Britain and the Commonwealth countries in business transactions, irrespective of the costs. For industrialists, this was a deprivation from conducting business in the best market and therefore, a big hindrance to local industries. In this respect, they questioned the benefit of this practice to industries. Yet, imperial preference was the cornerstone of Southern Rhodesia’s most important export – tobacco. Britain was the biggest buyer of Rhodesia’s tobacco. Tampering with imperial preference would therefore have adverse implications on tobacco producers. By the virtue of tobacco industry’s strong dependence on the Imperial Preference, growers would oppose any modifications to the practice. This is particularly so because tobacco growers, through their lobby group, the RTA, were powerful, commanded the government’s attention and they were also a strong political constituency. Inherent in the imperial preference was also the political relationship between London and Salisbury. On a balance of probabilities, industry was on a wild goose chase.

Thirdly, and more importantly, was tariff protection. Industrialists argued that protection on a selective basis was inadequate. They advanced numerous examples and analogies to demonstrate their need for protection. For instance, the Steel Industry of Southern Rhodesia complained of competition from the Union. It stated; ‘the 25% drop in the sales of the Colony’s steel industry was due to unfair competition from the Union.’ In 1949, steel imports valued at £450,000.

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210 FRI, Annual Congress, July 1953, 24.
211 For more information, see McKenzie, ‘Colonial Farmers in the Governmental System of Colonial Zimbabwe’; Murray, The Governmental System of Southern Rhodesia; and Ncube, ‘Colonial Zimbabwe’s Tobacco Industry’.
212 Rhodesia Herald, 8 July 1953.
entered from the Union, of which, half of that could have been produced at Que Que. Furthermore, South African firms obtained contracts for structural steelwork in the Colony because of the low priced steel in the Union. Additionally, they could bring steel in to the colony without having to pay the surcharge of £14 a ton payable by Rhodesian importers. Under such an arrangement South African firms, therefore, had a free run in the Rhodesian market. Southern Rhodesia Steel Industry complained of the flouting of the Rhodesian tender system. The sector advanced that ‘most of the structural engineering jobs were done for the government, statutory commissions, railways and municipalities. This is despite that 10% of all government and its departments were reserved for local manufacturers. This preference was being ignored.’

Meanwhile, the FRI through Hamilton, moved a motion to ‘adopt a tariff which, allied with control of imports (preference to local industry) will afford as much assistance to the development of industries as the similar policy of the Union of South Africa has afforded to the development of industries in the Union.’ The motion was motivated by the fact that the question of tariffs, customs and customs union would become a Federal matter. As such, it was at that stage when authorities were still re-casting and making new decisions as to what the position would be, that industrialists voiced their opinion as far as protection was concerned. They continued criticising government and demanded tariff protection. Poole for example complained that,

> our attitude towards world trade seems to me to be odd. We have been told that we must not develop industries which depend on protection for their success, which implies, presumably that any industry locally must be able, without any form of protection whatsoever, to stand on its own feet in the world markets. That I believe is completely useless and futile theory. I think it is impossible to quote any country in the world, which has managed to survive with an industrial economy based on free trade.

He again criticised the government for accepting what he viewed as unsound advice. He commented, in reference to free trade, that,

> we must face up to it that these world-wide theories which tend to be expounded from academic sources do not necessarily mean sound business…and we should be more concerned with what is good for Rhodesia and what is good as national policy than quoting these theories from the book and try to adjust our own economy and our own ideas to suit them.

Using a parenting analogy, Muirhead of Rhodesia Plastics Limited also weighed in highlighting that,

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213 Ibid.
214 Ibid.
215 FRI, Annual Congress, July 1953, 19.
216 Ibid, 9.
217 Ibid.
we have been told time and time again, until I am sick of hearing it, that industry in this country today must stand on its own feet and be able to hold its own in a freely competitive market. That sort of nonsense does not cut any ice...if we accept that, we must think of our own position as parents. You have to help your own child until at least he can run in competition with other people, he cannot run in competitive races without a little bit of encouragement and support while he is learning to stand on his own feet.218

For industrialists, the refusal to grant protection created an impression that there was an attitude in the country that small businesses were not wanted because they needed that measure of protection and because they were infant industries. Citing the examples of the USA and Britain, one industrialist queried: ‘but is it fully appreciated, I wonder, by the government that 92% of the industries in the UK and a very similar figure in the USA, consist of small concerns employing under 250 employees? They are the backbone of industry in both the United States of America and United Kingdom.219 Contributions that were made during the debate supported the demand for protection. Indeed the clamour by industrialists was justified, for a protected basic home market was a springboard from which local industries could develop.

Others also questioned the wisdom of joining GATT at such an early stage of the country’s industrialisation. In the words of Abrahamson,

we are unfortunately placed in the situation where we are a signatory to GATT and I think it is a most unfortunate situation that at such an early stage of our development we should have limitations placed on us as to the extent of tariff protection that we can afford to our various industries. It seems ludicrous in a way that some of the greatest sponsors of GATT are countries which have developed their economies by methods of out and out protection and now that they have developed to the stage where they must trade with the rest of the world, are in the forefront, adopting a big brother attitude to so-called under-developed countries by trying to limit the ability of these countries to protect their own secondary industries.220

Responding to this criticism, Bertram, the Secretary for Commerce and Industry, said that by joining GATT the country would derive substantial benefits in the long term. GATT operated on the principle that ‘any reduction in Customs tariffs which is obtained by one country in negotiating with another automatically applies to all members of GATT and not to the one party, so to the extent that other countries have achieved reduced tariffs, we benefit.’221 Due to these anticipated benefits, it was critical that Rhodesian industrialists accept the GATT. At the FRI Congress in 1954, a motion on customs tariff was tabled once more wherein the congress ‘urged the

218 Ibid, 20.
219 Ibid.
220 Ibid, 22.
221 Ibid, 49.
government to recognize that in a world of managed economies it is folly to imagine that the Federation can make any appreciate progress without some form of protection for secondary industry.222 Broadly, the same arguments were repeated with minor amendments and additions in 1955.223

In all of the calls made for protection during this time, only the case of hessian produced by the Rhodesian Jute Industries of Umtali moved the government. Parliament established a Select Committee in 1956 to look into the position of a customs duty and possibly government subsidy on hessian.224 The company was suffering high duties on its imports from Pakistan and India. As a result, the company product was uncompetitive and almost sunk.225 After some lengthy investigations, the Committee recommended that the hessian be protected and parliament approved. Leaving the company unprotected had negative ramifications for Umtali. The industry was one of the largest factories in the city. It provided livelihoods to about 400 Europeans. The company employed about 80 specialists drawn from Lancashire (UK). Africans numbering about 1700 were also dependent on the factory. The closure of this factory would hit hard on these people.

That the government responded to the plea of the Rhodesian Jute Industries was the exception, otherwise the government was unmoved by industrialists’ demands.226 As highlighted earlier, a Cabinet Working Party of Officials on Incentives and the Structure for Industrial Development appointed in 1956 by the Federal government dismissed all of the requests that industrialists made to government regarding assistance, except for rebates.227 In its summary, the Working Party noted that government expenditure on capital projects was already great. It recommended that no additional measures should be taken by government to attract new industry other than those already adopted and that a selective basis of consideration for protection be maintained (the whole existing structure as discussed previously was to continue).228 In 1957, an industrialist named Hercules Robinson stated that he had ‘made four separate applications for protection. Each was turned down—each time for different reasons and each time without reference to previous reasons given.’229 In negotiations, the government would never give the real reasons for a refusal of

222 FRI, Annual Congress, November 1954, 67.
223 See FRI, Annual Congress, October 1955, 60-92.
224 Legislative Assembly Debates, 21 March 1956, Col. 2724.
225 Ibid.
226 Mlambo and Phimister, ‘Partly Protected’, 159 offer a different account of the Rhodesian Jute Industry that the sector remained unprotected and actually protested against any relaxation of import controls on cloth.
227 See NAZ F292/16/10, Industrial Incentives and Structure for Industrial Development, August 1956.
228 Ibid.
229 Rhodesian Recorder, August 1957.
protection. ‘If any are given’, he added, ‘the reasons would make one either roar with laughter or weep with frustration.’\textsuperscript{230} Indeed the government stuck to its position that industry must establish itself.

Nevertheless, industry continued to demand protection from government. In 1957 industrialists demanded that ‘the Federal Government in consultation with organized industry carry out a full investigation into the whole question of protection with a view to the employment of tariffs as an effective instrument for the encouragement and growth of healthy secondary industries.’\textsuperscript{231} A. E. Abrahamson, an industrialist and Bulawayo MP, highlighted that ‘the country lost £6,000,000 on maize. Surely it would have been better for the government to encourage and protect a fully integrated industry which could process maize in this country instead of to export millions of tons at a loss!’\textsuperscript{232} Other industrialists weighed in with their contributions. L. Davies of Bulawayo said ‘exclusive protection attracted competitive firms and thus brought down prices.’\textsuperscript{233} K. Fiksl of Midlands added that ‘there is no country in the world which wants industry and which has no protection.’\textsuperscript{234} By insisting on selective protection, industrialists felt the government had failed in its undertaking to encourage secondary industry. The state gave minimal and, at best, partial support to secondary industry.

Conclusion

Industrial expansion recorded between 1949 and 1957 is attributable in part to the efforts of private enterprise aided by its representative organisation, the FRI and in part to other factors. Addressing industrialists at the valedictory congress of the FRI, the Mayor of Salisbury, Harry Pichanick, acknowledged the impact of private enterprise [industrialists] on the growth of Salisbury. He said,

Salisbury today has a budget equal to 50\% of the total budget of the Colony. It is twice as much now as that of Southern Rhodesia in 1939, and it is growing infinitely faster than the rest of the Federation put together. The funny part is that the City Council is not responsible, and more strangely still, the Southern Rhodesia government is also not responsible, for this state of affairs. You, Sir, that is the people in private enterprise, are responsible, for you have unquestionably built up this City. You have had the courage and the vision, and the enterprise, to pour millions of money into Salisbury, and to show the world this glorious and magnificent city, which has arisen around us.\textsuperscript{235}

\textsuperscript{230} Ibid.
\textsuperscript{231} Ibid.
\textsuperscript{232} Ibid.
\textsuperscript{233} Ibid.
\textsuperscript{234} Ibid.
\textsuperscript{235} FRI, Final Annual Congress, July 1957.
Figure 1 depicts this industrial expansion.

By 1957, industries had increased to 923 from 508 in 1949, and gross output had tripled from £31,076,000 in 1949 to £104,945,000 in 1957. More tellingly, its 1957 net output of £43,176,000 was almost double the gross output of mining at £25,764,000, and slightly lower than that of agriculture at £45,086,000. Table 3.5 shows the output of the manufacturing sector by 1957.

Figure 1: A pictorial representation of industrial expansion in Rhodesia as at 1956

Table 3.5: Manufacturing Industries Output Compared with Agriculture and Mining, 1949-1957

<table>
<thead>
<tr>
<th>Year</th>
<th>Net output of Manufacturing Industries (£'000)</th>
<th>Gross output of Agriculture (£'000)</th>
<th>Gross Output of Minerals (£'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>14,218</td>
<td>19,050</td>
<td>11,293</td>
</tr>
<tr>
<td>1950</td>
<td>19,101</td>
<td>27,110</td>
<td>13,607</td>
</tr>
<tr>
<td>1951</td>
<td>21,754</td>
<td>24,360</td>
<td>15,039</td>
</tr>
<tr>
<td>1952</td>
<td>24,531</td>
<td>34,010</td>
<td>20,201</td>
</tr>
<tr>
<td>1953</td>
<td>26,084</td>
<td>34,220</td>
<td>19,491</td>
</tr>
<tr>
<td>1954</td>
<td>-</td>
<td>37,610</td>
<td>18,776</td>
</tr>
<tr>
<td>1955</td>
<td>30,378</td>
<td>38,458</td>
<td>20,514</td>
</tr>
<tr>
<td>1956</td>
<td>35,814</td>
<td>43,133</td>
<td>23,261</td>
</tr>
<tr>
<td>1957</td>
<td>43,176</td>
<td>45,086</td>
<td>25,764</td>
</tr>
</tbody>
</table>


There was also a tendency for production to be concentrated in the hands of bigger firms. By 1957, 31 firms (3%) out of 918, with a net output ranging from £250,000 and over, produced

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£18,209,000 (42.2%) of the total net output (£43,166,000) of the manufacturing industries. Table 3.6 shows the distribution of the manufacturing industry by unit output.

**Table 3.6: Distribution of manufacturing establishments by value of net output in Southern Rhodesia 1956/57**

<table>
<thead>
<tr>
<th>Range of Net output</th>
<th>Establishments</th>
<th>Net Output of each group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>% of Total</td>
</tr>
<tr>
<td>Under £5,000</td>
<td>57</td>
<td>6</td>
</tr>
<tr>
<td>£5,000 - £10,000</td>
<td>203</td>
<td>22</td>
</tr>
<tr>
<td>£10,000 - £15,000</td>
<td>121</td>
<td>13</td>
</tr>
<tr>
<td>£15,000 - £20,000</td>
<td>71</td>
<td>8</td>
</tr>
<tr>
<td>£20,000 - £30,000</td>
<td>96</td>
<td>11</td>
</tr>
<tr>
<td>£30,000 - £40,000</td>
<td>47</td>
<td>5</td>
</tr>
<tr>
<td>£40,000 - £50,000</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td>£50,000 - £100,000</td>
<td>79</td>
<td>9</td>
</tr>
<tr>
<td>£100,000 - £150,000</td>
<td>35</td>
<td>4</td>
</tr>
<tr>
<td>£150,000 - £200,000</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>£200,000 - £250,000</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>£250,000 and over</td>
<td>31</td>
<td>3</td>
</tr>
</tbody>
</table>


Crucially, this expansion took place in Southern Rhodesia and that had implications for the other two Federal territories and even more on the organizational structure and abilities of the FRI. It became imperative that the organisation consider propping up industrial development in Northern Rhodesia and Nyasaland. This realisation prompted the widening and strengthening of the Federal Council of Industries. A new Federal organisation was thus formed in 1957, that is, the Association of Rhodesian and Nyasaland industries (ARNI). This is the subject of the next chapter.
Chapter Four

From FRI to ARNI: Organised Industry, the State, Changing Economic Fortunes and Central African Decolonisation, 1957-1965

Introduction

This chapter discusses the establishment of ARNI in 1957 as an organisation speaking for industrialists throughout the Federation of Rhodesia and Nyasaland. It details the politics of ARNI, especially the demands and aspirations of Southern Rhodesian industrialists as they interacted with both territorial and Federal governments as well as their Northern Rhodesian and Nyasaland counterparts. The views of organised industry on the state of the economy, politics and its bearing on their interests are also analysed. Additionally, it assesses the pending Federal dissolution and its implications on industry. The chapter also discusses industry’s attitude towards the new right wing Rhodesian Front government’s policies and the threat of a Unilateral Declaration of Independence in 1965. The chapter further examines the structure and position of secondary industry in the economy. Broadly, the chapter maintains that industrialists managed with minimal state support. Other economic interest groups, in particular commerce, remained somewhat aloof from supporting industrial development.

The transition to, and the operations of ARNI

The ARNI was established in 1957 as the successor of the FRI, which represented the interests of secondary industry in Southern Rhodesia. Speaking at the final Congress of the FRI on 18 July 1957, Sir Malcom Barrow, the Minister of Home Affairs (and former Minister of Commerce and Industry) supported industrialists in expanding their membership to reflect the geopolitics of the time. ‘It is important’, he said, ‘that Federal Industrialists should have an organisation in which they can speak as industrialists.’ He, however, qualified his support for such an organisation noting that he was not encouraging industrialists to break away from organisations to which they already belonged, such as organised commerce. Many, both in Southern Rhodesia and in the two northern territories, were members of Chambers of Commerce and Associations of Commerce and Industry. In Southern Rhodesia, some forty percent of the members in the Chamber of Commerce were actually industrialists. If anything, Sir Barrow added, ‘the presence of industrialists in a Chamber of Commerce [was] the finest way of achieving that cooperation between commerce and

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1 FRI, Final Annual Congress, 18 July 1957.
2 Ibid.
industry, which is so necessary to our industrial expansion. That was not unnatural since industrialists were also traders.

Indeed, on 19 July 1957, industrialists debated the idea of creating a Federal-wide body. Dealing with the reasons for the formation of new Federal body, A. E. Abrahamson of Bulawayo Chamber Industries said it was ‘in keeping with the spirit of progress of the country and making the industrialist alive to the totality of industry within the Federation.” Seconded by C.H. Targett, Abrahamson then moved a motion that ‘this Congress, being of the opinion that the interests of industry in the Rhodesias and Nyasaland will best be served by the establishment of a federal-wide organisation, hereby adopts the revised constitution now submitted and the new title “Association of Rhodesia and Nyasaland Industries”’. Contributing to the motion, President of the Salisbury Chamber, J. de Haas, and P.E. Gresham of the Umtali Chamber and C.F.S. Clarke of the Midlands Chamber, D. J. Divett of Bulawayo Chamber, all supported the motion. M. Rabb from Northern Rhodesia also assured the meeting that ‘Northern Rhodesian industry stood four-square behind the new Federal organisation for industry.’ Representing the Northern Rhodesian Association of Chambers of Commerce, Frank Davidson similarly supported the motion. He stated that, ‘industry in Northern Rhodesia, for many years was linked to the organisation for commerce because a separate industrial body was not warranted but, the present proposals had solved the industrialists’ problems’ before adding that he was ‘convinced that industry in Northern Rhodesia would benefit immensely from the new Federal industrial organisation.’

Delegates unanimously adopted the motion. ARNI came to life, with Abrahamson elected its inaugural President. Its objectives were:

the promotion and protection of the interests of industrialists and manufacturers, encouragement, assistance and promotion of the organization of industries, representing the views of manufacturers and industrialists to, and cooperating with governments, local authorities and other institutions on matters directly or indirectly affecting industry, and printing, publishing or supporting any magazine, periodical, brochure or publication seen to be consistent with ARNI’s objectives.

The membership of ARNI was comprised of manufacturing firms, which ordinarily, were members of a Chamber of Industry. However, because of the paucity of manufacturing industry in Northern Rhodesia and Nyasaland, industrialists found it impracticable to establish separate

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3 Ibid.
4 NAZ F292/14/9/1, Industrial Policy Part 2, ARNI Proceedings of Inaugural meeting, 19 July 1957.
5 Ibid.
6 Ibid.
7 Ibid.
Chambers of Industries in the two northern territories. ARNI made a constitutional provision for the admission of individual manufacturing firms as direct members.\(^9\) In addition, there were many firms in the Federation, which, though not engaged in manufacturing themselves, nevertheless had a vital interest in industry’s activities. These included commercial banks, industrial consultants, the copper mining groups and finance houses, as well as Employers’ Associations in various subsectors. ARNI sometimes admitted these institutions as associate members.\(^10\) Although ARNI now broadly represented the whole Federation, the core of its constituent chambers remained those from Southern Rhodesia namely, Salisbury, Bulawayo, Midlands and Umtali. Against this backdrop, the association focussed particular attention on enrolling new members during 1959 across the Federation. It appointed a public relations officer expressly for membership recruitment in the whole Federation. The ARNI reported that the campaign met with marked success and approximately, ‘one hundred new members were enrolled since the public relations officer took up office [in 1959]’.

Prominent amongst critical services afforded by the ARNI to members included assistance on matters such as the submission of applications for tariff protection, rebates and suspension of duties, applications for dumping duties, applications for import and export permits.\(^12\) It further assisted with information and advice on ‘export markets and the location of suitable agents’, in addition to ‘the investigation of trade licensing problems, the interpretation of labour and other regulations, the location of sources or raw materials and the investigation of railway problems.’

The ARNI introduced many initiatives. To begin with, it launched a Register of Manufacturers, later superseded by an annual Industrial Register.\(^14\) This was an advertising medium for manufacturers and reference book for consumers. Its distribution areas included the Federal and Territorial government offices, the High Commissioners and Trade Commissioners abroad, representative offices of foreign governments in the Federation, business houses and municipalities. These places were strategic in publicising industrialists’ activities and reaching out to potential partners, investors and consumers.

The ARNI expanded the Buy Rhodesian campaign, now known as the Buy Federal campaign, to encompass all the three territories. ARNI successfully advocated local preferences in government purchasing patterns. It acknowledged the positive approach by government departments to buy

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\(^10\) Ibid.

\(^11\) Ibid.

\(^12\) Ibid.

\(^13\) Ibid.

federal wherever possible. Reviewing its progress, the ARNI President remarked in 1959 that ‘it is gratifying to be able to record that following representations by ARNI over a number of years, the Federal Government and the three territorial governments eventually agreed on a substantially similar system of preferences for Federal products in awarding government contracts.’ It was not without its glitches, however. Other statutory boards and corporations such as the Rhodesia Railways and municipalities maintained a discriminatory tender system.

To show its commitment to supporting local manufacturers, the government undertook to pay for the Buy Federal Campaign. Both the Federal government and the ARNI agreed to circulate a “housewives’ guide” showing consumer products made in the Federation. In addition to the guide, they employed an individual on a full-time basis to organise and conduct a ‘Buy Federal’ campaign. Furthermore, the Ministry of Commerce and Industry encouraged ARNI to sponsor the building of its own industrial hall at the Central African Trade Fair, in order to place the Buy Federal campaign on a continuous basis. Meanwhile, Parliament encouraged self-help by industry, particularly on the side of branding.

In 1962, the ‘Buy Federal’ campaign changed to the ‘Buy Home Products’ campaign. Essentially, it was the same initiative. Through its President, the ARNI appreciated the effect of these campaigns by noting that,

the recent upward [sic] in the turnover of many industries must be partly and in some cases largely, due to the Buy Home Products campaign. It is indeed a definite stimulant to business. Many local products are now appearing in shops carrying the Buy Home Products symbol and ARNI hopes to see an even greater proportion of locally manufactured goods carrying this symbol.

Even after the dissolution of the Federation in 1963, the principle of buying locally remained in force. For instance, during the festive season of 1964, industrialists appealed to the population and all Southern Rhodesian organisations, which provide Christmas hampers for the needy to ensure that they are filled with Rhodesian-made goods this year. In this way, service organisations will not only bring enjoyment to those who receive hampers, but will also play a part in ensuring that Rhodesian factories are kept in production and Rhodesians are kept in jobs.

Buying Rhodesian, in a way, was a show of patriotism which promoted local industries.

15 ARNI, Review of the Presidential Year, 1959/60.
16 Southern Rhodesia Legislative Assembly Debate, 6 September 1961, Col. 2210.
17 Ibid.
19 Industrial and Commercial Recorder, September 1964.
ARNI incessantly pushed for recognition by government in formulating industrial policy. Its first victory came in 1958 when government invited the association to form an Industrial Consultative Committee which comprised of the Minister of Commerce and Industry and ARNI representatives. The meetings of the Committee ensured some working relationship on significant national industrial matters between the Federal government and ARNI.20 During the 1959/1960 years, the Committee discussed a number of matters inter alia, the establishment of a board of trade, the revision of the anti-dumping legislation, the South African Trade Agreement, railway rates and industrial rebates, the establishment of regional industrial development committees, the investment mission to the UK, import controls and export promotion.21 In addition, it participated in a number of committees set up by government, for instance in the drafting of legislation and regulations. The ARNI had an input in the Federal Companies Bill, Restricted General Dealers’ Licences Bill, Anti-dumping and Import Controls. The point of it all is, occasionally, the government listened and recognised industrialists’ input.

‘A luta Continua’: ARNI and Government’s Industrial Policy and Development

From late 1956, the Federal economy suffered a decline because the price of copper, the linchpin of the economy, collapsed on the international market. Disturbed by the slowing down in the rate of development of the Federation’s economy during 1957, ARNI and other employer organisations approached the Federal Prime Minister, Roy Welensky, advocating a policy of industrialisation. Through an Industrial Charter, ARNI emphasised that the industrial policy was ‘best implemented by the creation of a climate to which private enterprise would be attracted and likely to succeed.’ The responsibility for the creation of the right climate, it continued, ‘falls mainly on the Federal Government, but as various aspects affecting production, distribution and consumption fall within the sphere of territorial governments and even local authorities, the Association urges the necessity for close collaboration between all forms of government and with industry.’23 The Federal PM, Welensky, responded that ‘a policy of industrialisation pursued as a matter of urgency, regardless of the purely economic aspect, could not command government’s support.’24

Similar responses in other government quarters echoed the PM’s Office. R.M Taylor, the Secretary to the Federal Treasury shared his thoughts with T S Bell of the Ministry of Commerce and Industry over the demands enumerated in the Charter. Acknowledging the large and important

20 ARNI, Review of the Presidential Year, 1959/60.
21 Ibid.
23 Ibid.
24 NAZ F292/14/9/1, Industrial Policy Part 2, ARNI, Note of a meeting between the PM, the Minister of Finance and Representatives of the ARNI, 7 November 1957.
role manufacturing could play in the expansion of the economy, he argued that it was ‘important to teach [industrialists] not to over-state their case just as it is important for us not to be bamboozled by the extravagance of their phraseology.’\textsuperscript{25} Using statistical evidence from the \textit{Statistical Digest}, he disagreed with industrialists that an expansion of the economy was only achievable through manufacturing industry in preference to other forms of production. According to the Statistical Digest of 1957, manufacturing with average annual earnings of £1,072 came fourth after mining (£1,219), building and construction (£1,168) and transport (£1,100).\textsuperscript{26} Based on these figures, he argued that manufacturing industry was not as important as it portrayed itself.

With respect to immigration and employment, Taylor argued that manufacturers ‘beat up their drum without due regard to facts’.\textsuperscript{27} The 1956 census of population, he explained, ‘showed that about 13,400 out of 110,500 gainfully occupied Europeans were engaged in manufacturing sector. In other words, 121 in every 1000 gainfully employed Europeans were engaged in manufacturing in 1956 as compared with 149 in every 1000 in 1951.’\textsuperscript{28} For him, there was a decline, signifying how secondary industry was absorbing less labour force.\textsuperscript{29} Linking immigration, employment and race relations, he stated, ‘I admit we must find jobs for the Africans but the lesson of history is that the creation of an industrial proletariat has usually led to the worsening of relations between the “have” and “have-not”. Certainly, the Federation needs to avoid a similar fate.’\textsuperscript{30}

The dim view towards industry shown by government officials angered industrialists. At ARNI’s 1958 Congress, industrialists attacked government’s industrial policy. Gordon Harper of the Salisbury Chamber claimed that the government had a dilatory treatment to industrialists’ request. ‘There is plenty of evidence that if we approach the government for help and are making a profit, we are wasting time’ he charged.\textsuperscript{31} ‘Similarly’, he added, ‘if a firm is making a loss, it is liable to be told that it is uneconomic and should have not started in any case.’\textsuperscript{32} Harper further noted that industrialists’ frustration sprang from the wide gap between the government’s and industrialists’ attitude towards industrial development, both, of which looked at the problem differently. Van den Bergh of CATMA weighed in emphasising ‘the need for a changed attitude because no matter

\textsuperscript{25} Ibid, ARNI, Letter by Secretary to the Federal Treasury, R M Taylor, to T S Bell, Secretary to the Federal Ministry of Commerce and Industry, 13 November 1957.

\textsuperscript{26} Cited in Ibid.

\textsuperscript{27} Ibid.

\textsuperscript{28} Ibid.


\textsuperscript{30} NAZ F292/14/9/1, Industrial Policy Part 2, ARNI, Letter by Secretary to the Federal Treasury, R M Taylor, to T S Bell, Secretary to the Federal Ministry of Commerce and Industry, 13 November 1957.

\textsuperscript{31} \textit{Rhodesia Recorder}, November 1958.

\textsuperscript{32} Ibid.
how well-worded industrial policies may be, they will be meaningless without the determination
and good will of the government to implement them.\footnote{Ibid.} Citing the Finance Minister’s views on
import-control and the credit squeeze, which, he argued, indicated clearly the Minister’s general
attitude towards industry, he complained that,

while large internationally known companies often get a sympathetic ear from the
government through direct contacts, the smaller man does not always get the same
consideration. Experience indicates that applications from smaller concerns are
not expeditiously handled…it seems that the Federal government cannot be
persuaded to act unless there is pressure (attracting to ARNI the label of a
pressure group).\footnote{Ibid.}

Concurring with van De Bergh, K. W. Spilhaus urged the government to ‘appreciate the
importance of favourable treatment for the small man. Large enterprises were essential, but the
small business was the foundation of industrial development.’\footnote{Ibid.} For M. Rabb, who represented
Northern Rhodesian industrialists, most of the industrialists’ difficulties stemmed from the
absence of any clear governmental policy. Consequently, he said, ‘the government must declare
itself – whatever the declared policy may be’. Clearly, the government’s policy did not impress
industrialists.

ARNI continued to stress for a definitive policy on industrial development. ARNI justified
secondary industrialisation as a means of dealing with the potentially explosive sociological,
political and economic problems facing the Federation. This narrative emphasised the interplay
between population increase, unemployment and industrial development. ARNI appropriated the
narrative that high population was translating into high unemployment to push for the support of
secondary industries. There was also unanimity that industrial expansion was the panacea to
dealing with both high population and unemployment. According to ARNI reports, Rhodesian
population was increasing at an overall rate of 2.5% per year.\footnote{NAZ MS1198/AEA.5, Association of Rhodesian Industries: Industrial Development, 1958-1968: Letter by ACCORN to ARNI, 28th June 1961.} ACCORN also noted that it was
‘deeply disturbed regarding the growing unemployment manifesting itself and calls for vigorous
steps by all four governments and major national organisations towards solving this problem.’\footnote{Ibid.} In
ARNI’s estimation,

[T]he population was increasing at the rate of approximately 200,000 a year.
This also means that something like 50,000 adult men are coming into the
labour market every year. This of course does not take into account the backlog

\footnote{NAZ MS1198/AEA.5, Association of Rhodesian Industries: Industrial Development, 1958-1968: Letter by ACCORN to ARNI, 28th June 1961.}
and this is estimated at between 70 and 80,000 people unemployed at the moment.\textsuperscript{38}

Since 1954 employment in agriculture had increased by 12%, had decreased in mining by 14%, but employment in manufacturing had increased by 23%.\textsuperscript{39} A predominantly agricultural and mining economy, then, could only offer a limited solution to the problem of unemployment. ARNI had made this point clearly in its Industrial Charter in 1957. It stated,

While it is most necessary that primary production should expand, it is incapable by comparison with manufacturing industry of absorbing employees, whether white or black, at a sufficiently rapid rate. Again, manufacturing industry is the most effective channel for absorbing employees both white and black into the economy of the country, and of paying a level of wages well above those applicable in the in the primary industries.\textsuperscript{40}

Left unchecked, that trend amounted to a threat to the colony’s stability. Consequently, finding a solution to the unemployment problem ceased to be exclusively an economic matter but also became a socio-political one. Seeking government cooperation on the matter, ARNI pleaded that,

the increasing African population cannot continue to live under a system of peasant agriculture, even though that agriculture may be part of the cash and not the subsistence economy. The disparity in living standards between black and white is a fertile breeding ground for domestic and racial disturbances. It is a matter of urgency, therefore, on social, political and humanitarian grounds that steps should be taken to provide opportunities for employment in manufacturing industry both for a larger European population and for the African people in particular.\textsuperscript{41}

ARNI’s plea therefore, pointed to the necessity of industrialisation. J. de Haas, ARNI Vice President, repeated this point in 1958.\textsuperscript{42} Highlighting the intersection between broader politics, unemployment and industrial development, he also cautioned that ‘if racial harmony and the policy of partnership are to become facts, and not just election slogans, full employment must be assured.’\textsuperscript{43}

It indeed did seem that manufacturing industry was a viable route for dealing with high unemployment. Influential voices repeatedly made this point. The ACCORN told the Committee on Industrial Policy that the country must look towards manufacturing industry for the absorption of the rapidly expanding labour force.\textsuperscript{44} Proponents of this argument were quick to caution that

\textsuperscript{38}NAZ MS1201/A.44/1, ARNI Reports, 1959-1960, Committee On Policy-Underdeveloped Countries: Industrialisation in Underdeveloped Countries, undated.
\textsuperscript{39}Ibid.
\textsuperscript{40}NAZ F292/14/9/1, Industrial Policy Part 2, ARNI, An Industrial Charter, November 1957.
\textsuperscript{41}Ibid.
\textsuperscript{42}Bulawayo Chronicle, 12 November 1958.
\textsuperscript{43}Ibid.
\textsuperscript{44}Rhodesia Herald, 23 October 1959; and also NAZ F187/E.598/02, Committee of Enquiry into the Manufacturing Industry in the Federation, Oral Evidence given by W J Sampson, Consulting Statistician, 1 October 1959.
they were not advocating industrialisation at the expense of primary industry. If anything, for
developing countries such as Rhodesia and Nyasaland, the maintenance and expansion of both
agriculture and mining was essential, for these were fields in which the country enjoyed
comparative advantage. Coming from commercial interests, this caution was not surprising.
Commerce often prevaricated on its position regarding secondary industry as will be illustrated
later in the chapter.

Statistical evidence showed that manufacturing had absorbed a considerable number of job
seekers. According to ARNI, ‘not only was the rate of African labour absorption greater in
manufacturing industry than any other directly productive sector but it was also greater in terms
of the numbers of Africans actually absorbed.’ So far as European employment was concerned,
the absorption rate in manufacturing industry also outstripped the rate in any other sector. In 1958,
European employment increased by approximately 8,800, but African employment suffered a
setback when its employment figure reduced by 3,900. In 1959 African employment increased
by 6,600 over the previous year, while European employment increased by only 1,350. Between
1954 and 1959, there was a great increase in agriculture, mining and manufacturing. European
employment in this period rose from 4,800 to 5,400 in agriculture, from 9,600 to 10,500 in mining
and from 12,000 to 18,500 in manufacturing. In spite of manufacturing industry’s high rate of
expansion, it only contributed about 10% of the GDP. Between 1955 and 1960, manufacturing
industry absorbed 12,400 immigrants, agriculture 3,000 and mining, 3,400. Manufacturing
industry’s part in absorbing immigration was 25% compared with agriculture, 6% and mining,
7%. All indications pointed to the fact that only increased industrial development could absorb
the surplus labour force. Yet, the government seemed reluctant to encourage the development
secondary industry. These findings caused ARNI to demand that the government develop a
definitive industrial policy.

Feeling industrialists’ pressure, the Federal Government appointed a Committee of Enquiry into
Manufacturing Industry in 1958, also known as Committee on Industrial Policy. The terms of
reference of the Committee were,

to investigate and report on the opportunity and need for further development of
manufacturing industry in the Federation, having regard to general social and

45 NAZ MS 1200/A.50, Unemployment Conference: Memorandum on Industry and Employment, by P. C. Aldridge,
ARNI Director, 3 May 1961.
46 Ibid.
47 Ibid.
48 Ibid.
49 Ibid.
economic conditions and to the relationship of the development of manufacturing 
industry to other sectors of the economy and to the policies and incentives, if any, 
aimed at securing such growth which should be adopted by the Federal 
government.\textsuperscript{51}

The Committee had to pay particular attention to whether the development of any specific classes 
of industry deserved preference. However, it was not required to consider or report on the specific 
assistance to be accorded in any individual case.

Evidence adduced before the Committee revealed the shortcomings of the government’s industrial 
policy. All submissions made concurred on the need to improve the rate of growth of 
manufacturing industry. W.J. Sampson, a consulting statistician, suggested that increasing the 
African consumer market would assist the development of manufacturing industry.\textsuperscript{52} Increasing 
the African consumer market however, was dependent upon the availability of employment, which 
in turn also depended on the extent to which local industry was expanding. The problem was 
circular in nature. To overcome this challenge, Sampson suggested widening the market by creating 
some form of a common market with the territories to the north, notably the Belgian Congo and 
East Africa and abolishing the imperial preference. ‘Any such common market should however 
not include South Africa as a prospective competitor and any expansion of trade with the north 
should be coupled with a proportionate diminution of trade with the Union’, further advised 
Sampson.\textsuperscript{53} Crucial to note here is that Sampson’s advice was not new. Industrialists made similar 
suggestions in 1944 (see Chapter 2). That the same matter still arose shows how this industrialists’ 
concern remained unaddressed by the government.

There were also calls to have balanced industrial development. Industrial units tended to be 
concentrated in the big cities of Salisbury and Bulawayo and later in Umtali and Gwelo. With the 
establishment of the Federation, industrial development was concentrated in Southern Rhodesia 
to the detriment of the other two Federal territories. For this reason, the Commercial and 
Industrial Association of Northern Rhodesia called for decentralisation.\textsuperscript{54} While noting the need 
for industry, it highlighted that Federation relied almost entirely on two or three primary products 
(tobacco, copper and gold), the market prices of which fluctuated considerably and their control 
lay outside the Federation. Precisely because of this, diversification of the economy was imperative. 
In that respect, ‘there ought to be much more emphasis on decentralisation and intending

\textsuperscript{51} Southern Rhodesia, Legislative Assembly Debate, 29 June 1959, Col. 942.
\textsuperscript{52} NAZ F187/E/598/02, Committee of Enquiry into the Manufacturing Industry, Oral Evidence given by W J Sampson, Consulting Statistician, 1 October 1959.
\textsuperscript{53} Ibid.
\textsuperscript{54} Ibid, Letter by the Commercial and Industrial Association of Northern Rhodesia to the Committee Secretary, 24 August 1959.
industrialists must be encouraged to look beyond Salisbury, Bulawayo and Umtali for industrial sites’, urged the Association. It further submitted that ‘the apparently increasing tendency to regard Salisbury as the Federation is unhealthy, and a threat to the whole economic future and stability of the country.’

Parliament picked up these concerns. As MPs debated the Committee’s Report on the Development of Industry tabled in November 1960, a member explained that,

strong feelings were voiced that manufacturing industry was being attracted to too few places in the Federation. In the Northern territories the complaint was that Southern Rhodesia was securing more than its fair share of new enterprises, whilst within Southern Rhodesia it was said that Salisbury (to some extent Bulawayo) was benefiting in this respect at the expense of the other municipalities.

Despite these representations, the trend did not alter but rather continued until the break-up of the Federation.

Other members weighed in with various contributions. Robert Williamson, an Independent MP for Midlands, stated upfront that the reason for tabling the report was primarily that the development of industries, especially those processing local primary products, was essential for the well-being of the country. Second, the debate afforded an opportunity for the government to re-state its industrial policy in its reactions to the Report. Among other observations, the Report stated that ‘the role of Government is essentially that of providing the necessary basic services or infrastructure, and to create a general climate conducive to private investment from both internal and external sources.’ Concurring with the Report, Williamson also conceded that because the Federation was a landlocked country, its remoteness from seaports rendered its manufactured export markets uncompetitive. Another MP, P. Staub, dismissed the report as of little value to the government. For him, the report did ‘not give any guidance to government on a new policy, nor [did] it say anything that the government [was] not already doing…the report [was] money not very well spent.’

Following the Report, ARNI also published its Blueprint of an Industrial Policy in 1961, which emphasised the need for a positive government policy. The policy document formed the basis of interactions between the Federal and Southern Rhodesia governments and other economic interest

55 Ibid.
56 Ibid.
57 Southern Rhodesia, Legislative Assembly Debate, 9 November 1960, Col. 3966.
58 Ibid, Col. 3947.
59 Ibid, Col. 3948.
60 Ibid, Col. 3969.
groups in the country. ARNI later met with the new Minister of Commerce and Industry, J. A. Clark, who clarified the Federal government’s industrial policy. The Federal government accepted the necessity of economic planning and was in favour of wider use of the customs tariff in order to stimulate industrial production.\(^{62}\) It was, however, averse to the utilisation of import control on any scale for fostering industrial development, mainly because, except in special circumstances, this form of control conflicted with the Federation’s obligations under the GATT. In June 1962, the Federal Government published a policy statement entitled ‘Federal Government Economic Policy-Principles, in conjunction with its development plan for 1962/65.\(^ {63}\) As regards secondary industry, the statement made a guarded admission that ‘certain types of manufacturing might be useful.\(^ {64}\) The ARNI expressed its disappointment with the policy report. Fumed ARNI:

We expected something good. What did we get? A wordy conglomeration of nebulous observations and unsubstantiated opinions which appear to have been phrased to avoid any definite commitment whatsoever, prefaced by the classic piece of defeatism that all economic progress must await the improvement of political conditions anyway. Now we know why the Federal Government has shown such a maidenly reluctance to publish its economic policy before. It has not got one.\(^ {65}\)

Meanwhile, the publication of the Phillip Report in 1962 added to industrialists’ ill feeling towards government policy.\(^ {66}\) The Southern Rhodesian government had appointed an Advisory Committee on the Development of the Economic Resources of Southern Rhodesia, with special reference to African Agriculture in 1961, chaired by W. Phillips. It tabled its findings in 1962. The Committee concluded that,

The primary industries, especially the sections oriented towards exporting are, and for the foreseeable future will remain, in our view, the mainstay of the economy. They provide the greatest proportion of the output of the country, as well as the foreign exchange earnings necessary to finance the imports of consumer goods, raw materials and capital equipment required to sustain the expansion of domestic industries and the standard of life of the population.\(^ {67}\)

Emphasising the importance of the primary industries, the Phillip’s Report further warned that ‘a policy of increased self-sufficiency which increases the costs of the export industries and impairs their capacity to compete in world markets, can only result in a slackening in the rate of growth of the economy, if not an actual decline in incomes per head.”\(^ {68}\) Clearly, in the Committee’s view,

\(^{62}\) ARNI, Review of the Presidential Year, 1961/62.
\(^{63}\) Ibid.
\(^{64}\) Ibid; and also ARNI, Record of Proceedings of sixth Annual Congress, 1962.
\(^{68}\) Phillip’s Report, 359.
export industries remained the ‘cog’ in the economy’s expansion. This conclusion was strikingly similar to the ones reached by previous Committees discussed in Chapter Two.

The Committee’s attitude towards manufacturing industry disturbed industrialists. Lampooning the report, Chegwidden noted that ‘the Commission went out of its way to decry industrial development and almost to echo the words used by the Commission of Enquiry into Protection of Secondary Industry in 1946.\(^69\) That Commission stressed the over-riding importance of exports to the economy of the Colony. ‘In so doing’, continued Chegwidden,

\[\text{[Phillip’s Report] unhesitatingly supported the views expressed in 1945 by the Commission of Enquiry into the Mining Industry, vis: that national income of the Rhodesian people depended upon the successful exploitation of the comparative advantage obtainable by concentrating their productive efforts on exports of primary products in return for which they were able to import manufactured goods that could either not be produced in Rhodesia at all or whose production locally would be so expensive as to yield a very much smaller quantity of goods than could be purchased for the same effort devoted to the production of exports.}\(^70\)

However, industrialists understood that at the time [1945], hardly anyone could challenge this attitude because the miners, farmers and merchants were the most powerful elements in society. But, that, as late as 1962, the government still accepted such advice worried industrialists. For the government to even listen to such advice, concluded Chegwidden, it ‘reinforced the general attitude of government that secondary industry was hardly worth fostering at all.’\(^71\)

However, in 1962, three key Southern Rhodesia government officials, namely, Premier Edgar Whitehead, Minister of Treasury, C.J. Hatty and the Minister of Labour, A E Abrahamson publicly emphasised the necessity of stimulating industrial development by means of tariff protection or import controls. Speaking in the Legislative Assembly on 17 July 1962, the Federal Prime Minister, Sir Roy Welensky, highlighted the necessity for Southern Rhodesia to have a major drive to help secondary industry and expansion. He followed up these statements with a public speech on 9 August 1962 when he outlined the support given by the Federal Government to manufacturing industry. ‘My government’s policy’, he explained,

\[\text{has always been to give protection wherever it can be shown that protection will benefit the country. In present circumstances, and particularly in view of what I have been saying about unemployment, I am willing to go further and say tonight, where it can be shown that employment will benefit from the extension of}\]

\(^69\) ARNI, Record of Proceedings of Sixth Annual Congress, 1962.
\(^70\) Ibid.
\(^71\) Ibid.
protection, my government will accept that as a strong argument for extending protection.\textsuperscript{72}

Despite these half-hearted concessions, government still had a lot to do in the introduction of a more effective industrial policy.

**Industrial Assistance through Tariff Protection**

Relations between government and industrialists were at their worst over protection. A case in point was their meeting in 1958 to discuss the Review of Industrial Policy.\textsuperscript{73} At the meeting, de Haas, ARNI Vice President and a representative of the clothing and textile industry, raised the matter of exports to South Africa. He highlighted that the textile industry was particularly dependent upon the Union market. ‘It was at present being squeezed out of this market in spite of the Trade Agreement… [the view that] textile industry should be a separate exercise; waiting until 1960 for the expiry of the present Trade Agreement was not going to help the industry at all’, de Haas petitioned the government.\textsuperscript{74} The matter of trade agreements shall be returned to in detail subsequently.

Meanwhile, other attendees at the ARNI-government meeting questioned about foreign firms and materials used in assembly to which the Minister replied that,

> any firm setting up an assembly plant in the Federation must, in order to claim assistance, have long term intentions and provide proof of them by considerable initial capital investment and output. The government did not want to give hope to people who wanted to come to the Federation to assemble products, which it would be uneconomic to assemble.\textsuperscript{75}

The government stated that it could not promise a particular scale of protection in advance to a firm. The firm needed to be in production first. de Haas argued that a foreign industrialist could not be expected to bring considerable capital into the Federation without a guarantee of some sort of protection.\textsuperscript{76} The Minister responded that the government did not produce the Review of Industrial Policy as an instrument to keep industry out of the Federation. It simply aimed at ‘offering less attraction to the less desirable industries.’ The government seemed to overlook that a desirable industry deserved protection and that government needed to indicate a policy to protect

\textsuperscript{72} ARNI, \textit{Review of the Presidential Year}, 1961/62.
\textsuperscript{73} NAZ MS1201/EA1, Minutes of a meeting between the Minister of Commerce and Industry and reps of the ARNI held on 17 April 1958.
\textsuperscript{74} Ibid. For a wider discussion on the protection of the textile industry see Mlambo and Phimister, ‘Partly Protected’.
\textsuperscript{75} NAZ MS1201/EA1, Minutes of a meeting between the Minister of Commerce and Industry and reps of the ARNI held on 17 April 1958.
\textsuperscript{76} Ibid.
such industry. But the government insisted that protection, if any, would be determined only after
the firm was in production.

At the same meeting, ARNI called for review of preferences of imports, particularly from the UK.
The Minister, however, noted that the UK reciprocated by granting concessions to Southern
Rhodesia for observing Imperial preference. T.S. Bell of the Ministry of Commerce and Industry
added that the value of the UK preference on Federal tobacco approximately equalled the Federal
preference on UK goods. However, Aldridge of the ARNI disputed the explanation noting that
Imperial preference in Southern Rhodesia was sentimental and not on quid pro quo basis.77
Rhodesian industrialists were caught in the web of British post-war international economic policy
of Imperial Preference, a legacy of the 1947 Exchange Control Act.78 Consequently, ARNI
proposed that concessions between the UK and the Federation be evened out. During its 1958
Congress, ARNI argued that,

the whole emphasis [on imperial preference and tariffs] often seemed to be solely
on the selling of more tobacco. Although industry supports any stimulation of
exports, [industry] cannot continue indefinitely to be sacrificed “at the altar of
tobacco.” [Industry] cannot not develop if foreign countries are given concessions
for their manufactured goods in return for their purchases of tobacco.79

More tellingly, industrialists were demanding protection. ‘It really is very extraordinary that the
Federal Government gives the benefit of every doubt to the foreign manufacturer but treats
Federal industry with greatest suspicion’, declared Hercules Robinson of Salisbury Chamber when
he introduced the motion on tariff protection at the 1958 ARNI Congress.80 Tariffs, added
Robinson, were normally designed to raise revenue, to encourage imports from certain selected
countries, or to protect existing domestic industries and to encourage new industries. The tariff
structure, therefore, depended on whether or not a country wished to become industrialised. For
reasons of employment, diversification of the economy, immigration and balance of payments,
industrialisation was imperative in the Federation. It was reasonable to expect, therefore, that the
tariff structure, be designed with that aim in view. ‘The federal tariff was designed not to protect
domestic industry’, he continued,

but simply to raise revenue and to encourage imports from certain countries.
Under a four-column tariff, about 80% of imports was now derived from
countries to which the two lowest rates of duty applied: the average duty on such
imports was only 5.83%. This average is supposed to be a tariff-wall protecting a

77 Ibid.
78 For the operations of the 1947 Exchange Control Act in Southern Rhodesia see Nyamunda, ‘Financing Rebellion’,
30-38.
79 Rhodesian Recorder, September 1958.
80 Ibid.
developing country, with infant industries, from the old-established industries of the western world. This hedge, I should hesitate to call it a wall, because it is so low that one could almost trip over it, is supposed to encourage industry to establish itself and to encourage existing industries to develop and expand.\footnote{Ibid.}

In making the plea, Robinson drew parallels with other industrializing countries:

America, the most industrialised country in the world, maintained tariffs at an average of about 12\%. Australia’s barrier was far higher (at between 30 and 40\%), Israel totally prohibited the import of any goods produced locally, the Belgian Congo recently raised its tariff in order to protect its own industries and South Africa, with an average tariff of just under 8\%, gave an additional and far more effective protection through import control, a double protection also practiced by Australia, New Zealand and many other countries. \textit{Yet, we in the Federation, with probably a far greater economic and political need to become industrialised, retain a tariff structure, which does nothing to achieve that aim} (my emphasis).\footnote{Ibid.}

For the ARNI, the Federal Tariff was inadequate for the necessary encouragement of industrial development.

On numerous occasions, ARNI expressed its dissatisfaction with the Tariff Advisory Committee (TAC) as a means of making investigations and recommendations into applications for customs tariff protection and similar forms of assistance for industry. ARNI felt that a body more fully representative of industrial and commercial interests should be set up to replace the TAC, which thus far comprised exclusively officials of the Federal Public Service. ARNI advocated the establishment of a Board of Trade along the lines of that operating in the Union of South Africa.\footnote{ARNI, \textit{Review of the Presidential Year}, 1959/60.}

A proposal in favour of a Board of Trade was also a subject of a motion adopted by the Federal Assembly in 1959.\footnote{Southern Rhodesia, \textit{Legislative Assembly Debates}, 19 November 1959. Col. 3852-3872.} In moving the motion, Parliament envisaged the creation of an autonomous body such as a statutory board or commission performing two functions. The first would deal with questions concerning tariffs and rebates, drawbacks and trade agreements and the second, the development of industry, the creation of special new industries and generally the introduction of incentives to attract industrial investors to the Federation.

However, the cabinet decided against this move. Responding to questions in Parliament, the Minister of Commerce and Industry, Owen, explained the government decision. ‘The government choice lay between the establishment of an autonomous body which it would delegate its responsibilities for industrial development or the retention of the responsibilities by performing
the services through a strengthened Ministry of Commerce and Industry. The government has
decided in favour of the latter’, he said.\footnote{Ibid, 4 July 1960, Col. 981.} He further justified the decision by stating that,
in reaching this decision, the government has in mind that the Federation is
passing through the formative years of the development of its industries during
which period government policy must be kept under constant review. To
delegate its responsibilities to an autonomous body in these circumstances
would not be in the best interest of good government. Although the Board
would be advisory in these circumstances described, it is likely that government
would need to defer taking action on or would have to modify, the
recommendations of the Board, and this could prove to be embarrassing both
to the Board and to government.\footnote{Ibid.}

Rather than a board of trade, argued the Minister, the strengthening of the Ministry’s establishment
would result in the reorganisation of the Industries Branch. The envisioned Industries Branch was
to be comprised of two sections, a Tariff Section and a New Industries Section, each under the
control of a senior official. The Tariff Section would examine all applications for assistance from
industry, consult other Ministries or governments, visit applicants’ factories, call for evidence from
all interested persons and reach conclusions within the broad outline of government industrial
policy. Members of the Tariff Section could then form the nucleus of the Board of Trade or Tariff
Board should the government at a future date decided to have one. The New Industries Section
dealing with the development of industry concentrated its efforts on the compilation of an outline
of industrial development, the preparation of material for distribution to investors, the
establishment of Regional Industrial Development Committees, the review of incentives and
generally to provide an efficient and imaginative service for the expansion of manufacturing
industry in all its forms.\footnote{Ibid.} These actions did nothing to appease industrialists who continued to call
for the establishment of a Board of Trade. In this call, ARNI had the support of ACCORN. At its
Congress in 1961, ACCORN resolved to call for ‘an establishment by the Federal government of
an independent Board of Trade with a function similar to that of the South African and Australian
boards to ensure the implementation of a balanced industrial policy with due regard to all sectors

Industrialists also received valuable support from African Trade Unions. In 1961, the Trades
Union Congress headed by Reuben Jamela delivered a memorandum emphasising that his
organisation ‘wished to see industrial prosperity in the country and wished for further protection

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\footnote{Ibid, 4 July 1960, Col. 981.}
\footnote{Ibid.}
\footnote{Ibid.}
for industry and for a bold and progressive policy of industrialisation." At the same time, the Salisbury Chamber of Industries urged the government to ‘take positive and timely action, if necessary with retrospective effect, to prevent the disruption of industry by the importation of low cost articles and in this connection the imposition of quantitative restrictions pending the conclusion of a tariff or dumping investigation should be acceptable policy.’ At the Annual Congress in 1962, the ARNI Executive took the resolution to have Tariff Protection and Import Control as mechanisms for the promotion of industrial development and expansion.

Not all industrialists wholly supported protection. Harry Oppenheimer the chairman of Anglo American Corporation - one of the biggest conglomerates in the country, was more circumspect and cautious. He guardedly suggested that industry could be assisted through tariff protection while addressing the ACCORN congress in earlier 1959;

Of course the government can encourage industry directly by way of tariffs. I would say there is a particularly strong case for assistance in infant industries in that way in new and developing country, but in giving tariff protection you have to be rather careful...in a country such as this, it is plain that secondary industry, unlike the big primary mining industry, will in the majority of cases be producing for the local market and not for export. If by means of tariffs you cause industries to start at the price of raising the whole cost of living in the territory, then the advantages of the new industry will be offset by a falling in the standard of living of the people. Another thing is that if by means of tariffs, you raise the whole price structure unreasonably you would be faced very quickly with balance of payments difficulties. Therefore I say by all means let us protect our infant industries but let us be careful to see that this protection is only given to such industries as can, after a reasonable period stand on their own feet.

ACCORN repeated similar cautions at various fora. For instance, the Ndola Chamber of ACCORN argued that ‘the present government policy of encouraging secondary industry by tariff protection is pushing up the cost of living in the two northern territories without any resultant benefits because industrial development is almost confined to Southern Rhodesia.’ Commerce was consistent on this position since the 1930s. Many other voices also weighed in condemning protection.

An editorial in the Rhodesia Herald attacked industrialists for being overly demanding, yet doing nothing to advance their interests. The editorial pointed out that,

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90 Rhodesia Herald, 18 August 1961.
92 Ibid.
93 Ibid., 17 May 1961; See also Rhodesia Herald, 23 October 1959; and ACCORN, Programme and Agenda, 1963.
Industrialists are loud in their complaints that expansion is being gravely hampered by unimaginative and over-cautious government policies. They insist that unemployment cannot be properly tackled until these policies are changed. Many of these industrialists either through pressure of business or directives from their overseas principals, cannot offer themselves for parliamentary election. But the problems they pose are primarily theirs to solve and without further delay they should consider whether through their chambers of industries or the action groups they have recently formed they can produce a master plan for industrial expansion to be presented to the Southern Rhodesian and Federal government. They are the experts. If they put up a good case, covering every important section of industry, the Federal government cannot ignore it especially if it has the unanimous backing of industrial chambers.95

The tone of the editorial gives an impression that industrialists were merely complaining without raising policy alternatives or substantive suggestions to the government. Yet, industrialists through their representative organisations and, in some instances, with the support of other economic interest groups, pushed the government to encourage industrial development. Unfortunately, the government was a reluctant listener.

As the need for development was still very much greater in a developing economy such as the Federation, there was a greater need for active government encouragement of industry. It is not surprising therefore, that industrialists clamoured for government assistance through either a clearly outlined industrial policy, or other cognate efforts such as protection or trade agreements. Indeed, tariff protection was intricately linked to trade agreements. The following paragraphs focus on trade agreements.96 In June 1959, Sir Roy Welensky (the Federal PM and Minister of External Affairs) made a statement in Parliament, regarding the termination of the 1955 Trade Agreement with the Union of South Africa. In terms of Article 16 of that Trade Agreement between the Federation and the Union of South Africa, the Agreement was to run for an initial period of five years (terminating on 30 June 1960). If it continued, it would be subject to 12 months’ notice on either side. The Federal Government examined the practical effects of the Agreement including the large adverse balance of trade, which the Federation had had with the Union of South Africa. ‘We concluded that Agreement is no longer beneficial to the Federation and it would be likely to operate increasingly to our disadvantage in the future’, said Welensky, adding that ‘we decided that it would be in our best interests not to continue the agreement in its present form.’97

96 Due to space constraints, this discussion deliberately excludes the trade agreements entered into between the Federation, and Japan and Portugal.
97 *Southern Rhodesia, Legislative Assembly Debates*, 24 June 1959, Col. 878.
ARNI did its own detailed study of the effects of that Agreement on local industrial development. In the course of its review, ARNI sought the views of all member firms and these were duly presented to the Federal Government. ACCORN also showed considerable interest in the new trading relationship that could be negotiated with South Africa. Consequently, ARNI and ACCORN held joint meetings wherein they unanimously agreed that ‘the present agreement should be terminated but replaced with a new Agreement.’ Broadly, industrialists felt that the Federal government should negotiate for preferential access to the Union market for those Federal manufacturers who had previously enjoyed tariff concessions in that market. Furthermore, it urged that the tariff concessions heretofore enjoyed by South Africa be substantially reduced to afford local manufacturers a better opportunity of exploiting the domestic market.

The new Trade Agreement, which came into operation on 1 July 1960, gave no tariff concessions to South African manufacturers, with the almost inevitable corollary that Federal manufacturers lost a substantial measure of their concessions in the South African market. The essence of this agreement was that the Federation admitted South African products for the most part at column C rates of duty while South Africa granted a limited range of Federal products with certain reductions on South Africa’s intermediate rates of duty. It was due to terminate on 30 June 1965. While Federal manufacturers who were concerned mainly with the domestic market were more than satisfied with the terms of the new Agreement, local industries, who had virtually lost their export markets, were naturally perturbed. Those adversely affected were mainly textile, clothing and footwear industries. ARNI joined these groups in making representations to the government with a view to urging the adoption of measures designed to afford them greater protection in the domestic market to offset their diminishing export opportunities. Tariff Protection however, remained elusive. Indeed industry was partly protected.

A stop-go-stop affair: Industry and Commerce relations

In addition to ARNI-state relations, another crucial relationship requires closer analysis, that is, between Industry and Commerce. Although organised commerce focussed largely on merchants,

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98 NAZ MS1199/18/4, ARNI, Trade Agreement with South Africa, Report of a Joint meeting between ARNI and ACCORN on the South African Trade Agreement held on 7 April 1959.
99 ARNI, Review of the Presidential Year, 1959/60.
100 Tariffs or duties charged on imports were categorized into four columns, A to D. Column A tariffs applied to countries grouped as ‘Others’, Column B applied to ‘Most-favoured – nations’, Column C was for ‘Dominions’ and lastly, Column D applied to ‘United Kingdom and Colonies’. Preference applied in descending order. Countries classified under D enjoyed the preferential treatment (no, if not, lowest duties) and those in Column A attracted highest tariffs.
102 Mlambo and Phimister, ‘Partly Protected’ reaches a similar conclusion.
wholesalers and retailers, it also represented a small section of industrialists. Formed in 1957, the ACCORN claimed to be ‘an organisation dedicated to preserving an economic system based on the principles of private enterprise and free competition, one which acts as a watch dog of business interests and one which will attack any action on the part of government or individual which might adversely affect such interests’. Apart from the subject of free competition, ARNI operated on similar basis. ARNI ardently believed in protection as opposed to free trade. This was the major point of difference between the two organisations. It is thus crucial to highlight ACCORN’s position as regards industrialisation and protection.

While ACCORN acknowledged the importance of secondary industry, it believed in the supremacy of primary industry. At its congress in 1958, it emphasised that,

we should too take proper note of the dependence which the Federation must place on primary industry. For a long while ahead its chief source of export revenue will accrue from the exports of minerals, tobacco, tea and the like. Thus in fostering secondary industry we must not lose sight of the vital part which primary industry plays in our economy (my emphasis).

A perception also existed among industrialists and some observers that Commerce was against secondary industry. ACCORN President, H. A. Krikler, clarified the situation:

the opinion appears to be fairly widely held that [ACCORN] is opposed to any form of protection. This is not the case. Commerce is fully aware of the importance of a strong and virile secondary industry and will support any reasonable measures introduced to foster the growth of industries of significant benefit to the country’s economy. It is however strongly opposed to the use of embargoes and quantitative restrictions to achieve this purpose because they can well lead to inefficiency through lack of competition and to price structures which place an unfair burden on other sectors of the economy.

Instead, Commerce believed that secondary industry was best supported by the judicious use of customs tariffs. It added that the government and local authorities could also create attractive conditions for industry by pursuing a policy sympathetic to private enterprise in all fields, including taxation, railway rating, town planning and labour legislation.

At another occasion, Oppenheimer encouraged closer cooperation. Addressing ACCORN, Oppenheimer recommended closer working relationship with Industry,

because it is very important that the interests of Commerce and Industry should be harmonised and that the possibilities of conflict between commerce and industry should not be allowed to develop as they do from time to time in

104 Ibid.
105 Ibid.
106 Ibid.
other countries. It means that commerce is going to naturally do all it can to increase the sale of Rhodesian manufactured goods and that is something which is highly desirable...all that is a very excellent thing.107

Such a development could only spring from close cooperation between commerce and industry. After all, the interests of both centred on the economic development of the country which could partly be guaranteed if secondary industrialisation was pushed forward.

The idea to engender secondary industry continued to exist. Krikler, ACCORN President, acknowledged the need to assist in secondary industrialisation. Addressing his members at the 1959 Congress, he conceded that,

any matter which concerns the economy of the country is the concern of ACCORN and with the growing importance of secondary industry in the Federation it is understandable, indeed inevitable that the Chambers of Commerce should pay increasing attention to this important section of business activity. It is not surprising therefore that there is a close understanding between us and ARNI, whose function is to serve purely the interests of secondary industry and with which we work in collaboration on matters of common interest.108

Emphasising the instances where ACCORN cooperated with ARNI, he noted that together they had pushed the government to amend the Income Tax Act to cater for factories’ needs and submitted joint memoranda to government regarding the South African Trade Agreement.109 Downplaying a suggestion of acrimony between the two groups, Krikler understood that ACCORN had to take such a stand because its membership included industrialists.

These instances notwithstanding, Commerce remained opposed to the incessant clamour by industrialists for protection. ACCORN President, Krikler, argued that,

[W]hile we must, therefore, compromise on our principles, this does not mean that we must discard them entirely. The exclusion or the tempering of external competition by protection is not the only, or the most important means by which secondary industry can be encouraged to establish and develop within the Federation. The all important thing is to create and maintain within the country a favourable climate for investment, and particularly for investment in secondary industry. This does not mean that all risks must be eliminated from business. The role of government in stimulating industrial growth is, in my opinion, likely to be more fruitful if it increases the incentives for business people to accept the inherent risks involved, rather than attempting to eliminate those risks.110

109 Ibid.
110 Ibid.
Even more bluntly, Krikler stated that ‘the emphasis upon industry, however, must not be permitted to reach the proportions of an obsession.’ Clearly, commerce had not shifted its fundamental stance as regards assistance to secondary industry.

In the same vein, Krikler also criticised the government for lacking a clear policy for industrial development in particular, and economic development in general. He lamented that,

action hitherto has however, been on a piece meal basis. I regret to say that there is not yet a firm policy and a clear plan for coordinated economic development. I am sure the leaders of our administration will be the first to agree that such a policy and such a plan are urgently needed. The objective should be the steady and progressive development of secondary industry. Cooperation will be more readily and more intelligently given if we know that we are working within the framework of a definite plan and if we know what that plan is.

At the same time, the Minister of Economic Affairs, Sir Malcom Barrow, urged commerce to assist local manufacturing industry through buying locally. Opening the ACCORN Congress in 1960, Sir Barrow expressed support for the closer association between commerce and industry. He remarked that,

[T]o a very great extent the development of secondary industry in the Federation must be directed towards production for the domestic market. If such development is to be successful, it must clearly involve changes in the existing supply patterns, as domestic manufactures replace imported goods. Such changes are without doubt inconvenient for those traders who have hitherto handled the displaced imports. Commercial relationships, often of very long standing, must be disrupted. But, given the willingness to change with the times, not only must commerce as a whole gain by such developments, but individual firms must each gain themselves. I do not think what I am saying is anything new. The first motion for discussion by Congress illustrates, I think, that the approach is recognised. Government has in fact been very greatly encouraged by the close similarity of approach which is now adopted by organised commerce and industry. But I think that there is still considerable room for a greater part to be played by commerce in the promotion of Federal industry and particularly manufacturing industry.

The matter attracted the Prime Minister’s attention. He urged the Chamber of Mines, and Commerce and Industry to work together. In particular, he invited them to arrange exchange visits with trade missions from other countries, all in support of industrial development.

Alongside the PM’s intervention were other attempts at cooperation. In September 1959, ARNI, in association with ACCORN, the Chamber of Mines, the Federation of Civil Engineering

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111 Ibid.
112 Ibid.
114 NAZ MS1198/AEA2/1, Letter by Chamber of Mines of Rhodesia to ARNI Economist, 10 July 1959.
Contractors, the National Federation of Building Trade Employers and RNFU submitted proposals to the Federal Government for the establishment of an Economic Development Advisory Council. The prime purpose of such a council was to bring together under one body, representatives of the four governments of the Federation and the five main sections of the economy, namely: agriculture, building and construction, commerce, manufacturing industry and mining. Underlying this plan was the hope that the combined knowledge and experience of these institutions could be applied to devising ways and means of renewing and expanding the Federation’s economic development.\footnote{ARNI, \textit{Review of the Presidential Year}, 1959/60.}

**Politics, Economic Crisis and Capital Flows**

As alluded to earlier, from late 1956 onwards, the Federation faced its most serious economic crisis when the price of copper collapsed. As the copper mining industry was the linchpin of the Federal economy, its slump had a multiplier effect. The heightened African resistance to the Federation added to the spectre of economic gloom.\footnote{For detailed discussion the political and economic developments during this period see A. Cohen, \textit{The Politics and Economics of Decolonisation in Central Africa: The Failed Experiment of the Central African Federation} (London: I. B. Tauris, 2017).} This was exacerbated by the intensification of the implementation of the Native Land Husbandry Act of 1951 (NLHA).\footnote{The objects of this statute were to stem the fragmentation of the land and to promote good farming habits, making the right to cultivate land conditional upon the observance of sound methods of husbandry. It had been anticipated that the Land Husbandry Act would have the effect of rendering a number of Africans landless, particularly men who were away on migrant labour on the date prescribed for allocation purposes. It was confidently believed that the residue would be permanently absorbed by the flourishing urban labour market. This expectation, however, was not fulfilled. See also Phimister, ‘Rethinking the reserves’.} Both African resistance to the Federation and the implementation of NLHA ‘led to a reduction in employment opportunities and large numbers of Africans who had formerly derived a part of their income from the land now found themselves not only unemployed but landless.’\footnote{Gloria C. Passmore, ‘Historical Rationale of the Policy of Community Development in the African Rural Areas’, \textit{Zambezia}, II, i (1971), 63.} For Southern Rhodesian African nationalists:

\begin{quote}
Any act whose effects undermine the security of our small land rights…dispossess us of our little wealth in the form of cattle, disperse us from our ancestral homes in the reserves and reduce us to the status of vagabonds and as a source of cheap labour for the farmers, miners and industrialists — such an Act will turn the African people against society to the detriment of the peace and progress of this country.\footnote{Cited in Phimister, ‘Rethinking the Reserves’, 227-8.}
\end{quote}

The threat began to manifest itself by 1958.

Also commenting on the developments of the time, business leaders remarked that;
The current recession is attributed to the parallel political trouble and the uncertainty hanging over the Federation. Business is practically at halt. The stepped flight of capital since February has led Finance Minister Donald Macintyre to freeze capital in the Federation, a move, which has increased public distrust...many Europeans are pessimistic about finding a way out of the recession and openly talk of union with South Africa as the only hope.\textsuperscript{120}

Macintyre’s freezing of capital will be discussed subsequently.

In addition to the above business leaders’ remarks, Southern Rhodesia’s PM (1953-1958), Garfield Todd, added that the ‘slowdown in the Federation’s economic advance and success was caused by the lack of confidence of overseas investors.’\textsuperscript{121} This became apparent during his tour overseas where he realised that ‘a great many people said that the Federation was not going to succeed, that it was going to break up, and because of that they would not give it financial support.’\textsuperscript{122} States of Emergency in 1959 were also partly to blame for the caution displayed by investors.\textsuperscript{123} Such instability worried investors. American investors quite openly expressed their preference for an investment climate underpinned by ‘a settled, stable government, through which a suitable legal framework has been created.’\textsuperscript{124} They prioritised investment in areas where there was a ‘steady increase in the earning capacity of the indigenous population.’\textsuperscript{125}

However, despite the discouraging political environment, the Governor of Bank of Rhodesia and Nyasaland, A.P. Grafftey-Smith remained optimistic. In 1959, he said that in spite of a slowdown in the flow of private capital to the Federation, its economy was healthier than in 1958.\textsuperscript{126} The inflow of private capital to the Federation in 1959 was between £12 and £15 million compared with £27 million in 1958. But against this, there was still a favourable balance on visible trade of £35 million for the first nine months of 1958. Even more, international companies were making inquiries and others applying for permission to operate in the Federation.\textsuperscript{127} An American company, African Research and Development Company entered the Federation during this time and had the advantage of having Leonard Tow in its ranks.\textsuperscript{128} Eventually, the company became a

\textsuperscript{120} Afrika Institute Bulletin, 9 March 1961.
\textsuperscript{121} Rhodesia Herald, 3 June 1959.
\textsuperscript{122} Ibid. For Garfield Todd’s experiences and perspectives of the Federation see R. Weiss (with J. Parpart), Sir Garfield Todd and the making of Zimbabwe (London: British Academic Press, 1999).
\textsuperscript{123} Rhodesia Herald, 3 June 1959.
\textsuperscript{124} Ibid, 16 September 1959.
\textsuperscript{125} Ibid.
\textsuperscript{126} Rhodesia Herald, 18 November 1959.
\textsuperscript{127} See reports in the Rhodesia Herald, 24 June and 11 August 1960; and NAZ MS1198 EA6/3, Letter by Leonard Tow to ARNI, 17 June 1960.
\textsuperscript{128} Leonard Tow had previously been to Rhodesia on research trip for his PhD study on manufacturing opportunities in Southern Rhodesia. He eventually produced a thesis ‘The Manufacturing Economy of Southern Rhodesia: Problems and Prospects’ in 1960. He was therefore a useful link to the company as it sought entry into the Federation.
publicity partner of ARNI in America and facilitated contacts between American and Rhodesian businesses.

Large overseas organisations also showed their faith in the future of the Federation by investing millions in new plants. The British Motor Corporation, the Ford Motor Company and the Rootes Group all established assembly plants in Southern Rhodesia in 1960. An oil pipeline and refinery was mooted, so was a nitrogen factory, which would be a boon to agriculture. An oil pipeline reduced the cost of transporting fuel into the country while a fertiliser manufacturing plant meant an assured supply of fertiliser to farmers. In addition, the number of industries rose from 1000 in 1955 to well over 1300 in 1960 while for the same period gross output increased from £94 million to about £150 million, despite the unsettled political situation. At the same time, in 1960, the SA government relaxed restrictions on the flow of capital to the Federation. According to the Minister of Finance, Donald Macintyre, capital was expected to come from the Union for purposes like ‘direct investment in either new or existing businesses in the Federation, the purchase of equity shares and the purchase of physical assets such as office blocks.’ He also expected Japanese investment in the Federation to increase. Macintyre however, stated gratuitously in the Parliament that ‘Japanese capital will be welcome in the Federation, but Japanese immigrants will not be welcome.’

Despite the optimism expressed by Macintyre and Graffey-Smith, the political climate in the Federation and the region at the time was unstable. Agitation by African nationalists now threatened to derail industrial development. For them, among other factors, the state of industrial development in the country was used as the justification for denying political power to Africans. Joshua Nkomo, one of the nationalist leaders said the British government had told him that ‘they were not prepared to hand over the country to inexperienced people because it was a highly industrialised country.’ He further stated for the first time ‘we are told the truth why the country has been held back from us. We have known it all along but the British government had never conceded to it. This is very important for we know where to aim now’, before warning that ‘if industry stands in the way of democracy, we shall set it aside.’ He however qualified that he was not against industrialists but ‘could not stand an obstacle for the sake of a few people who want

131 Ibid, 17 November 1959. Japanese immigrants were discriminated against because of the selective and restrictive immigration policy of the Federation that prioritised British immigrants.
133 Ibid.
to make money.\textsuperscript{134} Clearly, this was an appeasement statement. Nkomo’s warning caught the attention of ARNI, prompting the body to seek audience with him. They hoped to ‘put across to him, the significance of industrial development to the African in particular.\textsuperscript{135} The details of the eventual meeting where however, not made public.

In 1961, the Secretary to the Federal Treasury also enumerated other series of events creating anxieties among investors.\textsuperscript{136} The Sharpeville Massacres occurred in the Union of South Africa in 1960, Belgian Congo became independent the same year, while in Southern Rhodesia riots broke out in African townships. Even more, the Advisory Commission on the Review of the Constitution of the Federation of Rhodesia and Nyasaland (the Monckton Commission) was published, giving the right to any of territory of the Federation to secede from it. According to the Secretary of the Treasury, therefore;

All these events had an influence on the level of confidence in the Federation, was adversely affected by the events, which occurred before 30 June 1960. The Monckton Commission’s recommendations…led to the virtual cessation of external investment in the Federation. Since the publication of this report, no major project financed by private capital from overseas has been announced.\textsuperscript{137}

Nor did these scare foreign investors alone. Even domestic investors became sceptical as their confidence was shaken by this ‘unsettled political situation…to such an extent that he has tended to remove his capital to elsewhere.’\textsuperscript{138} The Treasury felt it necessary to curb any significant residential capital outflows, because had any such likely movement happened on a grander scale, ‘the Federal economy would have been irreparably harmed, with increased unemployment following a sharp decline in economic activity.’\textsuperscript{139}

To curb the potential flight that could emanate from these fears, the Federal government introduced the Exchange Control (Temporary Measures) Act 1961. Temporary in nature, the measures applied to domestic capital and not outside investors who were ‘free to enter and leave the Federation at any time, subject only to the technical requirements of passing through the control machinery in order to ensure that it is non-resident monies.’\textsuperscript{140} Justifying the control measures, Minister of Finance, Donald Macintyre, explained that,

\textsuperscript{134} Ibid.
\textsuperscript{135} Ibid.
\textsuperscript{137} Ibid.
\textsuperscript{138} Mseba, ‘Money and Finance in a Closed Economy’, 32.
\textsuperscript{139} Ibid.
\textsuperscript{140} Ibid.
A danger had arisen that there be a sudden and substantial outflows which, had they occurred, would have meant a loss of resources to the country, which it could not endure. Quite inadequate supplies of money would have been available to finance commercial and industrial needs of the community and in fact an unwanted credit squeeze of unprecedented force would have occurred. In consequence, trade would contract, capital works would be postponed, and unemployment would increase. The economic welfare of all people would be jeopardized.\textsuperscript{141}

Enacted as temporary, the Ministry of Finance however, annually renewed the control measures until the Federal dissolution in 1963. Even Southern Rhodesia adopted a similar approach that became the cornerstone of economic policy during the UDI as will be discussed in a later section.

Business took a keener interest in the political developments in the country. ‘Financial, commercial and industrial circles in Salisbury’, reported the \textit{Rhodesia Herald} in February 1961, were ‘studying in detail the decisions of the Southern Rhodesia Constitution Conference and their possible implications.’\textsuperscript{142} However, the spokesperson for all major bodies except the ARNI, declared that it was too early to formulate ideas on the effects the decisions were likely to have. For the ARNI’s President, ‘any settlement of Southern Rhodesia’s problems was bound to have a favourable reaction in industry and the flow of overseas capital into the country.’\textsuperscript{143} ‘The Bulawayo Chamber of Industries shared this optimism when it reported that ‘major plans for the expansion of Bulawayo’s industry lie “pigeon-holed” in the offices of several firms – awaiting the outcome of the referendum and a more settled political situation.’\textsuperscript{144}

The ARNI President expressed similar optimism in 1962 when he said,

\begin{quote}
although the political changes are not yet finalised and the full effect on the economy cannot be seen, the outlook is by no means dismal and I think it is going to prove true that stability, resulting from changes which have taken place, will provide a sounder basis for industry than uncertainty of the past few years, whatever, the details of the changes may prove to be.\textsuperscript{145}
\end{quote}

Even so, commercial and industrial interests also put pressure on Sir Roy Welensky to reshuffle his cabinet and put new men in charge of financial and economic affairs, or preferably create a new and dynamic Ministry of Production.\textsuperscript{146} They suggested R.F. Halsted for the position because of his previous experience as the Director of Supply during the Second World War and as Minister

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\textsuperscript{141} Cited in Ibid.
\textsuperscript{142} \textit{Rhodesia Herald}, 9 February 1961.
\textsuperscript{143} Ibid.
\textsuperscript{144} Ibid, 26 April 1961.
\textsuperscript{145} ARNI, \textit{Report for the Presidential Year}, 1962/1963; and also an essay by Professor W. L. Taylor of University College of Rhodesia and Nyasaland published in the \textit{Rhodesian Recorder}, July 1962, wherein he argued that, ‘the tough conflicts in the political and economic spheres and the relentless onset of economic decline will slowly precipitate a fumbling and groping movement towards solutions which offer prospects for ultimate success, over the long haul’.
\textsuperscript{146} \textit{Rhodesia Herald}, 13 October 1961.
\end{flushright}
of Trade and Industrial Development after the war. Other proposals put to Welensky sounded familiar strains: ‘the introduction of tariff walls to protect key local industries, to boost production and spending power as well as tackling unemployment and promote rural development…thus preventing too many Africans from coming to town and perpetuating unemployment.’

Events of 1959 and 1960 culminated in the negotiations for the break-up of the Federation. As these negotiations gathered pace from 1962, so industrialists became increasingly alarmed. Writing to the British Secretary of State for Central Africa, R. A. Butler, the ARNI President said:

My association representing manufacturing industry in the Rhodesias and Nyasaland earnestly appeals for preservation of strong and enduring economic links between Rhodesias as essential means of avoiding impediment to long term industrial development in both territories and creation of unnecessary additional unemployment among all races. Continued economic association is imperative for ensuring maximum growth of economy in future years to the benefit of all.

More than this, industrialists, especially from Southern Rhodesia feared losing a lucrative domestic market afforded by the Federation.

At the same time, ARNI and ACCORN still complained about the recommendations of a Working Party the Federal government had appointed in 1960. ARNI criticised the report. The Rhodesia Herald reported that ‘Federal economic policy [was] under fire’ as ARNI called for ‘a more realistic onslaught on poverty than that forecast in the government’s development plan.’ It further said that at the time, there was an accumulation of approximately 250,000 African males swelling the ranks of the unemployed indicating government economic policy was failing. As mentioned previously, the increasing number of unemployed African males was a result of intensified implementation of the NLHA and the economic depression that began from 1957.

ARNI further revealed a number of fundamental weaknesses in the government’s policy statement contained in the 1962-1965 Development Plan. To begin with, it alleged that the policy statement ‘expressly ignored the economic problems inherent in the obtaining political situation, many of

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147 Ibid. The promotion of rural development and curbing rural-urban migration manifested in the introduction of the notion of Community Development starting in 1959. In the local context of Southern Rhodesia, Community development sought to ‘help people [in the reserves and communal lands] become more consciously aware of their personal needs, assist them to articulate their problems, and arouse in them the drive to initiate as well as participate in self-betterment schemes’. For more details, see Passmore, ‘Historical Rationale of the Policy of Community Development in the African Rural Areas’; and United Nations, Community Development and National Development: Report by an ad hoc Group of Experts appointed by the Secretary-General (New York: Department of Economic and Social Affairs, 1963).

148 For detailed discussion of the dissolution of the Federation see Cohen, The Politics and Economics of Decolonisation in Africa; and Hazlewood, ‘The Economics of Federation and Dissolution in Central Africa’.

149 NAZ MS 1198 EA/4, Memo by P.C. Aldridge to the Office of the Rhodesian Prime Minister, 25 March 1963.

150 Rhodesia Herald, 3 August 1962; Rhodesian Recorder, June 1962; and ARNI, Record of Proceedings of Sixth Annual Congress, 1962.
the principles are in such general terms that they avoiding any definite commitment, the indiscriminate assignment of priority to all the main productive sectors is no priority at all,’ among others.\textsuperscript{151} Additionally, ARNI claimed that priority should be given to industrial expansion to bring about the quickest returns in terms of increased output, higher income levels and alleviation of urban unemployment. Overall, for ARNI, the Federal government had only one choice; ‘to take measures, however stringent, to attain a higher rate of growth and a more rapid expansion of the manufacturing industry than is provided for in the development plan, 1962-1965.’\textsuperscript{152} The development plan projected the manufacturing sector GDP to expand by 6\% during the four year period.

As the dissolution of the Federation became inevitable, ARNI intensified its examination of the economic problems, which would arise, as far as they would affect manufacturers. It was obvious, for various reasons, not least of them financial, that the separate territories wished to resume their own powers of imposing customs tariffs and that, inter-territorial trade be subjected to restrictions. During the ten years of the Federation’s existence, its trade statistics were kept on a Federal basis. No information regarding inter-territorial trade was available – information which was vital to ARNI in assessing the possible effects of dissolution on its members, and information which the three territorial governments also needed in order to carry out their own examination of the probable effects of dissolution on their economies.\textsuperscript{153} What predictions were made, they were at best generalisations.

In 1962, an election in Southern Rhodesia ushered in a new government under the Rhodesian Front Party led by Winston Field. The Rhodesian Front was a right wing party that perceived Rhodesian business community as its biggest and potentially threatening antagonist because of the assumed closer political link between it (business) and the United Federal Party. It would later in 1965 declare a UDI under the premiership of Ian Douglas Smith who had assumed office in 1964. According to Rowe, ‘the Rhodesian Front immediately began using the power of office to systematically undermine the foundations of business influence. It stripped the business community’s representative associations of their role in administering government policy …’\textsuperscript{154} In the light of that, it was important for the ARNI to ascertain the views of the new Government and its policy concerning industrial development, protection and other aspects of the economy. The ARNI put before the government again matters, which it had discussed with its predecessor.

\textsuperscript{151} Rhodesia Herald, 3 August 1962.
\textsuperscript{152} Ibid.
\textsuperscript{154} Rowe, Manipulating the Market, 106.
The new Prime Minister, Winston Field, stated soon after he took office, that he was ‘an old-fashioned protectionist.’ Both Field and his Ministers used the same phrase on various occasions. Industry, therefore, felt that the protectionist policy, so essential to a developing country and adopted albeit rather reluctantly at first, by the Federal Government, would be followed in Southern Rhodesia when the territory resumed full fiscal powers from 1 January 1964.

At the same time, encouraging developments took place. First, the new PM split into two the portfolios of the Minister of Mines and Industrial Development, the latter becoming Trade, Industry and Development. Secondly, the new Minister of Industry, G.W. Rudland, introduced a new policy when he moved for the second reading of the Industrial Development Bill that would later culminate into the Industrial Development Act [1963] that birthed the Industrial Development Corporation (IDC). Government policy, he stated, was designed to achieve two results; ‘to put to work the machines and men that were idle because of the present slackness of local business and to create new enterprises and new jobs to renew the expansion of which the economy was capable.’ What satisfied industrialists was that the Minister’s full statement contained many points that the ARNI had pressed on both the Federal and territorial governments for long and it was ‘encouraging to feel that the representations [were] not in vain.’ Industrialists also raised questions concerning the steps the government would take to protect the market for Southern Rhodesia manufactured goods after Federal dissolution. In a Parliamentary statement, Rudland added that ‘government will pursue its expressed policy of external trade representation in every country where markets exist, or are likely to exist for goods manufactured in Southern Rhodesia. Government will seek to enter into reciprocal trade agreements with neighbouring territories.’

Consequently, the Southern Rhodesia government moved to negotiate a new trade agreement to replace the 1960 one. ARNI’s views on renegotiation was that the first essential was the retention of the existing levels of protection against South African competition. ‘This seems to be of prime importance bearing in mind the breakup of the Federation and the limitations of the

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156 The IDC was a wholly-owned state holding company, created by Act of Parliament in 1963, with initial nominal capital of $10 million, divided into 5 million shares of $2 each. It was established to invest in economic enterprises and assist with its expert services, in the promotion of objects which the government decides are in the national interest. For more on the IDC see Pangeti, ‘The State and Manufacturing’, 201-213; and Rhodesian Recorder, October 1963.
158 Ibid.
159 Southern Rhodesia, Legislative Assembly Debates, 1 March 1963, Col. 1195.
domestic market which now consists of Southern Rhodesia alone’, justified ARnI. It also further clarified that South Africa consistently maintained that it was not opposed to the protection of Southern Rhodesian Industry but rather all it sought was parity of tariff treatment with the United Kingdom. In that respect, it was deemed feasible to select certain classes of goods not produced locally, which could form the subject of a reciprocal tariff concession to South Africa. This resulted in the negotiations of a new Agreement in 1964.

In August 1964, industrialists met with the Minister of Trade, Industry and Development to discuss the approach in the negotiations of the Trade Agreement. By now, ARNI had changed its name to Association of Rhodesian Industries (ARNI) to reflect its geographical representation following the dissolution of the Federation. ARNI now only represented industrial interests in Southern Rhodesia. At the meeting, ARNI’s Chegwidden pointed out that they had already expressed the opinion that the prospects for developing the export of manufactured goods to South Africa was necessarily limited, but their immediate concern was import controls. ARNI felt it was important that this matter be dealt with because in all previous agreements with South Africa, special provision had been made precluding the imposition of import controls. In response, the Minister said that he loathed including a provision for import controls in any new agreement because what was needed was an expansion of trade between the two countries. Even more, he pointed out that ‘it was not in South Africa’s interest to see Southern Rhodesian industry closed down. There was a tremendous feeling of goodwill in South Africa towards Southern Rhodesia.’ So surprising was the Minister’s response that it appeared he sympathised with South Africa more than his own industrialists.

An even more seemingly dismissive response came when Chegwidden raised the subject of consultation. Citing the example of South Africa where in the previous trade agreements negotiations, representatives of private organisations in South Africa were closely consulted at all stages, he grumbled that ‘the representatives of organised industry in Southern Rhodesia had been ignored or simply not consulted at all.’ ARNI wished their own government adopted similar methods as South Africa. He thus, enquired on whether the representatives of organized industry would be consulted in the impending negotiations to which the reply was that ‘this was a matter which must be left to officials to decide at their discretion.’

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161 Ibid.
162 Ibid.
164 Ibid.
165 Ibid.
166 Ibid.
undertones of disinterest in an otherwise serious matter raised by ARnI. Often, industry received such kind treatment from the executive.

Eventually, on 30 November 1964, Southern Rhodesia and South Africa signed a new Trade Agreement, which came into effect on 1 December 1964. The Agreement was crucial in sanctions busting and the survival of the Rhodesian economy during the UDI period. The agreement was to last until 31 December 1969. The new agreement provided for preferential tariff treatment of trade in both directions between the two countries. According to Rudland, the Minister of Trade, Industry and Development, ‘the new agreement reflects the determination of both governments to bring about a considerable expansion in trade and the closest possible economic relationships between the two countries.’ Broadly, the concessions in both directions, which were provided for in the 1960 agreement, were retained. The exception was that a wide range of South African goods would now enjoy increased tariff preferences, in some cases the special preferences extended to Britain and in other cases preferences between those enjoyed by Britain and the general Commonwealth preferences. Among the items to which these new preferences applied were specified manufactured foodstuffs, blankets, carpets, ladies stockings, household linen, woollen equipment, certain glassware and chinaware, clothing footwear and jewellery. Meanwhile, a wide range of Rhodesian products would enjoy duty free entry into South Africa or entry at preferential rates. Overall about 75% all Rhodesian manufactured exports went to South Africa under this agreement. As Pangeti observed, ‘this was a significant percentage of Rhodesian trade, and, under sanctions, this Agreement was to turn South Africa into Rhodesia’s lifeline, providing market, source of investment capital and much needed transit trade routes.’

The break-up of the Federation necessitated discussion on trade arrangements also with Northern Rhodesia. On the dissolution of the CAF, the three separate territories agreed to adopt their own customs tariffs similar to the Federal ones in structure and in the level of duties. This implied that in trade between Northern Rhodesia and Southern Rhodesia, the manufactured goods of the one territory would be admitted into the other territory at column D rates of duty. The Southern Rhodesia Government announced, however, that for a short while, the duties on Northern Rhodesian manufactured goods would be suspended thereby permitting importation into Southern Rhodesia free of duty. Conversely, the Northern Rhodesia Government agreed to suspend most of the duties on Southern Rhodesian manufactured products, but to a somewhat

168 NAZ MS1199/18/4, ARNI, Trade Agreement with South Africa, Statement by the Minister of Trade, Industry and Development on the Signing of the South African Trade of Agreement, 30 November 1964.
169 Ibid.
lesser extent, where the Northern Rhodesia Government considered it necessary to retain a measure of protection of their own factories, it could do so. Broadly, the trading arrangement between the two countries consisted solely of governmental decisions duly gazetted to suspend duties and no official instrument purporting to represent a trade agreement existed. Asked on the prospects of a trade agreement with Northern Rhodesia, Aldridge, the Director of ARNI, explained that ‘so far as can be ascertained the Southern Rhodesia government does not appear to have exercised any initiative in approaching the Northern Rhodesia government in connection with the negotiation of a formal trade agreement.’

Some Rhodesian industrialists raised concerns over this arrangement. Aldridge reported that ‘complaints have reached me over the past few months to the effect that it is unfair that certain Southern Rhodesian manufactured products should bear customs duty when imported into Northern Rhodesia while no customs duties are levied on similar products or indeed on any products of Northern Rhodesia origin imported into Southern Rhodesia.’ For this reason, Aldridge urged the ARNI’s Economic Affairs Committee to seek clarification on the Southern Rhodesian policy or attitude towards Northern Rhodesia on future trade relations. He however cautioned that,

[I]n cases where particular Southern Rhodesian manufacturers can show that their export trade to Northern Rhodesia is being impeded by the imposition of duties, then I recommend that ARNI should assist by suggesting that the Southern Rhodesia government should consider tactfully taking up particular cases with the Northern Rhodesia government. I see no purpose, however, in presenting a generalised case based on an attempt to secure reciprocal free trade.

Just like the case of South Africa, the future trading relationship with Northern Rhodesia came up for discussion when an ARNI deputation met the Minister in August 1964. Chipman of ARNI highlighted that ‘there appeared to be an attitude on the part of certain businessmen in the North in favour of breaking the trading relationship with Southern Rhodesia.’ In his response, the Minister acknowledged that he was ‘well aware of this and it appears to be a popular line of thought on certain quarters for various reasons’ but he did not think this attitude had any real significance. Although the thought did not prevail then, political developments, that is, Zambia’s attainment of independence in 1964 and the UDI in 1965, affected the trade relations.

172 Ibid.
173 Ibid.
174 Ibid, ARNI, Notes of a Meeting with the Minister of Trade, Industry and Development on 13 August 1964.
175 Ibid.
The Threat and Implications of UDI

As industrialists engaged the government over tariff protection, political developments in the country posed a new challenge. Following the Federal dissolution, the Rhodesian Front government in Southern Rhodesia engaged in negotiations for independence, under a white minority rule, with Britain.\(^{176}\) When negotiations with Britain collapsed, the RF government threatened a unilateral declaration of independence (UDI). On 29 June 1964, ARNI’s President issued a statement that ‘any precipitate action which might fan the flame of hostility towards Southern Rhodesia and prejudice neighbouring markets for our manufactured goods and world markets for our primary products would be disastrous to the Southern Rhodesian economy.’\(^{177}\) By October 1964 those fears appeared imminent. The threat of UDI invited Britain’s response. On 27 October 1964, the British Prime Minister, Harold Wilson, issued a statement expressing concern about the possibility of a UDI by the Rhodesian Government.\(^{178}\) The British Government warned that ‘a declaration of independence would be an open act of defiance and rebellion and it would be treasonable to take steps to give effect to it.’\(^{179}\) More threateningly, it stated that,

> an illegal declaration of independence in Southern Rhodesia would bring to an end relationships between her and Britain, would cut her off from the rest of Commonwealth, from most foreign Governments and from international organisations, would inflict disastrous economic damage on her and would leave her isolated and virtually friendless in a largely hostile continent.\(^{180}\)

Because of the gravity of the economic consequences mentioned in the statement, industrialists, understandably, reacted.

The ARNI Executive met to assess the implications of UDI and the British statement. A unanimous observation from that meeting resulted in an assessment that showed how,

Manufacturing industry in Southern Rhodesia [had] been capitalized and developed on the basis of the former Federal market. The gross output of Rhodesia industry in 1964 [was] estimated at £170 million ... Total exports of manufactured goods this year are estimated to be in the region of £45 million. It is quite evident that many Rhodesian factories producing goods, as distinct from services, are highly dependent on their export trade. It appears that of the total estimated export trade in manufactures of about £45 million, exports to Zambia will account for almost £30 million, to Malawi over £4 million and


\(^{177}\) As quoted in *ARNI News Bulletin* No. 14/64, 29 October 1964.


\(^{179}\) Ibid.

\(^{180}\) Ibid.
to South Africa probably about £6 million. Zambia, which is at present Rhodesian industry’s most important export market, admits many items of Rhodesian goods free of duty, although certain customs duties were imposed in June this year. Nevertheless, the maximum duty, which Zambia applies under this preferential tariff, is the Column D rate. If Rhodesia finds itself outside the Commonwealth, therefore, duties on Rhodesian products would automatically be subjected to a non-preferential higher rate of duty – assuming trade was permitted to continue in the usual way.\(^{181}\)

The special ARnI meeting also re-affirmed the earlier public statement made by its President that while ARNI was strictly a non-political organization, it could not afford to ignore the economic consequences of political actions. Worryingly for ARnI, Rhodesian industry’s main export markets would be lost if Rhodesia lost its Commonwealth preferences, and that ‘a serious curtailment of industrial activity would be bound to place some industries in jeopardy, with a consequent reduction in industrial employment.’\(^{182}\) This in turn would set in motion a cycle, which would weaken industry’s domestic market.

Further, the meeting unanimously called for a publication of statement in response to the British government pronouncement. Accordingly, ARnI issued a press release on 27 October stating that, while recognising that independence for the country is the ultimate aim of all, ARnI feels that the point of no return in negotiations has not yet been reached…the effect of such a step [UDI] on the industrial sector of the Rhodesian economy would be catastrophic, resulting in widespread unemployment at every level consequent upon loss of markets and a slowing down of the economy generally.\(^{183}\)

Through the statement, ARnI also suggested a meeting of all economic interest groups to discuss the impending threat. On 29 October 1964, the representatives of the RNFU, RTA, Tobacco Trade Association of Rhodesia, National Coordinating Council of the Clothing Industry of Southern Rhodesia, CATMA and Rhodesian Society of Accountants attended a meeting with ARnI. From the meeting came public statements by these organised groups condemning any unilateral declaration of independence.

However, when the Southern Rhodesian government eventually proclaimed the UDI on 11 November 1965, industrialists changed their stance. The *Herald Africa News Service* reported that, ‘industrialists in Rhodesia are preparing to go on a war footing in a determined effort to counteract the effects of sanctions.’\(^{184}\) For Rowe, all the influence industrialists had had previously exerted on

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\(^{181}\) Ibid.

\(^{182}\) Ibid.


\(^{184}\) *Herald Africa News Service*, November 1965.
the government, dissipated once UDI was announced and industrialists became acquiescent.\textsuperscript{185} Even more, UDI brought the government into the economic sphere much more actively. Political and economic conditions dictated that the government becomes interventionist. Free enterprise was on the back foot. One way the government did this was through its Import Control Policy.

**Import Control Policy**

The government of Southern Rhodesia introduced an import control policy to hedge its foreign exchange reserves. Import control, however, had been used since 1947 although this was limited to dollar imports. This particularly applied to products that could be produced in Rhodesia. This was also in the context of the post-war dollar crisis that engulfed Britain. The remaining dollar import controls were removed in November 1959.\textsuperscript{186} However, in 1961, the Federal government introduced yet other controls, namely Exchange Control (Temporary Measures) to regulate capital flows. They had the same effect of reserving foreign exchange. These measures were upgraded in 1964, into Southern Rhodesia Exchange Control Act. The Act gave powers to the Reserve Bank Governor to oversee the (i) prohibition or restriction of dealings in or possession of any gold, currency or securities, (ii) the prohibition or restriction of the importation into and exportation from Rhodesia of any property and (iii) the prohibition or restriction of any dealing in or in relation to any property with persons resident outside Rhodesia.\textsuperscript{187} It further provided for the control of imports and exports from Rhodesia, the transfer or settlement of property, payments and transactions in relation to debts.\textsuperscript{188}

The Exchange Control Act was accompanied by an import control system. On 3 November 1965, the Minister of Finance, John Wrathall, in consultation with the Governor of the Reserve Bank of Rhodesia, Noel H. B. Bruce, and the Minister of Commerce and Industry, Rudland, intensified an import control system of goods into Rhodesia with effect from 4 November 1965. This was prompted by the realisation that ‘indenting for goods at an abnormally high level has created a contingent liability for payments which, if allowed to materialise could well have a serious effect on our external reserves’ and therefore ‘timely and precautionary action is being taken to limit the strain on our reserves and to restore the situation.’\textsuperscript{189} This objective was a continuation of the control measures of 1961 discussed earlier.


\textsuperscript{186} Southern Rhodesia, *Legislative Assembly Debates*, 18 August 1959, Col. 3696.


\textsuperscript{188} Ibid.

The Ministry of Commerce and Industry tried to keep imports to a minimum. Imports now required an import licence and prior approval from government. Worth noting, however, is that the import control system intended to save the foreign currency and not to assist the local manufacturing industry. Any benefits that accrued to industry were incidental. If anything, the import control system with the accompanying foreign currency control initially stifled the manufacturing industry. Given the abruptness with which the government announced control measures, authorities had to clarify the effect of the measures on imports already ordered or in transit. In that respect ‘foreign currency to meet the cost of goods shipped or railed up to and including midnight 3 November will be provided by banks against relevant shipping and railing documents, in such cases no import licence will be required, all other goods, not shipped or railed, by midnight (3 November) will require an import license’, clarified the Ministry.\textsuperscript{190}

Consequently, the government announced new regulations (Control of Goods [Import] Regulations, 1965) in terms of the Control of Goods Act (1954).\textsuperscript{191} After UDI, the Minister of Commerce and Industry, G. W. Rudland, issued a statement reiterating that, ‘the restrictions on imports will have to be intensified.’\textsuperscript{192} This followed Britain’s imposition of sanctions in response to UDI. In light of this, he advised that the licensing system that had been put in place earlier would be invalidated in order to deal with changed circumstances because of sanctions. He therefore pleaded with the business community to ‘accept the inconvenience suffered gracefully’ after the disruption caused by the invalidation of licences they had acquired.\textsuperscript{193} He also emphasised that under sanctions ‘we can spend only what we earn.’

The severity of the controls and their duration depended upon the severity and effectiveness of the sanctions imposed against Southern Rhodesia. The government impressed upon business that ‘the immediate issues confronting us are our ability to secure adequate supplies of essential commodities, our ability to earn foreign currency to pay for these supplies and our ability to sustain economic activity.’\textsuperscript{194} Naturally, ARnI had to respond to this government action. It set up a special Committee known as the ARnI Import/Export Co-ordinating Committee, to keep under review national policy and administration relating to imports and exports and to make representations to the proper authorities directly, whenever the occasion required.\textsuperscript{195} Stressing that ARnI was a non-

\textsuperscript{190} Ibid.
\textsuperscript{192} NAZ MS1198, Import Control Policy: Statement by the Hon. G.W. Rudland, 12 November 1965.
\textsuperscript{193} Ibid.
\textsuperscript{194} Ibid.
political association of industrialists whose principal objective was the development of manufacturing industry in Rhodesia, it stated that,

whatever may be the views of individual members upon the merits of the case, now that the die was cast and independence declared, the sentiment of the organisation will solidly support a policy designed to mitigate the impact of economic sanctions by (a) conserving foreign exchange by curtailing imports and replacing such imports, where practicable and desirable, by expanding or creating the means of producing the goods concerned within Rhodesia and (b) earning foreign exchange by a vigorous search for more markets and the promotion by fiscal or other means of production of manufactured goods for export.196

The foregoing principles were the mainspring of the new government policy in the economic field. For an effective development of these principles in practice and as far as manufacturing was concerned, advised ARnI, the system of import quotas (control) on a commodity basis needed some adjustments. The allocation system operated in the following manner. The Associated Chambers of Commerce of Rhodesia (ACCOR), the successor to ACCORN, undertook administrative responsibility for currency allocations to importers. Commodities of a similar nature were grouped together and importers of such items formed a merchant group. These groups then appointed an allocations committee. For applications so received, if the amount of currency available for each tariff item was known, the committee allocated amount among the applicants. The basis of allocation depended on the committee.

However, the ARnI complained of this arrangement and sought a meeting with Wrathall, Minister of Finance, Rudland, Minister of Commerce and Industry and Bertram, Secretary to the Ministry of Commerce and Industry. It raised that the systems of Groups should be reviewed to take account of the,

need to ensure that, in the national interest, manufacturers are in position in future quota periods to secure their own allocations of capital goods and materials for industrial use, whether such items are imported direct, or by merchants or agents and the handling of all currency requirements for industry by ARnI.197

The ARnI still complained that the ACCOR seemed to have continued with the same allocating powers despite the agreement that allocation for industry should be left to the ARnI. It further highlighted that the application of the quota need not be universal. For instance, merchants, agents and wholesalers could not, as a class, be treated separately from the clients whose needs they existed to satisfy.198 The logic ought to have been that the merchant or wholesaler would operate

196 Ibid, Memorandum by the ARnI Import/Export Coordinating Committee, December 1965.
197 Ibid, Letter by Aldridge to the Secretary of commerce and Industry, 18 November 1965.
198 Ibid, Memorandum by the ARnI Import/Export Coordinating Committee, December 1965.
as an importer to the extent that his clients entrusted him with the task of obtaining their permitted imports.

Additionally, the procedure allowed merchants and wholesalers to acquire and hold minimum stocks in excess of the amount of imports permitted to retailers, provided the delivery from these stocks reached retailers only upon the submission of certified unfilled import quotas. At the same time, the replenishment of the stocks was permissible to not more than the extent of such authorised issues. The overall objective was to facilitate the smooth distribution of imports.

Similar procedures applied to merchants and wholesalers who handled industrial machinery. They were supposed to import complete machines only upon requisition by customers holding valid import licences for the machines in question. Furthermore, merchants and wholesalers handling industrial machinery held agreed minimum stocks of essential spares for machines in use at any given time. In this case, however, a manufacturer requiring spares needed to apply for an import permit unless he had imported the original machine direct and there was no merchant or wholesaler holding spares for it. Otherwise, it befell upon merchants or wholesalers to apply for import permits to fill up stocks. ARnI made all these suggestions in confidence, for it feared inviting the wrath of commerce.

The grouping of commodities created tension between ARnI and its members. For example a company called Consolidating Lighting complained to ARnI that,

as a member of ARnI of 9-10 years’ standing, it is submitted that the [allocation system] should bring home to you that our manufacturing and assembling interests are prejudiced and not protected by being tied to a merchant group body, we are convinced that a continuation of this arrangement can only affect us detrimentally in the manufacture and assembly of light fittings for the local and export markets.

The Bulawayo Chamber of Industries (BCI) also condemned the import control measures. In a letter to ARnI, BCI wrote:

[T]he present system of controlling imports demonstrates masterly incompetence and a quite naïve ignorance of the needs of business. It is now seven weeks since import control was introduced and despite assurances, a large number of manufacturers are still not aware of the allocations, which have been made to them. The government system of Groups, classified by customs tariffs, cannot continue. The glaring omissions from the Group schedules have had very clear reactions: the first has been the gross overloading of the General Group 17; the second has been to arouse the hostility of industrialists towards ARnI. The majority of manufacturers, with whom we had to deal in Bulawayo,

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199 Ibid.
were no doubt as confused, upset and even angry, as were their Salisbury counterparts.\textsuperscript{201}

The BCI specifically singled out the staff at ARnI for their approach when dealing with members’ problems. ‘Some people have been so completely put off by the poor arrangements which exist that they are considering resigning their membership. ARnI and its staff should be seen to be interested in its members’ complained BCI.\textsuperscript{202} It even suggested that they be replaced.

Additionally, BCI suggested an overhauling of the existing allocation or grouping system. The obtaining system made a manufacturer dependent on a number of committees. The major problem with that arrangement was that in most cases ‘none of [the committees] is aware of his domestic needs, [this is] almost ludicrous. It means that the manufacturer could be keyed to the lowest allocation…’\textsuperscript{203} Against this backdrop, the BCI suggested that it was ‘not beyond the realms of possibility to devise a system based upon industrial sectors. The idea of a committee composed of manufacturers in allied areas is an excellent one. Each sector should be well defined and no manufacturer should be governed by more than one allocating committee.’\textsuperscript{204} ARnI’s Chegwidden concurred with this suggestion. He remarked,

\begin{quote} 
If government considers it vital that allocations are made on an item by item basis, then at least let them consult the expert, the man whose business it is and let him compile tariff lists. If Rhodesian industry is to survive then manufacturers must feel that government is making some effort on their behalf. If industry feels that besides fighting the rest of the world it is also required to fight against its own bureaucratic procedures, then the game is lost before it has properly started.\textsuperscript{205}
\end{quote}

Grumblings continued. What was, however, agreeable to all industrialists was that,

[W]hatever our political opinions may be, we are now, all of us, engaged in a battle for our economic survival. We shall be successful in this in proportion to the extent to which we abandon previous laissez-faire attitudes and engage in vigorous planning. If we win-and we must win, we may well emerge from the struggle with a far stronger and more closely integrated economy than ever before.\textsuperscript{206}

This clarion call shall be explored further in the next chapter. Meanwhile, in controlling imports, Rhodesian government abolished the imperial preference for goods ex-United Kingdom and Channel Islands.\textsuperscript{207} This meant that basic duty on these goods was now according to tariff column

\begin{itemize}
\item \textsuperscript{201} Ibid, Bulawayo Chamber of Industries Memo on Import Control Measures, 23 December 1965.
\item \textsuperscript{202} Ibid.
\item \textsuperscript{203} Ibid.
\item \textsuperscript{204} Ibid.
\item \textsuperscript{205} Ibid, Statement by PC Aldridge on Import control, Policy and Administration, 23 November 1965.
\item \textsuperscript{206} NAZ MS1198, Import Control Policy: Memorandum by Sir Thomas Chegwidden on ARnI Import-Export Committee, 22 November 1965; and Ibid, Statement by PC Aldridge on Import control, Policy and Administration, 23 November 1965.
\item \textsuperscript{207} Ibid, Memorandum by Sir Thomas Chegwidden on ARnI Import-Export Committee, 22 November 1965.
\end{itemize}
B and not D. More so, the most-favoured-nation or Common rates tariff rates were also removed for virtually all manufacturing and industrial machinery. In any case, the imperial preference was now academic for sanctions had stopped any formal or official trade between Southern Rhodesia and the UK.

Besides import control, currency controls and allocations intensified after UDI. From the 15 November 1965, the ARnI assumed the task of handling currency allocations connected with the importation of all materials for manufacturing, processing and assembling industries. Currency controls were not new, however. Appearing before the Committee of Enquiry on Industry Policy in 1959, the Central Bank of Rhodesia and Nyasaland commented on the effect of the rapid development of the manufacturing industry on the Federation’s foreign exchange reserves. It stated that indeed the development of secondary industry based on imported materials caused a greater strain on the balance of payments than would the development of primary exporting industry or secondary industry processing local products. It however, qualified that ‘although there would be a risk of rapidly developing secondary industry straining the foreign exchange reserves it is a risk worth taking and that the biggest import savers should receive most encouragement.’ Consequently, the Federal government had enacted the Exchange Control (Temporary Measures) Act in 1961 as highlighted previously. It should be noted that this was not peculiar to Southern Rhodesia or the Federation alone. Like the Federation and subsequently Southern Rhodesia, South Africa also suffered from a fall in its reserves. To reduce the fall, South Africa also introduced currency control in addition to its existing import control measures.

Manufacturing Growth, 1957-1965

Amidst the foregoing developments, the manufacturing sector grew in both number and value as shown in Table 4.1 below.

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208 See footnote 100, on page 130 for an explanation of these tariff columns.
210 Rhodesian Herald, 15 November 1965.
211 NAZ F187/E/598/02, Committee of Enquiry into the Manufacturing Industry: Verbal evidence given by Mr. A F Graffey-Smith, the Governor of the Bank of Rhodesia and Nyasaland and Mr. B C J Richards, Deputy Governor, 16 September 1959.
212 See also Mseba, ‘Money and Finance in a Closed Economy’, 32-34.
213 See the discussion on South Africa’s exchange controls in NAZ MS1198 AEA.2/2, Currency Control Regulations, 1958-1977.
Table 4.1: Manufacturing Sector 1958-1962

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<th>Years</th>
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<th>Net output (£'000)</th>
<th>Total wages and salaries paid (£'000)</th>
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<td>1958</td>
<td>973</td>
<td>109,194</td>
<td>44,661</td>
<td>23,625</td>
</tr>
<tr>
<td>1959</td>
<td>967</td>
<td>120,067</td>
<td>48,830</td>
<td>24,746</td>
</tr>
<tr>
<td>1960</td>
<td>975</td>
<td>129,059</td>
<td>50,892</td>
<td>25,504</td>
</tr>
<tr>
<td>1961</td>
<td>1,029</td>
<td>141,661</td>
<td>55,997</td>
<td>28,517</td>
</tr>
<tr>
<td>1962</td>
<td>1,043</td>
<td>148,704</td>
<td>59,630</td>
<td>31,051</td>
</tr>
</tbody>
</table>

Source: Census of Industrial Production, 1938-1962.

The contribution of manufacturing to the economy had increased greatly that it surpassed mining by great margin, and was closing in on agriculture. Considering that agriculture’s contribution included both European and African output, manufacturing was arguably the biggest contributor to the National GDP. Table 4.2 below shows the contribution of agriculture, mining and manufacturing sectors to the country’s GDP.

Table 4.2: Contribution to the National GDP: Manufacturing, Agriculture and Mining, 1957-1965 (£ millions)

<table>
<thead>
<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>47.0</td>
<td>46.7</td>
<td>50.8</td>
<td>51.9</td>
<td>62.3</td>
<td>62.5</td>
<td>64.2</td>
<td>69.3</td>
<td>66.7</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>17.5</td>
<td>17.6</td>
<td>17.2</td>
<td>19.1</td>
<td>18.7</td>
<td>17.0</td>
<td>15.8</td>
<td>19.0</td>
<td>23.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>35.8</td>
<td>38.8</td>
<td>41.8</td>
<td>44.9</td>
<td>49.2</td>
<td>52.1</td>
<td>53.8</td>
<td>59.1</td>
<td>66.1</td>
</tr>
</tbody>
</table>


Another important feature of the manufacturing industry during this time was the extent of foreign ownership and control of industrial production. A survey by the CSO in 1963 revealed that out of 420 firms surveyed, 147 were either branches or subsidiaries of a big foreign corporation. Of that figure, 72 were controlled from South Africa. ‘Branches, subsidiaries and associates of foreign companies earned just under 67 percent of the total recorded net operating profits and were responsible for 72 percent of the total recorded capital formation’, revealed the survey. Industrial production also increasingly became monopolistic in character. Approximately 146 large firms (those with a gross output of £250,000 or more) produced 76.2% of all industrial production in


1963, whereas 592 smaller firms (those with a gross output of £40,000 or less) accounted for only 5.2% of the production.²¹⁶

Conclusion
This chapter has demonstrated the continued contestations and shifts in the relationship between the government and industrialists. Industrialists’ representative organisation expanded from the FRI to ARNI encompassing all the three territories in the CAF. The strength in numbers, hoped industrialists, would be accompanied with a sympathetic recognition from the government. But this did not move the state to adopt an active industrial policy as hoped for. Secondary industry remained partly protected, was not consulted in negotiations for trade agreements and still seen as of secondary importance as advised by the Phillip’s Report in 1962.

The Federal dissolution in 1963 worsened Southern Rhodesia industrialists’ situation. They lost free access to their former domestic market of the two northern territories. Even worse, Southern Rhodesia declared independence unilaterally in 1965. That UDI invited sanctions from Britain and other countries under the resolution of the United Nations. Declared a rebel country, Southern Rhodesia was ostracised from the Commonwealth and other traditional markets and trading partners, thus compounding the market crisis for Rhodesia. This initially caused panic among industrialists. However, the adoption by the government of a new economic policy underpinned by import control policy would prove an unintended boon for the manufacturing industry. The effect of UDI on economic policy forms the discussion of the next chapter.

Chapter Five
Planning and Administering an Economy under Siege: Organised Industry and the State
during UDI, 1966-1979

Introduction
Several scholars have argued that the UDI Rhodesian state muzzled organised secondary industry,
which became acquiescent. This conclusion captures developments on the political front. However,
this chapter shows that in the economic sphere, ARnI remained forceful in pursuing its interests despite much greater state control during UDI. The chapter also adds a new perspective to the conventional wisdom of characterising UDI as the period of high ISI and economic nationalism. In this vein, it examines the interaction between the state and industrialists over the administration and implementation of the import control policy and currency allocations – the two major economic instruments of the UDI regime. The chapter suggests that Tor Skalnes’ notion of societal corporatism (the changing role of interest groups vis a vis their relationship with the state, largely their collaboration) maybe a better and more useful way of understanding the relationship between ARnI and the state during this period. In addition, the chapter analyses the impact on secondary industry of the military-call ups, as well as manpower development, decentralisation and housing, and the forms of relationship these policies had on industrialists and state on one hand and industrialists and other economic interest groups on the other. Both the Second Chimurenga and the constitutional negotiations with Britain attracted industrialists’ comment, and as such warrant examination. The chapter begins in 1966 with the imposition of sanctions by both Britain and the United Nations that necessitated the introduction of a new economic policy. It ends in 1979 with a discussion on the nature and structure of secondary industry that emerges during UDI, industry’s views on decolonisation and African majority rule.

UDI, Economic Policy and State-Industry Relations
The UDI in November 1965 had huge economic and political consequences for Rhodesia. Following the white rebellion, Britain and the United Nations imposed economic sanctions on Rhodesia. The sanctions were applied piecemeal. Britain initially introduced financial sanctions from 12 November 1965 to 16 December 1966. British embargoes were also imposed on Rhodesian tobacco, sugar and other products, and Rhodesia’s Commonwealth trading preferences

1 Rowe, *Manipulating the Market*, 106-130; and Bond, *Uneven Zimbabwe*, 122-123.
2 Tor Skalnes, *Politics of Economic Reform in Zimbabwe*.
3 See Nyamunda, ‘Financing Rebellion’, 97-111 for detailed analysis of these financial sanctions.
were suspended as was the colony’s access to the London capital markets. These were followed by UN selective mandatory sanctions. After the rejection of Tiger Talks proposals on Rhodesia’s ‘return to legality’ in December 1966 by the Smith’s cabinet, British Foreign Secretary, George Brown, travelled to the United States to push for a UN Security Council resolution calling for comprehensive mandatory sanctions on Rhodesia. The Security Council resolved that ‘the internal situation in Rhodesia constituted a threat to international peace and security and invoked Chapter VII of the UN Charter to impose economic sanctions.’ With the concurrence of Britain, the UN, in May 1968 extended mandatory sanctions to all commodities for Rhodesia, including oil. The implication of such a development could have been economic disaster for the belligerent state. ‘Sanctions were designed to create a major economic slowdown, high unemployment, reduce incomes, prompt disinvestment of capital and generally stimulate a depression to rapidly and bloodlessly force Rhodesia back to legality’, wrote Carl P. Watts.

Rhodesia, therefore, reconfigured its economic policies to deal with the emerging potentially harsh economic environment of sanctions and isolation. Confronted by this reality, ARnI shifted from its pre-UDI position and began to concur with the state, supporting economic realignment. At the centre of the new economic policy were two instruments: import control and currency allocations. While these principles applied to the whole economy, they weighed most heavily on industry and commerce. The government tried to reduce the impact of sanctions on industry by conserving foreign exchange by reducing imports and improving local sourcing of consumables and goods; and increasing employment levels. In December 1965, the Ministry of Commerce and Industry set up the Industrial Tariff Committee and the Industrial Projects Committee. The latter’s purpose was to save foreign exchange by closely examining all applications for industrial projects and avoiding duplication and waste of any foreign exchange involved. Under the new system of control, ‘it [was] now necessary for any industrialist or prospective industrialist who require[d] an import allocation for plant or initial stocks of imported raw materials in order to make special application to the Ministry.’

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5 For a detailed discussion, see R. Coggins, ‘Wilson and Rhodesia: UDI and British Policy towards Africa’, *Contemporary British History*, 20, 3 (2006), 363-381.
The Industrial Projects Committee, which included representatives from the Treasury and Reserve Bank of Rhodesia, received and considered applications. Where necessary, the Committee co-opted representatives of other Ministries affected by particular projects. The Committee took into account the following main considerations for each application:

- the net foreign exchange benefit; the extent of any foreign investment in the project and the form thereof; the profitability of the project and the benefit to the economy; the extent and conditions relating to any payments of royalties, rent; the ability to manufacture at competitive prices and to acceptable standards; the effect on government revenue, etc.\(^9\)

The Committee also adopted a ‘first come, first served’ basis in handling industrial projects applications.\(^{10}\) Industrialists further emphasised the need for realignment. In his valedictory address in March 1966, D.V. Divett, ARNI President, highlighted that a complete new look at Rhodesia’s industrial structure and her relations with neighbouring territories was essential if the economy was to be sustained. Divett said ‘the old international trade patterns have gone forever. With the erosion of the Zambian market, it is vital for Rhodesia to find now, compensatory outlets and to arrive at new economic alignments.’\(^{11}\)

The introduction of close control over industrial development and expansion had long been ‘foreign’ to Rhodesian economic philosophy. Ordinarily, secondary industry opposed government intervention and control in its sphere and the economy in general. However, ARnI went along with it at this juncture. It did so for two reasons. First, the imposition of sanctions necessitated closer planning and coordination to create a proper balance in the economy. Secondly, the use of import control in planning was also a method of protecting local industry. ARnI ‘was particularly gratified to know that at long last a policy which used to be considered rather suspect had now been adopted as an instrument of government policy’ to assist industrial development.\(^{12}\)

Meanwhile, much as the introduction and adoption of import control as a policy instrument was welcomed, its operative longevity became a contentious subject between ARnI and government. The ARnI and government exchanged notes and held several meetings discussing the use of import control as an instrument of industrial policy.\(^{13}\) Because of the centrality of import control, it warrants a closer examination, to which the following discussion now turns.

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10 Ibid.
13 NAZ RC, L C21.6.9R, B141849, Commerce and Industry, 1963-1972, ARnI contains a number of correspondences and records of minutes between ARnI and Government discussing this subject.
Hopes and Expectations: Government and ARnI Positions on the administration and planning of industrial development and the economy

On 7 March 1966, the Ministry of Commerce and Industry released a memorandum stating its position on the use of import control as an instrument of industrial policy. It stated upfront that, ‘it has been the policy of the government to use the Customs Tariff and not Import Controls, as the means of affording protection to domestic industry against external competition. This remains the basic policy of the government.’ The memo further explained why the government preferred custom tariffs to import controls. It noted that:

(i) Customs Tariff does, and import controls do not, enable the margin of protection to be set at a predetermined limit in monetary or percentage terms, leaving domestic industry subject to the discipline of external competition within defined limits; (ii) Customs Tariff is administratively simpler and cheaper in terms of personnel and money, both for Government and Importers and (iii) Customs Tariff involves a minimum or arbitrary regulations of private commerce.

With the declaration of UDI and the attendant sanctions, however, circumstances necessitated the imposition of balance of payment import controls to supplement and complement the customs tariff meeting the special short term problems of the present time (my emphasis). This use of import controls should not create incidental long-term problems, as the need for them in such protective roles is likely to endure only for the same period as in their primary balance of payments role (my emphasis).

Two crucial observations are discernible from the quotation. First, for the government, import controls were a temporary measure removable when normal trade relations returned (after a possible political settlement) and the balance of payments secured. Second, their primary role was to address the balance of payments. Nonetheless, they had the consequential effect of providing an additional share of the local market for domestic industries that suffered a net loss of export markets. Import controls also encouraged new or expanded industrial capacity to produce goods whose supply they curtailed thereby freeing scarce foreign exchange for essential imports. This marked the beginning of the import substitution industrialisation that became synonymous with secondary industry during UDI.

While ARnI appreciated the primary logic behind import controls as well as the protective role offered to local industry, their operative lifespan dissatisfied them. Explaining its concerns, ARnI remarked that it ‘found it difficult, in the absence of explanation, to understand the apparent desire of the government to abandon import control with the least possible delay and to rely upon tariff

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15 Ibid.
16 Ibid.
protection as the general rule.” Citing the example of South Africa which retained and used both tools, industry further found it ‘incomprehensible that a dual system of this kind should be good for South Africa but bad for Rhodesia.’ For ARnI, import controls [were] unquestionably a much more precise, expeditious and predictable instrument than tariffs for both protecting and attracting industry and so long as such controls [were] applied judiciously and selectively they should be retained as a long term and permanent feature of industrial policy. Therefore, ‘the adoption and announcement of a policy for the progressive withdrawal of import controls would serve not only to spread dismay and despondency among Rhodesian industry in general but would also act as a deterrent to the attraction of new industrial undertakings in future.’ Presenting evidence on the state of the manufacturing before the Ministry of Commerce and Industry’s Advisory Committee on Commerce and Industry in 1966, ARnI representatives pushed that ‘import controls should not be withdrawn immediately [even if] the balance of payments position is secured.’ Clearly, industrialists desired the retention of import controls as the best form of protection and attraction of secondary industry.

Displeasure at the possibility of import control withdrawal was pronounced at the 1967 ARnI Congress. The Congress argued that ‘concurrent with the applications of internationally recognised standards of manufacturing and marketing, retention of import control represents the most effective means of maintaining and stimulating the development of the economy under present conditions.’ In response, the government agreed with ARnI in principle. It acknowledged ‘that the use of import control is a most effective means of maintaining and stimulating the [balance of payments] at the present time.’ ‘However…’, the government insisted, ‘the retention of import control in the long term would not be in the interest of industry or the nation’. It reiterated its earlier position that government’s long-term policy was to look to the Customs Tariff for the protection of industry.

Government further explained that in its opinion, the healthy development of local industry would only take place with some reasonable degree of competition with imports. Competition would ensure ‘greater efficiency in industry, competitive prices, maintenance of standards and quality, up-

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18 Ibid.
19 Ibid.
21 Ibid, ARnI, Tenth Annual Congress, 6 April 1967.
22 Ibid.
23 Ibid.
to-date designs and innovations to match external achievements, the timely adoption of technological developments and greater variety for the consuming public.\textsuperscript{24} Nevertheless, the government assured industrialists of its qualified support. The government promised to intensify its efforts with priority given to growth industries, import substituting industries, those producing the basic materials for other industries and to those with good export prospects. To this end, assistance by government included protection by means of import control for selected industries for specified period, greater use of the customs tariff and increase funding through the IDC.\textsuperscript{25} The government further promised to secure markets for industry.\textsuperscript{26}

While ARnI welcomed the government’s promises, this was not the end of the matter. ARnI generally remained unsatisfied with government’s intervention in the economy but insisted on the retention of import controls at every slightest opportunity.\textsuperscript{27} As these sentiments grew louder, ARnI President, W.R. Perry, in 1969, justified government control. Addressing the Congress, he expressed concern at the criticism of Rhodesian import controls. Thus, he commented,

[T]his control has been labelled as ‘bureaucracy’. Surely, this is a play on words. Import control has been introduced to direct importers’ activities into what are considered to be fields of greatest value to the country. Quite frankly I fail to see how a charge of bureaucracy can be laid at the door of anyone who is conscientiously carrying out a specific policy of conserving foreign exchange by industrial promotion, a policy which is in the best interests of Rhodesia. If this objection were accepted, then not only would everything which has been gained by way of industrial growth over the last three years be in danger of being thrown overboard, but we would have little hope of being anything else but a pastoral economy.\textsuperscript{28}

In an effort to improve relations and better manage industrial development, ARnI and the Ministry of Commerce and Industry had formed a Consultative Committee in 1965. As part of these regular meetings, the ARnI met the Secretary of Commerce and Industry, M. M. Cawood, on 1 April 1966. The conclusion reached at the meeting was that a machinery should be devised to enable closer consultation between the Ministry and organised industry on matters affecting the prospects of the development of the manufacturing industry in Rhodesia. The proposed consultative machinery aimed at providing general support for ARnI’s Economic Affairs Committee, both in formulating

\textsuperscript{24} Ibid.
\textsuperscript{25} Ibid.
\textsuperscript{26} Ibid.
\textsuperscript{27} Ibid.
\textsuperscript{28} Ibid, ARnI, Address by W.R. Perry at the Twelfth Annual General Meeting and Congress of the Association, 10 April 1969.
proposals relating to matters of policy and about technical problems affecting particular industries or groups of industries.  

To make the machinery work, ARnI re-organised its structures to align with the Ministry’s setup. It established six sub-committees, namely, Finance Committee, Economic Affairs Committee, Labour Committee, Export Advisory Committee, Legislation and Taxation Committee and Transport Committee. It was through these subcommittees that ARnI would achieve closer collaboration between government and industry, both during the UDI abnormal trading conditions and in the future. Industrialists accepted the fact that ultimate decisions rested with government, but requested to be given the opportunity of expressing an opinion on important matters before government reached its decision, as it was industry that had to act upon it. Furthermore, the early dissemination of government intentions amongst industrialists would help minimise any adverse reaction on implementation.

Responding to industry’s requests and suggestions, Cawood, the Secretary of Commerce and Industry, welcomed any organisation or system that brought the Ministry and the private sectors of both commerce and industry closer together. He believed that ‘more frequent meetings or consultations would help to avoid misunderstandings and the Ministry, therefore, would co-operate to its maximum ability, although for many reasons there was a limit to the extent which government could go in [that] direction’. However, by the end of 1967, industry raised concerns over the lack of two-way discussion in the Consultative Committee. ARnI actually prepared a dossier of cases in which it had not been consulted. For instance, on consultation over Import Control application, ARnI’s Sir Thomas Chegwidden complained that the Ministry tended ‘to widen or reduce the scope of the Open General Licence without preference to ARnI and then expected ARnI to make consequent adjustments to its import quota arrangement.’ Unsympathetically, Cawood replied that, ‘if ARnI had consulted the Ministry, the answers to their grievances could have been given’ and that the Ministry would ‘only consult ARnI if it felt that such advice was needed.’ The Secretary’s response confirmed the sometimes unstable relationship between the Department and ARnI.

29 Ibid, ARnI Economic Affairs Committee, Joint Memorandum by Sir Thomas Chegwidden and the Director P.C. Aldridge, 01 April 1966.
31 Ibid.
32 Ibid, Meeting between the ARnI Consultative Committee and Ministry of Commerce and Industry, 5 December 1967.
33 Ibid.
Chegwidden also queried the procedures for the approval of new projects and the people invited by the Ministry for consultations on matters of new investment projects. In his opinion, ‘the Ministry should be inviting specialised people with knowledge.’

On new projects, ARnI expected as much information and background as possible on the reasons for the Ministry’s decisions in order to avoid resentment and delays in the implementation of policy. In respect of the procedures in approving new projects, the Ministry enigmatically responded that it ‘administers its industrial policy under a system of a free economy and private enterprise. Private initiative is encouraged and thus the Ministry could not hand over ideas for a project to the established manufacturers.’

The Secretary further revealed the shaky relationship with local industrialists when he explained that it was ‘difficult to rely on the opinions of local industrialists because it is only human to look after one’s own business’, hence, it did not give detailed information to ARnI.

Returning the ball to ARnI’s court, he said ‘it is the responsibility of local manufacturers to provide the Ministry with progress of their individual plans of expansion to enable the Minister to evaluate a new project in the light of the proposed expansion by the existing manufacturer.’

Yet again, in 1970, in conjunction with ARnI, ACCOR raised concerns over the Ministry’s modus operandi in the review of policies and administrative procedures. In respect of industry, ARnI’s Chief Executive, J.C. Graylin, complained that ‘the policy had been that industrialists obtain their raw materials at the cheapest prices, but since 1965 the industrialists were purchasing through merchants.’ Because of this, he claimed, industrialists were being prejudiced in comparison to those unaffiliated industrialists who could import directly. The Ministry thus, gave industrialists the chance to present before it the case for the right to import directly so that the Ministry could also assess the extent of the prejudice. This notwithstanding, broadly, relations with the various Ministries and Government departments continued cordially.

Meanwhile, the IDC criticised the Import Control System (ICS). For the IDC, the system was not ‘designed to ensure the fullest possible measure of substitution for imported products and in consequence, the maintenance of a high level of domestic industrial production’. The reasons for

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34 Ibid.
35 Ibid.
36 Ibid.
37 Ibid.
39 Ibid.
40 Through the ICS, the government allocated the total amount of foreign currency to be spent on imports. The total amount of foreign currency was then divided amongst individual firms by means of a series of committees’ representative of individual sectors of the economy. This was intended to keep total external spending within prescribed limits with the least disruption to the business of individual firms.
this weakness were twofold. First, the officials responsible for administering the system of import control were not in sufficiently close contact with industry to effectively assess its requirements and more, particularly, its capabilities in the production of goods to replace imports. The second weakness lay in the system of allocation used by industry and commerce in making available currency to specific firms for specific classes of imports. For instance, an allocation for a group of clothing manufacturers also competed with a global allocation for imports of individual clothing manufacturers.

In light of these criticisms, the Rhodesian state devised other methods to sustain the economy and defeat the severity of sanctions. Intensive economic coordination and priority planning became imperative. Consequently, the cabinet reinvigorated coordination by establishing the Ministerial Economic Coordination Committee (MECC) in 1967. Tinashe Nyamunda has provided detailed analysis of the functions of the MECC. Chaired by the Ministry of Finance, the MECC comprised of strategic ministries, namely, Agriculture, Commerce and Industry, Internal Affairs, Mines and Lands, and Transport and Power. Nyamunda concluded that ‘… the [MECC’s] protective approach to the Rhodesian economy required very astute, collaborative, informed and inventive management strategies … which insured the stability of the Rhodesian pound and the Rhodesian dollar (after decimalisation in 1970) for the better part of the UDI period.’ These Ministries were responsible for coordinating economic planning in order of priority and recommend to Cabinet for approval. Their recommendation determined what projects received government financial support.

At the same time, the government also commissioned Professor J. L. Sadie of the University of Stellenbosch to offer advice on planning for the economic development of Rhodesia. In essence, this commissioned review of the existing economic planning machinery was redundant as the MECC was already doing this. Sadie examined the ‘characteristics of the Rhodesian economy and broad lines of policy suggested by them; priorities in a programme of development and administrative machinery for economic development.’

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42 Ibid.
43 Ibid.
44 Ibid.
46 Nyamunda, ‘How Racist Rhodesia Did It And ‘Independent’ Zimbabwe Is Getting It Wrong’.
48 Ibid.
Sadie noted that Rhodesia was endowed with natural resources namely, rich soils, pleasant climate, diversity of mineral deposits and human resources, which were necessary for economic development. He recommended that ‘the goal [was] optimum economic development, that is, the maximum rate of growth in employment accompanied by structural changes, consistent with maximum productivity per factor of production.’

Sadie concluded that optimum economic growth could be achieved along the following broad lines of policy on:

- Water conservation, the productive use of all land capable of economic exploitation, intensive geological surveys of all areas not yet fully explored, research and application of developments in technology, family planning, European immigration, developing the labour skills required by a growing economy, transformation of the subsistence sector, introduction of import substitution as a growth factor in addition foreign trade, unflagging attention to product promotion in foreign markets and agreements with trading partners.

Sadie explained that the case was strong for an organisational apparatus to handle indicative planning. He further qualified that this recommendation was not criticism of the existing machinery, but was meant to emphasise on the need for dynamic and effective economic leadership at government level for the ‘pursuit of the maximum effort on the part of the administration as well as the private sector, and to mirror the government’s determination to succeed’. Such administrative machinery should constitute of ‘an Economic Advisor to the Prime Minister…acting in his own right, independently of any government department.’ This never saw the light of the day as the MECC rejected this suggestion.

The ARnI also strongly criticised the Sadie recommendations. ARnI produced a 19-paged position paper criticising the report. A discussion of this criticism is necessary because it shows some of the shortcomings of the Sadie Report in assisting the Rhodesian government to plan its economic development. More importantly, it shows how forceful ARnI still was; putting into question Rowe’s characterisation that business under the UDI regime was now muzzled. According to the ARnI Economic Affairs Committee, the Sadie Report appeared,

...to contribute little more than a consolidation or collection of what has been observed before by others about the necessity to develop certain sectors of the Rhodesian economy. It is true that Prof Sadie does direct himself to what he terms ‘...the broader issues in priorities...’, but the final result of such

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49 Ibid, 12.
51 Sadie Report, 37.
52 Ibid.
53 Smith Papers, [R]hodes [U]niversity [C]ory [L]ibrary, (Unprocessed), Box 2.027(A), Ministerial Economic Coordinating Committee, Minutes of a meeting held on 30 May 1968.
consideration is simply the listing of various criteria...for assessing which aspects of development may be more desirable than others. This might be said to be akin to showing an unskilled labourer the tools and then expecting him to be able to get on with whatever job crops up, whereas what he needs is to be shown the job and then told what tools he will need to do it.\textsuperscript{54}

Explaining its understanding of a proper economic plan, the Committee said ‘the essential feature of any economic plan is the determination of a clear order of priorities to which scarce resources are to be allocated to yield the maximum development. Judged by this yardstick, Professor Sadie’s Report must be considered a complete failure.’\textsuperscript{55} Even after allowing for probable oversights, the Committee generally found the report inadmissible. In its qualified rejection, it said

\begin{quote}
[T]he use which the report does have would appear to lie not in its concrete proposals or lack of them, but solely in its generally favourable approach, by implication, to the necessity for economic planning as such. This may influence opinion to accept the concept of economic planning to which there has been in the past considerable opposition.\textsuperscript{56}
\end{quote}

What should be noted amidst all this is that the argument for economic planning in Rhodesia was not guaranteed to succeed. Indeed, there were considerable risks inherent in intervening in the economy. However, economic planning was necessary under the circumstances in order to achieve and sustain some economic growth, lest serious problems, both economic and political, emerged. The criticism by the ARnI of the Report was, therefore, founded because the state really needed some expert advice on how to handle the economy, hence the commissioning of Sadie.

The looseness of Sadie’s advice and recommendations is laid bare in the following criticism of his broad lines of policy. He drew attention to the ratio of Africans to Europeans and to the fact that without European immigration, this ratio would increase to 29:1 from 19:1 in twenty years’ time, because the rate of natural increase of the former outpaced that of the latter.\textsuperscript{57} This, he argued, would have serious economic consequences for the Africans because the Europeans were exuded ‘the spirit of enterprise which is \textit{fons et erigo} [the source and origin] of economic advancement and the generation of employment opportunities.’\textsuperscript{58} He, therefore, proposed that in the interest of the Rhodesian economy and the generality of the country’s African inhabitants, the threat of the numerical imbalance should be corrected by a family planning to control Africans and increase European immigration.\textsuperscript{59}


\textsuperscript{55} Ibid.

\textsuperscript{56} Ibid.

\textsuperscript{57} Ibid.

\textsuperscript{58} \textit{Sadie Report}, 2.

\textsuperscript{59} Ibid.
If Sadie’s argument meant anything at all in economic terms, it was an attempt to determine, in a developing economy, a relationship between its requirements of skilled, understood as European, Asian and Coloured labour and unskilled, taken to be African labour. But one would be entitled to assume that one of the marks of a developing economy would be that a demand for skilled relative to unskilled labour would rise as development proceeded. Moreover, by equating the possession of skills to skin pigmentation, Sadie assumed that there were no skilled African employees, which was not factual. More importantly, he also assumed that Africans were unable or reluctant to acquire skills. He was wrong.

Sadie also commented on the ISI. He remarked that import substitution had not been a major incentive or goal in industrial development, as was evidenced by the high percentage of locally produced manufacturers exported.\(^{60}\) Though true, two points need to be made here. First, since the end of 1965, ISI, by default and incidentally, became part of government’s industrial policy and was one of the criteria employed by the Ministry of Commerce and Industry in assessing the desirability of new industrial projects submitted to it for approval. Secondly, the high percentage of manufactured goods exported in 1965 was probably indicative of the fact that both Zambia and Malawi, which took the bulk of Rhodesia’s manufactured exports, remained temporarily captive markets after the break-up of the common market of the Federal era. The point here is that it was not obvious that the high percentage of manufactures exported in 1965 was concrete evidence of the low degree of import substitution. If anything, it could be argued that high exports showed that ISI had actually expanded.

In addition to criticising the Sadie Report, ARnI began to frown at government’s direct involvement in the economy from 1968 onwards. It demanded that the state be rolled back. The government was supposed to stick to its regulatory role, so industrialists argued. What appeared to have triggered industry’s displeasure was the price control and the reduction in foreign currency allocations (to be discussed in detail in later sections). Commenting on controls, ARnI argued that the administration of import control should have been, reduced to a comparatively straightforward routine, but instead, for many good reasons, major problems and unforeseeable complications frequently arise. This has a direct bearing on ARnI’s two main obligations, the one to the Government in implementing its policy and the other to industrialists to ensure that they secure adequate currency allocations. These obligations are seldom easy to reconcile.\(^{61}\)

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\(^{60}\) Ibid.

Industry complained that, though justified as a necessary evil at the time, ‘government intrusion into industry verged on control.’

**Increased calls for State assistance**

At its Congress in 1968, ARnI justified why it deserved assistance from the state. Debating the motion on economic growth, industrialists stressed the resilience the Rhodesian economy showed under sanctions. ‘These favourable results’, it continued, ‘stem from not only the adaptability and foresight of Rhodesian industrialists, but stem also from the ready assistance and co-operation that the Ministry and the Department of Commerce and Industry have made available to us in these years of change.’ ARnI further pointed out that the fact that in 1967, industry generated a total output of £194 million pounds after having lost a large share of the Zambian market, demonstrated the importance of the sector. Yet, industry was perturbed with the Minister’s alleged threat that ‘once the Rhodesian balance of payments problem has been overcome, then Import Control will fall away.’

The top priority area industrialists needed assistance was currency allocations. While indeed industrial development had been immensely stimulated and encouraged by measures to preserve the country’s scarce foreign exchange and by the import substitution, the real opportunities for industry’s continued expansion through ISI were not limitless and could diminish. Furthermore, the significant reduction in industry’s foreign exchange allocation made it more likely impossible to continue rapid industrial expansion through ISI alone. Import substitution is limited in scope and is only sustainable if accompanied with an expansion of internal market. In light of this, ARnI pleaded for a higher proportion of the available foreign exchange to industry to enable local production to expand.

Industry’s expectation was that the additional foreign exchange required for the maintenance and expansion of industrial output should be provided by a reduction in allocation to other sectors of the economy. In that regard, ARnI argued that,

> during the current quota period, the allocation to industry was the lowest since November 1965. Yet this allocation has to provide for the import inputs into a constantly expanding sector of the economy. In addition, about 1,000 new industrial projects have been approved since November 1965. All this would

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64 Ibid.
65 Ibid, ARnI, Background Paper on Matters for Discussion with the Minister of Finance, 10 February 1969.
naturally seem to imply that industry’s total allocation should be increasing and not decreasing.\textsuperscript{66}

More bluntly, ARnI President said ‘all industry asks for is to be given sufficient foreign exchange to enable it to achieve that volume of production necessary to satisfy both export and home demand. An essential element of foreign exchange is the one tool of our trade which we cannot substitute.’\textsuperscript{67}

Despite implementing import controls and ISI to save foreign exchange, shortages still persisted. Part of the causes of the shortage was the decline in exports and fast growing internal economy, which still needed imports in some sectors. To deal with the matter, the Minister of Commerce and Industry set up a National Priorities Committee (NPC) in January 1970.\textsuperscript{68} This followed a meeting with ARnI. Representatives from ARnI, ACCOR, the RNFU and the Chamber of Mines, together with Government officials, constituted the NPC under the Chairmanship of Secretary for Commerce and Industry, J. E. Baker. The Committee stressed the need for detailed forward planning. The NPC, through a Joint Allocation sub-committee, dealt with applications for supplementary currency allocations by industry and commerce.\textsuperscript{69} Working in consultation with industry and commerce, the NPC called upon ARnI to examine its own particular sub-sectors ‘in order to advise the Committee of any economies or savings of foreign exchange which they felt they could achieve of their own accord.’\textsuperscript{70} Similarly, ACCOR was requested to report on importations under each tariff item. All these reports were of great assistance to the Priorities Committee but ‘understandably they did not go far enough to meet the very stringent restrictions dictated by the extremely limited amount of foreign exchange available.’\textsuperscript{71}

All less essential manufacturing production and merchant imports were categorized and given a lower priority of currency allocation. Because these categories covered the great majority of industrial enterprises, the impact of the currency cuts was severe. Furthermore, the whole priority exercise necessitated a complete re-assessment of the established currency distribution system as discussed in the previous chapter. Regrettably, other previous important considerations such as past or present performance, hard-won growth and achievements, capital investment and established export markets now took second place in the priority list.

\textsuperscript{66} Ibid, Treasury Meeting with ARnI, 10 February 1969.
\textsuperscript{67} Ibid, ARnI, Address by W. R. Perry at the Twelfth Annual General Meeting and Congress of the Association, 10 April 1969.
\textsuperscript{68} ARNI, \textit{Annual Report} 1970.
\textsuperscript{69} Ibid.
\textsuperscript{70} Ibid.
\textsuperscript{71} Ibid.
Despite this priority allocation, foreign exchange shortages still persisted. The Minister of Finance, John Wrathall, announced the adoption of further stringent measures in allocating foreign currency for imports in view of foreign exchange difficulties.\textsuperscript{72} Echoing the warning given by the Prime Minister that ‘the country’s development was outstripping its foreign exchange resources’, Wrathall stated that timely action was necessary in a situation of impending strain. He further said that the tightening up would affect allocations both for new projects, whether agricultural, building, commercial, industrial, mining or public sector and normal importations. Allocations for new projects were made only if they had substantial advantages to the country and especially the balance of payments within a short period. Of course, this was standard practice since 1965. Even so, industry and commerce were guaranteed of their allocations.\textsuperscript{73}

Industry shared the concern on the strain the development of the country was having on foreign exchange. Consequently, Rhodesian industry believed it ‘necessary to take some steps to dampen down domestic demand until foreign exchange allocations can be significantly increased.’\textsuperscript{74} For industry, one way of achieving this was to curb building activity, especially large buildings with a high import content and slow down the rapidly expanding construction of private dwellings. Coupled with that, ‘immigration could be slowed to ensure that only those immigrants are accepted who would make an immediate and positive contribution to the expansion of resources and not simply add to demand pressures.’\textsuperscript{75}

In spite of its awareness of the currency situation, ARnI still appealed for more monetary assistance from the government. The money was needed to conduct research necessary for the development of secondary industry. Speaking at the annual dinner of the Rhodesian Scientific Association, D G Hamlin, President of ARnI said, ‘if government sets up, in a small way, an Industrial Conex here, it should not cost too much and I am sure that it would, in a very short time, pay most handsome dividends.’\textsuperscript{76} Making a case for research fund allocation for secondary industry, Hamlin contextualised the research funding patterns as they obtained at the time. He thus commented that excluding research funds made available to the Rhodesia University, $2.75m was allocated to research programmes during 1969.\textsuperscript{77} Of the $2.75m, 89\% ($2.4 m) was allocated to agriculture, wildlife and forestry, 7.7\% to industry, mining and transport and approximately 3\% to other

\textsuperscript{72} The Financial Gazette, 02 October 1970.
\textsuperscript{73} Ibid.
\textsuperscript{74} Ibid, 06 November 1970.
\textsuperscript{75} Ibid.
\textsuperscript{76} Ibid, 09 October 1970.
\textsuperscript{77} Ibid. The currency was now denominated in dollars because Rhodesia had changed from using pound to a Rhodesian dollar (R$) after decimalisation in 1970.
sectors. Yet the contribution made to the GDP was 15% by agriculture, wildlife and forestry and 35% by industry, mining and transport.78

Amidst all this, foreign currency curbs continued and in some instances threatened the survival of some firms. For instance, Rhodesian furniture manufacturers protested about the lack of foreign exchange allocations. One local furniture manufacturer complained that his allocation had been cut by $1 000.79 Although the amount appeared small, he explained that it was necessary to import quite a large amount of small items needed in the final product. ARnI also acknowledged that there were firms having trouble with their allocations.80

To deal with foreign exchange shortages, business engaged in what became known as No-Currency-Involved (NCI) deals.81 NCI was a method of importing goods into Rhodesia without any foreign exchange paid out of the country. The system operated in two ways. In one of the method, a Rhodesian businessman gathered information on foreign exchange about to enter into the country, possibly through an immigrant. The businessperson then engaged the potential immigrant while still in his or her home country and bought the currency. The payment for the currency was done in Rhodesian dollars at a premium. The businessperson then used the foreign currency so bought whilst still in a foreign bank to do his purchases and imports. This circumvented foreign exchange controls but had the effect of actually attracting the imports into the country without putting pressure on the reserves held by the state. The immigrant sold his or her currency before reaching Rhodesia. He or she would then get the currency once in the country. NCI deals were subject to abuse. For instance, the premium payable for buying the foreign exchange was not fixed by the Reserve Bank or Treasury officials. Often it resulted in the emergence of ‘middlemen’ connected to potential immigrants who then speculated with official foreign exchange rates.82

In the other method, Rhodesian industrialists imported industrial machinery from South Africa and paid through equity interests. In respect of plant and equipment, many South African industrialists were dishonest. Some sent in obsolete machines, already written off and gained equity ownership in a Rhodesian firm on the cheap. This created a long-term problem because Rhodesian industrialists expanded on the basis of obsolete equipment that soon needed replacement. Yet in some cases they continued paying dividends to a South African industrialist who provided a written off machine. Rhodesian Treasury intervened to stop the system. Thus, restrictions on NCI deals

78 Ibid.
80 Ibid.
combined with restraints on foreign currency allocations led to increasing shortages of imported material, many of which were needed in industrial production.

Bulawayo was the hardest hit by these reductions.83 A report in the Financial Gazette of 29 January 1971 showed that in Bulawayo,

chain groups [were] closing down stores, developers [were] fighting shy of further investment and finance houses [were] reported to be concerned by the general lack of interest. In January alone, Cash Wholesalers has announced plans to close 5 stores, Furniture and Electrical Mart to close 6, the 2 newly opened Pick n Pay supermarkets folded and Foodtown has shut down.84

Despite this obvious crisis, there was no change in foreign currency allocations. Speaking in Parliament, Mussett, the Minister of Commerce and Industry stated that the ‘present system of allocating foreign exchange will be continued as no equitable alternative has been found’, but efforts to find one were continuing.85 With declining currency allocations, so did imported goods. Newspapers reported widely of the crisis.86 Retailers, through the ACCOR, appealed to government for increased foreign currency allocations but met with no success. Grumblings over currency allocations persisted.

Appeals for more assistance to government continued from another standpoint. The ARnI delegation met the Minister of Commerce and Industry, Jack Mussett, in 1969 and opening the meeting, A.E. Owens, the ARnI President, referred to the Minister’s speech to the Umtali Chamber of Commerce in which he had highlighted the role which manufacturing industry had to play in the future development of the economy.87 It was against that background that the meeting discussed ways and means of achieving manufacturing industry’s contribution to an increase of 12% in the real figure of production. The ARnI estimated that this represented an increase of £10 million per year in production and required increasing imports and foreign exchange allocations by 30% or approximately £3 million in value terms.88 However, there was little point in increasing production unless there was a market for it. Consequently, ARnI deemed additional import controls necessary, if manufacturing industry was to produce import-substituting articles at competitive prices. Graylin supported his president and appealed to the Minister to be restrictive in granting import licenses.89

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84 Ibid.
88 Ibid.
89 Ibid.
As the government and ARnI battled to expand secondary industry, commerce had qualms with the potential impact of ISI on its interests. Quoting Prof L.H. Samuels’ address to the ACCOR Congress in 1967, Commerce commented on ISI as,

[A]n objective of development policy for its own sake instead of a means for ensuring an efficient allocation of development resources. Although the local production of import substitutes gives the superficial appearance of development, the cost can be extremely high as measured by the great waste of resources involved.\(^90\)

For ACCOR, some of these challenges were already obtaining in Rhodesia and had had an effect on them with varying severities. Explaining further on the dangers of ISI, ACCOR Secretary said,

[T]he most serious shortcoming of the import substitution policy is that it is unlikely to improve the foreign exchange position, which was a basic justification for its implementation. It is on this score that the major conflict has so far arisen between the present industrialisation policy and the distributive sector.\(^91\)

The qualm for Commerce here was its perception that foreign exchange was wasted on pushing a policy of import substitution, which was not only unsound in theory, but did also not deliver the goods. To make the position worse, the policy created a foreign exchange drain at a time when the distributive sector was already decimated by cuts in import allocations.\(^92\) This resulted in absence of some items, shortages and lack of choice in others and a serious position for the quality specialist trader. As manufacturing expanded, there emerged a practice of direct selling by manufacturers which reduced dependence of some retailers on the wholesaler. Thus, commerce complained that when goods were imported, it was usually a function of the wholesaler, but now ‘the purchase direct from manufacturer has become easier and this is of course encouraged by the manufacturer ... the trend continues to be towards increased direct selling and it is unlikely that with the weapons at the manufacturer’s command’, the wholesaler will be able, or will attempt to reverse the trend.\(^93\)

Commerce also used the veil of consumer interests to criticise both government and industry. In particular, it felt that the government privileged industry by giving it a monopoly over the local market. It thus decried that ‘the most important single point over which government and commerce disagree[d] [was] on the importance of the consumer’.\(^94\) Commerce maintained that ‘the consumer [was] king, but Government in its own wisdom [was] prepared to sacrifice the consumer on the altar of a supposedly increased growth rate with import substitution as the sacrificial

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\(^{91}\) Britten, ‘The Effects of Industrialisation on the Distributive Trade and the Consumer’.

\(^{92}\) Ibid.

\(^{93}\) Ibid.

\(^{94}\) Ibid.
sword’. In this regard, commerce felt that the government was slow to safeguard the consumer in cases where policy decisions for import substitution were taken. The criticisms were not surprising because, for long, commerce held prejudices over local industry. For instance, in 1966 Commerce had said it wanted import control changes and that there were grave anomalies between the allocation systems operated by ACCOR and the ARnI. More bluntly, it charged that ‘some parts of the manufacturing sector apparently enjoy[ed] greater allocations than are necessary. The government must ensure a more equitable balance between manufacturing and commerce.’ The conflict of interests between commerce and industry started as early as the 1940s when industrial development became the third pillar of the economy.

Consequently, ACCOR insisted that a watchdog organisation was necessary to protect consumers’ interests. While the concern for consumer interests by ACCOR may have been genuine, it is more plausible that its concern was driven by its dislike of the ISI, and preferences and privileges that industry received from the government. Nonetheless, it was indeed true that there was a real concern with the pricing and quality of local products. The government, commerce and the public generally raised complaints on numerous occasions about the lack in both quality and variety of Rhodesian products. As ACCOR had hinted in 1969, it appeared that Standards Association of Central Africa, the body tasked with ensuring quality, was being virtually by-passed and that, perhaps, the government intentionally disregarded its hold to act as a watchdog.

The complaints resulted in ARnI meeting with representatives of official bodies within the private sector to discuss quality control in industry in 1970. Organisations present at the meeting were Rhodesian Institute of Management, Buy Home Products Campaign, Standards Association of Central Africa and ACCOR. The meeting stressed the need to improve the standard of quality control in industry to ensure a competitive product when import controls were lifted. The question was how to achieve this. The natural starting point was to ascertain where the fault was in the enforcement and implementation of quality control. It appeared that the small manufacturers were the ones with the main faults. This was because, observed the meeting, they did not ‘know how to institute quality control on their products and they were generally struggling to establish themselves and did not, as a result, have the time or money to orientate their production to emphasise the

95 Ibid.
96 Ibid.
97 The Rhodesia Herald, 7 September 1966.
98 Ibid.
99 Britten, ‘The Effects of Industrialisation on the Distributive Trade and The Consumer’
quality control aspects’.\textsuperscript{101} The meeting also observed that many of the defective products supplied in the market were not being replaced or fixed.\textsuperscript{102}

To deal with this, there was ‘a need for a machinery with power of wielding a “big stick”.’\textsuperscript{103} A number of suggestions emerged that included the granting of tax concessions and incentives to those firms that could achieve a certain quality of production. Citing the example of South Africa, where a minimum of 15% imports of any item was allowed to act as a check on the quality and price of local products, the meeting suggested that ‘a similar approach could be used in Rhodesia with the threat of increasing the imports to say 20% if the quality of the local products did not prove satisfactory.’\textsuperscript{104} Others like George Hindley of the Buy Home Products Campaign suggested that ‘each firm should name a Quality Controller, who would be charged with the possibility of ensuring an acceptable quality to that firm’s product. This person could be called upon to answer complaints relating to the product.’\textsuperscript{105} In addition, firms in the same industry could pool their resources for testing their products. He gave the example of firms in Britain that pooled resources for advertising, marketing, testing, development and quality improvement.\textsuperscript{106} Even more, when approving a new project, the Minister of Commerce and Industry should make it a pre-requisite for a standards mark to be obtained either prior to full-scale production or in the shortest possible time thereafter.\textsuperscript{107}

As if the challenge of the quality of goods was not enough, they were highly priced. Evidence of profiteering led to renewed pressure on the government to impose price controls. Profiteering aside, price hikes were also caused by shortages of goods in the early years of the UDI as the economy adjusted to sanctions. Due to these exigencies, industrialists and some retailers manipulated prices. Commerce did not like price controls. It gave a qualified criticism of the intention to introduce price control. ACCOR Secretary thus said,

\begin{quote}
I should make it quite clear that organised commerce always has been and still is, strongly against price control. The small number of manufacturers and retailers who stoop to such unorthodox methods of retailing also for instance the sale of seconds or damaged goods at normal prices upsets the confidence of the public and they are entitled to call for some added safeguards. The solution, I need to reiterate, is competition allied to a sense of responsibility, which will no doubt arise when the industry has become more mature.\textsuperscript{108}
\end{quote}

\textsuperscript{101} Ibid.
\textsuperscript{102} Ibid.
\textsuperscript{103} Ibid.
\textsuperscript{104} Ibid.
\textsuperscript{105} Ibid.
\textsuperscript{106} Ibid.
\textsuperscript{107} Ibid.
\textsuperscript{108} Britten, ‘The Effects of Industrialisation on the Distributive Trade and the Consumer’.

174
Similarly, Noel Bruce, the Governor of the Reserve Bank bemoaned the price controls. He suggested that ‘…recommended retail prices be shown by manufacturers on their packaging as a guide to their ultimate customers…’ adding that he did ‘not necessarily advocate a system of fixed retail prices but one which can at least give a shopper a better measure of protection.’\textsuperscript{109} He was, however, quick to qualify that the government did not, in principle, support trade practices that tended to be restrictive or limit free enterprise and market conditions. Industry and commerce continued to protest against price controls and made it very plain that the measures taken were impracticable and, therefore, unacceptable.\textsuperscript{110}

Between 1966 and 1972, secondary industry faced a number of other challenges that often led to incessant engagements with the government. The major challenges facing industry, in the Rhodesian context, were conventional ones. These included access to export markets, skilled manpower and housing shortages, inadequate transport facilities and decentralisation. The following paragraphs thus focus on the interaction between the government and industry over these matters.

The manufacturing sector faced allied problems of a shortage of both skilled manpower and housing facilities. The shortage of skilled workforce was directly attributable to emigration that resulted from the imposition of sanctions and from the departure of individuals who found the UDI detestable. Paradoxically, it also arose from the immediate requirements of a resurgent UDI economy. The resurgent economy then increased the demand for housing leading to shortages in the main centres. This was more pronounced in Bulawayo. ARnI approached the Ministry of Local Government and Housing to persuade it to encourage local authorities to recognise modern developments in factory-built houses by relaxing the regulations governing the areas in which they could be erected. Factory-built houses were pitched as the answer to Rhodesia’s immediate needs. ARnI felt that ‘industrial expansion would be inhibited if there was insufficient accommodation for skilled immigrants’ and that ‘this urgent requirement would lag alarmingly if it was dependent entirely upon the inevitably slow resuscitation of the brick-making industry and the recoupment of previous emigration losses amongst building artisans.’\textsuperscript{111} To its credit, the Ministry reacted quickly and appointed a special National Housing Advisory Committee. This Advisory Committee was well representative of private enterprise with ARnI represented. Consequently, ARnI believed that, ‘provided the Committee’s advice is heeded, any housing shortage will be expeditiously overcome

\textsuperscript{110} ARnI \textit{Annual Report}, 1970.

175
without the irksome inhibitions of restrictive legislation that has plagued the same issue in the past.  

Housing shortages were particularly acute for African labour. Noticing this mounting challenge, the government placed the responsibility of providing housing for African workers on industrialists and employers. In 1970, the Ministry of Local Government introduced a capital levy to raise funds for African workers housing projects. ARnI with the support of the Confederation of Rhodesian Employers objected to the levy on grounds that the proposed capital levy would be selective and discriminatory in that it was to be imposed on employers of African Labour in prescribed areas. ARnI’s objections should be considered in the context of the many other impositions which commerce and industry were required to bear by the government. ‘In the first place’, elucidated ARnI,

the private sector is now so circumscribed with regulations and controls that the term free enterprise has a hollow ring. The activities of nearly every business enterprise are today restricted either directly or indirectly by the foreign currency situation and the Exchange Control Regulations. On top of this, the recently imposed 10% income tax surcharge has now been incorporated into the tax structure, thereby raising company tax from 40% to 44%. This has given the surcharge a regrettable air of permanence when it was originally introduced as an interim measure to meet the increased costs of national security. Added to this were further restrictions arising from price control regulations.

Transport challenges, especially shortages of railway facilities were also topical in the interactions between the state and industrialists. The acute shortage of railway rolling stock caused an increasing concern to industrialists. While the local market was hard hit, the effects were equally felt far and beyond as ARnI received complaints regarding delays in the delivery of export orders. ARnI gave a graphic explanation of the impact of the shortage of railway facilities. It noted that, It is evident that several manufacturing concerns especially those supplying the building industry, have insufficient stocks to meet demand and they are dependant upon the prompt delivery of raw material supplies to maintain adequate throughput and avoid unnecessary increases in the cost of production. Instances have been quoted of idle manpower and machinery due to delays and of complaints from the commercial sector of inconveniences caused by the non-fulfilment of standing orders. 

112 Ibid.
114 Ibid.
115 NAZ MS 1198, Shortage of Railway Facilities, ARnI Memorandum on the Shortage of Railway Facilities, 30 June 1970.
116 Ibid.
During the time, government and Rhodesia Railways explained that priority was given to the railage of goods destined for export markets. Even then, ARnI enumerated a number of instances in which manufacturers were short-changed by the railways. For instance, there was a case that involved a substantial amount of foreign currency that had already been credited to the manufacturer concerned.\footnote{Ibid.} A further example was of a manufacturer who after extensive and costly promotion, and now enjoyed a growing external market for his product, was embarrassed by delays of up to a month between the date of dispatch and arrival.\footnote{Ibid.} Therefore, the inability of the railways to haul the goods to the seaports of Mozambique and South Africa had an adverse effect on the country’s exports. As one government official noted, ‘the railways are holding up the export effort more than are the sanctions.’\footnote{Quoted in Strack, Sanctions: The case of Rhodesia, 88.} Even more, ‘a paradox emerged; the foreign currency needed for capital equipment was generated by exports, but the ability to export was being hampered by railway congestion; and the congestion existed because of the need for replacement and additions of capital equipment.’\footnote{Ibid.} The delays in exports was also aggravated by the introduction of a five-day week for civil servants. Customs offices only operated on Saturday at borders and not on internal centres. It meant no service on weekends and this added to the delays.\footnote{NAZ MS 1198, Shortage of Railway Facilities, ARnI Memorandum on the Shortage of Railway Facilities, 30 June 1970.}

The crisis received wide coverage in the media. One commentary highlighted that, ‘but the crisis on the railways- understood to be due more to locomotive shortages than the truck or staff positions – is now affecting internal deliveries of coal and is causing severe hold-ups in movement of mineral and other export traffic.’\footnote{The Financial Gazette, 14th July 1970.} Even farmers feared that ‘when fertilizer has to be moved in bulk, beginning next month, the railways will just not be able to cope.’\footnote{Ibid.} One farmer wondered: ‘and what will happen if the next maize is a bumper one, I shudder to think.’\footnote{Ibid.} Such was the alarming situation facing the economy due to railway crisis.

In 1971, stakeholders in Umtali demanded a review of the railway charges. A Report jointly compiled by the Umtali Town Council, the Chamber of Commerce and the Manicaland Chamber of Industries, stated that ‘railway charges [are] unfair to Umtali’ and ‘are retarding industrial development in Manicaland.’\footnote{Ibid, 26 March 1971.} Explaining the effect of the lop-sided railway tariffs, the report’s authors pointed out that ‘it is cheaper for manufacturers to rail raw materials from Umtali to
factories in Salisbury and Bulawayo for processing than it is to establish factories in Manicaland and rail out the finished product.” This was particularly true of timber. “Why should raw timber grown in the region be railed to another centre instead of being processed in Umtali and then railed out?” asked the Report’s authors. For them, the answer lay in the discriminatory railways rates, which militated against the establishment of industries in Umtali. Emphasising this point, it highlighted, “we believe that the rating system of the Railways has a big effect on the dispersal of industry in Rhodesia to the detriment of the smaller centres.”

It was the Railways established practice to allow raw materials consigned to Rhodesian industry to qualify for lower rates while higher rates applied to the goods manufactured from those raw materials. This encouraged industrialists to transport the raw materials they required to the centres where there was a market and processed raw materials there. The skewed pricing later pushed the Manicaland Chamber of Industries to agitate for decentralisation of industries. The alternative for players in the region was road transport. Again, the government circumscribed this. Operating road transport services was expensive because of many levies and surcharges charged on road transporters in order to protect the monopoly of Rhodesia Railways, which also ran road motor services. To deal with these transport challenges, bigger firms in Manicaland operated their own transport fleets, which proved efficient. However, while the large firms found an answer to this problem, the smaller industrialists did not afford the capital outlay involved. Consequently, the stakeholders appealed to government that road transport ‘must be competitive.’

Following this plea, the Minister of Transport and Power, Roger Hawkins, instituted an urgent investigation into the structure of the Rhodesia Railways tariffs with a view to aiding industrialists. The investigation was also prompted by the financial position of the Rhodesia railways that perennially operated at a loss. Commenting on his decision, Hawkins said,

[T]he present tariffs should be re-examined with a view to introducing greater flexibility into the system...the present methods need considerable overhauling. It is obvious that the Railways cannot continue indefinitely to carry products – chiefly primary products such as mining and agricultural traffic – at a substantial loss mainly because of the export markets.

The review brought with it other changes that did not sit well with ARnI. ARnI came out strongly against the withdrawal of the ‘carriage forward’ system. The Rhodesia Railways claimed that the

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126 Ibid.
127 Ibid.
128 Ibid.
129 Ibid.
130 Ibid.
new arrangement was meant to speed up the despatches and delivery of local traffic. The Vice-President of ARnI, Gordon Handover, said the move was not welcomed at all:

It is depriving Rhodesian industry of a very important service. What strikes us is that ARnI has not been consulted. This could have a very adverse effect on local prices to rise because of the added work this will now entail for manufacturers. Manufacturers may have to increase their prices to meet this new cost and this means that it is going to cost buyers more for their sales tax.  

It appears that industrialists complained nearly of all changes or policy introductions. Nevertheless, their noise was necessary as far as their interests were concerned. It was through those means that industrialists received concessions and influenced policy, including decentralisation in industry.

Industrialists and the government heckled over of the decentralisation policy. As the drive for ISI intensified, it also increased the problem of over-concentration and centralisation in the two major cities of Salisbury and Bulawayo. Over-concentration and centralisation resulted in complaints and demands from other cities, towns and industrialists for decentralisation of development. However, these calls were not new. During the CAF, decentralisation was topical so much that in 1956 the Federal government had appointed the Committee on Decentralisation. That Committee recommended and emphasised decentralisation of industries and services but the government did not implement the recommendations effectively. Hence, in 1969 stakeholders still demanded government’s position and policy on decentralisation. For instance, the Midlands Chamber of Industries asked what government’s policy regarding decentralisation of industry was and the plans if any, government had for the development of industrial and other resources in the Midlands area. As it were, the MP for Gwelo Rural, Clark, also asked the question in Parliament. The Minister of Commerce and Industry replied that,

… Government does not believe it is right to direct industry in the matter of siting. Government creates the climate to encourage development of industry in Rhodesia, but the actual siting must be the prerogative of the industrialist. If we force an industrialist to go to a particular town, then we, Government must accept responsibility for that direction if the industry fails and therefore although we accept Government policy is decentralisation, we cannot direct it. That is not policy.

132 Ibid.

133 See NAZ F292/16/14, Decentralisation of Industries, 1 August 1957.


The Minister reiterated his response in a letter to ARnI on 1 October 1969. Of importance in the letter also is that, the government still believed in its declared policy of minimum interference in the private sector and maintaining a free enterprise system in Rhodesia.

Decentralisation actually attracted comments from concerned quarters. An editorial in the Financial Gazette of 16 September 1970 suggested that ‘positive action was needed to curb big brother’s growth.’\(^{136}\) Justifying decentralisation, the editorial highlighted that,

> [T]he urgency about implementing a decentralisation policy in Rhodesia does not stem simply from the fact that growth of Salisbury and to a lesser extent Bulawayo has so overshadowed the development of the country’s other urban centres. Instead, it arises partly from the fact that unless positive action is taken in due time, the trend towards agglomeration will get progressively worse in these two centres especially in Salisbury, but even more so from the close interrelation that exists between decentralisation and Tribal Trust Land development.\(^{137}\)

The Tribal Trust Land Development Corporation (TILCOR) policy was to establish ‘border industries’ or satellite industrial areas. For instance, TILCOR chose Seke, close to Salisbury and Thabazinduna close to Bulawayo, as suitable for satellite industrial development.\(^{138}\) But this raised yet another matter of whether that was the most desirable type of decentralisation.

For one, decentralising to Seke was the least attractive option because it did not necessarily ease congestion in Salisbury. It could lead to a situation whereby African workers would live in Salisbury (as presumably would the White supervisors and executives) and commute to the border area. Indeed, this became the trend, even in post-Colonial Zimbabwe. At another level, there was the political argument that it was in the long-term interests of the country’s white population to take the jobs to the people than create ‘border industries’. This would also be a better way to develop the African areas than peasant agriculture. These factors thus needed adequate attention from the central government, industrialists and TILCOR.

Meanwhile, smaller towns pushed for intensified decentralisation of industries. ‘Give us more industries’, cried town councils and leaders of commerce and industry in the various towns across the country.\(^{139}\) They put up a strong case to justify their demand. Just as raised in the Financial Gazette editorial, the galloping growth of industry in Salisbury and Bulawayo was a worrying issue. Using population statistics, smaller towns showed that,

> in 1956, 57% of Rhodesia’s white population was centred in Salisbury and Bulawayo. By 1970, 64% of the total white population was concentrated in

\(^{136}\) The Financial Gazette, 16 September 1970.  
\(^{137}\) Ibid. 
\(^{138}\) Ibid.  
\(^{139}\) The Financial Gazette, 19 March 1971.
these two cities. Over the last five years 76% of all new immigrants headed for either Salisbury or Bulawayo and these two centres account for 87% per cent of all new building development.\textsuperscript{140}

Total population figures gave credence to small towns demand. In 1956 there were 61 850 whites in Salisbury and 40 940 in Bulawayo out of 180 000 in Rhodesia and by 1970 Salisbury claimed 102 900 whites and Bulawayo 51 800 out of a total 239 000.\textsuperscript{141} Surely, this justified a new approach from government to balance the country’s economic growth.

However, this was not a call for direct intervention from government. The hope was merely for controlled development in Salisbury and Bulawayo to allow the smaller centres to grow in proportion to the major centres. To achieve proportional development, government could begin by ‘encouraging manufacturers to set up factories at the source of their supplies of raw materials rather than transporting these to Salisbury and Bulawayo from outlying areas, then sending the finished product out again.’\textsuperscript{142} ‘Incentives like tax relief on capital expenditure, income tax allowances and an overhauling of transport tariffs, particularly by rail, would make firms more willing to move out’, suggested the Councils.\textsuperscript{143} These suggestions resonated strongly with suggestions proffered in the Report by the Umtali players earlier when they raised concerns with the skewed transport tariffs.

Because of persistent demands by small towns, the government appointed a Select Committee on Decentralisation in April 1971. The terms of reference of the Committee was ‘to investigate ways and means of reducing the concentration of commerce, industry and population in and around the two cities to ensure a more equitable expansion of the country’s economy in the future.’\textsuperscript{144} Expressing concern with the lopsided growth of industries, the government, took verbatim the justifications presented by smaller towns and regional chamber of industries as the reason for appointing the Select Committee. This was in a way a victory for councils and business. The table 5.1 below shows the distribution of industry that shows the necessity for decentralisation.

\textsuperscript{140} Ibid; Similar statistics were confirmed by the Government on 23 April 1971 when it used them as part of its justification in appointing a Select Committee on Decentralisation.
\textsuperscript{141} Ibid.
\textsuperscript{142} Ibid.
\textsuperscript{143} Ibid, and also a report in \textit{The Financial Gazette}, 7th April 1971 entitled ‘Tax holiday for firms willing to move out’.
\textsuperscript{144} \textit{The Financial Gazette}, 23 April 1971.
Table 5.1: Distribution of Industrial Activity by Area – 1963 and 1972

<table>
<thead>
<tr>
<th>Area</th>
<th>1963</th>
<th></th>
<th>1972</th>
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<tr>
<td></td>
<td>Net</td>
<td>% of</td>
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<td>Output</td>
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<td>Average</td>
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<td></td>
<td></td>
<td>Nos.</td>
<td></td>
<td>Nos.</td>
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<tr>
<td></td>
<td></td>
<td>employed</td>
<td></td>
<td>employed</td>
</tr>
<tr>
<td>Bulawayo</td>
<td>38 466</td>
<td>30,8</td>
<td>27 107</td>
<td>35,0</td>
</tr>
<tr>
<td>Fort Victoria</td>
<td>632</td>
<td>0,5</td>
<td>527</td>
<td>0,7</td>
</tr>
<tr>
<td>Gatooma</td>
<td>2 436</td>
<td>1,9</td>
<td>2 437</td>
<td>3,1</td>
</tr>
<tr>
<td>Gwelo</td>
<td>3 744</td>
<td>3,0</td>
<td>3 277</td>
<td>4,2</td>
</tr>
<tr>
<td>Que Que</td>
<td>6 862</td>
<td>5,5</td>
<td>4 054</td>
<td>5,2</td>
</tr>
<tr>
<td>Salisbury</td>
<td>63 530</td>
<td>50,9</td>
<td>32 751</td>
<td>42,3</td>
</tr>
<tr>
<td>Umtali</td>
<td>3 518</td>
<td>2,9</td>
<td>2 636</td>
<td>3,4</td>
</tr>
<tr>
<td>All other areas</td>
<td>5 704</td>
<td>4,5</td>
<td>4 663</td>
<td>6,1</td>
</tr>
<tr>
<td></td>
<td>124 892</td>
<td>100,0</td>
<td>77 452</td>
<td>100,0</td>
</tr>
</tbody>
</table>

|               |            |            |            |            |
|               | % of total | Average    | % of total | Average    |
|               |            | Nos.       |            | Nos.       |
|               |            | employed   |            | employed   |
| Bulawayo      |            | 27 107     |            | 27,9      |
| Fort Victoria |            | 527        |            | 0,5       |
| Gatooma       |            | 2 437      |            | 8 459     |
| Gwelo         |            | 3 277      |            | 13 716    |
| Que Que       |            | 4 054      |            | 26 980    |
| Salisbury     |            | 32 751     |            | 166 755   |
| Umtali        |            | 2 636      |            | 11 301    |
| All other areas |          | 4 663      |            | 20 684    |
|               |            | 77 452     |            | 346 376   |

Source: The Census of Industrial Production, 1972/73.

As the government appointed the Committee, commentators predicted and warned of strong opposition and competition between industrialists and town councils in Salisbury and Bulawayo on one hand and the smaller towns on the other. A commentary in the Financial Gazette editorial of 23 April 1971 noted that,

[The] most conflicting views to be put to the Select Committee of Decentralisation to date come from local authorities who stand to gain or lose the most if the government carries out a dispersal programme. In one camp are Salisbury and Bulawayo City Councils who will be [trying hard] to ensure the growth of their areas is not curtailed. In the opposing camps are the councils of Umtali, Fort Victoria and the Midlands triplets – Gwelo, Que Que and Gatooma – who have for years enviously eyed the rapid growth of the twins. The small centres have put a strong case for a bigger share of the country’s expansion which in some cases has by-passed them altogether.145

Indeed, Salisbury and Bulawayo opposed decentralisation. First, they expressed that ‘any decentralisation programme initiated by the government will produce undue interference in private enterprise to the detriment of the national economy as a whole’.146 But this was not a convincing argument, for, at the time the government was already very interventionist in the economy since 1965. Secondly, Salisbury and Bulawayo City councils contended that ‘any curbs placed on the expansion of their city areas will harm them while producing little or no benefits to the smaller centres’ and further that ‘concentrations of commerce, industry and population in the two centres will help the rest of the country by providing a healthy, growing central market’.147 To an extent, this was reasonable argument, at least industrially, given that market size is a crucial factor in the siting of an industry.

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146 Ibid.
147 Ibid.
Industry and commerce also strongly opposed any move by the government to disperse the centralised build-up of Salisbury and Bulawayo, although generally leading businesspersons advocated some form of incentive to encourage regional development. They presented a logical but seemingly self-defeating argument. For business, there was a general feeling that, it is far too early yet for the government to consider direct action to encourage the development of the regions at the expense of the two central industrial and commercial complexes. Agriculture and mining are still the country’s main prop with manufacturing and commerce only taking a secondary role. It is a natural process, therefore, that the country’s manufacturing industries should group together around the centres of their mainly home-markets.\(^\text{148}\)

Another leading business executive also pointed out that, 

Most firms are still in their infancy, producing consumer goods for consumption. To move them out to the regions, hundreds of miles from their main markets can only increase their costs, which eventually will have to be met by the consumer in higher prices. In the end no-one benefits. If the government is intent on decentralisation, then it must make the regions more attractive to industrialists than Salisbury and Bulawayo are.\(^\text{149}\)

Despite industry’s opposition, it acknowledged and conceded some form of industrial dispersal. Appearing before the Select Committee on Decentralisation in June 1971, ARnI suggested the establishment of a ‘separate and distinct agency’ with the specific responsibility of promoting ‘regional’ economic development through what it called the ‘growth point’ approach to industrial dispersal.\(^\text{150}\) Furthermore, the Agency would also carry the ‘overall responsibility of co-ordinating various regional policies to ensure that not only did they promote growth in the development areas but that they also did not conflict with national economic policy.’\(^\text{151}\) It would therefore work in collaboration with and under the oversight of the Ministry of Commerce and Industry. Underpinning this approach was the desire to avoid the dissipation of limited resources available, especially finance capital.

Laying out the modus operandi of its proposed plan, the ARnI recommended that, 

no more than one – or at the most two – areas for regional development be designated at any one time. These would be areas where maximum assistance to encourage industry to locate itself would be given for a minimum time period of at least five years, after which the results would be subjected to review. The Agency would designate regional development areas which had not fully participated in economic growth to the same degree as the two main urban areas of Bulawayo and Salisbury, but which were nevertheless sufficiently advanced economically to present the promising prospects for

\(^{148}\)\text{Ibid.}\(^{149}\)\text{Ibid.}\(^{150}\)\text{Ibid., 11 June 1971.}\(^{151}\)\text{Ibid.}\n
183
rapid future development. Thus all assistance given by the Agency or co-ordinated through its activities would be concentrated where it could be most effective. In this way, a growth point or growth area approach would be followed rather than an attempt to promote the development of a number of areas or centres simultaneously. The areas designated as those of regional development would be ones likely to attract immigrants and industrialists.\textsuperscript{152}

It identified Gwelo and Umtali as the two centres most suitable to pilot the growth point development. Further areas that could be considered at a later stage were Sinoia (Chinhoyi) or Karoi in the northwest, and Fort Victoria (Masvingo) or Chiredzi in the southeast.

The Umtali Municipality fully supported ARnI’s suggestions. Commenting on the proposals, the Mayor of Umtali, John Kircos, said there was no doubt that Umtali was ideally situated for the establishment of certain industries. ‘Our industrial area’, he explained, ‘has all the facilities required by prospective industrialists. We meet the four criteria laid down by the Ministry of Commerce and Industry.’\textsuperscript{153} What is observable is that, despite some differences on the operative details, in principle, the state, organised industry and local councils all agreed on the need for decentralisation.

The other challenge that necessitated constant engagement between the government and industrialists concerned markets. Although ISI may have expanded, Rhodesia depended upon a few markets as outlets for its clandestine exports. ISI was also likely to be circumscribed by its own limits. To mitigate this, the conclusion of trade agreements with neighbouring countries, and/or a customs union and common market arrangements was necessary. While customs unions and common markets carried certain theoretical attractions, they also had economic and political disadvantages. For Rhodesia, any formal trade agreement with neighbouring countries was probably out of the question, perhaps with the exception of South Africa, Portuguese West and East Africa. But even with South Africa, it was doubtful whether a customs union or common market was to Rhodesia’s economic advantage, so argued ARnI economist, James A. Girdlestone. Closer trading arrangements with countries to the North offered better possibilities, but the political circumstances of Rhodesia diminished this possibility. The best alternative was therefore to increase exports to those markets that in the past took only a small proportion of Rhodesian exports and broadening, as far as possible, the range of commodities exported. Even more, this predicament made ISI most attractive for it resonated with primary goal of foreign currency preservation while diversifying export commodities.\textsuperscript{154}

\textsuperscript{152} Ibid.
\textsuperscript{153} Ibid, 18 June 1971.
As hinted earlier, full economic integration in Southern Africa, through either a Customs Union or Free Trade Area, was not to Rhodesia’s overall economic advantage. According to Girdlestone, there were potential disadvantages involved in any closer regional association in the form of reduced trade barriers. Referring to South Africa, he explained that ‘an obvious immediate consideration is that Rhodesian industry has enjoyed its fastest growth at times when import restrictions on imports from South Africa have been in force.’\footnote{The Financial Gazette, 01 May 1970.} This claim is debatable though, especially if one considers the impact of the 1948 Customs Union Agreement on Rhodesian industry. Nevertheless, Girdlestone, generally had a valid point in that the lowering of existing trade barriers between Rhodesia and its southern neighbour could cause a considerable setback to the bulk of Rhodesia’s existing secondary industries. Particularly because Rhodesian industry was, comparatively, of small-scale and would not compete freely with its larger South African counterpart.

The second argument against integration was on terms of trade. A parallel can be drawn with the experience of Malawi’s participation in the former CAF. The terms of trade moved against Malawi because it was obliged to buy imports from sources within the Federation which were often more costly than foreign suppliers. At the same time, there was little boost given to Malawi’s export potential because of the link up with Rhodesia and Zambia. Besides, South Africa also produced most of Rhodesia’s primary exports on a significant scale. Consequently, they were unlikely to find a substantial market there. In the end, Rhodesia would still be dependent on export markets outside the sub-region and would, therefore not gain from any removal of trade barriers. On the import front, Rhodesia could be obliged to pay more for items from within the sub-region than from foreign sources – a similar experience it had during the era of imperial preference. Consequently, like Malawi under Federation, Rhodesia could suffer from an adverse movement in her terms of trade.

Girdlestone also advanced another argument, namely that of disparity. This argument was premised on the principle that where countries are at widely different levels of economic development, they are unlikely to gain equally from closer regional association. Girdlestone maintained that ‘there can be no certainty that Rhodesian economic development would be vastly stimulated by association with the much stronger South Africa complex, though the position might be very different if South Africa were to be excluded because Rhodesia would then enjoy the advantage of being the most developed partner in any association.’\footnote{Ibid.} Another argument was political. Girdlestone contended
that ‘any economic benefits from closer cooperation have to be weighed against the disadvantages involved in the loss of national sovereignty which is necessitated by the need to coordinate fiscal policies, monetary policies, investment priorities, currencies and so on.'

For these reasons, therefore, any common market or free trade area that involved South Africa was not plausible.

Although Girdlestone held the view that full integration was not in Rhodesia’s economic interest at the time, he still thought it worthwhile to consider less comprehensive arrangements aimed at avoiding inefficient and wasteful duplication of development effort. Therefore, ‘it [was] desirable for countries to agree among themselves on the broad fields of economic development upon which each [would] concentrate. This would be based upon the comparative advantage enjoyed by each country.’ However, GATT obligations posed a snag. GATT required that if members agreed for closer integration of national economies and such agreement did not provide for immediate and complete free trade, at least it should include a definite schedule for the formation of a free trade area or customs union covering substantially all the trade between the parties within a reasonable period. All these considerations therefore complicated the options Rhodesia had. More importantly, ARnI provided a well-reasoned argument that undercut the possibilities of a common market. Whatever export markets Rhodesia had during this time were clandestine.

**Business, Economy and Politics**

From the early setbacks of 1966, the Rhodesian economy recovered and enjoyed a sustained growth up until late 1974, aided by the economic planning and closer coordination, particularly between government and industry. This momentum of the Rhodesian economy slackened. A number of internal and global dynamics that started from 1973 but whose effects only became apparent between 1974 and 1976, account for the economic stagnation. Signs of stagnation started with the re-introduction of price controls in 1974 and reviewed in 1975 with the cooperation of ARnI. However, price controls were acceptable at the time because they ‘seemed to be a lesser evil than the dangers of unrestrained inflation’, explained ARnI. Meanwhile, between 1973 and 1976, Oil Producing and Exporting Countries (OPEC) reduced their production and manipulated prices whose effect was the trebling of the value of Rhodesia’s oil imports during the same period. The hiking of the price of oil triggered a world economic recession. Consequently, industrial production in the industrialised western countries declined leading to a depressed world market, and demand for primary commodities. This caused a deterioration in prices of Rhodesia’s enduring exports. At

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157 Ibid.
158 Ibid.
160 Strack, Sanctions: The case of Rhodesia, 88.
the same time, industrialised western countries suffered inflation that in turn caused an increase in the cost of Rhodesian imports. All these significantly strained Rhodesia’s balance of payments. ‘As a consequence’, writes H. R. Strack, ‘the terms of trade moved unfavourably for Southern Rhodesia, declining from 85.1 in 1973 to a record low 74.3 in 1976.’

Meanwhile, the Portuguese withdrawal from Mozambique in 1975 aggravated problems for Rhodesia. As Portugal left, ‘the operational efficiency dropped at Beira and Lourenco Marques…’ At the same time, the new black Mozambican government, sympathetic to African nationalists, closed her border with Rhodesia cutting off Rhodesia from the Beira trade route. South African railway lines and ports became the only available trade routes for Rhodesia, inducing Rhodesian and even South African businesspersons to rely on this sole route. The result was a severe congestion on the railway and ports in South Africa causing continuous delays in the transportation of goods, and increased shipping and freight costs, all of which further eroded Rhodesia’s balance of payments. To contain the situation, the government intensified control measures to conserve foreign exchange. However, the controls attracted ARnI’s criticism. But, ARnI’s complaints did not go unchallenged. An anonymous letter sent to the Property and Finance newspaper in 1975 justified these controls and urged for support to the government. Commented the letter:

> Every possible assistance and support must therefore be given to the government. The voicing of grievances, about import restrictions, to colleagues, friends and neighbours white-ants our stability. Personal ambition and business dreams must of necessity take a back seat. That we cannot all make comfortable profits and set up chains of new businesses is to be expected in times like the present.

Necessary as they were, control measures restricted the raw material imports necessary for Rhodesian manufacturers to sustain production.

In addition, the armed struggle intensified, triggering a budget provision increment of ‘40% for the Ministry of Defence and 23% for police.’ Critical foreign exchange was committed to military expenditure, thus dwindling domestic allocations to industry and commerce. Even more, the expanding conflict caused instability and insecurities that dampened tourism, a significant foreign exchange earner, resulting in sharp declines in hard currency earnings in 1976. Without adequate
foreign exchange, in 1975, the volume of manufacturing production declined for the first time since 1966.

Meanwhile, between 1974 and 1976, small businesses that were given a voice through an anti-big business publication, *Property and Finance* (P&F), heavily criticised the impact of the currency allocation system and the economic planning on them and the economy. In September 1974, the paper celebrated the appointment of a commission to inquire into currency allocations. Since UDI, currency allocations operated on the principle of Past Performance (that is, extent of use of foreign currency before UDI). The *Property and Finance* criticised the system as ‘a millstone inhibiting free competition and new blood in commerce and industry.’\(^{167}\) It repeated the similar criticism in 1975. The *Property and Finance* accused the government of sacrificing small businesses by not supporting them financially, despite contributing hugely to economic development of Southern Rhodesia.\(^{168}\)

For P&F, past performance entrenched traditional importers, many of whom were agents of British suppliers who, having been protected by imperial preference, enjoyed the lion’s share of the local market. One of the results was that agents of foreign manufacturers (German, French, Italian, and Japanese) often supplying equivalent products of better quality at lower price were prevented from coming on their own. P&F’s posture on this matter should, however, be understood in the context that the paper had become anti-British and anti-big business since UDI, hence the seemingly condescending view on imperial preference, British goods and ‘big boys’.\(^{169}\) Of the ‘big boys’, Anglo American Corporation and Lonrho were always the target as these exhibited monopolistic tendencies.

More tellingly, the P&F alleged that these big business gained the great share of currency allocations at the expense of smaller firms and also used foreign currency clandestinely and sometimes in cahoots with the government. The latter, said P&F, explained why the ‘Government does nothing, even though one of the principles of the Rhodesian Front is anti-monopoly.’\(^{170}\) In 1976, the paper in reference to Anglo, accused ‘some importers and manufacturers [of] exploiting the public to a shameful degree … yet for reasons that are known to some, no decisive action has been taken against them. The dismantling of some monopolies is urgent.’\(^{171}\) Inferring once again to the collusion between government and big business, the paper said ‘millions in foreign exchange

\(^{167}\) *Property and Finance*, September 1974.
\(^{170}\) *Property and Finance*, April 1975.
are leaving the country illegally’, yet ‘only the small fry are prosecuted. The acute are thus asking: ‘Is it perhaps a matter of who you know – and who at the top you, in turn, can oblige?’ Because of this it suggested that the government should investigate financial links between politicians and private interests.

While indeed the marginalisation of small industrialists was a concern, the role of big business in keeping the economy going when sanctions and the war were biting deep should be acknowledged. Indeed, it was in the interest of Rhodesia that big business was given a free role as the following case of Anglo demonstrates. With its octopus like tentacles wrapped around the Rhodesian economy, Anglo played a key role in supplying oil into the country. Prior to Mozambican independence in 1975, the bulk of Rhodesia’s fuel supplies were sent from South Africa via Mozambique. While the state, through its company, GENTA, had supplied the country with oil, big business took over from 1974 when fuel companies expressed reservations in dealing with GENTA. An intermediary company called Freight World Services became an active player. Anglo American Cooperation owned this company. Usually hiding behind the name “Minerals Exploration Ltd.”, Freight Services acted as the intermediary company for Mobil and Shell/British Petroleum’s fuel supplies to Rhodesia. Shell and BP supplied Rhodesia with R150 million worth of oil. For instance, 83 fuel-filled railway wagons went up the line on 23 October 1974; and the fuel in every one of them belonged to Freight Services. It bought and sold oil products valued at

172 Ibid, August 1976
174 The following account relies on the investigative work of the two British researchers, Martin Bailey and Bernard Rivers, who produced a report on the Rhodesia Oil Conspiracy in 1976, Freight Services. Retrieved from http://schuitemaberend.blogspot.com/2012/01/how-rhodesia-got-its-oil.html. Before July 1975, 22.9% of the Freight Services shares were owned by Charter Consolidated Ltd., a British company which was part of the huge Anglo American Empire. 56% of the shares were owned by the Anglo American Industrial Corporation Ltd. Thus, the Anglo American ‘Empire’ held almost 90% of the shares in a company. In July 1975 the Freight Services parent company, Freight Services Holdings Ltd., was merged with two other companies to form Aero Marine Freight Services Holdings Ltd. Control of this larger company was jointly exercised by the Anglo American Investment (Safmarine). At around that time a new director was appointed to the board of Safmarine, namely, William Francis de la Harpe Beck – who was also the Chairman and Managing Director of Mobil (South Africa), and Chairman of Mobil (Rhodesia). Beck was also on the board of the company which jointly controlled Freight Services, which was the company that enabled him to evade sanctions and get oil products from the one company he chaired to the other one.
tens of millions of dollars each year for Mobil. Freight Services arranged printing of bogus invoice forms for these companies and handled their money. Clearly, big business gave the life line to the Rhodesian economy as it kept the country supplied with fuel, although the supplies were not adequate as evidenced by the introduction of fuel rationing.\textsuperscript{175}

As fuel rationing bit hard, industrialists continued to be plagued by the problem of labour shortages. The government and industrialists had tried to deal with the shortages through an immigration drive.\textsuperscript{176} However, housing shortages restricted immigration, especially of skilled immigrants. In 1976, the Minister of Commerce and Industry admitted that Rhodesia had a skilled manpower shortage so much that the government was pondering instituting inquiry into the situation.\textsuperscript{177} Military call-ups compounded labour scarcity. As the war against African liberation fighters intensified, the demand from call-up of personnel for military service increased. Industrialists were concerned at the cost of these call-ups to industry. The cost was two-fold. First, the military call-ups took away the skilled personnel thereby depriving industries of the much-needed skill to keep the industries going. Secondly, an employee conscripted for military call-up remained entitled to his salaries from the primary employer. Consequently, employers had to budget for ‘make-up pay’ to cater for the employees recruited for military service.\textsuperscript{178}

Make-up pay for military call-ups became a thorny issue between government and industry. The Salisbury Chamber of Industries, in principle, believed that employees in industry should not be financially prejudiced because of military call-up.\textsuperscript{179} However, the Chamber was getting increasingly concerned with the impact of this on industry. Some employers were able to meet the demands of the make-up pay while others could not, especially smaller firms. The Chamber thus explained that it was,

\begin{quote}
aware that many employers who have been very generous in continuing to pay wages to employees during periods of call ups, the financial burden is becoming more than they can reasonably be expected to bear. This problem is aggravated when a company has to engage temporary assistance to fill the gaps. Furthermore, the Chamber has long held the view that any additional financial burden resulting from military call-up should not be borne by our territorial servicemen or by individual employers but should be spread over the community as a whole.\textsuperscript{180}
\end{quote}

\begin{thebibliography}{180}
\bibitem{177} The Financial Gazette, 9 April 1976.
\bibitem{178} Ibid; and also ARnI, Annual Report 1976.
\bibitem{179} The Financial Gazette, 9 April 1976.
\bibitem{180} Ibid.
\end{thebibliography}
The matter created another challenge for industrialists. ARnI feared that ‘the differences in the attitudes adopted by various employers not only [created] strained industrial relations on the home front, but [could] adversely affect the morale of our territorial forces in the operational areas.’

To remedy this, industrialists appealed for the government to ‘increase the rates of pay and allowances within the territorial forces to realistic levels.’ But that depended upon the cooperation of the whole sector. Otherwise, ‘there would be little merit in urging government to introduce increases in military pay if some employers continued to pay full wages and to allow their employees to keep the whole of their military pay.’ The Chamber, therefore, believed in the adoption of a uniform policy by those employers who paid their employees during periods of call up. Actually, the policy would limit ‘payment in each case to not more than the employee’s civilian wages less whatever the employee receives by way of basic military pay and allowances including the service allowance, marriage allowance and children allowance.’ Alongside this, industrialists asked for tax relief to employers who paid make-up pay. By extension, no one was supposed to be worse off financially because of call up.

Reeling under the pressure of economic stagnation, criticism from small business and political instability and other related problems, the Smith government reluctantly engaged in a series of negotiations with both Britain and African nationalists in search of political settlement. For a long time, Rhodesian organised business had shied away from expressing an opinion, save for pleas to the government to end the political crisis. As Rowe noted,

> [A]fter UDI, opposition to government was stifled. Because outspoken opponents of the regime would be unlikely to receive government favours, fears about economic survival also led many businessmen to suppress their criticisms of the government...people were so interested in making their own businesses work...[besides] the government retaliated harshly against any who sought to mobilise political opposition against the regime.

But from around 1976, the private sector entered the political arena. There were two factors for this. The first factor was at the instigation of the Private Sector Coordinating Committee (PSCC) which comprised of five leaders of ACCOR, ARnI, RTA, RNFU and the Chamber of Mines that had been formed in 1974. The difficulties that the country and the economy was passing through inspired a considerable cohesion among the economic interest groups. Consequently, a single voice
on national issues emerged in the private sector. The second factor was the Geneva initiative. With the prospect of African politicians being increasingly involved in government than ever before, the private sector thought it prudent to put the case for private enterprise to those involved in the initiative.

Explaining why it was now drawn into politics, the ARnI’s President, Les Gallon, said,

[T]he point has been well made on a number of occasions recently that the dividing line between politics and economics is by no means precisely defined. On this basis, there are occasions when, of necessity, we must involve ourselves in political matters. This is certainly the case when political decisions may have a dramatic effect on the future viability of industry in this country.\textsuperscript{186}

Even as it offered its perspectives, the private sector emphasised on its apolitical standpoint. Gallon thus explained that,

I would like to emphasise, however, that both at Geneva and at subsequent meetings connected with the Geneva Conference, ARnI and the PSCC have confined themselves to briefing the parties on the economic structure of this country and the possible effect on the structure of whatever political decisions may be made.\textsuperscript{187}

However, as Rory Pilossof showed with white farmers, the discourse of apoliticism was unsustainable.\textsuperscript{188} The nexus between the economy and politics is too strong to be separable. Gallon further cautioned ARnI’s members that ‘when acting or speaking on behalf of ARnI, [they] must always bear in mind that they are representing a large group of people with widely differing political beliefs and must, therefore, be on their guard against giving any impression of political partisanship.’\textsuperscript{189} Additionally, the business called for harmony between races. The PSCC publicised its call to harmony as seen in the Figure 2 below.

\textsuperscript{186} The Financial Gazette, 4 February 1977.
\textsuperscript{187} Ibid.
\textsuperscript{189} The Financial Gazette, 4 February 1977.
Partnership between races was also encouraged with the view to enhance economic cooperation and foster development for the ‘benefit of all’. Of course, the benefit for all was a self-serving mantra. Business was set on securing its interests in the likelihood of an African majority rule. Speaking at the Salisbury Chamber of Industry AGM, its President, John Shand, said, emigration is rapidly producing a hard core of Rhodesian whites, free from bigotry and cooperative within reason. What is urgently required is a responsible black community with enough realism to gauge the limits of white co-operation. An economic alliance between the two, backed by mutual respect, would result in the widespread enjoyment of the bounteous resources that lie at doorstep of all Rhodesians-black and white. Of course, Shand was overplaying the nicety of the Rhodesian whites and subtly bigoted about Africans but the general underlying point was sensible, if qualified. Some African nationalists in principle agreed to the call for harmony but demanded that certain conditionalities should be met. One of the conditions, according to James Chikerema, of the Front for the Liberation of Zimbabwe (FROLIZI), was ‘the scrapping of the controversial Land Tenure Act as a pre-requisite for the re-awakening of Rhodesian industry after majority rule.’ He also assured that the economy would ‘continue to run along free enterprise lines and at the same time, the nationalist government would do everything within its power to retain the skills, know-how and industrial

190 Ibid.
abilities of the country’s white community." Significant to note is that, of the nationalists that responded to this plea, the two major African Nationalist parties, Zimbabwe African National Union (ZANU) and Zimbabwe African People’s Union (ZAPU) completely ignored these efforts. The business community did not approach them because it perceived ZANU and ZAPU as extremists and communists.

Following Shand’s suggestion, the business community and African nationalists that were considered moderate, reconstituted the Rhodesian Promotions Council. It now comprised of the ‘desirable’ African nationalists, the RNFU, ARnI and ACCOR as well as other private businesspersons and farmers, the mining industry and financial houses. Writing on the initiative, the Financial Gazette reported that,

Rhodesia is undertaking the biggest black-white get-together of industrial, economic, financial, business and agricultural experts ever held in an African country on the eve of a settlement situation. The move is, basically, aimed at side-stepping most of the pitfalls common to independent African countries which, once fallen into, lead to rapid deterioration of the economy, an exodus of whites – particularly farmers – and then massive dependence on expensive imported expatriates and cash injections from Western and Communist countries.

Reverend Ndabaningi Sithole also welcomed the idea. He said his movement was 100% behind the industrial/farming détente undertaking. Meanwhile, Bishop Muzorewa’s United African National Council (UANC) allayed the fears of nationalisation; that majority rule would result in wholesale nationalisation.

By 1979, there was a significant shift on attitude by the business community towards formerly excluded African nationalists. ‘With the handwriting on the wall’, wrote Henry Wiseman and Alastair Taylor,

Members of the Rhodesian Promotion Council, who earlier in February had sought a coalition that would freeze out or diminish the role of Mugabe and ZANU PF in the new government, now made overtures of accommodation. Meetings were hastily arranged between Mugabe and key figures in the cabinet, Rhodesian forces, intelligence and treasury.

What is noticeable from this discussion is that, indeed, business in general and ARnI in particular conceded the inevitability of majority rule and the return to normality. In order to benefit from

192 Ibid.
194 Ibid. They had learnt from the experiences of Zambia, Uganda and Mozambique where there was exodus of business, skilled manpower and economic decline after independence.
195 Ibid.
the impending new environment, it needed to realign itself. Hence, the engagement with African nationalists, and at the same time advocating policy restructuring.

Also optimistic about the possibility of a political settlement that could potentially herald the lifting of sanctions, ARnI steadily pushed for industrial policies aimed at preparing industry for a return to normal trading conditions. The policies it advocated were, however, not new. It had clamoured for the same policies throughout the period under study. Accordingly, the Association pushed that ‘customs duties at levels sufficient to protect local manufacturers against foreign products should be introduced before the existing import controls are phased out or withdrawn, following upon the lifting of economic sanctions.’\(^{198}\) In 1979, it still insisted on industrial protection in order to promote technological development and ensure quality production.\(^ {199}\)

During the same period, industrialists still faced labour shortages. Reflecting on the economy, ARnI President commented that,

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\text{[T]he national economy continued throughout the year under review to be disrupted not only by the work force demands of the security forces but also by an alarming increase in the rate of emigration. While the economy has so far been able to withstand this dual burden, the limit is rapidly being reached}.^{200}
\]

In particular, ARnI expressed concern that whilst the New National Service Act of 1979 provided for the registration of all citizens within the 16-50 age bracket for conscription, the target seemed to be the under 25 age group. Yet this group constituted the largest proportion of the population that underwent apprenticeship training or possessed some required skill in the industry. Overall, throughout the UDI period, industry faced skilled labour shortages, quite apart from the other challenges as discussed.

**Manufacturing Growth under Sanctions and Planning**

Economic policies and government-business relations certainly shaped the nature and the structure of the manufacturing sector that emerged during the UDI. It is to this aspect that the chapter now turns. Most obvious, the manufacturing sector that emerged during this period was an ISI, stimulated by sanctions, import control and foreign currency saving. The ISI was, however, incidental to the primary objective of hedging foreign currency reserves. The immediate impact of sanctions was uncertain in the Rhodesian economy resulting in the fall of manufacturing’s gross output to $402.8 million or by 6.5% in 1966 and its contribution to the national income fell to

\(^{198}\) ARnI Annual Report 1978.

\(^{199}\) Ibid, 1979.

\(^{200}\) ARnI Annual Report 1979.
17.9%, second to agriculture with 19.7% the same year.\textsuperscript{201} The operating profit declined from $62.5 million to $49.1 million or by 21.4%.\textsuperscript{202} The fall in output was unevenly distributed among the various industrial subsectors. Huge declines occurred in chemical and petroleum products by 25.9%, transport equipment and workshops, 21.5% and drink and tobacco, 6.7%.\textsuperscript{203} There were also marginal falls in metals and metal products, textiles, wood and furniture, paper, printing and publishing.

Writing in 1969, ARnI’s President, W. Perry accounted for the manufacturing growth in the following terms;

Industry’s share of the GDP fell to £60.9 million or less than 18% of the total. That figure, I think, amply portrays 1966 for the manufacturer-a most difficult year. However, in one way we gained. We were united. Sanctions were a challenge and we were determined to beat them. Many of us were against a UDI. But when the decision was taken it became a case of everyone pulling together. Some people, I think, were surprised at our triumphs. Through a combination of diversification, improvisation, import substitution, determination and sheer hard work industry as a whole has been able to more than recover what it lost in 1966. This is demonstrated by the fact that our share of the GDP rose to £65.8 million.\textsuperscript{204}

The survey of the Rhodesian economy for 1969 also confirmed industry’s perspective. According to the survey, the industry’s GDP increased by 5.5% over the previous record level of £369.6 million achieved in 1967.\textsuperscript{205} Increased activity in the manufacturing and building and construction industries was largely responsible for the rise in the gross domestic product. The contribution of these two sectors increased by £13.8 million and more than compensated for the large shortfall of £11.4 million in the contribution of agriculture.\textsuperscript{206} The contribution of agriculture in 1968 was £59.4 million which was the lowest since 1960. The decline was mainly due to the adverse agricultural season. The contribution of the mining sector to the GDP declined slightly by 2%. The value of manufacturing output at nearly $500 million in 1969 was 14% higher than in 1968.\textsuperscript{207} The high growth reflected the large proportion of the 1,100 new projects approved since 1965. All sectors of manufacturing industry experienced increased levels of production during 1969. The improvement in performance was most marked in the textile industry where the volume of output rose by 47%. The transport equipment and metal industries registered gains in output of over 15%.

\textsuperscript{201} Girdlestone, ‘Manufacturing and Construction’, 122.
\textsuperscript{202} Ibid.
\textsuperscript{203} Ibid.
\textsuperscript{205} Economic Survey of Rhodesia, 1969.
\textsuperscript{206} Ibid.
\textsuperscript{207} Economic Survey of Rhodesia, 1970, 3.
The chemical, wood, furniture, paper, printing and foodstuffs industries also performed well in 1969 with increases in excess of 7%. The Report by ARnI President, A E Owens confirmed these figures.\(^{208}\)

There was a further expansion of 14% in 1970, bringing the total value of output to more than $580 million.\(^{209}\) With the exception of transport equipment, textiles and clothing, all sectors of manufacturing industry recorded higher percentage growth rates in 1970 than in 1969. Chemical, rubber and petroleum products, non-metallic mineral products and paper printing recorded rates of growth in volume in excess of 20%. Food-stuffs, metals and metal products, drink and tobacco and wood furniture all registered increases of more than 10%. Output of the textile industry declined by 6%. This was primarily due to the smaller cotton crop, which reduced ginning output. There was also slackening of demand for piece goods in local market.\(^{210}\) Foreign currency restraints dampened down manufacturing growth between 1970 and 1971. The manufacturing sector’s contribution to GDP declined from 19.4% in 1970 to 16.2 in 1971.\(^{211}\) The performance of the manufacturing sector was nevertheless satisfactory especially in the light of the foreign exchange restraints on imported materials. Table 5.2 shows changes in the sector. Strack observed that ‘the range of output expanded from 602 products in 1963 to 1059 in 1966 to 3837 in 1970. However, 65% of these products in 1970 were monopoly products which probably would not be able to survive a return to competitive conditions.’\(^{212}\) 1972, 98 (representing 7.6% of the total firms) firms with a gross output of $2 000 000 and over, out of a sectorial total of 1 285 firms, accounted for $520 663 000 worth (60.4%) of all industrial production.\(^{213}\)

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\(^{210}\) Ibid.


\(^{212}\) Strack, *Sanctions: The case of Rhodesia*, 90.

\(^{213}\) Clarke, ‘The Political Economy of Discrimination and Underdevelopment in Rhodesia’, 192.
Table 5.2: Changes in the relative importance of manufacturing groups 1966-1974

<table>
<thead>
<tr>
<th>1966</th>
<th>1974</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Foodstuffs</td>
<td>1. Metals and metal products</td>
</tr>
<tr>
<td>2. Metals and metal products</td>
<td>2. Foodstuffs</td>
</tr>
<tr>
<td>3. Chemical and petroleum products</td>
<td>3. Chemical and petroleum products</td>
</tr>
<tr>
<td>4. Drink and tobacco</td>
<td>4. Textiles including cotton ginning</td>
</tr>
<tr>
<td>5. Transport equipment and workshops</td>
<td>5. Clothing and footwear</td>
</tr>
<tr>
<td>6. Textiles including cotton ginning</td>
<td>6. Drink and tobacco</td>
</tr>
<tr>
<td>7. Clothing and footwear</td>
<td>7. Paper, printing and publishing</td>
</tr>
<tr>
<td>8. Paper, printing and publishing</td>
<td>8. Transport equipment and workshops</td>
</tr>
<tr>
<td>10. Non-metallic mineral products</td>
<td>10. Wood and furniture</td>
</tr>
<tr>
<td>11. Other manufacturing groups</td>
<td>11. Other manufacturing groups</td>
</tr>
</tbody>
</table>


Production also tended to be concentrated in hands of a few big firms as Table 5.3 shows.

Table 5.3: Operations of manufacturers by size of gross output 1972

<table>
<thead>
<tr>
<th>Gross output</th>
<th>No. of Units</th>
<th>%</th>
<th>Gross output</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up - $10 000</td>
<td>55</td>
<td>4,3</td>
<td>298</td>
<td>0,0</td>
</tr>
<tr>
<td>$10 001 - $20 000</td>
<td>58</td>
<td>4,5</td>
<td>841</td>
<td>0,1</td>
</tr>
<tr>
<td>$20 001 - $30 000</td>
<td>67</td>
<td>5,2</td>
<td>1 662</td>
<td>0,2</td>
</tr>
<tr>
<td>$30 001 - $40 000</td>
<td>76</td>
<td>5,9</td>
<td>2 713</td>
<td>0,3</td>
</tr>
<tr>
<td>$40 001 - $50 000</td>
<td>56</td>
<td>4,4</td>
<td>2 532</td>
<td>0,3</td>
</tr>
<tr>
<td>$50 001 - $100 000</td>
<td>234</td>
<td>18,2</td>
<td>17 666</td>
<td>2,1</td>
</tr>
<tr>
<td>$100 001 - $150 001</td>
<td>116</td>
<td>9,0</td>
<td>14 594</td>
<td>1,7</td>
</tr>
<tr>
<td>$150 001 - $200 000</td>
<td>129</td>
<td>10,0</td>
<td>25 625</td>
<td>3,0</td>
</tr>
<tr>
<td>$200 001 - $500 000</td>
<td>180</td>
<td>14,0</td>
<td>63 062</td>
<td>7,3</td>
</tr>
<tr>
<td>$500 001 - $1 000 000</td>
<td>132</td>
<td>10,3</td>
<td>92 429</td>
<td>10,7</td>
</tr>
<tr>
<td>$1 000 001 - $2 000 000</td>
<td>84</td>
<td>6,6</td>
<td>119 501</td>
<td>13,9</td>
</tr>
<tr>
<td>Over $2 000 000</td>
<td>98</td>
<td>7,6</td>
<td>520 663</td>
<td>60,4</td>
</tr>
<tr>
<td></td>
<td>1 285</td>
<td>100,0</td>
<td>861 586</td>
<td>100,0</td>
</tr>
</tbody>
</table>

Source: The Census of Industrial Production, 1972/73.

On 11 December 1974, the Ministry of Commerce and Industry announced further severe cuts future currency allocations to industry. Accompanying this was the sudden decline in industrial growth. Explaining the reaction to the decline, ARnl President, G.F.J. Handover said, ‘initial reaction was almost entirely attributable to the delays and disruptions at the traditional port facilities in Mozambique and South Africa, quite apart from over-loaded railway systems.214 However, it was soon apparent that this was only one contributory factor. The other factors included the impact of the worldwide recession, which was at last making its presence in Rhodesia. Meanwhile, as world prices for primary products were generally falling, the cost of most Rhodesia

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imported requirements were rising because of the world inflation. This was in addition to comparatively sharp increase in Rhodesian fuel prices. Inevitably, all these factors combined to create a rapid deterioration of balance of payments and the slowdown in industrial growth.\textsuperscript{215} According to the World Bank, ‘from 1974 to 1978, manufacturing production declined 27\%, capacity utilisation fell by 38\%, and there was net loss of 50,000 urban private jobs, mainly in the manufacturing and construction.\textsuperscript{216}

Amidst all this, the Government relied heavily upon ARnI, as representative of organized industry, to chart industry’s particular course. Indeed industry co-operated to the full. However, that attracted criticism from some industrialists who felt that they had done too much to assist when they should not have allowed themselves to become so deeply involved. However, according to Handover, this attitude was unacceptable to ARnI Management. He justified that,

\begin{quote}
As a responsible and highly respected body, there can surely be no question but that we should do everything possible to help in a national emergency. In fact only by so doing can we fulfil our mandate to protect as best as we can the interests of all our members – indeed of industry as a whole. And these interests could not be served by merely standing aloof and making demands which we know full well just cannot be met. I am, therefore, completely satisfied that ARnI has rightly accepted its own challenge, that it has emerged from its initial involvement with enhanced stature and prestige in the knowledge that hard-hit as industry has been, we are still better off as a result … It will be ARnI’s duty to keep its finger on industry’s pulse and ensure that any inconsistencies, anomalies or initial errors of assessment are carefully considered and thereafter to do everything we can to see that wherever possible, these are put right. Flexibility is the keynote.\textsuperscript{217}
\end{quote}

Problems still blighted the sector. As the Presidential Report by J.G. Hillis revealed; ‘the severe problems caused by the increasing demands of the war effort, coupled with diminishing foreign currency allocations have been exacerbated by the continuing uncertainty arising from our protracted constitutional dispute.\textsuperscript{218} In addition to this, depressed market conditions, both at home and abroad, remained an unwelcome feature of the industrial climate. The Rhodesian dollar devaluation in April 1978 aggravated the situation.\textsuperscript{219}

Nevertheless, industry held its own. Presenting his 1979 report, President Hillis, said ‘manufactured products now account for between 25\% and 30\% of the country’s export receipts and virtually all consumer goods, as well as a growing proportion of intermediate and capital goods

\textsuperscript{213} Ibid.
\textsuperscript{216} Quoted in Bond, \textit{Uneven Zimbabwe}, 125.
\textsuperscript{217} ARnI, \textit{Annual Report}, 1975.
\textsuperscript{218} Ibid, 1978.
\textsuperscript{219} Ibid.
are now supplied from local manufacture." While this was generally satisfying for industrialists, they still bemoaned it as a paradox that in a country that officially espoused the free enterprise concept, entrepreneurs ‘operated under conditions of greater state control than probably anywhere else outside the communist bloc.’ Although restrictions and regulations of the time were acceptable in the overall ‘national good’, ARnI kept determined to guard against any apathetic acquiescence to erosions of the free-enterprise principle. Exuding optimism, ARnI expected ‘old and new export markets to become available, domestic and foreign investment to rise, import allocations for raw materials, spare parts and new machinery to be substantially increased and the pace of overall economic advance to quicken’ and ultimately a new era of growth and development for secondary industry. Of course, all this depended on the achievement of a political solution leading to the cessation of hostilities and the lifting of sanctions. Overall, the fact that industry maintained its viability, despite the depressed conditions, is a tribute to the determination, the versatility and the hard work of the industrial sector.

Conclusion

This chapter discerned a self-serving decision by business to cooperate and collaborate, what Skalnes calls societal corporatism, with the government to reduce the severity of sanctions and protect its business interests. Neither can the economic planning and government’s intervention during the era be seen as economic nationalism. As demonstrated in the chapter, there actually was consultation between government and industry, for instance, it was ARnI and ACCOR that administered currency allocations, and they all sat in various government committees to plan for the economy. Not only was collaboration limited to relations with the government, but also extended to African nationalists in anticipation of a political settlement. Admittedly, there were instances of confrontation and disgruntlement from industry. However, this did not subsist throughout the era.

Noteworthy also is that UDI marks the period in which the government favoured industrial development and gave it considerable support. This was of course out of the government’s own political interests – to defeat the severity of sanctions following political rebellion. As the government sought to save its foreign currency reserves, it incidentally adopted ISI but it was never intended. Industrialists took opportunity of the closed economy and government’s over-reliance on them to expand secondary industry. But the limits of ISI (limited internal market and elasticity of diversification and innovation) circumscribed the extent expansion reached. Other challenges

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221 Ibid.
222 Ibid.
such as foreign currency shortages, skilled labour shortages exacerbated by military call-ups and emigration, transport shortages, all combined to slacken industrial growth. Against all these vicissitudes, industry held its own as statistics given in the chapter showed.
Chapter 6: Conclusion

This thesis examined the relationship between organised secondary industry, the state and other economic interest groups (including organised commerce, farmers and miners) over the industrialisation of Southern Rhodesia between 1939 and 1979. It placed industrialists, through their successive representative organisations, at the centre of industrial development in the country. The study demonstrated that without government direction, and aided only by the minimal degree of protection afforded through the customs tariff, selectively granted only after careful consideration of various factors, industrialists risked their money and laid a sound base for the sector and the diversification of the economy characterising Southern Rhodesia between 1939 and 1965. Between 1966 and 1979, industrialists and the state worked closely to sustain the economy in the face of sanctions and the escalating Second Chimurenga. Clearly, the relationship between the state, industrialists and other economic interest groups was irregular, uneven and changing, depending on time and context. By paying attention to the voices of industrialists, this thesis has contributed to the historiography of the industrialisation, economic and business history, and interest group politics in Colonial Zimbabwe.

The thesis built upon Mlambo et al’s observation that the manufacturing sector in Rhodesia generally suffered from ‘the lack of state support…right up to the Federal period, through UDI and sanctions…’ In 1971, the government, through the Minister of Commerce and Industry, Mussett, admitted this reality. He said,

> [economic growth] was achieved by private enterprise and certainly in so far as manufacturing industry was concerned, with very little encouragement from government, for it was only towards the end of the Federal era that the Federal Government instituted a policy of assisting and protecting local industry through the Customs Tariff.

Before the proclamation of UDI in 1965, successive Rhodesian governments hesitantly accepted the principle of actively promoting the growth and development of secondary industry. As discussed in Chapter Two, from the 1930s, the government shared with many experts the belief that the country could only develop economically if its primary export industries expanded (pp.28-30). Secondary industry, assumed then to be totally dependent upon the primary industries for its growth, could develop only if the latter expanded. These opinions and the recommendations owed their origin to the importance of the contribution of primary export earnings to the Rhodesian

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2 NAZ S3285/9/40, Minister of Commerce & Industry Speeches: Minister’s Address to the Institute of Directors, 17 March 1971.
economy, to a conviction of advantages of following a free trade policy based on the principle of comparative advantage, to the importance of primary industry as the major employer of labour and to the powerful economic interest groups in agriculture, mining and commerce.

Right from Rhodesia’s establishment as a colony in 1890, successive governments believed that the country was destined to remain essentially a producer and exporter of primary products. Consequently, for them, fostering secondary industry by measures such as the granting of tariff protection or the imposition of import controls posed a threat of raising local prices and costs of production, with the effect of undermining the competitiveness of the agricultural and mining industries in their export markets by raising their price. That was likely to attract retaliation by other countries against the country’s primary exports. The government regarded this as sound economic logic. Following this rationale, the government exercised considerable caution in fostering secondary industry lest it jeopardised what they assumed to be the main drivers of growth in the economy.

The government, therefore, readily and routinely accepted ‘expert’ advice and adopted policies guided by the overall need to reduce input costs to the primary producing and exporting industries so that they were competitive in world markets. The government’s attitude towards industrial development was apparent when it adopted the recommendations of the Economic Development Committee constituted in 1938. That Committee, which reported its findings in 1939, recommended that private enterprise should be left to its own devices to ‘develop meaningful industries as opportunity occurred’ and that ‘it was unnecessary, if not undesirable, for the government to devote funds to hastening such [industrial] development.’ It only took the shortages of the Second World War and the intensive lobbying of infant industrialists to set the base for the industrial sector. Industry managed to win concessions from the state when it agreed to establish the IDAC in 1940, succeeded later by the IDC, both intended at advising, coordinating and funding industrial development.

But even when industrialists had shown the capability and the potential of industrial development, the state remained reluctant to support it. Government’s hesitancy, once again, showed itself in 1946. In that year, a Commission of Enquiry into the Protection of Secondary Industry in Southern Rhodesia, constituted earlier in 1945 recommended ‘controlled assistance’. It concluded that ‘the national income of the Rhodesian people is dependent on the successful exploitation of the

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3 See Thompson and Woodruff, *Economic Development in Rhodesia and Nyasaland.*
comparative advantage which they obtain by concentrating their productive efforts directly and indirectly on producing exports’ and that ‘the secondary industries of this Colony must, for the present, be regarded as truly of secondary importance.'

Chapter Two of the thesis has demonstrated how the fragmented industrialists tirelessly, in the face of opposition, particularly from miners and commerce, lobbied the state to assist them. Before the Second World War, their efforts were belittled. Realising this, some industrialists entered into politics where they could influence state decisions. Vernall and Macintyre’s advocacy and support to industry in Parliament bears testimony to industrialists’ influence (pp.31-32). Thus, what, on face value appears to be government’s initiative was, in actual fact, not. The drive came from industrialists through their agents-cum-legislators and representatives. This analysis differs from Pangeti’s argument that the state was the main driver of secondary industrialisation. It has done so by demonstrating that industrialisation was underpinned by contestation (and sometimes) collaborations between state and industrialists. Behind most state actions were suggestions, demands, lobbying and grumblings from industrialists. This is not, however, to dismiss the efforts of the state. Rather, such efforts require serious qualification.

Numerous interactions between economic interest groups and the state shaped the pace and structure of secondary industrialisation in Southern Rhodesia. Despite minimal state assistance, secondary industry grew from 299 firms with a gross output of £5,107,000 in 1938 to 473 firms with a gross output of £25,858,000 in 1948 (p.62). By 1948, Southern Rhodesia boasted a diversified industrial sector. The major subsectors were food and beverages, tobacco manufactures, textile and clothing, wood, furniture and fixtures, chemicals and chemical products, rubber, paper, printing and publishing, metal manufacturing industries. Of these food and beverages, textiles and clothing and metal manufactures were the biggest contributors to the gross domestic product.

In addition, as the limits of industrialists’ organisation became apparent, they consolidated their representation. Evolving from initially operating as individual Salisbury and Bulawayo Manufacturers’ Associations in the 1920s, the associations evolved into Salisbury and Bulawayo Chambers of Industry in the 1930s. Although, as individual chambers, they had successfully urged the government to establish IDAC in 1940, this did not go far enough. The fact that they were still complaining of their interests being sacrificed and belittled in trade agreements in order to bargain for advantages for other interests is a clear testimony of how the government and other economic

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7 Pangeti, ‘The State and Manufacturing Industry’.
interest groups generally viewed secondary industry. It became imperative that industrialists came together as they did with the establishment of the Association of Chambers of Industries of Rhodesia in 1941.

The new Chamber was largely composed of industrialists from Bulawayo and Salisbury, itself a reflection of the distribution of secondary industry. The largest number of industrialists was found in Bulawayo, especially textile and clothing manufacturers. Because of this skewed distribution of industries, the Chamber could not effectively represent the interests of industrialists in outlying towns such as Gwelo and Umtali where factories were only beginning to expand. In some instances, individual industrialists sought government attention directly, therefore distorting the coordination which the Chamber envisaged. The Chamber’s Vice President even reminded industrialists that the interest of Rhodesia should come first before the local ambitions or interests of various towns’ chambers. The warning subtly showed the competing interests of industrialists. The establishment of new Chambers in other towns raised the awareness of the need for a colony-wide association which eventually happened in 1949 when they formed the Federation of Rhodesian Industries (FRI).

The evolution of a colony-wide industrial association underpinned the discussion in Chapter Three. The chapter argued that even with a vigorous national body, industrialists still achieved little by way of concessions from the government. If anything, as late as 1953 the government’s official approach to industrial development was that, ‘industry must be a voluntary and not a forced growth’ and that ‘the government, therefore, looks upon industry to establish itself’ (pp.76-77). Successive industrialists’ Annual Congresses between 1950 and 1957 debated similar issues, particularly the absence of positive policies to promote industrial development. Even as Southern Rhodesia joined Northern Rhodesia and Nyasaland to form the Central African Federation in 1953, the new Federal government adopted wholesale the Southern Rhodesian industrial policy that emphasised secondary industrial development as virtually a field for private enterprise with the government only providing basic services and infrastructure and a conducive investment climate.

Moreover, the establishment of the Federation saw the portfolio of industrial development transferred to the Federal government from territorial governments’ jurisdiction. Industrialists found themselves dealing with the two governments. The FRI nonetheless incessantly demanded a clear government industrial policy. In 1955, the FRI pressured the Southern Rhodesian government into a concession when it demanded the adoption of its memorandum enumerating

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what should be done to assist industry. Southern Rhodesia acceded and escalated the matter to the Federal Government. The memorandum resulted in the setting up of a Cabinet Working Party of Officials on Incentives and the Structure for Industrial Development in August 1956 (pp.81-83). That Working Party acknowledged the absence of a defined policy concerning tariff assistance, before opining that tariff assistance was the most obvious instrument of industrial policy. Therefore, the government’s view on tariff assistance needed to be formulated to remove uncertainty and promote confidence for future investment in the Federation.

Unfortunately, for the FRI, the Working Party repeated the old tune that government should accord selective tariff assistance and dismissed all the other demands such as tax exemption, acceleration of wear and tear allowances on new plant and machinery, provisions of capital or loans, Federal or territorial government preference to local industry, the creation of an Industrial Development Cooperation, Bureau of Standards, Information Bureau and Board of Trade as means of encouraging the establishment of new industries (pp.82-83). This setback pushed the FRI to lobby even harder for its interests. Hoping to gain more concessions from the Federal Government, the FRI sought the cooperation of nascent industrialists in the two northern Federal territories. They formed the Federal Council of Industries in 1955 (pp.74-75). Due to the operative weaknesses in the Council, the FRI advocated a much wider industrial organisation, which also reflected the geographical representation of the body. In 1957, the FRI transformed into the Association of Rhodesia and Nyasaland Industries (ARNI).

Even so, secondary industry continued to expand. Between 1949 and 1957, the number of industries had increased from 508 to 923 while gross output tripled from £31,076,000 to £104,945,000 over the same period. More tellingly, secondary industries net output 1957 net output of £43,176,000 was almost double the gross output of mining at £25,764,000 and slightly lower than that of agriculture at £45,086,000.

Chapter Four discussed the operations of ARNI and its interaction with the government. It maintained that secondary industrial development remained a private enterprise. Officials still condemned a deliberate policy of actively fostering growth of manufacturing as undesirable and contrary to Rhodesia’s long term interests. The government still received advice that emphasised the supremacy of the primary exporting industries as the bedrock of the economy (pp.121-122). A report by the Advisory Committee on the Development of the Economic Resources of Southern Rhodesia, with special reference to African Agriculture in 1962, advised that export oriented primary industries provided ‘the greatest proportion of the output of the country, as well as the foreign exchange earnings necessary to finance the imports of consumer goods, raw materials and capital equipment required
to sustain the expansion of domestic industries and the standard of life of the population. Consequently a policy of increased domestic industrial development was likely to increase the cost of the export industries and mar their competitiveness in world markets. This could result in the slowing down of economic growth. This was the overriding consideration characterising official policy towards manufacturing.

As if the adoption of this recommendation was not enough, the CAF, went through an economic depression and faced political instability. The collapse of copper prices on the international market from late 1956 coupled with the rise of mass African nationalism in Southern Rhodesia from 1957 onwards, the numerous State of Emergencies in 1959, the victory of the Rhodesian Front in 1962, which would lead a UDI in 1965, all aggravated an the already uncertain domestic market and further depressed the investment climate. Even worse, the CAF, which had provided a relatively huge and free domestic market for secondary industry dissolved in 1963, dampening the prospects of industrial expansion (pp.133-139). Industrialists, now represented by a territorial body (after the Federal dissolution), the Association of Rhodesian Industries (ARnI), raised their displeasure at all these developments, especially towards UDI, for it posed a potential setback to secondary industrial development (pp.144-146). UDI attracted economic sanctions and realignment of economic policies that brought the government much more into the economic sphere than ever before. The new economic policy was now underpinned by import control, which turned out to be a blessing for industrial development. Between 1960 and 1963 the manufacturing sector had mixed fortunes. The gross output of manufacturing industry rose from £129,059,000 in 1960 to £148,704,000 in 1962. The rate of growth slowed in 1963 due to the uncertainties that came with the break-up of the Federation. However, in the following year the ‘Buy Home Products’ campaign intensified and industry’s contribution increased to $133.1 million, or 18.8% of the GDP, in 1965.

Chapter Five discussed the implementation of the new economic policy and the interaction between the state and industrialists during the UDI period. ARnI persistently urged the fostering of the expansion of the manufacturing sector. The imposition of economic sanctions directed initially against the primary producing and exporting sectors, and financial markets, coupled with the need to limit the adverse effects of declining exports, increasing unemployment and falling output and investment, dictated a more interventionist economic policy on the part of the Rhodesian Front government. The government announced in February 1966 that it would intensify its support of manufacturing industry. Assistance would be afforded by means of import

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10 NAZ S3285/9/40, Minister Of Commerce & Industry Speeches: Minister’s address to Midlands Chamber of Industries, 25 February, 1971.
control for selected industries for specified periods of time, greater use of the customs tariff, and in special circumstances, securing of the local market for one or more producers for specified periods.\textsuperscript{11} UDI, then, heralded a new period in Rhodesia’s history that presented private enterprise with a somewhat preferential treatment from the state. At the same time, the UDI environment taxed private enterprise’s patience, ingenuity, skill and strength to the utmost. The imposition of sanctions disrupted long established patterns of trade and financial interconnections. Measures taken to counter this included the adoption of import control and foreign currency allocations. This was done through collaboration and cooperation between government and business including ARnI.

By emphasising cooperation between business and the state, this thesis challenges some long standing assertion from scholars that business community was muzzled during UDI. Explaining business quiescence, Rowe, for example, pointed out that the government retaliated harshly against anyone who mobilised political opposition against the regime. Further, it changed the institutional structure of the colony’s market in a way that increased business’ economic dependency on government and finally, the government took advantage of differential effect of sanctions on different sectors of the business community to prevent business from speaking with one voice. Rowe claimed ‘the RF was highly distrustful of the business community. It suspected that business might not only lobby against it politically, but use its powers over investment, employment, and finance to impose significant penalties on the government for provoking sanctions.’\textsuperscript{12}

The RF’s distrust and suspicion of the business community may have been well founded but there is a paradox to this government attitude. When sanctions were imposed on Rhodesia, the government depended on the same business for its survival. The UDI state specifically and deliberately supported industrialists as it saw these as the lifeline to the economy and to creating employment (pp.155-160). By its own admission, ‘the extraordinary expansion of manufacturing industry in Rhodesia … [was] one of the main reasons for [the country’s] success in achieving, despite all opposition (my emphasis), a rate of economic growth that is the envy of the many developed, let alone undeveloped countries.’\textsuperscript{13} As Property and Finance reported in April 1975, there was collusion between government and conglomerates (ppqua.187-188). The admission by the government and reports by P&F were not unfounded. They reveal the existence of collaboration (though this may have been clandestine) between the state and business. Judged against these

\textsuperscript{11} Quoted in Girdlestone, ‘Manufacturing and Construction’, 123.
\textsuperscript{12} Rowe, \textit{Manipulating the Market}, 113.
\textsuperscript{13} NAZ 3285/9/40, Minister of Commerce & Industry Speeches: Minister’s address to Midlands Chamber of Industries, 25 February, 1971; and also Phimister and Gwande, ‘Secondary Industry and Settler Colonialism’.
realities, the characterisation that business community including industrialists, was muzzled, is unsustainable.

The government also altered the institutional structure of markets through import control and foreign currency allocation. Rowe explains that this was used by the government to dampen collective political opposition through either withholding a currency allocation or import license from an individual firm, or rewarding compliant political behavior. The government used its discretion in awarding allocations to build networks of political support among the business community. In particular, the government targeted the industrial sector because of this sector’s now critical role in maintaining employment and replacing goods lost to sanctions.14 By contrast, this thesis demonstrated that as far as currency allocations and import control were concerned, the private sector was consulted from the outset. In fact, ARnI and ACCOR were the principal agents in the administration of import control and currency allocation. The Ministry of Commerce and Industry split the Treasury’s allocation of foreign exchange into the broad categories of Special Requirements, ARnI allocations and ACCOR allocations, and the detailed apportionment of these shares to individual firms was done by ACCOR and ARnI in accordance with agreed guidelines. This is evidence of close collaboration between government and business during UDI, not business obeying the dictates of government.

In making the decision to leave currency allocation to commerce and industry, the government felt that the detailed distribution of import allocations could best be done by businessmen who knew every facet of the trade or industry. How, therefore, could this cooperation and collaboration be seen as manipulation? If anything, government was finally acting in the manner that industrialists for long clamoured. Besides, failing to foster industrial development during the times was a gamble which the government could not afford, vis a vis sanctions. The government had limited options, if any, in the circumstances but to assist. So it was not out of any tactical plan to control business but a pragmatic strategy to keep the industrial sector going in light of its now crucial role.

Rowe further argues:

by seeding serious conflicts between firms over the distribution of foreign exchange, the government also impeded their ability to act collectively on larger issues. Thus, the very structure of the foreign exchange system created a pattern of incentives that divided firms and raised the level of mistrust between them, weakening their ability to pursue a collective policy of opposition.15

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14 Rowe, Manipulating the Market, 117.
15 Ibid, 120.
Although foreign currency allocations created tensions between industry and commerce, as Commerce claimed that government favoured industry (pp. 171-173), it was not a deliberate plan to play divide and rule between the sectors thereby thwarting collective political opposition. It was inevitable during the changed circumstances of UDI. Commerce relied mostly on import trade. With sanctions, this was gone as the government sought to conserve foreign currency. In so doing, ISI became preferred policy. This favoured local industrialists. Logically, they received favourable allocations in order to import critical capital goods and raw materials necessary for industrial expansion. This sharply contrasts with previous years when the government policy of limited interference favoured commerce.

Since the focus was now on expanding and diversifying the local economy, huge currency allocations for inessential imports were no longer necessary as they eroded foreign exchange reserves. The government prioritised the capitalisation of local industry to capacitate it to increase chances of exports that could gain more foreign exchange. Rowe overlooked this when emphasising the divide and rule tactics. Instead of manipulation, this study therefore suggested that the relationship between the state, industrialists and other economic interests group following UDI can be described in Skalnes’ term, as societal corporatism. Government intervention in the economy was inevitable under the circumstances.

Amidst all these dynamics, the range of industrial output expanded from 602 products in 1963 to 1059 in 1966 to 3837 in 1970, and 65% of these products in 1970 were monopoly products (p.196). By 1972, 98 (representing 7, 6% of the total firms) firms with a gross output of $2 000 000 and over, out of a sectorial total of 1 285 firms, accounted for $520 663 000 worth (60, 4%) of all industrial production (pp.196-198). However, with the intensification of the armed struggle, biting sanctions, the oil crisis and its attendant world recession and inflation of the mid-1970s, the momentum of industrial growth slackened such that between 1974 and 1978, manufacturing production declined 27%, capacity utilisation fell by 38%, and there was net loss of 50,000 urban private jobs, mainly in manufacturing and construction (p.198). By 1979, when a political settlement was reached, the manufacturing sector accounted for between 25% and 30% of the country’s export receipts (pp.198-199). All consumer goods, a growing proportion of intermediate and capital goods were now supplied from local manufacture.

By placing private enterprise, as represented by organised secondary industry at the centre of industrial development in Southern Rhodesia, this thesis provides an alternative to the narrative of industrialisation in Colonial Zimbabwe which emphasises state actions.16 Although the thesis

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16 Pangeti, ‘The State and Manufacturing’. 
acknowledges that the government was involved in the planning and establishment of major industries of national importance such as iron and steel, and the textile industries (pp.36-39), it suggests that privileging the role of the state in the development of secondary industry in Colonial Zimbabwe leaves us with an incomplete story. The great expansion and diversification of secondary industries which took place, this thesis has argued, was in large part a result of the incessant lobbying by private entrepreneurs. They achieved this through their representative organisations; Salisbury and Bulawayo Manufacturers’ Association (c.1920), Salisbury and Bulawayo Chambers of Industries (c.1930s), Association of Chambers of Industries of Rhodesia (1941-1949), the FRI (1949-1957), ARNI (1957-1964) and the ARnI (1964-1979). The pressures on foreign exchange resources forced governments to control and sometimes restrict industrial projects that needed imported plant or raw materials. Yet the initiative for establishment of new industries or the expansion and diversification of the old came from the private sector. During the UDI, private enterprise was responsible for Rhodesia’s successful sanction-busting. Neither the state nor civil servants knew more than the individuals who had spent their lives in their particular business. Thanks to societal corporatism, civil servants learnt a lot from private enterprise about business methods and were able to advise the government on particular problems.

The study has also cast doubt on the characterisation of Southern Rhodesia’s industrialisation as an ISI. Even the Sadie Report made this observation: ‘Import substitution has, up to 1965 at least, not been the major incentive or goal in industrial development.’ This thesis has demonstrated that even during the UDI, ISI was not a deliberate government policy to achieve an industrialised-country status. ISI in Rhodesia occurred by default. This Rhodesian experience was similar to that of British India during the Great Depression of the 1930s. As attested to by Akita, ‘the Government of India introduced emergency measures like surcharges and increased tariff rates to tackle the fiscal problems. These policies, in turn, unintentionally accelerated the growth of Indian cotton industries, and the same tendency could be found in the case of Indian iron and steel, and the development of the Tata Iron and Steel Works.’ In the case of Rhodesia, it was by default because of the interruptions in international trade caused by the war and sanctions. War and sanctions cut off imports, forcing the country to rely on local industries. Freed from international competition, local factories maximized and filled in the vacuum. It is to this extent that some scholars refer to the industrial development of that era as ISI. ISI in Rhodesia may have been overstated. ISI bumped up against its own limitations. The characterisation of Rhodesia’s

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17 Sadie Report, 8.
18 Akita, ‘British Economic Interests and International Order of Asia in the 1930s’, 33.
industrial growth as an ISI falls short in that the phenomenon only explains developments in a particular period, for example the Second World War and UDI, but not the whole story of how Colonial Zimbabwe industrialised. As this thesis demonstrated, the industrialisation in Southern Rhodesia can be accounted for by examining the relationship between the state and industrialists. During UDI, ISI was also incidental because it was a by-product of the state's desire to conserve foreign exchange. It is the sequencing that one should pay closer attention to on this matter. The government’s primary goal was to preserve its foreign exchange reserves and maintain a favourable balance of payments. To achieve that, it needed to cut back on imports and expand on exports. Consequently, the government turned to the local manufacturing sector, encouraged it to diversify in order to satisfy domestic demand and widen exportable finished goods. Even more, the continued threat by the government that it would remove import control once a political settlement was reached shows that the government was not prepared to adopt import substitution as its industrial policy. This sharply contrasts with the experiences of ISI in some Latin American countries (Brazil, Chile and Argentina) and several newly-independent African countries, which adopted ISI as a deliberate developmental policy.20

The thesis also established that the major point of contention between the state, industry and other economic interest groups was protection. The discussion about protection opens a long standing debate on the best way for developing countries to achieve economic development. Does free market enterprise or state protected development provide developing countries with the best opportunities to develop?21 Neither Southern Rhodesia nor South Africa were spared from this debate. As Bozzoli observed with reference to South Africa, industrialists complained that the country’s industries were ‘backward’ due to ‘the hesitating and uncertain policy pursued in regard to protection by public opinion and by successive governments. The want of a firm, settled policy is one of the principal causes of the backward state of most of our industries…let the country commit itself definitely to [protection] policy, and our industries will at once make large strides in development.’22 In Southern Rhodesia, the state, miners, farmers and commerce were so reliant on the export market and international trade for survival (pp.23-30). They therefore, argued that adopting a protectionist policy would prejudice them in a number of ways. First, they would suffer

22 Bozzoli, The Political Nature of Ruling a Class, 112.
retaliation from other countries. Second, protecting local industry would increase the cost of production for the primary exporting industries whose unintended effect would be a decline in international trade as both exports and imports would become uncompetitive on the international and local markets, respectively. The ultimate consequence would then be loss of revenue for the government and a slackening of economic growth and development of the country.

Rhodesia also shied away from using import control as an instrument of government policy designed to stimulate industrial development, despite industrialists pressing for it incessantly. The responsible Ministers usually counter-argued that GATT ruled out the use of import control for promoting industrialisation. Instead, they proposed that industrial development was better encouraged through a judicious customs tariff. This view prevailed until the government introduced intensive import controls during UDI. Even then, their introduction opened a debate on their operative longevity. Industrialists wanted import control retained as a means of fostering industrial development. Commerce and importers particularly, desired the removal of the import controls as soon as possible and the tariff restored as the main government stimulant for industrial development. As a result, industry was never wholly protected. In this regard the thesis supports the conclusion reached by Mlambo and Phimister in their study on the origins and development of the textile industry in Southern Rhodesia. They concluded that the sector was partly protected. This study has demonstrated that not only the textile sector but the whole of secondary industry was, partly protected.

Prominent in the debate about protection is the idea of interest group politics or inter-group conflicts. Alive to their existence, Musset, Minister of Commerce and Industry during UDI, acknowledged the inevitability of struggles. Addressing industrialists in 1971, he conceded that ‘a fast developing economy such as ours is…full of apparent conflicts, jostling and splashing, but all going in the same direction and getting bigger all the time.’ Bozzoli made similar observations in her analysis of the rise of a national bourgeoisie in South Africa. Unlike Rhodesian manufacturing interests, South African manufacturing capital had the advantage of having an organic intellectual, W. J. Laite, in its rank, who provided the sector with organisational and ideological capabilities when needed for the furtherance of its interests in the face of opposition from the state and other classes. Because of the absence of a Rhodesian Laite, secondary industry in Southern Rhodesia, took longer to establish and galvanise. The country’s industrial development received much

23 Mlambo and Phimister, ‘Partly Protected’.
criticism from other interest groups. They alleged that manufacturing development was ‘an exotic plant, artificially matured in the hot house atmosphere of sanctions and import controls that will wither away at the first cold blast of competitive air from the outside world.’

Even more, the government and the Ministry were blamed for approving new industrial projects injudiciously and diverting scarce foreign exchange into keeping production going in the industrial sector to the detriment of other sectors and the availability of consumer goods.

However, for the first time since the 1930s, the government defended industrial development in the 1970s. The government explained that a thriving industrial sector generated widespread economic benefits; even where their raw materials were imported, their transformation into finished goods utilised local resources such as other materials and labour, supported service industries, created a demand for goods and services of all kinds and in general, supported a far higher level of economic activity than would the bare importation and distribution of goods. Manufacturing provided an important core of stable employment and activity, little affected by vagaries of weather or fluctuating market prices. For these reasons, the manufacturing sector deserved preferential treatment. Noting the state’s position during UDI does not undermine the overall argument that private enterprise drove the industrialisation of Colonial Zimbabwe between 1939 and 1979. But it is merely to acknowledge the occasionally positive state attitude towards industrial development. Otherwise the contention remains that it was industrialists, with uneven and irregular state support, who laid the base for a solid secondary industrial sector.

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26 NAZ S3285/9/40, Minister of Commerce & Industry Speeches: Minister’s address to Midlands Chamber of Industries, 25 February, 1971.
27 Ibid.
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227

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