

# **State, Civil Society and the Politics of Economic Indigenisation in Zimbabwe, 1980 to 2016**

By

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Really, it is better to have capitalism which is based here, rooted here, domesticated here, than capitalism which is absolutely foreign.

President Robert Mugabe, 6 January 1991.

Cited in *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; col. 4080.

... all Zimbabweans, regardless of origin, political affiliation or any other difference, might look upon this word 'indigenisation' as meaning a new attempt at real independence, economic independence. We should refuse to be divided by those who would use this word cruelly or opportunistically as a political weapon or as a term of contempt.

Mwana Wevhu (Son of the Soil), 3 March 1991.

Mwana Wevhu, 'What does "indigenisation" mean to you?', *The Financial Gazette*, 3 March 1994, p. 12.

## **Declaration**

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

Signature: ..... Date: 28 September 2017

**Musiwaro Ndakaripa**

## **Abstract**

### **State, Civil Society and the Politics of Economic Indigenisation in Zimbabwe, 1980 to 2016**

Using a broad civil society conceptual framework, this thesis examines the relations between the state and interest groups concerned with economic indigenisation in Zimbabwe from 1980 to 2016. During this period, the state maintained that the indigenisation policy addresses colonial injustices by facilitating the entry of indigenous people, mainly blacks, into the mainstream economy. The state also claimed the policy curbs the exploitation of natural and human resources by foreign capital.

Emerging from the liberation struggle, the Zimbabwe African National Union – Patriotic Front (ZANU-PF) government adopted a pragmatic approach to accommodate the interests of both white and black interest groups in the 1980s. The state's rather weak support of black enterprises during the 1980s is described in this study as proto-indigenisation. The state's interactions with business associations and trade unions on matters of proto-indigenisation are explained using Antonio Gramsci's theory of hegemony which advances that governments use both 'persuasion' and 'coercion' to dominate social groups. Statist analysis, which explains how states use their power to side line civil society on national affairs, is also useful because the government often ignored the demands of black interest groups when it felt their demands threatened the economy. Peter Evans' embedded autonomy concept which applauds dense ties and cooperation between the state and society on economic policies best explains the collaboration between the Confederation of Zimbabwe Industries (CZI) and the government on the black advancement policy (in which blacks were appointed and promoted on the labour market).

The adoption of Economic Structural Adjustment Programme (ESAP) in the 1990s led to increased demands by indigenous interest groups for affirmative action measures to facilitate black entry into the mainstream economy. The complex relations between the state, indigenous and established interest groups on indigenisation are explained within the context of neoliberalism. Indigenous interest groups feared that neoliberal economic reforms would benefit large white and foreign enterprises only and demanded a stronger role for black entrepreneurs. Paradoxically, despite accusations levelled against them, 'neoliberal' established business associations such as the Zimbabwe National Chamber of Commerce (ZNCC) and CZI supported black enterprises. This reveals the complex nexus between neoliberalism and indigenisation in the 1990s.

Between 2000 and 2008, the state's relations with interest groups concerned with indigenisation were shaped by the country's political and economic crisis. The

emergence of the Movement for Democratic Change (MDC) and its ties with pro-democracy civil society had the effect, in reaction, of cementing patronage ties between the ZANU-PF government and indigenous interest groups. These patronage ties are explained using the public choice concept which contends that interest groups' interactions with political elites are influenced by the need for economic gain. Attempts to adopt a plural approach to indigenisation in the 2000s through the National Economic Consultative Forum (NECF) failed because of the ZANU-PF government's unilateral tendencies. Statist analysis is used to explain how the ZANU-PF government enacted the Indigenisation and Economic Empowerment Act of 2007 despite fierce opposition from the Reserve Bank of Zimbabwe (RBZ), MDC parties and established business associations.

During the power sharing government era, between 2009 and 2013, ZANU-PF implemented the Indigenisation Act in a typical statist fashion. Dissenting voices from the MDC parties, the RBZ, established business associations, and other civil society organisations were ignored. The ZANU-PF government's reconsideration to review the Indigenisation Act in the post-power sharing era vindicates voices critical of the indigenisation programme.

Arguably, for much of the post-colonial period, the ZANU-PF - controlled state was hegemonic on indigenisation. Although the views of interest groups were occasionally considered, the state formulated and implemented the policy in a manner which mainly protected its own interests. Succinctly, state-civil society relations on indigenisation in Zimbabwe have been complex and evolving. These relations are explained in this thesis using various conceptual analyses.

**Key words:** state, civil society, interest groups, politics, economic indigenisation, empowerment, affirmative action, black advancement, development.

## Abstrak / Opsomming

### Staat, Burgerlike Gemeenskap en die Politiek van Ekonomiese verinheemsing in Zimbabwe, 1980 tot 2016

Deur gebruik te maak van 'n breë burgerlike gemeenskap konseptuele raamwerk, ondersoek hierdie tesis die verhoudings tussen die staat en belangegroepe wat besorgd was oor die ekonomiese inheemswording in Zimbabwe vanaf 1980 tot 2016. Gedurende hierdie tydperk het die staat volgehou dat die beleid van verinheemsing koloniale ongeregtighede aangespreek het deur die toetrede van inheemse mense, veral swartes, tot die hoofstroom ekonomie te fasiliteer. Die staat het ook beweer dat die beleid die uitbuiting van natuurlike en menslike hulpbronne deur buitelandse kapitaal beperk het.

Na afloop van die vryheidstryd, het die *Zimbabwe African National Union - Patriotic Front* (ZANU-PF) regering na vore getree en 'n pragmatiese benadering gevolg om die belange van beide blanke - en swart belangegroepe in die 1980's te akkommodeer. Die staat se swak ondersteuning van swart ondernemings gedurende die 1980's word in hierdie studie as proto-inheemswording beskryf. Die staat se interaksies met sakegenootskappe en vakbonde aangaande proto-inheemswording word verduidelik met behulp van Antonio Gramsci se teorie van oorheersing wat voorstel dat regerings beide 'oortuiging' en 'dwang' gebruik om sosiale groepe te oorheers. Statistiese analise, wat verduidelik hoe state hul mag gebruik om burgerlike gemeenskappe en nasionale sake op te stoot, is ook van belang omdat die regering dikwels die eise van swart belangegroepe geïgnoreer het wanneer dit voorgekom het dat hulle eise die ekonomie sou bedreig. Peter Evans se konsep van gevestigde outonomie wat noue samewerking tussen die staat en die gemeenskap oor ekonomiese beleide hoog op die prys stel, verduidelik goed hierdie samewerking tussen die *Confederation of Zimbabwe Industries* (CZI) en die regering aangaande die swart vooruitgangsbeleid (waar swartes aangestel en bevorder word in die arbeidsmark).

Die aanvaarding van die *Economic Structural Adjustment Program* (ESAP) in die 1990's het gelei tot eise deur inheemse belangegroepe vir regstellende aksie maatreëls om swart toetrede tot die hoofstroom ekonomie te fasiliteer. Die komplekse verhoudings tussen die staat, inheemse asook gevestigde belangegroepe oor verinheemsing word verduidelik binne die konteks van neoliberalisme. Inheemse belangegroepe was bevrees dat neoliberale ekonomiese hervormings net tot die voordeel van groot blanke en buitelandse ondernemings sou dien en het aangedring op 'n sterker rol vir swart entrepreneurs. Ten spyte van beskuldigings wat teen hulle ingebring was, het 'neoliberale' gevestigde besigheidsverenigings soos die *Zimbabwe National Chambers of Commerce* (ZNCC) en CZI swart ondernemings ondersteun. Dit openbaar die komplekse verband tussen neoliberalisme en inheemswording in die 1990's.

Tussen 2000 en 2008 was die staat se verhouding met belangegroepe wat betrokke was by verinheemsing beïnvloed deur die land se politieke en ekonomiese krisis. Die opkoms van die *Movement for Democratic Change* (MDC) en sy bande met pro-demokratiese burgerlike gemeenskappe het die reaktiewe effek gehad dat bande tussen die ZANU-PF-regering en inheemse belangegroepe verstewig het. Hierdie lojaliteitsbande word verduidelik met behulp van die openbare keuse konsep wat beweer dat belangegroepe se interaksies met die politieke elite beïnvloed word deur die behoefte aan ekonomiese aanwinst. Pogings om 'n veelvuldige benadering tot inheemswording aan te neem in die 2000's deur middel van die *National Economic Consultative Forum* (NECF) was onsuksesvol as gevolg van eensydige neigings die ZANU-PF-regering. Statistiese analise word gebruik om te verduidelik hoe die ZANU-PF-regering die *Indigenisation and Economic Empowerment Act* van 2007 bekragtig het ten spyte van erge teenstand van die Reserwebank van Zimbabwe (RBZ), MDC partye en gevestigde besigheids-genootskappe.

Gedurende die magsverdeling regering era, tussen 2009 en 2013, het ZANU-PF die *Indigenisation Act* geïmplementeer op 'n tipiese statistiese wyse. Afkeurende stemme uit die MDC partye, die RBZ, gevestigde besigheids-genootskappe, en ander burgerlike organisasies was geïgnoreer. Die ZANU-PF-regering se oorweging om die *Indigenisation Act* te hersien in die post-magsverdeling era, regverdig diegene wat krities is oor die verinheemsing program.

Vir 'n groot deel van die post-koloniale tydperk was die ZANU-PF-beheerde staat waarskynlik hegemonies oor verinheemsing. Hoewel die menings van belangegroepe soms in aanmerking geneem was, het die staat die beleid geformuleer en geïmplementeer op 'n wyse wat hoofsaaklik hul eie belange beskerm het. Eenvoudig gestel, het verhoudings tussen die staat en burgerlike gemeenskap oor verinheemsing in Zimbabwe kompleks en veranderend gebly. Hierdie verhoudings word in hierdie tesis verduidelik met behulp van verskeie konseptuele analises.

**Sleutel woorde:** staat, burgerlike gemeenskap, belangegroepe, politiek, ekonomiese verinheemsing, bemagtiging, regstellende aksie, swart vooruitgang, ontwikkeling.

## Table of Contents

|                                                |      |
|------------------------------------------------|------|
| Abstract .....                                 | i    |
| Abstrak / Opsomming .....                      | iii  |
| Table of Contents .....                        | v    |
| Acknowledgements .....                         | viii |
| Dedication .....                               | xi   |
| List of Tables .....                           | xii  |
| List of Figures .....                          | xiii |
| Notes on Zimbabwean dollar exchange rate ..... | xv   |
| Maps .....                                     | xvii |
| Abbreviations and Acronyms .....               | xix  |

### Chapter One

|                                                                       |          |
|-----------------------------------------------------------------------|----------|
| <b>Introduction and conceptual framework .....</b>                    | <b>1</b> |
| Genesis and scope of the study .....                                  | 1        |
| Zimbabwean constructions of the indigenisation concept .....          | 10       |
| State, civil society and development: Perspectives and concepts ..... | 21       |
| Statism .....                                                         | 22       |
| Public choice .....                                                   | 24       |
| Pluralism .....                                                       | 26       |
| Embedded autonomy .....                                               | 27       |
| Neoliberalism .....                                                   | 28       |
| Sources .....                                                         | 30       |
| Organisation and structure of the thesis .....                        | 32       |

### Chapter Two

|                                                                                         |           |
|-----------------------------------------------------------------------------------------|-----------|
| <b>Colonial political economy and its legacy: Race, class and interest groups .....</b> | <b>34</b> |
| Introduction .....                                                                      | 34        |
| Colonial political economy .....                                                        | 35        |
| Land policy .....                                                                       | 39        |
| Labour policy .....                                                                     | 40        |
| Education and manpower training policy .....                                            | 44        |
| Economic marginalisation .....                                                          | 46        |
| Outcomes of colonial political economy .....                                            | 54        |
| Mired in legacy: The post-colonial era .....                                            | 56        |
| Indigenisation .....                                                                    | 59        |
| Agrarian indigenisation .....                                                           | 61        |
| Conclusion .....                                                                        | 64        |

## **Chapter Three**

### **Crisis of expectation and proto-indigenisation, 1980 to 1990 ...66**

|                                                                                                                |     |
|----------------------------------------------------------------------------------------------------------------|-----|
| Introduction .....                                                                                             | 66  |
| State, interest groups and national development framework ....                                                 | 67  |
| Proto-indigenisation in a socialist framework .....                                                            | 72  |
| Proto-indigenisation in commerce and industry .....                                                            | 75  |
| Role of the state .....                                                                                        | 75  |
| Role of black interest groups .....                                                                            | 83  |
| Role of white business associations .....                                                                      | 89  |
| Associated Chambers of Commerce of Zimbabwe (ACCOZ) .....                                                      | 89  |
| The rise of the Zimbabwe National Chamber of Commerce (ZNCC) and the fall of black commerce associations ..... | 92  |
| Confederation of Zimbabwe Industries (CZI) .....                                                               | 95  |
| Proto-indigenisation in the mining sector .....                                                                | 99  |
| Conclusion .....                                                                                               | 108 |

## **Chapter Four**

### **Affirmative action versus meritocracy: The black advancement debate, 1980 to 1990 .....109**

|                                                                                             |     |
|---------------------------------------------------------------------------------------------|-----|
| Introduction .....                                                                          | 109 |
| Black advancement as economic indigenisation .....                                          | 110 |
| Dissecting the affirmative action versus meritocracy discourse ...                          | 115 |
| State-interest group debate on black advancement: Sectors and case studies .....            | 118 |
| Public Service .....                                                                        | 119 |
| Semi-autonomous sector .....                                                                | 125 |
| National Railways of Zimbabwe (NRZ) black advancement crisis and statist intervention ..... | 129 |
| Private sector .....                                                                        | 136 |
| CZI-government relations on black advancement: A case of embedded autonomy ...              | 149 |
| Conclusion .....                                                                            | 161 |

## **Chapter Five**

### **Contradistinctions and contradictions: Neoliberalism-indigenisation nexus, 1991 to 1999 .....163**

|                                                                |     |
|----------------------------------------------------------------|-----|
| Introduction .....                                             | 163 |
| Neoliberalism-indigenisation conundrum .....                   | 164 |
| Contradistinctions in interest groups .....                    | 179 |
| Role of indigenous interest groups .....                       | 180 |
| Role of established business associations .....                | 191 |
| 'Love-hate' relations, skirmishes and ambiguous engagement ... | 198 |
| Contradictions in the indigenous interest group movement ..... | 203 |
| Conclusion .....                                               | 210 |

|                                                                                                                        |            |
|------------------------------------------------------------------------------------------------------------------------|------------|
| <b>Chapter Six</b>                                                                                                     |            |
| <b>‘100% Empowerment. Total Independence’: Crisis and indigenisation, 2000 to 2008</b>                                 | <b>212</b> |
| Introduction                                                                                                           | 212        |
| Crisis and interest group politics                                                                                     | 213        |
| New political configuration and changing indigenisation                                                                | 225        |
| The National Economic Consultative Forum (NECF) and indigenisation:                                                    |            |
| A pluralist experiment                                                                                                 | 230        |
| Win by empowerment?: Indigenisation legislation debates                                                                | 233        |
| The Indigenisation and Economic Empowerment Bill                                                                       | 234        |
| The Mines and Minerals Amendment Bill                                                                                  | 249        |
| Conclusion                                                                                                             | 254        |
| <br>                                                                                                                   |            |
| <b>Chapter Seven</b>                                                                                                   |            |
| <b>Enforcing the Indigenisation Act: Power sharing government and beyond, 2009 to 2016</b>                             | <b>256</b> |
| Introduction                                                                                                           | 256        |
| Power sharing government and the indigenisation ‘monster’                                                              | 257        |
| Enforcing the Indigenisation Act: Sectors and actors                                                                   | 268        |
| Mining sector                                                                                                          | 274        |
| Manufacturing sector                                                                                                   | 282        |
| Banking sector                                                                                                         | 286        |
| Reserved sectors                                                                                                       | 290        |
| Indigenisation at cross roads?: The post-power sharing era                                                             | 292        |
| Conclusion                                                                                                             | 300        |
| <br>                                                                                                                   |            |
| <b>Chapter Eight</b>                                                                                                   |            |
| <b>Conclusion: Indigenisation in retrospect</b>                                                                        | <b>302</b> |
| <br>                                                                                                                   |            |
| <b>Appendix</b>                                                                                                        | <b>310</b> |
| List of companies which submitted Employee Share Ownership Scheme plans to the Indigenisation Ministry by 1 July 2013. | 310        |
| <br>                                                                                                                   |            |
| <b>Bibliography</b>                                                                                                    | <b>316</b> |

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## **Dedication**

To all social justice activists

## List of Tables

|                                                                                                                                              |     |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Table 3.1: Comparative overview of loans (numbers) approved by SEDCO in different sectors between 1986 and 1989 .....                        | 82  |
| Table 3.2: Comparative overview of loans (value) approved by SEDCO in different sectors between 1986 and 1989 .....                          | 82  |
| Table 3.3: CZI's 1989 survey results on ownership structure of the manufacturing sector .....                                                | 97  |
| Table 4.1: Non-educational establishments: Payroll distribution by racial group, July 1981 .....                                             | 112 |
| Table 4.2: All sectors of the economy: Income ranges for professional, skilled and semi-skilled persons. Zim\$ Per Month, 1980 to 1981 ..... | 113 |
| Table 4.3: Sectoral variations in state control, resistance to black advancement and interest group activity, 1980 to 1990 .....             | 119 |
| Table 4.4: Race and black advancement in the public service, 1980/1981 to 1984 .....                                                         | 121 |
| Table 4.5: Wholesale and retail trade: Skill and nationality by occupation, 1980 to 1981 .....                                               | 145 |
| Table 4.6: Management levels and functional race in sample CZI member companies, 1989 to 1990 .....                                          | 160 |
| Table 4.7: New management appointments in sample CZI member companies with particular focus on level and race, 1989 to 1990 .....            | 160 |
| Table 5.1: Construction sector - Number of non-indigenous contractors in each category and grade, 1990 to 2000 .....                         | 185 |
| Table 5.2: Construction sector - Number of indigenous contractors in each category and grade, 1980 to 2000 .....                             | 186 |
| Table 6.1: Reserve Bank of Zimbabwe recommended time profiling of indigenisation process .....                                               | 244 |
| Table 7.1: Sectors of the economy predominantly indigenised or under government control, July 2011 .....                                     | 265 |
| Table 7.2: Sectors targeted for indigenisation .....                                                                                         | 265 |
| Table 7.3: Community Share Ownership Trusts (CSOTs) launched between October 2011 and December 2012 .....                                    | 279 |
| Table 7.4: Ownership structure of financial institutions, May 2013 .....                                                                     | 288 |
| Table 7.5: Company closures and employees affected (2011-2014) ...                                                                           | 295 |

## List of Figures

|                                                                                                                                                                                                                                                                                                             |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Figure 3.1: 1986 SEDCO loan demands by different types of owners .....                                                                                                                                                                                                                                      | 78  |
| Figure 3.2: Ownership profiles of enterprises which received SEDCO loans in 1989 .....                                                                                                                                                                                                                      | 79  |
| Figure 3.3: Comparative analysis of number of loans approved by SEDCO between 1984 and 1990 .....                                                                                                                                                                                                           | 80  |
| Figure 3.4: Comparative analysis of the value of loans (ZIM\$ million) approved by SEDCO between 1984 and 1990 .....                                                                                                                                                                                        | 81  |
| Figure 5.1: A cartoonist's impression of the relationship between Vice-President Joshua Nkomo and the IBDC .....                                                                                                                                                                                            | 204 |
| Figure 5.2: A cartoonist's impression of businessmen who could and who could not join IBDC .....                                                                                                                                                                                                            | 205 |
| Figure 6.1: Photograph taken on 21 March 2002 at Zimbabwe House showing IBDC president Ben Muccheche and IBDC secretary general Enock Kamushinda congratulating President Robert Mugabe after his 'victory' in the presidential election held on 9, 10 and 11 March 2002 .....                              | 220 |
| Figure 6.2: ZANU-PF campaign poster for the 31 March 2005 parliamentary elections .....                                                                                                                                                                                                                     | 236 |
| Figure 6.3: ZANU-PF campaign poster for the 31 March 2005 parliamentary elections .....                                                                                                                                                                                                                     | 237 |
| Figure 6.4: ZANU-PF campaign poster for the 27 June 2008 presidential run-off election .....                                                                                                                                                                                                                | 247 |
| Figure 6.5: ZANU-PF campaign poster for the 27 June 2008 presidential run-off election .....                                                                                                                                                                                                                | 248 |
| Figure 7.1: A cartoonist's impression of how ZANU-PF used the indigenisation drive to hoodwink the electorate during the PG era .....                                                                                                                                                                       | 260 |
| Figure 7.2: A cartoonist's impression of the effect of indigenisation on foreign investment during the PG era .....                                                                                                                                                                                         | 262 |
| Figure 7.3: Percentage Ownership Structure of the Economy, 2012 .....                                                                                                                                                                                                                                       | 267 |
| Figure 7.4: Photograph. President Robert Mugabe witnessing the handover of a US\$10 million cheque for the Zimplats Community Share Ownership Trust to Youth Development, Indigenisation and Empowerment Minister Saviour Kasukuwere by chairman of Zimplats David Brown in Selous on 13 October 2011 ..... | 279 |
| Figure 7.5: Photograph. President Robert Mugabe posing for a picture with Schweppes workers' representative Ms Brenda Mubonderi and Waterton Investments chairman Mr Steve Kuipa at the launch of the Schweppes Employee Share Ownership Scheme in Harare on 18 October 2012 .....                          | 285 |

|                                                                                  |     |
|----------------------------------------------------------------------------------|-----|
| Figure 7.6: Ownership structure of the economy, 2014 .....                       | 297 |
| Figure 7.7: Gross Domestic Product Growth rate in percentage, 2009 to 2014 ..... | 298 |
| Figure 7.8: Ownership structure of the economy, 2015 .....                       | 298 |

## Notes on Zimbabwean dollar exchange rate

Most funds discussed in this thesis are given in Zimbabwean dollars (ZIM\$) and United States dollars (US\$). Due to inflation the Zimbabwean dollar was revalued two times since 1980. It was first revalued in August 2006, marking the beginning of the Second Zimbabwean dollar.<sup>1</sup> The second revaluation in July 2008 ushered the era of the Third Zimbabwean dollar. The Zimbabwean dollar was abandoned in 2009 as the market adopted hard currencies, mainly the United States dollar. The Zimbabwean dollar was reintroduced at the end of 2016 and the government pegged it as equal to the United States dollar. Three tables below show the exchange rate history of the Zimbabwean dollar. The rates after 1997 are best used as estimates because of the disparity between the official and the informal market rate. Tables below were drawn by the author using figures from: Zimbabwean dollar, [https://en.wikipedia.org/wiki/Zimbabwean\\_dollar](https://en.wikipedia.org/wiki/Zimbabwean_dollar). Accessed on 27/12/2016.

### First dollar

| Month / Year | Exchange rate (US\$ to ZIM\$) |
|--------------|-------------------------------|
| 1983         | 1: 1                          |
| 1997         | 1: 10                         |
| 2000         | 1: 100                        |
| June 2002    | 1: 1 000                      |
| March 2005   | 1: 10 000                     |
| January 2006 | 1: 100 000                    |
| July 2006    | 1: 500 000                    |

Source: [https://en.wikipedia.org/wiki/Zimbabwean\\_dollar](https://en.wikipedia.org/wiki/Zimbabwean_dollar).

### Second dollar

| Month / Year  | Exchange rate (US\$ to ZIM\$) |
|---------------|-------------------------------|
| August 2006   | 1: 650                        |
| January 2007  | 1: 4800                       |
| December 2007 | 1: 4 000 000                  |
| July 2008     | 1: 758 530 000 000            |

Source: [https://en.wikipedia.org/wiki/Zimbabwean\\_dollar](https://en.wikipedia.org/wiki/Zimbabwean_dollar).

<sup>1</sup> Zimbabwean dollar. [https://en.wikipedia.org/wiki/Zimbabwean\\_dollar](https://en.wikipedia.org/wiki/Zimbabwean_dollar). Accessed on 27/12/2016.

### Third dollar

| Day / Month / Year | Exchange rate (US\$ to ZIM\$) |
|--------------------|-------------------------------|
| 15 August 2008     | 1: 244.83                     |
| 15 September 2008  | 1: 29283                      |
| 14 October 2008    | 1: 29317.7                    |
| 8 November 2008    | 1: 29325                      |

Source: [https://en.wikipedia.org/wiki/Zimbabwean\\_dollar](https://en.wikipedia.org/wiki/Zimbabwean_dollar).



Map 2: A map of Zimbabwe showing major cities, towns and road network



Source: Google Maps.

<https://www.google.co.za/search?q=maps+of+zimbabwe&biw=1366&bih=673&bm=isch&imgil=Xj5VESpfAhciZM%253A%253BhpWKp-ja22M>. (Accessed on 27/12/2016).

## List of abbreviations and acronyms

AAG - Affirmative Action Group  
ABPA - African Business Promotion Association  
ACCOZ - Associated Chambers of Commerce of Zimbabwe  
AFU - Southern Rhodesia African Farmers Union  
APAs - African Purchase Areas  
ATC - African Traders Confederation  
BAZ - Bankers Association of Zimbabwe  
BRPC - Brian Raftopoulos Private Collection  
BRPC2 - Brian Raftopoulos Private Collection Box 2  
BSAC - British South Africa Company  
CAZ - Conservative Alliance of Zimbabwe  
CFU - Commercial Farmers Union  
CIFOZ - Construction Industry Federation of Zimbabwe  
CSOs - civil society organisations  
CSOTs - Community Share Ownership Trusts  
CZI - Confederation of Zimbabwe Industries  
EMCOZ - Employer's Confederation of Zimbabwe  
ESAP - Economic Structural Adjustment Programme  
FTLRP - Fast Track Land Reform Programme  
GDP - Gross Domestic Product  
IBDC - Indigenous Business Development Centre  
IBWO - Indigenous Business Women Organisation  
ICU - Rhodesian Industrial and Commercial Workers' Union of Africa  
IMF - International Monetary Fund  
IOBD - Institute of Business Development  
MDC - Movement for Democratic Change  
MDC-M - Movement for Democratic Change (Mutambara)  
MDC-T - Movement for Democratic Change (Tsvangirai)  
MMCZ - Minerals Marketing Corporation of Zimbabwe  
N/C - Non-Constituent Member of Parliament  
NCA – National Constitutional Assembly  
NECF - National Economic Consultative Forum  
NFZA - National Farmers' Association of Zimbabwe  
NIEEB - National Indigenisation and Economic Empowerment Board  
NRZ - National Railways of Zimbabwe  
PG - power sharing government  
PLC - Parliamentary Legal Committee  
RAU – Research and Advocacy Unit  
RAWU - Railway Associated Workers' Union  
RBZ - Reserve Bank of Zimbabwe  
RCM - Rhodesia Chamber of Mines

RFNU - Rhodesia National Farmers' Union  
SADC - Southern African Development Community  
SEDCO - Small Enterprises Development Corporation  
TILCOR - Tribal Trust Land Development Corporation  
TIWU - Tobacco Industrial Workers Union  
US\$ - United States of America dollar  
WMDRT - Women's Multi Million Dollar Round Table  
ZAMA - Zimbabwe African Miners' Association  
ZANU-PF - Zimbabwe African National Union (Patriotic Front)  
ZAPU - Zimbabwe African People's Union  
ZATSO - Zimbabwe Association for Tourism and Safari Operators  
ZBCA - Zimbabwe Building Construction Association  
ZCC - Zimbabwe Chamber of Commerce  
ZCIPG - Zimbabwe Council of Indigenous Pressure Groups  
ZCTU - Zimbabwe Congress of Trade Unions  
ZEEC - Zimbabwe Economic Empowerment Council  
ZIBA - Zimbabwe Businessmen's Association  
ZIEA - Zimbabwe Importers and Exporters Association  
ZIEEO - Zimbabwe Indigenous Economic Empowerment Organisation  
ZIFFA - Zimbabwe Indigenous Freight Forwarders' Association  
ZIM\$ - Zimbabwean dollar  
ZIMASSET - Zimbabwe Agenda for Sustainable Socio-Economic Transformation  
ZISCO - Zimbabwe Iron and Steel Company  
ZITHOA - Zimbabwe Travel and Hospitality Operators' Association  
ZMDC - Zimbabwe Mining Development Corporation  
ZNCC - Zimbabwe National Chamber of Commerce  
ZSSMA - Zimbabwe Small-Scale Miners Association  
ZTO - Zimbabwe Transport Organisation  
ZUBA - Zimbabwe United Businessmen's Association  
ZUCCO - Zimbabwe United Chambers of Commerce  
ZWCEC - Zimbabwe Wealth Creation and Empowerment Council  
ZWRNCN - Zimbabwe Women's Resource Centre and Network

## Chapter One

### Introduction and conceptual framework

Indigenisation is not a word, not one found in any standard English dictionary anyway. It is a weapon, a banner, an insult, a new hope, a new inspiration; it is a euphemism for ruder monosyllabic words, it has the properties of a herb, the flavour of the second Zimbabwean decade.<sup>1</sup>

Mwana Wevhu (Son of the Soil), 3 March 1994.

### Genesis and scope of the study

On 21 April 2010, I was going through Hansards of the Parliament of Zimbabwe at the National Archives of Zimbabwe researching on citizenship in Zimbabwe, then my primary area of research. As I perused the Hansard of 31 May 1995, I encountered the following statement by the then Harare North legislator and a member of the Parliamentary Select Committee on Indigenisation, Tirivanhu Mudariki:

The struggle for black economic empowerment must be fought with the same tenacity like we did in the armed struggle. .... We must establish, in my view, a broad economic patriotic front, just as we did during the war, to mobilise and champion the cause of black economic empowerment and development. This patriotic front must include our heroic women, the youths, the churches, chambers of commerce, NGOs, consumers ..., political parties ... , trade unions, progressive individuals and co-operatives of course. Zimbabwe needs a rebirth, a new economic rebirth. .... The issue of building an independent national economy run by indigenous people is not for Mugabe only or Mugabe's party. It is for everybody. It must be a national movement for economic liberation.<sup>2</sup>

Succinctly, Mudariki was calling for the involvement of all social groups and civil society organisations (CSOs) in the economic indigenisation<sup>3</sup> programme, just as they supported the 1960s and 1970s liberation struggle that ended colonial rule.

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<sup>1</sup> Mwana Wevhu, 'What does "indigenisation" mean to you?', *The Financial Gazette*, 3 March 1994, p. 12.

<sup>2</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 22, No. 8, 31 May 1995; Mr Tirivanhu Mudariki, MP, Harare North; cols. 243-244.

<sup>3</sup> For brevity in this study 'economic indigenisation' is written in short as 'indigenisation'. I do not refer to other forms of indigenisation such as cultural, religious and technological unless otherwise stated.

I was intellectually stimulated by Mudariki's pronouncements. I wondered whether Mudariki was suggesting that civil society had become marginalised over indigenisation in the mid-1990s. I brainstormed and pondered on the role of civil society in the indigenisation debate then topical. This became the genesis of my study. I became curious to understand the role of business associations, indigenous interest groups, trade unions and Non-Governmental Organisations (NGOs) in indigenisation. A number of questions which needed scholarly answers came to my mind: Does the state consider CSOs as partners on the indigenisation policy? Does the state accept advice from CSOs? Do CSOs have alternatives? How do CSOs themselves relate on this policy? How do opposition political parties relate with the state and CSOs on this policy? More importantly, I became curious to understand the extent to which the state attempted to establish what Mudariki called 'the economic patriotic front'. I also became curious to know whether the economic patriotic front materialised. The above are some of the questions which this study will attempt to answer. What became apparent in attempting to answer these questions and in my reading of secondary and primary literature on the subject was the need to assiduously adopt a multidisciplinary approach to capture the nuances of state-civil society relations on indigenisation. In 2014, I registered for a doctorate in Africa Studies at the University of the Free State in South Africa. This gave me greater leeway to effectively apply civil society concepts.

In recent years, a number of studies have stressed the positive role played by civil society in both economic policy making and development. According to David Skidmore, civil society complements the state by bringing economic players together, promoting trust and strengthening the social networks necessary to promote development.<sup>4</sup> Kunal Sen and Dirk Willem Te Velde, citing a study by K. Hisahiro, stated that civil society can contribute to development by advising the government in the 'formulation, implementation' ... 'monitoring' and providing 'feedback' to the state on economic policies.<sup>5</sup> CSOs can be independent centers of

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<sup>4</sup> David Skidmore, 'Civil Society, Social Capital and Economic Development', *Global Society*, Vol. 15, No. 1, (2001), pp. 54, 62-63.

<sup>5</sup> Kunal Sen and Dirk Willem Te Velde, 'State Business Relations and Economic Growth in Sub-Saharan Africa', *Journal of Development Studies*, No. 45, Vol. 8, (2009), p. 1270. Citing K. Hisahiro, 'Comparative analysis of

power that can monitor and whip governments into line on national affairs.<sup>6</sup> Consequently, states can improve their efficiency and transparency because of the oversight role played by CSOs.<sup>7</sup> The significance of civil society for development is acknowledged by the United Nations Development Program and the World Bank which promote collaboration between civil society and the state.<sup>8</sup> The above views and arguments justify the need to examine and historicise the contribution of Zimbabwean civil society to indigenisation.

Most studies on civil society in post-colonial Zimbabwe have focused on its relations with the state on political issues such as democratisation, elections, constitution making, civil rights and rule of law.<sup>9</sup> Less attention has been given to state-civil society relations on economic affairs. Studies by Brian Raftopoulos, France Maphosa, Volker Wild, Scott D. Taylor and Rudo Gaidzanwa focus on how the indigenisation policy lost credibility in the 1990s as it enriched an elite through patronage.<sup>10</sup> This study focuses on the period 1980 to 2016 in order to explore how

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governance: relationship between bureaucracy and policy co-ordination capacity with particular reference to Bangladesh', (Institute for International Cooperation, 2005).

<sup>6</sup> Giorgi Areshidze, 'Business associations as part of civil society', Centre for International Private Enterprise (CIPE), Development Institute, <https://www.google.co.za/#q=Giorgi+Areshidze+business+associations+as+part+of+civil+society>. Accessed on 24/4/2014.

<sup>7</sup> *Ibid.*

<sup>8</sup> Darcy Ashman, 'Civil Society Collaboration with Business: Bringing Empowerment Back in', *World Development*, Vol. 29, No. 7, (2001), p. 1097.

<sup>9</sup> Examples of such works are Jonathan N. Moyo, 'Civil society in Zimbabwe', *Zambezia*, 20, 1 (1993), pp. 1-13; Liisa Laasko, 'Relationship between state and civil society in the Zimbabwean elections 1995', *Journal of Commonwealth and Comparative Politics*, Vol. 34, No. 3, (1996), pp. 218-234; Sam Moyo, John Makumbe and Brian Raftopoulos (eds.), *NGOs, the State and Politics in Zimbabwe*, (Harare, SAPES, 2000); Sara Rich Dorman, 'Inclusion and Exclusion: NGOs and Politics in Zimbabwe', (DPhil Thesis, University of Oxford, 2001); Sara Rich Dorman, '“Rocking the boat?”: Church NGOs and democratization in Zimbabwe', *African Affairs*, 101, (2002), pp. 75-92; Sara Rich Dorman, 'NGOs and the Constitutional Debate in Zimbabwe: from Inclusion to Exclusion', *Journal of Southern African Studies*, Vol. 29, No. 4, (2003), pp. 845-863; Booker Magure, 'Civil Society's Quest for Democracy in Zimbabwe: Origins, Barriers and Prospects, 1900-2008', (DPhil Thesis, Rhodes University, 2009); Cornelias Ncube, 'Contesting hegemony: Civil society and the struggle for social change in Zimbabwe, 2000 – 2008', (DPhil Thesis, University of Birmingham, 2010) and Kirk Helliker, 'Civil society and state-centred struggles', *Journal of Contemporary African Studies*, Vol. 30, No. 1, (2012), pp. 35-47.

<sup>10</sup> Brian Raftopolous and Sam Moyo, 'The Politics of Indigenisation in Zimbabwe', (Research Paper, Institute of Development Studies, University of Zimbabwe, Harare, 1994); Brian Raftopoulos, 'Fighting for control: The indigenization debate in Zimbabwe', *Southern Africa Report*, Vol 11, No 4, (1996); France Maphosa, 'The role of kinship in indigenous businesses in Zimbabwe', (DPhil Thesis, University of Zimbabwe, 1996); Volker Wild, *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe*, (Baobab Books, Harare, 1997); France Maphosa, 'Towards the sociology of Zimbabwean indigenous entrepreneurship', *Zambezia* (1998), Vol. 25, No. 2, (1998), pp. 173 - 190; France Maphosa, 'Leadership succession: A recalcitrant problem in the indigenisation of African economies', *Zambezia*, Vol. 36, No. 2, (1999), pp. 169 – 182; Rudo

state-civil society relations on indigenisation evolved over a longer period and on a broader basis in the post-colonial era. A closer look at Zimbabwe's indigenisation historiography covering 1980 to 2016 reveals gaps which need to be filled. There is no substantive and systematic literature examining the role of black and white business associations, and trade unions in promoting the entrance of blacks in the mainstream economy during the 1980s. In addition, there is no substantive literature examining the black advancement policy (appointment and promotion of blacks at work places in the public service, parastatals and private sector) during the 1980s. The role played by business associations and trade unions on black advancement has not been examined.

Literature on indigenisation during the 1990s does exist. However, most scholars have examined the relations between the state and two indigenous interest groups, the Indigenous Business Development Centre (IBDC) and the Affirmative Action Group (AAG). Attention has not been given to other indigenous interest groups such as the Zimbabwe Wealth Creation and Empowerment Council (ZWCEC), Zimbabwe Indigenous Economic Empowerment Organisation (ZIEEO), Indigenous Business Women Organisation (IBWO), Women's Multi Million Dollar Round Table (WMDRT), Zimbabwe Building Construction Association (ZBCA), Indigenous Freight Forwarders Agents Association of Zimbabwe (IFFAAZ), Zimbabwe Indigenous Freight Forwarders' Association (ZIFFA), and the Zimbabwe Travel and Hospitality Operators' Association (ZITHOA).

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Gaidzanwa, 'Indigenisation as empowerment? Gender and race in the empowerment discourse in Zimbabwe' in Angela Cheater (ed.), *The Anthropology of Power: Empowerment and Disempowerment in Changing Structures* (Routledge, London, 1999), pp. 117-1130; Scott D. Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe' in Richard Joseph, (ed), *State, Conflict and Democracy in Africa*, (Lynne Rienner Publishers, London, 1999), pp. 239-266; Fungayi Pangeti, 'The Indigenisation of the Zimbabwean Economy: 1980 to 1999', (BA Honours Dissertation, University of Zimbabwe, 1999); Brian Raftopoulos, 'The State, NGOs and Democratisation' in Sam Moyo, John Makumbe and Brian Raftopoulos (eds.), *NGOs, the State and Politics in Zimbabwe*, (Harare, SAPES, 2000), pp. 21-46; Scott Taylor, 'The challenge of indigenization, affirmative action, and empowerment in Zimbabwe and South Africa', in Alusine Jalloh and Toyin Falola (eds.), *Black Business and Economic Power*, (Rochester, NY: University of Rochester Press, 2002), pp. 347-379; Brian Raftopoulos and Daniel Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics' in Staffan Darnolf and Liisa Laakso (eds.), *Twenty Years of Independence in Zimbabwe: From Liberation to Authoritarianism*, (Palgrave MacMillan, London, 2003), pp. 15-33; Tamuka Charles Chirimambowa, 'The Rise and Fall of the Indigenous Business Development Center (IBDC) in Zimbabwe', (BA Honours Dissertation, University of KwaZulu-Natal, 2006) and Tinashe Nyamunda, 'The state and black business development: The Small Enterprises Development Corporation and the politics of indigenization and economic empowerment in Zimbabwe', *Historia*, Vol. 61, No. 1, (2016), pp. 41-65.

The role played by established business associations such as the Zimbabwe National Chamber of Commerce (ZNCC) and the Confederation of Zimbabwe Industries (CZI) in indigenisation during the 1990s has been glossed over in existing literature. The role of the Zimbabwe Congress of Trade Unions (ZCTU) in indigenisation is rarely discussed in current historiography. This study will attempt to fill the above mentioned gaps. Not much has been written on indigenisation in the period covering 2000 to 2016. This is another void which this study will attempt to cover. The role of indigenous interest groups, established business associations and other types of CSOs will be looked at in detail. Most importantly, this study locates state-civil society relations on indigenisation in Zimbabwe from 1980 to 2016 within the broader context of civil society conceptual analysis. This study does not focus on but will make reference to agrarian indigenisation because that sector has been studied extensively.<sup>11</sup>

To put the study into context, it is prudent to define key terms which appear in the title of this thesis. In this study the state is defined as a civil government of a country which consists of the executive, legislature, judiciary and security apparatus such as the military, police, prisons and intelligence.<sup>12</sup> On several instances this study refers to the government, rather than the state, because the former crafted and implemented the indigenisation policy. In this study, government refers to a group of people who exercise executive authority within the state.<sup>13</sup> The definition of 'civil society' is contentious and has been widely debated in the humanities and social sciences. The term has been used selectively and according to the situation by

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<sup>11</sup> Examples of such works are: Tor Skålnes, 'Group interests and the state: An explanation of Zimbabwe's agricultural policies', *Journal of Modern African Studies*, Vol. 27, Vol. 1, (1989), pp. 85-107; Scott D. Taylor, 'Business and Politics in Zimbabwe's Commercial Agriculture Sector', *African Economic History*, No. 27 (1999), pp. 177-215; Angus Selby, 'Commercial farmers and the state: interest group politics and land reform in Zimbabwe', (D.Phil Thesis, University of Oxford, 2006); Rory Pilosof, 'Remaining Apolitical in a Political Crisis: Exploring Interest Group Politics', *Journal of Developing Societies*, Vol. 26, No. 1, (2010), pp. 71-97; Rory Pilosof, *The Unbearable Whiteness of Being: Farmers' Voices from Zimbabwe*, (Weaver Press, Harare, 2012).

<sup>12</sup> Johann Kaspar Bluntschli, *The Theory of the State*, (Batoche Books, Kitchner, 2000), pp. 22-29; Murray N. Rothbard, *Anatomy of the State*, (Ludwig von Mises Institute, Auburn, 2009), pp. 44-46.

<sup>13</sup> Hans Keman, 'Structure of government', *Encyclopedia of Life Support Systems (EOLS)*, (Oxford, 2000), pp. 4-5.

different groups of people with different objectives.<sup>14</sup> Petr Kopecký and Cas Mudde debunked the conventional concept of civil society and what it constitute.<sup>15</sup> Kopecký and Mudde argue that scholars use the term in reference to those associations that are seen to be promoting democracy while those assumed to work against it are regarded as ‘uncivil’ society.<sup>16</sup> They argue that there is extreme bias and politicisation in determining ‘civil’ and ‘uncivil’ society.<sup>17</sup> The above views are a tip of an iceberg on the debate over the definition of civil society.<sup>18</sup> However, for convenience this study borrows Gordon White’s definition which describes civil society as:

an intermediate associational realm between state and family populated by organizations which are separate from the state, enjoy autonomy in relation to the state and are formed voluntarily by members of society to protect or extend their interests or values.<sup>19</sup>

Here, features which distinguish civil society from other forms of organisations are independence from the state and ability to attract citizens to join them.

Falling under civil society are ‘civil society organisations’. The World Bank defines Civil Society Organizations (CSOs) as:

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<sup>14</sup> Gordon White, ‘Civil Society, Democratization and Development (I): Clearing the Analytical Ground’, *Democratization*, Vol. 1, No. 2, (1994), pp. 375-376.

<sup>15</sup> Petr Kopecký and Cas Mudde, ‘Rethinking civil society’, *Democratization*, Vol. 10, No. 3, (2003), p. 1.

<sup>16</sup> *Ibid*, p. 2.

<sup>17</sup> *Ibid*, pp. 2, 3.

<sup>18</sup> There is a lot of literature debating the concept of civil society. Examples of this literature are: Moyo, ‘Civil Society in Zimbabwe’, pp. 1-13; Chris Allen, ‘Who needs civil society?’, *Review of African Political Economy*, Vol. 24, No. 73, (1997), pp. 329-337; John Mw Makumbe, ‘Is there a civil society in Africa?’, *International Affairs*, Vol. 74, No. 2 (1998), pp. 305-317; Melvin Richter, ‘Montesquieu and the concept of civil society’, *The European Legacy: Toward New Paradigms*, Vol. 3, No. 6, (1998), pp. 33-41; Nelson Kasfir, ‘The conventional notion of civil society: A critique’, *Commonwealth and Comparative Politics*, Vol. 36, No. 2, (1998), pp. 1-20; Julie Hearn, ‘The “uses and abuses” of civil society in Africa’, *Review of African Political Economy*, Vol. 28, No. 87, (2001), pp. 43-53; Yeheskel Hasenfeld and Benjamin Gidron, ‘Understanding multi-purpose hybrid voluntary organizations: The contributions of theories on civil society, social movements and non-profit organizations’, *Journal of Civil society*, Vol. 1, No. 2, (2005), pp. 97-112; Mark N. Jensen, ‘Concepts and conceptions of civil society’, *Journal of Civil Society*, Vol. 2, No. 1, (2006), pp. 39-56; Krishan Kumar, ‘Civil Society, globalization, and global civil society’, *Journal of Civil Society*, Vol. 4, No. 1, (2008), pp. 15-30; and Neera Chandhoke, ‘The “Civil” and the “Political” in Civil Society’, *Democratization*, Vol. 8, No. 2, (2010), pp. 1-24.

<sup>19</sup> White, ‘Civil Society, Democratization and Development (I): Clearing the Analytical Ground’, p. 379.

a wide array of organizations: community groups, non-governmental organizations (NGOs), labour unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations.<sup>20</sup>

This study adopts White and the World Bank definitions of civil society and civil society organisations because they are broad and accommodates a wide range of associations. However, this study focuses on CSOs with interest in or concerned with indigenisation. Most of these CSOs can be classified as ‘business civil society’ or ‘interest groups’. They mainly consist of business associations,<sup>21</sup> indigenous interest groups and trade unions. They are mainly concerned with profit or other forms of economic gain for their members and they try to influence government policy.<sup>22</sup>

Zimbabwe’s interest groups that contributed to the indigenisation debate can be put into three categories. First, there are business associations representing the interests of their members at the national level. The following are examples and the sectors of the economy they represent: the Confederation of Zimbabwe Industries (CZI) (manufacturing), Zimbabwe National Chamber of Commerce (ZNCC) (commerce), the Chamber of Mines (mining), Bankers Association of Zimbabwe (BAZ) (finance), Construction Industry Federation of Zimbabwe (CIFOZ) (construction), Zimbabwe Association for Tourism and Safari Operators (ZATSO) (tourism), and Hotel and Restaurant Association of Zimbabwe (HARAZ) (tourism and hospitality). At various times, some of the above business associations came together to form peak or overall business associations such as the Private Sector Coordination Committee, Zimbabwe Association of Business Organisations (ZABO), Business Leaders Forum and Business Council of Zimbabwe (BCZ). Other business associations represent business interests at regional or provincial level. These are often affiliates of national business associations listed above which operated in their

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<sup>20</sup> Civil Society – Defining Civil Society  
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20101499~menuPK:244752~pagePK:220503~piPK:220476~theSitePK:228717,00.html>. Accessed on 26/4/2014. Also see What is Civil Society? <http://schoolforcivilsociety.ca/wp-content/uploads/2013/01/What-is-Civil-Society.pdf>. Accessed on 26/4/2014.

<sup>21</sup> Giorgi Areshidze, ‘Business associations as part of civil society’, (Centre for International Private Enterprise (CIPE), Development Institute). <https://www.google.co.za/#q=Giorgi+Areshidze+business+associations+as+part+of+civil+society>. Accessed on 24/4/2014.

<sup>22</sup> Jeffrey M. Berry and Clyde Wilcox, *The Interest Group Society*, (Routledge, London, 2016), p. 5.

sectors. These include the Harare Chamber of Commerce, Bulawayo Chamber of Commerce, Harare Chamber of Industry, Mashonaland Chamber of Industries, Manicaland Chamber of Industries, and the Matabeleland Chamber of Industries. The Employers Confederation of Zimbabwe (EMCOZ) is a unique business association because it represents the interests of employers. The businesses of these employers are often members of the various associations listed above.

Second, there are black or indigenous business groups advocating for indigenisation. These modified and remodelled their form and public images over time. As a result they are difficult to put into perfect or distinct categories different from some of the business associations listed above. In the 1980s they operated as black business associations and demanded the recognition given to white dominated business associations such as the CZI. Examples of these are Zimbabwe Chamber of Commerce (ZCC), African Chamber of Commerce of Zimbabwe (ACCZ), African Traders Confederation (ATC), Zimbabwe Businessmen's Association (ZIBA), Zimbabwe African Businessmen's Union, Zimbabwe United Businessmen's Association (ZUBA), Zimbabwe United Chambers of Commerce (ZUCCO), Bulawayo Chamber of African Traders, Zimbabwe Transport Organisation (ZTO), African Sales Representatives' Association, Zimbabwe African Miners' Association (ZAMA), Zimbabwe Small-Scale Miners Association (ZSSMA), Zimbabwe Business Co-operative Society, African Business Promotion Association (ABPA), Zimbabwe Importers and Exporters Association (ZIEA), Zimbabwe Entrepreneurs Association and Zimbabwe Building Construction Association (ZBCA). In the early 1980s, black business associations representing commerce were forced by the government to dissolve and join the rival white dominated Associated Chambers of Commerce of Zimbabwe (ACCOZ) to form the Zimbabwe National Chamber of Commerce (ZNCC) listed above.

Since 1990, blacks formed what came to be known as indigenous 'interest' or 'pressure' groups. Some promoted black entrance in all sectors of the economy. These include the Indigenous Business Development Centre (IBDC), Affirmative Action Group (AAG), the United Indigenous Pressure Group (UIPG), Zimbabwe Wealth Creation and Empowerment Council (ZWCEC), Zimbabwe Indigenous

Economic Empowerment Organisation (ZIEEO), Zimbabwe Council of Indigenous Pressure Groups (ZCIPG), Sangano Munhumutapa, Africa Dialogue, African Heritage and Restoration of Revered System, Zimbabwe Economic Empowerment Council (ZEEC), Pan-African Development Foundation (PANAD) and Manicaland Business Action Group (MBAG). It is important to state that indigenous interest groups such as IBDC, ZWCEC and ZEEC often worked with groups which represented people who participated in the liberation struggle such as the Zimbabwe National Liberation War Veterans' Association (ZNLWVA) and the Zimbabwe Ex-Political Prisoners, Detainees and Restricttees Association (ZEPPDRA).

Other indigenous interest groups advocated for the entrance of indigenous people in particular sectors of the economy. These include: Indigenous Freight Forwarders Agents Association of Zimbabwe (IFFAAZ) (transport), Zimbabwe Indigenous Freight Forwarders' Association (ZIFFA) (transport), and the Zimbabwe Travel and Hospitality Operators' Association (ZITHOA) (tourism and hospitality). Some represented indigenous women. These include: Indigenous Business Women Organisation (IBWO) and Women's Multi Million Dollar Round Table (WMDRT). Others represented indigenous youth. These include: Upfumi Kuvadiki (literally: Wealth to the Youth), Zimbabwe Youth Chamber of Commerce and Industry (ZYCCI), Young Zimbabweans Business Platform (YZBP); and Marange Youth Empowerment Trust.

Third, there are trade unions with an interest in indigenisation. The Zimbabwe Congress of Trade Unions (ZCTU) was the main actor in criticising and advising the government on indigenisation on behalf of its members and affiliate trade unions. However, at times ZCTU affiliates such as Railway Associated Workers' Union (RAWU) and Tobacco Industrial Workers Union (TIWU) directly engaged the government on behalf of their members on issues of appointment and promotion of blacks at work places. Besides the above, there are Non-Governmental Organisations (NGOs) concerned with various issues such as research and advocacy, gender, underprivileged or disadvantaged groups and natural resources which contributed to the indigenisation debate. Though these do not fit in the category of 'interest groups', their voices on indigenisation were significant and will

be discussed in this study. These include the Zimbabwe Women's Resource Centre and Network (ZWRCN), Research and Advocacy Unit (RAU), Centre for Natural Resource Governance (CNRG), Zimbabwe Natural Resource Dialogue Forum (ZNRDF) and the Centre for Research and Development.

The philosophy and ideology of CSOs contributing to indigenisation are captured by examining their public and private pronouncements on the policy. In addition, the study examines the attitude, reactions and responses of CSOs to the government's indigenisation policy. More importantly, the study focuses on 'activity' and 'effective influence' of CSOs on indigenisation.<sup>23</sup> It focuses on the activities of CSOs such as mobilising people in support of or opposition to indigenisation. The level of active formal and informal engagement between CSOs and the state is looked at in detail. The study examines the extent to which CSOs influenced the government's idea and opinion of indigenisation and impacted the actual formulation and implementation of the policy across the whole and particular sectors of the economy. The debate between the state and CSOs over the effects of indigenisation on economic growth and socio-economic welfare of the citizenry is also looked at.

### **Zimbabwean constructions of the indigenisation concept**

The concept of indigenisation came to the fore in Africa in the 1960s and 1970s as countries became independent from colonial rule. Adebayo Adedeji defined indigenisation as:

the process by which a government limits participation in a particular industry entirely or in part to the citizens of the country, thus forcing alien owners either to sell to indigenous entrepreneurs or to withdraw from participation in certain economic activities.<sup>24</sup>

Indigenisation was influenced by nationalist sentiments, independence euphoria, the need to improve welfare of citizens and to initiate economic development.<sup>25</sup> In most

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<sup>23</sup> I borrowed the terms in quotations from: Jon Kraus, 'Capital, power and business associations in the African political economy: a tale of two countries, Ghana and Nigeria', *Journal of Modern African Studies*, Vol. 40, No. 3, (2002), p. 414.

<sup>24</sup> Adebayo Adedeji, 'Historical and theoretical background', in Adebayo Adedeji (ed.), *Indigenization of African Economies*, (Africana Publishing Company, New York, 1981), p. 31.

<sup>25</sup> D. S. Pearson, 'African Advancement in Commerce and Industry', *Journal of Modern African Studies*, Vol. 3, No 2, (1965), p. 231.

African countries indigenisation went together with localisation and Africanisation on the job market. D. S. Pearson defined localisation as 'the replacement of expatriates by locals, whether they be African or non-African'.<sup>26</sup> He also defined Africanisation as the 'replacement by Africans of non-Africans, whether they be local or expatriate'.<sup>27</sup> However, in some literature localisation and Africanisation are often interchangeably used with indigenisation. In some cases, indigenisation was named after the name of the country where it was taking place. For example: Ghanaianisation in Ghana, Nigerianisation in Nigeria, Ivorianisation in Ivory Coast, Zambianisation in Zambia and Kenyanisation in Kenya.<sup>28</sup> In South Africa, a more or less similar process is explicitly called 'black economic empowerment'. Whatever term is used in different African countries this process is, in general, aimed at addressing imbalances created by colonial rule on the control and ownership of national resources and the economy

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<sup>26</sup> *Ibid*, p. 243.

<sup>27</sup> *Ibid*, p. 243.

<sup>28</sup> Literature on indigenisation in Africa has been burgeoning over the years and it includes the following: John D. Esseks, 'Government and Indigenous Private Enterprise in Ghana', *Journal of Modern African Studies*, Vol. 9, No. 1, (1971), pp. 11-29; Samir Amin, *Accumulation on a World Scale: A critique of the Theory of Underdevelopment*, (Monthly Review Press, 1974); Colin Leys, *Underdevelopment in Kenya*, (Heinemann, London, 1975); Nicola Swainson, 'The Rise of a National Bourgeoisie in Kenya', *Review of African Political Economy*, No. 8, (1977), pp. 13-55; Paul Collins, 'Public policy and the development of indigenous capitalism: The Nigerian experience', *Journal of Commonwealth and Comparative Politics*, Vol. 15, No. 2, (1977), pp. 127-150; Colin Leys, 'Capital Accumulation, Class Formation and Dependency – the Significance of the Kenyan Case', *Socialist Register*, (1978), pp. 241-266; Nicola Swainson, *The Development of Corporate Capitalism in Kenya: 1918 – 1977*, (University of California Press, Berkeley and Los Angeles, 1980); Carolyn Baylies, 'The state and commercial capitalism', *Journal of Commonwealth and Comparative Politics*, Vol. 20, No. 3, (1982), pp. 235-263; Chibuzo S. A. Ogbuagu, 'The Nigerian Indigenization Policy: Nationalism or pragmatism?', *African Affairs*, Vol. 82, No. 327, (1983), pp. 241-266; Catherine Boone, 'Commerce in Côte d'Ivoire: Ivorianisation without Ivorian Traders', *Journal of Modern African Studies*, Vol. 31, No. 1, (1993), pp. 67-92; Ernest J. Wilson III, 'Strategies of State Control of the Economy: Nationalisation and Indigenization in Africa', *Comparative Politics*, Vol. 22, No. 4, (1990), pp. 401 – 419; Duncan James Randall, 'Prospects for the Development of a Black Business Class in South Africa', *Journal of Modern African Studies*, Vol. 34, No. 4, (1996), pp. 661-686; Roger Tangri, 'Politics, capital and the state in sub-Saharan Africa', *Commonwealth and Comparative Politics*, Vol. 36, No. 2, (1998), pp. 108-122; Scott Taylor, 'The challenge of indigenization, affirmative action, and empowerment in Zimbabwe and South Africa', in Alusine Jalloh and Toyin Falola (eds.), *Black Business and Economic Power*, (Rochester, NY: University of Rochester Press, 2002), pp. 247-379; Ronald Aminzade, 'From Race to Citizenship: The Indigenization Debate in Post-Socialist Tanzania', *Studies in Comparative International Development*, Vol. 38, No. 1, (2003), pp. 43-63; Okechukwu C. Iheduru, 'Black economic power and nation-building in post-apartheid South Africa', *Journal of Modern African Studies*, Vol. 42, No. 1, (2004), pp. 1-30; Roger Southall, 'The ANC and black capitalism in South Africa', *Review of African Political Economy*, Vol. 31, No. 100, (2004), 313-328; Gavin Williams, 'Black Economic Empowerment in the South African Wine Industry', *Journal of Agrarian Change*, Vol. 5, No. 4, (2005), pp. 476-504; Stefano Ponte, Simon Roberts and Lance van Sittert, 'Black Economic Empowerment', *Business and the State in South Africa*, *Development and Change*, Vol. 38, No. 5, (2007), pp. 933-955; Neville Alexander, 'Affirmative action and the perpetuation of racial identities in post-apartheid South Africa', *Transformation: Critical Perspectives on Southern Africa*, No. 63, (2007), pp. 92-108; and Roger Tangri and Roger Southall, 'The Politics of Black Economic Empowerment in South Africa', *Journal of Southern African Studies*, Vol. 34, No. 3, (2008), pp. 699-716.

between the whites (and sometimes Asians) or ‘foreigners’ and the ‘indigenous people’, usually identified as blacks. Arguably the meaning and content of the indigenisation concept in Zimbabwe has not been given enough academic interrogation. Using primary sources, this section explains how the indigenisation concept has been understood, interpreted, re-interpreted, debated and developed by the state, politicians and civil society in Zimbabwe.

Strictly speaking, the indigenisation concept came to the fore in Zimbabwe in 1991. The concept is ubiquitous and complex. This is summarised by one anonymous writer using *nom de plume* Mwana Wevhu (literally ‘Son of the Soil’) who problematised the concept in an article published in *The Financial Gazette* of 3 March 1994. The article opened as follows:

Indigenisation is not a word, not one found in any standard English dictionary anyway. It is a weapon, a banner, an insult, a new hope, a new inspiration; it is a euphemism for ruder monosyllabic words, it has the properties of a herb, the flavour of the second Zimbabwean decade.<sup>29</sup>

In this sense ‘indigenisation’ is a multifaceted concept with a social function coined in recent times. This is confirmed by different notions on the concept discussed in subsequent paragraphs.

Presenting a paper at the Zimbabwe Institute of Development Studies indigenisation and poverty reduction seminar on 24 September 1994, the general manager of Industrial Development Corporation Zimbabwe Limited, Mike Ndudzo, defined indigenisation as:

the process of empowering the majority of native citizens economically through greater involvement and participation in the economic planning process, ownership of the means of production by private indigenous individuals, skills and technology capacity building, development of small to medium enterprises and democratising business opportunities through access to capital, supplier credits, subcontracting, factors of production, information, technology and markets locally, regionally and internationally.<sup>30</sup>

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<sup>29</sup> Mwana Wevhu, ‘What does “indigenisation” mean to you?’, p. 12.

<sup>30</sup> Presentation by M. N. Ndudzo, General Manager of Industrial Development Corporation of Zimbabwe Limited, at the Zimbabwe Institute of Development Studies Indigenisation and Poverty reduction seminar, (Monomatapa – Great Indaba, Harare, 24 September 1997), p. 1.

Arguably, this is among the most detailed definitions of indigenisation ever to emerge in Zimbabwe with minimal racial innuendos.

Though not popular, beginning from the early 1990s, the term 'black economic empowerment' was interchangeably used with indigenisation.<sup>31</sup> In September 1994, the ruling party, the Zimbabwe African National Union – Patriotic Front (ZANU-PF), released its indigenisation blueprint which succinctly defined indigenisation as 'the process of black empowerment aimed at reducing the racial inequality in the ownership and management of economic resources'.<sup>32</sup> The party stated that indigenisation was to be achieved through, among other measures, promoting the appointment and promotion of blacks into senior positions on the job market, and expand employment opportunities for indigenous people.<sup>33</sup> ZANU-PF's definition of indigenisation has two salient features. First, it explicitly identifies black people as beneficiaries of the policy, thereby highlighting race. Second, it regards advancement of blacks on the job market as part of indigenisation.

At the state level, ZANU-PF prefers to use 'economic indigenisation' to 'black economic empowerment' because the latter has racial connotations. At present, the state defines indigenisation as stipulated in the Indigenisation and Economic Empowerment Act of 2007. In that Act indigenisation is defined as: 'deliberate involvement of indigenous Zimbabweans in the economic activities of the country, to which hitherto they had no access, so as to ensure the equitable ownership of the nation's resources'.<sup>34</sup> The phrase 'indigenous Zimbabweans' is nebulous and, as the subsequent paragraphs will show, was contested. For now focus is on dissecting the concept of indigenisation.

In Zimbabwe, as in most African countries, indigenisation was facilitated by affirmative action. Affirmative action refers to the bending or modification of the rules of the market in favour of disadvantaged racial, ethnic or gender groups as a form of compensation taking cognisance of structural socio-economic or political biases which

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<sup>31</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 20, No. 45, 2 November 1993; Mr Tirivanhu Mudariki, MP, Harare North; col. 3488.

<sup>32</sup> ZANU(PF), *A Programme for the Indigenisation of the Economy Report*, September 1994, pp. 2-3.

<sup>33</sup> *Ibid*, p. 3.

<sup>34</sup> Indigenisation and Economic Empowerment Act of 2007, Part 1 (2).

favour the dominant groups.<sup>35</sup> Affirmative action policies have been implemented in a number of countries such as the United States, United Kingdom, Malaysia and South Africa to address unequal access to land, finance, education, jobs, incomes and other socio-economic resources.<sup>36</sup> Unlike the United States and United Kingdom where affirmative action is meant to benefit minority groups, in former colonies such as Zimbabwe and South Africa affirmative action policies seek to empower the majority black populations. In Zimbabwe, the government and indigenous interest groups called for affirmative action on the job market and in all sectors of the economy to achieve indigenisation.

In Zimbabwe, the indigenisation concept has economic and political dimensions. In economic terms the state sought to promote black businesses and entrepreneurship in all sectors of the economy by removing barriers created by colonial rule.<sup>37</sup> The state claimed that indigenisation would create a strong, balanced and growing economy and reduce unemployment, alleviate poverty and improve the living standard of the citizenry.<sup>38</sup> Indigenisation is equally a political concept. In her work on government policies to address racial disparities on the job market in Zimbabwe, Brigid Strachan argues that the appointment and promotion of blacks to senior positions symbolised the attainment of independence.<sup>39</sup> Strachan stressed that black advancement at work places was a political strategy to give senior positions to blacks loyal to the government to make policy implementation easier.<sup>40</sup> In the mid-1990s the government emphasised the need for economic independence to ensure that 'the means of production, distribution and exchange are owned, controlled and managed by the citizens ...'.<sup>41</sup> In addition, the government viewed indigenisation as

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<sup>35</sup> Guy Mhone, 'Indigenisation and Affirmative Action', *Southern Africa Political and Economic Monthly*, Vol. 7, No. 11, (1994), p. 37.

<sup>36</sup> *Ibid*, p. 37.

<sup>37</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 82, 24 April 1991; Mr Simon Khaya Moyo, MP, Bulilama-mangwe South; col. 4461; Staff Reporter, 'Chambati allays fears over indigenisation', *The Financial Gazette*, 28 July 1994, p. 3.

<sup>38</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 82, 24 April 1991; Mr Simon Khaya Moyo, MP, Bulilama-mangwe South; col. 4461.

<sup>39</sup> Brigid Strachan, 'Report on the impact of redressive action employment policy on redressing racial and gender imbalances in the labour market in Zimbabwe', (Artca Publications, Harare, 1994), p. 14.

<sup>40</sup> *Ibid*, pp. 24-25.

<sup>41</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 73, 25 February 1995; Mr Tirivanhu Mudariki, MP, Harare North; col. 4892.

an antithesis to neo-colonialism.<sup>42</sup> The control of the economy by foreigners was regarded as contradicting the desire for 'national sovereignty'.<sup>43</sup> On the other hand, the control of the economy by blacks was viewed as a way of asserting 'economic nationhood'.<sup>44</sup> In its 1994 report on indigenisation, ZANU-PF stated its desire to create a middle class 'which is nationalist in outlook'.<sup>45</sup> Chapter Six examines how the ZANU-PF government appropriated the indigenisation concept in its anti-imperialism discourse in the 2000s and coined catchy phrases such as '100% Empowerment. Total Independence'. It is against this backdrop that indigenisation is understood in this study as both an economic and political concept.

As highlighted above, one of the most contentious questions surrounding the concept of indigenisation in Zimbabwe is 'who is indigenous?' A number of scholars have attempted to answer similar questions in other regions in Africa and their arguments resonate with the Zimbabwean case. It is widely accepted that indigenous people claim or are recognised as the first inhabitants of an area before the arrival of other groups.<sup>46</sup> Using the case of Cameroon, Peter Geschiere and Francis Nyamnjoh advanced that as democratisation and liberalisation gathered momentum in Africa in the 1990s ruling elites and ordinary people got obsessed with the question of who really belong and who does not really belong to the nation state.<sup>47</sup> This led autochthons - those who romantically claim their ancestors had always been in the country or were 'born from the soil' - to marginalise strangers or *allogènes* who came to the country in 'recent times'.<sup>48</sup> Autochthony, rather than citizenship, became the criteria in determining who really belong to the nation state and must be involved

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<sup>42</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April, 1991; Mr Tirivanhu Mudariki, MP, Harare North; cols. 4078 - 4079.

<sup>43</sup> 'Economic independence', *The Sunday Mail*, 6 February 1994.

<sup>44</sup> A speech presented by the IBDC Secretary General, Mr Enock Kamushinda at the ZANU(PF) Politburo meeting in Victoria Falls, 1 to 3 February 1994, p. 8.

<sup>45</sup> ZANU(PF), *A Programme for the Indigenisation of the Economy Report*, September 1994, p. 6.

<sup>46</sup> Quentin Gausset, Justin Kenrick and Robert Gibb, 'Indigeneity and autochthony: a couple of false twins?', *Social Anthropology*, Vol. 19, No. 2, (2011), p. 136.

<sup>47</sup> Peter Geschiere and Francis Nyamnjoh, 'Capitalism and Autochthony: The Seesaw of Mobility and Belonging', *Public Culture*, Vol. 12, No. 2, (2000), pp. 423-424. Also see: Peter Geschiere, *The Perils of Belonging: Autochthony, Citizenship, and Exclusion in Africa and Europe*, (University of Chicago Press, Chicago, 2009), pp. 5-6.

<sup>48</sup> Geschiere and Nyamnjoh, 'Capitalism and Autochthony: The Seesaw of Mobility and Belonging', pp. 423-452, pp. 423-424.

in its political and economic affairs.<sup>49</sup> Echoing this view, Sara Rich Dorman, Daniel Hammett and Paul Nugent argued that in the 1990s Africa witnessed a wave of ‘exclusionary nationalism’ where ruling elites bend notions of citizenship to safeguard ethnic interests contrary to the national projects of the 1970s and 1980s.<sup>50</sup> The above conceptions of inclusion and marginalisation of other citizens are epitomised by the Zimbabwean case, where indigeneity overshadowed citizenship and race in the indigenisation debate.

In Zimbabwe, the anonymous writer Mwana Wevhu posited that the term indigenisation includes and excludes citizens depending on indigeneity and racial caste during the colonial period. Mwana Wevhu views indigenisation as a:

half-oxymoron, a self-contradictory term, [which] is both a comfort and a threat. It comforts if you have suffered economic deprivation, discrimination or even old-fashioned failure. It threatens if your roots are in Europe or any other place outside the boundaries of modern Zimbabwe.<sup>51</sup>

In other words, ancestry from the boundaries of modern Zimbabwe is used as a criterion to identify the beneficiaries of indigenisation. It, therefore, perfectly conforms to Geschiere and Nyamnjoh’s conceptions of autochthony and *allogènes* which determined inclusions and exclusions in Cameroon. The above notion was confirmed by public pronouncements of ZANU-PF politicians and indigenous interest groups who confined the term indigenous to black people. Paragraphs below capture these various pronouncements in greater detail and show how they resonate with Mwana Wevhu’s observation.

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<sup>49</sup> *Ibid*, pp. 423-452, p. 423. Also see: Peter Geschiere, ‘Autochthony and Citizenship: New Modes in the Struggle over Belonging and Exclusion in Africa’, *Forum for Development Studies*, Vol. 32, No. 2, (2005), pp. 371-384, p. 372.

<sup>50</sup> Sara Dorman, Daniel Hammett and Paul Nugent, ‘Introduction: Citizenship and its Casualties in Africa’, in Sara Dorman, Daniel Hammett and Paul Nugent, (eds.), *Making Nations, Creating Strangers: States and Citizenship in Africa*, (Brill, Leiden, 2007), p. 8. Mahmood Mamdani has grappled with issues of identity and citizenship in great detail in his works. See for example: Mahmood Mamdani, *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism*, (James Currey, London, 1996). Sabelo J. Ndlovu-Gatsheni has substantially examined questions of identity and citizenship in post-colonial Zimbabwe. See: Sabelo J. Ndlovu-Gatsheni, *Do ‘Zimbabweans’ Exist?: Trajectories of Nationalism, National Identity Formation and Crisis in a Postcolonial State*, (Peter Lang, Bern, 2009).

<sup>51</sup> Mwana Wevhu, ‘What does ‘indigenisation’ mean to you?’, p. 12.

On 23 April 1991 ZANU-PF legislator Sydney Malunga argued that 'indigenous' refers to blacks because they were historically disadvantaged.<sup>52</sup> He argued that only when all races in Zimbabwe obtain economic equality can they be considered indigenous.<sup>53</sup> Similarly, on 22 November 1992 another ZANU-PF legislator, Aaron Baloyi, asserted that indigenous specifically refers to black Africans 'who have nothing in terms of money, in terms of wealth and in terms of the economy'.<sup>54</sup> ZANU-PF legislator Tirivanhu Mudariki contended that whites and Asians are not indigenous because they were economically privileged.<sup>55</sup> Madariki claimed the economy needed to be 'de-racialised' by placing blacks in positions of control and ownership.<sup>56</sup> ZANU-PF's 1994 indigenisation blueprint explicitly stated that: 'For the avoidance of doubt, indigenous should be understood to mean blacks, the indigenous people, who were historically disadvantaged by 90 years of pro-active (towards whites) economic and social policies.'<sup>57</sup> Thus, ZANU-PF and its senior members were adamant that indigenisation was meant to benefit blacks.

Most indigenous interest groups equated indigenous with black. In September 1995 Phillip Chiyangwa, the then president of the Affirmative Action Group (AAG) accused the Zimbabwe National Chamber of Commerce (ZNCC) of representing only white 'minority' interests. AAG argued that ZNCC was not qualified to discuss indigenisation.<sup>58</sup> When the Zimbabwe Indigenous Economic Empowerment Organisation (ZIEEO) was formed on 9 May 1998, it announced that it represented blacks. 'Native indigenous skin' was the basic entry point for membership.<sup>59</sup> This explains why indigenous interest groups such as the AAG viewed the Asian community as a beneficiary of colonial rule and targeted its businesses for

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<sup>52</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 81, 23 April 1991; Mr Sydney D. Malunga, MP, Makokoba; col. 4391.

<sup>53</sup> *Ibid*; col. 4391.

<sup>54</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 19, No. 27, 22 September 1992; Mr M. A. Baloyi, MP, Chiredzi South; col. 2242.

<sup>55</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April, 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4087.

<sup>56</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 20, No. 45, 2 November 1993; Mr Tirivanhu Mudariki, MP, Harare North; col. 3490.

<sup>57</sup> ZANU(PF), *A Programme for the Indigenisation of the Economy Report*, September 1994, p. 3.

<sup>58</sup> Herald Reporter, 'AAG turns down invitation', *The Herald*, 20 September 1995.

<sup>59</sup> Lovemore Ngoma, 'Daunting task ahead for new indigenous economic group', *The Sunday Mail*, 24 May 1998, p. 6.

indigenisation.<sup>60</sup> This was despite the fact that Asians were also victims of colonial rule although their position in the social stratification was better than that of blacks. The above pronouncements reveal that indigenous and non-indigenous were explained in terms of race and economic position. Blacks were regarded as indigenous people because of indigeneity, race and their historically underprivileged economic position. As will be discussed in the following chapters, the limitation of implementing indigenisation on the basis of race was the tendency to ignore class differences within racial groups.

The state questioned the loyalty and emotional attachment of whites and Asians to the country and viewed them as ‘half-hearted citizens.’<sup>61</sup> This, again, was expressed in the public pronouncements of ZANU-PF politicians and senior government officials. In 1991 ZANU-PF legislator Simon Khaya Moyo advanced that whites and Asians cannot be regarded as indigenous people because they lacked a ‘here to stay’ character.<sup>62</sup> In June 1998 the Minister of Industry and Commerce, Nathan Shamuyarira, confirmed the state’s lack of confidence in ‘non-indigenous people’ by stating that: ‘We do not want people who always threaten to disinvest whenever we introduce certain measures. This is why we are pushing for black economic empowerment because our own indigenous people will not disinvest’.<sup>63</sup> In October 1999 ZANU-PF legislator Edson Wadyewata contended that non-black people with Zimbabwean citizenship but who ‘do not have the interest of people at heart’ are not indigenous people, and do not qualify to benefit from indigenisation.<sup>64</sup> These utterances by politicians and government officials reveal the nexus between citizenship, race and ownership of the economy and how it influenced the indigenisation discourse.

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<sup>60</sup> Staff Reporter, ‘AAG takes aim at Byo Asian landlords’, *The Financial Gazette*, 24 September 1998.

<sup>61</sup> Musiwaro Ndakaripa, ‘The State and Contested Citizenship in Zimbabwe, 1980 – 2011’, in Sabelo J. Ndlovu-Gatsheni and Finex Ndhlovu (eds.), *Nationalism and National Projects in Southern Africa: New Critical Reflections*, (Africa Institute of South Africa, Pretoria, 2013), pp. 296-298.

<sup>62</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 82, 24 April 1991; Mr Simon Khaya Moyo, MP, Bulilama-mangwe South; col. 4461.

<sup>63</sup> Hatred Zenenga, ‘We’re pushing for black empowerment because our own people won’t disinvest’, *The Herald*, 25 June 1998, p. 6.

<sup>64</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 26, No. 4, 6 October 1999; Mr Edson Wadyewata, MP, Dzivarasekwa; cols. 106-107.

However, equating indigenous to being black was fiercely challenged by ordinary citizens, some politicians and business associations. On 4 January 1991, one anonymous critic of the term 'indigenous' challenged the state to simply use the phrase 'black economic empowerment' if the targeted beneficiaries of indigenisation were blacks.<sup>65</sup> On 1 February 1991, another anonymous critic lamented that by equating indigeneity to blackness the state was seeking to transfer wealth from whites to blacks and condemned this as 'racist, vindictive and obsessed with settling old scores'.<sup>66</sup> Even some ZANU-PF legislators such as Lazarus Nzarayebani challenged equating indigenous to blackness and called for an indigenisation model which 'further the economic interests of all our people regardless of colour, pigmentation, nothing else'.<sup>67</sup> In 2000, Chief Jonathan Mangwende, a non-constituent Member of Parliament, called for a non-discriminatory indigenisation which takes into account that there are poor whites who need to be economically empowered.<sup>68</sup> In other words, the exclusion of other racial groups in the indigenisation programme was criticised by sections of the private media and politicians.

However, more such criticism came from business associations. In March 1995, the president of the Hotel and Restaurant Association of Zimbabwe (HARAZ), Paul Matamisa, told delegates at his organisation's annual meeting that indigenisation should not exclude other racial groups. Matamisa said:

The progress of black Zimbabweans can and must come alongside that of Zimbabweans of other colours, and not at the expense of them. My view is that this issue is all about giving blacks a greater share of the cake and not taking the cake away from other groups.<sup>69</sup>

Similarly, in June 1995, the deputy president of ZNCC, Danny Meyer, expressed concern at the use of the term 'indigenous' to exclude and marginalise other groups in the society.<sup>70</sup> Meyer opposed what he saw as an attempt by the government to

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<sup>65</sup> 'Comment – IBDC alright, but ...', *The Financial Gazette*, 4 January 1991, p. 4.

<sup>66</sup> 'Does IBDC have secret formula for indigenising economy?', *The Financial Gazette*, 1 February 1991, p. W10.

<sup>67</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 60, 25 January 1995; Mr Lazarus G. C. Nzarayebani, MP, Mutare South; col. 4210.

<sup>68</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Chief Jonathan Mangwende, MP, N/C; cols. 2007-2008.

<sup>69</sup> 'Matamisa on indigenisation', *The Financial Gazette*, 30 March 1995, p. H2.

<sup>70</sup> Hatred Zenenga, 'ZNCC's new president, Danny Meyer, gives his action plan', *The Herald*, 11 June 1995.

'swop black for white' and polarise the nation.<sup>71</sup> These pronouncements reveal that business associations were active participants in debates on who should benefit from indigenisation.

Currently, the state defines 'indigenous' as stipulated in the Indigenisation and Economic Empowerment Act of 2007. The Act defines 'indigenous Zimbabwean' as 'any person who, before 18<sup>th</sup> April, 1980, (when the country gained independence) was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of such person, ...'.<sup>72</sup> Although the above definition does not specify any racial group, pronouncements by most senior government officials in the above paragraphs reveals that the state equates indigenous to blackness. While it is clear that the state does not consider the white community as indigenous, the Act is nebulous when it comes to Asian, Greek and Coloured communities.

On 26 May 2011, leaders of the Asian, Greek and Coloured communities in company with prominent Harare lawyer, Abdullah Kassim, met Vice-President Joice Mujuru in Harare to express their concerns on exclusion of their communities from indigenisation.<sup>73</sup> They unequivocally stated that the Indigenisation and Economic Empowerment Act of 2007 is discriminatory. They complained that black indigenisation activists were threatening to take over their businesses even though they had been victims of colonialism and had supported the liberation struggle in solidarity with blacks. They argued that they are full citizens of the country who must benefit from indigenisation rather than being victimised. This shows the dismay of Asian, Greek and Coloured communities at their exclusion from indigenisation. The above discussion reveals competing conceptions of 'indigenisation' and 'indigenous' in Zimbabwe. These notions varied with political orientation, individual perceptions and from one business interest group to another. It is against this backdrop that in this thesis indigenisation is regarded as a ubiquitous, multifaceted and multifarious concept. It is an arena where the state and civil society interface, negotiate and debate belonging, politics and development.

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<sup>71</sup> Address by Councillor Danny R. Meyer, Entrepreneur, Deputy President of the Zimbabwe National Chamber of Commerce and Harare City Councillor, Affirmative Action Conference, Harare, 8 September 1994, p. 3.

<sup>72</sup> Indigenisation and Economic Empowerment Act of 2007, Part 1 (2).

<sup>73</sup> Farirai Machivenyika, 'We are not aliens', *The Herald*, 27 May 2011, p. 1.

## State, civil society and development: Perspectives and concepts

This study contributes to the broad debate on the relations between the state and civil society on economic affairs in developing countries. A number of theories, concepts and perspectives have been advanced by scholars. Arguably, Italian marxist philosopher Antonio Gramsci's theory of hegemony has dominated civil society scholarship since the mid-20<sup>th</sup> century.<sup>74</sup> According to Gramsci, the society has two overlapping spheres: the 'political society' and 'civil society'.<sup>75</sup> The 'political society' consists of the government, bureaucracy, courts, police and the army while 'civil society' comprises of schools, churches, clubs, journals, trade unions and economic associations. In his theory of hegemony, Gramsci argues that the ruling elites dominate the society through a combination of force instituted by the political society and ideas instituted through civil society.<sup>76</sup> Ruling elites alternate the use of 'political society' and 'civil society' to retain dominance.

Gramsci suggests that 'civil society' is the market place where the ruling elites and opposition forces compete to win over the minds of lower classes through ideas.<sup>77</sup> According to Gramsci the ruling elites use their economic dominance and civil society to propagate their ideas or organic ideology.<sup>78</sup> Gramsci states that the ruling elites use organic intellectuals, who are well versed with the economic superstructure and aligned to the dominant classes, to propagate its ideologies in the 'civil society'.<sup>79</sup> Gramsci sees this as the state's strategy to keep civil society in line with the economy.<sup>80</sup> When the state fail to impose its ideologies through civil society and when its dominance is threatened, it resorts to the political society – the courts, police and army – to silence and supress alternative voices and ideologies.<sup>81</sup> Gramsci's theory is remarkable because it articulates how the state dominates the society through soft power purveyed through civil society and hard power purveyed

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<sup>74</sup> Thomas R. Bates, 'Gramsci and the Theory of Hegemony', *Journal of the History of Ideas*, Vol. 36, No. 2, (1975), p. 351.

<sup>75</sup> *Ibid*, p. 353.

<sup>76</sup> Antonio Gramsci, *Selections from Prison Notebooks* (edited and translated by Quentin and Geoffrey Nowell Smith), (Lawrence and Wishart, London, 1971), p. 447.

<sup>77</sup> Bates, 'Gramsci and the Theory of Hegemony', p. 353.

<sup>78</sup> Valeriano Ramos, Jr., 'The Concepts of Ideology, Hegemony, and Organic Intellectuals in Gramsci's Marxism', *Theoretical Review*, No. 27, (1982), pp. 97-98.

<sup>79</sup> *Ibid*.

<sup>80</sup> Gramsci, *Selections from Prison Notebooks*, p. 448.

<sup>81</sup> Bates, 'Gramsci and the Theory of Hegemony', p. 353.

through the political society. More importantly, Gramsci is among the first philosophers to articulate how the state dominates civil society through instituting its economic ideas.

Gramsci's theory has stood the test of time and provides a broad conceptual framework in most civil society studies. In general, state-civil society relations in specific phases of post-colonial Zimbabwe resonate with Gramsci's theory of hegemony. However, in view of current and emerging discourses in civil society scholarship, Gramsci's theory is too broad and lacks precision. New perspectives and concepts, some of which resonate with or build upon Gramsci's theory, have since been developed. These are more applicable to indigenisation in post-colonial Zimbabwe. This section confines itself to perspectives and concepts on state, civil society and development directly relevant to this study. These are: statism, public choice, pluralism, embedded autonomy and neoliberalism. Propositions in some of these concepts are similar and overlap. This section examines the similarities, traits, nuances and subtle differences in these concepts and how they inform this study. While these new concepts are useful they cannot be applied squarely to explain state-civil society relations on indigenisation in Zimbabwe.

### **Statism**

Statism refers to the dominance of the state over social, economic and political groups.<sup>82</sup> Between the 1950s and the 1970s statist regimes in Asia, Latin America and Africa believed in and were the major proponents of strong developmental states. These regimes averred that civil society plead and agitate too much to the level of threatening the very existence of the state and its binding structures.<sup>83</sup> According to White and Skidmore statist regimes regard a strong civil society as a negative force which exerts unnecessary pressure on the state, polarize societal conflicts, cause instability and governance problems.<sup>84</sup> Statist regimes see civil society associations as rent-seeking groups which do not develop innovative ideas to

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<sup>82</sup> James V. Jesudason, 'Statist democracy and the limits to civil society in Malaysia', *Journal of Commonwealth and Comparative Politics*, Vol. 33, No. 3, (1995), p. 336.

<sup>83</sup> Skidmore, 'Civil Society, Social Capital and Economic Development', p. 53.

<sup>84</sup> White, 'Civil Society, Democratization and Development (I): Clearing the Analytical Ground', p. 384, Skidmore, 'Civil Society, Social Capital and Economic Development', p. 62.

promote economic growth but want to create wealth for their members by manipulating economic policies at the expense of the unrepresented majority.<sup>85</sup> According to Tor Skålnes, state autonomy is premised on the argument that increased influence of interest groups on state policies will lead to less effective economic policies, slow growth and even outright change of economic policy.<sup>86</sup> It is for this reason that statist believe that governments must be protected from negative forces emanating from civil society.

For the above reasons, between the 1950s and 1970s, it was fashionable for most states in developing countries to spearhead economic development while marginalising business associations.<sup>87</sup> According to Thandika Mkandawire, developmental states took it as their duty to adopt economic policies and put them into practice with, supposedly, good judgement and independence from what they saw as short sighted interest groups.<sup>88</sup> Arguably, the statist approach led to remarkable economic development and improved the quality of life in Asian countries such as South Korea, Taiwan, Hong Kong and Singapore. This contributed to the unwillingness of some states in developing countries to share power with business associations.<sup>89</sup> Although the views of statist regimes have been criticised left, right and centre, they cannot be dismissed totally. Some interest groups do not collaborate with the state and other stakeholders to promote economic development but want privileged economic position to maximise profits. Other business interest groups do not abide by business ethics, laws and policies, thereby making it difficult for government to achieve its targeted economic goals.

This study reveals that the Zimbabwean state, on several occasions, adopted a statist approach and marginalised interest groups on indigenisation. Hence statism is a useful concept in examining state-civil society relations in this study. However, due to divisions in the society and economic inequities the Zimbabwean state rarely found itself totally isolated and insulated from CSOs. The state made alliances with

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<sup>85</sup> Skidmore, 'Civil Society, Social Capital and Economic Development', pp. 53, 54.

<sup>86</sup> Tor Skålnes, *The Politics of Economic Reform in Zimbabwe*, (MacMillan, London, 1995), p. 22.

<sup>87</sup> John Lucas, 'The politics of business associations in the developing world', *Journal of Developing Areas*, Vol. 32, No. 1, (1997), p. 71.

<sup>88</sup> Thandika Mkandawire, 'Thinking about developmental states in Africa', *Cambridge Journal of Economics*, Vol. 25, (2001), p. 290.

<sup>89</sup> Lucas, 'The politics of business associations in the developing world', p. 89.

business associations representing foreign capital such as the CZI, ZNCC and Chamber of Mines to stall resource redistributive policies. It equally collaborated with indigenous interest groups in its radical and controversial indigenisation policies. Consequently, statism alone cannot adequately explain state-civil society relations on indigenisation in Zimbabwe. Hence, the need for other conceptual approaches.

### **Public choice**

Public choice is a concept popular with economists and political scientists who analyse politics and social relations using economic ideas and terms such as loss, profit, efficiency, effectiveness and rationality.<sup>90</sup> According to Eamonn Butler, individuals and business interest groups are influenced by economic ideas and use their social and political interactions and networks for economic gain.<sup>91</sup> Butler stated that most interest groups are rent-seeking because they use their resources in politics in order to gain control over political leaders who give them economic advantage over others.<sup>92</sup> Public choice analysis of interest groups' relations with the state are largely similar to those of statist regimes. Both view business associations as divisive and more concerned with selfish interests than those of the broad society. This explains why scholars who feature on the section on statism above also contributed to public choice analysis.

Arthur Goldsmith's work on Africa supports the view of public choice theorists that some business associations are 'destructive' and 'rent-seeking'.<sup>93</sup> Goldsmith confirmed that through rent-seeking, business associations take advantage of their organisation and access to officials and institutions to pester the state to formulate economic policies and regulations which are tilted in their favour. This enable them to enrich their members without adding value to the economy, thereby harming the majority of the citizens.<sup>94</sup> Francis Fukuyama argues that some civil society groups' never-ending negotiations can disrupt the implementation of government policies

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<sup>90</sup> Eamonn Butler, *Public Choice – A Primer*, (The Institute of Economic Affairs, London, 2012), p. 15, p. 21. Goldsmith, p. 41; Arthur A. Goldsmith, 'Business associations and better governance in Africa', *Public Administration and Development*, Vol. 22, (2002), p. 41.

<sup>91</sup> Butler, *Public Choice – A Primer*, pp. 15, 16.

<sup>92</sup> *Ibid*, p. 16.

<sup>93</sup> Goldsmith, 'Business associations and better governance in Africa', p. 39.

<sup>94</sup> *Ibid*, p. 41; Skålnes, *The Politics of Economic Reform in Zimbabwe*, p. 22.

and lead to deadlock.<sup>95</sup> This resonates with the view of statist regimes who assert that CSOs can destabilize the state. Deborah Bräutigam, Lise Rakner and Scott Taylor observed that most indigenous business associations in Africa do not focus on national development but rather on lobbying the state to introduce regulations which facilitate indigenisation and protect their enterprises.<sup>96</sup> The above arguments raise legitimate questions about the credibility of business civil society in spearheading economic growth; and in promoting fairness and justice in the distribution of wealth and resources.

Public choice analysis contends that authoritarian regimes usually develop patron-client relations with business associations. Lucas postulates that some business associations are given favourable conditions by the state and perpetuate dependence.<sup>97</sup> Echoing the same sentiments, Bräutigam, Rakner and Taylor stated that some authoritarian governments develop harmonious relations with business associations to buttress their power.<sup>98</sup> Such business associations avoid antagonising the state in order to continue accruing patronage benefits.<sup>99</sup> Goldsmith stated that business associations were used by undemocratic governments to garner for political support at different times in Egypt, Turkey, Thailand, Nigeria and Mexico.<sup>100</sup> In these circumstances business associations lose their legitimate role of monitoring the state fearing to offend officials they depend upon. There are, in other words, some cases of 'unholy alliances' between the state and business associations.

This study will suggest that both business associations and indigenous interest groups in Zimbabwe sought to accrue economic benefits in their relations with the state. Most indigenous interest groups sought to influence the state's indigenisation policy in a rent-seeking fashion. This makes the public choice analysis useful in this study. However, the support or opposition to the state's indigenisation policy by interest groups was not always influenced by rent-seeking objectives of their

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<sup>95</sup> Francis Fukuyama, 'Social capital, civil society and development', *Third World Quarterly*, Vol. 22, No. 1, (2001), p. 12.

<sup>96</sup> Deborah Bräutigam, Lise Rakner and Scott Taylor, 'Business associations and growth coalitions in Sub-Saharan Africa', *Journal of Modern African Studies*, Vol. 40, No. 4 (2002), p. 523.

<sup>97</sup> Lucas, 'The politics of business associations in developing world', p. 89.

<sup>98</sup> Bräutigam, Rakner and Taylor, 'Business associations and growth coalitions in Sub-Saharan Africa', p. 541.

<sup>99</sup> *Ibid*, p. 522.

<sup>100</sup> Goldsmith, 'Business associations and better governance in Africa', p. 90.

leadership. In some cases, it reflected the views of the constituencies they represented. Hence, state-civil society relations on indigenisation cannot be analysed solely in terms of public choice concept's rent-seeking and patronage thesis. While arguments about the selfish interests of interest groups are valid, sometimes scholars fail to distinguish between state-civil society patronage and strong state-civil society partnerships, leading them to make wrong conclusions.

### **Pluralism**

Pluralism is a term used in the humanities and social sciences and refers to tolerance to diversity and acceptance of different views and perspectives and opposes political, social and economic hegemony.<sup>101</sup> In civil society studies, pluralism is an antithesis of statism. Pluralism is reflected by the existence of state power which is checked by other centres of power to prevent it from degenerating into authoritarianism. Proponents of pluralism such as Axel Hadenius and Fredrik Uggla argue that state acceptance of civil society as a legitimate partner to collaborate with, is key to economic development.<sup>102</sup> Skidmore posits that states alone are not enough for development and must go into partnerships with civil society.<sup>103</sup> Sen and Velde contend that relations between the state and business associations reduces policy failures in developing countries.<sup>104</sup> Thus, civil society becomes a development partner of the state.

Pluralist ideas have been globalised and are widely regarded as fashionable, although some states are still resisting the idea of multiple centres of power. The emergence of an influential civil society in Eastern Europe and the developing countries in Latin America, Asia and Africa has been attributed to two factors. First, the collapse of communism in Eastern Europe in the 1990s, and consequent rise of civil society, had ripple effects in most developing regions.<sup>105</sup> The Soviet Union and communist governments in developing countries were the hub of statist development

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<sup>101</sup> Paul Q. Hirst, 'Introduction', in Paul Q. Hirst (ed.), *The Theory of the State: Selected Writings of G. D. H. Cole, J. N. Figgis, and H. J. Laski*, (Routledge, London, 2005), pp. 1-45, p. 2,

<sup>102</sup> Axel Hadenius and Fredrik Uggla, 'Making Civil Society Work, Promoting Democratic Development: What Can States and Donors Do?', *World Development*, Vol. 24, No. 10, (1996), p. 1630.

<sup>103</sup> Skidmore, 'Civil Society, Social Capital and Economic Development', pp. 62-63, 67

<sup>104</sup> Sen and Te Velde, 'State business relations and economic growth in Sub-Saharan Africa', p. 1270.

<sup>105</sup> Skidmore, 'Civil Society, Social Capital and Economic Development', p. 65.

and antithesis to pluralism. The collapse of socialist political systems and governments led to advanced capitalism, the market, 'democracy' and civil society. Most African states lost confidence in socialism and one-party state systems; and shifted to plural political systems, which created space for multi-partyism and civil society. This gave civil society a stronger voice in the economy.

Second, globalisation has exposed nations to international influence and undermined state control over the economy and gave more power to the market and a stronger voice to civil society.<sup>106</sup> Globalisation exposed insulated states and economic groups to global competition.<sup>107</sup> This accounts for the decline of statist development. Despite their appeal, pluralist ideas did not have much space in the post-colonial Zimbabwean political culture. Although there have been attempts to provide platforms for state-business civil society collaborations these have been weakened by mutual distrust and political manoeuvring.

### **Embedded autonomy**

Embedded autonomy is a term coined and popularised by Peter Evans in the mid-1990s and refers to a state which is connected to and has a corporate relationship with the 'society'.<sup>108</sup> Evans argues that economic development and efficient governance can best be achieved when a strong state works in collaboration with society, but they must not collude as this leads to destructive patronage.<sup>109</sup> Embedded autonomy 'reconciles' ideas from statist and public choice theorists on one hand; and pluralist theorists on the other hand.<sup>110</sup> Although Evans' embedded autonomy thesis focused on the relationship between the state and 'society' on industrialisation, it has been adopted in subsequent works on the state-civil society relations on economic development. One of the major arguments put forward by Evans in his embedded autonomy concept is that, despite its shortcomings, the state

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<sup>106</sup> *Ibid*, pp. 72, 76.

<sup>107</sup> *Ibid*, p. 54.

<sup>108</sup> Peter Evans, *Embedded Autonomy: States and Industrial Transformation*, (Princeton University Press, New Jersey, 1995), p. 12.

<sup>109</sup> *Ibid*, p. 35.

<sup>110</sup> Lucas, 'The politics of business associations in developing world', p. 73. Citing: Peter Evans, 'The State as Problem and Solution: Predation, Embedded Autonomy, and Structural Change,' in Stephan Haggard and Robert R. Kaufman (eds.), *The Politics of Economic Adjustment*, (Princeton University Press, Princeton, NJ, 1992), p. 151.

is a critical entity which cannot be done away with and on which the society and the market depends.<sup>111</sup> He asserted that it is misguided for societal forces to call for the annihilation of the state as it plays an important role of providing infrastructure, rules and regulations; administering justice and ensuring fair distribution of resources.<sup>112</sup> Hence, one feature which distinguishes the embedded autonomy concept from pluralism is its emphasis on the indispensability of the state in development.

Contrary to statist and public choice theorists, Evans asserts that the state and its bureaucracy should not be insulated from the society if success on economic policies is to be realised.<sup>113</sup> Furthermore, he argues that the state and society will be less successful if they work separately.<sup>114</sup> An embedded state is connected to the society through a number of social networks, and gets valuable information about what is happening in the society and is assisted by the society to implement its policies and to solve national challenges. The concept of embedded autonomy has resonance with Sen and Velde who posit that economic growth is best realised when the state establish platforms to engage and exchange views with business groups.<sup>115</sup>

The concept of embedded autonomy is only useful in analysing the engagement between the state and the CZI on the black advancement policy in the 1980s. Other than this the state never established intensive synergies with civil society and other stakeholders on indigenisation as articulated by Evans. Overall, the embedded autonomy concept is limited in analysing state-civil society relations on indigenisation in Zimbabwe.

### **Neoliberalism**

Neoliberalism is a broad ideology which emerged in the 1970s. It revives liberal ideas and advocates for individual freedom, protection of property rights, and free

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<sup>111</sup> Evans, *Embedded Autonomy: States and Industrial Transformation*, pp. 3-4.

<sup>112</sup> *Ibid.*

<sup>113</sup> Peter Evans, 'Government Action, Social Capital and Development: Reviewing the Evidence of Synergy', *World Development*, Vol. 24, No. 6, (1996), p. 1120.

<sup>114</sup> Evans, *Embedded Autonomy: States and Industrial Transformation*, p. 12.

<sup>115</sup> Sen and Velde, 'State Business Relations and Economic Growth in Sub-Saharan Africa', p. 1278-1279.

economic enterprise and trade.<sup>116</sup> Neoliberalism holds that in an ideal society it is the state's obligation to provide a political and economic institutional and legal framework which makes it possible for individual citizens or groups of citizens to use their knowledge, expertise and skills for their own benefit as well as for the good of the society.<sup>117</sup> The state should withdraw from the economy and not interfere with individual freedoms.<sup>118</sup> For more than three decades neoliberalism has been applied to developing countries by Western governments and development agencies such as the World Bank and the International Monetary Fund (IMF).

Because neoliberalism's primary objective is capital accumulation, its position on the role which civil society must play in development is contradictory. Neoliberalism legitimises and delegitimises the state and civil society depending on whether they create conditions for capital accumulation. According to Björn Beckman, proponents of neoliberalism manipulate civil society opposition to the state when it suits their interests but equally use state power to protect their interests, for example protection of property, and to marginalise other social groups which oppose them.<sup>119</sup> Where the state is viewed as an obstacle to free enterprise and capital accumulation, proponents of neoliberalism such as the World Bank and IMF presents chambers of commerce as the legitimate representative of citizens.<sup>120</sup> These development agencies and chambers of commerce will delegitimise the state by presenting it as 'alien' to the aspirations of citizens.<sup>121</sup> Thus neoliberalism can create alternative centres of power in civil society and undermine state sovereignty.

On the other hand, where the state promotes capital accumulation and protects private property rights and where civil society advocates for redistribution of

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<sup>116</sup> David Harvey, *A Brief History of Neoliberalism*, (Oxford University Press, Oxford, 2005), p. 2; Also see: Dag Einar Thorsen and Amund Lie, 'What is Neoliberalism', (Department of Political Science, University of Oslo), p. 12.

<sup>117</sup> *Ibid.* Also see: Robert W. McChesney, 'Introduction' in Noam Chomsky, *Profit Over People: Neoliberalism and Global Order*, (Seven Stories Press, New York, 1999), p. 7.

<sup>118</sup> Harvey, *A Brief History of Neoliberalism*, p. 2.

<sup>119</sup> Björn Beckman, 'The liberation of civil society: neo-liberal ideology and political theory', *Review of African Political Economy*, Vol. 20, No. 58, (1993), pp. 26, 30.

<sup>120</sup> Kraus, 'Capital, power and business associations in the African political economy: a tale of two countries, Ghana and Nigeria', p. 396; Beckman, 'The liberation of civil society: neo-liberal ideology and political theory', p. 23; Also see: McChesney, 'Introduction', p. 9.

<sup>121</sup> Beckman, 'The liberation of civil society: neo-liberal ideology and political theory', p. 23.

resources proponents of neoliberalism goes into alliance with the state.<sup>122</sup> They brand civil society which does not conform to capital accumulation as ‘uncivil society’ which deserves to be suppressed.<sup>123</sup> Skidmore argues that where civil society attempts to interfere with market forces, proponents of neoliberalism can regard it as a force which is totally negative for development. In such cases, just like statist regimes and public choice theorists, proponents of neoliberalism accuse interest groups of manipulating economic policies at the expense of the unrepresented majority.<sup>124</sup>

This study discusses the debate between the proponents of neoliberalism and indigenisation in the 1990s within the above framework.<sup>125</sup> As discussed in Chapter Five the legitimacy given to business associations such as CZI, ZNCC and Chamber of Mines by the World Bank and the IMF took place simultaneously with the emergence of indigenous interest groups demanding indigenisation. Consequently, there were clashes between these interest groups. Neoliberal ideas are employed in this study to examine and expose contradictions in the Zimbabwean interest groups movement on indigenisation.

## Sources

This study is based on a wide range of primary sources. Government documents published between 1980 and 2016 provided invaluable information on the state’s opinion and positions on indigenisation policies and how they evolved overtime. These documents include economic blueprints, development plans, national budget statements and national manpower surveys. The state’s positions on indigenisation were examined through a thorough reading of its draft and enforceable legal instruments such as bills, draft constitutions, Acts and statutory instruments. Hansards of the Parliament of Zimbabwe enriched this thesis. They revealed debates on state moves to control sectors of the economy such as the mining

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<sup>122</sup> *Ibid*, pp. 26, 30

<sup>123</sup> *Ibid*, pp. 26, 30

<sup>124</sup> Skidmore, ‘Civil Society, Social Capital and Economic Development’, p. 53.

<sup>125</sup> Sam Moyo examined contradictions of neo-liberalism on land reform in Zimbabwe. See Sam Moyo, ‘The Land Occupation Movement and Democratisation in Zimbabwe: Contradictions of Neoliberalism’, *Millenium: Journal of International Studies*, Vol. 30, No. 2, (2001), pp. 311-330. The most detailed study on neoliberalism in Zimbabwe is: Patrick Bond and Masimba Manyanya, *Zimbabwe’s Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, (University of Natal Press, Pietermaritzburg, 2002).

industry and efforts to promote black entry into the mainstream economy. They also reveal how indigenisation policies and laws were debated along racial and political lines.

Annual reports from the Small Enterprises Development Corporation (SEDCO) gave invaluable statistics on the number of black businesses supported by the government and the amount of funds allocated to them. Since 2005, the Reserve Bank of Zimbabwe (RBZ) has been publishing monetary statements revealing its concerns on the indigenisation policy. As such, these statements provided invaluable information critical of the indigenisation policy from a key state institution. Established in 2008, the National Indigenisation and Economic Empowerment Board (NIEEB) became central in implementing the indigenisation policy. NIEEB documents with information and statistics on indigenisation were used. Speeches by government officials and press statements by various government departments were also used. Just like government economic blueprints, they revealed the state's positions on the indigenisation policies and how they evolved over time.

The study also intensively used non-government sources. Documents from the ruling party, ZANU-PF, were used. The documents revealed the connection between national politics and indigenisation. Documents produced by established business associations such as the Confederation of Zimbabwe Industries, the Zimbabwe National Chamber of Commerce (ZNCC) and the Bankers Association of Zimbabwe (BAZ) revealed the opinions and positions of the business community on indigenisation. Documents produced by the Indigenous Business Development Centre (IBDC) with invaluable information on demands by blacks for affirmative action in their favour during the 1990s were used. The documents also have inside information on leadership wrangles and other organisational disputes within the IBDC. Speeches by key figures in the business community and press statements by interest groups on indigenisation revealed various views and perspectives on indigenisation, showing the complexity of the subject. Since 1980, development agencies such as the United Nations, the World Bank, the United States Agency for International Development (USAID) and the Norwegian Agency for Development Cooperation (NORAD) produced detailed commissioned reports and other grey literature on various issues of Zimbabwe's political economy. Subjects covered by

these reports included the general socio-economic conditions, small enterprises development and business linkages. These reports gave the general socio-economic context in which indigenisation was taking place.

State-controlled newspapers such as *The Herald* and *The Sunday Mail* churned government perspectives on indigenisation. Because of their close proximity to the state, these papers covered in detail most developments on indigenisation and they greatly informed this study. *The Financial Gazette*, an independent paper focusing on economic and business issues, provided invaluable information on the relations between the state and the business community on indigenisation. Other private newspapers which carried articles with voices critical of indigenisation such as the *Daily News*, *Newsday*, *The Zimbabwe Independent* and *The Standard* were also used. Evidence from newspapers filled most gaps which could not be covered by information from government and interest group sources. Interviews with members of various interest groups were conducted by the author. Information provided by interviewees augmented that in various sources discussed above. More importantly, some interviewees referred the author to other potential interviewees and institutions with documents relevant to this study. In short the indigenisation story told in this study is mainly constructed from primary evidence and grey literature.

### **Organisation and structure of the thesis**

This thesis has eight chapters. The current chapter introduces and provides the scope of the study. It defines key terms and provides a conceptual framework which resonates with the study. Chapter Two provides a history of dispossession and economic marginalisation of the indigenous peoples during the colonial period. The chapter shows that interest groups were part and parcel of that process, either as beneficiaries and victims. The legacy of colonial rule is regarded as a key factor shaping the state's relations with interest groups in the post-colonial period. Chapter Two also discusses the state of indigenisation research in Zimbabwe.

The period 1980 to 1990 was unique because the government had two 'indigenisation' policies. Chapter Three focusses on 'proto-indigenisation' characterised by lukewarm efforts by the state to facilitate black entrance in

mainstream economy. The government's half-hearted approach reflected both its ties to global and local economic imperatives, and its socialist ideology. While this augured well with white dominated business associations, it disillusioned the black business interest groups which had high expectations of 'black economic empowerment'. Chapter Four continues the focus on the 1980s. It discusses the government's black advancement policy which saw rapid appointment and promotion of blacks in the public service. Resistance to the policy and racial tensions between whites and blacks in the parastatals and the private sector inevitably sucked in business associations and trade unions.

Chapter Five examines the contradistinctions and contradictions between neoliberal economic reforms and indigenisation in the 1990s. Though the government was pragmatic, 'neoliberal' business associations and indigenous interest groups' views on how to indigenise the economy were different, and skirmishes characterised this period. Chapter Six examines indigenisation in the context of economic and political crises. It argues that in order to retain power and maintain hegemony, the ZANU-PF government made alliances with indigenous interest groups. ZANU-PF blamed white and foreign businesses of sabotaging the economy and its relations with their representative business associations went to their lowest ebbs. Targeting white and foreign owned businesses, the ZANU-PF government enacted a controversial Indigenisation and Economic Empowerment Act of 2007 despite disapproval from some state departments, business associations and opposition political parties.

Chapter Seven examines successes and failures of the enforcement of the Indigenisation and Economic Empowerment Act during the power sharing and post-power sharing era. ZANU-PF enforced the law during the power sharing era amid fierce opposition from its partners in government, the Movement for Democratic Change (MDC) parties; some state departments and business associations. Once ZANU-PF won elections and retained full control of the government it relaxed its implementation of the Indigenisation and Economic Empowerment Act. The ZANU-PF government is in fact contemplating reviewing the Act in order to attract foreign investment to revive a comatose economy. Chapter Eight presents general conclusions.

## Chapter Two

### Colonial political economy and its legacy: Race, class and interest groups

The rationale for Zimbabwe's Indigenisation and Economic Empowerment Programme (IEEP) is rooted in the country's colonial history. The consequences of the injustices of the colonial era had to be corrected.<sup>1</sup>

*New African Magazine: Special Report on Zimbabwe*, July 2013.

Indians have never taken part in exploitation of other Zimbabweans.<sup>2</sup>

Zimbabwean businessman of Asian descent, 26 May 2011.

#### Introduction

On 12 March 1992, the Parliamentary Select Committee on Indigenisation justified indigenisation by presenting a detailed report on the exploitation and marginalisation of blacks during the colonial period.<sup>3</sup> Similarly, calling for agrarian indigenisation on 10 March 1998, legislator Irene Zindi tabled a detailed history of land alienation in the Parliament of Zimbabwe.<sup>4</sup> The history was published in a Hansard and it cited professional historians whose works focuses on the marginalisation of black people. This testifies to the significance of colonial history in post-colonial indigenisation policies.

Using existing literature, this background chapter examines the salience of race, class and interest groups in creating inequities in wealth distribution during the colonial period. It advances four major arguments. First, whites were not a homogenous group, since their varied ethnic backgrounds determined access to resources. Second, despite being in the middle of the colonial racial scale, Asians

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<sup>1</sup> 'Why we had to indigenise!', *New African Magazine: Special Report on Zimbabwe*, July 2013, p. 44.

<sup>2</sup> Farirai Machivenyika, 'We are not aliens', *The Herald*, 27 May 2011, p. 1.

<sup>3</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 61, 12 March 1992; Mr Cyril Ndebele, MP, Gweru North; cols. 4337-4373. First Interim Report of the Select Committee on the Indigenisation of the National Economy. *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 61, 12 March 1992; Mr Joseph C. Kaparadza, MP, Mukumbura; cols. 4373-4399. Date Chart of Land Policy and Legislation.

<sup>4</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 24, No. 68, 10 March 1998; Mrs Irene Zindi, MP, Hatfield; cols. 3731-3925. Policy on Land Acquisition, Redistribution and Tenure.

and Coloureds were also victims of colonial rule. Third, within all racial groups, including blacks at the bottom of the racial strata, class was a salient feature, revealing varied access to resources and opportunities. Fourth, interest groups were active participants in the colonial political economy, either as beneficiaries or victims. The chapter shows that during the first years of independence, the colonial economic superstructure was firmly entrenched. Hence there was little change in the racial patterns of resource and wealth distribution, providing the context in which post-colonial proponents of indigenisation argued their case. The chapter also presents the state of research and debates on the country's post-colonial indigenisation policies.

### **Colonial political economy**

Between 1890 and 1980 Zimbabwe<sup>5</sup> was a colony of white<sup>6</sup> settlers, mainly of British stock. Before the imposition of colonial rule the country was inhabited by groups of black<sup>7</sup> people. The biggest ethnic group spoke 'Shona'<sup>8</sup> dialects (Karanga, Zezuru, Korekore, Manyika and Ndaou). The Ndebele were the second most populous ethnic group. There were also other small ethnic groups such as the Kalanga, Venda and Tonga. These groups' economies were mainly based on agriculture, hunting, fishing, mining, internal and external trade. The grand narrative from liberal scholarship is that pre-colonial economies were sustainable and beneficial to blacks.<sup>9</sup> Although

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<sup>5</sup> The country under discussion was called Southern Rhodesia from 1895 to 1963, Rhodesia from 1965 to 1978, Zimbabwe-Rhodesia in 1979, and Zimbabwe since 1980. For the purposes of this chapter the name of the country during the specific era under discussion will be retained. Although this was not always the case, changes in the names of interest groups tended to correlate with changes in the name of the country. So retaining colonial names will be an attempt to synchronise them with the names of interest groups during a particular era. For example in the 1950s black farmers were represented by the Southern Rhodesia African Farmers Union (AFU). In 1980s the interest group changed name to Zimbabwe National Farmers' Union (ZNFU). The above also applies to the names of cities and towns.

<sup>6</sup> In this chapter and the whole thesis 'white' refers to light-coloured people with European ancestry. I will try to stick to the term 'white'. However, in some cases the term 'European' will be most appropriate to use especially when contrasting with 'African'. Europeans refers to white persons whose origins can be traced from Europe. I use 'Europeans' and 'White' to refer to the same people.

<sup>7</sup> In this chapter and the whole thesis in general 'black' refers to dark coloured humans with descent traced to Africa. I try as much as possible to stick to the term 'black'. However, there are situations where the term 'African' is the most appropriate, especially when making contrasts with 'European'. Africans refers to the indigenous people who live on the African continent with dark-coloured skin.

<sup>8</sup> The term 'Shona' was coined in the 19<sup>th</sup> century more likely by missionaries as the overall name of all dialects mentioned above. See David Beach, *The Shona and Zimbabwe*, (Heinemann, London, 1980), pp. vi, x.

<sup>9</sup> See for example: David N. Beach, 'Second thoughts on the Shona economy: Suggestions for further research', *Rhodesian History*, Vol. 7, (1976), pp. 1-11; David Beach, 'The Shona Economy: Branches of Production', in

intergroup and class conflicts existed in pre-colonial societies current historiography has emphasised the negative effects of colonial rule.

British colonial rule was imposed in 1890 through the British South Africa Company (BSAC) led by Cecil John Rhodes.<sup>10</sup> This was met with resistance, firstly by the Ndebele in 1893 to 1894 and by the Ndebele and the Shona in 1896 to 1897.<sup>11</sup> The military subjugation of blacks in these resistance wars paved the way for white expropriation of resources, exploitation of labour, and economic marginalisation of blacks.<sup>12</sup> The prime objective of colonial capitalism was to make profits and minimise costs. A number of studies concur that the imposition of colonial rule disrupted existing African economic systems.<sup>13</sup> As discussed below, the BSAC and successive colonial governments paid little attention to the economic conditions and welfare of blacks.

As discussed in Chapter One, among the contentious issues in Zimbabwe's indigenisation discourse is identification of beneficiaries and victims of colonial rule. A brief discussion of race and ethnic identities and their socio-economic position during colonial rule is necessary in order to understand the historical origins of the issue. According to Barry Kosmin 'categorization of groups and the process of identification' determined one's social ranking and access to economic opportunities during the colonial era.<sup>14</sup> Broadly, the colonial society comprised of four major racial identities. These groups and their rough demographic ratios during the colonial period based on the 1956 census were as follows: African/Blacks (2 540 000),

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Robin Palmer and Neil Parsons (eds.), *The Roots of Rural Poverty in Central and Southern Africa*, (Heinemann, London, 1977), pp. 37-59; and Musiwaro Ndakaripa, *A History of the Munyikwa People of Gutu District, Zimbabwe, c.1700 – 1890*, (University of Zimbabwe Publications, Harare, 2017), pp. 78-79.

<sup>10</sup> Through the Royal Charter the British South Africa Company (BSAC) directly ruled Southern Rhodesia from 1890 to 1923.

<sup>11</sup> For more detail on wars of resistance see: Robert S. S Baden-Powell, *The Matabele Campaign 1896: Being a narrative of the campaign in suppressing the native rising in Matabeleland and Mashonaland*, (Negro University Press, Westport, 1897); Terence O. Ranger, *Revolt in Southern Rhodesia 1896-7: A Study in African Resistance*, (Heinemann, London, 1967); Stafford Glass, *The Matabele War*, (Longmans, London, 1968); and David N. Beach, *War and Politics 1840-1900*, (Mambo Press, Gweru, 1986).

<sup>12</sup> Ranger, *Revolt in Southern Rhodesia 1896-7: A Study in African Resistance*, pp. 337, 342, 343, 344.

<sup>13</sup> Giovanni Arrighi, 'Labour supplies in historical perspective: A study of the proletarianization of the African peasantry in Rhodesia', *Journal of Development Studies*, Vol. 6, No. 3, (1970), p. 198; Ian Phimister, 'Peasant production and underdevelopment in Southern Rhodesia, 1890-1914', *African Affairs*, Vol. 73, No. 291, (1974), pp. 218, 228; and Robin Palmer, *Land and Racial Domination in Rhodesia*, (Heinemann, London, 1977), p. 13.

<sup>14</sup> Barry A. Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', (PhD thesis, University of Rhodesia, 1974), p. 12.

Europeans/Whites (177 124), Coloureds (8 079) and Asians (5 127).<sup>15</sup> The major racial fault line was the white / black binary. Kosmin states that 'white' was the highest social ranking with most political and economic privileges.<sup>16</sup> Nevertheless, there were ethnic divisions among whites which determined access to resources and economic opportunities. Duncan Clarke emphasised that specificity is important in determining which group among 'Europeans' gained more wealth and incomes.<sup>17</sup> However, ethnic divisions among whites and their influence on access to resources and opportunities changed over time.

Kosmin states that between 1890 and the Second World War only those originating from Britain were regarded as 'real white man' or Rhodesians. Hence major divisions among whites were based on 'British and Others'.<sup>18</sup> During that period the British downgraded other white groups such as the Jews, Greeks, Italians, Russians and Afrikaners who migrated to or were born in Southern Rhodesia.<sup>19</sup> In addition, class difference in wealth ownership was salient among whites throughout the colonial period.<sup>20</sup> However, Marguerite Lee stated that the demographic dominance of Africans united all whites and made divisions among them secondary.<sup>21</sup> In addition, the emergence of mass African nationalism in the 1960s narrowed ethnic divisions among the whites and the major categorisation became 'white and non-white'.<sup>22</sup> Using existing literature, the subsequent paragraphs will attempt to show that resources, incomes and wealth were not evenly distributed among whites.

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<sup>15</sup> Philip Stigger, 'Asians in Rhodesia and Kenya: a comparative political history', *Rhodesian History*, Vol. 1, (1970), p. 2; Also see: *Federation of Rhodesia and Nyasaland: Census of Population 1956*, (Central Statistical Office, Salisbury, 1960), p. 3.

<sup>16</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 13.

<sup>17</sup> Duncan G. Clarke, *The Distribution of Income and Wealth in Rhodesia*, (Mambo Press, Gweru, 1977), p. 22.

<sup>18</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', pp. 11, 13.

<sup>19</sup> Marguerite Elaine Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', (PhD thesis, University of London, 1974), pp. 120-121; Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 11

<sup>20</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 16.

<sup>21</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 123.

<sup>22</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 13.

Between whites and blacks there were 'brown colours': the Asians and the Coloureds.<sup>23</sup> According to Kosmin these groups acted as a buffer for whites against blacks.<sup>24</sup> Most Asians were Indians who migrated or were born in the country. They were mainly urbanites who depended on waged employment, trading and later in manufacturing.<sup>25</sup> The Coloured community can be put into two categories, based on origins. Some were born from 'mixed race' unions in South Africa and Mozambique and migrated into the country.<sup>26</sup> The majority were born from mixed race unions within the country. Benefits accrued by Asians and Coloureds from colonial political economy were limited and in some cases, they were victims.

With the rise of African mass nationalism in the 1960s, there were efforts by the settler regime to accommodate Asians and Coloureds. According to Clarke the 1969 Republican Constitution classified whites, Asians and Coloureds as 'Europeans'.<sup>27</sup> As the liberation struggle intensified in the 1970s whites attempted to co-opt Asians and Coloureds through a new categorisation based on 'Africans and non-Africans'.<sup>28</sup> According to Clarke, despite these new categorisations, the socio-economic status of Asians and Coloureds was significantly lower than that of the whites.<sup>29</sup> Among the Asians and Coloureds there were classes which owned more wealth and earned more than others.<sup>30</sup> Identifications, categorisations and classifications above are given in order to show the varied experiences of colonial rule among whites, Asians and Coloureds. This is important in order to understand how problematic it is in determining the 'indigenous' people who must benefit from indigenisation in the post-colonial period.

Major black ethnic groups have been identified above. Suffice to say that other black immigrant groups came to the country during the colonial period from Malawi, Zambia, Mozambique and very few from South Africa looking for jobs in farms,

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<sup>23</sup> *Ibid*, p. 13.

<sup>24</sup> *Ibid*, p. 13.

<sup>25</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 22.

<sup>26</sup> James Muzondidya, 'Sitting on the fence or walking a tightrope? A Political history of the Coloured Community in Zimbabwe, 1945-1980', (PhD thesis, University of Cape Town, 2001), p. 13.

<sup>27</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 14.

<sup>28</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 13.

<sup>29</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 16.

<sup>30</sup> *Ibid*, p. 22.

mines and later manufacturing industries.<sup>31</sup> Although all blacks were marginalised by colonial rule, over time there was differentiation among them. This was determined by access to productive land<sup>32</sup> and western education.<sup>33</sup> The following sections discuss how colonialism marginalised blacks, Asians, Coloureds and some whites. The role played by interest groups is also looked at. Arguably, those that represented the whites were the most influential and they entrenched racial exploitation by advocating for measures which marginalised blacks, Asians, Coloureds. Black interest groups lobbied for measures which would promote black economic interests with varying degrees of success.

### Land policy

Henry Moyana, Robin Palmer and Jocelyn Alexander stressed the centrality of land expropriation in white political and economic dominance.<sup>34</sup> Racial inequities in land distribution had ripple effects in other facets of the colonial economy such as agriculture, taxation, labour and commerce. Successive settler regimes enacted pieces of legislation to alienate land from blacks. Through the Matabeleland Order in Council of 18 July 1894, the BSAC established a Land Commission that alienated African land in the Matabeleland region.<sup>35</sup> The Land Apportionment Act of 1930 reversed the few African land rights initially enshrined in the Southern Rhodesian constitution.<sup>36</sup> The Act legalised discrimination by separating blacks and whites. Whites owned land in expansive and agriculturally productive 'European areas'.<sup>37</sup> Through the Land Husbandry Act of 1951 the colonial government divided land in the reserves into small units which could not be divided further.<sup>38</sup> The Act restricted

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<sup>31</sup> James Muzondidya, 'Jambanja: Ideological Ambiguities in the Politics of Land and Resource Ownership in Zimbabwe', *Journal of Southern African Studies*, Vol. 33, No. 2, (2007), p. 326.

<sup>32</sup> Ian Phimister, 'Commodity relations and class formation in the Zimbabwean countryside, 1898-1920', *Journal of Peasant Studies*, Vol. 13, No. 4, (1986), p. 245.

<sup>33</sup> Michael O. West, *The Rise of an African Middle Class: Colonial Zimbabwe, 1898-1965*, (Indiana University Press, Bloomington, 2002), pp. 36-67.

<sup>34</sup> Henry Vuso Moyana, 'Land and Race in Rhodesia', *African Review: A Journal of African Politics*, Vol. 5, No. 3, (1975), pp. 17-41, Palmer, *Land and Racial Domination in Rhodesia*, p. 246; Jocelyn Alexander, *The Unsettled Land: State-Making and the Politics of Land in Zimbabwe 1893-2003*, (James Currey, Oxford, 2006), p. 10.

<sup>35</sup> Palmer, *Land and Racial Domination in Rhodesia*, p. 30.

<sup>36</sup> A. C. Jennings, 'Land Apportionment in Southern Rhodesia', *Journal of the Royal African Society*, (1935), p. 298.

<sup>37</sup> *Ibid*, p. 298.

<sup>38</sup> Ian Phimister, 'Rethinking the reserves: Southern Rhodesia's Land Husbandry Act reviewed', *Journal of Southern African Studies*, Vol. 19, No. 2, (1993), p. 226.

Africans from using and accessing specific areas set aside for commercial purposes in urban and rural areas.<sup>39</sup> As discussed in the next sections, inequities in land distribution determined race relations in the country.

Asians and Coloureds were also victims of racial discrimination in the distribution of land. In 1921 the Rhodesian Agricultural Union passed a resolution opposing the sale of land to Indians.<sup>40</sup> Although A. C. Jennings stated that the Land Apportionment Act of 1930 allowed Asian and Coloureds to own land in European areas,<sup>41</sup> Clarke revealed that most of them did not access it and they were rarely involved in farming activities.<sup>42</sup> Like blacks, most Asians and Coloureds were generally disaffected and discontented by inequities in land distribution in the country.<sup>43</sup> This shows that although Asians and Coloureds were higher in the colonial racial stratification hierarchy as compared to blacks their access to resources was limited.

### Labour policy

Colonial land policies contributed to the exploitation of black labour.<sup>44</sup> Under labour tenancy, between 1890 and 1930, blacks who opted to remain on land claimed by white settlers were subjected to unpaid working hours per week.<sup>45</sup> In extreme cases, blacks were forced to provide unpaid labour on white farms under semi-slavery conditions.<sup>46</sup> The BSAC imposed taxes on blacks in order to force them to work in white enterprises and make them part of a cash economy. White business associations, most notably the Chamber of Mines and Chamber of Commerce,

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<sup>39</sup> *Ibid*, p. 226.

<sup>40</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 122.

<sup>41</sup> Jennings, 'Land Apportionment in Southern Rhodesia', p. 298.

<sup>42</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 51.

<sup>43</sup> Palmer, *Land and Racial Domination in Rhodesia*, p. 246.

<sup>44</sup> Some of the most notable works on the exploitation of black labour are: Duncan Clarke, *Contract Workers and Underdevelopment in Rhodesia*, (Mambo Press, Gwelo, 1974); Ian R. Phimister and Charles van Onselen (eds.), *Studies in the History of African Mine Labour in Colonial Zimbabwe*, (Mambo Press, Gwelo, 1978); Charles van Onselen, *Chibaro: African Mine Labour in Southern Rhodesia 1900-1933*, (Ravan Press, Johannesburg, 1980); and Ian Phimister, *Wangi Kolia: Coal, Capital and Labour in Colonial Zimbabwe, 1894-1954*, (Baobab Books, Harare, 1994).

<sup>45</sup> J. K. Rennie, 'White Farmers, Black Tenants and Landlord Legislation, Southern Rhodesia, 1890-1930', *Journal of Southern African Studies*, Vol. 5, No. 1, (1978), pp. 86-98.

<sup>46</sup> Luke Malaba, 'Supply, control and organization of African labour in Rhodesia', *Review of African Political Economy*, Vol. 7, No. 18, (1980), p. 9; Terence Ranger, 'Literature and political economy: Arthur Shearly Cripps and the Makoni labour crisis of 1911', *Journal of Southern African Studies*, Vol. 9, No. 1, (1982), pp. 33-53.

played a role in the formulation of labour and taxation policies in the early colonial period. The Chamber of Mines urged the BSAC to curb black mining activities,<sup>47</sup> to ensure a supply of cheap labour for white mines. In 1894 the Hut Tax was imposed on blacks.<sup>48</sup> When some blacks proposed that they pay tax in form of cattle and gold<sup>49</sup>, the Chamber of Mines and Chamber of Commerce opposed the proposal and recommended to the BSAC that blacks pay taxes in cash.<sup>50</sup> The Chamber of Mines argued that allowing blacks to pay taxes in gold would interfere with white mining activities. The BSAC responded to the Chamber of Mines positively by passing an Ordinance in 1901 which prohibited the possession of gold by blacks.

Ian Phimister identified a series of levies imposed on blacks in the early twentieth century to force them into wage labour.<sup>51</sup> These included high rentals for staying on unalienated land, cattle dipping and grazing fees.<sup>52</sup> Other measures such as the Kaffir Beer Ordinance of 1912 were designed to limit ways in which the black peasantry could raise money for taxes without providing wage labour in white enterprises.<sup>53</sup> Two key points emerge from the above discussion. First, land alienation made it easier for whites to exploit black labour. Second, the BSAC and white interest groups colluded to ensure that blacks provide labour to white enterprises. The overall result was that blacks lost control of their labour and this limited their capacity to produce commodities independently.

A series of laws were enacted to exploit African labour. White trade unions were beneficiaries and complicit in the enactment of such legislation. The Master and Servant Act of 1901 gave white employers greater control of their African workers by legalising their unequal status.<sup>54</sup> The Act also gave more leverage to white employers in the negotiation and agreement of employment contracts and criminalised the breach of such contracts by blacks.<sup>55</sup> In the second decade of the

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<sup>47</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 103.

<sup>48</sup> Ranger, *Revolt in Southern Rhodesia 1896-7: A Study in African Resistance*, p. 69.

<sup>49</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 110.

<sup>50</sup> *Ibid*, p. 110.

<sup>51</sup> Phimister, 'Commodity relations and class formation in the Zimbabwean countryside, 1898-1920', p. 243.

<sup>52</sup> *Ibid*, p. 243.

<sup>53</sup> *Ibid*, p. 243.

<sup>54</sup> Malaba, 'Supply, control and organization of African labour in Rhodesia', p. 19.

<sup>55</sup> Charles van Onselen, 'Worker Consciousness in Black Miners: Southern Rhodesia, 1900-1920', in Ian R. Phimister and Charles van Onselen (eds.), *Studies in the History of African Mine Labour in Colonial Zimbabwe*,

20<sup>th</sup> century, trade unions representing white workers but supporting discrimination against black workers emerged. Examples include the Rhodesia Railway Workers Union (RRWU) formed in 1916,<sup>56</sup> Commercial Employees Association,<sup>57</sup> the Engineering Union,<sup>58</sup> Rhodesia Mine and General Workers Association formed in 1916 and the Amalgamated Engineering Union,<sup>59</sup> and the Amalgamated Commercial Employees formed in 1919.<sup>60</sup> With the support of white trade unions the colonial state enacted the Industrial Conciliation Act of 1934 which deprived blacks of their rights as workers by excluding them from the definition of 'employee'.<sup>61</sup> While the Industrial Conciliation Act forbade the formation of racial trade unions it allowed the formation of trade unions based on skills.<sup>62</sup> However, the issue of race bounced back because most trade unions representing skilled workers were dominated by whites while those representing unskilled or less skilled workers were dominated by blacks. Trade unions representing skilled white workers demanded high salaries and connived with the state and private employers to keep salaries of unskilled blacks low.<sup>63</sup> D. S. Pearson states that, in 1961, only one percent of the 612 600 blacks formally employed received a salary of £25 per month while about 88 400 non-blacks were earning about £25 per month or even more.<sup>64</sup> As late as 1973, 69% of black workers were not covered by the Industrial Conciliation Act's minimum wage regulations.<sup>65</sup> The argument stressed here is that white interest groups, in this case trade unions, were complicit in the exploitation of black labour.

Erratic attempts by the colonial state to advance blacks at work places cannot go unmentioned. According to Duncan Clarke, in the 1950s and 1960s white liberals

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(Mambo Press, Gwelo, 1978), p. 9; Malaba, 'Supply, control and organization of African labour in Rhodesia', p. 19.

<sup>56</sup> Elaine Lee, 'The Trade Union Movement in Rhodesia, 1910-1924', *Rhodesian Journal of Economics*, Vol. 8, No. 4, (1974), pp. 221, 224.

<sup>57</sup> *Ibid*, pp. 228-229.

<sup>58</sup> *Ibid*, p. 236.

<sup>59</sup> D. J. Murray, *The Governmental System in Southern Rhodesia*, (Clarendon Press, Oxford, 1970), p. 123.

<sup>60</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 141.

<sup>61</sup> Peter Harris, 'Industrial Workers in Rhodesia, 1946-1972: Working-class elites or lumpenproletariat?', *Journal of Southern African Studies*, Vol. 1, No. 2, (1975), p. 153.

<sup>62</sup> Peter S. Harris, 'Government Policy and African Wages in Rhodesia', *Zambezia*, 1972, p. 41.

<sup>63</sup> *Ibid*, p. 41.

<sup>64</sup> D. S. Pearson, 'African Advancement in Commerce and Industry', *Journal of Modern African Studies*, Vol. 3, Vol. 2, (1965), p. 244.

<sup>65</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 34.

occasionally mentioned issues such as deracialisation and black advancement.<sup>66</sup> The attainment of independence and black advancement at work places in other African countries compelled the state in Southern Rhodesia to initiate some piecemeal measures to advance blacks.<sup>67</sup> The Rhodesian economy which expanded during the 1950s and 1960s could no longer solely rely on skilled white and expatriate workers.<sup>68</sup> Pearson argues that the employment of locals in Southern Rhodesia in the 1960s was not necessarily because companies were committed to the policy of localisation of personnel but because the wage and benefits bill of the local people was lower.<sup>69</sup> As a result there were some efforts by private companies to employ local blacks in relatively senior positions. However, Pearson states that expatriate workers in foreign owned enterprises and local whites colluded to block black advancement in private enterprises.<sup>70</sup> As a result black advancement during the colonial era was not significant.

Although other non-black racial groups did not suffer the bad labour conditions and low wages as blacks did, they suffered from general discrimination on the job market and work places. Between 1890 and 1930 the civil service rarely employed Jews.<sup>71</sup> Greeks were never employed as civil servants between 1890 and 1930. Kosmin states that, up to the Second World War, British artisans in Rhodesia were xenophobic against non-British work mates.<sup>72</sup> Discrimination against Asians on the job market was even worse. Up to the 1920s, Asians were only employed as chefs and stewards in railways jobs and until the late 1930s, no Asian was employed as a public servant.<sup>73</sup> In addition to marginalisation by Europeans, Asians also faced competition from educated and cheaper blacks.<sup>74</sup>

Coloureds also faced employment barriers. In 1913 the European dominated United Building Trade Union was formed in Bulawayo to oppose the employment of

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<sup>66</sup> Duncan G. Clarke, *Foreign Companies and International Investment in Zimbabwe*, (Mambo Press, Gwelo, 1980), p. 17.

<sup>67</sup> Pearson, 'African Advancement in Commerce and Industry', pp. 231, 243.

<sup>68</sup> *Ibid*, p. 233.

<sup>69</sup> *Ibid*, pp. 233-234.

<sup>70</sup> *Ibid*, p. 244.

<sup>71</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 93.

<sup>72</sup> *Ibid*, p. 95.

<sup>73</sup> *Ibid*, pp. 93, 96.

<sup>74</sup> *Ibid*, p. 112.

Coloured labour.<sup>75</sup> James Muzondidya reveals that in the 1940s skilled Coloured workers faced hostility from their white counterparts and were discriminated against in the mining and automobile industries.<sup>76</sup> The availability of cheap black labour compromised the salaries of unskilled and semi-skilled Coloured workers.<sup>77</sup> Demands by Coloured trade unions such as Coloured Mechanics and General Workers Union for higher wages and better working conditions were opposed by both employers and white employees.<sup>78</sup> Due to unemployment and underemployment poverty afflicted the Coloured community during the 1940s.<sup>79</sup> Clarke stated that in 1956 about 5 783 workers, which was 71.5% of the Coloured population was underpaid.<sup>80</sup> In 1961 this figure rose to 7 764 which was 73.5% of the total Coloured population.<sup>81</sup> In general, Clarke argues that the Coloured community was negatively affected by colonialism.<sup>82</sup> In this context, assertions by Asian and Coloured communities in the post-colonial period that they were victims of colonialism are legitimate.

### **Education and manpower training policy**

Black education and training during the colonial period were deliberately bottlenecked. This had negative consequences on black opportunities for higher jobs in the public and private sectors. In addition, this limited their ability to run successful business enterprises. Carol Summers argues that settler administrations wanted blacks to acquire education for subordination rather than for advancement.<sup>83</sup> Black education was largely the responsibility of the church missions.<sup>84</sup> Between 1890 and 1923, the BSAC administration urged missionary education institutions with blacks to prioritise literacy, numeracy and the so-called 'industrial training' which imparted

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<sup>75</sup> Lee, 'The Trade Union Movement in Rhodesia, 1910-1924', pp. 216-217.

<sup>76</sup> Muzondidya, 'Sitting on the fence or walking a tightrope? A Political history of the Coloured Community in Zimbabwe, 1945-1980', pp. 136-127.

<sup>77</sup> *Ibid*, pp. 136-137.

<sup>78</sup> Lee, 'The Trade Union Movement in Rhodesia, 1910-1924', p. 216.

<sup>79</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 24.

<sup>80</sup> *Ibid*, p. 25.

<sup>81</sup> *Ibid*, p. 25.

<sup>82</sup> *Ibid*, p. 24.

<sup>83</sup> Carol Summers, 'Educational controversies: African activism and educational strategies in Southern Rhodesia, 1920-1934', *Journal of Southern African Studies*, Vol. 20, No. 1, (1994), p. 4.

<sup>84</sup> Rungano J. Zvobgo, *Colonialism and Education in Zimbabwe*, (SAPES Books, Harare, 1994), p. 16.

practical skills such as carpentry and agriculture.<sup>85</sup> This kind of education was in sync with the colonial political economy whose objective was to have useful black labourers. In 1912 the BSAC administration passed an ordinance which explicitly called for limitation of academic education to blacks as it was deemed inappropriate for them.<sup>86</sup> In contrast, by 1910 the BSAC administration had completed crafting the framework of quality white education needed in the economy.<sup>87</sup> Peter Harris noted that few black students were enrolled in formal on-the-job training institutions which imparted the skills needed in most industrial sectors.<sup>88</sup> For example, out of 1 582 students on apprenticeship at Salisbury polytechnic college in 1972 there were 139 blacks who were all training for building.<sup>89</sup> The reluctance by the state to promote technical and vocational training to blacks reduced their chances to land lucrative job positions.

Asian and Coloured education was also limited. For example between 1890 and 1930, Asians were not accepted in some white schools and until the late 1930s, there were no primary schools for Asians.<sup>90</sup> As a result most Asian children were sent to their home countries for studying. It was only in 1938 that the Education Act allowed white and Asian primary pupils to study in the same schools up to Standard VIII.<sup>91</sup> Until the 1950s, there was no formal secondary education for Asian students. According to Kosmin for much of the colonial period, mission education provided by missionaries for blacks was far much better than education provided by the government to the Asians and Coloureds.<sup>92</sup> Until the 1940s, Asians were not admitted to polytechnic and vocational training colleges<sup>93</sup> and until 1960, most Asians and Coloureds received technical training at South African institutions.<sup>94</sup> It was only after 1960 that the government of the Federation of Rhodesia and Nyasaland lifted restrictions on the enrolment of Asians and Coloureds at polytechnic

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<sup>85</sup> *Ibid*, p. 16.

<sup>86</sup> *Ibid*, p. 20.

<sup>87</sup> *Ibid*, p. 22.

<sup>88</sup> Harris, 'Government Policy and African Wages in Rhodesia', p. 44.

<sup>89</sup> *Ibid*, p. 44.

<sup>90</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', pp. 82-83, 84.

<sup>91</sup> *Ibid*, pp. 84-85.

<sup>92</sup> *Ibid*, p. 84.

<sup>93</sup> *Ibid*, p. 85.

<sup>94</sup> Muzondidya, 'Sitting on the fence or walking a tightrope? A Political history of the Coloured Community in Zimbabwe, 1945-1980', p. 166.

colleges.<sup>95</sup> However, even then, they faced challenges in securing places for industrial attachment in white controlled companies.<sup>96</sup> This shows that the impact of colonial policies on the populace can best be understood by disaggregating racial identities and examine their experiences rather than making generalisations based on the white-black dichotomy. This is something which post-colonial authorities seem to be failing to grasp, appreciate, acknowledge and understand.

### **Economic marginalisation**

In general, blacks were marginalised in the economy. Due to racial inequities in land ownership blacks were obviously marginalised in agriculture. While promoting white agriculture, the settler state in Southern Rhodesia suppressed black agriculture.<sup>97</sup> Besides possessing large and productive farms, white farmers enjoyed several advantages.<sup>98</sup> First, their farms had better infrastructure such as electricity and water supplies among other services.<sup>99</sup> Second, they were located closer to railways and roads which made it easier to transport their produce to the market.<sup>100</sup> Third, white farmers had access to state and commercial bank loans denied to most black farmers.<sup>101</sup> Through various pieces of legislation the colonial state also created a market which protected whites and discriminated against black farmers. For example the Maize Control Act of 1931 forced blacks to sell their maize at a lower price.<sup>102</sup> Although black peasants contributed the greatest share to Southern Rhodesia's beef industry in the 1930s, their profits were reduced by their reliance on the white middlemen given licences by successive Beef Control Acts and other regulations governing the trade.<sup>103</sup> However, there are other non-black racial groups whose participation in agriculture was limited. During the early years of colonial rule Jews,

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<sup>95</sup> *Ibid*, pp. 166-167.

<sup>96</sup> *Ibid*, p. 167.

<sup>97</sup> William R. Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', *African Affairs*, Vol. 79, No. 315, (1980), p. 238.

<sup>98</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 55.

<sup>99</sup> *Ibid*, p. 55.

<sup>100</sup> *Ibid*, p. 55.

<sup>101</sup> Malaba, 'Supply, control and organization of African labour in Rhodesia', p. 9.

<sup>102</sup> Giovanni Arrighi, *The Political Economy of Rhodesia*, (Mouton, The Hague, 1967), p. 33; Terence Ranger, *Peasant Consciousness and Guerrilla War in Zimbabwe: A Comparative study*, (James Currey, London, 1985), pp. 83-84.

<sup>103</sup> Nhamo Samasuwo, ' "There is Something About Cattle": Towards an Economic History of the Beef Industry in Colonial Zimbabwe, with Special Reference to the Role of the State, 1939-1980', (PhD thesis, University of Cape Town, 2000), pp. 34, 43-44.

Hellenes and Asians lacked capital to buy land and start commercial farming.<sup>104</sup> The fact that some non-black groups' participation in agriculture was limited buttress the argument that blacks were not the only victims of colonialism.

The colonial state's attempt to create a black middle class in the agrarian sector cannot be overlooked. This class was designed and co-opted by the state (between the 1930s and the 1950s) to act as a buffer group against the black majority. These attempts can be traced to the Land Apportionment Act of 1930 which led to the formation of Native Purchase Areas (NPAs) (later African Purchase Areas (APAs)).<sup>105</sup> Most owners of farms in the APAs during the early years were better paid civil servants.<sup>106</sup> By 1975 there were about 8500 APAs farmers.<sup>107</sup> These farmers had some advantages over their fellow blacks in the reserves. For example, they could sell their produce in bulk at better prices.<sup>108</sup> In addition, they could also get special loans.<sup>109</sup> For example, in 1962 a private organisation, the African Loan and Development Trust (ALDT) was formed to give loans to APAs farmers.<sup>110</sup> The loans were used to purchase seeds, fertilisers, pesticides and transporting produce to the market.<sup>111</sup> Because of these advantages, APAs farmers were better off than black farmers in the reserves. This brings the class dichotomy among blacks during the colonial era to the fore. This dichotomy is explored further below.

The relationship between interest groups representing black middle class farmers and the state was complex, and changed over time. Through their representative,

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<sup>104</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 98.

<sup>105</sup> Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', p. 234. For more literature on Native Purchase Areas and rural black middle class see: Angela P. Cheater, *Idioms of Accumulation: Rural Development and Class Formation among Freeholders in Zimbabwe*, (Mambo Press, Gweru, 1984); Allinson K. Shutt, ' "We are the best poor farmers": Purchase area farmers and economic differentiation in Southern Rhodesia, c. 1925 – 1980', (DPhil Thesis, University of California, 1995); and Allinson K. Shutt, 'Purchase Area Farmers and Middle Class of Southern Rhodesia, c. 1931-1952', *International Journal of African Historical Studies*, Vol. 30, No. 3, (1997), pp. 555-581.

<sup>106</sup> Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', p. 234.

<sup>107</sup> Oliver B. Pollak, 'Black Farmers and White Politics in Rhodesia', *African Affairs*, Vol. 74, No. 296, (1975), p. 263.

<sup>108</sup> Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', p. 234.

<sup>109</sup> *Ibid*, p. 235.

<sup>110</sup> R. V. Wilde, 'Financing African participation in the Rhodesian economy', *Rhodesian Journal of Economics*, Vol. 19, No. 1, (1975), p. 26.

<sup>111</sup> *Ibid*, p. 26.

the Southern Rhodesia African Farmers Union (AFU), APAs farmers worked closely with the government between the 1930s and the 1950s.<sup>112</sup> During this period, the AFU despised African nationalists, preferred to work with the state and encouraged it to create a bigger base of black middle class farmers to stem the tide of African nationalism.<sup>113</sup> Even so, successive colonial governments were contemptuous of the black middle class farmers and their interest groups. As stated by Anna Weinrich and William Duggan the Rhodesian settler state was unwilling to give more land to blacks, fearing the emergence of a competing black middle class.<sup>114</sup> As a result APAs were never prioritised in development.<sup>115</sup> This explains why the AFU became increasingly critical of the Rhodesian Front government in the 1960s.<sup>116</sup> In the 1970s, the AFU changed its earlier policy of working with the colonial governments and began to openly support African nationalism.<sup>117</sup>

Similarly, the relationship between APAs farmers and reserve farmers were complex. According to Oliver Pollak, in the 1950s the AFU was more inclined to work closely with white dominated Rhodesia National Farmers' Union (RFNU) than to be associated with black farmers in the reserves.<sup>118</sup> This explains why the AFU was largely ineffective and invisible in rural areas.<sup>119</sup> The above evidence reveals that class was a salient factor which determined black relations with the colonial state. Although blacks were major victims of colonial rule they were not a homogenous group. Whenever there were opportunities within the colonial political economy the black middle class sought to exploit them, even at the expense of their fellow majority blacks.

Blacks were also marginalised in commerce. Despite their immense contribution to economic life before 1923 there were no business associations representing blacks

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<sup>112</sup> Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', p. 237.

<sup>113</sup> *Ibid*, p. 271.

<sup>114</sup> Anna K. H. Weinrich, 'Strategic resettlement in Rhodesia', *Journal of Southern African Studies*, Vol. 3, No. 2, (1977), pp. 213-215; Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', p. 239.

<sup>115</sup> Pollak, 'Black Farmers and White Politics in Rhodesia', p. 277.

<sup>116</sup> Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', p. 237.

<sup>117</sup> Pollak, 'Black Farmers and White Politics in Rhodesia', p. 276.

<sup>118</sup> *Ibid*, pp. 266, 271.

<sup>119</sup> Duggan, 'The Native Land Husbandry Act of 1951 and the Rural African Middle Class of Southern Rhodesia', p. 238.

in commerce.<sup>120</sup> By contrast, by 1922, a number of white business associations had emerged and these included: the Chambers of Commerce,<sup>121</sup> Rhodesian Storekeepers Association, Retail Merchants Association,<sup>122</sup> and the Associated Chambers of Commerce of Rhodesia.<sup>123</sup> Even after the establishment of a Responsible Government in 1923, only white economic interests were fully represented in government.<sup>124</sup> In fact, the government and white interest groups colluded against blacks in the economic arena and were, in general, opposed to their advancement.<sup>125</sup> This lack of representation contributed to a number of challenges faced by blacks in commerce discussed below.

Blacks were subjected to 'commercial segregation'. They were excluded from town centres and other commercial areas where higher profits were made.<sup>126</sup> During the early years of colonial rule until 1912 it was possible for blacks, just like whites and Asians to do their businesses in town centres and they were given licences.<sup>127</sup> Later, whites alleged that blacks were a nuisance, uncivil and unclean.<sup>128</sup> Using the case of Salisbury, Wild argues that the lower classes and politicians in the white community became determined to keep blacks out in order 'to keep the city white'.<sup>129</sup>

Pieces of legislation which discriminated against black businesses in urban areas were enacted. The Land Apportionment Act of 1930 was used by Council and Municipal authorities to push black businesses out of central towns and restrict them

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<sup>120</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 103.

<sup>121</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 139. However, Marguerite Elaine Lee stated that both Chambers were formed in 1894. See: Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 14.

<sup>122</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 140.

<sup>123</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 16; Also see: Murray, *The Governmental System in Southern Rhodesia*, p. 164.

<sup>124</sup> Colin Leys, *European Politics in Southern Rhodesia*, (Oxford University Press, Oxford, 1959), p. 130.

<sup>125</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 103.

<sup>126</sup> Volker Wild, 'Black competition or white resentment? African retailers in Salisbury 1935-1953', *Journal of Southern African Studies*, Vol. 17, No. 2, (1991), p. 181; One of the most notable works examining the condition of African entrepreneurs during the early colonial period is: Stephen Thornton, 'The struggle for profit and participation by an emerging African petty-bourgeoisie in Bulawayo, 1893-1933', (Seminar paper, University of Manchester, 1978).

<sup>127</sup> Wild, 'Black competition or white resentment? African retailers in Salisbury 1935-1953', p. 178; Volker Wild, 'An outline of African business history in colonial Zimbabwe', *Zambezia*, Vol. 19, No. 1, (1992), p. 23.

<sup>128</sup> Wild, 'Black competition or white resentment? African retailers in Salisbury 1935-1953', p. 177.

<sup>129</sup> *Ibid*, p. 180.

to Native Urban Areas.<sup>130</sup> While the Land Apportionment Act (No. 54 of 1960) gave blacks the right to own property in some parts of urban areas, it did not open the town centres to them.<sup>131</sup> The Urban Councils and Regional, Town and Country Planning Act of 1976 gave local authorities power to limit businesses which could be established in urban residential areas.<sup>132</sup> In addition, the Act limited types of businesses which could be established in formal commercial and industrial zones. The removal of black traders in town centres deprived them of profits, business exposure and experience.<sup>133</sup> As discussed in the following chapters, colonial era segregation is used by indigenisation activists to call for affirmative action policies in favour of blacks.

Asians were also victims of commercial segregation. Existing literature reveals that interest groups had a role in Indian discrimination. In the first two decades of the 20<sup>th</sup> century the Chamber of Commerce urged the BSAC to control the immigration of Asian traders into the country.<sup>134</sup> The Salisbury Chamber of Commerce supported Legislative Council candidates who were anti-Indian.<sup>135</sup> Under pressure from chambers of commerce, the BSAC administration introduced measures to curb Indian migration into the country.<sup>136</sup> Local Indians protested against these moves. In 1914 the Bulawayo based Rhodesian Storekeepers Association complained that Asians were encroaching in their business areas.<sup>137</sup> Up to the 1920s white dominated mining sector was also anti-Indian.<sup>138</sup> In 1922 the Rhodesia Chamber of Mines (RCM) expressed concern at the increasing ratio of Indians to whites due to immigration.<sup>139</sup> The RCM also opposed the opening of Indian stores near mines and accused them of selling liquor and unsanctioned trade in gold. This reveals that

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<sup>130</sup> For a detailed discussion of laws which discriminated against Africans please see: Lindsay F Seymour, 'Legislation Affecting Africans in Urban Areas in Southern Rhodesia', *Rhodesia and Nyasaland Law Journal*, No. 1, (1961), pp. 103-117.

<sup>131</sup> Volker Wild, 'An outline of African business history in colonial Zimbabwe', *Zambezia*, Vol. 19, No. 1, (1992), p. 41.

<sup>132</sup> Lisa Daniels, *Changes in the Small-Scale Enterprise Sector from 1991 to 1993: Results of a Second Nationwide Survey in Zimbabwe*, (GEMINI Technical Report No. 71, March 1994), p. 38.

<sup>133</sup> Wild, 'Black competition or white resentment? African retailers in Salisbury 1935-1953', p. 190.

<sup>134</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', pp. 120-121.

<sup>135</sup> *Ibid*, pp. 121-122.

<sup>136</sup> *Ibid*, p. 121.

<sup>137</sup> Kosmin, 'Ethnic and commercial relations in Southern Rhodesia: a socio-historical study of the Asian, Hellenic and Jewish populations, 1898-1943', p. 140.

<sup>138</sup> Lee, 'Politics and Pressure Groups in Southern Rhodesia, 1898-1923', p. 122.

<sup>139</sup> *Ibid*, p. 122.

Indians were victims of colonial rule who should be considered in indigenisation policies. In addition, the above evidence shows that white business associations' role in the discrimination of other racial groups was remarkable.

Besides commercial segregation a welter of complex and rigid legislation was enacted throughout the colonial period to limit the establishment and restrict the expansion of black businesses. The following are examples of such laws. The Public Health Act No. 19 of 1924 was used by the state to limit the establishment of African businesses on the often made up grounds that they did not meet the required cleanliness standards. Yet the law was not strictly applied to whites seeking to establish businesses. The Factory Act No. 20 of 1948 stipulated that any business, including those with few workers, which uses 'mechanical power' must be licenced.<sup>140</sup> The Act made it too bureaucratic even for blacks with wherewithal to establish manufacturing industries. The Companies Act of 1951 set highly complicated requirements for blacks to register their businesses.<sup>141</sup> The cost of registration and compliance with the Act was very high. The Act stipulated that unregistered businesses would have limited access to state and private financial support. The Second Hand Goods Act No. 25 of 1956 (Chapter 293) made it illegal to import second hand products for resale in the country.<sup>142</sup> Although this Act affected all racial groups, it was seen as targeting blacks who had low incomes and needed such goods, especially clothing.

The Deeds Registries Act of 1960 (Chapter 139) required citizens to register their properties and get title deeds.<sup>143</sup> Title deeds were crucial for business people to use as collateral to acquire loans from banks. Most blacks lacked property and whence they did not have title deeds. Since blacks did not 'own' land in the Reserves and Tribal Trust Lands to use as collateral it was very difficult for them to access loans and other financial services.<sup>144</sup> The Shop Licences Act No. 40 1976 required all fixed

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<sup>140</sup> Lisa Daniels, *Changes in the Small-Scale Enterprise Sector from 1991 to 1993: Results of a Second Nationwide Survey in Zimbabwe*, (GEMINI Technical Report No. 71, March 1994), p. 38.

<sup>141</sup> *Ibid*, p. 38.

<sup>142</sup> 'Why we had to indigenise!', p. 45. For the role played by white interest groups in the debate on the banning of second hand clothing see: Alois Mlambo and Ian Phimister, 'Partly Protected: Origins and Growth of Colonial Zimbabwe's Textile Industry, 1890 – 1965', *Historia*, Vol. 52, No. 2, (2006), pp. 153, 154, 155, 157, 158, 159, 160, 170, 171.

<sup>143</sup> Carole Rakodi, 'Urban land policy in Zimbabwe', *Environment and Planning*, Vol. 28, (1996), p. 1555.

<sup>144</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 53.

retail businesses to acquire a licence.<sup>145</sup> In some cases blacks were denied these licences even when they deserved them. Laws which restricted black businesses were many and those discussed above are just a sample. The legal language used in these laws was complicated and it frustrated potential black entrepreneurs.<sup>146</sup> Because law was used by the colonial state as an instrument to economically marginalise blacks, it is not surprising that it took centre stage in post-colonial indigenisation policies.

Beginning in the 1920s, black business associations were organised to promote the economic interests of their constituencies. According to Michael West black interest groups promoted the idea of black 'racial uplift' between the late 1920s and 1930s. Blacks in Southern Rhodesia were inspired by ideas of economic pan-Africanism and racial uplift originating from the United States and West Africa.<sup>147</sup> Economic pan-Africanism was influenced by writings of proponents of racial uplift such as Booker T. Washington who advanced that the oppression of black people was a result of their poor position in local and the global economies.<sup>148</sup> Economic pan-Africanism forwarded that black people can improve their social and political rights through economic advancement. The first black interest group to actively advance ideas of racial uplift was a trade union, the Rhodesian Industrial and Commercial Workers' Union of Africa (ICU) which was formed in 1927.<sup>149</sup> ICU advocated for the interests of black business people in Bulawayo. It advocated for the expulsion of Indian businesses in Urban Native Areas to give a chance for the expansion of black businesses.<sup>150</sup> West's work shows that black economic consciousness can be traced to the early years of colonial rule and it was expressed and enunciated by interest groups.

In later decades preceding independence, more than twenty black business associations representing the retailing sector, transport, journeyman and crafts

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<sup>145</sup> Daniels, *Changes in the Small-Scale Enterprise Sector from 1991 to 1993: Results of a Second Nationwide Survey in Zimbabwe*, p. 38.

<sup>146</sup> Wild, 'Black competition or white resentment? African retailers in Salisbury 1935-1953', p. 190.

<sup>147</sup> Michael O. West, 'Pan-Africanism, Capitalism and Racial Uplift: The Rhetoric of African Business Formation in Colonial Zimbabwe', *African Affairs*, Vol. 92, No. 367, (1993), pp. 263-264.

<sup>148</sup> *Ibid*, p. 267.

<sup>149</sup> *Ibid*, p. 269.

<sup>150</sup> *Ibid*, p. 269.

emerged.<sup>151</sup> The lifespan of these business associations varied. Some disintegrated shortly after their formation, while others survived into the post-colonial era. The following business associations existed between 1950 and 1980: Southern Rhodesia African Transport Operators' Association, the African Chamber of Commerce, the Highfield Traders Association, the Bulawayo African Chamber of Commerce and the Southern Rhodesia African Artisans Union.<sup>152</sup> Many of these suffered from factionalism; and lacked vibrancy, transparency and accountability.<sup>153</sup> These business associations rarely implemented their own policies and lacked real influence on the government.<sup>154</sup> Black business associations were also divided. For example, black street traders associations rarely collaborated with those representing formal black businesses because they had different interests and operated at different levels.

Overall, despite its economic predicament, a black middle class in the commercial sector emerged. After the Second World War there was an increase and expansion of black businesses.<sup>155</sup> A number of blacks strove to become independent from whites by running their own businesses.<sup>156</sup> West stated that during and after the Second World War African business people became capitalists in word and deed. They became more interested in making profits than improving the welfare of their fellow blacks.<sup>157</sup> From the 1960s the state and the private sector attempted to support black businesses through various initiatives. Some loans were given to black entrepreneurs through the Industrial Development Corporation (IDC), commercial banks and finance houses.<sup>158</sup> Most loans provided by these institutions went to blacks in urban areas involved in retail, transport and hotel businesses.<sup>159</sup> The African Loan and Development Company, though largely unsuccessful, also made

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<sup>151</sup> Volker Wild, *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe*, (Baobab Books, Harare, 1997), p. 84.

<sup>152</sup> *Ibid*, p. 84.

<sup>153</sup> *Ibid*, p. 85.

<sup>154</sup> *Ibid*, p. 86.

<sup>155</sup> Wild, 'An outline of African business history in colonial Zimbabwe', p. 35.

<sup>156</sup> *Ibid*, p. 35.

<sup>157</sup> West, 'Pan-Africanism, Capitalism and Racial Uplift: The Rhetoric of African Business Formation in Colonial Zimbabwe', p. 277.

<sup>158</sup> Wilde, 'Financing African participation in the Rhodesian economy', p. 28.

<sup>159</sup> *Ibid*, p. 28.

concerted efforts to support black business people.<sup>160</sup> In 1968 the through an Act of parliament the colonial government established the Tribal Trust Land Development Corporation (TILCOR) which supported economic activities in rural areas through the establishment of growth points.<sup>161</sup> TILCOR was granted the right to give freehold land tenure and title deeds to selected individuals in the Tribal Trust Land.<sup>162</sup> Although TILCOR did not provide financial support to blacks, the colonial government claimed it supported black economic welfare.<sup>163</sup> In 1978 the Financing Emerging Business Company (FEBCO), a syndicate that comprised of commercial banks and the Reserve Bank of Rhodesia, was formed with the objective of supporting black retail businesses.<sup>164</sup> All the above initiatives were largely unsuccessful because most blacks lacked title deeds to use as collateral security.

### **Outcomes of colonial political economy**

Broadly, colonial political economy had two major outcomes. These outcomes shaped post-colonial indigenisation policies. The first outcome was glaring racial inequities in wealth distribution. Clarke singled out unequal land policies and racial salary scales as the major causes of unequal distribution of wealth.<sup>165</sup> He argued that whites owned most properties in urban and rural areas and controlled diverse sectors of the economy such as agriculture, plantations, mining and manufacturing.<sup>166</sup> According to Clarke, due to unequal distribution of wealth most blacks suffered from 'poverty, unemployment, insecurity, malnutrition, disease, illiteracy, low life expectancy and even starvation'.<sup>167</sup> Racial inequities in wealth distribution were a major factor which led to calls for redistribution of wealth by black interest groups in the post-colonial period.

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<sup>160</sup> Pearson, 'African Advancement in Commerce and Industry', p. 247.

<sup>161</sup> Wilde, 'Financing African participation in the Rhodesian economy', pp. 24-25.

<sup>162</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 61, 12 April, 1992; Mr Joseph C. Kaparadza, MP, Mukumbura; col. 4381. 'Date chart of land policy', cols. 4374-4385.

<sup>163</sup> Wilde, 'Financing African participation in the Rhodesian economy', p. 25.

<sup>164</sup> Barry Munslow, 'Zimbabwe's emerging African bourgeoisie', *Review of African Political Economy*, Vol. 7, No. 19, (1980), p. 68.

<sup>165</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 60. A more substantive study of economic inequities during the colonial and post-colonial period is: Patrick Bond, *Uneven Zimbabwe: A study of finance, development and underdevelopment*, (Africa World Press, Trenton, NJ, 1998).

<sup>166</sup> *Ibid*, p. 22.

<sup>167</sup> *Ibid*, p. 9.

The second outcome was the dominance of foreign capital in the economy. Studies by Colin Stoneman<sup>168</sup>, Clarke<sup>169</sup>, Ian Phimister<sup>170</sup> and Patrick Bond<sup>171</sup>, emphasises that since the coming of the BSAC the Rhodesian economy was subjected to the whims of foreign capital. Between 1890 and 1923 most of that capital originated from Britain and South Africa.<sup>172</sup> Stoneman regarded Rhodesia as a peripheral economy which acquired profits from selling primary products produced by foreign owned companies.<sup>173</sup> Clarke and Stoneman concur that, despite sanctions imposed on Rhodesia during the UDI, foreign investment and re-investments by companies already in the country continued.<sup>174</sup> By the 1970s, in addition to British and South African capital, the Rhodesian economy was dominated by European and North American capital.<sup>175</sup> There were about 250 big foreign owned companies with a net asset value of £1,500 million which accounted for 70% of the economy's capital stock.<sup>176</sup> Clarke stated that 75% shares of companies which appeared on the Rhodesian Stock Exchange in 1979 were 'externally controlled'.<sup>177</sup> Clarke and Stoneman noted that any majority government in Zimbabwe was, in one way or another, going to address the over dominance of foreign capital in the economy.<sup>178</sup> They, however, recommended that there was need to retain some foreign capital to promote stability and keep the country competitive at global stage.<sup>179</sup> Chapters Three to Seven will show that, in addition to addressing domestic racial inequities in wealth distribution, the government and black interest groups also sought to reduce the influence of foreign capital by encouraging foreign companies to go into partnerships with or selling their shares to local blacks.

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<sup>168</sup> Colin Stoneman, 'Foreign capital and the reconstruction of Zimbabwe', *Review of African Political Economy*, Vol. 5, No. 11,(1978), p. 62; Colin Stoneman, 'Foreign Capital in Zimbabwe', *Zimbabwe: Towards a New Order: An Economic and Social Survey, Working Papers, Volume 1*, (United Nations, 1980), pp. 413-540.

<sup>169</sup> Clarke, *Foreign Companies and International Investment in Zimbabwe*, p. 15.

<sup>170</sup> Ian Phimister, *An Economic and Social History of Zimbabwe 1890-1948: Capital Accumulation and Class Struggle*, (Longman, London, 1988), pp. 4-44, 116-117; Phimister, *Wangi Kolia: Coal, Capital and Labour in Colonial Zimbabwe, 1894-1954*, pp. 3-4.

<sup>171</sup> Bond, *Uneven Zimbabwe: A study of finance, development and underdevelopment*, pp. 39-57.

<sup>172</sup> Clarke, *Foreign Companies and International Investment in Zimbabwe*, pp. 16-17.

<sup>173</sup> Stoneman, 'Foreign capital and the reconstruction of Zimbabwe', p. 62.

<sup>174</sup> Clarke, *Foreign Companies and International Investment in Zimbabwe*, p. 47; Stoneman, 'Foreign capital and the reconstruction of Zimbabwe', p. 69.

<sup>175</sup> Clarke, *Foreign Companies and International Investment in Zimbabwe*, p. 37.

<sup>176</sup> *Ibid*, pp. 169-208. Also see the backcover of the book.

<sup>177</sup> Clarke, *The Distribution of Income and Wealth in Rhodesia*, p. 56.

<sup>178</sup> Clarke, *Foreign Companies and International Investment in Zimbabwe*, p. 158; Stoneman, 'Foreign capital and the reconstruction of Zimbabwe', pp. 78-81.

<sup>179</sup> *Ibid*.

Unequal land ownership<sup>180</sup>, economic inequities and the marginalisation of blacks in the economy contributed to the rise of African nationalism and liberation struggle during the 1960s and 1970s. Marxist and Leninist socialist ideologies adopted by major nationalist movements, the Zimbabwe African People's Union (ZAPU) led by Joshua Nkomo and the Zimbabwe African National Union (Patriotic Front) (ZANU-PF) led by Robert Mugabe, were anti-thesis to the dominance of both local and international capital. The liberation war ended with the signing of the Lancaster House Agreement and Constitution in December 1979. The agreement was signed by the British government, ZAPU, ZANU-PF and key leaders of the short-lived Internal Settlement government which led Zimbabwe-Rhodesia in 1978 and 1979: Abel Muzorewa, Ian Smith, Ndabaningi Sithole and Chief Jeremiah Chirau.<sup>181</sup> The agreement paved way for the 1980 election which ZANU-PF resoundingly won.<sup>182</sup> Robert Mugabe formed a coalition government with ZAPU and some few members of the Rhodesian Front. This marked the end of colonial rule.

### **Mired in legacy: The post-colonial era**

ZANU-PF came to power through both exerting military pressure on and negotiations with the settler regime. There was no outright victory on the battle front.<sup>183</sup> This partly shaped the nature of the transition of power from the settler regime to the new government. Although ZANU-PF enunciated Marxist-Leninist socialism and showed great inclination to redistribute resources and wealth in the 1970s, it was restrained by the Lancaster House Constitution's Bill of Rights which effectively protected white

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<sup>180</sup> In their works, Robin Palmer, Victor De Waal, Victor Machingaidze, Ian Phimister and Jocelyn Alexander concurred that the Land Husbandry Act was widely resisted and propelled the rise of African nationalist politics. See: Palmer, *Land and Racial Domination in Rhodesia*, p. 243; Victor De Waal, *The Politics of Reconciliation: Zimbabwe's First Decade*, (Hurst and Company, London, 1990), p. 10; Victor E. M. Machingaidze, 'Agrarian Change from above: The Southern Rhodesia Native Land Husbandry Act and African Response', *International Journal of African Historical Studies*, Vol. 24, No. 3, (1991), p. 587; Phimister, 'Rethinking the reserves: Southern Rhodesia's Land Husbandry Act reviewed', p. 226; and Alexander, *The Unsettled Land: State-Making and the Politics of Land in Zimbabwe 1893-2003*, pp. 58-59.

<sup>181</sup> Joseph Mtisi, Munyaradzi Nyakudya and Teresa Barnes, 'War in Rhodesia, 1965-1980', in Brian Raftopoulos and Alois Mlambo (eds.), *Becoming Zimbabwe: A History from the pre-colonial period to 2008*, (Weaver Press, Harare, 2009), pp. 162-165.

<sup>182</sup> Tor Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, (MacMillan Press Ltd, London, 1995), p. 77.

<sup>183</sup> Jeffrey Herbst, *State Politics in Zimbabwe*, (University of Zimbabwe Publications, Harare, 1990), p. 46.

economic interests for a decade.<sup>184</sup> The Constitution prohibited compulsory acquisition of land and other assets. Land, in particular, was to be transferred from whites to blacks on a 'willing buyer, willing seller' basis.<sup>185</sup>

In addition, the Constitution guaranteed whites 20 seats in the House of Assembly and ten in the Senate in the first seven years of independence.<sup>186</sup> Thus, the black majority government could not make radical economic and political reforms without the consent of the whites. Therefore, ZANU-PF's sway on political and economic developments in the country during the first decade was limited. Mugabe and his government adopted a policy of reconciliation and assured whites that they had a place in the new political and economic dispensation.<sup>187</sup> According to Ruth Weiss, since the economy and public service were dominated by whites, it was prudent for the post-independence black government to adopt the policy of reconciliation so that skills can be transferred systematically.<sup>188</sup> Arguably, the government's adoption of a moderate approach contributed to its ability to maintain one of the most sophisticated economies in Africa in the 1980s.

Scholars wrote on overlapping and mutual interests between black ruling elites and whites leading to their collusion and class formation. Coenraad Brand posits that in post-colonial Zimbabwe race and class overlapped in creating economic inequities.<sup>189</sup> Weiss argues that the policy of reconciliation in the first fourteen years of independence saw the emergence of a 'multiracial elite'.<sup>190</sup> This elite class comprised of existing white bourgeoisie and emerging black political and

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<sup>184</sup> Ruth Weiss, *Zimbabwe and the New Elite*, (British Academic Press, London, 1994), p. xiii; For detailed discussion on ZANU-PF and ZAPU compromise at Lancaster see: André Astrow, *Zimbabwe: A Revolution That Lost Its Way?*, (Zed Press, London, 1983), pp. 127-196.

<sup>185</sup> Robin Palmer, 'Land Reform in Zimbabwe, 1980-1990', *African Affairs*, Vol. 89, No. 355, (1990), p. 166.

<sup>186</sup> Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, p. 77.

<sup>187</sup> Brian Raftopoulos, 'Unreconciled differences: The limits of reconciliation politics in Zimbabwe', in Brian Raftopoulos and Tyrone Savage, (eds.), *Zimbabwe: Injustice and Political Reconciliation*, (Institute for Justice and Reconciliation, Cape Town, 2004), pp. ix-xi.

<sup>188</sup> Weiss, *Zimbabwe and the New Elite*, pp. xxi-xxii.

<sup>189</sup> Coenraad Brand, 'The Anatomy of an Unequal Society', in Colin Stoneman (ed.), *Zimbabwe's Inheritance*, (MacMillan Press, London, 1981), p. 50-55.

<sup>190</sup> Weiss, *Zimbabwe and the New Elite*, p. 203; In 1980 Barry Munslow wrote in article in which he cited a monthly business journal *Commerce* which predicted that white business interests can be best protected if it align itself with the black business community close to the ruling elites. See: Barry Munslow, 'Zimbabwe's emerging African bourgeoisie', *Review of African Political Economy*, Vol. 7, No. 19, (1980), p. 67.

bureaucratic elites.<sup>191</sup> Hevina Dashwood argues that there was collusion between foreign and local white capital, and the state-based bourgeoisie, which saw its power as an opportunity to accumulate wealth.<sup>192</sup> She argues that this elite collusion saw a growing alienation of the interests of peasants and workers by their erstwhile leaders of the liberation struggle now in power.<sup>193</sup> Skålnes advances that while elite ZANU-PF politicians professed Marxist-Leninism and a welfare society, they used illicit means to acquire private assets at the expense of the national economy.<sup>194</sup> This literature reveals new social alignments leading to class formation. It provides the basis for more complex explanations of unequal distribution of wealth and access to economic opportunities in the post-colonial period discussed in the next chapters.

A number of studies examined the role of interest groups in the first two decades of independence. Scholars such as Jeffrey Herbst, Jonathan Moyo, Skålnes and Carolyn Jenkins concur that while the state coerced black interest groups, it generally warmed up to white business interest groups such as the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Chamber of Mines, Commercial Farmers Union (CFU) and Employer's Confederation of Zimbabwe (EMCOZ).<sup>195</sup> Skålnes argues that although white political power was now limited, they focused more on strengthening business associations which protected their economic interests.<sup>196</sup> In fact, Skålnes stated that ZANU-PF's ideological bankruptcy was cushioned by ideas of white interest groups which were more experienced on economic issues.<sup>197</sup> However, Herbst, Skålnes and Jenkins concur that the authoritarian tendencies in Zimbabwe have, to some extent,

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<sup>191</sup> Weiss, *Zimbabwe and the New Elite*, p. 203.

<sup>192</sup> Hevina S. Dashwood, 'The relevance of class to the evolution of Zimbabwe's development strategy, 1980-1991', *Journal of Southern African Studies*, Vol. 22, No. 1, (1996), pp. 32, 34; Hevina S. Dashwood, *Zimbabwe: The Political Economy of Transformation*, (University of Toronto Press, Toronto, 2000), p. viiii.

<sup>193</sup> Dashwood, 'The relevance of class to the evolution of Zimbabwe's development strategy, 1980-1991', p. 32. For a detailed discussion of alienation of workers see: Astrow, *Zimbabwe: A Revolution That Lost Its Way?*, pp. 175-183.

<sup>194</sup> Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, p. 76.

<sup>195</sup> Herbst, *State Politics in Zimbabwe*, pp. 137-138, 149-165, 193-219; Jonathan N. Moyo, 'Civil society in Zimbabwe', *Zambezia*, Vol. 20, No. 1, (1993), p. 8; Tor Skålnes, 'The state, interest groups and structural adjustment in Zimbabwe', *Journal of Development Studies*, Vol. 29, No. 3, (1993), p. 412; Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, p. 92; and Carolyn Jenkins, 'The Politics of Economic Policy-Making in Zimbabwe', *Journal of Modern African Studies*, Vol. 35, No. 4, (1997), p. 588

<sup>196</sup> Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, p. 76.

<sup>197</sup> *Ibid*, p. 74.

worked against effective participation of black interest groups such as Zimbabwe Congress of Trade Unions (ZCTU) and National Farmers' Association of Zimbabwe (NFAZ).<sup>198</sup> This shows continuity in the marginalisation of black interest groups in the post-colonial period.

### Indigenisation

There are studies which looked at indigenisation in the post-colonial period. Most of these studies reveal that the government was reluctant and even unwilling to support indigenous business people in the first decade of independence.<sup>199</sup> Existing literature points to two major reasons for this reluctance. First, the government's socialist ideology was opposed to the private accumulation of wealth. According to Tor Skålnes, socialist principles overshadowed black capitalism during the first decade of independence in Zimbabwe.<sup>200</sup> In his various works on indigenisation, Brian Raftopoulos maintains that the government rendered little support to black entrepreneurs because of its 'ideological confusion' on whether to follow socialism or to adopt capitalism.<sup>201</sup> Raftopoulos and Daniel Compagnon argue that the government's socialist stance was particularly contemptuous and unsupportive to black business people who originated from the colonial period and who did not contribute to the liberation struggle.<sup>202</sup> Rudo Gaidzanwa argues that the emergence of indigenous pressure groups was partly a result of continued marginalisation of

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<sup>198</sup> Herbst, *State Politics in Zimbabwe*, pp. 202-220; Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, pp. 29, 98; Jenkins, 'The Politics of Economic Policy-Making in Zimbabwe', pp. 588.

<sup>199</sup> Volker Wild, *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe*, p. 259; Scott D. Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe' in Richard Joseph, (ed), *State, Conflict and Democracy in Africa*, (Lynne Rienner Publishers, London, 1999), p. 249 and Brian Raftopoulos and Daniel Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics', in Staffan Darnolf and Liisa Laakso (eds.), *Twenty Years of Independence in Zimbabwe: From Liberation to Authoritarianism*, (Palgrave MacMillan, London, 2003), pp. 16-21.

<sup>200</sup> Skålnes, 'The state, interest groups and structural adjustment in Zimbabwe', p. 413.

<sup>201</sup> Brian Raftopolous and Sam Moyo, 'The Politics of Indigenisation in Zimbabwe', (Research Paper, Institute of Development Studies, University of Zimbabwe, 1994), p. 6. Also see Raftopoulos and Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics', pp. 19-20.

<sup>202</sup> Raftopoulos and Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics', p. 20.

blacks in the economy.<sup>203</sup> These arguments show that, contrary to its claims, the ZANU-PF government was not committed to indigenisation.

The second reason for lukewarm efforts to support black businesses was the desire by the state to maintain hegemony. A lot of literature on Zimbabwe's political economy in the first two decades of independence suggests that black entrepreneurs and their associations were marginalised by elites who made an alliance with white and foreign capital. Scott D. Taylor argues that during the 1980s and 1990s the government was financially benefitting from white businesses which were, at the same time, not threatening its political interests.<sup>204</sup> According to Taylor some government officials had shares in white businesses and were opposed to broad based indigenisation.<sup>205</sup> Raftopoulos, Wild, France Maphosa, Taylor and Gaidzanwa concur that the government was hesitant to promote a black business class with capacity to challenge its hegemony.<sup>206</sup> Gaidzanwa posited that during the 1980s and 1990s political elites shaped the political economy in a way which prohibited the emergence of a business class that would outshine their social, economic and even political visibility.<sup>207</sup> This literature is important for this study because it shows that once the 'nationalists' attained power they became more focused on retaining it rather than on addressing inequities in wealth distribution.

One theme which emerges in studies on indigenisation in Zimbabwe is the use of indigenous pressure groups by their leaders to amass wealth at the expense of ordinary people. This raised serious questions about the sincerity of these pressure groups to empower the black majority. Most leaders of pressure groups such as the

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<sup>203</sup> Rudo Gaidzanwa, 'Indigenisation as empowerment? Gender and race in the empowerment discourse in Zimbabwe' in Angela Cheater (ed.), *The Anthropology of Power: Empowerment and Disempowerment in Changing Structures* (Routledge, London, 1999), p. 123.

<sup>204</sup> Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe', pp. 252, p. 260. One of the most recent works which shows the alliance between the state and foreign capital and which covers the 2000s decade is Richard Saunders, 'Crisis, Capital, Compromise: Mining and Empowerment in Zimbabwe', *African Sociological Review*, Vol. 12, No. 1, (2008), pp. 73, 74.

<sup>205</sup> Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe', p. 252.

<sup>206</sup> Wild, *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe*, pp. 258-259; Gaidzanwa, 'Indigenisation as empowerment? Gender and race in the empowerment discourse in Zimbabwe', p. 117; Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe', p. 248; France Maphosa, 'Towards the sociology of Zimbabwean indigenous entrepreneurship', *Zambezia*, Vol. 35, No. 2, (1998), p. 188; and Raftopoulos and Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics', p. 20.

<sup>207</sup> Gaidzanwa, 'Indigenisation as empowerment? Gender and race in the empowerment discourse in Zimbabwe', p. 121.

Indigenous Business Development Centre (IBDC), Affirmative Action Group (AAG) and Indigenous Business Women Organisation (IBWO) had strong links with the ruling ZANU-PF party.<sup>208</sup> According to Taylor, the IBDC and AAG were used by a few individuals to acquire wealth and the majority of Zimbabweans did not benefit.<sup>209</sup> He argued that the IBDC and AAG were largely extensions of the ruling party, ZANU-PF, and represented 'rentier class'.<sup>210</sup> Raftopoulos argues that once their narrow objective of enriching their leaderships was achieved the IBDC and AAG became less vocal on indigenisation.<sup>211</sup> This literature puts into question the ability of indigenous interest groups to represent indigenous entrepreneurs without political links to the state.

### **Agrarian indigenisation**

Although agrarian reform is not the focus of this study it has been one of the most notable forms of indigenisation in Zimbabwe. Since independence, indigenisation of the agrarian sector has attracted more academic attention than other sectors of the economy. Arguably, no study of the indigenisation of the Zimbabwean economy can be regarded as complete without a discussion of agrarian reform. On this basis a synopsis of agrarian reform deserves space in this chapter. In 1980, 42% of all of Zimbabwe's agriculturally productive land was owned by 6 000 white farmers.<sup>212</sup> The implication of the Lancaster House Constitution on land redistribution has been highlighted above. According to Palmer, the Lancaster House Constitution made it very difficult for the government to initiate any meaningful land reform between 1980 and 1990.<sup>213</sup> The government acquired idle and underutilized land and distributed it to the blacks. Between 1980 and 1990 the government resettled 52, 000 families

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<sup>208</sup> See Maphosa, 'Towards the sociology of Zimbabwean indigenous entrepreneurship', p. 186-187; Gaidzanwa, 'Indigenisation as empowerment? Gender and race in the empowerment discourse in Zimbabwe', p. 120; Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe', p. 253; Raftopoulos, 'The State, NGOs and Democratisation', p. 34; and Raftopoulos and Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics', p. 22.

<sup>209</sup> Scott Taylor, 'The challenge of indigenization, affirmative action, and empowerment in Zimbabwe and South Africa', in Alusine Jalloh and Toyin Falola (eds.), *Black Business and Economic Power*, (Rochester, NY: University of Rochester Press, 2002), pp. 357, 358.

<sup>210</sup> *Ibid*, p. 357.

<sup>211</sup> Raftopoulos, 'The State, NGOs and Democratisation', p. 33.

<sup>212</sup> Palmer, 'Land Reform in Zimbabwe, 1980-1990', p. 165.

<sup>213</sup> *Ibid*, p. 166.

instead of its target of 162 000 families.<sup>214</sup> Land ownership patterns during the 1980s were largely similar to those of the colonial era.<sup>215</sup> Thus despite the attainment of independence, Zimbabwe was mired by the legacy of colonial rule.

Land redistribution remained a contentious issue in the 1990s. With the expiry of the Lancaster House Agreement in April 1990 the government promised to take decisive measures to distribute land to the black majority.<sup>216</sup> In 1992 the government enacted the Land Acquisition Act which empowered the state to designate land and acquire it compulsorily after ten years.<sup>217</sup> Sam Moyo argues that although the Land Acquisition Act gave the state more power on land redistribution, the government was more cautious to avoid disrupting production.<sup>218</sup> The outcome of land reform in the 1990s was disappointing. The government only managed to redistribute 3,3 million hectares of the 8,3 million hectares it targeted.<sup>219</sup> Thus, colonial land distribution patterns were largely maintained throughout the 1990s.

Responding to popular demands for land and to gain electoral support, in 2000 the government allowed peasants, war veterans, politicians, civil servants, bureaucrats and members of the security establishments to invade and occupy white owned farms. The government quickly formalised and supported these occupations and referred to them as the Fast Track Land Reform Programme (FTLRP).<sup>220</sup> Between 2000 and 2011, about 170 000 black households were allocated land.<sup>221</sup> However, the most pertinent question which scholars have been grappling with since the early 2000s is: Did the black majority benefit from the Fast Track Land Reform Programme? Earlier literature emphasised that land was occupied by inexperienced new farmers and elites connected to ZANU-PF, that agricultural productivity

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<sup>214</sup> Jocelyn Alexander, 'State, peasantry and resettlement in Zimbabwe', *Review of African Political Economy*, Vol. 21, No. 61, (1994), p. 335.

<sup>215</sup> *Ibid*, p. 344.

<sup>216</sup> Palmer, 'Land Reform in Zimbabwe, 1980-1990', pp. 163-164.

<sup>217</sup> Simon Coldham, 'The Land Acquisition Act, 1992 of Zimbabwe', *Journal of African Law*, Vol. 37, No. 1, (1993), p. 82.

<sup>218</sup> Sam Moyo, 'The Political Economy of Land Acquisition and Redistribution in Zimbabwe, 1990-1999', *Journal of Southern African Studies*, Vol. 26, No. 1, (2000), p. 12.

<sup>219</sup> Moyo, 'The Political Economy of Land Acquisition and Redistribution in Zimbabwe, 1990-1999', p. 24.

<sup>220</sup> Prosper B. Matondi, *Zimbabwe's Fast Track Land Reform*, (Zed Books, London, 2012), p. 1.

<sup>221</sup> Ian Scoones, Joseph Chaumba, Blasio Mavedzenge and William Wolmer, 'The New Politics of Zimbabwe's Lowveld: Struggles Over Land at the Margins', *African Affairs*, Vol. 111, No. 445, (2012), p. 528.

decreased and food insecurity increased.<sup>222</sup> In addition, others scholars argued that belonging was salient in the post-2000 land reform and some groups were excluded. James Muzondidya's work revealed that Asians and Coloureds were marginalised and very few of them were allocated land.<sup>223</sup> In addition, most farm workers of Malawian, Zambian and Mozambican origin who needed land were also marginalised.<sup>224</sup> These are some of the major arguments forwarded by scholars who discredit the post-2000 agrarian indigenisation.

However, since 2010 new perspectives emerged and the debate on the outcomes of land reform intensified. Ian Scoones *et al* argue that earlier studies critical of Zimbabwe's land reform programme are misleading.<sup>225</sup> Using the case of Masvingo province, Scoones *et al* argues that while there are cases of failures, cases of successes are also significant.<sup>226</sup> They posit that there is a class of black 'middle farmers' which significantly invested in farms and there are signs of accumulation.<sup>227</sup> Other scholars such as Walter Chambati argue that the FTLRP deracialised agrarian labour relations, increased agrarian wage employment and improved the working conditions of farm workers.<sup>228</sup> Although Nelson Marongwe is one of the scholars challenging earlier myths on Zimbabwe's land reform he still maintains some of his

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<sup>222</sup> Nelson Marongwe, 'Farm Occupations and Occupiers in the New Politics of Land in Zimbabwe', in Amanda Hammar, Brian Raftopoulos and Stig Jensen (eds.), *Zimbabwe's Unfinished Business: Rethinking Land, State and Nation in the Context of Crisis*, (Weaver Press, Harare, 2003), pp. 155-190; Lloyd M. Sachikonye, 'The promised land: From expropriation to reconciliation and Jambanja', in Brian Raftopoulos and Tyrone Savage, (eds.), *Zimbabwe: Injustice and Political Reconciliation*, (Institute for Justice and Reconciliation, Cape Town, 2004), pp. 1-18; Alexander, *The Unsettled Land: State-Making and the Politics of Land in Zimbabwe 1893-2003*, pp. 192-193 and Eddie Cross, 'The Cost of Zimbabwe's Continuing Farm Invasions', *Cato Institute Economic Development Bulletin*, No. 12, (2009), p. 2.

<sup>223</sup> James Muzondidya, ' "Zimbabwe for Zimbabweans": Invisible subject minorities and the quest for justice and reconciliation in post-colonial Zimbabwe', in Brian Raftopoulos and Tyrone Savage, (eds.), *Zimbabwe: Injustice and Political Reconciliation*, (Institute for Justice and Reconciliation, Cape Town, 2004), p. 227; Muzondidya, 'Jambanja: Ideological Ambiguities in the Politics of Land and Resource Ownership in Zimbabwe', p. 337.

<sup>224</sup> Muzondidya, ' "Zimbabwe for Zimbabweans": Invisible subject minorities and the quest for justice and reconciliation in post-colonial Zimbabwe', p. 229; Muzondidya, 'Jambanja: Ideological Ambiguities in the Politics of Land and Resource Ownership in Zimbabwe', p. 336.

<sup>225</sup> Ian Scoones, Nelson Marongwe, Blasio Mavedzenge, Felix Murimbarimba, Jacob Mahenehene and Chrispen Sukume, 'Zimbabwe's land reform: challenging the myths', *Journal of Peasant Studies*, Vol. 38, No. 5, (2011), p. 967. For substantive arguments which challenge earlier views on land reform see: Ian Scoones, Nelson Marongwe, Blasio Mavedzenge, Jacob Mahenehene, Felix Murimbarimba, and Chrispen Sukume, *Zimbabwe's Land Reform: Myths and Realities*, (James Currey, Oxford, 2010).

<sup>226</sup> Scoones, *et al*, 'Zimbabwe's land reform: challenging the myths', p. 967.

<sup>227</sup> *Ibid*, p. 967.

<sup>228</sup> Walter Chambati, 'Restructuring of agrarian labour relations after Fast Track Land Reform in Zimbabwe', *Journal of Peasant Studies*, Vol. 38, No. 5, (2011), p. 1065.

early 2000s positions. He argues that, contrary to government's claims, most large commercial farms were allocated on the basis of connections to ZANU-PF and state security establishments rather than on merit, capability and experience.<sup>229</sup> Marongwe argues that most of those who acquired large scale commercial farms lack capital and are not utilising their farms effectively.<sup>230</sup> This is the current state of the debate on agrarian indigenisation.

Arguably, between 1980 and 2016 Zimbabwe's agrarian sector underwent radical transformation. Despite its flaws, considering racial patterns of land distribution during the colonial era, Zimbabwe's land reform empowered a large section of black Zimbabweans. Between 1980 and 2016, of the 15 million hectares controlled by whites over 13 million hectares were distributed to over 240 000 black families.<sup>231</sup> In this context, this study acknowledges agrarian reform as one of the most significant forms of indigenisation adopted by the government since independence. This study focuses on the indigenisation of other economic sectors which received little academic inquiry and open them up for future research. These include public and private administration, commerce, manufacturing, mining, tourism and finance.

## Conclusion

This chapter has attempted examine the nature of colonial political economy which is used to justify indigenisation. By disaggregating whites, the chapter moves away from generalisations which present them as a monolithic group which benefitted from colonial domination. Although Asians and Coloureds were in a better socio-economic status than blacks, they too were marginalised. Taking advantage of their proximity to the state, white interest groups were key players in the economic marginalisation of blacks, Asians and Coloureds in the colonial period. Literature reviewed above reveals the correlation between the expansion of black businesses and black interest groups in the 1930s and most importantly after the Second World War. Although

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<sup>229</sup> Nelson Marongwe, 'Who was allocated Fast Track land, and what did they do with it? Selection of A2 farmers in Goromonzi District, Zimbabwe and its impacts on agricultural production', *Journal of Peasant Studies*, Vol. 38, No. 5, (2011), p. 1069.

<sup>230</sup> Marongwe, 'Who was allocated Fast Track land, and what did they do with it? Selection of A2 farmers in Goromonzi District, Zimbabwe and its impacts on agricultural production', p. 169.

<sup>231</sup> Sam Moyo, 'Three decades of agrarian reform in Zimbabwe', *Journal of Peasant Studies*, Vol. 38, No. 3, (2011), p. 497.

black interest groups were marginalised by the colonial state they played an important role in organising black entrepreneurs and making them aware of the role of race in their unfavourable position in the economy. Colonialism never made any racial group homogenous. Rather, class was salient and in some cases it determined relations within a racial group. As highlighted in this chapter and as will be expanded in Chapters Three to Seven, colonial legacy and political imperatives of the elites made attempts to indigenise the economy a complex task which inevitably sucked in interest groups.

## Chapter Three

### Crisis of expectation and proto-indigenisation, 1980 to 1990

Now it is high time that the Government reversed this trend which is bound to breed an economic revolution.<sup>1</sup>

Sikhanyiso Ndlovu, Committee member of the Zimbabwe United Chambers of Commerce (ZUCCO), 27 April 1982.

You would be correct regarding our socialist practice over the last 11 years as pragmatic socialism.<sup>2</sup>

President Robert Mugabe, March 1991.

#### Introduction

Between 1980 and 1990, the Zimbabwe African National Union - Patriotic Front (ZANU-PF) government adopted a pragmatic approach to accommodate the interests of white and black interest groups on issues to do with wealth distribution. State pragmatism on 'local participation' in the economy is evident in contradictory positions in government economic policy documents. It is also evident in public pronouncements by political elites and top bureaucrats. Two major arguments are put forward in this chapter. First, the state viewed 'local participation' in the economy through the lens of socialism, particularly 'equity'. It, therefore, focused more on controlling prices, wages and labour practices rather than addressing racial imbalances in the ownership of the economy. Second, the state introduced piecemeal and superficial localisation measures best described as 'proto-indigenisation'. This caused a 'crisis of expectation' among black interest groups which demanded significant measures to facilitate black entrance into the mainstream economy. During this period, the government's interaction with and treatment of interest groups on contentious issues can be analysed using Gramscian notions of state use of 'persuasion' and 'coercion'. It can also be explained by statist analysis.

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<sup>1</sup> Herald Reporter, 'Back rural business', *The Herald*, 28 April 1982.

<sup>2</sup> 'President calls for full debate on socialism', *The Financial Gazette*, 28 March 1991, p. 4.

## State, interest groups and national development framework

In 1980 the ZANU-PF government inherited a society with racial economic inequities and dominated by foreign capital.<sup>3</sup> This chapter examines how the state confronted this challenge and the role played by interest groups.<sup>4</sup> Strictly speaking, terms 'economic indigenisation' and 'indigenous' though popular in some African countries, were rarely used in Zimbabwe in the economic inequity discourse between 1980 and 1990. However, there were various euphemistic phrases expressing the desire for black ownership of the economy used in government documents such as 'local participation',<sup>5</sup> 'balanced and equitable economic growth',<sup>6</sup> 'state and local ownership in the economy',<sup>7</sup> 'ownership by Zimbabweans'<sup>8</sup> and 'economic liberation'.<sup>9</sup> These phrases were often used within a rhetorical socialist framework. In most cases, the government did not specifically mention 'blacks' in its documents. Rather, it used non-racial terms such as the 'masses'<sup>10</sup> and the 'nationals'<sup>11</sup> even when it was specifically referring to blacks.

Measures taken by the state to promote localisation and black enterprises between 1980 and 1990 were mild. They fell short of pro-active affirmative action measures taken in African countries such as Nigeria and Kenya soon after independence.<sup>12</sup> The measures cannot be compared to pro-active indigenisation measures taken in Zimbabwe itself from 1991 onwards. Through statutory bodies such as the Small

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<sup>3</sup> For detailed information on racial socio-economic inequities at independence see: *Zimbabwe: Towards a New Order: An Economic and Social Survey*, (United Nations, 1980); *Zimbabwe: Towards a New Order: An Economic and Social Survey, Working Papers, Volume 1 and 2*, (United Nations, 1980).

<sup>4</sup> Interest groups concerned with issues of wealth distribution during the 1980s were basically business associations and trade unions (more specifically the Zimbabwe Congress of Trade Unions (ZCTU)). Where ZCTU is not involved some sections and sub-headings will be more specific by mentioning or discussing 'business associations' instead of the more general term 'interest groups'.

<sup>5</sup> Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, (February 1981), p. 1.

<sup>6</sup> *Ibid*, p. 1.

<sup>7</sup> Republic of Zimbabwe, *First Five-Year National Development Plan 1986-1990, Volume 1*, (April, 1986), p. 2.

<sup>8</sup> *Ibid*, p. 2.

<sup>9</sup> *Ibid*, p. 3.

<sup>10</sup> Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, p. 1.

<sup>11</sup> *Ibid*, p. 2.

<sup>12</sup> Chibuzo S. A. Ogbuagu, 'The Nigerian Indigenization Policy: Nationalism or pragmatism?', *African Affairs*, Vol. 82, No. 327, (1983), pp. 241-266; Nicola Swainson, 'The Rise of a National Bourgeoisie in Kenya', *Review of African Political Economy*, No. 8, (1977), pp. 13-55.

Enterprises Development Corporation (SEDCO), the Minerals Marketing Corporation of Zimbabwe (MMCZ) and the Zimbabwe Mining Development Corporation (ZMDC), the state facilitated lukewarm localisation best be described as 'proto-indigenisation'. The state's approach in addressing racial inequities in wealth distribution was influenced by three major factors. First, the interests of local white and foreign capital represented by white business associations. Second, the interests of the black entrepreneurs represented by black business associations and trade unions. Third, the government's inclination to socialism. It is prudent to disaggregate interest groups and explain their expectations and fears vis-à-vis state objectives.

In the 1980s interest groups were divided along racial fault line: white and black.<sup>13</sup> This was a colonial legacy and a reflection of racial inequities in wealth ownership between whites and blacks. Most white business associations were established prior to the attainment of independence.<sup>14</sup> Examples of these are the Associated Chambers of Commerce of Zimbabwe (ACCOZ) (formerly Associated Chambers of Commerce of Rhodesia (ACCOR)) which represented commerce, the Confederation of Zimbabwe Industries (CZI) (formerly Association of Rhodesian Industries (ARnI))<sup>15</sup> represented the manufacturing sector and the Chamber of Mines represented the mining industry. There were also regional white business associations originating from the colonial period such as the Harare Chamber of Industry (formerly Salisbury Chamber of Industry),<sup>16</sup> Harare Chamber of Commerce (formerly Salisbury Chamber of Commerce (SCC)),<sup>17</sup> the Bulawayo Chamber of Commerce<sup>18</sup> and the Manicaland

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<sup>13</sup> For more literature on this subject see: Colin Stoneman and Lionel Cliffe, *Zimbabwe: Politics, Economics and Society*, (Pinter Publishers, London and New York, 1989), pp. 108-110; Tor Skålnes, *The Politics of Economic Reform in Zimbabwe*, (MacMillan Press, London, 1995), pp. 92-93.

<sup>14</sup> For convenience, in this thesis I will regard interest groups and business associations as 'white' if they had more white members and if they represented interests of local white and foreign capital. This does not imply they did not have black, Asian or Coloured members. It implies that these other groups were overshadowed within the organisation. The best phrase to use is 'predominantly white' or 'mainly white' but for brevity these phrases cannot be repeated throughout the thesis. Similarly, I will regard interest groups and business associations as 'black' if they had more black members and if they represented black interests. This does not imply they did not have white, Asian or Coloured members.

<sup>15</sup> CZI was established in 1933. See John Gambanga, 'Aims and objects of the confederation', *The Herald*, 10 July 1992.

<sup>16</sup> Business Reporter, 'Need for blacks in chamber executive', *The Rhodesian Herald*, 15 March 1979.

<sup>17</sup> Herald Reporter, 'Businessmen seek better deals on currency', *The Herald*, 13 May 1981.

<sup>18</sup> Mail Correspondent, 'Accept or emigrate – Nkomo', *The Sunday Mail*, 18 May 1990.

Chamber of Industries.<sup>19</sup> These business associations mainly represented local white and foreign capital. Major white business associations such as CZI, ACCOZ and the Chamber of Mines employed full-time administrators and experts who researched on sectors and areas which needed investment, business environment, markets and national economic performance.<sup>20</sup> They were more experienced, organised, resourceful and respected by the government. In the early 1980s, they coordinated each other through the Private Sector Co-ordinating Committee (PSCC).<sup>21</sup> Despite the protection of property rights enshrined in the Lancaster House Constitution, white business associations feared and were opposed to nationalisation, localisation and government interference.<sup>22</sup> They feared that the black government would meddle in the 'production, distribution and exchange' aspects of the economy.<sup>23</sup> It is in this context that the new black government was expected to accommodate the interests of white business associations.

At independence black business associations were visible in commerce. They represented black entrepreneurs who were then popularly referred to as 'emergent businessmen'<sup>24</sup> or 'small men'.<sup>25</sup> Examples of black business associations with roots from the colonial era in the commerce sector included the Zimbabwe Chamber of Commerce (ZCC) (formerly Rhodesian African Chamber of Commerce (RACC))<sup>26</sup>, the African Chamber of Commerce of Zimbabwe (ACCZ)<sup>27</sup>, and the African Sales Representatives' Association.<sup>28</sup> There were also regional black business associations such as Bulawayo Chamber of African Traders,<sup>29</sup> and the Bulawayo African Chamber of Commerce. The Zimbabwe Transport Organisation (ZTO)

<sup>19</sup> Herald Correspondent, 'Industrialist calls for bigger role in policy making', *The Rhodesian Herald*, 4 April 1977.

<sup>20</sup> Anon, 'Long engagement – happy marriage', *The Financial Gazette*, 30 January 1981; Also see: Stoneman and Cliffe, *Zimbabwe: Politics, Economics and Society*, p. 108.

<sup>21</sup> Herald Reporter, 'Industry gives its backing', *The Rhodesian Herald*, 13 March 1980; 'Reactions', *The Financial Gazette*, 7 March 1980, p. 1.

<sup>22</sup> Jack Verblow, 'Nationalisation not on say industrial heads', *The Financial Gazette*, 29 February 1980, p. 1.

<sup>23</sup> *Ibid*, p. 1.

<sup>24</sup> 'Course to assist the emergent businessman', *The Financial Gazette*, 19 December 1980, p. 6.

<sup>25</sup> Business Reporter, ' "Help the small man" campaign', *The Herald*, 5 June 1980; Herald Reporter, 'Commerce leaders asked to help small men', *The Herald*, 1 October 1980.

<sup>26</sup> Herald Reporter, 'African Chamber of Commerce backs Mugabe', *The Rhodesian Herald*, 17 March 1980.

<sup>27</sup> Herald Reporter, 'Business groups pledge support', *The Rhodesian Herald*, 5 March 1980.

<sup>28</sup> Herald Reporter, 'Act now to change job policies', *The Rhodesian Herald*, 13 March 1980.

<sup>29</sup> Mail Correspondent, 'Accept or emigrate – Nkomo', *The Sunday Mail*, 18 May 1980.

(formerly Southern Rhodesia Transport Operators' Association)<sup>30</sup> represented black bus operators. Another group of black business associations proliferated just before and soon after independence in commerce. These included the African Traders Confederation (ATC)<sup>31</sup>, Zimbabwe United Chambers of Commerce (ZUCCO)<sup>32</sup>, Zimbabwe Businessmen's Association (ZIBA)<sup>33</sup>, Zimbabwe African Businessmen's Union (later Zimbabwe United Businessmen's Association (ZUBA)).<sup>34</sup> The emergence of black business associations demonstrated the high expectations among black entrepreneurs.

Soon after independence black business associations were formed in the mining sector. These include the Zimbabwe African Miners' Association (ZAMA),<sup>35</sup> the Zimbabwe Small-Scale Miners Association (ZSSMA),<sup>36</sup> Zimbabwe Business Co-operative Society,<sup>37</sup> the African Business Promotion Association (ABPA)<sup>38</sup> and the Zimbabwe Midlands Small Miners Co-operative.<sup>39</sup> Although most black business associations claimed large membership, they lacked experience, were poorly funded and had poor international networks compared to white business associations. Black business associations expected the state to amend all racial laws and remove all structural impediments hindering the development of black businesses during the colonial period. Others expected the state to adopt affirmative action or even 'reverse discrimination' against local whites and foreign investors in favour of black enterprises. Black business associations such as ZCC and ATC were able to mobilise black entrepreneurs behind their agenda.

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<sup>30</sup> Sunday Mail Reporter, 'Rural bus firms demand steps to end tyre crisis', *The Sunday Mail*, 25 May 1986; Also see Volker Wild, *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe*, (Baobab Books, Harare, 1997), p. 84.

<sup>31</sup> 'New business association for blacks', *The Financial Gazette*, 1 February 1980, p. 1.

<sup>32</sup> Herald Reporter, 'Zucco to probe needs of black businessmen', *The Herald*, 11 May 1981.

<sup>33</sup> Herald Reporter, 'New merger move', *The Herald*, 25 November 1980.

<sup>34</sup> Herald Reporter, 'Merger talks bogged down. No-show ATC, ZIBA blamed', *The Herald*, 19 December 1980; Business Reporter, 'ZUBA bid to join ACCOZ', *The Herald*, 10 December 1981; Also see Business Reporters, 'ZUBA, ZUCCO counter-claims of popularity', *The Herald*, 17 December 1981.

<sup>35</sup> Herald Reporter, 'African miners object to "foreign" rights', *The Herald*, 22 October 1980.

<sup>36</sup> Herald Reporter, 'Role of small miners to be examined', *The Herald*, 15 September 1983.

<sup>37</sup> Herald Reporter, 'Mining must benefit all, says Ntuta'.

<sup>38</sup> Herald Reporter, 'African miners object to "foreign" rights'; Business Reporter, 'Unify to gain aid, mines are urged', *The Herald*, 5 February 1981.

<sup>39</sup> 'Government is ready to help small miners', *The Herald*, 11 November 1981.

In line with its policy of merging interest groups in the same sector, in May 1980 the government pushed various trade unions to form a federation, the Zimbabwe Congress of Trade Unions (ZCTU).<sup>40</sup> ZCTU became the largest workers union ever in the country. Most ZCTU members were blacks and, by extension, it represented black interests. Besides advocating for higher salaries and good working conditions for workers, ZCTU called for nationalisation of mines and industries, worker participation and share ownership schemes, and promotion of black businesses.<sup>41</sup> Like the government, ZCTU enunciated socialism.

The government was acutely aware of both the uncertainties felt by white business associations and the high expectations of black interest groups. The government adopted a pragmatic approach to accommodate these diverse interests. Prime Minister Robert Mugabe's reconciliation policy thrilled white business associations. They pledged to work with the government in national reconstruction and economic growth.<sup>42</sup> While Mugabe reiterated his government's inclination to socialism, he promised to keep private enterprise intact.<sup>43</sup> These positions assured big businesses of government flexibility. However, Mugabe occasionally emphasised that over time 'local' ownership of the economy should surpass foreign ownership.<sup>44</sup> In this way, Mugabe's posturing accommodated the interests of local white and foreign capital and gave hope to black entrepreneurs and their business associations.

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<sup>40</sup> Tor Skålnes, *The Politics of Economic Reform in Zimbabwe*, (MacMillan Press, London, 1995), pp. 184-185. Michael Bratton wrote on the government initiated merger of black farmers associations. See: Michael Bratton, 'Micro-Democracy? The Merger of Farmer Unions in Zimbabwe', *African Studies Review*, Vol. 37, No. 1, (1994), pp. 9-37.

<sup>41</sup> Elton Mutasa, 'Mines takeover ruled out', *The Herald*, 30 May 1981.

<sup>42</sup> Herald Reporter, 'Industry gives its backing', *The Rhodesian Herald*, 13 March 1980; 'Reactions', *The Financial Gazette*, 7 March 1980, p. 1.

<sup>43</sup> 'Land tenure and investments safe PM tells farmers', *The Financial Gazette*, 1 February 1985, p. 13; Also see 'Prime Minister on National Affairs', *Zimbabwe Press Statements*, (Department of Information, Harare), 2 April 1982, 300/82/DB, pp. 3, 4. This is viewed by Rob Davies as 'reformist transition' rather than Marxist-Leninism revolution. See Rob Davies, 'The Transition to Socialism in Zimbabwe: Some Areas for Debate', in Colin Stoneman (ed.), *Zimbabwe's Prospects: Issues of Race, Class, State and Capital in Southern Africa*, (MacMillan Publishers, London, 1988), p. 21.

<sup>44</sup> Business Reporter, 'Mugabe call to expand industry', *The Herald*, 19 June 1980; Colin Stoneman has argued that the Zimbabwean government's policy position on foreign investment vacillated from the need to protect local companies, to the need to increase local ownership and to the desire to achieve socialist goals. See Colin Stoneman, 'The Economy: Recognising the Reality' in Colin Stoneman (ed.), *Zimbabwe's Prospects: Issues of Race, Class, State and Capital in Southern Africa*, (MacMillan Publishers, London, 1988), p. 55.

Top government officials used the localisation rhetoric to appease black interest groups. Addressing delegates at the 50<sup>th</sup> annual Bulawayo Chamber of Industries on 2 March 1981, President Canaan Banana, urged companies to give workers 'substantive shares' to give them 'a sense of belonging, job satisfaction and security'.<sup>45</sup> Ibbo Mandaza noted that white interest groups used various ways to restrain the state on policy issues. These ways varied from appeasing to warning<sup>46</sup> and this is confirmed by this study. At the end of May 1981, outgoing president of ACCOZ, Brian Grubb, warned government officials, including Prime Minister Mugabe to desist from making populist statements threatening businesses, scaring investors and destroying the economy.<sup>47</sup> However, such warnings were often ignored. Political elites continued to make populist statements when it was politically convenient.

### **Proto-indigenisation in a socialist framework**

In the 1980s, the ZANU-PF government conceptualised 'economic independence'<sup>48</sup> and 'local participation' in the economy through the prism of socialism. The party believed that economic independence could be achieved when 'the means of production, which have to do with the ownership of ... wealth and resources, come into the hands of ... workers and peasants'.<sup>49</sup> In line with socialism, primacy was given to cooperatives, to promote and accelerate 'indigenisation'.<sup>50</sup> The government conveniently conflated socialism and local participation in the economy. Some elite politicians believed that socialism and the process of private wealth accumulation could take place simultaneously. Addressing black businessmen at the Zimbabwe Chamber of Commerce (ZCC) meeting on 10 April 1980, the Minister of Local Government and Housing, Eddison Zvobgo, stated that independence without control of the economy is meaningless. Zvobgo argued that socialism and private

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<sup>45</sup> Herald Correspondent, 'Stop racism in commerce', *The Herald*, 3 March 1981.

<sup>46</sup> Ibbo Mandaza, 'The State and Politics in the Post-White Settler Colonial Situation', in Ibbo Mandaza (ed.), *Zimbabwe: The Political Economy of Transition, 1980-1986*, (CODESRIA, Dakar, 1986), p. 56.

<sup>47</sup> 'Business confidence weak says Grubb', *The Financial Gazette*, 29 May 1981.

<sup>48</sup> 'Political independence should lead to economic independence', in *Zimbabwe Press Statements*, (Department of Information, Harare), 16 July 1983, 507/83/SK/JM, p. 7.

<sup>49</sup> *Ibid*, p. 7.

<sup>50</sup> Opening speech for Affirmative Action conference, by Minister of Mines, Hon E Zvobgo – Harare International Conference Centre – 8<sup>th</sup> September 1994 at 0800 Hrs, p. 2.

wealth accumulation were compatible.<sup>51</sup> He stated that while the national objective was equal distribution of wealth, individual black businessmen must aspire to make profits and have a reasonable share of national wealth.<sup>52</sup> However, this posed a dilemma for the government as socialist egalitarian principles and black private accumulation proved incompatible.

Economic blueprints published between 1980 and 1990 reveal the government's contradictory positions on private accumulation. The government's 1981 debut economic policy blueprint *Growth with Equity* provided the overall framework and basis on which all development plans between 1980 and 1990 were formulated and implemented. Although the policy statement occasionally used the term 'blacks', it largely used non-racial terms such as 'the masses of the people'<sup>53</sup> which is a typical Marxist-Leninist phrase. The statement was full of contradictions and vagueness and is the embodiment of state pragmatism during this period. For example, the major goal was to establish a 'socialist and egalitarian society' but in a 'framework of a dynamic process responsive to the requirements of time, circumstances and actual situations'.<sup>54</sup> In the *Growth with Equity* policy statement, the government expressed concern over 'economic exploitation of the majority by a few'; inequitable income distribution; dominance of foreign capital and limited participation of locals in the economy; and unequal land distribution.<sup>55</sup> Despite glaring racial inequities in wealth distribution the government avoided the use of racial innuendos in its policy documents. This was in line with its policy of reconciliation and the need to stabilise the economy.

One government objective mentioned in the *Growth with Equity* policy statement was to 'end imperialist exploitation' and ensure meaningful participation, control and ownership of the economy by the nationals and the state.<sup>56</sup> However, the government's desire to encourage individual participation and ownership of the economy by the nationals contradicted its objective of achieving an 'egalitarian

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<sup>51</sup> Herald Reporter, ' "We must control our destiny" says Zvobgo', *The Rhodesian Herald*, 11 April 1980.

<sup>52</sup> *Ibid.*

<sup>53</sup> Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, p. 1.

<sup>54</sup> *Ibid.*, p. 1.

<sup>55</sup> *Ibid.*, p. 1.

<sup>56</sup> *Ibid.*, p. 2.

society'. The government's 'egalitarian' principles were in consonance with its objectives of raising incomes, controlling prices, creating employment, introducing just labour practices and promoting majority participation in development<sup>57</sup> rather than supporting individual business people. Indeed, the government took legislative and practical measures to achieve most of its 'egalitarian' objectives within the first five years of independence.<sup>58</sup> These objectives and measures taken were substantiated in subsequent policy documents, *Transitional National Development Plan (1982), Volume 1* and *Transitional National Development Plan (1982/83 – 1984/85), Volume 2*.<sup>59</sup> With the exception of agriculture and mining, the *Growth with Equity* policy statement did not express government intention or plans to facilitate the participation of blacks in sectors of the economy such as manufacturing, energy, transport and communications.<sup>60</sup> Consequently, not much was done to facilitate black entrance into the mainstream economy. It is on this basis that measures to improve black ownership of the economy between 1980 and 1990 are regarded as 'proto-indigenisation'.

The *First Five-Year National Development Plan 1986-1990, Volume 1* was a pragmatic document, reflecting both change and continuity in government's approach's approach to promoting of local ownership of the economy. Unlike its predecessor development plans, the policy Plan was formulated with input from ZANU-PF.<sup>61</sup> While the government reiterated its commitment to socialism,<sup>62</sup> a careful reading of the whole document shows that it moved away from 'egalitarian principles'. At no point in the document is the phrase 'egalitarian principles' mentioned. However, the Plan, like the *Growth with Equity* policy statement, conveniently lumped together local participation in the economy with socialist objectives through statements such as: '... economic liberation and advancement ...

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<sup>57</sup> Republic of Zimbabwe, *Budget Statement 1989*, pp. 2, 5; Republic of Zimbabwe, *Economic Policy Statement: Macro-economic Adjustment and Trade Liberalisation Including the Budget Statement 1990*, p. 3.

<sup>58</sup> Republic of Zimbabwe, *First Five-Year National Development Plan 1986-1990, Volume 1*, p. 1.

<sup>59</sup> Republic of Zimbabwe, *Transitional National Development Plan, 1982, Volume 1*, (November 1982); Republic of Zimbabwe, *Transitional National Development Plan, 1982/83 – 1984/85, Volume 2*, (May 1983).

<sup>60</sup> Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, p. 7.

<sup>61</sup> Republic of Zimbabwe, *First Five-Year National Development Plan 1986-1990, Volume 1*, pp. i, ii, 1.

<sup>62</sup> *Ibid*, pp. i, ii, 1.

are cornerstones of a socialist society'.<sup>63</sup> While the state shifted from egalitarian principles, it continued to view local participation in the economy within a rhetorical socialist framework.

The *First Five-Year National Development Plan 1986-1990, Volume 1*, expressed government concern over very low state and local participation in sectors of the economy such as manufacturing, mining and finance.<sup>64</sup> The government stated its intention to increase ownership of the strategic means of production throughout the Plan's five year duration and beyond. The Plan outlined that local participation and ownership of the economy would be achieved through the state, local authorities, co-operatives, private companies or individuals. In general, this Plan was more explicit, on the need for localisation of the economy. However, the government could not disambiguate the relationship between socialism and individual ownership. This dilemma partly explains the reluctance of the state to take effective measures to support black entrepreneurs during this period. Having outlined the state's conceptions of local participation in the economy, the following sections discuss proto-indigenisation in commerce, industry and mining. Since there was no fine line in the support of black enterprises in commerce and industry, these sectors are discussed in one section. A separate section discusses measures taken by the state to control the mining sector and facilitate black participation.

## **Proto-indigenisation in commerce and industry**

### **Role of the state**

The government supported black enterprises through the Development Finance Company which changed its name to Small Enterprises Development Corporation (SEDCO) in November 1980.<sup>65</sup> In 1983 the government enacted the SEDCO Act

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<sup>63</sup> *Ibid*, p. 2.

<sup>64</sup> *Ibid*, p. 2.

<sup>65</sup> Staff Reporter, 'Kangai endorses backing for small businessmen', *The Financial Gazette*, 27 July 1990, p. 9. Also see Business Reporter, 'Sedco loans nearing \$2m', *The Herald*, 25 April 1981, p. 1; For substantive discussion of SEDCO activities see: Tinashe Nyamunda, 'Spearheading the Development of Viable Small to Medium Enterprises? An Analysis of the Origin, Development and Impact of SEDCO on Small to Medium Scale Businesses: 1983-1994', (BA Honours Dissertation, Department of Economic History, University of Zimbabwe, 2003).

which provided the legal background to the transformation of SEDCO into a statutory body.<sup>66</sup> Consequently, SEDCO started operations as a statutory body on 16 November 1984.<sup>67</sup> SEDCO defined a small enterprises as 'one with fixed assets not exceeding ZIM\$500 000 and/or a labour force not exceeding 50'.<sup>68</sup> However, the figure of the net asset value changed over time. SEDCO had two major objectives. First, to promote the establishment of co-operatives and small-scale enterprises in commercial and industrial sectors.<sup>69</sup> Second, to provide financial assistance, training, advice and counselling to such enterprises. Although the SEDCO Act, mission and vision were silent on racial inequities in wealth distribution the state used SEDCO to support black businesses. However, few white, Asian and Coloured owned businesses were also supported.<sup>70</sup> This again, reveals that the government was cautious in handling race and inequality issues in the 1980s.

SEDCO received its financial and training programme assistance support from the World Bank, the Canadian International Development Agency (CIDA), the Manitoba Institute of Management (MIM), the Manitoba International Development Agency, the Barbados Institute of Management and Productivity, the United Nations Industrial Development Organisation (UNIDO) and the United States Aid (USAID).<sup>71</sup> SEDCO worked with CZI, and the Zimbabwe Banking Corporation, in identifying small businesses with viable projects deserving financial support.<sup>72</sup> In determining enterprises deserving financial assistance, SEDCO considered the extent to which they could promote local participation in the economy.<sup>73</sup> In line with the government's socialist ideology, SEDCO was supposed to prioritise and give preference to co-operatives registered under the Cooperatives Societies Act.<sup>74</sup> Although this was

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<sup>66</sup> *Small Enterprises Development Corporation Annual Report 1986*, p. 3.

<sup>67</sup> *Ibid*, p. 3.

<sup>68</sup> 'Sedco has World Bank loan to disburse', *The Financial Gazette*, 18 September 1987, p. 31.

<sup>69</sup> *Small Enterprises Development Corporation Annual Report 1986*, p. 3.

<sup>70</sup> Interview with Everson Tirivanhu, Former executive member of the Zimbabwe Chamber of Commerce, Highfield, Harare, 5/12/2014.

<sup>71</sup> *Small Enterprises Development Corporation Annual Report 1986*, p. 6; *Small Enterprises Development Corporation Annual Report 1988*, pp. 6, 7.

<sup>72</sup> *Small Enterprises Development Corporation Annual Report 1988*, p. 6; 'Sedco has World Bank loan to disburse', p. 31.

<sup>73</sup> 'Sedco has World Bank loan to disburse', p. 31.

<sup>74</sup> *Small Enterprises Development Corporation Annual Report 1990*, p. 4; 'Sedco has World Bank loan to disburse', p. 31.

never strictly adhered to, it reveals that the government wanted its ideology to guide local participation in the economy.

SEDCO supported black small-scale enterprises in areas such as: wine and basket making, vegetable canning, bakeries, printing, broom and brush making, poultry dressing plants, tin and black smith, leather industry, brick making, furniture making, metal fabrication, and textiles.<sup>75</sup> Between November 1980 and April 1981, SEDCO received 1 705 loan applications which required more than Z\$28 million. It approved only 111 projects which were given a total of Z\$1 964 645.<sup>76</sup> Black business associations such as ZCC complained that SEDCO funds were too little and accused it of being inaccessible to black entrepreneurs.<sup>77</sup> ZCC urged SEDCO to extend 'soft loans', that is loans with very low interest rates paid back over a relatively longer period.<sup>78</sup> In October 1981, Mick Davis, the chairman of the Institute of Business Development (IOBD) stated that black businesses were not getting enough financial support from the government and the private sector.<sup>79</sup> These concerns prompted the government to research the problems faced by small enterprises.<sup>80</sup> During the mid-1980s, SEDCO occasionally gave rural businessmen loans even without title deeds as long as their project proposals were viable and feasible.<sup>81</sup> Thus, SEDCO was cognisant of the lack of title deeds among rural business people. The government also lowered SEDCO's interest rates for loans given to emergent business people.<sup>82</sup> Because of these measures SEDCO loans were more accessible as compared to those given by private financial institutions.

As highlighted above, in theory SEDCO was required to prioritise co-operatives. However, in practice more funds were demanded by sole proprietors, private companies and partnerships than did co-operatives. **Figure 3.1** shows that in 1986

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<sup>75</sup> Republic of Zimbabwe, *Transitional National Development Plan, 1982/83 – 1984/85, Volume 2*, p. 5.

<sup>76</sup> Business Reporter, 'Sedco loans nearing \$2m', p. 1

<sup>77</sup> Interview with Everson Tirivanhu, Former executive member of the Zimbabwe Chamber of Commerce, Highfield, Harare, 5/12/2014.

<sup>78</sup> Isobel Humphreys, 'Expert businessmen here – Muccheche', *The Herald*, 1 May 1980; Business Reporter, 'Call for loans to aid rural area traders', *The Herald*, 5 June 1980.

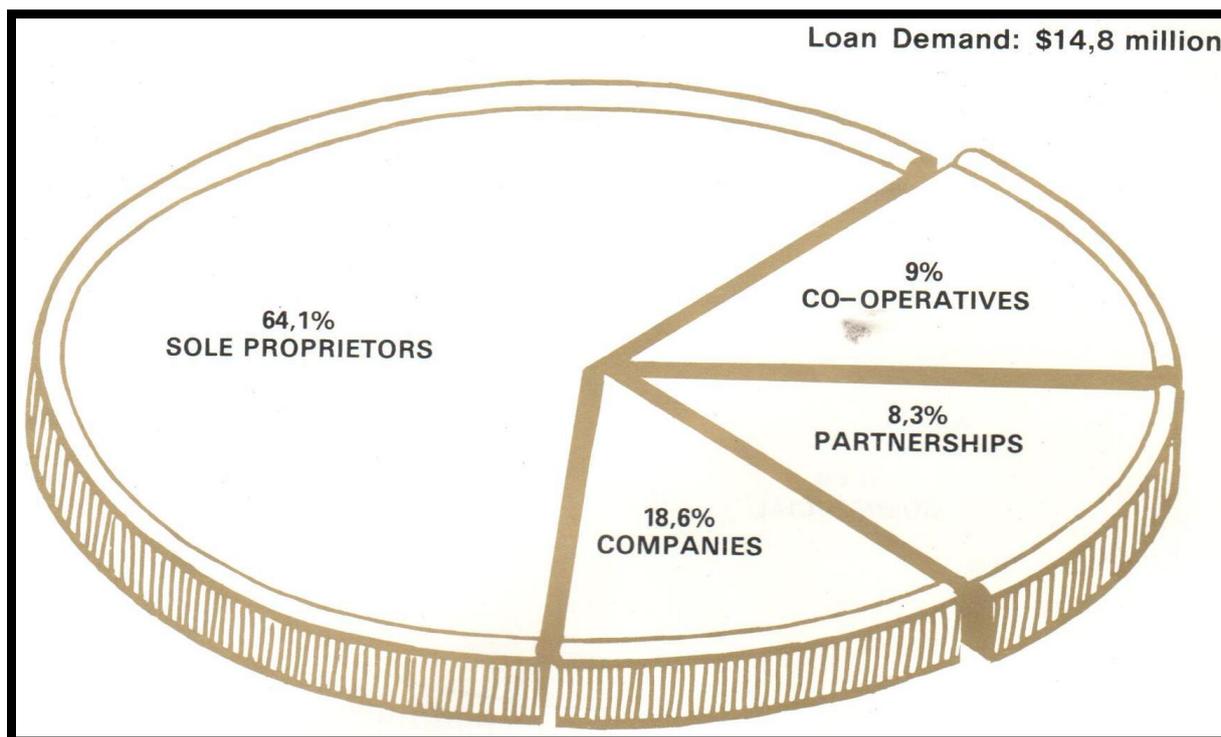
<sup>79</sup> 'IOBD unhappy at business support', *The Financial Gazette*, 23 October 1981, p. 17.

<sup>80</sup> *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 7, No. 7, 5 July 1983; Deputy Minister of Trade and Commerce, Honourable John Alfred Landau, MP, Avondale; col. 152.

<sup>81</sup> 'SEDCO assures businesses: loans depend on viability', *The Financial Gazette*, 20 July 1984, p. 16.

<sup>82</sup> Nyamunda, 'Small enterprises offering best solution to unemployment', p. 2.

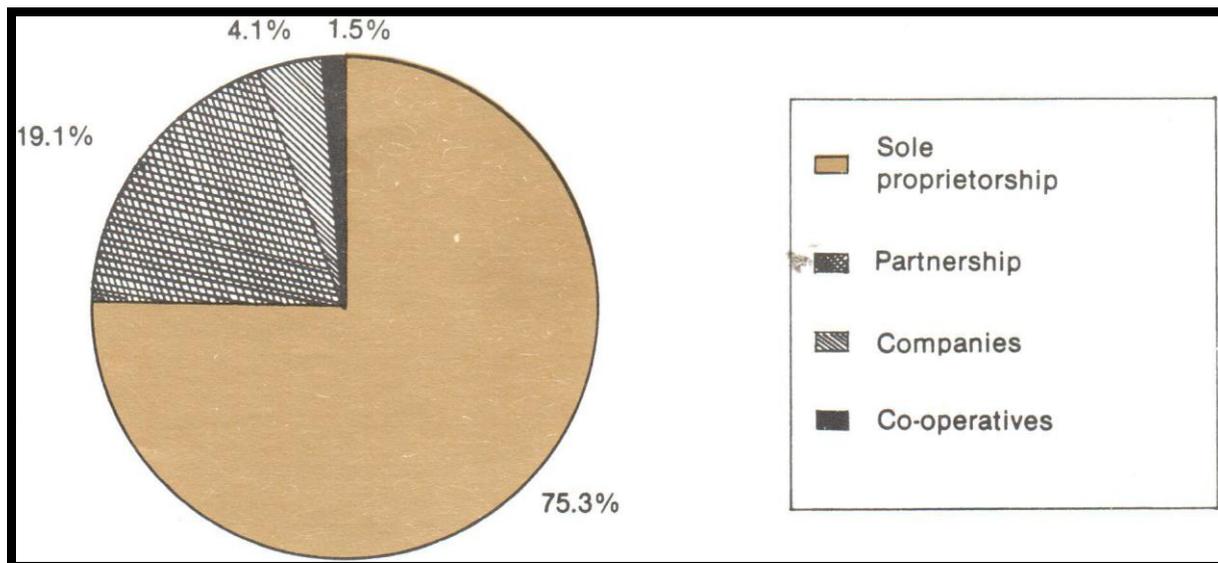
sole proprietors submitted 64,1% applications compared to 9% submitted by co-operatives. As shown in **Figure 3.2**, in 1989 SEDCO gave 75.3% of its loans to sole proprietors and a paltry 1,5% to co-operatives.<sup>83</sup> This reveals the contradiction between government's socialist policy and individual drive for private accumulation.



**Figure 3.1:** 1986 SEDCO loan demands by different types of owners

**Source:** *Small Enterprises Development Corporation Annual Report 1986*, p. 17.

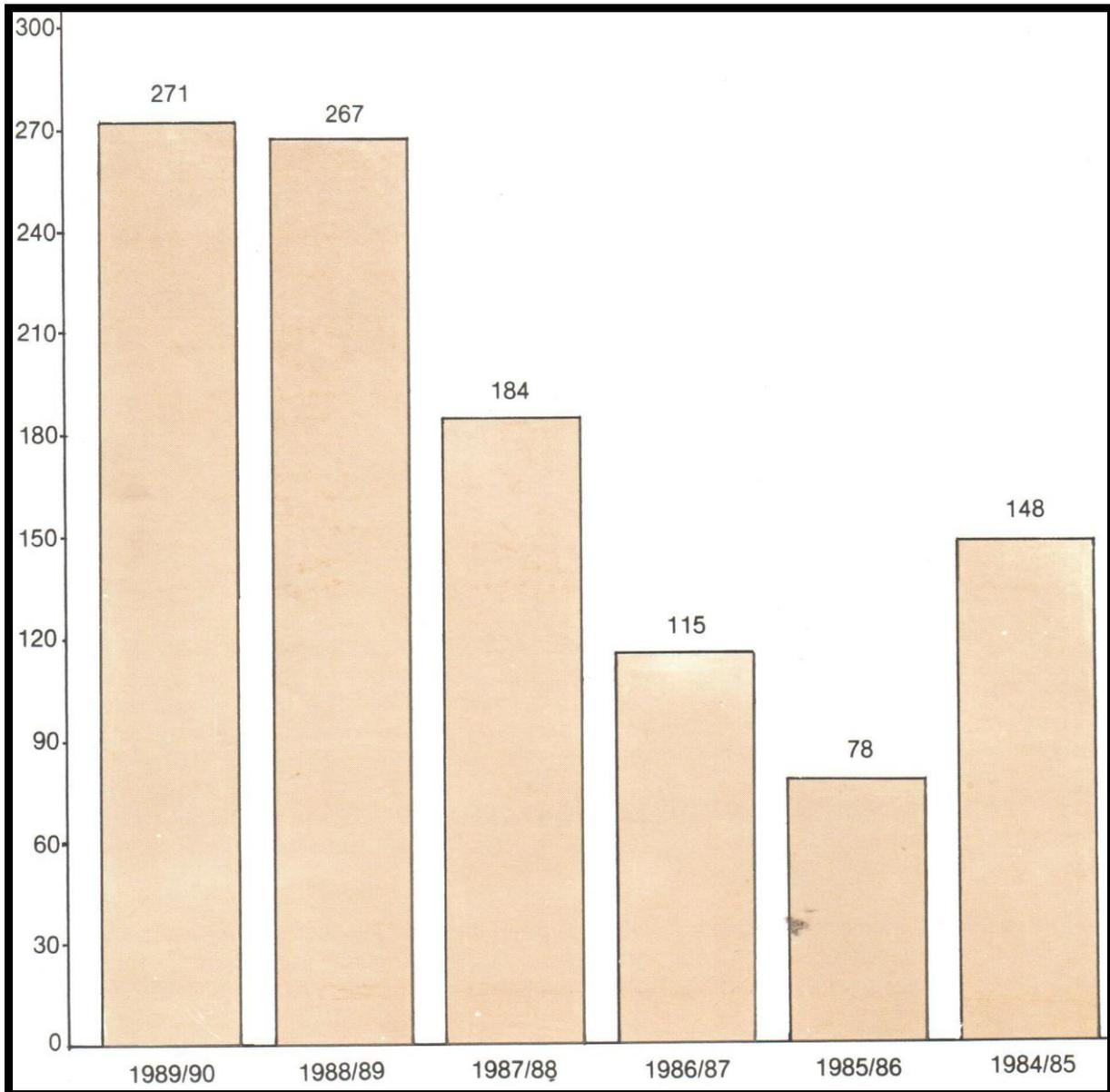
<sup>83</sup> *Small Enterprises Development Corporation Annual Report 1989*, p. 21.



**Figure 3.2: Ownership profiles of enterprises which received SEDCO loans in 1989**

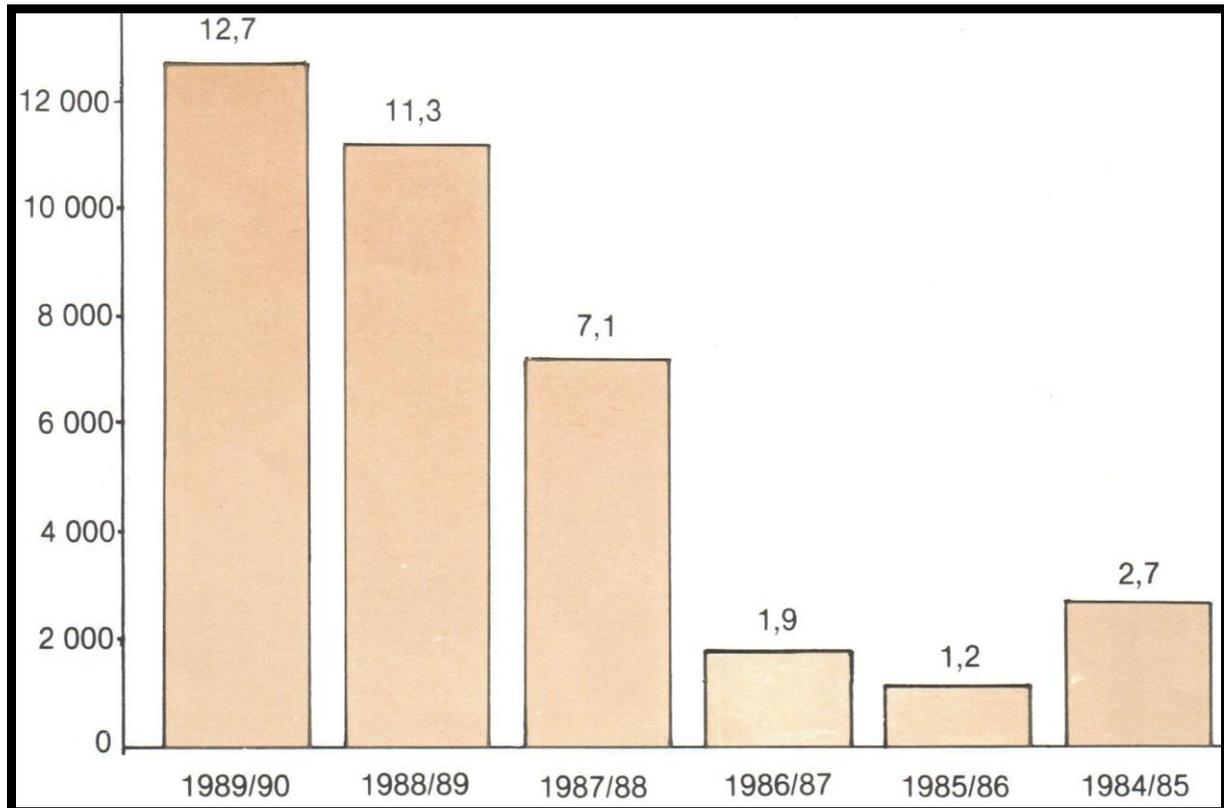
**Source:** *Small Enterprises Development Corporation Annual Report 1989*, p. 21.

**Figure 3.3** shows a comparative analysis of loans (by number) approved by SEDCO between 1984 and 1990. The bar graph shows that in 1984, 148 loan applications were approved. The figure dropped to 78 in 1984. It then increased over the years and by 1990 it reached 271. **Figure 3.4** shows a comparative analysis of the value of loans approved by SEDCO between 1984 and 1990. It followed the trend of the number of loans. It shows that in 1990 ZIM\$ 12,7 million loan was given to small scale enterprises. Overall, the two bar graphs show that SEDCO increased the number of projects provided with loans and the value of the loans from 1984 to 1990.



**Figure 3.3: Comparative analysis of number of loans approved by SEDCO between 1984 and 1990**

**Source:** *Small Enterprises Development Corporation Annual Report 1990*, p. 16.



**Figure 3.4: Comparative analysis of the value of loans (ZIM\$ million) approved by SEDCO between 1984 and 1990**

**Source:** *Small Enterprises Development Corporation Annual Report 1990*, p. 17.

As shown in **Table 3.1** most applicants for SEDCO loans were in the commerce and industry sectors respectively. **Table 3.2** shows that between 1987 and 1989, SEDCO increased the amount of its loans for the industrial sector and reduced loans for the commercial sector. Over the same period loans given to the 'service sector' were increased from 15% to 27%. The service sector refers to activities which do not produce tangible goods but offer services such as transport; professional and technical services, entertainment and recreation.<sup>84</sup> In this way, SEDCO was encouraging blacks to diversify their businesses and participate in the more complex industrial sector and the service sectors. However, the low level of loans given to the construction sector reveals marginal participation by blacks in that sector throughout the 1980s. Overall, SEDCO statistics reveal efforts made by the government to

<sup>84</sup> 'Service Sector', <http://www.investopedia.com/terms/s/service-sector.asp>. Accessed on 02/02/2017. For the development of the Service Sector see: M. A. Katouzian, 'The Development of the Service Sector: A New Approach', *Oxford Economic Papers*, Vol. 22, No. 3, (1970), pp. 263-382.

support small enterprises. By far most black enterprises were beneficiaries of these loans.<sup>85</sup> However, these statistics have a limitation for this study because they do not show racial allocations of SEDCO loans. SEDCO seem to have avoided publishing such sensitive information at a time when the government was promoting reconciliation.

**Table 3.1: Comparative overview of loans (numbers) approved by SEDCO in different sectors between 1986 and 1989**

| YEAR         | 86/87      |             | 87/88      |             | 88/89      |             |
|--------------|------------|-------------|------------|-------------|------------|-------------|
|              | No.        | % of Total  | No.        | % of Total  | No.        | % of Total  |
| Commercial   | 67         | 58%         | 106        | 58%         | 130        | 49%         |
| Industrial   | 38         | 33%         | 54         | 29%         | 97         | 36%         |
| Service      | 10         | 9%          | 17         | 9%          | 33         | 12%         |
| Construction | 0          | 0           | 7          | 4%          | 7          | 3%          |
| <b>Total</b> | <b>115</b> | <b>100%</b> | <b>184</b> | <b>100%</b> | <b>267</b> | <b>100%</b> |

**Source:** *Small Enterprises Development Corporation Annual Report 1989*, p. 20.

**Table 3.2: Comparative overview of loans (value) approved by SEDCO in different sectors between 1986 and 1989**

| YEAR       | 86/87    |            | 87/88     |            | 88/89     |            |
|------------|----------|------------|-----------|------------|-----------|------------|
|            | Value \$ | % of Total | Value \$  | % of Total | Value \$  | % of Total |
| Commercial | 929 716  | 49%        | 2 122 000 | 30%        | 3 258 700 | 29%        |
| Industrial | 687 653  | 36%        | 3 324 050 | 47%        | 4 479 469 | 39%        |
| Service    | 275 100  | 15%        | 1 244 083 | 17%        | 3 013 200 | 27%        |

<sup>85</sup> Interview with Sydney Chimedza, Kuwadzana, Harare, Former Mashonaland West ZUCCO treasurer, 14/10/2014.

| YEAR         | 86/87            |             | 87/88            |             | 88/89             |             |
|--------------|------------------|-------------|------------------|-------------|-------------------|-------------|
|              | Value \$         | % of Total  | Value \$         | % of Total  | Value \$          | % of Total  |
| Construction | -                | -           | 425 000          | 6%          | 550 500           | 5%          |
| <b>Total</b> | <b>1 892 469</b> | <b>100%</b> | <b>7 115 133</b> | <b>100%</b> | <b>11 301 869</b> | <b>100%</b> |

**Source:** *Small Enterprises Development Corporation Annual Report 1989*, p. 20.

Although SEDCO outcompeted the private sector in supporting small scale black businesses, its contribution was below expectations. In 1988 SEDCO Assistant General Manager (Development), Samuel Chinyoka, stated that while the organisation was determined to train black entrepreneurs in business management skills, it lacked the required staff.<sup>86</sup> He also stated that SEDCO's financial resources were limited and this reduced its capacity to support black businesses.<sup>87</sup> SEDCO's lack of autonomy limited its effectiveness in assisting small businesses.<sup>88</sup> For example most of its operations were delayed as it sought approval from the Ministry of Trade and Commerce. In addition, the organisation lacked an effective debt collection system. This partly explains its financial challenges. SEDCO's low interest rates reduced its capital base and also contributed to its financial doldrums. The case of SEDCO proves that state-led efforts to facilitate black participation in commerce and industry between 1980 and 1990 were piecemeal. The following section discusses interest group initiatives in promoting black participation in commerce and industry. The approach and methods used by black and white business interest groups was different, hence they are discussed in different sections.

### **Role of black interest groups**

<sup>86</sup> Stan Dongo, 'Give kiss of life to black businessmen, experts urge', *The Sunday Mail*, 9 October 1988.

<sup>87</sup> Dongo, 'Give kiss of life to black businessmen, experts urge'; Also see: ZANU (PF) Department of the Commissariat and Culture, *Zimbabwe: At 5 Years of Independence*, (Mardon Printers, Harare, 1985), p. 85.

<sup>88</sup> Staff Reporter, 'State meddling in Sedco causes concern', *The Financial Gazette*, 12 October 1990, pp. 1, 3.

Black business associations were concerned with various challenges faced by blacks in commerce and industry. This section<sup>89</sup> focuses on black business associations' pronouncements on the condition of black entrepreneurs and their enterprises. It also discusses black business associations' activities to facilitate the entry of blacks into commerce and industry. Emerging from the colonial period, the Zimbabwe Chamber of Commerce (ZCC) advocated for good business environment and for affirmative action in favour of black entrepreneurs. In June 1980, it claimed to have members who ran over 2000 businesses in the country.<sup>90</sup> Its president, Ben Muccheche, was one of the prominent black businessmen emerging from the colonial period.<sup>91</sup> Muccheche demanded the removal of colonial discriminatory practices to create a free economy. In June 1980 Muccheche requested the Minister of Local Government and Housing, Eddison Zvobgo, to amend the constitution and the Deeds Registries Act of 1960 and give rural business people freehold title deeds which were required in applying for loans.<sup>92</sup> However, the ministry did not take initiatives to amend both the constitution and Deeds Registries Act.

In May 1982, among other requests, Muccheche pleaded with the government to revise the Land Tenure Act of 1969 in order to give more urban black entrepreneurs title deeds to make their access to loans and credit easier.<sup>93</sup> Black business associations' demands were legitimate and they certainly influenced the government to change colonial discriminatory laws over time. As shall be discussed below, ZCC was both persuaded and coerced by the government to merge with other business associations to form the Zimbabwe National Chamber of Commerce (ZNCC) in January 1983.

Formed in January 1980, the African Traders Confederation (ATC)<sup>94</sup> was very active in supporting black businesses. Its founding president, Robert Mushaniga, had an outstanding career compared to most of his black contemporaries.<sup>95</sup> He was a

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<sup>89</sup> This section also discusses the role of ZCTU which is an interest group but not a business association. Hence, this section is titled 'The role of black interest groups' instead of 'The role of black business associations'.

<sup>90</sup> Business Reporter, 'Call for loans to aid rural area traders'.

<sup>91</sup> Humphreys, 'Expert businessmen here – Muccheche'.

<sup>92</sup> Business Reporter, 'Call for loans to aid rural area traders'.

<sup>93</sup> Mike Overmeyer, 'Black business still shackled', *The Herald*, 12 May 1982.

<sup>94</sup> 'New business association for blacks', *The Financial Gazette*, 1 February 1980, p. 1.

<sup>95</sup> *Ibid*, p. 1.

member of the British Institute of Administrators and an expert in mercantile law and economics.<sup>96</sup> The ATC represented, supported and advanced the interests of black business people who ran grocery shops, bottle stores and butcheries. By February 1980, ATC boasted a membership of 13 000 licensed black entrepreneurs throughout the country.<sup>97</sup> In October 1980, Mushaniga slammed banks and other financial institutions, accusing them of negative attitude towards black entrepreneurs. He also accused financial institutions of sabotaging the development of black businesses.<sup>98</sup> Mushaniga also alleged that there were some black people used by local whites and foreigners to retard the development of black enterprises. However, Mushaniga commended some whites who were working whole-heartedly to promote the establishment and expansion of black businesses.<sup>99</sup> As discussed below the ATC dissolved in 1981 and merged with other black business associations to form ZUCCO.

The Zimbabwe United Chambers of Commerce (ZUCCO) was a product of a government initiated merger of the African Traders Confederation (ATC), the Zimbabwe Businessmen's Association (ZIBA) and a faction of the Zimbabwe Chamber of Commerce (ZCC) in 1981.<sup>100</sup> Its founding president was Vera Mushaniga.<sup>101</sup> During this period, the government wanted one black business association in commerce to speak with one voice in future dialogues with the state. The government saw it as its duty to organise business associations. Antonio Gramsci's theory of hegemony and the statist concept are applicable in explaining government interference in the activities of black business associations during this period. ZUCCO was very active in promoting black businesses and advocating for local ownership of economy.<sup>102</sup> With intellectuals such as Professor Stanlake Samkange<sup>103</sup>, Dr Isaac Samuriwo<sup>104</sup> and Dr Sikhanyiso Ndlovu<sup>105</sup> in its ranks,

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<sup>96</sup> *Ibid*, p. 1.

<sup>97</sup> *Ibid*, p. 1.

<sup>98</sup> Business Reporter, 'ATC agrees on business bodies merger', *The Herald*, 18 August 1980.

<sup>99</sup> *Ibid*.

<sup>100</sup> Business Reporter, 'Mvenge urges commerce to move on unity', *The Herald*, 20 March 1981; Also see Herald Reporter, 'ZUCCO to push ahead on merger', *The Herald*, 1 April 1981.

<sup>101</sup> *Ibid*.

<sup>102</sup> Herald Reporter, 'Zucco to probe needs of black businessmen', *The Herald*, 11 May 1981.

<sup>103</sup> In January 1983 Professor Stanlake Samkange was the president of ZUCCO. See: Herald Reporter, 'Botsh made new supremo of business', *The Herald*, 20 January 1983.

ZUCCO presented itself as a rival of the major white business association in commerce, ACCOZ. ZUCCO felt ACCOZ was unfairly over publicised by the print media.<sup>106</sup> ZUCCO accused ACCOZ of urban bias and paying scant attention to the challenges faced by emergent black entrepreneurs.<sup>107</sup> In October 1981, ZUCCO boasted having a membership of over 14 000 licensed black business people, mostly from rural areas.<sup>108</sup> The case of ZUCCO shows that black business associations sought to gain legitimacy by denigrating white business associations and by claiming big membership. Such was the politics of business associations in the 1980s.

One of ZUCCO's aims was to capacitate and resuscitate rural black businesses devastated by the 1970s war of liberation.<sup>109</sup> On several occasions ZUCCO president, Vera Mushaniga, urged the government to support black entrepreneurs with loans.<sup>110</sup> ZUCCO created a committee which carried out research on the challenges faced by rural entrepreneurs.<sup>111</sup> In addition, ZUCCO advanced the idea of training emergent black business entrepreneurs.<sup>112</sup> ZUCCO also protested against the dominance of foreign capital in the economy. On 27 April 1982, a committee member of ZUCCO, Dr Sikhanyiso Ndlovu, told the organisation's general assembly that emergent black businessmen had been at the 'tail end' of the economic strata, and were looked down upon by local white business people and multinational corporations.<sup>113</sup> Ndlovu said: 'Now it is high time that the Government reversed this trend which is bound to breed an economic revolution'.<sup>114</sup> Ndlovu's pronouncements reveal a crisis of expectations among black business associations which expected

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<sup>104</sup> In 1982 Dr Isaac Samuriwo was the treasurer general of ZUCCO. See: Sunday Mail Reporter, 'Rivals claim to lead ZUCCO', *Sunday Mail*, 23 May 1982; Herald Reporter, 'Botsh made new supremo of business'.

<sup>105</sup> As of 27 April 1982 Dr Sikhanyiso Ndlovu was a committee member of ZUCCO. See: Herald Reporter, 'Back rural business', *The Herald*, 28 April 1982.

<sup>106</sup> Herald Reporter, 'Zucco to lobby for rural loans', *The Herald*, 27 October 1981; Herald Reporter, 'CZI to teach new businessmen', *The Herald*, 13 May 1982, p. 3.

<sup>107</sup> *Ibid.*

<sup>108</sup> Herald Reporter, 'Zucco to lobby for rural loans'.

<sup>109</sup> Herald Reporter, 'Zucco to probe needs of black businessmen'; Herald Reporter, 'Zucco to lobby for rural loans'.

<sup>110</sup> *Ibid.*

<sup>111</sup> Herald Reporter, 'Zucco to probe needs of black businessmen'.

<sup>112</sup> Herald Reporter, 'Back rural business', *The Herald*, 28 April 1982.

<sup>113</sup> *Ibid.*

<sup>114</sup> *Ibid.*

the government to take significant affirmative action measures in favour of black entrepreneurs.

One of ZUCCO's major achievements was its successful protest against the state's attempt to participate in the retailing sector. Addressing Parliament in June 1982, President Banana stated that the government's intention to participate in the retailing sector to curb profiteering by some black business people operating in rural areas.<sup>115</sup> This received a fiery backlash from ZUCCO. The then ZUCCO president, Jairus Munyoro, urged the state to be involved in the more sophisticated sectors of the economy such as manufacturing rather than to compete and squeeze emerging black business people out of the retailing sector.<sup>116</sup> The above evidence reveals that black business associations protected the interests of their members by restraining the state from encroaching in certain sectors and areas. As shall be discussed below, ZUCCO was forced by the state to merge with ACCOZ to form the Zimbabwe National Chamber of Commerce (ZNCC) in January 1983.

The Zimbabwe Importers and Exporters Association (ZIEA) was formed in January 1981.<sup>117</sup> Although it claimed to be non-racial, its pronouncements and activities showed it represented black business people.<sup>118</sup> In May 1982, its acting president, Leonard Nyamutsamba, accused ACCOZ of bias in favour of big businesses and of marginalising black entrepreneurs.<sup>119</sup> It lobbied the government to allocate more foreign exchange to emerging black entrepreneurs.<sup>120</sup> ZIEA protested that most foreign exchange was allocated to big multinational corporations with capacity to get it without government assistance through the use of international business networks.<sup>121</sup> ZIEA made formal complaints to the Ministry of Commerce and Industry on multinational corporations which used their business clout and bribes to displace its members from their external business partners and markets. Although most of

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<sup>115</sup> Herald Reporter, 'Small traders fear State businesses pose threat', *The Herald*, 23 June 1982.

<sup>116</sup> *Ibid.*

<sup>117</sup> 'New organisation for small and emergent businessmen', *The Financial Gazette*, 13 March 1981, p. 9.

<sup>118</sup> *Ibid*, p. 9.

<sup>119</sup> Herald Reporter, 'CZI to teach new businessmen', *The Herald*, 13 May 1982, p. 3.

<sup>120</sup> 'New organisation for small and emergent businessmen', p. 9.

<sup>121</sup> *Ibid*, p. 9.

these challenges were not immediately addressed, ZIEA mobilised black entrepreneurs to demand for a fair and non-discriminatory business environment

The Zimbabwe Transport Organisation (ZTO) was very active in representing rural black bus operators during the 1980s. In December 1986, its vice-president, Ben Muccheche, complained that local suppliers sold blacks old buses and spare parts at exorbitant prices.<sup>122</sup> In 1987, ZTO successfully lobbied the government to supply foreign currency to black bus operators to purchase parts outside the country.<sup>123</sup> ZTO also organised seminars to give aspiring black bus operators expertise to run the business.<sup>124</sup> In line with the government's pseudo-socialist principles, in March 1989 ZTO formed the Rural Transport Co-operative Limited. The cooperative procured bus parts at low prices outside the country for its members in Mashonaland, Masvingo, Manicaland and some parts of Midlands provinces.<sup>125</sup> Another co-operative under ZTO, Matonjeni Co-operative represented members from Matabeleland and some parts of Midlands.<sup>126</sup> The co-operatives applied for foreign currency from the government on behalf of their members. Although members of the cooperatives complained that they were not effective, the government and SEDCO were enthusiastic in supporting them.<sup>127</sup> This confirms that the government's conception of local participation in the economy was influenced by its pseudo-socialist ideology. However, the government's insistent preference for inefficient co-operatives was a drawback in promoting local participation in the economy.

The relations between ZCTU and black business people were complex. ZCTU viewed black entrepreneurs as 'black slave masters'.<sup>128</sup> ZCTU slammed black business entrepreneurs operating in high-density locations and rural areas for failing

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<sup>122</sup> Sunday Mail Reporter, 'Rural bus firms demand steps to end tyre crisis', *The Sunday Mail*, 25 May 1986. Also see Sunday Mail Reporter, 'Bus parts suppliers are ripping us off says Ben Muccheche', *The Sunday Mail*, 28 December 1986, p. 1.

<sup>123</sup> Sunday Mail Reporter, '200 bus operators have applied for forex, says Muccheche', *The Sunday Mail*, 7 June 1987.

<sup>124</sup> Sunday Mail Reporter, 'Co-op launched to boost rural bus services', *The Sunday Mail*, 5 March 1989, p. 2.

<sup>125</sup> *Ibid*, p. 2.

<sup>126</sup> *Ibid*, p. 2.

<sup>127</sup> Interview with Nicholas Ndlovu, Former member of Matonjeni Co-operative, Highfield, Harare, 19/10/2014.

<sup>128</sup> Political Reporter, 'Manyika hits at black "slave-masters"', *The Herald*, 18 May 1982.

to abide by the government's stipulated minimum wage and subjecting their workers to long working hours. ZCTU was annoyed by black business associations' silence on their members' abuse of black workers.<sup>129</sup> Although ZCTU reported some cases of labour violations committed by black entrepreneurs to the government, in most cases no corrective measures were taken. Despite violations of labour laws, ZCTU wanted a strategic alliance with black business entrepreneurs against local white and foreign capital.<sup>130</sup> ZCTU alleged that whites were preventing blacks from owning a reasonable share of the economy. ZCTU castigated black business people used by whites as 'fronts', 'convenient allies' and 'errand boy(s)'.<sup>131</sup> Thus, since the early 1980s, ZCTU was an active participant in debates on localisation of the economy.

A radical interest group, the Zimbabwe Entrepreneurs Association was formed in September 1989 by 400 black entrepreneurs.<sup>132</sup> It lobbied the government to take affirmative measures on behalf of blacks. The association put pressure on banks and other financial institutions to take risks by relaxing their collateral requirements in loan applications.<sup>133</sup> Although this association failed to have real impact because of the state's indifference, its formation revealed deep-seated grievances of black entrepreneurs. It was the precursor of more radical indigenisation pressure groups which emerged in the 1990s discussed in Chapter Five.

### **Role of white business associations**

#### Associated Chambers of Commerce of Zimbabwe (ACCOZ)

In the early years of independence white business associations such as the Associated Chambers of Commerce of Zimbabwe (ACCOZ) made efforts to maintain cordial relations with the state and to gain legitimacy from black entrepreneurs.<sup>134</sup> ACCOZ made strenuous efforts to dispel perceptions that it represented white and

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<sup>129</sup> Interview with Herbert Machingura, Former Mashonaland East Provincial chairman of Zimbabwe Commercial Workers' Union (ZCWU), Mabvuku, Harare, 22/10/2014.

<sup>130</sup> Dongo, 'Give kiss of life to black businessmen, experts urge'.

<sup>131</sup> *Ibid.*

<sup>132</sup> Sunday Mail Reporter, 'Call for fair deal in businesses', *The Sunday Mail*, 1 October 1989, p. 3.

<sup>133</sup> *Ibid.*, p. 3.

<sup>134</sup> 'There is a new awareness about the value of chamber of commerce', *The Financial Gazette*, 30 May 1980, p. 16.

foreign capital by intensifying its support of emergent black entrepreneurs. It depicted white business people as genuine and honest entrepreneurs who should not be mistaken for colonialists and exploiters.<sup>135</sup> In an interview with *The Financial Gazette* in May 1980 ACCOZ president, Brian Grubb, said:

There is a lot of misunderstanding about profits and the use to which they are put. I want to see us doing our best to show people that we are concerned. We should not be looked upon as people whose main object is exploitation.<sup>136</sup>

ACCOZ wanted to merge with black business associations<sup>137</sup> to legitimise its voice on localisation and promotion of black enterprises.

In 1980, ACCOZ collaborated with the Institute of Business Development (IOBD) (formerly Institute of Business) to support black entrepreneurs.<sup>138</sup> They approached big companies soliciting funds to run courses for emerging black entrepreneurs.<sup>139</sup> They advertised and offered courses on business management, financial planning and management, engaging financial houses, debt collection, banking, feasibility studies, customer relations, business etiquette, storage management and stock-taking.<sup>140</sup> Between July and December 1980, ACCOZ and IOBD organised 26 seminars which trained 578 black entrepreneurs.<sup>141</sup> In addition, ACCOZ and IOBD supported emergent businesses through offering business consultancy services and providing foreign business networks.<sup>142</sup> Although ACCOZ and IOBD did not provide loans and credits they trained emergent business people on financial matters and approved their loan applications for consideration by their partner, the Development

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<sup>135</sup> *Ibid*, p. 16.

<sup>136</sup> *Ibid*, p. 16.

<sup>137</sup> 'It's been an exciting five years – Jim van Heerden', *The Financial Gazette*, 30 May 1980, p. 12. Also see 'Meeting the challenges of the future', *The Financial Gazette*, 30 May 1980, p. 12.

<sup>138</sup> Herald Reporter, 'ACCOZ plan to assist rural area businessman', *The Herald*, 7 August 1980; 'Course to assist the emergent businessman', p. 6.

<sup>139</sup> 'ACCOR's new bid to help small businesses', *The Financial Gazette*, 30 May 1980, p. 16

<sup>140</sup> 'ACCOR congress 1980', *The Financial Gazette*, 30 May 1980, p. 11; 'ACCOZ plan to assist rural businessmen'; 'Course to assist the emergent businessman'.

<sup>141</sup> 'Course to assist the emergent businessman', p. 6.

<sup>142</sup> 'ACCOR's new bid to help small businesses', p. 16. Also see 'Ambitious plans from IOBD', *The Financial Gazette*, 3 October 1980, p. 5.

Finance Company.<sup>143</sup> Despite perceptions of black business associations, ACCOZ actively supported black businesses.

Despite its efforts, the government criticised ACCOZ for lacking a commitment to changing the ownership structure of the economy. The government felt ACCOZ focused more on rhetoric than practical action.<sup>144</sup> At an ACCOZ congress on 31 May 1980, the Minister of Justice, Eddison Zvobgo and the Minister of Information and Tourism, Nathan Shamuyarira, grilled the chief executive of the IOBD, Freddie Sheridan, on the extent to which his organisation assisted rural traders.<sup>145</sup> Sheridan explained in detail how his organisation promoted black rural traders through training and recommending their applications for loans to financial institutions. However, it was clear that ACCOZ needed to take more measures to assist rural traders.

In 1981, ACCOZ made frantic efforts to lure black business associations with huge rural membership to join them without success.<sup>146</sup> Though dominated by whites, the structures of ACCOZ started to open up to blacks in the early 1980s. In May 1981, Abner Botsch became the first black Zimbabwean to be elected president of ACCOZ.<sup>147</sup> This was one of the first attempts to ensure that the organisation's leadership reflect the racial demographics of the country. To show his organisation and his personal commitment to support black entrepreneurs, Botsch designated 1981 as 'the year of the small business'.<sup>148</sup> In addition, Botsch presented ACCOZ and himself as opposed to the exploitation of the majority by denouncing 'excessive profiteering' by a clique of the business community.<sup>149</sup> Botsch's pronouncements reveal that white business associations were towing the government's ideological rhetoric which condemned the exploitation of the 'masses'.<sup>150</sup> ACCOZ's activities and pronouncements reveal that white business associations strived to identify

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<sup>143</sup> 'ACCOR's new bid to help small businesses', p. 16. The Development Finance Company was established in 1980. See Herald Reporter, 'Commerce leaders asked to help small men'.

<sup>144</sup> Business Reporter, ' "Help the small man" campaign'.

<sup>145</sup> Martin Rushmere, 'ACCOR focus on rural development', *The Herald*, 31 May 1980.

<sup>146</sup> ' "Year of the small businessman" says President', *The Financial Gazette*, 29 May 1981, p. 12; Bill Hipson, 'Botsh pledges aid for rural traders', *The Herald*, 30 May 1981.

<sup>147</sup> *Ibid.*

<sup>148</sup> *Ibid.*

<sup>149</sup> *Ibid.*

<sup>150</sup> Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, p. 1.

themselves with the majority but struggling black entrepreneurs to gain national legitimacy.

The rise of the Zimbabwe National Chamber of Commerce (ZNCC) and the fall of black commerce associations

As highlighted above, during the early 1980s the Zimbabwean government had a policy of persuading and coercing interest groups in the same sector to merge. The government argued that a single interest group in a sector will speak with one voice making it easier to solve challenges in that sector. This policy was applied to business associations representing commerce. To a larger extent Antonio Gramsci's theory of hegemony which advances that the state dominates through a combination of 'persuasion' and 'coercion' is applicable in explaining the merging of black and white commerce associations which led to the formation of the Zimbabwe National Chamber of Commerce (ZNCC). In 1981, through the Ministry of Trade and Commerce, the government persuaded the African Traders Confederation (ATC), the Zimbabwe Businessmen's Association (ZIBA) and a faction of the Zimbabwe Chamber of Commerce (ZCC) to merge and form the Zimbabwe Union of Chambers of Commerce (ZUCCO) discussed above.<sup>151</sup> This was the government's first step in merging business associations representing commerce.

Between October 1982 and mid-January 1983 the government tried to persuade ZUCCO, now led by Professor Stanlake Samkange, and a faction of the former united Zimbabwe Chamber of Commerce (ZCC) led by Ben Mucheche<sup>152</sup> to merge with the rival white-dominated ACCOZ.<sup>153</sup> ZUCCO and ZCC expressed reservations and refused to merge, fearing they would be overshadowed by the more powerful ACCOZ.<sup>154</sup> The Ministry of Trade and Commerce moved to organise a congress and

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<sup>151</sup> Business Reporter, 'Mvenge urges commerce to move on unity', *The Herald*, 20 March 1981; Also see Herald Reporter, 'ZUCCO to push ahead on merger', *The Herald*, 1 April 1981.

<sup>152</sup> Business Reporter, 'Business bodies to boycott elections', *The Herald*, 18 January 1983. However, *The Herald* of 20 January 1983 stated that Zacharia Chigumira was the president of ZCC. See: Herald Reporter, 'Botsh made new supremo of business'.

<sup>153</sup> Herald Reporter, 'Business bodies agree to merge', *The Herald*, 15 October 1982; Herald Reporter, 'Kangai hails commerce merger', *The Herald*, 16 October 1982; Herald Reporter, 'All commerce bodies to unite next month', *The Herald*, 29 December 1982.

<sup>154</sup> Business Reporter, 'Business bodies to boycott elections', *The Herald*, 18 January 1983.

elections in which all 'registered' businessmen in the country would choose the new leaders of one chamber representing commerce, to be called the Zimbabwe National Chamber of Commerce (ZNCC).<sup>155</sup> The process was boycotted by the leadership and most members of ZUCCO and ZCC.

When persuasion failed, on 19 January 1983, the government, through the Ministry of Trade and Commerce, supervised and endorsed elections which led to the formation of ZNCC at Margolis Hall in Harare.<sup>156</sup> In many ways ZNCC was the *de facto* successor of ACCOZ. Abner Botsh, the first black president of ACCOZ, was 'elected' the first president of ZNCC.<sup>157</sup> In addition to being dominated by white and foreign capital<sup>158</sup>, ZNCC used former ACCOZ infrastructure, including head offices at Equity House, Rezende Street, Harare.<sup>159</sup> This explains why ZNCC was viewed as representing white and foreign capital in the 1980s and 1990s. Despite the protest of ZUCCO, ZCC, black entrepreneurs, and the print media, it was a *fait accompli*. The government recognised ZNCC as the only representative of commerce.

ZUCCO and ZCC remained defiant for almost a month after the formation of ZNCC<sup>160</sup> but they eventually disintegrated. By the end of 1983 they totally disappeared from the business scene. The government suppressed ZUCCO and ZCC by refusing to recognise them. This explains why there is no discussion of black business associations representing commerce between 1984 and 1988. A black business association in commerce, the Zimbabwe Entrepreneurs Association, was only formed in 1989 by black businessmen who felt marginalised by ZNCC.<sup>161</sup> The case of the formation of ZNCC reveals that the state used both persuasion and coercion to reorganise business associations representing commerce in the 1980s. By ignoring the concerns of ZUCCO and ZCC, government actions can also be explained in terms of statist analysis discussed in Chapter One.

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<sup>155</sup> Herald Reporter, 'Business body poll to go on – Hove', *The Herald*, 19 January 1983.

<sup>156</sup> Herald Reporter, 'Botsh made new supremo of business'.

<sup>157</sup> *Ibid.*

<sup>158</sup> Business Reporter, 'Business bodies to boycott elections'; Herald Reporter, 'ZUCCO gets mandate to form new body', *The Herald*, 9 February 1983.

<sup>159</sup> Herald Reporter, 'All commerce bodies to unite next month', *The Herald*, 29 December 1982; Also see Sunday Mail Reporter, 'Election of commerce leaders', *Sunday Mail*, 9 January 1983.

<sup>160</sup> Herald Reporter, 'ZUCCO gets mandate to form new body', *The Herald*, 9 February 1983.

<sup>161</sup> Sunday Mail Reporter, 'Call for fair deal in businesses', *The Sunday Mail*, 1 October 1989, p. 3.

Because of the controversial circumstances surrounding its formation, ZNCC went an extra mile in supporting black businesses. It was trying to dispel the notion that it was an elitist business association representing white and foreign capital. At its inception, it created three committees to assist black business in training, transportation of goods and problems in day to day running of businesses.<sup>162</sup> ZNCC offered free of charge courses to capacitate black business people. By December 1983, ZNCC was offering courses in bookkeeping; stores and stock taking; internal and external sources of business finance; and capital management.<sup>163</sup> In conjunction with the business section of Ranche House College, ZNCC organised seminars for black entrepreneurs. It invited SEDCO officials, managers from banks such as Bank of Credit and Commerce Zimbabwe, and Zimbank to make presentations on how to access loans from financial institutions.<sup>164</sup> By 1988 ZNCC was offering seminars on complicated topics such as insurance; and the functions and operations of the Zimbabwe Stock Exchange and the Reserve Bank of Zimbabwe.<sup>165</sup> Through these activities, ZNCC played a central role in imparting business and entrepreneurship skills in the black business community.

There were divisions and conflicting interests between big companies owned by whites and foreigners, and small black owned businesses in ZNCC. As early as December 1983 it became apparent that these interests could not be easily reconciled.<sup>166</sup> Despite the efforts made to accommodate them, small black businesses alleged marginalisation and exclusion from ZNCC. One of the major challenges was that most small scale black entrepreneurs could not join ZNCC because membership and subscription fees were too high.<sup>167</sup> For example, in 1983 the annual subscription fees varied from ZIM\$90 to ZIM\$390 depending on the size of business and type of membership.<sup>168</sup> Most black entrepreneurs complained that the subscription fees were too high. Consequently, most small black businesses

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<sup>162</sup> Sunday Mail Reporter, 'ZNCC's leader has high hopes', *The Sunday Mail*, 23 January 1983.

<sup>163</sup> 'ZNCC courses designed to help emergent businessmen', *The Financial Gazette*, 22 December 1983, p. 5.

<sup>164</sup> David Masunda, 'Botsh urges – stop on crackdown. Don't pick on rural merchants', *The Herald*, 24 March 1983; Business Reporter, 'Chamber seminar on bank loans', *The Herald*, 15 September 1983; Business Reporter, 'Seminars for high density traders', *The Herald*, 28 June 1984.

<sup>165</sup> 'ZNCC launches series of business training courses', *The Financial Gazette*, 5 February 1988, p. 9.

<sup>166</sup> 'ZNCC fees too steep, complain small traders', *The Herald*, 20 December 1983.

<sup>167</sup> *Ibid.*

<sup>168</sup> *Ibid.*

remained unrepresented. By February 1984, ZNCC had about 2500 members, a small fraction of the 14000<sup>169</sup> members claimed by ZUCCO at its zenith.<sup>170</sup> The failure by ZNCC to adequately represent small businesses raised questions about its commitment to promoting black enterprises.

The exclusion of small-scale black entrepreneurs weakened ZNCC. In October 1989, a group of black rural traders who felt the ZNCC was not representing them adequately contemplated forming their own business association.<sup>171</sup> The provisional leader of the envisaged association, Eric Tokwe, alleged that ZNCC only represented 2 000 out of more than 50 000 rural traders.<sup>172</sup> Tokwe also stated that most challenges of rural traders such as poor transport services, difficulties in acquiring title deeds and price controls were not given enough attention by the ZNCC. In response to Tokwe's allegations, ZNCC president Philbert Jumbe, stated that his chamber's national executive committee could not deal with local challenges of their members.<sup>173</sup> He said ZNCC branches throughout the country were best positioned to deal with them. He further stated that forming a duplicate organisation was counterproductive. In general, the marginalisation of small business people from ZNCC reveals that the state erred in engineering the dissolution of black business associations, ZUCCO and ZCC. Issues of high membership fees and divergent interests threatening unity within ZNCC were raised before by ZUCCO and ZCC. In short, interests of small-scale black entrepreneurs were best represented by separate black business associations.

### Confederation of Zimbabwe Industries (CZI)

Emerging from the colonial period, CZI was the most influential business association. Like ACCOZ and ZNCC, CZI made strenuous efforts to present itself as a non-racial, apolitical and pro-development business association.<sup>174</sup> During the 1980s, CZI

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<sup>169</sup> Herald Reporter, 'Zucco to lobby for rural loans'.

<sup>170</sup> Herald Reporter, 'Botsh bows out, Chiweshe elected', *The Herald*, 13 February 1984; For more statistics also see Business Reporter, 'ZNCC has come a long way – Botsh', *The Herald*, 8 March 1984.

<sup>171</sup> Herald Reporter, 'Rural businessmen form own association', *The Herald*, 31 October 1989.

<sup>172</sup> *Ibid.*

<sup>173</sup> *Ibid.*

<sup>174</sup> 'Our philosophy is non-racist – CZI', *The Financial Gazette*, 5 July 1985, p. 1.

supported emergent businessmen. In May 1982, it initiated courses to train the 'new businessmen'.<sup>175</sup> The courses focused on raising capital to start a business, business management, exporting products and marketing. Despite these efforts, CZI was viewed by black entrepreneurs and the government as doing little to support black entrepreneurs. At a CZI annual congress in Victoria Falls on 13 July 1984, the Minister of Trade and Commerce, Richard Hove, interrogated CZI leadership on measures it was taking to support emergent business people.<sup>176</sup> The then CZI deputy president, John Mkushi stated that the association was extending a number of benefits to black business people who were not even members. However, Mkushi was at pains to list such benefits.<sup>177</sup> He admitted that CZI was still looking for ways to assist emergent business people.<sup>178</sup> These pressures forced CZI to take further measures to reinvent its national image and present itself as a non-racial business association. Of these measures was the election of John Mkushi as CZI's first black president in 1985.<sup>179</sup> Arguably, this was a strategic move which improved CZI's rapport with the black business community.

However, Mkushi's election did not spare CZI from internal divisions and conflicts between local white and foreign owned businesses on one hand and black businesses on the other. In November 1985, four black executive members of CZI: Chris Mushonga, Jewel Kufandada, Kumbirai Katsande and Basil Nyabadza broke away from the business association.<sup>180</sup> The quadruple felt black businesses were not well represented in the CZI.<sup>181</sup> In March 1986, the Minister of Industry and Technology, Callistus Ndlovu, supported the breakaway quadruple by advancing that black and state enterprises were not well represented in the CZI.<sup>182</sup> In addition, Ndlovu stated that CZI executive was dominated and controlled by foreign owned firms. Ndlovu posited that while CZI was an independent and voluntary business association, it was expected to fairly represent local enterprises in order to be

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<sup>175</sup> Herald Reporter, 'CZI to teach new businessmen', *The Herald*, 13 May 1982, p. 3.

<sup>176</sup> Business Reporter, 'CZI quizzed on slow pace of black promotions', *The Herald*, 14 July 1984.

<sup>177</sup> *Ibid.*

<sup>178</sup> *Ibid.*

<sup>179</sup> 'Our philosophy is non-racist – CZI', p. 1.

<sup>180</sup> Sunday Mail Reporter, 'Four quit CZI leadership', *The Sunday Mail*, 24 November 1985.

<sup>181</sup> Business Reporter, 'End squabbling, minister tells industry men', *The Herald*, 13 March 1986.

<sup>182</sup> *Ibid.*

recognised by the government as the legitimate voice of the manufacturing sector.<sup>183</sup> The above evidence reveals that different interests between big businesses and small-scale black enterprises created divisions and conflicts within CZI. The above case also reveals that although business associations were independent the state was interested in their internal affairs. Some state officials concerned with these divisions sympathised with black businesses.

In the late 1980s, CZI offered courses with broad and more complicated subjects such as quality circles, internal auditing, tax legislation and salary structuring.<sup>184</sup> The shift by CZI to offer black entrepreneurs more sophisticated courses was a clear acknowledgement that some blacks had expanded their businesses and were about to move into sophisticated sectors of the economy such as manufacturing, banking and insurance. More importantly, CZI took interest in the ownership structure of the economy than any other business association. In 1985 CZI conducted an ownership survey of the manufacturing sector. The report of this survey claimed that only 52,3% of the manufacturing sector was foreign owned.<sup>185</sup> In 1989 CZI published results of another survey of the ownership structure of the manufacturing sector which attracted the attention of the government and media. **Table 3.3** below shows the number of companies with high net asset values controlled by foreign capital, government, local capital and the unidentified category. The table shows that, in general, by 1989 domestic capital, indicated as 'local' outcompeted foreign capital in the control of companies with high net asset values in the manufacturing sector.

**Table 3.3: CZI's 1989 survey results on ownership structure of the manufacturing sector**

| <b>Net Asset Value</b>      | <b>Foreign</b> | <b>Government</b> | <b>Local</b> | <b>Non-category</b> | <b>Total</b> |
|-----------------------------|----------------|-------------------|--------------|---------------------|--------------|
| <b>Between ZIM\$800 000</b> | 21             | 1                 | 71           | 1                   | 94           |

<sup>183</sup> *Ibid.*

<sup>184</sup> 'Details of CZI training courses during March', *The Financial Gazette*, 19 February 1988, p. 14; Also see 'Details of CZI training courses to be held in November', *The Financial Gazette*, 14 October 1988, p. 10.

<sup>185</sup> Naison C. G. Mathema, *ZANU-PF and Economic Independence*, (Mathema Publications, Harare, 1994), p. 10.

| <b>Net Asset Value</b>                                 | <b>Foreign</b> | <b>Government</b> | <b>Local</b> | <b>Non-category</b> | <b>Total</b> |
|--------------------------------------------------------|----------------|-------------------|--------------|---------------------|--------------|
| <b>and ZIM\$1,6 million</b>                            |                |                   |              |                     |              |
| <b>Between ZIM\$1,6 million and ZIM\$3,2 million</b>   | 18             | 1                 | 47           | 1                   | 67           |
| <b>Between ZIM\$3,2 million and ZIM\$6,4 million</b>   | 30             | 3                 | 38           | 1                   | 72           |
| <b>Between ZIM\$6,4 million and ZIM\$12,8 million</b>  | 18             | 1                 | 19           | 1                   | 39           |
| <b>Between ZIM\$12,8 million and ZIM\$25,5 million</b> | 15             | 5                 | 18           | 1                   | 39           |
| <b>More than ZIM\$25,6 million</b>                     | 18             | 5                 | 20           | 2                   | 45           |

**Source:** Lynda Loxton, 'Surprise new ownership figures – CZI', *The Herald*, 13 April 1989.

Overall, CZI put foreign ownership of the manufacturing sector at 25,35% in 1989. Considering that state ownership of the manufacturing sector was very low, one can conclude that local ownership was well over 55%. CZI stated that local companies employed more workers than foreign owned companies. It stated that of the 178 companies employing between 100 and 499 workers, 61,7% were locally owned; 32,5% foreign owned; 4,4% government owned and 1,8% were not categorised.<sup>186</sup> However, CZI's statistics were limited in two major ways. First, it did not clearly explain its methodology in arriving at its figures. The results were dismissed by ZANU-PF intellectuals such as Naison Mathema as an attempt to hoodwink the government into believing that the economy was now controlled by domestic capital.<sup>187</sup> Second, the statistics do not show how much of the 'local' capital in the manufacturing sector was controlled by different racial groups, that is: whites, Asians, Coloureds and blacks.

### **Proto-indigenisation in the mining sector**

During the early 1980s, the state and black business associations took interest in the mining sector. However, the colonial Mines and Minerals Act of 1961 still guided mining operations and marginalised small scale black miners. The Act excluded small scale black miners from the Mining Affairs and District Mining Boards. These boards were dominated by government officials, mining experts and representatives of the white-dominated Chamber of Mines.<sup>188</sup> In addition, the Act gave exclusive prospecting orders to big mining companies and excluded small-scale black miners.<sup>189</sup> In June 1980, the Zimbabwe African Miners' Association (ZAMA) demanded that, as the 'genuine' representative of small scale black miners, it must second its members to the Mining Affairs and District Mining Boards.<sup>190</sup> The Minister of Mines, Maurice Nyagumbo, responded by stating that laws needed to be changed

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<sup>186</sup> Confederation of Zimbabwe Industries, *1989 CZI Manufacturing Sector Ownership Survey*, (April 1989); Also see: Lynda Loxton, 'Surprise new ownership figures – CZI', *The Herald*, 13 April 1989.

<sup>187</sup> See for example: Mathema, *ZANU-PF and Economic Independence*, p. 10.

<sup>188</sup> Mines and Minerals Act of 1961, 37/1979, Part II, Establishment and Functions of Mining Affairs Board, 7 Constitution of the Board.

<sup>189</sup> Mines and Minerals Act of 1961, 37/1979, Part IV, Acquisition and Registration of Mining Rights, 20 Prospecting licences; Herald Reporter, 'African miners object to "foreign" rights', *The Herald*, 22 October 1980.

<sup>190</sup> Interview with Jefferson Muzondo, Former executive member of ZAMA, Marimba Park, Harare, 7/8/2014.

to accommodate small-scale black miners in these boards.<sup>191</sup> Nyagumbo's response reveals that attaining independence did not translate into economic gain for blacks because changing laws was a process.

In October 1980, the government granted exclusive prospecting orders to two foreign mining companies. These are Union Carbide Rhomet, which prospected for cobalt, copper, molybdenum, tungsten and uranium in the Zambezi escarpment and Corsyn Consolidated Mines, which prospected for gold, copper, lead and zinc in the areas adjacent to Harare.<sup>192</sup> This was fiercely challenged by ZAMA.<sup>193</sup> ZAMA demanded that mineral prospecting rights be granted to black small scale miners before they are given to foreign mining companies. ZAMA lamented that mining claims held by big foreign companies denied some rural communities access to their traditional lands. Although the government was issuing prospecting orders guided by the Mines and Minerals Act of 1961, black mining associations showed dismay at the whole mining legal regime. Thus, the government's continued use of exclusionary colonial laws after independence created a crisis of expectation among black small scale miners.

ZAMA's opposition to the granting of exclusive prospecting orders to foreign-owned mining companies was supported by the African Business Promotion Association (ABPA).<sup>194</sup> In October 1980, the ABPA wrote a memorandum to the Mining Affairs Board expressing its displeasure over the government's intention to give foreign companies exclusive prospecting orders. Through its secretary-general, Poliant J. Mpofo, ABPA wrote:

The granting of exclusive prospecting rights to foreign-owned companies is contrary to the national interest in that it puts the mineral resources of the country, some of them strategic at the disposal of foreigners.<sup>195</sup>

The Mining Affairs Board ignored ABPA's memorandum. On 5 December 1980, the ABPA circulated a memorandum to cabinet ministers, members of the Senate and

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<sup>191</sup> *Ibid.*

<sup>192</sup> Herald Reporter, 'African miners object to "foreign" rights'.

<sup>193</sup> *Ibid.*

<sup>194</sup> *Ibid.*

<sup>195</sup> *Ibid.*

the House of Assembly, and all political parties demanding the localisation of the mining sector and support for black miners.<sup>196</sup> A section of the memorandum read:

We must not allow our country to be placed under foreign economic domination which would allow foreign monopolies to preserve and consolidate their economic position and thereby stifle the economic and political development of this country in order to further their own mercenary aims.<sup>197</sup>

In addition, the ABPA argued that big foreign mining companies were siphoning the nation of its wealth. ABPA's pronouncements showed its resentment against the dominance of foreign capital in the mining sector in the early 1980s.

Like ZAMA, ABPA argued that foreign companies' mining claims were depriving local people of their traditional land.<sup>198</sup> ABPA demanded that the government must limit mineral prospecting orders given to foreign companies. It demanded that local people should have at least 55% shares in all mining companies.<sup>199</sup> In addition, ABPA requested the Ministry of Mines to provide more loans to small scale black miners. In February 1981, the permanent secretary in the Ministry of Mines, Christopher Ushwewokunze, dismissed ZAMA and ABPA's demands arguing that his ministry gives mineral prospecting rights to companies with resources and capacity to mine productively.<sup>200</sup> He also stated that the Ministry of Mines encouraged partnerships between foreign companies and locals. Moreover, he advised small scale black miners to organise themselves into groupings such as 'syndicates, companies and co-operatives' in order to access loan facilities and hire machinery provided by the Ministry of Mines. The above evidence shows that radical black interest groups opposed to foreign capital in the mining sector existed as early as 1980. It also shows that the government rebuffed some of the demands of black interest groups in a typical statist fashion discussed in Chapter One.

In May 1981, the secretary general of the ZCTU, Albert Mugabe, the younger brother of the then Prime Minister Mugabe, urged the government to come up with a definite 'socialist-oriented' policy and nationalise mining companies for the benefit of the

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<sup>196</sup> Business Reporter, 'Unify to gain aid, mines are urged', *The Herald*, 5 February 1981.

<sup>197</sup> *Ibid.*

<sup>198</sup> *Ibid.*

<sup>199</sup> *Ibid.*

<sup>200</sup> *Ibid.*

nation.<sup>201</sup> However, the Minister of Mines, Maurice Nyagumbo responded that there would be no nationalisation of mines. Nyagumbo dismissed Albert Mugabe's views and regarded him as someone who was 'emotionally thinking about workers as a trade unionist'.<sup>202</sup> He denounced arbitrary nationalisation as a form of discrimination stating that:

Nationalisation for the sake of it is a form of racism and we won't want it. We fought against racism and we don't want it practised in reverse. That is our stand. It is the stand of the Government.<sup>203</sup>

However, Nyagumbo also denounced and threatened to take action against racist and exploitative mining companies. Nyagumbo's pronouncements reveal that the state often opposed and distanced itself from radical positions of its key electoral constituencies such as ZCTU when their stance threatened 'sound economics'.<sup>204</sup> This makes statism a useful concept in analysing the relations between the government and black interest groups during the 1980s.

Pressure from black interest groups such as ZAMA, ABPA and ZCTU did have some influence, however, on the government's mining policy. On 24 July 1981 the Minister of Mines, Nyagumbo, informed the legislature of the government's intention to establish the Minerals Marketing Corporation of Zimbabwe (MMCZ).<sup>205</sup> Three major reasons were given.<sup>206</sup> First, to control the marketing of minerals which the government believed were serving the interests of foreign firms and countries.<sup>207</sup> The government was of the opinion that mineral are strategic resources which should serve national development goals set in the *Growth with Equity* policy statement.<sup>208</sup> The government averred that mineral resources were exhaustible and must be

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<sup>201</sup> Elton Mutasa, 'Mines takeover ruled out', *The Herald*, 30 May 1981.

<sup>202</sup> *Ibid.*

<sup>203</sup> *Ibid.*

<sup>204</sup> 'Sound politics is the product of sound economics', *The Financial Gazette*, 30 May 1980, p. 1.

<sup>205</sup> Anon, 'Selling our minerals'; Reports by Ziana's Parliamentary Service, 'Minister calls for control on mineral riches', *The Herald*, 25 July 1981.

<sup>206</sup> R. P. Lander, President, The Chamber of Mines, 'Statement by the president, The Chamber of Mines on the Minerals Marketing Corporation of Zimbabwe Bill', *The Herald*, 21 January 1982.

<sup>207</sup> Reports by Ziana's Parliamentary Service, 'Minister calls for control on mineral riches'; Lander, President, The Chamber of Mines, 'Statement by the president, The Chamber of Mines on the Minerals Marketing Corporation of Zimbabwe Bill'.

<sup>208</sup> *Ibid.*

controlled by the state.<sup>209</sup> Second, the government claimed it wanted to end illegal selling of minerals, under-invoicing, exportation of foreign currency and other malpractices by big mining firms.<sup>210</sup> Third, the government claimed it wanted to give small-scale black miners the opportunity to sell minerals which it claimed was difficult under the existing marketing system.<sup>211</sup> Thus, the government justified the establishment of MMCZ by conflating national development goals and the interests of small-scale black miners.

Between August 1981 and early 1982, the Ministry of Mines drummed up for support of the parliament and the business community to establish the MMCZ. Black legislators such as Zimbabwe African People's Union (ZAPU) House of Assembly member, Stephen Nkomo, vehemently supported the establishment of MMCZ. Nkomo argued that the absence of a mineral marketing board caused unabated exploitation of mineral wealth by foreign companies.<sup>212</sup> He even suggested that the state should go further to nationalise mines.<sup>213</sup> However, the Ministry of Mines emphasised that the government had no intention to nationalise mines. The Ministry argued that foreign controlled mining firms had capital, were efficiently managed and employed many workers.<sup>214</sup> The intention to establish MMCZ was also supported by black interest groups such as the Zimbabwe Midlands Small Miners Co-operative.<sup>215</sup> In this case the executive, sections of the legislature and black mining groups were in agreement on the need to establish MMCZ.

However, the idea of establishing MMCZ was fiercely opposed by the Chamber of Mines. The Chamber argued that most big mining companies were neither marketing minerals illegally nor under-invoicing.<sup>216</sup> It argued that selling minerals was a

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<sup>209</sup> Reports by Ziana's Parliamentary Service, 'Minister calls for control on mineral riches'.

<sup>210</sup> R. P. Lander, President, The Chamber of Mines, 'Statement by the president, The Chamber of Mines on the Minerals Marketing Corporation of Zimbabwe Bill'; Business Reporter, 'Chamber's warning on State agency. Mines defend market skills', *The Herald*, 23 April 1981.

<sup>211</sup> Andrew Whaley, 'Marketing body will rationalise mineral management policy', *The Herald*, 25 August 1981, p. 16.

<sup>212</sup> 'Companies defended', *The Herald*, 21 August 1981.

<sup>213</sup> *Ibid.*

<sup>214</sup> *Ibid.*

<sup>215</sup> 'Government is ready to help small miners', *The Herald*, 11 November 1981.

<sup>216</sup> Interview with Jeffrey Thompson, Former human resources manager at Homesteads Mine, Belgravia, Harare, 17/8/2014.

complicated task which required negotiating skills and was best done by the mines themselves rather than a government controlled parastatal.<sup>217</sup> Conservative Alliance of Zimbabwe (CAZ)<sup>218</sup> white legislators such as William Irvine, Patrick Shields, Henry Elsworth and Donald Goddard supported the positions of the Chamber of Mines. In a debate on the MMCZ Bill in the House of Assembly on 22 January 1982, Irvine argued that multinational mining companies were not ripping off the country. He challenged the state to give evidence that they were selling minerals illegally, under-invoicing and exporting foreign currency.<sup>219</sup> Irvine and other legislators, Shields and Elsworth, concurred that the establishment of the MMCZ would tarnish the country's mining industry and scare investors.<sup>220</sup> Elsworth bemoaned that the proposed MMCZ would sell minerals at low prices without due consideration to the costs incurred by mines to produce them.<sup>221</sup> Another legislator, Goddard, argued that the excessive powers given to the Minister of Mines and the MMCZ would interfere with mineral production.<sup>222</sup> The support given to the Ministry of Mines on its intention to establish MMCZ by black mining interest groups and legislators and the fierce opposition from the Chamber of Mines and white CAZ legislators reveals that some economic issues in the early 1980s were debated along racial lines.

The Ministry of Mines took on board a few and insignificant amendments made by the Chamber of Mines and CAZ legislators.<sup>223</sup> By June 1982, the MMCZ Act had

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<sup>217</sup> *Ibid.*

<sup>218</sup> The Rhodesian Front led by Ian Smith changed its name to the Republican Front in 1981 and later Conservative Alliance of Zimbabwe (CAZ) in 1984. See Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, p. 81. For the hint on name changes also see: Stoneman and Cliffe, *Zimbabwe: Politics, Economics and Society*, p. 109.

<sup>219</sup> *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 4, No. 20, 22 January 1982; Honourable William Michie Irvine, MP, Marlborough; col. 1310.

<sup>220</sup> *Ibid.*; Honourable William Michie Irvine, MP, Marlborough; cols. 1311 and 1313; *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 4, No. 20, 22 January 1982; Honourable Patrick Francis Shields, MP, Bulawayo Central; col. 1330; *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 4, No. 22, 27 January 1982; Honourable Henry Swan Elsworth, MP, Midlands; col. 1432.

<sup>221</sup> *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 4, No. 22, 27 January 1982; Honourable Henry Swan Elsworth, MP, Midlands; col. 1432.

<sup>222</sup> *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 4, No. 20, 22 January 1982; Honourable Donald Galbraith Goddard, MP, Lundi; col. 1338.

<sup>223</sup> R. P. Lander, President, The Chamber of Mines, 'Statement by the president, The Chamber of Mines on the Minerals Marketing Corporation of Zimbabwe Bill'.

been approved by the parliament.<sup>224</sup> The Act was gazetted in 1983 and the MMCZ was subsequently established. A review of the operations of the MMCZ by Jeffrey Herbst reveals that the government was able to control the marketing and production of minerals without resorting to nationalisation.<sup>225</sup> The marginalisation of the Chamber of Mines on the enactment of the MMCZ Act contradicts assertions by Jonathan Moyo, Tor Skålnes and Carolyn Jenkins that white interest groups had a great sway on government economic policy making in the 1980s.<sup>226</sup> The above discussion reveals that indeed, the government often adopted a statist approach and ignored the concerns and suggestions of white interest groups in pursuance of its national development goals.

In order to increase state and local participation in the mining sector, the government sought to establish a parastatal, the Zimbabwe Mining Development Corporation (ZMDC). On 3 August 1982, the Minister of Mines, Nyagumbo, presented to the House of Assembly for debate the ZMDC Bill which provided the legal background to the establishment of ZMDC.<sup>227</sup> Nyagumbo stated that, in line with the government's economic policy blueprint, *Growth with Equity*, ZMDC would among other objectives use mining industry's capacity to promote economic growth, national development and sovereignty.<sup>228</sup> In addition, the minister stated that ZMDC would ensure equitable distribution of wealth and increased local participation in the economy. As with the MMCZ Bill, Nyagumbo stated that ZMDC would make it easy for small scale black miners to market minerals.<sup>229</sup> In addition, he stated the ZMDC would assist small black miners to access loans.<sup>230</sup> Nonetheless, the minister stated that the private sector would continue to play an important role in the mining industry under a

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<sup>224</sup> 'MMCZ partner with industry', *The Financial Gazette*, 18 June 1982, p. 3.

<sup>225</sup> Jeffrey Herbst, *State Politics in Zimbabwe*, (University of Zimbabwe Publications, Harare, 1990), pp. 152-154.

<sup>226</sup> Jonathan N. Moyo, 'Civil society in Zimbabwe', *Zambezia*, Vol. 20, No. 1, (1993), p. 8; Tor Skålnes, 'The State, interest groups and structural adjustment in Zimbabwe', *Journal of Development Studies*, Vol. 29, No. 3, p. 401; and Carolyn Jenkins, 'The Politics of Economic Policy-Making in Zimbabwe', *Journal of Modern African Studies*, Vol. 35, No. 4, (1997), p. 588.

<sup>227</sup> *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 5, No. 24, 3 August 1982; Minister of Mines, Honourable Tapfumaneyi Maurice Nyagumbo, MP, Manicaland; col. 982.

<sup>228</sup> *Ibid*; cols. 982, 983.

<sup>229</sup> *Ibid*; col. 983.

<sup>230</sup> *Ibid*; col. 983.

free enterprise system.<sup>231</sup> The Bill was approved by the legislature without much opposition. However, CAZ legislators urged the state to minimise bureaucracy obstacles and to consult the Chamber of Mines on key decisions in the mining sector.<sup>232</sup> The ZMDC Act of 1982 was passed without much opposition as compared to the MMCZ Act. The Act provided the legal background to the establishment of the ZMDC which co-ordinate and control all mining activities in the country.

Meanwhile, black interest groups representing the mining sector increased their activities during this period. In May 1982 a group of ex-combatants of the 1970s liberation war and some black entrepreneurs formed the Small Miners' Co-operative which became another key lobby group in the mining sector.<sup>233</sup> The Small Miners' Co-operative, the Zimbabwe Small-Scale Miners Association (ZSSMA); and the Zimbabwe Midlands Small Miners Co-operative separately organised seminars and meetings which provided platforms for dialogue between small scale black miners and government officials.<sup>234</sup> ZSSMA received financial support from Western embassies in Harare and built ties with independent research organisations such as the British-based Intermediate Technology Development Group (ITDG).<sup>235</sup> As of October 1983 ZSSMA had organised seven seminars in Mberengwa, Mudzi, Kwekwe, Bulawayo, Gwanda, Karoi and Shamva.<sup>236</sup> These seminars trained about 350 small scale black miners on financial management, mining legal framework, labour relations, reducing workplace accidents and mineral marketing.<sup>237</sup> By providing training to their members, black mining associations were trying to gain legitimacy as genuine representatives of small-scale black miners.

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<sup>231</sup> *Ibid*; col. 983.

<sup>232</sup> *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 5, No. 24, 3 August 1982; Honourable Brigadier J. R. Probert, MP, Borrowdale; col. 986; *Zimbabwe Parliamentary Debates*, House of Assembly, Official Report, Unrevised, Vol. 5, No. 24, 3 August 1982; Honourable Norman Arthur Tapson, MP, Makoni; col. 986

<sup>233</sup> 'Minister praises small miners', *The Herald*, 18 May 1982; Herald Reporter, 'Role of small miners to be examined', *The Herald*, 15 September 1983; 'Government is ready to help small miners', *The Herald*, 11 November 1981.

<sup>234</sup> *Ibid*.

<sup>235</sup> Herald Reporter, 'Role of small miners to be examined'; Siegfried Raphael and David Masunda, 'Boost for the small mines', *The Herald*, 31 August 1987.

<sup>236</sup> Herald Reporter, 'Role of small miners to be examined'.

<sup>237</sup> *Ibid*.

Despite the establishment of the MMCZ and ZMDC, and the activities of black mining associations, small-scale black miners continued to play a marginal role in the mining sector because of impediments imposed by the Mines and Minerals Act of 1961. Black interest groups in the mining sector such as ZAMA, ABPA, ZSSMA and the Zimbabwe Midlands Small Miners Co-operative continued to exert pressure on the government to amend the Mines and Minerals Act.<sup>238</sup> The government succumbed to the pressure. In November 1987, the Acting Deputy Minister of Mines, Teurai Ropa Mujuru (later Joice Mujuru), presented the Mines and Minerals Amendment Bill to the legislature.<sup>239</sup> Among other objectives, the Bill sought to promote national interests and increase local participation in the mining industry.<sup>240</sup> The Bill sought to remove discriminatory sections of the Mines and Minerals Act and give rural communities rights to prospect minerals in their localities.<sup>241</sup> In addition, the Bill sought to impose mineral prospecting restrictions on non-permanent residents and companies registered outside the country.<sup>242</sup> Nonetheless, the Bill also sought to regularise small-scale mining to ensure it contributed to national revenues.<sup>243</sup> The Bill was welcomed by many legislators seeking to remove some discriminatory sections of the existing Mines and Minerals Act of 1961.<sup>244</sup> Legislators commended the Bill for intending to increase participation of small scale black miners.<sup>245</sup> The amendment of the Mines and Minerals Act in 1987 removed some legal obstacles inhibiting the participation of small scale black miners in the mining sector and was commended by black mining associations. However, throughout the 1980s black miners faced challenges such as lack of capital, heavy mining machinery and technical know-how. Their participation in the mining sector remained marginal.

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<sup>238</sup> Interview with Patson Makwarimba, Former executive member of the Zimbabwe Small-Scale Miners Association, Marimba Park, Harare, 13/11/2014.

<sup>239</sup> *Zimbabwe Parliamentary Debates*, The Senate, Official Report, Unrevised, Vol. 12, No. 26, 11 November 1987; Acting Minister of Mines, Honourable Teurai Ropa Mujuru, MP; col. 873.

<sup>240</sup> *Ibid*; cols. 874, 875, 876.

<sup>241</sup> *Ibid*; cols. 874, 875, 876.

<sup>242</sup> *Ibid*; col. 875.

<sup>243</sup> *Zimbabwe Parliamentary Debates*, The Senate, Official Report, Unrevised, Vol. 12, No. 26, 11 November 1987; The Governor of Matabeleland North, Senator Jacob Francis Mudenda; col. 884.

<sup>244</sup> *Ibid*; cols. 883-884.

<sup>245</sup> *Ibid*; col. 884.

## Conclusion

The government's policy on 'local participation' in the economy was influenced by the competing interests of white and black interest groups. In addition, the government's pseudo-socialist ideology had a bearing on state's conception of localisation. Although some sections of the ruling elite claimed socialism and promotion of black businesses were compatible, the notion of 'equity' pre-occupied the government more than the interests of existing and emerging black entrepreneurs. Hence, there was a crisis of expectation among black interest groups and the black business community in general. Throughout the period under discussion, black participation in manufacturing, mining, finance, insurance, real estate, and tourism and hospitality was very marginal. One key observation made in this chapter is that black interest groups demanding meaningful black participation in the economy existed at independence and throughout the 1980s. In conceptual terms, Antonio Gramsci's theory of hegemony, particularly its notions of 'persuasion' and 'coercion' best explains the state's conduct in dealing with both white and black interest groups for much of this period. However, in those particular contexts where the government found it necessary to rebuff demands and override the positions of interest groups, statism provides a more robust theoretical explanation of government behaviour than does hegemony.

## Chapter Four

### **Affirmative action versus meritocracy: The black advancement debate, 1980 to 1990**

A common human failure was to try and 'run before one could walk'. Some people who may in the past have occupied subordinate positions, erroneously believed they were ripe for managing directorships overnight.<sup>1</sup>

Abner Botsh, President of the Associated Chambers of Commerce of Zimbabwe (ACCOZ), 9 June 1982.

While it is not Government's intention to promote incompetent people to higher positions, it is still not right that advancement be based on race.<sup>2</sup>

Deputy Prime Minister Simon Muzenda, 15 May 1987.

#### **Introduction**

While proto-indigenisation was taking place, the Zimbabwe African National Union – Patriotic Front (ZANU-PF) government was spearheading another form of 'economic indigenisation', black advancement, to address racial inequities on the job market in the public, semi-autonomous and private sectors. Central in the state-interest group debate on black advancement was whether affirmative action in favour of blacks should supersede meritocracy. Most themes emerging in this debate such as window dressing, inefficiency, patronage and nepotism hinged on the affirmative action versus meritocracy discourse. Depending on their mission and interests, interest groups' roles in black advancement varied from conducting research, advising, supporting, criticising and protesting against the government or employers in the semi-autonomous and private sectors.

This chapter is premised on three approaches. First, it uses a thematic approach to analyse state-interest group relations on black advancement. Second, it uses a broader civil society conceptual analysis to examine state-interest group relations on black advancement. Third, using empirical evidence, it 'tells the story' by giving

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<sup>1</sup> Herald Reporter, 'New businessmen "must be trained"', *The Herald*, 10 June 1982.

<sup>2</sup> 'Mining industry's "white preserves" come under fire', *The Herald*, 16 May 1987.

detailed examples and case studies with narratives of state-interest groups relations on black advancement. Two key observations are made in this chapter. First, as state power wanes from the public service to the semi-autonomous sector and reaches its lowest ebbs in the private sector, resistance to black advancement increased. Second, as resistance to black advancement increased from the public service to the semi-autonomous sector and reaches its zenith in the private sector, interest group activity increased.

### **Black advancement as economic indigenisation**

Chapter Two discussed colonial education and training policies which marginalised blacks on the labour market. This is one of the challenges which the ZANU-PF government confronted during the first decade of independence. Black advancement refers to a deliberate policy adopted by the government at independence designed to train, appoint and promote blacks to occupational positions formerly reserved for whites in the public service, semi-autonomous and private sectors to address racial imbalances and ease shortage of skilled manpower on the job market.<sup>3</sup> The policy sought to ensure fair racial representation, participation and equity in the distribution of occupational posts at all, but most importantly, senior levels. As put forward by Adebayo Adedeji, 'manpower indigenization' of the civil service was usually the first measure taken by African governments at independence.<sup>4</sup> This was followed by the gradual appointment and promotion of indigenous people to private sector positions in industry and commerce.<sup>5</sup> This section has two objectives. First, it briefly explains racial imbalances on the job market at independence which led the government to adopt the policy of black advancement. Second, it clarifies that black advancement

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<sup>3</sup> Brigid Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', (Centre for Applied Social Sciences (CASS), University of Zimbabwe, April 1989), pp. 3-4. In other African countries what is called 'black advancement' in this thesis has been popularly referred to as 'Africanisation'. There are two reasons why this study will stick to the term 'black advancement'. First, the term 'Africanisation', though occasionally used, has not been popular in Zimbabwe at official level and in ordinary conversation by citizens. Second, 'Africanisation' tend to be too broad in academic studies as it could, in other contexts, also refer to the gradual control and ownership of the economy by blacks. However, where it is convenient and where emphasis is needed as dictated by primary and secondary sources, terms 'Africanisation' and 'Africanise' will be used occasionally in this thesis.

<sup>4</sup> Adebayo Adedeji, 'The *raison d'être* of indigenization', in Adebayo Adedeji (ed.), *Indigenization of African Economies*, (Africana Publishing Company, New York, N.Y, 1981), p. 31.

<sup>5</sup> *Ibid*, p. 31.

was intertwined and interwoven with the desire to control and own the economy, hence it was economic indigenisation.

The public service provides a classic example of racial inequities in job opportunities at independence. Emerging from the colonial era, the composition of the public service was disproportionate to racial demographics in the country. At independence blacks and whites were 95,8 % and 3,8% respectively in a country with a population of about 7 300 000.<sup>6</sup> The challenge in the public service was that in comparison to their total population ratio vis-à-vis black ratio, whites occupied too many posts. In addition, whites occupied most of senior positions to the exclusion of blacks. As of February 1980, the total number of non-established and established public service officers was around 50 570.<sup>7</sup> There were 40 000 non-established or junior public servants and the bulk of these, 25 600 were blacks.<sup>8</sup> Out of 10 570 established officers in the Public Service, 7 202 were whites and 3 368 were blacks, Asians and coloureds.<sup>9</sup> The highest post occupied by black public servants was that of senior administrative officer, which was the fifth rank in the administrative hierarchy with the highest rank being that of the permanent secretary.<sup>10</sup> As of May 1980, most Africans working for government ministries were clerks and messengers, positions with low remuneration.<sup>11</sup> The situation was no better in 'semi-autonomous' and the private sector.<sup>12</sup> In this chapter, semi-autonomous sector refers to entities, institutions and organisations with independent governance and budget but under the control of the state. These include local governments, parastatals and state universities among others. The private sector was worse because besides racial discrimination in job

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<sup>6</sup> Coenraad Brand, 'The Anatomy of an Unequal Society', in Colin Stoneman (ed.), *Zimbabwe's Inheritance*, (MacMillan Press, London, 1981), p. 37; Also see *Socio-Economic Review of Zimbabwe 1980 – 1985*, (Ministry of Finance, Economic Planning and Development, 1986), p. 1.

<sup>7</sup> 'Racial imbalance corrected in smooth transformation of the Public Service', *Supplement to the Herald and The Chronicle*, 18 April 1985, p. 8. However, some sources claim that the total number of civil servants in 1980 was 49 000. See '1985 year of consolidation of civil service says Andersen' in *Zimbabwe Press Statements*, 29/85/SC/SM, p. 3. Different figures on these statistics are not surprising because there was high staff turnover caused by white resignations and recruitment of mainly blacks.

<sup>8</sup> 'Racial imbalance corrected in smooth transformation of the Public Service', p. 8.

<sup>9</sup> ZANU (PF) Department of the Commissariat and Culture, *Zimbabwe: At 5 Years of Independence*, (Mardon Printers, Harare, 1985), p. 163.

<sup>10</sup> *Ibid.*

<sup>11</sup> Herald Reporter, 'Manpower probe launched today', *The Herald*, 1 May 1980, p. 1.

<sup>12</sup> Herald Reporter, 'Manpower probe launched today', p. 1. In 1979 black advancement in parastatals ranged from 1 to 6 %. This increased to 40 to 66 % in 1986. See: Herald Reporter, 'Discrimination at work under spotlight', *The Herald*, 29 November 1986.

appointments and promotions, some companies had racial salary scales which paid blacks less when they occupied similar positions with whites.

**Table 4.1** below shows the general distribution of income between blacks/Africans, whites/Europeans, Coloureds and Asians between 1980 and 1981 in all employment establishments except education. The statistics shows that while whites were 9% of the non-educational labour force they earned 37% of the total wages. Coloureds who were 1% of the non-educational labour force earned a disproportionate 2% of the total wages. Asians who were less than 1% of the labour force earned 1%.

**Table 4.1: Non-educational establishments: Payroll distribution by racial group, July 1981**

| Race      | Persons |     | Estimated Total Salaries / Wages |     |
|-----------|---------|-----|----------------------------------|-----|
|           | No.     | %   | ZIM\$'000                        | %   |
| Africans  | 723356  | 90  | 89830                            | 60  |
| Europeans | 70769   | 9   | 54766                            | 37  |
| Coloureds | 8321    | 1   | 3189                             | 2   |
| Asians    | 3593    | -   | 1957                             | 1   |
| TOTAL     | 806039  | 100 | 149742                           | 100 |

**Source:** Government of Zimbabwe, *National Manpower Survey 1981, Volume 1*, (Ministry of Manpower Planning and Development, Harare, 1981), p. 51, Table 2.4.

**Table 4.2** below shows income ranges of professional, skilled and semi-skilled workers across all racial groups in all sectors of the economy between 1980 and 1981. The table shows that highest paid white males earned between ZIM\$682 to ZIM\$1356 while highest paid blacks received an average income of between ZIM\$255 to ZIM\$728. As shown in the table, Coloureds and Asians earned higher than Africans but significantly lower than whites. It was this scenario which obliged the new ZANU-PF government to initiate the black advancement policy.

**Table 4.2: All sectors of the economy: Income ranges for professional, skilled and semi-skilled persons. Zim\$ Per Month, 1980 to 1981**

| ITEM      | PROFESSIONAL | SKILLED    | SEMI-SKILLED |
|-----------|--------------|------------|--------------|
| OVERALL   | 403 – 1155   | 259 – 666  | 53 – 617     |
| AFRICANS  | 251 – 717    | 178 – 508  | 50 – 347     |
| Males     | 255 – 728    | 178 – 499  | 50 – 424     |
| Females   | 22 – 524     | 163 – 659  | 35 – 233     |
| EUROPEANS | 666 – 1298   | 543 – 968  | 424 – 712    |
| Males     | 682 – 1356   | 630 – 984  | 493 – 976    |
| Females   | 525 – 1121   | 416 – 795  | 266 - 968    |
| ASIANS    | 335 – 893    | 426 – 1265 | 70 – 500     |
| Males     | 335 – 949    | 490 – 1266 | 70 – 701     |
| Females   | 184 – 645    | 323 – 1260 | 230 – 335    |
| COLOUREDS | 215 – 881    | 370 – 885  | 240 – 690    |
| Males     | 593 – 1073   | 476 – 855  | 309 – 648    |
| Females   | 315 – 679    | 267 – 1081 | 196 - 321    |

**Source:** Government of Zimbabwe, *National Manpower Survey 1981, Volume 3*, (Ministry of Manpower Planning and Development, Harare, 1981), p. 250, Table 11.56.

Economic indigenisation in Zimbabwe was hardly possible without black advancement in the public service and all sectors of the economy. The government and the nation at large had high expectations in black advancement because blacks appointed and promoted to key positions did not only receive higher salaries but were also expected to participate meaningfully in economic decision making on behalf of the previously marginalised majority.<sup>13</sup> As in other nations, the public service was central to development as it enforced state regulations, advised ministries and participated in economic projects.<sup>14</sup> As observed by D. G. Clarke, in the case of Zimbabwe the central role of the state in the economy and in employment became more important during the Unilateral Declaration of Independence (UDI) when sanctions were imposed on the Rhodesian regime and

<sup>13</sup> Herald Reporter, 'Top men resisting real promotion', *The Herald*, 1 April 1982.

<sup>14</sup> 'Public service needs more graduates says Andersen', *Zimbabwe Press Statements*, (Department of Information, Harare), 221/85/SC/BCC, p. 2.

when the liberation war started and intensified.<sup>15</sup> Through new legislative and political regulations on the public and private sector, and labour, the state became more centralised, invested into and owned a share of the economy. Clarke implicitly suggested that the state, and more specifically the public service, was expected to facilitate either nationalisation or indigenisation policies in sectors of the economy such as insurance, banking, manufacturing, mining and agriculture.<sup>16</sup> This subtly reveals the role the public service was expected to play in indigenisation in the post-colonial period. It is in this context that the appointment and promotion of the economically marginalised blacks to the public service is regarded in this study as strategic in the formulation and implementation of indigenisation policies.

Black advancement in the private sector was crucial as it gave blacks the opportunity to obtain experience to manage mainstream businesses which were owned and controlled by whites during the colonial era.<sup>17</sup> As noted by D. S. Pearson training and working experience acquired from foreign owned enterprises contributes to the development of local businesses.<sup>18</sup> The close relationship between black advancement and the desire for local participation in the private sector was best expressed none other than by anonymised commentaries and letters to the editor appearing in state controlled newspapers. These media writings asserted that white dominance of the economy was facilitated by their unfair retaining of all top and influential positions in the private sector. This allegedly made it easier for whites to continue exploiting black labour. One commentary by an anonymous writer in the *Sunday Mail* of 17 May 1987, which deserves to be quoted at length here, read:

Shunting skilled black workers into obscure jobs, or hounding them altogether out of work through harassment, are some of the tactics used not only in the mining industry but also in commerce and industry generally to maintain a white stranglehold on the Zimbabwean economy. ... Not that more blacks in senior positions means automatic take-over of these companies. It does mean however, that when such blacks assert their positions, the whites' control, which in many cases also means the exploitation of black workers, will come to an end. It is the nature of capitalism that

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<sup>15</sup> Duncan G. Clarke, 'A Review of Skills Problems and Policies in Zimbabwe', *Zimbabwe: Towards a New Order: An Economic and Social Survey, Working Papers, Volume II*, (United Nations, 1980), p. 282.

<sup>16</sup> *Ibid*, p. 282.

<sup>17</sup> Herald Reporter, 'Top men resisting real promotion'.

<sup>18</sup> D. S. Pearson, 'African Advancement in Commerce and Industry', *Journal of Modern African Studies*, Vol. 3, No. 2, (1965), p. 238.

the few in control must also control the distribution of skills in order to protect their hierarchical positions in the production process.<sup>19</sup>

Arguably, the above expression provides societal sentiments and notions of the connection between black advancement in the private sector and economic indigenisation. Articles by black guest writers in state controlled newspapers often urged blacks who land high positions in the private sector to be more assertive in decision making. *The Sunday Mail* of 12 April 1987 carried an article written by a Harare businessman, Bernard Z. Tshuma, who categorically advised blacks not to be hoodwinked by top positions in the private sector but be involved in decision making and understand the complexities of business which affect production and the direction of the national economy.<sup>20</sup> All these expressions reveal that black advancement was embedded within the broad discourse of 'local participation' in the economy. Though belated, in the mid-1990s during parliamentary debate sessions some legislators referred back to black advancement in the 1980s and explicitly regarded it as successful economic indigenisation.<sup>21</sup> Hence, in this study black advancement is economic indigenisation. Having established the connection between black advancement and the broader economic indigenisation discourse, the next section discusses the crux of the state-interest group debate on black advancement.

### **Dissecting the affirmative action versus meritocracy discourse**

I posit that, although the black advancement debate was composed of several themes, it revolved around whether the promotion of blacks should be based on affirmative action or on meritocracy. It is, therefore, prudent to define 'affirmative action' and 'meritocracy' in order to examine how they shaped this debate. Although

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<sup>19</sup> 'Racialism', *The Sunday Mail*, 17 May 1987; Some black academics such as Luke Mhlaba, a law lecturer at the University of Zimbabwe, also believed that whites dominate the economy by restricting top private sector positions to themselves. He argued that when these positions were given to blacks it was usually window dressing as they could not make decisions. See 'Whites still dominate economy says Mhlaba', *The Herald*, 31 August 1990.

<sup>20</sup> Bernard Z. Tshuma, 'Unsuspecting blacks used as fronts by white businessmen', *The Sunday Mail*, 12 April 1987, p. 8.

<sup>21</sup> See for example *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 73, 25 February 1995; Mr Tirivanhu Mudariki, MP, Harare North; col. 4890. Legislator Tirivanhu Mudariki argued that 'indigenisation' of the Public Service in the 1980s was made easier by the existence of an institutional framework, that is the Public Service Commission.

affirmative action has been defined in Chapter One another nuanced explanation of the concept more relevant to black advancement is given. The concept of affirmative action became popular in the United States in the 1960s and 1970s and refers to 'positive discrimination, in favour of minority groups'.<sup>22</sup> Here, 'minority', does not always refer to few in terms of numbers. It refers to socially, economically or politically disadvantaged groups which can be based on categories such as gender, race, ethnicity and disability. In the black advancement debate, proponents of affirmative action contend that there should be positive discrimination in appointments and promotions to senior public and private sector positions in favour of blacks and against whites because the latter benefitted during the colonial period at the expense of the former.<sup>23</sup> In Zimbabwe, the affirmative action school was more concerned with addressing racial imbalances and paid scant attention to issues such as competence of the new black recruits, appointees, promotees; and efficiency and productivity. On 12 March 1981, the deputy secretary general of Railway Associated Workers' Union (RAWU), Peter Bahuwa, a staunch supporter of affirmative action driven black advancement, told *The Herald* that:

The railways' grading system for African workers in the lower brackets is a relic of the colonial era. No matter what it cost the railways, this must be rectified. While I am aware that the economy might not be able to stand a country-wide upgrade of jobs I cannot agree that is a reason for not correcting a historic error.<sup>24</sup>

The above quotation reveals that affirmative action activists were more concerned with the upward mobility of blacks at the workplace even at the expense of the economy.

On the other hand meritocracy refers to a social, political and economic philosophy which emphasises that occupational appointments or promotions should be on the

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<sup>22</sup> 'Opening speech for Affirmative Action conference, by Minister of Mines, Hon E Zvobgo', (Harare International Conference Centre – 8<sup>th</sup> September 1994 at 0800 Hrs), p. 1; Kanya Adam, 'The Politics of Redress: South African Style Affirmative Action', *Journal of Modern African Studies*, Vol. 35, No. 2, (1997), pp. 232-233; For more literature on debates on affirmative action in the United States see: Paul Brest and Miranda Oshige, 'Affirmative Action for Whom?', *Stanford Law Review*, Vol. 47, No. 5, (1995), p. 1; Jed Rubenfeld, 'Affirmative Action', *Yale Law Journal*, Vol. 107, No. 2, (1997), p. 427.

<sup>23</sup> Herald Reporter, 'Top men resisting real promotion'.

<sup>24</sup> Herald Correspondent, 'NRZ promotions "too slow" – union', *The Herald*, 13 March 1981.

basis of merit, talent and ability before any other criteria.<sup>25</sup> The assumption of this philosophy is that public and private institutions and organisations run by individuals appointed on merit are efficient, well managed and lead to development in the society.<sup>26</sup> One key aspect of meritocracy is that those appointed to key positions on the basis of merit and who perform their duties satisfactorily should be rewarded and given commensurate incentives.<sup>27</sup> Thus, in a strict sense, meritocracy is opposed to the affirmative action school which propounds that an individual can be entitled to occupy a key position because s/he belongs to a disadvantaged group. Proponents of meritocracy in Zimbabwe contended that the appointment and promotion of blacks without requisite academic qualifications and experience to key positions in the name of affirmative action is perilous to efficiency of public and private institutions. They opined that incompetent blacks would wreck businesses and the economy at large, thereby bringing poverty and suffering to the citizens. One commentary by an anonymous writer in *The Sunday Mail* of 31 October 1982 put it as follows:

To remove racialism and replace it with incompetence is an act of removing a big evil to replace it with a bigger one. While racialism is bad, it never destroyed our economy, and yet incompetence can destroy it overnight.<sup>28</sup>

Writings such as the above reveal that some sections of the society believed in meritocracy and were primarily concerned with economic performance rather than redressing racial imbalances on the job market. The statement by Bahuwa in support of affirmative action and the above commentary in favour of meritocracy reveals sharp differences in both the attitude and approach to black advancement. This is the context in which this chapter will deconstruct and unpack the state-interest group debate on black advancement.

However, the affirmative action versus meritocracy discourse was more complicated than what has been presented above. This was primarily because the government,

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<sup>25</sup> Michael Young, *The Rise of Meritocracy*, (Transaction Publishers, New Brunswick, 2008), p. xiii; Amartya Sen, 'Merit and justice', in Kenneth Arrow, Samuel Bowles and Steven Durlauf (eds.), *Meritocracy and Economic Inequality*, (Princeton University Press, Princeton, 2000), p. 7; Norman Daniels, 'Merit and Meritocracy', *Philosophy and Public Affairs*, Vol. 7, No. 3, (1978), pp. 206-208; and David Miller, 'Two Cheers for Meritocracy', *Journal of Political Philosophy*, Vol. 4, No. 4, (1996), p. 277.

<sup>26</sup> Peter Evans, *Embedded Autonomy: States and Industrial Transformation*, (Princeton University Press, New Jersey, 1995), p. 12; Maureen. A. Scully, 'Meritocracy', *Wiley Encyclopedia of Management*, Vol. 2 (1997), p. 1.

<sup>27</sup> Sen, 'Merit and justice', pp. 7 - 8.

<sup>28</sup> Anon, 'Comment – Promotions', *The Sunday Mail*, 31 October 1982, p. 12.

as revealed by public pronouncements by political and bureaucratic elites, shifted positions and was imprecise. On the far left it advocated for affirmative action, then at the centre it suggested a mixture of affirmative action and meritocracy, and on the far right it stressed the logic of meritocracy driven black advancement in the private sector to ensure productivity. Although the positions of business associations equally varied they were largely inclined to meritocracy driven black advancement. Trade unions with mainly black members were in favour of affirmative action driven black advancement. What made the black advancement debate more complex was that some public and private organisations and institutions disregarded both affirmative action and meritocracy in favour of particular racial groups or even specific individuals. For example, in some firms unqualified whites would leapfrog qualified blacks.<sup>29</sup> In other cases cabinet ministers directed parastatals to appoint unqualified blacks to top positions ahead of suitable white and black candidates.<sup>30</sup> These practices pitted the government, employers, business associations and trade unions against each other. This made the black advancement debate complex and fierce. Using detailed examples and case studies, the following paragraphs seeks to unpack the complexities of this debate.

### **State-interest group debate on black advancement: Sectors and case studies**

Although there were some common themes and trends, the nature and intensity of state-interest group debate on black advancement in public service; semi-autonomous and private sector differed. Through detailed examples and case studies, this section examines variations and shifts over time in the black advancement debate in the above mentioned sectors. I observed that as state control gets limited from one end with the public service to the other end with private sector, resistance to black advancement increased. Interest group activity also

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<sup>29</sup> Sunday Mail Reporter, 'Staff accuse Anglo of racial bias', *The Sunday Mail*, 18 October 1981, p. 4; Sunday Mail Reporter, 'Railways "too slow raising blacks"', *The Sunday Mail*, 12 December 1982, p. 2; Ray Mawerera, 'Oil firm accused of racial bias', *The Sunday Mail*, 25 May 1986, p. 7; Sunday Mail Reporter, 'Car plant men allege racism at Willowvale', *The Sunday Mail*, 1 June 1986, p. 2.

<sup>30</sup> Brian Raftopoulos Private Collection Box 2 (BRPC2), Extracts from parastatals, Air Zimbabwe Corporation – Interim Report of the Committee of Inquiry into parastatals, Under the Chairmanship of Mr. Justice L. G. Smith, 1985, p. 3; Sunday Mail Reporter, 'Minister made improper promotions – committee', *The Sunday Mail*, 30 March 1986, p. 5; BRPC2, Extracts from parastatals, ZISCO – Report of the Committee of Inquiry into parastatals, Under the Chairmanship of Mr. Justice L. G. Smith, November 1986, pp. 7, 8.

increased as resistance to black advancement increased from public service to the private sector. This is summarised in **Table 4.3** below. The next subsection will focus on the black advancement debate in the public service.

**Table 4.3: Sectoral variations in state control, resistance to black advancement and interest group activity, 1980 to 1990**

| Sector<br>Variables                    | Public service                   | Semi-autonomous<br>sector                                            | Private sector                  |
|----------------------------------------|----------------------------------|----------------------------------------------------------------------|---------------------------------|
| <b>State control</b>                   | Directly controlled by the state | Partially autonomous. State could intervene when it saw it necessary | Very limited state control      |
| <b>Resistance to black advancement</b> | Little resistance                | Medium resistance                                                    | Intense resistance              |
| <b>Interest group activity</b>         | Little interest group activity   | Medium interest group activity                                       | Intense interest group activity |

**Source:** Author – Musiwaro Ndakaripa

### **Public Service**

The need to address racial imbalances in the Public Service was discussed at the 1979 Lancaster House Conference and was enshrined in the Lancaster House Constitution.<sup>31</sup> The British government had recommended Africanisation of civil service in Zimbabwe and agreed to compensate whites whose careers were going to be negatively affected by the policy.<sup>32</sup> This was in sharp contrast to Constitution's restrictions on acquisition of assets such as land, mines and industries during the first ten years of independence. Section 75, subsection 2, of the Constitution had a

<sup>31</sup> The constitution also covered ways to address racial imbalances in the Prison Service.

<sup>32</sup> Mail Reporter, 'PM on civil service promotions. Blacks in line for top jobs', *The Sunday Mail*, 25 May 1980, p. 1; Also see Anon, 'Comment – Promotions', p. 12.

provision which empowered the President to direct the Public Service Minister and the Public Service Commission to redress the imbalances in the civil service.<sup>33</sup> Accordingly, on 25 May 1980, President Canaan Banana issued the Presidential Directive on Black Advancement<sup>34</sup> directing the Public Service Commission to: (1) Recruit staff to all grades of the public service in such a manner as to bring about a balanced representation of the elements which make up Zimbabwe's population; (2) Give more rapid advancement to suitably qualified Africans in appointments and promotions to senior posts; and (3) To maintain efficiency and satisfy career ambitions.<sup>35</sup> Most interest groups hailed the Presidential Directive as the first necessary measure to address racial inequalities in the country.<sup>36</sup> The president of Confederation of Zimbabwe Industries (CZI), Reg Sampson, urged the government allocate more funds to the training of blacks so that they could land key positions in the civil service.<sup>37</sup> However, H. M. D. Munangatire, the former Executive Director of Lonrho Zimbabwe, argued that white reaction to the Presidential Directive was mixed.<sup>38</sup> He stated that some whites viewed it as a challenge to their leadership. If this is true there is no doubt that some white voices in white business associations such as CZI, Associated Chambers of Commerce of Zimbabwe (ACCOZ), and later, the Zimbabwe National Chamber of Commerce (ZNCC) were silently opposed to the Presidential Directive despite their chambers' public support to it.

By late June 1980, the Ministry of Public Service had received about 8000 job applications from black Zimbabweans who wanted to work in the civil service.<sup>39</sup> There was rapid black advancement in the civil service during the first few years of independence. By December 1983 blacks constituted about 86% of the established officers in the public service.<sup>40</sup> In April 1985 the spokesman of the Public Service Commission claimed 'the transformation exercise has now been completed'.<sup>41</sup> Most senior positions in the civil service such as permanent secretaries, deputy

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<sup>33</sup> Gilbert Mawarire, 'Thousands applying to join public service', *The Herald*, 27 June 1980, p. 6.

<sup>34</sup> The Presidential Directive on Black Advancement will be written in short as 'the Presidential Directive'.

<sup>35</sup> Mail Reporter, 'PM on civil service promotions. Blacks in line for top jobs', p. 1.

<sup>36</sup> Interview with Sydney Chimedza, Kuwadzana, Former Mashonaland West ZUCCO treasurer, 14/10/2014.

<sup>37</sup> Herald Correspondent, 'Train more blacks, says CZI chief', *The Herald*, 22 April 1981.

<sup>38</sup> Text of a speech to be delivered by Mr H. M. D. Munangatire, Executive Director of Lonrho Zimbabwe Ltd to a seminar held by Zimbabwe National Chamber of Commerce at Meikles Hotel, Harare, March 19, 1987, p. 2.

<sup>39</sup> Gilbert Mawarire, 'Thousands applying to join public service', p. 6.

<sup>40</sup> 'Racial imbalance corrected in smooth transformation of the Public Service', p. 8.

<sup>41</sup> *Ibid*, p. 8.

secretaries, under-secretaries, assistant secretaries and directors were occupied by blacks.<sup>42</sup> For example, out of 30 permanent secretaries 28 were blacks.<sup>43</sup> However, strictly speaking it was only in 1987 that the objective of a balanced racial ratio in the public service was achieved when the number of whites stood at 3% which was roughly proportional to their ratio in national race demographics.<sup>44</sup> This means there was no longer racial imbalance in the distribution of posts in the public service, in terms of numbers and occupation of senior positions. Between 1980 and 1985, the number of officers in the public service increased from 50 570 to 81 985.<sup>45</sup> Although **Table 4.4** below does not perfectly correlate to the period 1980 to 1985 discussed above, it shows some key statistics in black advancement statistics up to 1984. Black advancement in the public service is, arguably, one of the ZANU-PF government's major achievements in the first decade of independence. However, the critical question which needs to be asked is: How relevant, efficient and productive was the new black dominated public service? Evidence reveals that the standards of the public service declined and this is discussed below.

**Table 4.4: Race and black advancement in the public service, 1980/1981 to 1984**

|                                                           | White |            |      |            | Non-White (Blacks, Asians and Coloureds) |            |      |            |
|-----------------------------------------------------------|-------|------------|------|------------|------------------------------------------|------------|------|------------|
|                                                           | 1981  | % of Total | 1984 | % of Total | 1981                                     | % of Total | 1984 | % of Total |
| <b>(a) Permanent secretaries</b>                          | 17    | 56,4       | 4    | 14,3       | 13                                       | 43,3       | 24   | 85,7       |
| <b>(b) Senior Management. Under Secretaries and above</b> | 143   | 52,6       | 60   | 22,3       | 129                                      | 47,4       | 209  | 77,7       |

<sup>42</sup> *Ibid*, p. 8.

<sup>43</sup> *Ibid*, p. 8.

<sup>44</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 6.

<sup>45</sup> 'Racial imbalance corrected in smooth transformation of the Public Service', p. 8.

|                                                | White |            |      |            | Non-White (Blacks, Asians and Coloureds) |            |       |            |
|------------------------------------------------|-------|------------|------|------------|------------------------------------------|------------|-------|------------|
|                                                | 1980  | % of Total | 1984 | % of Total | 1980                                     | % of Total | 1984  | % of Total |
| <b>(c) Professional (Established Officers)</b> | 792   | 87,2       | 409  | 27,7       | 116                                      | 12,8       | 1057  | 72,1       |
| <b>(d) Technical</b>                           | 714   | 65,8       | 181  | 13,3       | 371                                      | 34,2       | 1181  | 86,7       |
| <b>(e) Established Officers</b>                | 7202  | 68,1       | 3047 | 11,8       | 3368                                     | 31,9       | 22814 | 88,2       |

**Source:** ZANU (PF) Department of the Commissariat and Culture, *Zimbabwe: At 5 Years of Independence*, (Mardon Printers, Harare, 1985), p. 164.

Despite successful black advancement policy there were serious concerns over the efficiency and size of the public service. These came from within and outside the government. One of the major challenges faced by the public service was brain drain as about 5 000 experienced white officers resigned in the first five years of independence alone.<sup>46</sup> According to Brian Raftopoulos senior and experienced white bureaucrats resigned from the public service to the private sector mainly because they differed with the ideological orientation and policies of the new government.<sup>47</sup> In April 1985, the spokesman of the Public Service Commission admitted that some individuals appointed and promoted to replace white bureaucrats were incompetent and this affected government operations.<sup>48</sup> In a thinly veiled criticism of the civil service in his 1984 budget statement; the Minister of Finance, Economic Planning and Development; Bernard Chidzero, stated that the nation required public officials with management styles and ethos who can transform ideas into workable programmes and projects.<sup>49</sup>

<sup>46</sup> *Ibid*, p. 8.

<sup>47</sup> Brian Raftopoulos, 'Human resources development and the problem of labour utilisation', in Ibbo Mandaza (ed.), *Zimbabwe: The Political Economy of Transition, 1980-1986*, (CODESRIA, Dakar, 1986), pp. 310, 312.

<sup>48</sup> 'Racial imbalance corrected in smooth transformation of the Public Service', p. 8.

<sup>49</sup> Republic of Zimbabwe, *Budget Statement, 1984*, (July 1984), p. 23.

David Harrison, the former executive member of the Manicaland Chamber of Industries, stated that most business associations were concerned about some of the government's appointments to positions of permanent secretaries, deputy secretaries and under-secretaries.<sup>50</sup> He stated that individuals appointed to these positions were expected to enforce regulations, advice ministries, and to participate in the management of development projects. Harrison stated that business associations were opposed to the appointment of only those affiliated to the ruling ZANU-PF party. They wanted the government to conduct a thorough vetting and interviewing process to make sure that the most qualified individuals are appointed. However, my interview with Harrison revealed that business associations were unable to boldly convey their concerns to the government concerning senior appointments fearing a backlash from politicians and some senior bureaucrats, some of whom had no convincing credentials to lead in government other than participating in the liberation struggle.

The efficiency of the civil service was also affected by lack of discipline among junior officers. A 1986 survey carried out by the Department of Public service in the Prime Minister's Office on public opinion on the public service revealed that most junior civil servants were rude, lazy, dirty, lackadaisical and lacked confidence in executing their duties.<sup>51</sup> Most junior civil servants who benefitted from black advancement did not care about public perceptions. Some of them boasted that they were given jobs by ZANU-PF and argued public perceptions do not matter. Some were arrogant and argued that only ZANU-PF could fire them from the public service. In addition, the survey revealed that endless transfers of senior public servants and regular meetings on trivial issues made the public service less efficient. The above evidence attests that the public service was not accountable to the public and declined in professional standards. More pronounced was its politicisation. While the government succeeded in increasing the number of black public servants more could have been done to instil a sense of professionalism and discipline among the new appointees.

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<sup>50</sup> Interview with David Harrison, Former executive member of Manicaland Chamber of Industries, Mount Pleasant, Harare, 17/8/2014.

<sup>51</sup> Bill Saidi, 'Lower level government officials take a pounding from the general public', *The Sunday Mail*, 18 May 1986, p. 8.

In addition, there were serious cases of embezzlement of public funds and nepotism by Government officials.<sup>52</sup> As shall be discussed later, cases of black embezzlement of funds made the white dominated private sector hesitant to appoint blacks to key positions dealing with financial matters. In the meantime, focus will be on corruption associated with appointment of public service personnel. A 1989 report by the Public Service Review Commission of Zimbabwe unearthed shocking corrupt activities in government ministries. Most civil servants testified that recruitments and promotions varied from 'slow and discriminatory' to 'downright nepotism and corruption' as they were based on contacts with senior bureaucrats rather than merit.<sup>53</sup> The report stated that black advancement went hand in hand with tribalism, nepotism, regionalism and favouritism. As a result the bureaucracy tended to be more of a 'political service' rather than public service.<sup>54</sup> The unprofessional relations between civil servants on one hand and politicians and members of the public on the other hand tainted the image of the public service.<sup>55</sup> In general, the report revealed that while the spirit of black advancement in the public service was noble, the policy was manipulated by powerful figures who strived to buttress their patronage networks. Succinctly, the case of the public service reveals that both affirmative action and meritocracy were often muddled with neo-patrimonial tendencies.

As stated earlier, interest groups were generally less active on black advancement in the public service. However, the 'less activity' of interest groups on black advancement in the public service varied. The Public Service Association, a trade union of civil servants which is closely aligned to the Public Service Commission, was silent despite publicised concerns on the efficiency, discipline and corruption of the public servants. Although Ministers and members of the Public Service Commission raised their concerns at the Public Service Association's annual meetings, the latter was always tactical to avoid debates on matters to do with the

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<sup>52</sup> 'Racial imbalance corrected in smooth transformation of the Public Service', p. 8.

<sup>53</sup> *Report of the Public Service Review Commission of Zimbabwe, Volume 2*, (Harare, May 1989), p. 5.

<sup>54</sup> *Ibid*, p. 8.

<sup>55</sup> *Ibid*, p. 8.

performance of its members.<sup>56</sup> CZI, ZNCC and Employers Confederation of Zimbabwe (EMCOZ) were concerned with indiscipline, nepotism, patronage and corruption in the civil service and often engaged responsible ministers on these issues.<sup>57</sup> However, there is no evidence that the government acted to address the concerns of these interest groups.

While CZI, ZNCC and EMCOZ supported black advancement they criticised what they saw as over expansion of the public service. The most vocal was the ZNCC which was concerned that the public service was too big and not proportional to the size of the nation and its tax revenue base.<sup>58</sup> ZNCC president, Ernest Chiweshe, was on record stating that the government's wage bill was too high and most civil servants were not contributing towards production of exports to improve the country's standing in world trade. He argued that an unnecessarily big public service was contributing to inflation and slow economic growth. However, the Minister of Public Service, Chris Anderson, emphasised that, contrary to criticism from certain sections of the society, the civil service was not oversized considering the services needed by the majority and development projects which the nation was poised to initiate.<sup>59</sup> He posited that the allocation of 30% of the national budget to civil servants' salaries was normal and reasonable by global standards.<sup>60</sup> Despite the above concerns, interest groups were generally less vocal on black advancement in the civil service as compared to semi-autonomous and the private sectors. Black advancement in public service had no direct implications on business associations and the business interests of their members. On the other hand trade unions were less vocal on black advancement in the public service because there was no resistance to the policy.

### **Semi-autonomous sector**

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<sup>56</sup> The following sources reveal that the Minister of Public Service and members of the Public Service Commission were often invited to Public Service Association meetings. 'Racial imbalance corrected in smooth transformation of the Public Service', p. 8; '1985 year of consolidation of civil service says Andersen' in *Zimbabwe Press Statements*, 29/85/SC/SM, p. 1.

<sup>57</sup> Saidi, 'Lower level government officials take a pounding from the general public', p. 8.

<sup>58</sup> Herald Reporter, 'Trim civil service – Chiweshe', *The Herald*, 14 May 1984.

<sup>59</sup> 'Public service needs more graduates says Andersen', *Zimbabwe Press Statements*, (Department of Information, Harare), 221/85/SC/BCC, p. 2.

<sup>60</sup> *Ibid*, p. 3.

The pace of black advancement in semi-autonomous sector such as local governments, parastatals and other institutions and organizations with links to the state varied, with some resisting while others toed the line. Constitutionally, the Presidential Directive applied specifically to the public service. Strictly speaking the government did not have any legal instrument to enforce black advancement in semi-autonomous institutions but it wanted the spirit of the policy to prevail upon them.<sup>61</sup> The government expected semi-autonomous institutions to emulate developments in the public service since they were partly controlled and were closer to the state. In line with this, government ministries were expected to push for black advancement in semi-autonomous entities which fell under their jurisdiction.<sup>62</sup> In this context, although the semi-autonomous sector was not under direct control of the state as was the public service, the government had more leverage on it as compared to the private sector. As compared to the civil service, interest groups were more active in the semi-autonomous sector. However, this varied from one organization to the other.

The University of Zimbabwe is a case of a semi-autonomous institution where black advancement was systematic and governance standards improved during the first decade of independence. This led to appreciation, recognition and awards by local and international civil society. Between 1981 and 1992, Walter Kamba and Pheneas Makhurane were appointed Vice Chancellor and Pro-Vice Chancellor respectively.<sup>63</sup> Among other notable appointments were Ranganai Zinyemba and Maria Gwata who were appointed deputy-registrars in June 1987.<sup>64</sup> A number of blacks also started to head academic departments at the university.<sup>65</sup> Kempton Makamure regards the University of Zimbabwe as case of high standard management, professionalism and

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<sup>61</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 6; Brigid Strachan, *Report on the impact of redressive action employment policy on redressing racial and gender imbalances in the labour market in Zimbabwe*, (Artca Publications, Harare, 1994), p. 15.

<sup>62</sup> Strachan, *Report on the impact of redressive action employment policy on redressing racial and gender imbalances in the labour market in Zimbabwe*, p. 15.

<sup>63</sup> Kempton Makamure, 'Crisis in black management in Zimbabwe', Paper presented at the Affirmative Action conference, Harare International Conference Centre, 8<sup>th</sup> September 1994, p. 3; Sunday Mail Reporter, 'Blacks playing full part at UZ, says Kamba', *The Sunday Mail*, 9 March 1986, p. 4.

<sup>64</sup> Sunday Mail Reporter, 'Varsity appoints two blacks to key posts', *The Sunday Mail*, 12 July 1987, p. 1.

<sup>65</sup> Sunday Mail Reporter, 'Blacks playing full part at UZ, says Kamba', p. 4.

achievement by blacks during the 1980s.<sup>66</sup> In turn, the university immensely churned quality graduates who joined the labour force to meet the manpower needs of the nation.<sup>67</sup> Makamure argued that the University of Zimbabwe improved its academic standards under the leadership of Kamba between 1981 and 1992. This earned Kamba the prestigious post of President of the International University Union and increased funding from international donors.<sup>68</sup>

In addition, Kamba was twice awarded Manager of the Year prize by ZNCC.<sup>69</sup> This proves that besides criticising the government and other institutional entities, business associations such as ZNCC promoted professional management by blacks by awarding those who excelled in good management. Makamure stated that Kamba had the unenviable self-given but necessary responsibility to repel and resist 'silly or stupid' political interference from the government.<sup>70</sup> In addition, Makamure pointed out that government's persistent interference on matters to do with university administration and management were contrary to Kamba's principles of academic freedom and conscience. This reportedly led to Kamba's resignation.<sup>71</sup> Though not proven, Makamure averred that when Kamba resigned government interference increased and standards started to decline at the university.<sup>72</sup> Put in a nutshell, the University of Zimbabwe testifies that black advancement in some semi-autonomous institutions was successful and commended by interest groups during the first decade of independence.

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<sup>66</sup> Makamure, 'Crisis in black management in Zimbabwe', p. 3. Though written later the following articles stated that in the 1980s and 1990s the University of Zimbabwe had the highest entry standard in Africa and higher than all but two or three universities in Britain. See Terence Ranger, 'Closure of UZ a major tragedy', *The Financial Gazette*, 18 June 1998, p. 10. Also see Terence Ranger, 'UZ in grave danger', *The Financial Gazette*, 20 August 1998, p. 9.

<sup>67</sup> Kempton Makamure, 'University Amendment Act a sure road to ruin', *The Financial Gazette*, 11 January 1991, p. 4.

<sup>68</sup> Makamure, 'Crisis in black management in Zimbabwe', p. 4. Also see Makamure, 'University Amendment Act a sure road to ruin', p. 4.

<sup>69</sup> Makamure, 'Crisis in black management in Zimbabwe', p. 4.

<sup>70</sup> *Ibid*, p. 3.

<sup>71</sup> *Ibid*, pp. 3-4.

<sup>72</sup> *Ibid*, p. 4. In 1990 the government nicodemously passed the University Amendment Act which was viewed by critics as an attempt to interfere with universities' governance and academic freedom. See Angela P. Cheater, 'The University of Zimbabwe: University, National University, State University, or Party University?', *African Affairs*, Vol. 90, No. 359, (1991), p. 202; and Makamure, 'University Amendment Act a sure road to ruin', p. 4.

Black advancement in local governments was facilitated by black electoral victories in local elections as well as the Presidential Directive. During the early 1980s the major political parties, ZANU-PF and the Zimbabwe African People's Union (ZAPU), led by Joshua Nkomo, won most local government elections and replaced councillors formerly aligned to the erstwhile Rhodesian regime. In their election manifestos, these political parties used black advancement among other promises to gain electoral support. The following are few examples of early electoral victories by blacks. In November 1980, Councillor David Jahwi was elected as mayor for Umtali on a ZANU-PF ticket. He became the first black person to hold such a position for both Umtali and the country at large.<sup>73</sup> In the same month Lameck Chaunoita and Tinarwo Dandadzi were elected Que Que's Mayor and Deputy Mayor, respectively, again, on a ZANU-PF ticket.<sup>74</sup> These were among first blacks to land top positions in local governments through electoral victories. Just like in the central government, the election of black to the most senior positions in local governments meant that black advancement cascaded from the top to the bottom. These popularly elected leaders in local governments took it as their responsibility to facilitate black advancement in line with their pledges during campaigns.

Besides electoral victories, the Ministry of Local Government and Housing also urged local authorities to abide by the black advancement policy in making appointments and promotions.<sup>75</sup> However, since local governments enjoyed some autonomy from the central government there was some resistance to black advancement by whites who, at the time, dominated non-elected positions in urban areas. For example, in August 1984 there was turmoil in the Harare City Council to fill the positions of Chief Fire Officer and Deputy Chief Fire Officer which was left vacant by whites who voluntarily resigned and emigrate. When a black, Joseph Jekanyika, was appointed the Chief Fire Officer there were protests by whites and some of them even resigned.<sup>76</sup> This was despite the fact that Jekanyika had authentic academic qualifications in fire studies from Britain and long experience. Two positions of Deputy Fire Officer had to be created to accommodate a qualified

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<sup>73</sup> Mail Correspondent, 'Zimbabwe's first black mayor', *Sunday Mail*, 30 November 1980, p. 3.

<sup>74</sup> *Ibid*, p. 3. Lameck Chaunoita and Tinarwo Dandadzi were 32 and 28 years respectively.

<sup>75</sup> Herald Reporter, 'Unionist welcomes call to Africanise', *The Herald*, 1 April 1981.

<sup>76</sup> Sunday Mail Reporter, 'Blacks to head Fire Brigade', *The Sunday Mail*, 12 August 1984, p. 1.

black and a white who threatened to resign if he was not promoted. This case reveals that even on the basis of merit, some blacks met resistance in their endeavour to land senior positions in local governments. White resistance to black advancement in local governments did not go unchallenged. The Zimbabwe Congress of Trade Unions (ZCTU) urged local governments to heed the call by the Ministry of Local Government and Housing to implement black advancement.<sup>77</sup> ZCTU secretary general, Albert Mugabe, urged whites who reached retirement age in local governments to resign and pave way for the younger generation. In this way ZCTU legitimised the government's call for black advancement.

While genuine demands for black advancement were justifiable some black-led local authorities became susceptible to undemocratic and corrupt governance practices. Emboldened by strength in numbers, some greedy black officials in the Harare City Council manipulated the black advancement policy and unfairly dismissed qualified and fairly elected whites and Coloureds from their positions. In December 1984, Elaine Raftopoulous, a Coloured and known ZANU-PF supporter, elected as Harare City Council vice-chairman of health, housing and community services was unfairly replaced by Noel Chadya on racial grounds.<sup>78</sup> Despite the publicity which this case attracted, ZCTU and other sectoral trade unions did not condemn this blatant racism. This case reveals identity challenges faced by coloureds in the black advancement policy. While they were also victims of colonial racial discriminatory policies in employment, some sections of the society viewed them as not 'black enough' to benefit from black advancement on the basis of both affirmative action and merit. This case also reveals the limitations of ZCTU and sectoral trade unions in promoting fair labour practices.

National Railways of Zimbabwe (NRZ) black advancement crisis and statist intervention

NRZ provides a good case study to examine the relationship between the state and trade unions on black advancement in parastatals. In what follows, I give a detailed narrative to explain this relationship. This case reveals that sometimes the

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<sup>77</sup> Herald Reporter, 'Unionist welcomes call to Africanise'.

<sup>78</sup> Sunday Mail Reporter, 'Racialism charge in sacking row', *The Sunday Mail*, 23 December 1984, p. 1.

government used a statist approach, discussed in chapter One, to resolve labour, and more specifically black advancement disputes in parastatals. As forwarded by Adrian Leftwich, one of the key characteristics of a developmental statist approach is the ability of the state to remain autonomous from competing interests in society.<sup>79</sup> While considerate a statist developmental state has been viewed as one that control, contain and even repress interest groups, most notably trade unions.<sup>80</sup> The Ministry of Transport, which had some jurisdiction on NRZ, tended to shrug off lobbying manoeuvres from interested parties and considered itself a fair arbiter. It took decisive measures in NRZ which were sometimes a slap in the face to either the company's management or trade unions or both. In this way the Ministry of Transport presented itself as a government department rising above racial and trade union interests for the sake national development. This is a typical example of a statist approach in dealing with interest groups.

As compared to other parastatals, black advancement was slow in NRZ. In line with the requirements of the government's black advancement policy, NRZ formulated its manpower development plan in August 1980 which aimed at incorporating 200 blacks into senior positions by June 1982.<sup>81</sup> However, the reluctance and resistance to implement the policy by the NRZ management was brought to national attention by the Railway Associated Workers' Union (RAWU). The first to fire shots was the firebrand and combative RAWU deputy secretary general, Peter Bahuwa, who on 12 March 1981, told the state controlled paper, *The Herald*, that the white management in NRZ was contemptuous of the Presidential Directive and racial imbalances at the highest echelons of the company were not addressed.<sup>82</sup> Bahuwa demanded that black advancement, especially in NRZ, be speeded up even at some cost on the economy because it was all about righting the wrongs of the colonial era.<sup>83</sup> Echoing the same views, on 2 November 1981, the secretary general of the RAWU, Anderson Mhungu, told *The Herald* that racism in NRZ was the major obstacle to

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<sup>79</sup> Adrian Leftwich, 'Bringing politics back in: Towards a model of the developmental state', *Journal of Development Studies*, Vol. 31, No. 3, (1995), pp. 405, 408.

<sup>80</sup> *Ibid*, pp. 405, 415.

<sup>81</sup> Sunday Mail Reporter, 'Railways "too slow raising blacks"', *The Sunday Mail*, 12 December 1982, p. 1.

<sup>82</sup> Herald Correspondent, 'NRZ promotions "too slow" – union'.

<sup>83</sup> *Ibid*.

black advancement.<sup>84</sup> Mhungu claimed that small white rail workers unions, with the blessing of the management, were also perpetuating racism. He alleged that white rail workers unions were refusing to merge with the larger and black dominated trade union, RAWU, because they fear to be overshadowed. Mhungu urged the government to intervene and address racism in NRZ or else his union would take matters into its own hands. It is important to note that state controlled newspapers were the quintessential purveyors of the black advancement debate. They were the mouthpiece of trade unions grievances on black advancement and they put disputes into the public domain for debate.

Protests by RAWU attracted the attention of the Minister of Transport, Farai Masango, who, in December 1981, moved to establish a committee of inquiry chaired by Rufaro Muzwidzwa to investigate the allegations and submit a report to the minister.<sup>85</sup> The committee of enquiry report which was submitted to the Minister in February 1982 was very critical of the NRZ and accused it of resisting the new social order.<sup>86</sup> The Ministry did not immediately release the report fearing it could radicalise RAWU and cause industrial action at the parastatal. Minister Masango wanted to privately advise the NRZ management to take measures which will gradually lead to black advancement. Although the report was leaked to top RAWU leaders in March 1982, it only became available to the media and the public in December 1982, ten months after its completion. Minister Masango's attempts to conceal evidence in order to engage with NRZ management without undue pressure from RAWU is a classical statist approach in dealing with contentious disputes involving interest groups. It shows that while the minister wanted RAWU grievances to be addressed, he did not want to appear to be budging to the trade union's pressure, thus affirming his ministry's autonomy in a statist fashion.

The report found that NRZ was reluctant and resisting to implement the black advancement policy.<sup>87</sup> It also revealed rampant 'window dressing' as most blacks were appointed and promoted to junior positions without any decision making duties

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<sup>84</sup> Labour Reporter, 'Crackdown on racism at NRZ urged by union', *The Herald*, 3 November 1981.

<sup>85</sup> Sunday Mail Reporter, 'Railways "too slow raising blacks"', p. 1.

<sup>86</sup> *Ibid*, p. 2.

<sup>87</sup> Sunday Mail Reporter, 'Railways "too slow raising blacks"', *The Sunday Mail*, 12 December 1982, p. 2.

while higher positions were reserved for the whites.<sup>88</sup> Neither affirmative action nor merit was applied to advance blacks. In fact, there was affirmative action in favour of whites. Less qualified whites were appointed and promoted to senior positions.<sup>89</sup> Blacks, for example engineers and linesmen, with academic qualifications (including masters degrees) and experience acquired inside and outside the country were classified as trainees and not given the opportunity to compete for positions they deserved. In addition, the report revealed that the NRZ management was even more contemptuous of qualifications obtained from socialist countries, such as Russia, and only recognised qualifications from Zimbabwe, Britain, the United States and South Africa. This evidence confirms Ruth Weiss' observation that whites in Zimbabwe were reluctant to employ blacks who participated in the liberation struggle and who acquired qualifications from Eastern Europe.<sup>90</sup>

Black working experience acquired from 'northern' regional countries, Zambia and Malawi, was not recognised.<sup>91</sup> There was also racial discrimination in NRZ internal training programmes as blacks and whites doing the same course were trained separately with the former taking a longer period to complete. The report recommended that while it was necessary to retain white skills black advancement should proceed to address racial imbalance by ensuring that black ratio is reasonable at higher echelons of decision making in NRZ.<sup>92</sup> The report stated that one way to achieve this was to create supernumerary posts to accommodate qualified blacks. Once again, the above evidence reveals that in some parastatals there was resistance to both affirmative action and meritocracy driven black advancement. More importantly, this evidence proves that, if left unchecked or unmonitored some parastatals ignored the government's black advancement policy.

The leakage of some details of the report by one or more members of the enquiry committee to RAWU leaders further strained the trade union's relations with the NRZ management. RAWU intensified its protests and came up with another baggage of fresh allegations against NRZ management to corroborate the findings of the

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<sup>88</sup> Sunday Mail Reporter, 'Railways "too slow raising blacks"', p. 2.

<sup>89</sup> *Ibid*, p. 1.

<sup>90</sup> Ruth Weiss, *Zimbabwe and the New Elite*, (British Academic Press, London, 1994), p. xxiv.

<sup>91</sup> Sunday Mail Reporter, 'Railways "too slow raising blacks"', p. 1.

<sup>92</sup> *Ibid*, p. 2.

Ministry of Transport enquiry committee. In order to gain sympathy from the government on black advancement, RAWU made strenuous efforts to tarnish the image of the NRZ management by presenting it as a reactionary force opposed to government policies and programmes. This strategy proved more effective as RAWU enjoyed the support of the state controlled paper, *The Sunday Mail*, which interviewed union leaders and ordinary black workers and publicised the fresh allegations. RAWU accused NRZ management of sabotaging the government's policy of black advancement through covert racial tactics such as 'freezing promotions' of black workers.<sup>93</sup> Another new accusation levelled against the management was deliberate misdirecting of black skills to junior positions or departments where they were not relevant in order to create artificial scarcity of skilled manpower. In addition, to augment the findings of the committee of enquiry, RAWU accused the NRZ management of practicing window dressing by appointing a few blacks to managerial and administrative positions but without any influence as they were outnumbered by whites in decision making votes. Although RAWU's protests are typical of trade unions, their grievances reveal that various overt and covert tactics were used by some parastatals to frustrate black advancement.

Moreover, RAWU alleged that, contrary to the government's manpower policy, the NRZ management was deliberately wasting resources by training whites who were on the verge of emigrating to South Africa instead of grooming blacks with a low risk of emigration.<sup>94</sup> RAWU also complained that NRZ's 'strategic positions' in regional countries such as Mozambique and South Africa were occupied by whites 'the same people who are stalling change'.<sup>95</sup> RAWU deputy secretary general, Bahuwa, claimed NRZ management was sabotaging government by increasing the company's financial losses in order to put the railway transport in shambles. Though bizarre, this allegation seem to have been believed by the government since it was corroborated by NRZ's own annual reports which revealed that it was increasingly making losses since independence as compared to the years before.<sup>96</sup> What emerges from the above evidence is the politicisation of NRZ dispute by RAWU. It attempted to attract

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<sup>93</sup> Mail Correspondent, 'Speed up promotions – rail workers', *The Sunday Mail*, 28 March 1982, p. 2.

<sup>94</sup> Mail Correspondent, 'Speed up promotions – rail workers', p. 2; Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, February 1981, pp. 8-9.

<sup>95</sup> Mail Correspondent, 'Speed up promotions – rail workers', p. 2.

<sup>96</sup> Sunday Mail Reporter, 'Railways "too slow raising blacks"', p. 2.

government attention by presenting the NRZ management not only as victimising black workers, but also as an ‘enemy’ and saboteur of government’s programmes. Statist theorists posit that a state with a good sense of judgement must always be aware of the behaviour of interest groups and rebuff them when they agitate too much. As discussed in the subsequent paragraphs, the Ministry of Transport seemed to have that sense and it dealt with RAWU accordingly.

In addition, RAWU expressed displeasure at what it saw as attempts by the NRZ management to prevent black workers from accessing the Ministry of Transport to air their grievances.<sup>97</sup> RAWU demanded immediate changes in the NRZ through a ministerial decree which, among others, will remove the general manager, Lea Cox, and other board members of the company and replace them with ‘genuine Zimbabweans’. It also demanded that NRZ should, forthwith, suspend recruitment of whites for training until racial imbalances in the company are addressed.<sup>98</sup> These protests and advocacy by RAWU proves beyond reasonable doubt that the role of trade unions in promoting black advancement must not be underestimated. Unlike government officials, sectoral trade unions were more assertive since they and their members claim to have first-hand experience from the workplace. They used their experience and knowledge of workplace politics as a leverage to demand fairness and justice in appointments and promotions.

The leakage of the enquiry committee report, continuing workers protests, and threats of industrial action by RAWU forced Minister Masango to intervene before the situation spun out of control.<sup>99</sup> On 23 October 1982, in line with the demands of RAWU, Masango withdrew two white station masters in Maputo and Beira, and replaced them with two blacks Chrispen Muchena and Cyprian Chizema, respectively. As explained by Timothy Mitchell a government which adopts statist approach remain independent by distancing itself from societal forces.<sup>100</sup> Interestingly, as if guided by statism, the Ministry of Transport turned down RAWU demands to fire the general manager, Lea Cox, and other board members of NRZ.

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<sup>97</sup> Mail Correspondent, ‘Speed up promotions – rail workers’, p. 2.

<sup>98</sup> Sunday Mail Reporter, ‘Railways “too slow raising blacks”’, p. 1.

<sup>99</sup> Mail Correspondent, ‘Blacks taking over top jobs in NRZ’, *The Sunday Mail*, 24 October 1982, p. 1.

<sup>100</sup> Timothy Mitchell, ‘The Limits of the State: Beyond Statist Approaches and Their Critics’, *American Political Science Review*, Vol. 85, No. 1, (1991), p. 82.

As if this was not enough, in promoting the other six managers and assistant managers, the Ministry of Transport ignored the demands of RAWU by sticking to merit (suitability, qualifications, experience and potential) rather than affirmative action.<sup>101</sup> To the deep chagrin of RAWU, this saw the promotion of four whites and two blacks to either the position of manager or assistant manager. While RAWU celebrated the appointment of two blacks to positions of assistant managers as its achievements, it explicitly expressed its reservations on appointments made on the basis of merit when one racial group enjoys 'merit' unfairly gained during the colonial period.<sup>102</sup> The above appointments reveals that while supporting black advancement some government ministries wanted it to be based on merit rather than affirmative action to ensure efficiency in parastatals. Such ministries were prepared to snub black dominated trade unions to achieve this. Hence, the NRZ case represents the triumph of statism, as the state acted as it saw appropriate rather than bowing to pressure from trade unions. Conforming to statism, the government proved it was in control of black advancement, as opposed to trade unions being in control of the state. At the same time, the state, whether its judgement was correct or naïve, it acted after protests and advocacy by trade unions. Hence, although trade unions were under state hegemony, they were a force to reckon with in the black advancement debate.

The case of NRZ also reveals that black advancement in parastatals was often manipulated by ministers and other senior government officials to establish or buttress their nepotistic, paternalistic and patronage networks through employing their relatives and friends to top positions. In March 1986, a report by the Parliamentary Committee on Public Accounts revealed that the new Minister of Transport, Herbert Ushewokunze, abused his ministerial directive to promote employees in NRZ without following the parastatal's set procedures.<sup>103</sup> This only came to light when one of the employees, Peter Nemapare, was accused of illegally

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<sup>101</sup> Mail Correspondent, 'Blacks taking over top jobs in NRZ', p. 1.

<sup>102</sup> Interview with Kufara Chizhanje, Former RAWU executive member, Glenview, Harare, 20/9/2014.

<sup>103</sup> Sunday Mail Reporter, 'Minister made improper promotions – committee', *The Sunday Mail*, 30 March 1986, p. 5; For more details see John Edlin, 'Powerful minister fired from party posts over fraud charges', Associated Press News Archive, 12 April 1986, <http://www.apnewsarchive.com/1986/Powerful-Minister-Fired-from-Party-Posts-over-Fraud-Charges/id-a504132698251a8e5122f8d403c607c4>. Accessed on 15/03/2016.

selling NRZ property in Botswana.<sup>104</sup> This reveals how rampant nepotism and corruption was in parastatals. Other employees improperly appointed and promoted, at the behest of the Ministry of Transport officials, circumvented NRZ management and established direct communication networks with their 'patrons' at the Ministry. This led to management and governance crisis in the NRZ. Cases of ministerial interference, improper appointments, nepotism and tribalism were also reported in other parastatals such as Air Zimbabwe and the Zimbabwe Iron and Steel Company (ZISCO).<sup>105</sup> While CZI and ZNCC condemned these practices which were done in the name of black advancement, ZCTU and sectoral trade unions were conspicuous by their silence. This evidence suggests that trade unions were more concerned with addressing racial imbalances at work places and avoided antagonising elite politicians and bureaucrats they relied on when they fall prey to their employers. Having discussed the varying degrees of black advancement in the semi-autonomous sector and the various roles played by interest groups, the next section turns to focus on the private sector where resistance to the policy was even stiffer.

### **Private sector**

As in the case of the semi-autonomous sector, constitutionally and legally the private sector was not obliged to abide by the Presidential Directive. While the semi-autonomous sector could be forced to implement black advancement through ministerial directives, the private sector was entirely free from government interference. However, the government expected the private sector to be guided by the new political and social order and the spirit of the black advancement policy.<sup>106</sup> Most private companies which employ the majority of workers were controlled either by local white or foreign capital. As compared to the civil service and semi-autonomous sector, there was more resistance to black advancement in the private sector. Although white business associations encouraged their members to implement the black advancement policy they maintained that it should be based on

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<sup>104</sup> Sunday Mail Reporter, 'Minister made improper promotions – committee', p. 5.

<sup>105</sup> BRPC2, Extracts from parastatals, Air Zimbabwe Corporation – Interim Report of the Committee of Inquiry into parastatals, Under the Chairmanship of Mr. Justice L. G. Smith, 1985, p. 2; BRPC2, Extracts from parastatals, ZISCO – Report of the Committee of Inquiry into parastatals, Under the Chairmanship of Mr. Justice L. G. Smith, November 1986, p. 7.

<sup>106</sup> Herald Reporter, 'Industrial rights for all workers. Black advancement in industry urged', *The Herald*, 7 February 1981.

merit rather than affirmative action. They further asserted that the policy should be implemented in an environment of economic growth and expansion.<sup>107</sup> Most trade unions publicly denounced what they saw as flagrant racism in the private sector and demanded rapid black advancement based on affirmative action.

The government's response to this resistance was ambivalent. Pragmatism was its key approach to black advancement in the private. This was because of two reasons. Firstly, it recognised the private sector as the mainstay of the economy where state interference should be kept minimal.<sup>108</sup> The government tried as much as possible to maintain a laissez-faire policy to maintain the efficiency of the private sector. Unlike the public service, the government neither owned nor controlled a larger share of the economy.<sup>109</sup> As a result, white owners of the major private sector enterprises made decisions in the appointment and promotion of personnel. Brigid Strachan states that the government, as with its localisation policy, was cautious with black advancement in the private sector and it adopted a 'no policy approach'.<sup>110</sup> The government adhered to the concept of tripartism which stresses the importance of dialogue and consultation between the government, employers and workers.<sup>111</sup> In addition, the government's socialist ideology and its fear of the emergence of a powerful and independent black middle class partly explain its reluctance to push for black advancement in the private sector.<sup>112</sup> This explains why the government never enacted legislation or gave a binding formula for black advancement in the private sector.<sup>113</sup>

Secondly, the private sector was a key partner in manpower training and on that basis it was contributing to black advancement indirectly. In its *Growth with Equity*

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<sup>107</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', (Confederation of Zimbabwe Industries, Labour and Legislative Department, June 1986), p. 11.

<sup>108</sup> 'State must have a stake in minerals', *The Herald*, 21 August 1981.

<sup>109</sup> BRPC2, Racism in the private sector, 1985, p. 1.

<sup>110</sup> Strachan, *Report on the impact of redressive action employment policy on redressing racial and gender imbalances in the labour market in Zimbabwe*, p. 23.

<sup>111</sup> 'Black advancement not impressive – Shava' in *Zimbabwe Press Statements*, (Department of Information, Harare), 94/86/PR/RN, p. 2.

<sup>112</sup> Strachan, *Report on the impact of redressive action employment policy on redressing racial and gender imbalances in the labour market in Zimbabwe*, p. 23.

<sup>113</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 6.

policy blueprint, the government stated that while it was primarily responsible for training skilled manpower for the nation, the private sector, especially Transnational Corporations, were also expected to play a role to train their own employees to meet their manpower needs.<sup>114</sup> The government encouraged the private sector to introduce their own training programmes in various subjects to upgrade existing staff including those who acquired skills informally.<sup>115</sup> In addition to expanding their own manpower base the government promised to give incentives to companies which train workers.<sup>116</sup> On several occasions during the early 1980s the Ministry of Mines pleaded with mining companies' managements to train and promote unskilled and semi-skilled black workers.<sup>117</sup> At times senior government officials were frank to tell the public that the state's role in black advancement in the private sector was limited. On 20 August 1981, the Minister of Mines, Maurice Nyagumbo, told *The Herald* that while the government was keen to see black advancement in the whole mining sector, it could not force mines to promote blacks.<sup>118</sup> While political elites denounced private sector resistance to the policy, they were sympathetic to its insistence that merit should supersede affirmative action. However, the government was censured for its reluctance to enforce the policy through legislation when it was apparent that even those blacks who qualify to land key positions in the private sector were discriminated against.

Before examining the interventions of the state and interest groups, it is prudent to examine why the private sector resisted the black advancement policy. Although some of the reasons equally applied to the public service and semi-autonomous sectors they were more pronounced in the private sector. Broadly, most whites who either owned or controlled private sector enterprises were reluctant to appoint or promote blacks to senior job positions because they differed with the latter in ideological terms. In an interview with the *Financial Gazette* in October 1988 a University of Zimbabwe law lecturer, Sopho Shabalala, posited that to lead an organization one must share its ideology and vision and bemoaned that most whites

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<sup>114</sup> Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, (February 1981), p. 8.

<sup>115</sup> *Zimbabwe Conference on Reconstruction and Development (ZIMCORD: Conference Documentation*, (Salisbury, 23 – 27 March 1981), p. 49.

<sup>116</sup> Government of the Republic of Zimbabwe, *Growth with Equity: An Economic Policy Statement*, p. 8.

<sup>117</sup> Elton Mutasa, 'Mines takeover ruled out', *The Herald*, 30 May 1981.

<sup>118</sup> 'State must have a stake in minerals'.

and blacks widely differed on these issues.<sup>119</sup> This view resonates with Raftopoulos' argument that some whites resigned from the public service to the private sector because they differed with the ideology and policies of the government.<sup>120</sup> Consequently, when these whites joined the private sector they often attempted to prevent the penetration of blacks in their business space.<sup>121</sup> The 1989 CZI report on black advancement stated that whites had a siege mentality and strived to protect their private sector sphere of influence from black 'intrusion'.<sup>122</sup> By inference, it seems most qualified blacks who were formerly public servants were viewed by whites as inclined to socialism although some of them were critical to that ideology.

Besides ideology, Paul Bennel and Brigid Strachan argue that white managers believed black behaviour, attitude and culture was contrary to modern corporate values.<sup>123</sup> A survey by the *Sunday Mail* in June 1983 revealed that private companies had racial preferences in employing their staff.<sup>124</sup> Employment agencies who gave their views in that survey stated that they were bound by preferences of their clients, that is companies, in identifying people to attend interviews. The survey revealed that most companies, including 95% of those controlled by blacks, preferred white to black women for secretarial jobs.<sup>125</sup> They stated that this was not necessarily racism but companies preferred secretaries who speak English fluently and who have confidence when dealing with customers and clients. The 1989 CZI report stated that when employed in a white dominated company, some blacks failed to live up to the 'social culture of the company' which made them to feel out of place.<sup>126</sup> For example to maintain the corporate image of the company, a black manager would be expected to live in leafy low density suburb while he prefers to

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<sup>119</sup> Stan Dongo, 'Give kiss of life to black businessmen, experts urge', *The Sunday Mail*, 9 October 1988, p. 9.

<sup>120</sup> Raftopoulos, 'Human resources development and the problem of labour utilisation', p. 310.

<sup>121</sup> *Ibid.*

<sup>122</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 36; For this point also see: Text of a speech to be delivered by Mr H. M. D. Munangatire, Executive Director of Lonrho Zimbabwe Ltd to a seminar held by Zimbabwe National Chamber of Commerce at Meikles Hotel, Harare, March 19, 1987, p. 2. Here 'intrusion' is my word.

<sup>123</sup> Paul Bennell and Brigid Strachan, 'Black advancement in top management. When will it happen in Zimbabwe?', *The Financial Gazette*, 16 February 1990, pp. 15, 16.

<sup>124</sup> Sunday Mail Reporter, 'Job firms blocking blacks', *The Sunday Mail*, 19 June 1983, p. 1.

<sup>125</sup> *Ibid.*

<sup>126</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 43.

stay in high density locations.<sup>127</sup> The report stated that, because of these differences, both whites and blacks tended to employ someone from their own racial group.<sup>128</sup> Thus, despite good academic qualifications and experience blacks find other obstacles such as culture in their quest to get lucrative private sector jobs. What must be noted is that cultural preferences in business are not necessarily driven by racism. In business employers tend to employ individuals who are amenable to the organization's values and who will have rapport with clients or customers.

In addition, black advancement was generally slow in the private sector because most whites did not trust blacks. This was worsened by racial prejudices, for example that blacks are thieves and are corrupt in their business dealings.<sup>129</sup> The notion of black untrustworthiness was also shared by some black political and bureaucratic elites. At a black advancement seminar organized by ZNCC on 19 March 1987, the Executive Director of Lonrho Zimbabwe, H. M. D. Munangatire, a black, testified that he had interacted with some government officials who were opposed to black advancement claiming blacks will embezzle funds and run down companies and ruin commerce and industry in the country.<sup>130</sup> John Makumbe opined that societal notions of black untrustworthiness were buttressed by corruption cases involving politicians, administrators and indigenous business people.<sup>131</sup> To Makumbe it was, therefore, naïve for whites to employ corrupt blacks and risk their businesses.<sup>132</sup> Besides the above factors, in their separate works, Raftopoulos, Strachan and Makumbe have posited that that slow economic growth and the dominance of the economy by foreign capital and local whites worked against black

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<sup>127</sup> *Ibid*, p. 43.

<sup>128</sup> *Ibid*, p. 38.

<sup>129</sup> John Mw Makumbe, 'Black advancement in the private sector: Problems and prospects', Paper presented at the Affirmative Action conference, Harare International Conference Centre, 8<sup>th</sup> September 1994, p. 6.

<sup>130</sup> Text of a speech to be delivered by Mr H. M. D. Munangatire, Executive Director of Lonrho Zimbabwe Ltd to a seminar held by Zimbabwe National Chamber of Commerce at Meikles Hotel, Harare, March 19, 1987, p. 5.

<sup>131</sup> Brian Raftopoulos, 'The Relevance of the National Manpower Survey (NMS) for the Labour Movement', Paper presented at the Zimbabwe Institute of Development Studies Seminar on the Training and Research Needs of Trade Unions in Zimbabwe, Harare, Zimbabwe, 5 to 9 December 1983 (Printed by SAPES Trust in 1990), p. 26; Makumbe, 'Black advancement in the private sector: Problems and prospects', pp. 6-7; This point was also raised in: Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 34.

<sup>132</sup> Makumbe, 'Black advancement in the private sector: Problems and prospects', p. 7.

advancement.<sup>133</sup> The argument by these scholars is that economic expansion and increased control and ownership of the economy by blacks naturally result in most of them landing important positions in the private sector. This explains why in the 1990s, black middle class shifted its focus from black advancement to economic indigenisation. Having discussed the major reasons for white resistance to black advancement in the private sector, the following paragraphs turn to discuss, briefly, the most common ways used to slow or prevent black upward mobility at work place in the private sector.

Findings by the Directorate of Research in the Ministry of Labour, Manpower Planning and Social Welfare reveals that between 1980 and 1982 the private sector felt obliged to appoint and promote blacks in line with the spirit of the Presidential Directive.<sup>134</sup> Most of these appointments and promotions were not genuine. They were 'window dressing' or 'cosmetic' as they were meant to deceive the government into believing that the concerned companies were implementing the black advancement policy in line with the new political, social and economic order.<sup>135</sup> In addition, whites wanted to be seen as promoting interracial co-operation between whites and blacks pursuant to the policy of reconciliation.<sup>136</sup> As most appointed and promoted blacks were unqualified and were not given real decision making powers they underperformed.<sup>137</sup> Around 1983 most private companies realised that they were making losses in appointing blacks for window dressing purposes.<sup>138</sup> They became aware that they could still continue with their businesses without them as pressure from the government on the policy was very minimal. Consequently, black advancement in the private sector went into reversal as some blacks were removed

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<sup>133</sup> Strachan, *Report on the impact of redressive action employment policy on redressing racial and gender imbalances in the labour market in Zimbabwe*, pp. 61, 65; Makumbe, 'Black advancement in the private sector: Problems and prospects', pp. 8, 9.

<sup>134</sup> N. C. Mudzengerere, 'General remarks on black advancement', (Ministry of Labour, Manpower Planning and Social Welfare, Directorate of Research and Planning, 10 July 1987), p. 1; Most points in this source about the period 1980 to 1983 are similar to those raised in the following source: Text of a speech to be delivered by Mr H. M. D. Munangatire, Executive Director of Lonrho Zimbabwe Ltd to a seminar held by Zimbabwe National Chamber of Commerce at Meikles Hotel, Harare, March 19, 1987, p. 2; Also see Business Reporter, 'CZI quizzed on slow pace of black promotions', *The Herald*, 14 July 1984.

<sup>135</sup> Mudzengerere, 'General remarks on black advancement', p. 1; Business Reporter, 'CZI quizzed on slow pace of black promotions'.

<sup>136</sup> *Ibid.*

<sup>137</sup> *Ibid.* The source with more information on for underperformance is: Business Reporter, 'CZI quizzed on slow pace of black promotions'.

<sup>138</sup> Business Reporter, 'CZI quizzed on slow pace of black promotions'.

from senior positions.<sup>139</sup> Arguably, the government's failure to introduce binding measures to enforce black advancement in the private sector was partly responsible for slow progress in the appointment and promotion of blacks in private companies.

Throughout the 1980s various ways were used by private companies in almost all sectors of the economy to slow or prevent black advancement. Most evidence from newspapers reveals that Coloured and Asian workers were also victims of discrimination.<sup>140</sup> Contrary to the expectations of the government, as early as 1981 big multinational companies such as Anglo American were accused of racial discrimination against blacks in their manpower planning, forecasting, selection, recruitment and training.<sup>141</sup> For example, in October 1981, it was reported that less qualified whites, some of them expatriates, were leapfrogging qualified blacks in Anglo American's subsidiary companies such as Hippo Valley Estates. The above example reveals that neither affirmative action nor merit was used to promote black advancement. On the contrary there was informal affirmative action in favour of whites. Thus, while the affirmative action versus meritocracy debate was the crux of the black advancement debate, race remained a key determinant in most appointments and promotions which favoured whites in the private sector.

Other companies such as Mobil Oil Zimbabwe were accused of hiring expatriate workers without efforts to train locals, job reservations for whites, forced transfers and resignations of blacks, false theft accusations against blacks, and different salary scales in favour of the whites.<sup>142</sup> In some cases companies demanded higher qualifications for menial jobs in order to exclude blacks and employ whites with low qualifications.<sup>143</sup> In cases of 'window dressing' blacks were given top posts without decision making and real responsibility. This mainly applied to personnel managers and officers who were given those posts so that they connect black workers with white company management. Because of these practices by the late 1980s few blacks held 'real' senior positions in the private sector. A significant number of blacks

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<sup>139</sup> Mudzengerere, 'General remarks on black advancement', p. 3; Business Reporter, 'CZI quizzed on slow pace of black promotions'.

<sup>140</sup> Herald Correspondent, 'Black workers accuse bank of discrimination', *The Herald*, 9 October 1985, p. 5.

<sup>141</sup> Sunday Mail Reporter, 'Staff accuse Anglo of racial bias', p. 4.

<sup>142</sup> Ray Mawerera, 'Oil firm accused of racial bias', p. 7.

<sup>143</sup> Basil Sithole, 'Some companies still reserve jobs for whites – Chingwendere', *The Sunday Mail*, 14 December 1986, p. 7.

resigned and joined the civil service.<sup>144</sup> While workers protested against these practices, most company managements dismissed allegations of racism, and of slowing down or preventing black advancement. This evidence reveals that despite the attainment of independence and rapid black advancement in the public service, it remained difficult for blacks to land lucrative senior positions in the private sector.

Although, the government was cautious and avoided interference in its dealings with the private sector it often expressed its dismay, warn or even threaten companies which resisted black advancement. Senior government officials often expressed their concern about little progress in black advancement in the private sector at meetings organised by white business associations, which were the major representatives of the private sector. For example, on 2 March 1981 President Canaan Banana, who was the guest of honour at the 50<sup>th</sup> annual meeting of the Bulawayo Chamber of Industries, deplored companies to cease racist practices, and pay and promote blacks on an equal basis with the whites.<sup>145</sup> He also condemned piecemeal black advancement by companies and warned that firms reluctant to appoint and promote blacks to senior positions would find themselves labelled 'a bunch of white exploiters'. Minister of Mines, Maurice Nyagumbo, denounced and threatened to take action against some mining companies with racist and exploitative tendencies against black workers.<sup>146</sup> He urged mining companies' managements to train and promote unskilled and semi-skilled black workers. Speaking at the annual general meeting of the Chamber of Mines in Victoria Falls on 15 May 1987, Deputy Prime Minister, Simon Muzenda, slammed the mining sector for racial discrimination in job promotions.<sup>147</sup> He stated that while the government was not pushing the private sector to employ and promote incompetent blacks it wanted to the sector to desist from racial discrimination. Although the state did not interfere to enforce black advancement in the private sector, senior government officials expressed their displeasure on the *status quo* in private companies. In this way, the government was appeasing blacks by appearing to be on their side even though it was reluctant to

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<sup>144</sup> Sunday Mail Reporter, 'Staff accuse Anglo of racial bias', p. 4.

<sup>145</sup> Herald Correspondent, 'Stop racism in commerce', *The Herald*, 3 March 1981.

<sup>146</sup> Elton Mutasa, 'Mines takeover ruled out', *The Herald*, 30 May 1981.

<sup>147</sup> 'Mining industry's "white preserves" come under fire'.

introduce legislation to enforce the policy in the private sector. This was part of the government's pragmatic approach on black advancement in the private sector.

Interest groups had different positions on black advancement in the private sector and contributed to the debate in various ways. Major contributions came from trade unions and business associations. Focus will first be given to the role played by trade unions. Both sectoral and peak trade unions saw it as their responsibility to actively engage both the captains of industry and the government to push for black advancement. This was primarily because their black members were bearing the brunt of private sector resistance to the policy. Trade unions protested against practices which slowed down or prevented black advancement in the private sector. Some trade unions were radical on these issues. On 12 March 1980, a few days after ZANU-PF's electoral victory, the secretary of the African Sales Representatives' Association, Flavian Chinamo, urged commerce and industry to acknowledge the new political dispensation in the country by promoting blacks before the new government initiate affirmative action programmes.<sup>148</sup> Similarly, on 3 January 1981, the Transport and General Workers' Union president, Albert Mugabe, urged the government to take over all companies which were working against black advancement.<sup>149</sup>

On 27 May 1981, Albert Mugabe, now ZCTU secretary-general, denounced racial salary scales which favoured whites in the private sector.<sup>150</sup> He stated that ZCTU supported the Incomes and Prices Commission chaired by Roger Riddell which called for a single salary for the same job. In addition, ZCTU actively opposed window dressing in the private sector. On 20 October 1982, ZCTU administrative secretary, Carlton Moyo, speaking to delegates at a meeting organized for the Zimbabwe Society of Bank Officials stated that blacks promoted to supervisory and administrative positions should be given responsibilities commensurate with such positions.<sup>151</sup> He further stated that blacks with real key positions should be able to represent workers' interests. The above evidence reveals that black advancement was an important theme in trade unionism during the 1980s. Although it is difficult to

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<sup>148</sup> Herald Reporter, 'Act now to change job policies', *The Rhodesian Herald*, 13 March 1980.

<sup>149</sup> Sunday Mail Reporter, 'Act of racists – TGWU chief', *The Sunday Mail*, 4 January 1981.

<sup>150</sup> Elton Mutasa, 'Unions call for State-run mines', *The Herald*, 28 May 1981.

<sup>151</sup> Herald Reporter, '“Window-dressing” posts must go – ZCTU', *The Herald*, 21 October 1982.

ascertain the impact of trade union voices their message to the private sector on black advancement was clear and in this way they embellished the voice of the government.

Throughout the 1980s most sectoral trade unions were concerned with the hiring of expatriate workers which they viewed as slowing down black advancement. **Table 4.5** shows the distribution of skills in wholesale and retail trade by nationality between 1980 and 1981. The table shows that 27% of administrative and managerial employees in the sector were non-Zimbabweans. The employment of expatriate workers became a contentious issue in the black advancement debate. In an interview with *The Herald* on 18 June 1980, the general secretary of the Commercial and Allied Workers Union, S. Chifamba, urged the government to train local blacks in order to freeze the importation of labour.<sup>152</sup> He lamented that the government was not emphasising on the training of locals to take posts in the private sector.<sup>153</sup> Making reference to other African countries, Chifamba explained how employing expatriate workers can be damaging to the economy. He argued that while citizens use their income to develop the country, foreigners repatriate it to their countries.

**Table 4.5: Wholesale and retail trade: Skill and nationality by occupation, 1980 to 1981**

| Major Occupation Group              |     | Professional |      |          | Skilled |      |          | Semi-skilled |      |          | Totals |      |          |             |
|-------------------------------------|-----|--------------|------|----------|---------|------|----------|--------------|------|----------|--------|------|----------|-------------|
|                                     |     | Zim.         | Dual | Non/Zim. | Zim.    | Dual | Non/Zim. | Zim.         | Dual | Non/Zim. | Zim.   | Dual | Non/Zim. | Grand Total |
| Professional, Technical and Related | No. | 612          | 64   | 284      | 370     | 10   | 76       | 59           | 2    | 13       | 1041   | 76   | 373      | 1490        |
|                                     | %   | 41           | 4    | 19       | 25      | 1    | 5        | 4            | -    | 1        | 70     | 5    | 25       | 100         |
| Administrative and Managerial       | No. | 1590         | 151  | 646      | 11      | 2    | 6        | 3            | 1    | -        | 1604   | 154  | 652      | 2410        |
|                                     | %   | 66           | 6    | 27       | -       | -    | -        | -            | -    | -        | 67     | 6    | 27       | 100         |
| Clerical and Related                | No. | 96           | 8    | 24       | 2152    | 72   | 512      | 5270         | 85   | 838      | 7518   | 165  | 1374     | 9057        |
|                                     | %   | 1            | -    | -        | 24      | 1    | 6        | 58           | 1    | 9        | 83     | 2    | 15       | 100         |
| Sales                               | No. | 1133         | 70   | 361      | 3018    | 102  | 616      | 5243         | 57   | 757      | 9394   | 229  | 1734     | 11357       |
|                                     | %   | 10           | 1    | 3        | 27      | 1    | 5        | 46           | 1    | 7        | 83     | 2    | 15       | 100         |
| Service                             | No. | 5            | -    | 1        | 243     | 5    | 53       | 546          | 2    | 56       | 794    | 7    | 110      | 911         |
|                                     | %   | 1            | -    | -        | 27      | 1    | 6        | 60           | -    | 6        | 87     | 1    | 12       | 100         |

<sup>152</sup> Herald Reporter, 'Train Africans first, says union man', *The Herald*, 19 June 1980, p. 9.

<sup>153</sup> Herald Reporter, 'Government may "freeze" expatriates', *The Herald*, 23 May 1980, p. 1.

| Major Occupation Group                                                     |     | Professional |      |          | Skilled |      |          | Semi-skilled |      |          | Totals |      |          |             |
|----------------------------------------------------------------------------|-----|--------------|------|----------|---------|------|----------|--------------|------|----------|--------|------|----------|-------------|
|                                                                            |     | Zim.         | Dual | Non/Zim. | Zim.    | Dual | Non/Zim. | Zim.         | Dual | Non/Zim. | Zim.   | Dual | Non/Zim. | Grand Total |
| Agricultural, Animal Husbandry and Forestry Workers, Fishermen and Hunters | No. | 4            | -    | 1        | 24      | -    | 11       | 227          | -    | 36       | 255    | -    | 48       | 303         |
|                                                                            | %   | 1            | -    | -        | 8       | -    | 4        | 75           | -    | 12       | 84     | -    | 16       | 100         |
| Production and Related Workers, Transport Equipment Operators              | No. | 17           | -    | 4        | 2189    | 36   | 462      | 6502         | 17   | 738      | 8708   | 53   | 1204     | 9965        |
|                                                                            | %   | -            | -    | -        | 22      | -    | 5        | 65           | -    | 7        | 87     | 1    | 12       | 100         |
| Occupations Inadequately Described                                         | No. | 43           | 5    | 4        | 62      | -    | 14       | 128          | -    | 19       | 233    | 5    | 37       | 275         |
|                                                                            | %   | 16           | 2    | 1        | 23      | -    | 5        | 47           | -    | 7        | 85     | 1    | 14       | 100         |
| Total                                                                      | No. | 3500         | 298  | 1325     | 8069    | 227  | 1750     | 17978        | 164  | 2457     | 29547  | 689  | 5532     | 35768       |
|                                                                            | %   | 10           | 1    | 4        | 23      | 1    | 5        | 50           | -    | 7        | 83     | 2    | 15       | 100         |

Note: Zim refers to – Zimbabweans. Non/Zim refers to – Non Zimbabweans. Dual refers to – Dual citizens

**Source:** Government of Zimbabwe, *National Manpower Survey 1981, Volume 3*, (Ministry of Manpower Planning and Development, Harare, 1981), p. 181, Table 10.2.6.

From 16 to 21 February 1987, the United Food and Allied Workers Union organised a five-day workshop on black advancement which among other issues, discussed the effects of employing expatriate workers on the local labour force.<sup>154</sup> The Union expressed concern that the government continued to give expatriate workers permits to work in transnational food companies yet no skills and expertise were transferred to the local blacks. The union stated that this was against the policy of black advancement. It urged the government to look into the issue and oblige expatriates to train local workers. Sectoral trade unions were more vocal and active because they had more information on developments taking place in their sectors. Workshops provided their members with a platform to air their views on black advancement.

<sup>154</sup> Labour Reporter, 'Teach skills to local workers, expats urged', *The Herald*, 23 February 1987.

Although the government was often slow to act, sectoral trade unions sent a message about their displeasure on developments in their sectors.

Trade unions actively engaged and confronted private companies slowing down, pretending or resisting black advancement. The following case study reveals how some sectoral trade unions exposed private companies' shenanigans against black advancement and appealed to the government to intervene. Since 1985 the Tobacco Industrial Workers Union (TIWU) was urging tobacco packing, processing and exporting companies in Harare such as Dibrell Brothers, Tobacco Sales Floor Limited and Transtobac Private Limited to desist from racial practices such as discrimination against blacks in appointments and promotions to senior positions, and racial salary and perks discrepancies.<sup>155</sup> Black workers complained that despite their many years of experience they were rarely promoted to the position of auctioneers while less experienced whites were promoted.<sup>156</sup> This, again, reveals that black promotion on the basis of merit was resisted in the private sector. TIWU attempted to resolve these problems with tobacco companies before calling for government intervention.

Most tobacco companies either ignored the call by the TIWU or responded by 'window dressing'. Those that responded by window dressing appointed blacks to higher positions without giving them any meaningful duties. In addition, the human resources departments introduced more discrepancies in salaries and perks given to black and white 'tobacco buyers'.<sup>157</sup> Whites in senior positions were given higher salaries and other benefits such as company cars and housing loan facilities which were not given to their black counterparts. In October 1989, the national organising secretary of TIWU, Samson Chimedza, and some individual workers lost patience and exposed 'flagrant racial discrimination' in these companies. Chimedza called for urgent government intervention to facilitate dialogue between tobacco companies' management and workers to urgently resolve these differences. However, the

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<sup>155</sup> Sunday Mail Reporter, 'Black auctioneers and buyers in raw deal', *The Sunday Mail*, 1 October 1989, pp. 1, 3.

<sup>156</sup> *Ibid.* In Zimbabwe's tobacco industry the position of 'auctioneer' is relatively senior position usually given to individuals with many years of experience. Auctioneers accept tobacco bids and declare the amount sold during tobacco auctions.

<sup>157</sup> *Ibid.* Tobacco buyer is a relatively specialised and senior position in the Zimbabwean tobacco industry. A person in this position examine the quality of tobacco brought by growers and buy it for the company.

Tobacco Miscellaneous Employers' Association, a representative of tobacco employers, said it was unaware of racial discrimination practices in the tobacco industry.<sup>158</sup> The association's chairman, Aleck Ndhlukula, a black, stated that salaries and perks were determined by grades and not by race. This position was supported by some managing directors of tobacco companies while others were elusive on the matter. Although the government did not force companies to promote blacks and end window dressing, it demanded that white and black employees at the same level be given similar salaries with immediate effect. Although some of its grievances were not addressed the TIWU proved its mettle to call for government intervention in the private sector. Though trade union activism neither immediately nor completely stopped unfair labour practices, it reduced blatant racism during the 1980s.

Business associations significantly contributed to the black advancement debate in the private sector. The debate between the government and business associations was not whether black advancement should take place in the private sector. It was on the criteria to implement the policy. Although the positions of business associations varied they were largely inclined to meritocracy driven black advancement. In its three years of existence in the post-colonial period, ACCOZ emphasised that black advancement should be merit-driven. On 9 June 1982, the president of ACCOZ, Abner Botsh, a black, told delegates at his chamber's annual meeting that the government was not fair in criticising the private sector for slow black advancement.<sup>159</sup> Using an idiom that one should not attempt to 'run before one could walk', he argued that it is illogical for blacks to land key managerial and administrative positions in the private sector overnight without requisite academic qualifications and experience. He criticised the government for what he saw as contradictory positions. For example, while the government complained that black advancement in the private sector was slow it regarded most appointments and promotions of blacks to senior positions by white companies as window dressing. ACCOZ was therefore one of those voices in the meritocracy school which contributed to the black advancement debate. However, what was worrying with

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<sup>158</sup> *Ibid.*

<sup>159</sup> Herald Reporter, 'New businessmen "must be trained"'.

business associations such as ACCOZ was their reluctance to condemn private businesses for discriminating against blacks who qualified for senior positions.

Business associations organised industrial relations seminars and workshops which gave captains of industry, academics, and politicians a platform to debate black advancement with a view to improve its implementation. One such seminar was organised by the Zimbabwe Institute of Personnel Management and National Commercial Employers Association of Zimbabwe in November 1986.<sup>160</sup> The seminar was attended by key figures in the labour market such as the chairman of the Industrial Relations Board and personnel director of GMHL Holdings, Ignatius Chingwendere, who discussed several racial problems faced by blacks in the private sector.<sup>161</sup> A similar seminar was organised by ZNCC on 19 March 1987 and among other subjects it discussed the problem of window dressing in black advancement in parastatals and the private sector.<sup>162</sup> The collaboration between business associations to initiate dialogue on black advancement testifies to the significance of the debate in the 1980s. These seminars created dialogue and enlightened employers and workers on the logic of black advancement.

#### CZI-government relations on black advancement: A case of embedded autonomy

CZI's relations with the government on black advancement presents a case where Peter Evans' concept of embedded autonomy discussed in Chapter One is largely applicable. As discussed at length in Chapter One, embedded autonomy refers to a structural development oriented corporate relationship between the state and society characterised by dense ties.<sup>163</sup> Evans argues that there should be embeddedness or synergies which connect civil society and public institutions.<sup>164</sup> In this way, the embeddedness between civil society and state institutions will bring more successful

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<sup>160</sup> Basil Sithole, 'Some companies still reserve jobs for whites – Chingwendere', p. 7; Also see: Herald Reporter, 'Discrimination at work under spotlight'.

<sup>161</sup> *Ibid.*

<sup>162</sup> Sunday Mail Reporter, 'ZNCC seminar to discuss "management window dressing"', *The Sunday Mail*, 8 March 1987, p. 14.

<sup>163</sup> Evans, *Embedded Autonomy: States and Industrial Transformation*, p. 50; Peter Evans, 'State Structures, Government-Business Relations, and Economic Transformation', in S. Maxfield and B. Schneider (eds.), *Business and the State in Developing Countries*, (Cornell University Press, Ithaca, NY, 1997), p. 66.

<sup>164</sup> Peter Evans, 'Government Action, Social Capital and Development: Reviewing the Evidence on Synergy', *World Development*, Vol. 24, No. 6, (1996), p. 1120.

development than when the two operates separately.<sup>165</sup> CZI and the government complemented each other on black advancement at both theoretical and practical levels. Since the Presidential Directive and the unveiling of the government's manpower planning policy, CZI publicly supported the upward mobility of blacks in the private sector. For example, on 21 April 1981, the then CZI president, Reg Sampson, urged member companies to heed the call by the government to introduce training programmes which benefit black citizens within their companies.<sup>166</sup>

In addition, CZI did more research on black advancement than any other entity except the government. Three of the reports on black advancement cited in this chapter were directly commissioned by the CZI.<sup>167</sup> The other report, though funded by the Round Table Race Relations Endowment Trust Zimbabwe and the Webb Estate for Race Relations Research, its author, Brigid Strachan, had earlier on researched and wrote one of CZI black advancement reports and the findings were largely similar.<sup>168</sup> CZI's capacity to conduct black advancement research resonates with Evans' assertion that an effective private sector is less dependent on the state but complements and augments state effort.<sup>169</sup> At first glance CZI's keenness and capacity to carry research was probably because it was the most influential and well-funded business association. However, this research finds that the government had high expectations from CZI which it considered to be a leading business association. The government, therefore, criticised, persuaded and pressurised CZI to whip its members into line on black advancement. In the process CZI became an intermediary which reduced friction between the state and the private sector on black advancement. It is, therefore, necessary to discuss in greater detail the centrality of CZI in the black advancement debate in the private sector. The

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<sup>165</sup> *Ibid.*

<sup>166</sup> Herald Correspondent, 'Train more blacks, says CZI chief'.

<sup>167</sup> These are Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II'; Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies'; and 'Black Advancement Survey', *CZI Industrial Review*, January 1992.

<sup>168</sup> The findings of the following black advancement reports done by Brigid Strachan are largely similar. Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies'; Strachan, *Report on the impact of redressive action employment policy on redressing racial and gender imbalances in the labour market in Zimbabwe*.

<sup>169</sup> Peter B. Evans, 'Predatory, Development, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State', *Sociological Forum*, Vol. 4, No. 4, (1989), p. 575.

subsequent paragraphs reveal how government criticism, persuasion and pressure contributed to CZI's active participation in the black advancement debate.

Through its annual congresses; which brought together firm owners, administrators and managers in the manufacturing sector, and government officials; CZI provided the biggest and high level platform to debate black advancement in a frank and constructive way. This conforms to Evans' argument that civil society can engage public officials to initiate development or refine policies.<sup>170</sup> The first concern raised by senior government officials was black advancement within the CZI itself. On 2 June 1983, the Minister of Industry and Energy Development, Simba Makoni, who was the guest of honour at the CZI annual congress in Victoria Falls criticised the organisation for not including blacks in its executive committee.<sup>171</sup> Makoni posited that since blacks were expected to play important leadership roles in the management of the manufacturing sector, this was supposed to be reflected in CZI leadership. He urged the CZI to correct the anomaly by the time it held its next annual congress.

Ten days after Makoni's criticism, the new CZI president, Frank Mills, responded on national television by stating that his chamber took heed of the Presidential Directive on black advancement long before.<sup>172</sup> Mill cited two blacks, John Mkushi, who was CZI vice-president and head of the labour committee; and George Nyandoro, who was in the national executive as evidence that there was black advancement within the chamber. He further stated that CZI was promoting blacks even in cases where they were not the best candidates for the posts. What is important to note here is that the government and CZI were engaging as autonomous entities which had nothing to lose in criticising each other and this conforms to Evans' concept of embedded autonomy. Here, the government in the form of Minister Makoni, frankly expressed its concerns to the leading representative of the private sector. On the other hand, CZI president Mills, unreservedly aired his views about the pace of black advancement within his chamber. As forwarded by Evans and most of his followers,

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<sup>170</sup> Peter Evans, 'Government Action, Social Capital and Development: Reviewing the Evidence on Synergy', p. 1119.

<sup>171</sup> Herald Correspondent, 'Why no black leaders – Makoni', *The Herald*, 3 June 1983.

<sup>172</sup> 'CZI heed directive on advancement', *The Herald*, 13 June 1983.

development in a nation is facilitated by a state that establish dense relations with the 'society' and criticise and advise each other in a constructive manner.

The July 1984 CZI annual congress was a defining event in the chamber's relations with the government on black advancement. Unlike in the past, this congress was attended by four cabinet ministers on its last day (13 July). These were: the Minister of Trade and Commerce, Richard Hove; the Minister of Industry and Technology, Kumbirai Kangai; the Minister of Labour, Manpower Planning and Social Welfare, Frederick Shava; and the Minister of Justice, Legal and Parliamentary Affairs, Eddison Zvobgo.<sup>173</sup> The attendance of CZI congress by these ministers symbolises its significance to the nation, more specifically on development issues. At this conference focus shifted from black advancement within CZI to black advancement in the chamber's member companies. Ministers grilled CZI leadership on why their member companies were slow in appointing blacks to senior positions. CZI outgoing president, Frank Mills, defended that most private companies no longer looked at colour in making appointments and promotions. He argued, as a result of this social change qualified blacks had a chance to land top positions in the private sector. Again, the evidence above shows that the government and CZI had frank and honest exchange of views on black advancement. Arguably, Evans' embedded autonomy concept is applicable in explaining government-CZI relations on black advancement in the 1980s.

CZI was often annoyed by what it regarded as unfair criticism from the government. Ahead of the July 1985 CZI annual congress, the newly appointed and first black president of CZI, John Mkushi, severely criticised the government for claiming the private sector was slow on black advancement without any statistics to prove that.<sup>174</sup> He lamented that the government lacked a yardstick or theoretical model of acceptable pace of black advancement to assess the extent to which the private sector complied with the policy. In addition, Mkushi averred that black advancement depends on the availability of posts ready to be filled. He also argued that since the economy was hit by recession between 1981 and 1984 it was illogical for companies to continue appointing and promoting blacks to top positions when they lacked

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<sup>173</sup> Business Reporter, 'CZI quizzed on slow pace of black promotions', *The Herald*, 14 July 1984.

<sup>174</sup> 'Mkushi defends CZI on black advancement issue', *The Financial Gazette*, 19 July 1985, pp. 2, 28.

capacity to pay them. While Mkushi understood the essence of the black advancement policy, he was furnishing the government with information on other issues such as the need for a measurable way to assess black advancement and the state of the economy. As highlighted earlier, and will further be discussed in the subsequent paragraphs, one of CZI's the major contributions to the black advancement debate was researching and providing information to the state. The supply of invaluable information and intelligence to the state by the society is one of the major tenets of Evans' concept of embedded autonomy and is regarded as critical in national development.<sup>175</sup> Hence, the relevance of the concept of embedded autonomy to explain CZI-government relations on black advancement in the 1980s.

Despite attempts by Mkushi to pre-empt the government, there was a heated debate at the July 1985 CZI annual congress. Just like the previous congress, cabinet ministers grilled CZI on the slow pace of black advancement in the private sector. The Minister of Industry and Technology, Kangai, stated that some blacks in the private sector reported to his ministry about discrimination in job promotions.<sup>176</sup> Kangai lamented that as compared to the early days of independence, black advancement had slowed down. He also expressed concern that most black promotions were confined to areas of personnel management and public relations.<sup>177</sup> On the other hand, the Minister of Labour, Manpower Planning and Social Welfare, Frederick Shava, stated that powers and responsibilities of black managers were often curtailed or even transferred to their white counterparts.<sup>178</sup> Delegates at the congress confirmed that some black promotions were mere window dressings done as part of public relations exercise with the government.<sup>179</sup> However, outgoing CZI president, Alan Paterson, stated that although statistics were not readily available, most private companies had done their best in black advancement.<sup>180</sup> He further stressed that although some blacks had high academic qualifications, they needed

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<sup>175</sup> Evans, 'Predatory, Development, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State', p. 575.

<sup>176</sup> 'Industry chiefs quizzed on black advancement', *The Herald*, 13 July 1985.

<sup>177</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', p. 1; 'Industry chiefs quizzed on black advancement'.

<sup>178</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', p. 1.

<sup>179</sup> 'Industry chiefs quizzed on black advancement', *The Herald*, 13 July 1985.

<sup>180</sup> *Ibid.*

experience to in order to occupy specialised posts which require internal training.<sup>181</sup> Arguably, there is no organization which provided a platform for government ministers and captains of industry to exchange views on black advancement as CZI did. This level of engagement was rare and unique, and typical to Evans' embedded autonomy thesis.

One of the resolutions made at this congress was that CZI should to carry out a survey on progress made in black advancement on its member companies since 1980.<sup>182</sup> A special task force, chaired by John Hillis, was established to research and prepare a report to be presented at the 1986 CZI annual congress.<sup>183</sup> CZI, by undertaking black advancement research it was acting as what Wolfgang Streeck and Philippe C. Schmitter have regarded as 'private interest government'.<sup>184</sup> This refers to a situation where an interest group takes responsibility to undertake tasks or provide services which should normally be provided by the state. Broadly, the concept of 'private interest government' resonates with Evans' concept of embedded autonomy. It was easy for CZI to get relevant information from most private companies. CZI was, therefore, a key partner to the government on black advancement in the private sector.

Despite defending itself in public, CZI bowed down to government pressure. On 2 October 1985, at a luncheon of the Executives' Association of Harare, CZI president, Mkushi, urged private companies to prepare their long term black advancement plans in line with government policy.<sup>185</sup> He said this was necessary even if it meant duplication of posts and employing blacks who could develop themselves academically and professionally while on top positions. He advised companies to view this as their internal staff development programmes for the future rather than coercion from the government. Since then CZI occasionally advised its member

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<sup>181</sup> Andrew Rusinga, 'Industry told to plan black advancement', *The Herald*, 3 October 1985; Also see: 'Industry chiefs quizzed on black advancement'.

<sup>182</sup> *Ibid.*

<sup>183</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', p. 2.

<sup>184</sup> Wolfgang Streeck and Philippe C. Schmitter, (eds.), *Private Interest Government: Beyond Market and State* (Beverly Hills, CA: Sage, 1985). I got Wolfgang Streeck and Philippe C. Schmitter's idea of 'private interest government' from John Lucas, 'The politics of business associations in developing world', *The Journal of Developing Areas*, Vol. 2, No. 1, (1997), pp. 78, 93.

<sup>185</sup> Anon, 'Black advancement', *The Herald*, 4 October 1985, p. 10.

companies that black advancement was in their long term business interests.<sup>186</sup> It also regularly warned companies that it was better to voluntarily implement the policy than to wait for government intervention. CZI advised that government intervention was likely to be seized by politicians in pursuit of their own interests.<sup>187</sup> In this case, CZI acted as an intermediary between the government and private companies. While it publicly defended companies, in private it explicitly advised them to be pragmatic and move with time. CZI had the unenviable task of conveying black advancement information from the government to the private sector and vice-versa.

CZI released its first report on black advancement at its annual congress in July 1986. The chairman of CZI special taskforce on black advancement, Hillis, presented a report and frankly acknowledged the concerns of the Ministry of Labour that black advancement had moved at a slow pace.<sup>188</sup> The report revealed that black advancement in the private sector had mainly been confined to personnel and production management.<sup>189</sup> In addition, it revealed that blacks were rarely promoted to top posts in central administration, finance, marketing, sales, purchasing and engineering.<sup>190</sup> Most importantly, the report exposed chasm between white employers and managers, and black managers. It revealed that black managers who were interviewed insisted that racism was prevalent in the private sector but varied among companies.<sup>191</sup> They wanted companies to be obliged by law to give a statement on black advancement progress in their annual reports.<sup>192</sup> Most white employers whose voices were captured in the report refuted claims of racism in the private sector. According to the report white employers posited that economic growth and industrial expansion were key to black advancement.<sup>193</sup> In addition, the report

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<sup>186</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', pp. 51-52.

<sup>187</sup> *Ibid*, p. 52.

<sup>188</sup> 'Members urge accelerated pace of advancement of blacks', *The Financial Gazette*, 18 July 1986, p. 25.

<sup>189</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', p. 3.

<sup>190</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', p. 3; Business Editor, 'Call to step up black advancement', *The Herald*, 10 July 1986.

<sup>191</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', pp. 5, 6, 10.

<sup>192</sup> *Ibid*, p. 12.

<sup>193</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', pp. 6, 11. For similar sentiments also see: ' "Investment will speed black promotion" – Chambati', *The Financial Gazette*, 1 September 1989, p. 1.

revealed that whites insisted that advancement should be based on merit rather than race.<sup>194</sup> Clearly, the CZI report unearthed and exposed the beliefs and feelings of managers across the racial divide. Although the government never took effective measures in line with the recommendations, this remains one of CZI's major contributions to the black advancement debate.

One of the most interesting developments at the 1986 CZI congress was that while the Minister of Labour, Frederick Shava, supported black advancement he concurred with the meritocracy views of white employers and managers. He insisted that in order to maintain high standards of management, blacks, just like whites, must be promoted on the basis of merit.<sup>195</sup> He also break ranks with the usually approach of most cabinet ministers by categorically stating that whites must not be discriminated against. He, however, stated that the distribution of top posts in the private sector must reflect national racial demographic ratios. Shava's statements testify that some senior government officials acknowledged the importance of meritocracy in national development and sympathised with the views of the private sector.

According to the 1986 CZI report most respondents concurred that CZI had an important role to play in black advancement in the private sector. This role includes informing members on government's goals on black advancement and the policy's long term benefits.<sup>196</sup> This finding squarely conforms to Evans' embedded autonomy concept which propound that interest groups must complement the government in development policies.<sup>197</sup> However, while CZI accepted responsibility to encourage black advancement, it rejected to be apportioned blame for its member companies' shenanigans against the policy. CZI outgoing president, Mkushi, stated that the chamber cannot be hold accountable for dishonest activities such as 'window dressing' because individual companies are entirely responsible for appointing and promoting their personnel.<sup>198</sup> This point was supported by the Minister of Labour, Shava. This reveals that while CZI actively contributed to the black advancement

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<sup>194</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', p. 11; Business Editor, 'Call to step up black advancement'.

<sup>195</sup> 'Members urge accelerated pace of advancement of blacks', p. 25.

<sup>196</sup> Confederation of Zimbabwe Industries, 'Report on Job Creation and Black Advancement, Black Advancement Part II', p. 7.

<sup>197</sup> Evans, 'Government Action, Social Capital and Development: Reviewing the Evidence on Synergy', p. 1120.

<sup>198</sup> 'Members urge accelerated pace of advancement of blacks', p. 25.

debate, its influence on developments in individual companies was limited. In general, while CZI delegates at this congress differed in approach and method, they concurred that black advancement should be speeded up.<sup>199</sup> Although resistance by specific CZI member companies to black advancement persisted, it was becoming clearer that racial discrimination was increasingly becoming difficult to condone.

Between January and April 1989 CZI commissioned another report on black advancement.<sup>200</sup> The objective of the report was to examine the extent to which the private sector, particularly CZI member companies, implemented the black advancement policy since the release of the 1986 report.<sup>201</sup> The research was conducted by Dr Brigid Strachan, an academic at the Centre for Applied Social Sciences at the University of Zimbabwe.<sup>202</sup> She was assisted by Linda Moss, a member of the CZI secretariat.<sup>203</sup> As compared to previous reports on black advancement, the 1989 CZI report was more comprehensive.

Since both the government and the private sector had great stakes in black advancement, the release of the report escalated the debate in the media. It became apparent for educated and critical citizens that newspapers were players in the black advancement debate. The state controlled paper, *The Herald*, claimed the report was supposed to be presented and debated at the CZI congress in June 1989 but senior CZI white members felt the report was going to be politically manipulated by the government and the media.<sup>204</sup> *The Herald* claimed CZI attempted to conceal to the nation the detailed findings of the report. The paper claimed CZI officially availed an abridged version of the report but concerned CZI committee members leaked full

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<sup>199</sup> *Ibid.*

<sup>200</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. ii.

<sup>201</sup> *Ibid*, p. iii.

<sup>202</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. ii; Herald Reporters, 'Blacks getting raw deal in private firms', *The Herald*, 9 August 1989.

<sup>203</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. ii.

<sup>204</sup> Herald Reporters, 'Blacks getting raw deal in private firms'. The claim that CZI attempted to conceal the findings of the 1989 report on black advancement was reiterated by a Member of Parliament Tirivanhu Mudariki during a debate on economic indigenisation on 4 April 1991, see: *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April, 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4086.

copies of the report.<sup>205</sup> However, CZI president, John Deary, refuted *The Herald's* claims arguing that in line with the chamber's norms and research ethics, before a report is released to the public, it has to be perused and discussed by its committees and participating companies.<sup>206</sup> Deary also stated that in the case of this particular report, with national significance, copies had to be sent to the Office of the President and relevant government ministries before releasing it to the public. Contrary, to *The Herald*, the major independent and weekly business paper, *The Financial Gazette*, reported positively on CZI and its report. It commended CZI for carrying out the survey.<sup>207</sup> The media was, therefore, critical in shaping public views on black advancement. It took a critical mind for individuals to read between the lines the view which specific papers wanted the public to consume.

The report made three important observations. First, a number of firms were white family businesses and it was difficult for blacks to occupy top positions in such firms.<sup>208</sup> Second, the majority of white and black managers were opposed to legislation to push for black advancement in the private sector as that could cause window dressing.<sup>209</sup> Third, the report stated that while black advancement was slow the ratio of blacks in private sector top positions has improved because of white emigration and strict conditions in the employment of expatriate workers.<sup>210</sup> Most respondents interviewed stated that CZI had an important role of educating member companies in black advancement.<sup>211</sup> This view concurs with one of the major arguments of this thesis that development policies are best executed when civil society is involved. In general, the 1989 CZI report revealed underlying factors affecting black advancement in the country. Since these research findings could not have been discovered without a well-funded research, CZI deserves credit for this.

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<sup>205</sup> Herald Reporters, 'Blacks getting raw deal in private firms'; Herald Reporters, 'Private sector reluctant to promote non-whites. Barrier that faces blacks', *The Herald*, 10 August 1989.

<sup>206</sup> Herald Reporter, 'CZI set to release report', *The Herald*, 10 August 1989.

<sup>207</sup> 'CZI black advancement report. Advancement is "significant", but momentum must be maintained', *The Financial Gazette*, 18 August 1989, pp. 10-11.

<sup>208</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', pp. iii, v; Herald Reporters, 'Blacks getting raw deal in private firms'.

<sup>209</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 49.

<sup>210</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', pp. iii, 7; Herald Reporters, 'Blacks getting raw deal in private firms'.

<sup>211</sup> Strachan, 'Report for the Confederation of Zimbabwe Industries: Black managerial advancement in a sample of CZI member companies', p. 50.

From April to May 1991, CZI and the Institute of Personnel Management Zimbabwe (IPMZ) jointly carried out a follow up survey on black advancement covering the period 1989 to March 1991.<sup>212</sup> The collaboration between CZI and IPMZ to research on black advancement to augment government efforts is a typical example of what Evans regarded as ‘embeddedness’ between civil society and state institutions which brings more successful development than when the two operates separately.<sup>213</sup> In this particular survey, CZI decided to collaborate with the IPMZ because the latter specialises and has expertise in human resources and was better placed to engage with managers who were the major respondents. All these point to the fact that the state requires the support and expertise of relevant non-state actors in implementing policies, a key tenet of the embedded autonomy concept.

Just like the previous two reports, the survey published in 1992 was invaluable as it exposed fresh evidence on the status of black advancement. The survey revealed that, despite strides in black advancement, whites still occupied most senior positions in the private sector. For example, in 1990 out of 458 senior positions in the sampled companies, 286 (62%) were occupied by whites, while 172 (38%) were occupied by blacks.<sup>214</sup> See **table 4.6**. However, in terms of new appointments, statistics indicated that more blacks than white were appointed to senior, middle and junior positions. For example out of 125 senior appointment made in sampled companies between 1989 and 1990, 69 were blacks while 56 were whites.<sup>215</sup> See **table 4.7** Although the statistics shows that in terms of national racial demographics new appointments were still in favour of whites, progress was slowly but surely being made in black advancement.

**Table 4.6: Management levels and functional race in sample CZI member companies, 1989 to 1990**

| Managerial Functions | Senior |       | Middle |       | Junior |       |
|----------------------|--------|-------|--------|-------|--------|-------|
|                      | White  | Black | White  | Black | White  | Black |
|                      |        |       |        |       |        |       |

<sup>212</sup> ‘Black Advancement Survey’, *CZI Industrial Review*, January 1992, p. 30.

<sup>213</sup> Evans, ‘Government Action, Social Capital and Development: Reviewing the Evidence on Synergy’, p. 1120.

<sup>214</sup> ‘Black Advancement Survey’, p. 31.

<sup>215</sup> *Ibid*, p. 31.

| Managerial Functions   | Senior |       | Middle |       | Junior |       |
|------------------------|--------|-------|--------|-------|--------|-------|
|                        | White  | Black | White  | Black | White  | Black |
| General Administration | 88     | 35    | 49     | 90    | 18     | 215   |
| Finance                | 41     | 32    | 36     | 102   | 14     | 129   |
| Production             | 49     | 35    | 74     | 162   | 16     | 385   |
| Marketing              | 56     | 27    | 62     | 120   | 12     | 134   |
| Personnel              | 10     | 21    | 8      | 50    | 3      | 39    |
| Technical              | 42     | 22    | 66     | 73    | 32     | 181   |
| Total                  | 286    | 172   | 295    | 597   | 95     | 1087  |
| %                      | 62     | 38    | 33     | 67    | 8      | 92    |

Source: 'Black Advancement Survey', *CZI Industrial Review*, January 1992, p. 31.

Table 4.7: New management appointments in sample CZI member companies with particular focus on level and race, 1989 to 1990

| Managerial Functions   | Senior |       | Middle |       | Junior |       |
|------------------------|--------|-------|--------|-------|--------|-------|
|                        | White  | Black | White  | Black | White  | Black |
| General Administration | 17     | 16    | 13     | 35    | 6      | 33    |
| Finance                | 9      | 14    | 13     | 35    | 6      | 25    |
| Production             | 13     | 9     | 11     | 55    | 5      | 78    |
| Marketing              | 4      | 9     | 10     | 38    | 2      | 27    |
| Personnel              | 2      | 10    | 1      | 13    | 2      | 11    |

| Managerial Functions | Senior |       | Middle |       | Junior |       |
|----------------------|--------|-------|--------|-------|--------|-------|
|                      | White  | Black | White  | Black | White  | Black |
| Technician           | 11     | 11    | 14     | 36    | 14     | 33    |
| Total                | 56     | 69    | 62     | 212   | 35     | 207   |
| %                    | 40     | 60    | 23     | 77    | 15     | 85    |

**Source:** 'Black Advancement Survey', *CZI Industrial Review*, January 1992, p. 31.

Just like the 1986 report, the survey revealed the schism between black and white managers on black advancement. Most white managers argue that a policy of black advancement was no longer relevant while most black managers believed the policy was needed to address past imbalances.<sup>216</sup> The survey also stated that the nation was now less focused on black advancement as it focused on trade liberalisation and sought to address economic challenges affecting the majority such as unemployment.<sup>217</sup> The majority of both white and black managers believed 'black ownership of industry' was now more important than black advancement.<sup>218</sup> The desire by blacks to own and control the economy for much of the 1990s was more radical and provides yet another interesting era of state-interest group relations on development. That will be the focus of Chapter 6. With the above evidence, there is no doubt that the state and CZI related in an embedded autonomy fashion and the latter became the leading 'moderate' interest group and researcher advocating for rational black advancement. It furnished the state and the public with important and critical information on a subject and policy of national significance.

## Conclusion

The black advancement debate demonstrates that the state's relations with interest groups on policies of national significance are complex and varies as determined by the interests of particular groups. As demonstrated by cases of NRZ and CZI-state

<sup>216</sup> *Ibid*, p. 35. For more details on this point also see: 'Black advancement is no longer a priority – executives', *The Herald*, 15 October 1992.

<sup>217</sup> 'Black Advancement Survey', p. 30.

<sup>218</sup> *Ibid*, p. 35.

relations, where statism and embedded autonomy can be applied respectively, no single concept can be used to explain these varied relations. Although the government was clearer on black advancement policy in the public and semi-autonomous sectors, it was pragmatic in the implementation of the policy in the private sector. Some key observations have been made regarding two major types of interest groups which greatly contributed to the black advancement debate: trade unions and business associations. Trade unions such as RAWU and TIWU were more concerned with racial discrimination in appointments and promotions to senior positions, hence their support of affirmative action. These unions expressed consciousness of the new political dispensation in the country and protested against employers involved in discriminatory practices. However, the appointment and promotion of unqualified and incompetent blacks to key positions in the public and semi-autonomous sector led to accusations that affirmative action-driven black advancement was a ploy to buttress elite patronage.

On their part, most business associations were concerned with efficiency, good management, productivity and profitability, hence their support for meritocracy. However, in some cases the paradox in the semi-autonomous and private sector was the appointment and promotion of less qualified individuals ahead of suitable candidates. This led to the view that insistence on meritocracy by some semi-autonomous and private sector entities was a ploy to exclude blacks from lucrative positions. To a larger extent, the state acted as an arbiter on black advancement disputes between sectoral trade unions and employers in the semi-autonomous sector. In the private sector, the state did not take any decisive action beyond persuading, warning and threatening unscrupulous enterprises. Business associations, most notably CZI, became intermediaries between the government and the private sector. They urged private enterprises to acknowledge the new social order and implement the black advancement policy for it was in their long term interests. Succinctly, the role played by interest groups in the black advancement debate must not be underestimated.

## Chapter Five

### Contradistinctions and contradictions: Neoliberalism-indigenisation nexus, 1991 to 1999

We fully endorse the ESAP and Trade Liberalisation Programme but we feel that a vigorous parallel programme to promote black advancement through management control and ownership should be put in place.<sup>1</sup>

Indigenous Business Development Centre (IBDC), October 1990.

The need for indigenisation is no longer the issue for it is generally accepted and acceptable, but how it will be successfully achieved must now be the focus of the nation's attention.<sup>2</sup>

Danny Meyer, President of the Zimbabwe National Chamber of Commerce (ZNCC), 30 May 1995.

#### Introduction

The paradox of Zimbabwe's political economy in the 1990s was the co-existence of neoliberal economic reforms and 'economic nationalism' exuded as indigenisation. While neoliberalism and indigenisation stood as forces which, in theory, could be compatible, in practice they were diametrically antagonistic, hence contradistinctions. Both 'neoliberal' established business associations<sup>3</sup> and indigenous interest groups<sup>4</sup>

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<sup>1</sup> IBDC, 'Economic Structural Adjustment Programme: An opportunity for the creation of employment and broader indigenous economic base', October 1990, p. 10.

<sup>2</sup> 'ZNCC calls for clear indigenisation policy', *The Herald*, 31 May 1995.

<sup>3</sup> In this chapter and others which follows 'established interest groups' and 'established business associations' refers to what I referred to as 'white interest groups' and 'white business associations' respectively in chapters Two, Three and Four, covering the period before 1991. These interest groups or business associations include the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Chamber of Mines, and Employers Confederation of Zimbabwe (EMCOZ). Although still dominated by local white and foreign capital, black capital was on the increase. More black companies became members of these interest groups. In addition, more blacks became active participants and took senior positions at all levels in these interest groups. However, the phrase 'mainly white' will be used occasionally to emphasise the dominance of white and foreign capital in explaining particular issues. The term 'established' is used because these interest groups had a longer history dating back to the colonial period, were more experienced in economic and business affairs, were well-funded, had more physical infrastructure, had full-time professional staff and had more international business networks. The term 'established' is, therefore, used to distinguish them from indigenous interest groups that proliferated from 1990 onwards and which lacked most of the above qualities. However, the Construction Industry Federation of Zimbabwe (CIFOZ) and Zimbabwe Association for Tourism and Safari Operators (ZATSO), which represented the construction and tourism sectors respectively, were still

enunciated and purported to be the quintessential purveyors of indigenisation but their practical models to achieve it differed. Indigenous interest groups stepped up the indigenisation rhetoric which resonated with the state's discourse of 'economic nationalism'. However, established business associations' practical programmes such as franchising, micro-business development and business linkages' were bold and brought more indigenous enterprises into mainstream economy. Besides their lack of business clout, indigenous interest groups suffered from internal power struggles, elite enrichment, lack of good governance and transparency, all leading to their lack of credibility. Although the Cabinet and the Parliament conspicuously differed in the implementation of the indigenisation policy, pragmatism remained the state's key approach in accommodating antagonistic interest groups throughout the 1990s.

### **Neoliberalism-indigenisation conundrum**

To all intents and purposes, pro-active indigenisation measures in the 1990s were largely propelled by neoliberal economic reforms adopted by the government known as Economic Structural Adjustment Programme (ESAP). At first glance, the promotion of indigenous enterprises was consistent with ESAP. However, a closer analysis reveals that indigenisation was diametrically opposed to neoliberal economic reforms. This section examines the contradistinctions between neoliberalism and indigenisation. Chapter One defined neoliberalism and gave a synopsis of its contradictory positions on civil society. Through the lens of indigenisation, the discussion of the contradictions between neoliberalism and civil society will be zoomed in this section and be expanded in the ensuing sections.

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dominated by white capital and had minimal black participation. These can safely continue to be referred as 'white' during the 1990s.

<sup>4</sup> In this chapter and others which follows 'indigenous interest groups' refers to lobby groups formed from 1990 onwards to facilitate black entrance in the mainstream economy. Examples are the Indigenous Business Development Centre (IBDC), Affirmative Action Group (AAG) and several others. 'Indigenous business associations' were formed in the 1990s to represent blacks in particular sectors of the economy. Examples are Zimbabwe Indigenous Freight Forwarders Association (ZIFFA) (transport sector), Zimbabwe Travel and Hospitality Operators' Association (ZITHOA) (tourism and hospitality sector). However, few 'indigenous business associations' emerged from the 1980s where I referred to them as 'black business associations'. These include the Zimbabwe Building Construction Association (ZBCA) (construction sector) and the Small Scale Miners' Association of Zimbabwe (SSMAZ) (mining sector).

The period 1988 to 1991 witnessed the Zimbabwe African National Union (Patriotic Front) (ZANU-PF) government's practical drift from rhetorical scientific socialism to neoliberal economic reforms. This was partly a response to the global waning of socialism as its citadel, the Soviet Union, was disintegrating. During that same period, the local private print media published more articles by public intellectuals and anonymous writers, who, by making reference to Eastern Europe, criticised socialism as a contradictory ideology that leads to backwardness and poverty.<sup>5</sup> In light of these external and internal pressures, President Robert Mugabe urged his party to debate and review its ideological orientation.<sup>6</sup> Mugabe and his government showed increasing inclination to 'indigenous capitalism' which he argued should be adopted alongside 'the philosophy of socialism based on Marxism-Leninism'.<sup>7</sup> Key ZANU-PF government figures such as the then Senior Minister of Political Affairs, Didymus Mutasa, previously a staunch supporter of socialism, encouraged black business people to ignore the government's socialist ideology and become capitalists.<sup>8</sup> Mutasa explicitly told a group of black business people in Harare in March 1991 that: 'Since there are no black capitalists, we are asking you to go out to become the capitalists'.<sup>9</sup> This was in sharp contrast to the ZANU-PF government's indifferent attitude towards black entrepreneurs whose businesses developed slowly in the 1980s. Unlike the 1980s, in the early 1990s the term 'indigenous' and phrases such as 'participation of indigenous people in productive activities' were used in government economic blueprints.<sup>10</sup> In this way, the government was officially indicating its desire to promote the emergence of black capitalists. However, as a public relations exercise, ZANU-PF purported to remain guided by socialism to appease its supporters it had 'fed' with the ideology over the years. This was a continuation of the government's pragmatic approach to economic issues.

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<sup>5</sup> See for example: 'Socialism without socialists?', *The Financial Gazette*, 28 March 1991, p. 4; 'Facts and not faith must guide ideology', *The Financial Gazette*, 27 June 1991, p. 4; 'What does 'indigenisation' mean to you?', *The Financial Gazette*, 3 March 1994, p. 12.

<sup>6</sup> 'President calls for full debate on socialism', *The Financial Gazette*, 28 March 1991, p. 4.

<sup>7</sup> 'What is this indigenous capitalism?', *The Financial Gazette*, 11 January 1991, p. 5.

<sup>8</sup> 'Mutasa makes U-turn on socialism', *The Financial Gazette*, 28 March 1991, p. 1.

<sup>9</sup> *Ibid.*

<sup>10</sup> Republic of Zimbabwe, *Second Five-Year National Development Plan, 1991-1995*, (Government Printer, Harare, 1991), Foreword.

Unsatisfactory economic performance in the 1980s largely explains the government's shift from theoretical scientific socialism to neoliberal economic reforms. For example, the 2,7% growth of the Gross Domestic Product (GDP) between 1980 and 1989 lagged behind population growth.<sup>11</sup> Poverty and unemployment increased during the late 1980s and early 1990s.<sup>12</sup> Faced with all these challenges, the government, in consultation with the World Bank, the International Monetary Fund (IMF)<sup>13</sup> and established business associations such as the Confederation of Zimbabwe Industries (CZI) and the Zimbabwe National Chamber of Commerce (ZNCC), worked to introduce ESAP.<sup>14</sup> The conflation of established business associations and international development agencies such as the World Bank to persuade the state to adopt economic reforms, has been identified by Björn Beckman as one of the key characteristics of neoliberalism.<sup>15</sup> Thus neoliberalism is a useful concept to analyse state-interest group relations on indigenisation during the 1990s.

The government sought to liberalise the overregulated economy by removing controls such as rigid and crippling import duty.<sup>16</sup> Through ESAP, the government aimed at increasing investment, efficiency, modernising the economy and reducing poverty.<sup>17</sup> The state also sought to reduce expenditure on social services, increase production and attract foreign investment.<sup>18</sup> Although in practice the government failed to adhere to all the tenets of neoliberalism, it now preferred an economy shaped by market forces. A host of other measures which the government adopted or intended to adopt to liberalise the economy includes interest rate liberalisation, removal of exchange controls, limiting price controls, removal of strict labour

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<sup>11</sup> Government of Zimbabwe, *Zimbabwe: A Framework for Economic Reform (1991-1995)*, (Harare, Government Printer, 1991), p. 1.

<sup>12</sup> Government of Zimbabwe, *1990/91 Annual Plan*, (Ministry of Finance, Economic Planning and Development; August 1990), p. 3.

<sup>13</sup> The World Bank and the International Monetary Fund will also be referred to in this chapter as Bretton Woods institutions.

<sup>14</sup> Republic of Zimbabwe, *Second Five-Year National Development Plan, 1991-1995*, Foreword.

<sup>15</sup> Björn Beckman, 'The liberation of civil society: neo-liberal ideology and political theory', *Review of African Political Economy*, Vol. 20, No. 58, (1993), p. 26.

<sup>16</sup> Government of Zimbabwe, *Zimbabwe: A Framework for Economic Reform, (1991-1995)*, pp. 11, 12.

<sup>17</sup> Republic of Zimbabwe, *Second Five-Year National Development Plan, 1991-1995*, Foreword; Government of Zimbabwe, *Zimbabwe: A Framework for Economic Reform (1991-1995)*, p. iii.

<sup>18</sup> Government of Zimbabwe, *1990/91 Annual Plan*, p. 3.

regulations and fiscal discipline.<sup>19</sup> With these measures, the government drifted from the 1980s social welfarism to a neoliberal market based economy.

There was a nexus between indigenisation and neoliberal economic reforms in the 1990s. First, it is important to state that although the government claimed that ESAP was home grown, the programme was widely viewed by black entrepreneurs and workers as foreign sponsored and meant to benefit foreign and local white capital.<sup>20</sup> The World Bank and the IMF, the sponsors of neoliberal economic reforms, prescribed measures which the government had to undertake to access adequate funding. These included the protection of private ownership of land, devaluation of local currency, reducing the civil service, privatisation and commercialisation of public enterprises and opening the economy to international trade.<sup>21</sup> The government's agreement to implement these reforms saw it accessing World Bank and IMF loans with a total value of US\$155 million and US\$484 million, respectively in 1991 alone.<sup>22</sup> At its inception in 1991 ESAP led to the retrenchment of over 30 000 employees in the civil service and parastatals most of whom joined the informal sector.<sup>23</sup> This increased workers and entrepreneurs' resentment against the two Bretton Woods institutions. As discussed in the following paragraphs, elite black business people and the legislature manipulated this resentment to construct a discourse of 'economic nationalism' centred on indigenisation which suited their economic and political interests.

Second, CZI, ZNCC and the Chamber of Mines which were widely viewed by blacks as representing the interests of foreign and local white capital, played a leading role

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<sup>19</sup> Government of Zimbabwe, *Zimbabwe: A Framework for Economic Reform (1991-1995)*, pp. 1 - 15.

<sup>20</sup> Hevina Dashwood has disputed the view that ESAP was prescribed on the government by the World Bank and IMF. She argues that the government showed an inclination to implement neoliberal economic reforms before consultation with the World Bank and IMF. See: Hevina S. Dashwood, *Zimbabwe: The Political Economy of Transformation*, (University of Toronto Press, Toronto, 2000), pp. 80, 84.

<sup>21</sup> Patrick Bond and Masimba Manyanya, *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, (University of Natal Press, Pietermaritzburg, 2002), pp. 116 – 117.

<sup>22</sup> Peter Gibbon, 'Introduction: Structural Adjustment and the Working Poor in Zimbabwe', in Peter Gibbon (ed.), *Structural Adjustment and the Working Poor in Zimbabwe*, (Nordiska Afrikainstitutet, Uppsala, 1995), pp. 13-14.

<sup>23</sup> Lloyd. M. Sachikonye, 'Industrial Restructuring and Labour Relations under ESAP in Zimbabwe', in Peter Gibbon (ed.), *Structural Adjustment and the Working Poor in Zimbabwe*, pp. 128; Also see: Tambayi Nyika, 'Informal sector poised for growth', *The Sunday Mail*, 25 August 1996.

in the formulation and adoption of ESAP.<sup>24</sup> CZI's role was outstanding. As early as October 1987, it was urging the government to adopt economic reforms and liberalise the economy.<sup>25</sup> CZI, ZNCC and the Chamber of Mines welcomed the adoption of ESAP in 1991 as a positive measure to dismantle controls and an indication of the 'government's commitment to change'.<sup>26</sup> CZI, which by then saw itself as a vanguard business association in implementing neoliberal economic reforms, popularised ESAP. For example in June 1991, with funding from the Friedrich Naumann Foundation, CZI launched 40 000 pamphlets printed in English and the two major vernacular languages, Shona and Ndebele, and distributed them to the public.<sup>27</sup> The government recognised the role of CZI in economic reforms by co-opting its representatives on the Structural Adjustment Programme (SAP) monitoring committee which was dominated by state officials.<sup>28</sup> This committee was tasked with assessing ESAP and advising the government on sectoral needs.

The push for neoliberal economic reforms by the World Bank, IMF and established business associations led to demands for parallel affirmative action programme in favour of blacks by black business elites and the legislature. While earlier studies by Brian Raftopoulos,<sup>29</sup> Volker Wild,<sup>30</sup> Alois S. Mlambo<sup>31</sup> and Hevina S. Dashwood<sup>32</sup> established the link between neoliberal economic reforms and the demand for indigenisation by black entrepreneurs, they did not explore how this was contested by established and indigenous interest groups vis-à-vis the state. This chapter explores those contestations. As government consultations with the World Bank, the IMF and established business associations intensified and as the prospect of

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<sup>24</sup> Tor Skålnes' work discusses in detail the role played by interest groups in economic reforms in Zimbabwe including the period under discussion. See Skålnes, 'The state, interest groups and structural adjustment in Zimbabwe', *Journal of Development Studies*, Vol. 29, No. 3 (1993), pp. 415-416; and Tor Skålnes, *The Politics of Economic Reform in Zimbabwe*, (MacMillan Press Ltd, London, 1995), pp. 125-146.

<sup>25</sup> Lynda Loxton, 'CZI calls for new plans to boost economy', *The Herald*, 15 October 1987.

<sup>26</sup> Business Reporter, 'Business community welcomes economic reform programme', *The Herald*, 21 February 1991.

<sup>27</sup> 'CZI launches pamphlet to explain economic reforms', *The Herald*, 19 June 1991.

<sup>28</sup> Confederation of Zimbabwe Industries, *The Industrialist*, May 1991, p. 5.

<sup>29</sup> Brian Raftopolous and Sam Moyo, 'The Politics of Indigenisation in Zimbabwe', (Research Paper, Institute of Development Studies, University of Zimbabwe, Harare, 1994), p. 10.

<sup>30</sup> Volker Wild, *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe*, (Baobab Books, Harare, 1997), pp. 266-268.

<sup>31</sup> Alois S. Mlambo, *The Economic Structural Adjustment Programme: The Case of Zimbabwe, 1990-1995*, (University of Zimbabwe Publications, Harare, 1997), pp. 10-11.

<sup>32</sup> Dashwood, *Zimbabwe: The Political Economy of Transformation*, pp. 95, 96.

economic liberalisation became certain, a small group of black captains of industry requested a meeting with President Mugabe. This was granted in November 1988.<sup>33</sup> At this meeting, black executives pleaded with Mugabe that should the government adopt economic liberalisation in the near future a parallel indigenisation programme to promote black investment, develop black businesses and create employment should be undertaken.<sup>34</sup> It emerged from this meeting that in order for black businesses to benefit from a parallel indigenisation programme and to keep them well-organised and informed on developments during economic reforms, there was need to form an indigenous business organisation. A series of consultative meetings between black businessmen and the Office of the President culminated in the formation of the Indigenous Business Development Centre (IBDC) on 20 December 1990.<sup>35</sup> Strictly speaking, the emergence of the IBDC was a response to looming neoliberal economic reforms.

A thorough reading of Hansards of the Parliament of Zimbabwe covering the 1990s revealed that the executive (Cabinet) and the legislature (Parliament) differed on indigenisation, although they were both controlled by ZANU-PF. The legislature concurred with the IBDC that since ESAP was more likely to benefit big foreign and white owned enterprises, there should be a parallel indigenisation programme to reduce economic inequities in the society. The legislature, just like the IBDC, criticised the executive, for adopting ESAP and for what it saw as half-hearted implementation of indigenisation. To show its commitment to indigenise the economy, on 4 April 1991, the Parliament established a Select Committee on the Indigenisation of the Economy. The Select Committee was tasked to introduce supportive legislation and assist the executive to take decisive measures to implement the policy.<sup>36</sup> The Committee comprised of Ruth Chinamano, Margaret Dongo, Joseph Kaparadza, Richard Katsande, Edna Madzongwe, Alois

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<sup>33</sup> IBDC, 'Economic Structural Adjustment Programme: An opportunity for the creation of employment and broader indigenous economic base', p. 1.

<sup>34</sup> *Ibid*, p. 7; This position was maintained by the IBDC at a meeting between the ZANU-PF politburo and interest groups in Victoria Falls in February 1994. See: A speech presented by the IBDC Secretary General, Mr Enock Kamushinda at the ZANU(PF) Politburo meeting in Victoria Falls, 1 to 3 February 1994, p. 4.

<sup>35</sup> *IBDC Newsflash*, 5 July 1991, p. 1; Comment, 'IBDC alright, but ...', *The Financial Gazette*, 4 January 1991, p. 4; 'IBDC backs land reform scheme', *The Herald*, 4 March 2002

<sup>36</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4076.

Mangwende, Smith Marara, Michael Mataure, Zviyedzo Matchaba-Hove, Simon Khaya Moyo, Tirivanhu Madariki, Sabina Mugabe, Gibson Fibeon Munyoro, Edson Ncube, Cyril Enoch Ndebele, Johnson Ndlovu and Mpande Siyachimbo.<sup>37</sup> This attests to the seriousness with which the legislature took indigenisation.

ZANU-PF, as the governing political party, concurred with the IBDC and the legislature that a parallel indigenisation programme was necessary to prevent the marginalisation of blacks under ESAP.<sup>38</sup> However, in the early 1990s, pressure on the executive to indigenise the economy emanated mainly from the IBDC and the legislature. The two agreed on several nitty-gritties on how the policy should be implemented. It must be noted that between 1990 and 1994, the IBDC was the vanguard indigenous interest group challenging neoliberal economic reforms at the zenith of their popularisation and implementation. Although the debate continued beyond 1994, a period which saw the emergence of other interest groups, it lost its vigour. This is why the following paragraphs primarily discuss the views of the IBDC and the legislature on indigenisation, vis-à-vis neoliberalism. However, the positions of other interest groups such as the Zimbabwe Congress of Trade Unions (ZCTU), the Affirmative Action Group (AAG) and the Consumer Council of Zimbabwe (CCZ) are also captured.

The legislature and the IBDC used racial rhetoric to denounce ESAP in order to justify indigenisation. In a parliamentary session debating indigenisation on 4 April 1991, legislator Tirivanhu Mudariki, a staunch supporter of the policy, said:

Look at the structural adjustment programme – we support this programme, but who is going to benefit from this programme? It is the white man, and our children are going to pay for the Structural Adjustment Programme; yet the tiny minority will benefit from this Structural Adjustment Programme. This is why we must have a dynamic parallel programme for Blacks,... . Parliament must work out the modalities for the indigenisation programme. ... Mr. Speaker, our target must be a total, new

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<sup>37</sup> *Ibid*; Mr Smith M. Marara, MP, Harare South; col. 4076.

<sup>38</sup> ZANU(PF), *A Programme for the Indigenisation of the Economy Report*, September 1994, p. 4.

and just economic order in which each citizen can enjoy equal rights, equal treatment and equal opportunities in the social, political and economic walks of life.<sup>39</sup>

When ESAP was implemented and its negative effects unfolded, legislators such as Alois Mangwende and Ailess Baloyi denounced it as meaningless and putting indigenous people at a disadvantage.<sup>40</sup> Similarly, the IBDC claimed that ESAP was 'adjusting blacks out of the economy' and 'effectively adjusting whites into the economy'.<sup>41</sup> IBDC asserted that ESAP would widen control and the ownership gap between foreigners and whites who owned big enterprises and indigenous enterprises 'which were left out of the equation' and indigenous workers who were going to lose their jobs at the commencement of the programme.<sup>42</sup> In addition, the IBDC argued that ESAP was maintaining white owned companies competitive and ensuring that 'Blacks remain the underdogs'.<sup>43</sup> The above rhetoric by the legislature and the IBDC provides ample evidence that state-interest group relations on indigenisation in the 1990s can only be understood within the broader context of neoliberal economic reforms.

The legislature and the IBDC concurred that under the ESAP regime, the government was focusing more on attracting foreign investment at the expense of indigenous investment and considered this to be detrimental to national interests. The IBDC insisted that foreign investment must complement indigenous investment rather than vice-versa. Similarly, legislators such as Mudariki argued that foreign investors must not be left to take over the economy and demanded that indigenous people, the state or local authorities be involved in foreign investment through joint ventures.<sup>44</sup> In addition, the legislature and the IBDC concurred that the government must actively promote indigenous enterprises. Legislators such as Sydney Malunga

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<sup>39</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; cols. 4089-4090.

<sup>40</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 85, 21 May 1992; Mr Alois T. Mangwende, MP, Murehwa North; col. 6376; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 19, No. 27, 22 September 1992; Mr Ailess Baloyi, MP, Chiredzi South; col. 2243.

<sup>41</sup> A speech presented by the IBDC Secretary General, Mr Enock Kamushinda at the ZANU(PF) Politburo meeting in Victoria Falls, p. 1.

<sup>42</sup> IBDC, 'Economic Structural Adjustment Programme: An opportunity for the creation of employment and broader indigenous economic base', p. 10.

<sup>43</sup> A speech presented by the IBDC Secretary General, Mr Enock Kamushinda at the ZANU(PF) Politburo meeting in Victoria Falls, p. 2.

<sup>44</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4085.

stressed that as the government implemented ESAP, all challenges faced by indigenous businesses such as lack of title deeds must be solved.<sup>45</sup> The Parliamentary Select Committee on the Indigenisation of the Economy urged the government and development agencies to recapitalise and expand institutions which support indigenous businesses such as Small Enterprises Development Corporation (SEDCO) and the Zimbabwe Development Bank (ZDB) to spread the expected benefits of ESAP across the society and reduce the marginalisation of blacks.<sup>46</sup> The IBDC argued that most indigenous owned enterprises did not fall in the category of big companies for whom most ESAP measures were designed.<sup>47</sup> For example, few indigenous companies produced goods for export which ESAP intended to boost. This evidence clearly reveals that the demand for indigenisation by the IBDC and the legislature was a response to ESAP.

One of the conundrums in the neoliberalism-indigenisation nexus in the 1990s was the role of the state and the market. Analyses of neoliberalism, state, market and civil society by scholars from elsewhere resonate with the Zimbabwean case. Beckman observed that neoliberalism has focused on promoting the ascendancy of the market while 'de-legitimising' the state which is viewed as a major obstacle to the spread of its ideas.<sup>48</sup> According to Beckman, neoliberals view the state in developing countries as a balcony of anti-development nationalist sentiments, statism and patronage which is opposed to neoliberalism.<sup>49</sup> Confirming Beckman's observation, the World Bank, IMF and CZI were more inclined to the view that market forces rather than the state should regulate the economy. University of Zimbabwe lecturer, Tony Hawkins, a proponent of neoliberal economic reforms, was on record urging

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<sup>45</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 81, 23 April 1991; Mr Sydney D. Malunga, MP, Makokoba; col. 4392. Two commissioned studies examining challenges faced by indigenous entrepreneurs were carried out in the 1990s and these are: Kapil Kapoor, Doris Mugwara and Isaac Chidavaenzi, *Empowering Small Enterprises in Zimbabwe*, (World Bank Discussion Paper No. 379, The World Bank, Washington, D.C, 1997); Lisa Daniels, *Changes in the Small-Scale Enterprise Sector from 1991 to 1993: Results of a Second Nationwide Survey in Zimbabwe*, (GEMINI Technical Report No. 71, March 1994).

<sup>46</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 61, 12 March 1992; Mr Cyril Ndebele, MP, Gweru North; col. 4369.

<sup>47</sup> IBDC, 'Economic Structural Adjustment Programme: An opportunity for the creation of employment and broader indigenous economic base', p. 10.

<sup>48</sup> Beckman, 'The liberation of civil society: neo-liberal ideology and political theory', p. 21.

<sup>49</sup> *Ibid*, p. 21.

the government to reduce its role in the economy.<sup>50</sup> Proponents of neoliberalism such as CZI privately argued that the indigenisation programme was both not 'urgent' and interfering with market forces.<sup>51</sup> Neoliberals who expressed their views through the private print media urged the government to adopt a policy of 'economic realism' and embrace the market through encouraging foreign investment and multinational companies to improve the country's infrastructure, create employment and pensions, and increase national income from taxes.<sup>52</sup> Although established business associations such as CZI enunciated both neoliberal economic reforms and indigenisation, in principle the two economic policies were contradictory. I expand this argument in one of the sections in this chapter on indigenisation skirmishes.

Critics of neoliberalism such as David Skidmore stressed its limitations in economic development. Skidmore argues that the market alone, if not regulated by civil society, cannot bring sustainable development.<sup>53</sup> This argument has resonance with arguments put forward by indigenisationists in Zimbabwe. Pro-market sentiments were dismissed by the IBDC and ZCTU as short-sighted and baseless. The IBDC argued that by allowing market forces to regulate the economy, the state would be abdicating responsibility and power to foreign capital and local whites.<sup>54</sup> In addition, IBDC maintained that market forces were controlled by white controlled multinational companies, business associations, lobby groups and the Zimbabwe Stock Exchange, all of which had little black participation.<sup>55</sup> In agreement with the IBDC, ZCTU believed that if market forces were allowed to control the economy, indigenous entrepreneurs would be obliterated and appealed to the state to protect them.<sup>56</sup> The IBDC and ZCTU concurred that the 'market' under the ESAP regime must be checked by the state to prevent the enrichment of whites and

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<sup>50</sup> 'Proposals on pursuing indigenisation process', *The Herald*, 24 November 1994.

<sup>51</sup> 'What is this indigenous capitalism?', p. 5; Staff Reporter, 'CZI angered by IBDC suggestion', *The Financial Gazette*, 8 March 1991, p. 7.

<sup>52</sup> 'What is this indigenous capitalism?', p. 5.

<sup>53</sup> David Skidmore, 'Civil Society, Social Capital and Economic Development', *Global Society*, Vol. 15, No. 1, (2001), p. 63. For a more substantive criticism of neoliberalism at a global scale see: Noam Chomsky, *Profit Over People: Neoliberalism and Global Order*, (Seven Stories Press, New York, 1999).

<sup>54</sup> A speech presented by the IBDC Secretary General, Mr Enock Kamushinda at the ZANU(PF) Politburo meeting in Victoria Falls, p. 1.

<sup>55</sup> *Ibid*, p. 2.

<sup>56</sup> ZCTU, *Beyond The Economic Structural Adjustment Programme (ESAP): Framework For A Long-Term Development Strategy In Zimbabwe*, (August 1995), p. 14.

marginalisation of blacks.<sup>57</sup> Thus, the need to protect black entrepreneurs from the negative effects of market forces has been used to justify indigenisation.

The IBDC and the legislature insisted that the state was central to the indigenisation programme. The IBDC urged the government to deregulate the economy in favour of indigenous people. It asserted that big foreign and white owned companies benefited from existing regulations and laws.<sup>58</sup> The Parliamentary Select Committee on the Indigenisation of the Economy urged the government to amend Section 16(1) of the Lancaster House Constitution which restricted state action on private property and harmonise it with the indigenisation dispensation.<sup>59</sup> In addition, the Select Committee urged the government to amend the Regional, Town and Country Planning Act and all local authorities' bye-laws which restricted the development of indigenous businesses. The IBDC and the legislature demanded the repeal of colonial laws which curtailed the establishment and growth of indigenous enterprises. These laws include the Company Act, the Private Business Corporation Act, the Road Motor Transportation Act and the Grain Marketing Act.<sup>60</sup>

The IBDC and the legislature were concerned that ESAP was being implemented at a time when monopolies, mergers and trusts were still rampant in the manufacturing sector. They argued a few companies would control the production and distribution of particular goods.<sup>61</sup> To prevent this, the IBDC and the legislature urged the government to establish a Monopolies and Mergers Commission. They also called for the enactment of Mergers and Monopolies Act and Anti-Trust Act to prevent the dominance of a few big companies.<sup>62</sup> These demands prompted the Cabinet to establish a Taskforce on Deregulation to examine and initiate the amendment of

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<sup>57</sup> ZCTU, *Beyond The Economic Structural Adjustment Programme (ESAP): Framework For A Long-Term Development Strategy In Zimbabwe*, p. 14.

<sup>58</sup> A speech presented by the IBDC Secretary General, Mr Enock Kamushinda at the ZANU(PF) Politburo meeting in Victoria Falls, p. 7.

<sup>59</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 61, 12 March 1992; Mr Cyril Ndebele, MP, Gweru North; col. 4372.

<sup>60</sup> For details of how these laws curtailed indigenous businesses see: Kapil Kapoor, Doris Mugwara and Isaac Chidavaenzi, *Empowering Small Enterprises in Zimbabwe*, pp. 24-31.

<sup>61</sup> Pikirayi Deketeke, 'Birth of the indigenous businessman', *The Sunday Mail*, 21 July 1991, p. 9; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 61, 12 March 1992; Mr Cyril Ndebele, MP, Gweru North; col. 4371.

<sup>62</sup> *Ibid.*

laws and bye-laws which hindered the operations and development of small enterprises and the informal sector.<sup>63</sup> Thus, the legislature and the IBDC greatly contributed to the deregulation of the economy in favour of indigenous entrepreneurs in the early 1990s.

In addition, the IBDC and the legislature pushed the executive to facilitate the passing of new and decisive legislation to facilitate indigenisation. The IBDC's argued that SAPs would be skewed in favour of big enterprises if radical legislative measures in favour of indigenous businesses are not taken.<sup>64</sup> The IBDC demanded that an Indigenous Development Act be passed while the Parliamentary Select Committee on the Indigenisation of the Economy recommended what it called the Indigenisation Act<sup>65</sup> to make affirmative action in favour of black people binding. In addition, the IBDC urged the government to publish a Statutory Instrument reserving some sectors of the economy for the indigenous people. In 1993 the government reserved some sectors of the economy urban transport; barber shops, hairdressing and beauty saloons; and advertising for 'local' people.<sup>66</sup> Although this was never strictly applied, it shows the IBDC's success in persuading the government to formulate indigenisation policy. The IBDC's demands for affirmative and just economic laws conform to Skidmore's assertion that civil society is a necessary force to reduce inequality, prevent injustices and to provide social protection to vulnerable players in the economy.<sup>67</sup> However, this is not to say that the IBDC and other indigenous interest groups which proliferated in the 1990s were genuine representatives of the economically marginalised blacks. Rather, their voices countered the sentimental primacy given to the market.

The government was reluctant to pass an Indigenisation Act fearing it would scare investors and jeopardise neoliberal economic reforms. This led to accusations by the

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<sup>63</sup> France Maphosa, 'Towards the sociology of Zimbabwean indigenous entrepreneurship', *Zambezia*, Vol. 15, No. 2, (1998), p. 183. Also see: Business Reporter, 'Little businesses need a big hand', *The Herald*, 11 March 1993, p. 3.

<sup>64</sup> 'Role of IBDC spelt out', *The Sunday Mail*, 16 June 1991, p. 4.

<sup>65</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 18, No. 61, 12 March 1992; Mr Cyril Ndebele, MP, Gweru North; col. 4370.

<sup>66</sup> Small Scale Business Sector Facility – IBDC, 20 January 1994.

<sup>67</sup> Skidmore, 'Civil Society, Social Capital and Economic Development', pp. 64, 72.

legislature that the executive was complicit in widening racial inequities in wealth ownership.<sup>68</sup> In September 1997, the Minister of State Enterprises and Indigenisation, Cephas Msipa argued that the government successfully implemented the indigenisation policy and ESAP concurrently.<sup>69</sup> This reveals divisions on indigenisation between the executive and the legislature which was in alliance with the IBDC.

The legislature and the IBDC were very critical of the World Bank and IMF which sponsored the economic reforms. The World Bank and the IMF were accused of exploiting the country<sup>70</sup> and undermining its sovereignty by 'forcing' the government to adopt economic reforms.<sup>71</sup> This criticism was often conflated and embellished with indigenisation sentiments. IBDC's criticism of the World Bank and the IMF's calls to privatise parastatals were notable. The IBDC posited that parastatals were central in sustaining the state, safeguarding national interests and providing essential services. It challenged the neoliberal view that loss making state corporations should be sold and privatised arguing that some white controlled private companies were making losses and were bailed out by the government. These views were also echoed by legislator Mudariki, who criticised the World Bank and the IMF's calls to privatise parastatals as a threat to the state's control of the economy on behalf of its citizens.<sup>72</sup> Legislators posited that once privatised, parastatals would be profit rather than service oriented. They argued this would increase the suffering of the poor by drifting from social welfarism.<sup>73</sup> In addition, legislators opposed privatisation of parastatals which they viewed as a precursor to retrenchment of workers.<sup>74</sup> The

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<sup>68</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 20, No. 45, 2 November 1993; Mr Tirivanhu Mudariki, MP, Harare North; col. 3489.

<sup>69</sup> Statement by Hon. C. G. Msipa, MP, Minister of State Responsible for State Enterprises and Indigenisation in the Office of the President and Cabinet 'On the Role of Government in Indigenisation', Institute of Development Studies, Indigenisation and Poverty Reduction Seminar, Monomotapa – Great Indaba, 24 September 1997, p. 2.

<sup>70</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 20, No. 46, 3 November 1993; Mr Lazarus C. G. Nzarayebani, MP, Mutare South; col. 3606.

<sup>71</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 20, No. 45, 2 November 1993; Mr Tirivanhu Mudariki, MP, Harare North; cols. 3487-3488.

<sup>72</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4085.

<sup>73</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 24, No. 53, 3 February 1998; Mr Richard M. Ndlovu, MP, Bulilimamangwe North; cols. 2890-2891.

<sup>74</sup> *Ibid*; col. 2890.

opposition to privatisation by the IBDC and the legislature testifies that neoliberal economic reforms fuelled the indigenisation discourse.

The debate on the role of the state, vis-à-vis the market in the economy was also central in the privatisation debate. The IBDC believed the Bretton Woods institutions' market-based privatisation model was contrary to indigenous aspirations to actively participate in mainstream economy.<sup>75</sup> The legislature, IBDC, ZCTU, Consumer Council of Zimbabwe (CCZ) and the AAG all argued that since blacks were financially hamstrung, selling parastatals was tantamount to 'throwing' them to whites under the guise of privatisation.<sup>76</sup> IBDC and the legislature called the government to establish an Investment Trust to which parastatals would be sold when necessary.<sup>77</sup> They both proposed that only indigenous people would be entitled to buy shares and companies under the custody of the proposed Trust.<sup>78</sup> In addition, IBDC proposed that boards of companies acquired by indigenous people should be dominated by blacks. In 1996 the National Investment Trust (NIT) was formed to acquire and warehouse shares from public and private enterprises on behalf of the indigenous entrepreneurs.<sup>79</sup> The above positions by interest groups and the legislature are a microcosm of the opposition to the primacy given to the market forces by the World Bank and the IMF. This shows that calls for indigenisation in the 1990s were propelled by neoliberal economic reforms.

Both the legislature and the IBDC tapped into popular anti-World Bank and IMF sentiments by workers for their political and economic interests respectively. Legislator Simon Khaya Moyo argued that since most jobs were getting lost during

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<sup>75</sup> Richard Kamidza, 'Murerwa grapples with foreign, local interests', *The Financial Gazette*, 25 July 1996, p. 8.

<sup>76</sup> IBDC Correspondence to the Ministry of Industry and Commerce – Privatisation and Commercialisation, p. 7; Also see: Richard Kamidza, 'Murerwa grapples with foreign, local interests', p. 8; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 24, No. 53, 3 February 1998; Mr Richard M. Ndlovu, MP, Bulilimamangwe North; col. 2889.

<sup>77</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4085.

<sup>78</sup> A speech presented by the IBDC Secretary General, Mr Enock Kamushinda at the ZANU(PF) Politburo meeting in Victoria Falls, p. 4; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4085.

<sup>79</sup> Staff Reporter, 'Small investors poised to grab stake in former public companies', *The Financial Gazette*, 27 January – 2 February 2002, p. 4.

ESAP, indigenisation had to be prioritised to create new jobs.<sup>80</sup> Moyo emphasised that in the ESAP era, blacks must create rather than seek employment. Similarly, the IBDC presented itself as a patriotic organisation which provides solace for retrenched workers. It criticised retrenchments of civil servants as a reversal of the black advancement policy.<sup>81</sup> In an interview with the *Sunday Mail* on 21 July 1991, IBDC secretary general, Strive Masiyiwa, stated that his organisation has 'safety nets' or 'trampolines' on which retrenched workers 'bounce back' into the economy.<sup>82</sup> The IBDC launched a programme to rescue retrenched civil servants. With a funding of about Z\$140 000 from the Zimbabwe/Canada General Training Fund and with the assistance of the Public Service Association (PSA), the IBDC trained retrenched civil servants to be indigenous entrepreneurs.<sup>83</sup> Among subjects covered in the training were how to start a business and the role of small and medium-scale enterprises in the economy. This shows that the legislature and the IBDC were in a zero-sum game with the IMF and the World Bank. In general, the IBDC and the legislature blamed the negative effects of ESAP on the Bretton Woods institutions to prop up their indigenisation rhetoric.

While the World Bank bore the brunt of accusations by the legislature and the IBDC on issues to do with the control of the national economy and welfare, it was by far the biggest sponsor of indigenisation programmes in the 1990s. Officially, the Bank supported both ESAP and indigenisation despite their contradictions. The World Bank financed key organisations and financial institutions supporting indigenous businesses such as IBDC (despite its criticism), SEDCO, CZI, ZNCC, Commercial Bank of Zimbabwe, Barclays Bank of Zimbabwe, Zimbabwe Development Bank (ZDB), Stanbic Commercial Bank, Trade and Investment Bank, United Bank, Trust Merchant Bank, PPM Associates, Zambuko Trust and Collective Self Finance Scheme.<sup>84</sup> The World Bank provided a loan of Z\$700 million and Z\$830 million to

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<sup>80</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 82, 24 April 1991; Mr Simon Khaya Moyo, MP, Bulilama-mangwe South; col. 4460.

<sup>81</sup> IBDC, IBDC Harare Region Executive Meeting Minutes, Oasis Hotel Boardroom, 16 July 1992.

<sup>82</sup> Deketeke, 'Birth of the indigenous businessman', p. 10.

<sup>83</sup> Sunday Mail Reporter, 'IBDC comes with plans to help civil servants', *The Sunday Mail*, 22 December 1991, p. 12.

<sup>84</sup> 'SMEs urged to utilise US\$35m WB export finance facility', *The Financial Gazette*, 18 June 1998, p. B9.

support indigenous enterprises in 1997 and 1998, respectively.<sup>85</sup> This testifies that although the World Bank was one of the chief proponents of neoliberal economic reforms, it also embraced indigenisation. It wanted the promotion of indigenous enterprises without interfering with the operations of big businesses. It is, therefore, apparent that indigenous interest groups and the legislature found justification for indigenisation by scapegoating the World Bank and ESAP. In this context, an examination of the role played by interest groups in indigenisation in the 1990s needs to take into account neoliberal economic reforms.

The World Bank commissioned studies into the challenges faced by small and medium enterprises and urged the government to resolve them.<sup>86</sup> It is interesting to note that one of the first sectors to initiate affirmative action, the construction industry, did so at the behest of World Bank's recommendations to the government.<sup>87</sup> In addition, the World Bank urged big companies to support small indigenous companies by lending equipment, giving market information, training personnel and sub-contracting to them.<sup>88</sup> Thus, the World Bank promoted indigenisation and neoliberal economic reforms concurrently. This is yet again an example of the paradoxes, contradistinctions and contradictions which characterised the nexus between neoliberalism and indigenisation in the 1990s. Key players in this nexus, as revealed in the above case, and as shall be expanded in the next section, were not only multifaceted but also multifarious.

### **Contradistinctions in interest groups**

For much of the 1990s, most interest groups accepted indigenisation as a relevant policy, but they differed on how the programme should be implemented. This section examines contradistinctions in approaches used by indigenous interest groups and established business associations to promote indigenisation. Evidence in this section reveals that it is somewhat difficult to draw a fine line between indigenous interest

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<sup>85</sup> '\$700 Million World Bank Loan Delayed', *Indigenous Sunrise*, Vol. 1, No. 1, January 1997, p. 14; Sunday Mail Reporter, '\$700 World Bank loan deal almost sealed says IBDC', *The Sunday Mail*, 26 January 1997; and 46/4028, Herald Reporter, 'IBDC to meet World Bank reps over \$830 million', *The Herald*, 13 January 1998.

<sup>86</sup> An example of such studies is: Kapil Kapoor, Doris Mugwara and Isaac Chidavaenzi, *Empowering Small Enterprises in Zimbabwe*.

<sup>87</sup> Barnabas Thondhlana, 'Building industry urged to indigenise', *The Financial Gazette*, 11 April 1991, p. B1.

<sup>88</sup> Business Reporter, 'Call on large firms to help development of small ones', *The Herald*, 24 February 1994.

groups and established business associations on the basis of public pronouncements as they all purported to be committed to indigenisation. While some of their practical activities such as financing and training indigenous entrepreneurs overlapped, there are some contradistinctions. Despite their rhetoric, indigenous interest groups lacked business experience. On the other hand, despite being targeted by the indigenisation rhetoric, established business associations offered solid, concrete and practical programmes to promote the entrance of blacks into the mainstream economy.

### **Role of indigenous interest groups**

A number of indigenous interest groups contributed to indigenisation in theoretical and practical ways. Chapter Three discussed how the government forced black business associations to merge with established business associations in the 1980s to make dialogue with commerce easier. In the 1990s, the government, which wanted to be seen as promoting indigenisation, changed its attitude and allowed the proliferation of indigenous interest groups. It is important to highlight that most influential indigenous interest groups were led by individuals with strong links to ZANU-PF. These indigenous interest groups can be put into two broad categories. First, there were 'general' indigenous interest groups which advocated for the entrance of blacks in all sectors of the economy. The following are examples of these general indigenous interest groups and the years they were formed: IBDC (1990), the Affirmative Action Group (AAG) (1994), Indigenous Business Women Organisation (IBWO) (1994), the United Indigenous Pressure Group (UIPG) (1995), Women's Multi Million Dollar Round Table (WMDRT) (1996), Zimbabwe Wealth Creation and Empowerment Council (ZWCEC) (1997), Forum for Youth Advancement (FOYA) (1998) and the Zimbabwe Indigenous Economic Empowerment Organisation (ZIEEO) (1998). Most general indigenous interest groups called for an Indigenisation Commission and Indigenisation Act to facilitate and enforce indigenisation respectively.<sup>89</sup>

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<sup>89</sup> IBDC, *IBDC's Proposals on the Indigenisation of the Economy*, (Benaby Printing and Publishing, Harare, January 1992, p. 3; 'Zimbabwe Wealth Creation and Empowerment Council', *The Sunday Mail*, 30 March 1997, p. C8.

Second, there were sectoral indigenous business associations which lobbied for the participation of black people in particular sectors of the economy. Sectoral indigenous business associations were formed by blacks, mainly as a form of protest against established business associations which they accused of restricting black participation in the concerned sectors. Some of them emerged from the 1980s, but the majority were formed in the 1990s. Examples of those emerging from the 1980s, and the years they were formed, if known, are: Small Scale Miners' Association of Zimbabwe (SSMAZ) and the Zimbabwe Building Construction Association (ZBCA) (1985). Those formed in the 1990s, and the years they were formed, are: Indigenous Freight Forwarders Agents Association of Zimbabwe (IFFAAZ) (1995), Zimbabwe Indigenous Freight Forwarders' Association (ZIFFA) (1995) and the Zimbabwe Travel and Hospitality Operators' Association (ZITHOA) (1998). Although I have a lot of primary evidence on these sectoral indigenous interest groups, due to limited space, I shall not examine the pronouncements and practical activities of each and one of them. A number of projects are in the pipeline to examine these interest groups in detail in the near future. This section will only discuss the major themes in the pronouncements and activities of these indigenous interest groups and some few case studies will be given.

Most literature on indigenisation in Zimbabwe focused on the IBDC which, by far, had more impact measuring by its achievements and membership. The contribution of the IBDC to the neoliberalism-indigenisation debate has been discussed in detail in the above section and will not be repeated here. This section will only highlight IBDC's impact and major achievements. The emergence of the IBDC rattled CZI and ZNCC and pushed them to initiate indigenisation programmes discussed in the next sub-section. In this way, IBDC was widely credited for increase in the support to small businesses in the early 1990s.<sup>90</sup> With 5 000 members at its zenith; sound governance and administrative structures; offices in Harare, Bulawayo, Gweru and Mutare; the IBDC became the most sophisticated and influential interest group advocating for indigenisation.<sup>91</sup> It called on the government and established business

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<sup>90</sup> Anon, 'IBDC risks being out-manoeuvred by established organisations', *The Financial Gazette*, 6 June 1991, p. 5.

<sup>91</sup> IBDC-Background, December 1993, p. 4.

associations to facilitate the entrance of blacks in all sectors of the economy.<sup>92</sup> It was a peak interest group with affiliates such as: Zimbabwe Transport Operators (ZTO), Women in Business (WIB), Small Scale Miners Association (SSMA), Zimbabwe Farmers Union (ZFU), Zimbabwe Building Contractors Association (ZBCA), War Veterans Association (WVA), Taxi Operators, Indigenous Commercial Farmers Union (ICF) and Co-operatives Federation.<sup>93</sup> The coming together of various indigenous interest groups under the IBDC reveals the organisation's centrality in indigenisation in the 1990s.

IBDC received funding from donor agencies such as Austrian Agency for Development (OED), British Government Overseas Development Administration (ODA), Friedrich Naumann Foundation, Irish Aid and the United States Agency for International Development (USAID).<sup>94</sup> Through its technical division, Business Extension and Advisory Services (BESA), the IBDC trained existing and aspiring entrepreneurs on subjects such as starting businesses, sourcing venture capital, marketing, costing and pricing, quality control, subcontracting and linkages with major companies.<sup>95</sup> It advised its members on applying for loans from financial institutions, including the Reserve Bank of Zimbabwe.<sup>96</sup> Through its mouthpieces, the *Newsflash*, the *IBDC Newsletter*, the *New Business Vision* and the *Indigenous Sunrise*, it brought the indigenisation debate into the public domain and rivalled established business associations such as CZI and ZNCC in disseminating business information.

Gender became an important dimension of the indigenous interest group movement in the 1990s. Rudo Gaidzanwa has explored factors leading to the marginalisation of women in the economy ranging from patriarchal land distribution, exclusion from science and technical education, to low paying jobs they took in the public and

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<sup>92</sup> IBDC, *IBDC's Proposals on the Indigenisation of the Economy*, pp. 3-29.

<sup>93</sup> IBDC – Presidents of the National Affiliated Organisations.

<sup>94</sup> Helping the Entrepreneurs – BESA/IBDC Pamphlet.

<sup>95</sup> *Ibid.*

<sup>96</sup> IBDC, Procedures for applying for the Reserve Bank \$400 million facility to small and medium enterprises.

private sectors.<sup>97</sup> This is part of the background and context in which indigenous women interest groups emerged. The Indigenous Business Women's Organisation (IBWO) was formed in 1994 by women in business who felt the IBDC and established business associations were run by men who were insensitive to the plight of women entrepreneurs.<sup>98</sup> Its founding president, Jane Mutasa, was a businesswoman with strong links to ZANU-PF. IBWO attended to problems peculiar to women and designed programmes to cater for different classes of women in business. It negotiated the acquisition of shares from big companies for its elite women entrepreneurs.<sup>99</sup> For cross-border women traders, IBWO organised group shopping trips to countries such as South Africa where they bought goods such as refrigerators, solar panels, spare parts, sewing machines, perfumes, clothing and blankets for resale in Zimbabwe.<sup>100</sup> It assisted these women to apply for visas and provided them with support letters which made it easier for them to clear their goods at customs and immigration offices. In rural areas, most notably in Mashonaland West, IBWO provided capital to women and assisted them to establish cattle fattening, piggery, sewing and retailing projects.<sup>101</sup> All these activities in urban and rural areas improved women's livelihoods and put them into positions to expand their enterprises. The formation of IBWO was a clear break from the past where women entrepreneurs were disorganised. Its activities opened a chapter in which gender came to the fore in the indigenisation discourse.

The Women's Multi Million Dollar Round Table (WMDRT) was formed in February 1996 and is another notable indigenous interest group representing women entrepreneurs during this period. Its founding president, Nyasha Chikwinya, was a ZANU-PF politician and a legislator.<sup>102</sup> As of November 1996, WMDRT had about 1500 members.<sup>103</sup> WMDRT claimed to represent women in all social groups:

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<sup>97</sup> Rudo Gaidzanwa, 'Indigenisation as empowerment? Gender and race in the empowerment discourse in Zimbabwe' in Angela Cheater (ed), *The Anthropology of Power: Empowerment and Disempowerment in Changing Structures* (Routledge, London, 1999), pp. 125, 126.

<sup>98</sup> Weston Kwete, 'Emergence of multiple indigenisation pressure groups raise mixed feelings', *The Sunday Mail*, 12 July 1998.

<sup>99</sup> Staff Reporter, 'IBWO buys bulk of BTAF shares', *The Financial Gazette*, 9 April 1998, p. 3.

<sup>100</sup> Sunday Mail Reporter, 'Rural women benefit from IBWO programmes', *The Sunday Mail*, 20 April 1997.

<sup>101</sup> *Ibid.*

<sup>102</sup> Charles Mtetwa, 'Women determined to empower their lot', *The Financial Gazette*, 21 November 1996, p. B1.

<sup>103</sup> *Ibid.*

housewives, professional and business women. It conducted research and created a data bank on economic challenges faced by women. WMDRT advanced that women are discriminated by men in accessing funds because they lacked collateral. It also advanced that men who dominated most financial institutions have a negative attitude towards women.<sup>104</sup> One of WMRDT's notable achievements was forming a taxi company, Women Investment Zimbabwe Limited (WIN), which raised capital and funded women's projects.<sup>105</sup> By July 1999 WMRDT had disbursed loans totalling Z\$180 000 to its members.<sup>106</sup> In addition, WMRDT funded foreign business trips to countries such as Germany and Malaysia where selected women attended investment and business conferences.<sup>107</sup> The formation and activities of WMRDT is ample evidence of the rise of women's economic consciousness in the 1990s. IBWO and WMRDT's national activities in support of black women's businesses were unprecedented.

The role played by sectoral indigenous business associations in the indigenisation of the economy has been glossed over in the current literature. The construction industry provides a good example of a sector where an indigenous sectoral business association advanced the interests of its members. This sector was dominated by the mainly white Construction Industry Federation of Zimbabwe (CIFOZ). In 1991, CIFOZ represented less than 25% of all legally registered contractors but it handled over 90% of all construction projects in the country.<sup>108</sup> A comparison of statistics in **tables 5.1 and 5.2** reveal the marginalisation of indigenous contractors in the construction industry between 1980 and 2000. To make the following explanation easier, it is important to state that in the construction industry, companies with sophisticated machinery and high building standards are classified in the A, B and C grades. In Zimbabwe most companies falling in the A to C grades were white or foreign owned and were members of CIFOZ. Those with average to poor standards are rated in the D, E and F grades. Most companies in the D to F grades were owned by blacks. **Table 5.1** shows that in 1990 there were 59 non-indigenous (white

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<sup>104</sup> *Ibid.*

<sup>105</sup> Mtetwa, 'Women determined to empower their lot', p. B1; 'Women pool resources to form taxi firm', *The Financial Gazette*, 9 – 15 December 1999, p. 8.

<sup>106</sup> 'Women pool resources to form taxi firm', p. 8.

<sup>107</sup> Mtetwa, 'Women determined to empower their lot', p. B1.

<sup>108</sup> Barnabas Thondhlana, 'Building industry urged to indigenise', *The Financial Gazette*, 11 April 1991, p. B1.

and foreign) contractors rated in the A to C grade while **table 5.2** shows that only 23 indigenous (local black) contractors qualified to be in the A to C grades. A closer look at **table 5.2** shows that there were no indigenous mechanical contractors who qualified to be in the A to C grade in 1990. **Table 5.2** further reveals that only one indigenous civil engineering contractor qualified to be in the A to C grade in 1990.

Allegations of discrimination against black contractors within CIFOZ had led to the formation of a splinter and black dominated Zimbabwe Building Construction Association (ZBCA) in 1985.<sup>109</sup> Since then ZBCA accused CIFOZ and its member companies of victimising black workers and obstructing black contractors from accessing building materials and machinery.<sup>110</sup> In addition, ZBCA accused CIFOZ and its members of preserving economic power by creating a false impression to the nation that indigenous contractors' work is shoddy thereby taking all lucrative projects in the country. Moreover, ZBCA accused CIFOZ of creating cartels.<sup>111</sup> The animosity between CIFOZ and ZBCA reveals how peculiarities in an economic sector shaped the relations between sectoral indigenous and established business associations.

**Table 5.1: Construction sector - Number of non-indigenous contractors in each category and grade, 1990 to 2000**

| Year                        | 1980   |        | 1990   |        | 1995   |        | 2000   |        |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                             | A to C | D to F |
| <b>Building Contractors</b> | 14     | 6      | 25     | 5      | 27     | 9      | 28     | 0      |
| <b>Civil Engineering</b>    | 15     | 2      | 14     | 6      | 15     | 5      | 24     | 0      |

<sup>109</sup> Zimbabwe Building Construction Association (ZBCA), <http://www.zbca.org/>. Accessed on 7/6/2016.

<sup>110</sup> Thondhlana, 'Building industry urged to indigenise', p. B1.

<sup>111</sup> 'Affirmative action programme meets mixed feelings', *The Financial Gazette*, 14 April 1994, p. A12.

| Year                                      | 1980      |           | 1990      |           | 1995      |           | 2000      |          |
|-------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Type of Contractor / Category             | A to C    | D to F    | A to C    | D to F    | A to C    | D to F    | A to C    | D to F   |
| <b>Contractors</b>                        |           |           |           |           |           |           |           |          |
| <b>Mechanical Engineering Contractors</b> | 7         | 5         | 10        | 3         | 11        | 0         | 14        | 0        |
| <b>Electrical Engineering Contractors</b> | 7         | 4         | 10        | 1         | 16        | 0         | 15        | 0        |
| <b>Total</b>                              | <b>43</b> | <b>17</b> | <b>59</b> | <b>15</b> | <b>69</b> | <b>14</b> | <b>81</b> | <b>0</b> |

**Source:** Maria Mataruse, 'Local constructors get more recognition', *The Financial Gazette*, 12 to 18 July 2001, p. C1. *The Financial Gazette* obtained these statistics from the Ministry of Local Government, Public Works and National Housing – Department of Public Works.

**Table 5.2: Construction sector - Number of indigenous contractors in each category and grade, 1980 to 2000**

| Year                          | 1980   |        | 1990   |        | 1995   |        | 2000   |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Type of Contractor / Category | A to C | D to F |
| <b>Building Contractors</b>   | 0      | 13     | 16     | 33     | 23     | 41     | 48     | 81     |

| Year                               | 1980     |           | 1990      |           | 1995      |           | 2000       |            |
|------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Type of Contractor / Category      | A to C   | D to F    | A to C    | D to F    | A to C    | D to F    | A to C     | D to F     |
| Civil Engineering Contractors      | 0        | 0         | 1         | 4         | 6         | 6         | 32         | 41         |
| Mechanical Engineering Contractors | 0        | 0         | 0         | 4         | 1         | 5         | 21         | 34         |
| Electrical Engineering Contractors | 0        | 0         | 6         | 14        | 6         | 4         | 22         | 29         |
| <b>Total</b>                       | <b>0</b> | <b>13</b> | <b>23</b> | <b>45</b> | <b>66</b> | <b>56</b> | <b>123</b> | <b>185</b> |

**Source:** Maria Mataruse, 'Local constructors get more recognition', *The Financial Gazette*, 12 to 18 July 2001, p. C1. *The Financial Gazette* obtained these statistics from the Ministry of Local Government, Public Works and National Housing – Department of Public Works.

Skirmishes in the construction sector attracted the attention of the World Bank which was at the time interested in the economic affairs of the country since it was pushing for ESAP. In April 1991, the World Bank produced a damning report on the construction industry. The Bank explicitly condemned the marginalisation of black contractors and urged the government to indigenise the sector.<sup>112</sup> Once again, this testifies to the fact that the World Bank was not opposed to affirmative action in favour of the indigenous people as was often claimed by indigenisationists. In line with the World Bank's recommendations and due to pressure from ZBCA, which was supported by the IBDC, in 1993 the government set out an affirmative action

<sup>112</sup> Thondhlana, 'Building industry urged to indigenise', p. B1.

programme for the construction industry in Treasury Circular 2/93.<sup>113</sup> The Circular stipulated that large contractors, who were mainly members of CIFOZ, must subcontract 30% of their contracts to indigenous contractors who were members of ZBCA.<sup>114</sup> The Circular also stipulated that the government should award contracts less than Z\$10 million to indigenous contractors.

CIFOZ president, William Ralph, condemned Treasury Circular 2/93 as 'both unworkable and discriminatory' and as political interference on behalf of ZBCA members. Ralph expressed concern that deserving indigenous contractors who were not members of ZBCA were marginalised. However, ZBCA president, Oliver Chidawu, said his organisation's members had suffered for too long and praised the government's move as a necessary measure.<sup>115</sup> ZBCA went on to urge the government to raise the margin of contracts awarded to indigenous contractors to Z\$25 million. In a way, the above case reveals that while affirmative action programmes were applauded by blacks, they were considered as lopsided by whites.

Moreover, despite the indigenisation rhetoric in the country, foreign companies, mainly from Eastern Europe and China, were awarded lucrative contracts by the government to construct technical and teachers colleges, hospitals and bridges, to the deep chagrin of both ZBCA and CIFOZ.<sup>116</sup> These foreign companies were accused of reluctance to sub-contract and impart technological skills to indigenous contractors. This led the ZBCA to accuse the Ministry of Public Construction and National Housing, and the Government Tender Board of corruption.<sup>117</sup> It demanded a commission of enquiry into how construction tenders were awarded.

Interestingly, CZI was also concerned at the awarding of tenders in the construction sector to foreigners at the expense of locals.<sup>118</sup> CZI criticised the view that local contractors are incompetent as a myth and alleged that there was corruption in government ministries in the awarding of tenders. In this case, although the term

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<sup>113</sup> 'Affirmative action programme meets mixed feelings', p. A12; Simbarashe Makunike, 'ZBCA squabbles threaten affirmative action showcase', *The Financial Gazette*, 16 June 1994, p. 4.

<sup>114</sup> 'Affirmative action programme meets mixed feelings', p. A12.

<sup>115</sup> 'Affirmative action programme meets mixed feelings', p. A12.

<sup>116</sup> Makunike, 'ZBCA squabbles threaten affirmative action showcase', p. 4.

<sup>117</sup> Property Reporter, 'Chidawu blames govt for failing to protect small local businesses', *The Financial Gazette*, 29 February 1996, p. 25.

<sup>118</sup> 'CZI hits out at officials', *The Herald*, 14 May 1998.

'locals' also encompass other racial groups, CZI was also defending the interests of black contractors. Thus, although indigenous interest groups and established business associations could be antagonistic, they also concurred on some issues. Hence, my argument that in terms of pronouncements, it is not easy to draw a fine line between indigenous interest groups and established business associations. However, on several occasions, ZBCA expressed frustration that Treasury Circular 2/93 had no legal basis and some government departments and parastatals were ignoring it.<sup>119</sup> To this end, ZBCA called on the government to pass an affirmative law requiring all construction projects to have 30% indigenous participation. Although no affirmative law was passed in the 1990s, the above case study reveals the important role played by indigenous sectoral business associations in advocating for black interests in particular sectors of the economy.

The transport sector saw the emergence of the Zimbabwe Indigenous Freight Forwarders' Association (ZIFFA) in January 1995.<sup>120</sup> Like other sectoral indigenous business associations, ZIFFA posited that blacks were marginalised in the freight industry which was dominated by whites and multinational companies. ZIFFA posited that blacks lacked venture capital required to meaningfully participate in the sector.<sup>121</sup> In June 1995, ZIFFA successfully lobbied the government and parastatals to award tenders to indigenous freight companies and customs clearing agents.<sup>122</sup> In addition, ZIFFA organised seminars for its members that covered subjects such as customs clearance for imports and exports, marketing and finance.<sup>123</sup> ZIFFA established connections for its members with international shipping companies based in the United States, United Kingdom and Germany. Despite all these efforts, for much of the 1990s many indigenous owned freight companies could not compete with established white and foreign owned companies.<sup>124</sup> By 1998, many black owned companies had closed down due to difficult economic conditions. However, the

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<sup>119</sup> Charles Mtetwa, 'ZBCA to lobby govt on affirmative action', *The Financial Gazette*, 17 July 1997, p. C4.

<sup>120</sup> 'Indigenous freighters want a bigger slice of the cake', *The Financial Gazette*, 19 June 1997, p. T6.

<sup>121</sup> *Ibid.*

<sup>122</sup> 'Indigenous freighters want a bigger slice of the cake', p. T6; 'ZIFFA breaks industry monopoly', *The Financial Gazette*, 29 October 1998, p. B7.

<sup>123</sup> 'Indigenous freighters want a bigger slice of the cake', p. T6.

<sup>124</sup> Charles Mtetwa, 'Freight firm Bateleur has conquered all odds in its way', *The Financial Gazette*, 29 October 1998, p. B6.

formation of ZIFFA reveals that the emergence of sectoral indigenous interest groups was phenomenal in the 1990s.

In January 1998, an indigenous business association, the Zimbabwe Travel and Hospitality Operators' Association (ZITHOA), was formed to counter the influence of the white dominated Zimbabwe Association for Tourism and Safari Operators (ZATSO) in the tourism sector. The founding chairperson of ZITHOA, Irene Zindi, was a ZANU-PF member and a legislator.<sup>125</sup> ZITHOA posited that white dominance in the tourism sector was a result of colonial policies which prevented blacks from owning safaris and demanded that the imbalance be addressed.<sup>126</sup> ZITHOA went on a membership mobilisation drive and urged blacks to take initiative and participate meaningfully in the tourism sector. ZITHOA presented its proposals for the indigenisation of the tourism sector to the Zimbabwe Tourism Authority (ZTA) and Zimbabwe Council for Tourism. ZITHOA successfully lobbied the government to scrap duty for indigenous entrepreneurs purchasing equipment and vehicles needed in the tourism sector.

The emergence of ZITHOA rattled and prompted the mainly white ZATSO to initiate its own parallel indigenisation programme for the tourism sector. Strategically, in 1999 ZATSO elected Larry Mavima, a black, as its chairman to dispel the notion that it only represented white interests.<sup>127</sup> Mavima, as if sharing notes with ZITHOA, went on an indigenisation rhetoric and expressed concern at little participation by blacks in the tourism industry. ZATSO immediately proposed and demanded that the government set aside Z\$200 million to fund and facilitate the entrance of indigenous people in the tourism sector.<sup>128</sup> It also conspicuously started to criticise the Ministry of Tourism, Zimbabwe Tourism Authority (ZTA) and Zimbabwe Council for Tourism for delaying granting licences and permits to indigenous people aspiring to participate in the tourism sector.<sup>129</sup> The case of the tourism sector reveals that the emergence of sectoral indigenous business associations often pushed established

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<sup>125</sup> Charles Mtetwa, 'New tourism association ZITHOA makes headway', *The Financial Gazette*, 27 August 1998, p. H3.

<sup>126</sup> *Ibid*, p. H2-H3.

<sup>127</sup> 'Govt urged to speed up \$200m loan facility for small tour operators', *The Financial Gazette*, 4 February 1999, p. T1.

<sup>128</sup> *Ibid*, p. T1.

<sup>129</sup> *Ibid*, p. T1.

and mainly white sectoral business associations to embrace black entrepreneurs to conform to the indigenisation discourse. Here, I emphasize again that in terms of public pronouncements and posturing, it is difficult to draw a fine line between indigenous and established interest groups as they all enunciated indigenisation. Fine lines can be drawn on practical activities, and I expand this argument below.

### **Role of established business associations**

Despite their immense contribution to indigenisation, established business associations such as ZNCC and CZI have not been given attention in current historiography. The emergence of the IBDC and other indigenous interest groups led ZNCC and CZI to embrace indigenisation in order to dispel the notion that they represented local white and foreign interests.<sup>130</sup> Though critical of the programme, ZNCC and CZI supported indigenisation to create rapport with black entrepreneurs and the government. Throughout the 1990s, ZNCC's position on indigenisation was that it was a noble programme which addresses colonial imbalances.<sup>131</sup> However, ZNCC insisted that the government must have a clear, well-thought out, structured, harmonised and inclusive indigenisation policy which benefits all citizens in the long term. It also posited that established business associations must have input in the policy.<sup>132</sup> Interestingly, ZCTU concurred with ZNCC that the government must involve all civil society actors in formulating and implementing indigenisation.<sup>133</sup> In addition, ZNCC posited that a well-structured and implemented indigenisation policy would contribute to the success of neoliberal economic reforms.<sup>134</sup> This shows that ZNCC was well versed with the neoliberalism-indigenisation discourse which dominated the 1990s. Basing on the above pronouncements above, it is clear that ZNCC accepted indigenisation, but wanted its nitty-gritties to be clear.

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<sup>130</sup> Staff Reporter, 'Deary's re-election as CZI chief sparks murmurs', *The Financial Gazette*, 4 July 1991, p. 2.

<sup>131</sup> 'ZNCC calls for indigenisation policy', *The Herald*, 16 July 1994; Also see: Business Reporter, 'Need for realistic indigenisation policy, says ZNCC'; Also see: 'ZNCC calls for clear indigenisation policy', *The Herald*, 31 May 1995; Also see: Hatred Zenenga, 'ZNCC's new president, Danny Meyer, gives his action plan', *The Herald*, 11 June 1995.

<sup>132</sup> *Ibid*

<sup>133</sup> ZCTU, *Beyond The Economic Structural Adjustment Programme (ESAP): Framework For A Long-Term Development Strategy In Zimbabwe*, pp. 14-15.

<sup>134</sup> Business Reporter, 'Need for realistic indigenisation policy, says ZNCC'.

Throughout the 1990s, ZNCC and CZI were concerned with various issues surrounding the indigenisation policy. ZNCC warned that the absence of a clear government policy on indigenisation would result in few individuals enriching themselves at the expense of the majority.<sup>135</sup> Echoing similar sentiments, CZI warned that an indigenisation policy which supports those who are politically connected would weaken the economy. ZNCC criticised racial undertones and loose talk by indigenous interest groups, politicians and some individuals as amateurish and negative for development.<sup>136</sup> It posited that racially charged indigenisation rhetoric demoralised and discouraged loyal and hardworking white and Asian citizens. Similarly, CZI urged the government to depoliticise indigenisation,<sup>137</sup> and avoid scapegoating banks, multinational companies and the private sector. Although some aspects of indigenisation were incompatible with neoliberal economic reforms, ZNCC and CZI found themselves compelled to support the programme. The best they could do was to criticise and advise the government on the indigenisation programme to make sure that it conforms to the main principles of ESAP.

ZNCC was critical of the government's indigenisation programme for focusing too much on planning than on action.<sup>138</sup> It argued that the first move in the indigenisation of the economy was to address superstructure challenges faced by small and medium scale enterprises. ZNCC was critical and wanted gradual dismantling of the dual economy in which sophisticated sectors in commerce and industry co-existed with the lower strata and underdeveloped small and medium-scale enterprises.<sup>139</sup> ZNCC criticised the government for maintaining 'economic apartheid' by its failure to reverse colonial laws which it claimed illegalised about 80% of small scale enterprises.<sup>140</sup> ZNCC argued that since most small enterprises were considered illegal, they could not access support from the government and development agencies, hence their poor performance, and by extension, the fragile nature of the

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<sup>135</sup> 'Vibrant venture capital market vital: economist', *The Herald*, 11 October 1996.

<sup>136</sup> Staff Reporter, 'Meyer slams indigenisation approach', *The Financial Gazette*, 24 August 1995, p. 2.

<sup>137</sup> Hatred Zenenga, 'We're pushing for black empowerment because our own people won't disinvest', *The Herald*, 25 June 1998, p. 6.

<sup>138</sup> Makunike, 'ZBCA squabbles threaten affirmative action showcase', p. 4.

<sup>139</sup> Never Gadaga, 'Jumbe and his belief in small businesses', *The Sunday Mail*, 28 April 1991, p. 14.

<sup>140</sup> Staff Reporter, 'Government urged to help small businesses', *The Financial Gazette*, 11 March 1993, p. 11.

national economy.<sup>141</sup> In line with the liberalisation of the economy, ZNCC, sought to end the monopolistic practices of big companies which worked against the performance and viability of small and medium enterprises. It, therefore, called for the establishment of the Monopolies and Merger Commission.<sup>142</sup> Although the passage of the Competition Act of 1995 to curtail monopolies and cartels was largely credited to lobbying by indigenous interest groups, ZNCC also played a crucial role in advocating for such legislation. This confirms, yet again, that all major interest groups publicly supported measures that facilitate black entrance in the economy, albeit they differed on implementation.

As highlighted earlier, the emergence and recognition by the government of the IBDC in 1990 rattled ZNCC and CZI which suddenly initiated and intensified indigenisation programmes. One of the initiatives taken by ZNCC and CZI was forming small business units. In September 1990, ZNCC established, as one of its departments, the Small Business Support Unit (SBSU) to support small enterprises.<sup>143</sup> The Unit was funded by the Friedrich Naumann Foundation (FNF) of Germany which was also committed to supporting small businesses.<sup>144</sup> The SBSU's aim was to develop management capabilities of emergent entrepreneurs and diversify their activities, including venturing into manufacturing. This was regarded as necessary to ensure that medium and small-scale enterprises complement large enterprises in job creation.<sup>145</sup> SBSU vigorously lobbied for partial removal of price controls, provision of title deeds to rural areas, and establishment of capital venture deals involving small-scale businesses.

SBSU supported small and medium-scale businesses by offering them business consultancy and expertise, information, and recommending their business proposals to local and central governments.<sup>146</sup> It trained retrenchees on 'How to start a

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<sup>141</sup> Zimbabwe National Chamber of Commerce minutes of the 10<sup>th</sup> Annual General Meeting held at Victoria Falls Elephant Hills Hotel – Kalala Room, on 19 May 1993 at 1100 hours, p. 7.

<sup>142</sup> *Ibid.*

<sup>143</sup> Staff Reporter, 'ZNCC to offer business consultancy service', *The Financial Gazette*, 4 January 1991, p. 3.

<sup>144</sup> Zimbabwe National Chamber of Commerce minutes of the 10<sup>th</sup> Annual General Meeting held at Victoria Falls Elephant Hills Hotel – Kalala Room, p. 5.

<sup>145</sup> Gadaga, 'Jumbe and his belief in small businesses', p. 14.

<sup>146</sup> *Ibid.*

business'.<sup>147</sup> In 1992 the Bulawayo Branch of ZNCC trained about 207 black entrepreneurs on starting and running small businesses. In order to protect indigenous entrepreneurs, SBSU posited that foreign investors approaching the Zimbabwe Investment Centre must have satisfactory business performance record and must not compete with local medium and small-scale businesses to get loans and government foreign currency quotas.<sup>148</sup> SBSU urged banks to take small enterprises as partners in development as opposed to servants.<sup>149</sup> It criticised banks' insistence on collateral when lending to indigenous entrepreneurs as socially irresponsible. In addition, it urged financial institutions to have confidence in indigenous entrepreneurs and give them loans even without collateral.<sup>150</sup> With these advocacy and practical activities, ZNCC's SBSU was a force to reckon with on indigenisation in the 1990s.

Although the CZI was not obliged by its constitution to support indigenous small enterprises, it inevitably had to do so to conform to changing times and contexts.<sup>151</sup> CZI sought to present itself to the nation as an organisation determined to bring indigenous businesses into mainstream economy. To this end, in June 1993, CZI established a Small Industries Development Unit (SIDU).<sup>152</sup> Its objectives were to support small and micro-industries, and black businessmen by offering financial and technical services, and promoting business linkages between large and small companies.<sup>153</sup> In addition, SIDU offered consultancy, counselling, monitoring and mentoring services.<sup>154</sup> SIDU was funded by a German development agency, GTZ, the United States Agency for International Development and the United Nations Development Programme (UNDP).<sup>155</sup> The Netherlands International Institute for Management assisted SIDU with training of management personnel for small and

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<sup>147</sup> Zimbabwe National Chamber of Commerce minutes of the 10<sup>th</sup> Annual General Meeting held at Victoria Falls Elephant Hills Hotel – Kalala Room, p. 5.

<sup>148</sup> Gadaga, 'Jumbe and his belief in small businesses', p. 14.

<sup>149</sup> Sunday Mail Financial Correspondent, 'ZNCC official slams banks' master-servant attitude', *The Sunday Mail*, 20 February 1994.

<sup>150</sup> *Ibid.*

<sup>151</sup> 'Sub-contracting to small firms get the nod', *The Herald*, 4 November 1994.

<sup>152</sup> 'July is the month for CZI's small industries unit', *The Herald*, 24 June 1993.

<sup>153</sup> Zimbabwe: Business Linkages, (Bureau for Private Enterprise, US Agency for International Development, July 1992), pp. 35-36.

<sup>154</sup> *Ibid.*

<sup>155</sup> 'Unit to develop small industries', *The Herald*, 11 July 1991, p. 9.

micro-businesses.<sup>156</sup> It is important to state that ZNCC and CZI had leverage on indigenous interest groups in promoting indigenisation through practical means because they had better physical infrastructure in most regions of the country. In addition, they had professional personnel in business development. Moreover, ZNCC and CZI had more and consistent funding from their traditional donors who not only trusted them, but also preferred their models of indigenisation which are discussed in detail below.

Besides establishing small business units, ZNCC and CZI initiated a number of programmes which they claimed were contributing to indigenisation. One of the concerns of the legislature and indigenous interest groups was that some big companies manufactured goods and ran shops selling those goods. They argue, this deprived small companies any role in production and retail sectors.<sup>157</sup> Bata Shoe Company was often cited by the Parliament.<sup>158</sup> To address these concerns, in 1994 ZNCC introduced the concept of franchising to spread economic activities to small and medium enterprises. Under this concept, a large company (the franchisor) granted an autonomous and usually small company (the franchisee) the right to manufacture or sell its products and services according to its guidelines.<sup>159</sup> Franchising was regarded as one of the easiest ways to expand businesses with little capital.<sup>160</sup> Another advantage was that financial institutions rarely refused to fund small businesses in a franchising agreement with large companies as the latter often acted as surety. The ZNCC actively encouraged indigenous entrepreneurs to enter into franchising agreements with local and foreign large businesses to increase their participation in the economy and national development. In May 1995, ZNCC, with the assistance of CZI, established the Franchising Association of Zimbabwe (FAZ), to assist small and medium enterprises to create linkages with large

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<sup>156</sup> *Ibid*, p. 9.

<sup>157</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4088.

<sup>158</sup> *Ibid*.

<sup>159</sup> John P. Gierson and Donald C. Mead, *Business Linkages in Zimbabwe: Concept, Practice, and Strategies*, (US Agency for International Development and Ministry of Industry and Commerce of the Republic of Zimbabwe, 1995), p. v.

<sup>160</sup> Business Reporter, 'Franchise is the answer for emerging businessmen', *The Herald*, 14 July 1994.

companies and market their products.<sup>161</sup> FAZ attracted new franchising opportunities from abroad.<sup>162</sup> ZNCC and FAZ's franchising activities were lauded by the government for creating economic opportunities for emerging and mostly indigenous enterprises.<sup>163</sup> ZNCC, by facilitating franchising between small and big companies showed great organisational capacity to offer practical assistance as opposed to rhetoric, a trait which many indigenous interest groups lacked.

In line with its objectives to support small and medium enterprises and promote indigenisation, ZNCC formed a company, the Micro Business Development Corporation (MBDC) Ltd in 1994 to run its newly introduced business incubation programme.<sup>164</sup> This programme was funded by the Fredrich Naumann Foundation.<sup>165</sup> Under the business incubation programme, ZNCC liaised with local authorities such as the Harare, Chitungwiza and Kwekwe city councils. It acquired land at low prices and established shell factories and leased them to emerging small businesses at subsidised rates.<sup>166</sup> On the site training was given to managers of the businesses on subjects such as basic banking, bookkeeping, cash management, tax returns, labour and business law.<sup>167</sup> Once they got more established, the housed businesses were 'weaned' and were required to vacate the premises and establish themselves elsewhere.<sup>168</sup> The Matabeleland Chamber of Industries (MCI), an established regional business association, emulated ZNCC's business incubation programme. It started to support indigenous entrepreneurs venturing into the manufacturing sector in Matabeleland by establishing and leasing shell factories to small enterprises at lower renting prices.<sup>169</sup> With these programmes, the ZNCC president, Danny Meyer, challenged the government and indigenous interest groups

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<sup>161</sup> Gierson and Mead, *Business Linkages in Zimbabwe: Concept, Practice, and Strategies*, p. v; 'Franchise group to set up offices', *The Herald*, 24 May 1995.

<sup>162</sup> Gierson and Mead, *Business Linkages in Zimbabwe: Concept, Practice, and Strategies*, p. 11; Advert - Executive Director - The Franchising Association of Zimbabwe (FAZ), *The Financial Gazette*, 7 March 1996, p. 3.

<sup>163</sup> Herald Reporter, 'Government backs subcontracting', *The Herald*, 13 May 1996.

<sup>164</sup> 'ZNCC company almost ready', *The Herald*, 11 May 1995.

<sup>165</sup> 'ZNCC to launch factory shells project in July', *The Herald*, 12 June 1996; Business Reporter, 'ZNCC aims at 100 000 jobs in 4 years', *The Herald*, 18 July 1996.

<sup>166</sup> 'ZNCC to help small businesses', *The Herald*, 30 July 1994; Business Reporter, 'ZNCC aims at 100 000 jobs in 4 years', *The Herald*, 18 July 1996

<sup>167</sup> Hatred Zenenga, 'ZNCC's new president, Danny Meyer, gives his action plan'; Business Reporter, 'ZNCC aims at 100 000 jobs in 4 years', 18 July 1996.

<sup>168</sup> 'ZNCC to support small businesses', *The Herald*, 10 August 1994.

<sup>169</sup> Staff Reporter, 'Plan for advancing indigenous business', *The Financial Gazette*, 3 March 1994, p. 9.

to come up with similar initiatives to prove their commitment to indigenisation rather than wasting time on workshops and debates.<sup>170</sup> Thus, ZNCC adjusted itself in the 1990s and became a key proponent and took a 'hands on' approach to promote indigenisation.

CZI promoted the growth of indigenous enterprises through business linkages and sub-contracting programmes. With funding from the United States Agency for Development and the Norwegian Agency for Development (NORAD), CZI initiated the Business Linkage Programme in 1996 to strengthen the relationship between big white owned companies and small indigenous businesses.<sup>171</sup> Under the concept of business linkages, peripheral activities or services of large companies were subcontracted to small and medium enterprises.<sup>172</sup> Examples of services provided by small and medium enterprises under business linkages include cleaning, catering and transport.<sup>173</sup> Business linkages were a means to incentivise indigenous businesses to specialise and diversify their activities so that they accrue many benefits from the economy.<sup>174</sup> In addition, business linkages promoted indigenisation through opening avenues for small and medium enterprises to enter mainstream economy.<sup>175</sup>

Big companies such as Zimbabwe Alloys Company and Zimbabwe Sun Hotels respectively sub contracted their mining and hospitality activities, to small enterprises under CZI's business linkages programme.<sup>176</sup> Between 1996 and 1999, CZI created over 275 business linkages with a value of more than Z\$300 million and created over 3000 jobs.<sup>177</sup> With a combination of its connections with donor agencies, dense

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<sup>170</sup> Herald Reporter, 'New body seeks \$10m for business development', *The Herald*, 11 July 1996.

<sup>171</sup> Charles Mtetwa, 'Indigenous sector gets backing from CZI', *The Financial Gazette*, 29 October 1998, p. B7.

<sup>172</sup> Gierson and Mead, *Business Linkages in Zimbabwe: Concept, Practice, and Strategies*, p. v; John P. Grierson, Donald C. Mead and Sam Moyo, 'Business Linkages in Zimbabwe: Helping to Shape 'Win-Win' Economic Structures', *Development in Practice*, Vol. 7, No. 3 (1997), p. 304.

<sup>173</sup> Gierson and Mead, *Business Linkages in Zimbabwe: Concept, Practice, and Strategies*, p. 3.

<sup>174</sup> *Ibid.*

<sup>175</sup> 'Donors to finance CZI small unit', *The Herald*, 23 June 1995.

<sup>176</sup> Gierson and Mead, *Business Linkages in Zimbabwe: Concept, Practice, and Strategies*, p. 6; 'SMEs to benefit from CZI project', *The Herald*, 17 June 1998; Mtetwa, 'Indigenous sector gets backing from CZI', p. B7.

<sup>177</sup> 'CZI boosts the indigenous', *The Herald*, 3 June 1999. In Manicaland Province alone 139 business linkages were established. See John Grierson, Donald C. Mead and Edward Kakora, *Business Linkages in Zimbabwe: The Manicaland Business Linkages Project*, (CZI, The Ministry of Industry and Commerce of the Republic of Zimbabwe, NORAD, 1999), p. 9.

networks with large companies and business knowledge, CZI facilitated the entrance of indigenous enterprises into the mainstream economy. Eugene Matikiti, the President of Matabeleland Chamber of Industries (MCI), CZI's affiliate, urged the government to adopt affirmative action in the manufacturing sector and proposed that large companies that sub-contract to indigenous owned small companies be given incentives.<sup>178</sup> MCI's pronouncement testifies that established interest groups also embraced the concept of affirmative action, albeit not as much as indigenous interest groups. One observation from what has been discussed so far is that while established business associations concentrated on creating networks between large companies and small enterprises, indigenous interest groups preferred joint ventures and acquiring shares from large companies. This shows that while established and indigenous interest groups advocated for indigenisation, they differed in their approach.

### **'Love-hate' relations, skirmishes and ambiguous engagement**

Indigenous interest groups had 'love-hate' relations with established business associations. The formation of the IBDC was welcomed by CZI and ZNCC who regarded it as a partner in development.<sup>179</sup> ZNCC claimed to have encouraged the formation of IBDC.<sup>180</sup> Some members of IBDC were in fact also members of CZI and ZNCC. The IBDC's pledge that it will not push for nationalisation or acquisition of foreign and white corporations earned it good relations with established business associations, at least initially.<sup>181</sup> On the basis of this harmonious relationship, IBDC was admitted into an umbrella representative of key business associations in the country, the Zimbabwe Association of Business Organisations (ZABO) which replaced the Private Sector Coordination Committee discussed in Chapter Three.<sup>182</sup> ZABO comprised of the CZI, ZNCC, Commercial Farmers Union, the Chamber of Mines and Zimbabwe Tobacco Association.<sup>183</sup> Government officials, most notably Vice-President Joshua Nkomo, encouraged these interest groups to respect each

<sup>178</sup> Staff Reporter, 'Plan for advancing indigenous business', *The Financial Gazette*, 3 March 1994, p. 9.

<sup>179</sup> Deketeke, 'Birth of the indigenous businessman', p. 10.

<sup>180</sup> Sam Munyavi, 'A history of dedication to business', *The Herald*, 21 July 1994, p. 8.

<sup>181</sup> 'Role of IBDC spelt out', p. 4.

<sup>182</sup> Skålnes, *The Politics of Economic Reform in Zimbabwe: Continuity and Change in Development*, p. 102; Deketeke, 'Birth of the indigenous businessman', p. 10.

<sup>183</sup> *Ibid.*

other and shun racism.<sup>184</sup> The government, IBDC, CZI and ZNCC jointly organised and travelled to attend business meetings in countries such as Venezuela, Australia, Malaysia and Singapore.<sup>185</sup> Occasionally, upon their return, IBDC and established business associations would issue joint press statements.<sup>186</sup> This shows the private sector's recognition of the IBDC as a credible interest group.

Despite the seeming harmony between IBDC and established business associations, differences became apparent. The desire to acquire wealth by the leaders of indigenous interest groups often pitted them against established business associations resulting in public spats. Clashes emerged as early as March 1991 when the Barclays Bank of Zimbabwe publicised its intention to sell 25% of its 'expanded equity' shares.<sup>187</sup> Fearing that multinational companies could scramble to buy all the shares, the IBDC issued a statement urging the government to buy all the shares at lower prices and resale them to indigenous business people in order to localise the economy. CZI dismissed IBDC's suggestion as 'outrageous' and 'out of step' with the dictates of the market promoted under ESAP. CZI argued that the economic reforms were meant to reduce state participation in the economy rather than increasing it as suggested by the IBDC. CZI argued that the IBDC should actually persuade the state to sell its shares, for example, those in the Zimbabwe Banking Corporation.<sup>188</sup> This spat between IBDC and CZI over the role of the market and the state reveals that the neoliberalism-indigenisation nexus was more complex and shaped relations between indigenous and established interest groups.

Legislators such as Tirivanhu Mudariki praised the IBDC for 'representing' the interests of indigenous people and castigated CZI for not promoting indigenisation.<sup>189</sup> Mudariki supported the IBDC's proposal that the government buy Barclays shares and sell them to indigenous entrepreneurs at lower prices.<sup>190</sup> Barclays shares were eventually sold on the open market in line with CZI's proposals. The above case

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<sup>184</sup> 'Comment – IBDC must have concrete plans', *The Herald*, 14 June 1991, p. 6.

<sup>185</sup> 'Leaders return to Caracas after a day's retreat', *The Herald*, 30 November 1991; 'Private and public sectors in Far East impress local men', *The Herald*, 26 October 1991.

<sup>186</sup> 'Private and public sectors in Far East impress local men'.

<sup>187</sup> Staff Reporter, 'CZI angered by IBDC suggestion', *The Financial Gazette*, 8 March 1991, p. 7.

<sup>188</sup> *Ibid.*

<sup>189</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 17, No. 76, 4 April 1991; Mr Tirivanhu Mudariki, MP, Harare North; col. 4087.

<sup>190</sup> *Ibid.*

reveals that although the IBDC and CZI purported to support indigenisation, they had differences in approach which at times degenerated into public skirmishes. It also reveals that the legislature, unlike the executive which was in charge of the economy and more pragmatic, had the liberty to support and slam established interest groups. What is also more apparent from the above spat is that the government's lack of a clear indigenisation policy led to skirmishes between indigenous interest groups and established business associations.

The more radical indigenous interest group, AAG, which was formed on 15 July 1994, had more skirmishes with CZI and ZNCC than other indigenous interest groups. AAG refused to engage or debate indigenisation with business associations such as CZI and ZNCC accusing them of being 'minority organisations'.<sup>191</sup> AAG attempted to use to push for indigenisation in the 1990s through calling for public boycotts of products produced or sold by large foreign and white owned companies accused of refusing to go into joint ventures with blacks.<sup>192</sup> In October 1994, AAG president, Phillip Chiyangwa, wrote 'intimidatory' letters to some foreign and white owned companies, which were CZI members, requesting they negotiate and sell their subsidiaries to blacks.<sup>193</sup> This attracted a sharp rebuke from CZI president, Jonah Wakatama, a black, who accused AAG of attempting to grab companies from one racial group and hand them to another. CZI advised its member companies to ignore the letter.<sup>194</sup> Chiyangwa accused CZI of discouraging companies from selling their subsidiaries to blacks. Chiyangwa slammed CZI of being used as a front by white companies and demanded it recuse it from indigenisation matters.<sup>195</sup> The AAG's call for public boycotts against foreign and white owned companies always went unheeded. It seems the government was complicit in AAG's threats and call for boycotts because it never condemned them publicly.

Pragmatism remained the government's approach in handling competing interests of indigenous and established interest groups on indigenisation during this period. The government attempted to adopt a pluralist approach on indigenisation. Chapter One

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<sup>191</sup> Herald Reporter, 'AAG turns down invitation', *The Herald*, 20 September 1995.

<sup>192</sup> Staff Reporter, 'Call for consumer boycott', *The Financial Gazette*, 18 August 1994, p. 1.

<sup>193</sup> 'CZI and AAG head for a clash', *The Herald*, 1 October 1994.

<sup>194</sup> Business Reporter, 'AAG to organise consumer boycotts', *The Herald*, 8 October 1994.

<sup>195</sup> 'CZI and AAG head for a clash'.

discussed the concept of pluralism, its emphasis on inclusivity and relevance in examining state-civil society relations on economic policy making. Along a pluralist model, in March 1993 the government established the National Advisory Board (NAB) which was made up of ministers and deputy permanent secretaries of the ministries of finance, economic planning and industry; CZI, ZNCC and the IBDC to promote the development of the informal sector and indigenisation.<sup>196</sup> This was a plausible move in adopting social inclusivity on economic development. Initially, NAB was very enthusiastic and met regularly, but with time it lost its mettle and died a natural death.<sup>197</sup> The vanishing of NAB reveals the government's half-hearted approach on indigenisation and ambiguity in dealing with interest groups.

ZANU-PF used a combined inclusionary and exclusionary 'pluralist' approach in its dealings with key interest groups. A good example is when the ZANU-PF politburo organised a meeting with IBDC and ZNCC to discuss indigenisation at Victoria Falls from 1 to 3 February 1994.<sup>198</sup> CZI, which was at the time regarded as too critical of indigenisation, was excluded from this meeting to avoid a direct clash with the IBDC. CZI responded to its exclusion by attacking the IBDC which was believed to have initiated the meeting. CZI president, Bill Moore, accused IBDC of being a political organisation which was not committed to indigenisation.<sup>199</sup> CZI's criticism of IBDC reveals that established business associations were opposed to the monopolisation of the indigenisation discourse by indigenous interest groups. ZANU-PF exuded the ability to exclude key interest groups to avoid the burden of being accused of taking sides in the event of open disagreement on policy issues.

The government equally excluded indigenous interest groups from economic policy making forums when it felt their expectations and inflationary demands could threaten dialogue. For example, in formulating the *Zimbabwe Programme For Economic and Social Transformation (ZIMPREST)*, an economic blueprint for the period 1996 to 2000, the government consulted CZI, ZNCC and ZCTU to the exclusion of indigenous interest groups even though indigenisation was one of the

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<sup>196</sup> Business Reporter, 'Little businesses need a big hand', *The Herald*, 11 March 1993, p. 3.

<sup>197</sup> *Ibid.*

<sup>198</sup> 'Economic independence', *The Sunday Mail*, 6 February 1994.

<sup>199</sup> 'IBDC too political says CZI', *The Herald*, 17 March 1994.

key themes in the document.<sup>200</sup> ZCTU, as a key interest group in dialogue with the government in the 1990s, was privileged to express its views on indigenisation with minimum risk of being labelled a government bootlicker like most indigenous interest groups or a 'neoliberal' organisation like most established business associations. ZCTU viewed indigenisation as a 'narrow elitist project' implemented in a 'haphazard manner'.<sup>201</sup> In its 1995 policy document, *Beyond The Economic Structural Adjustment Programme (ESAP): Framework For A Long-Term Development Strategy in Zimbabwe*, ZCTU urged the government to adopt a non-elitist and broad-based indigenisation programme which included workers.<sup>202</sup> In addition, ZCTU emphasised that indigenisation must be implemented within the context of promoting national development.<sup>203</sup> As it did in the 1980s, ZCTU criticised indigenous entrepreneurs for paying workers very low salaries.

Initially, indigenous interest groups were excluded from the National Economic Consultative Forum (NECF), a platform created in 1997 at the instigation of ZNCC but hijacked by the government. The purpose of NECF was to increase dialogue between the government and key interest groups on economic issues.<sup>204</sup> In 1997 and 1998 CZI, ZNCC, Employers' Confederation of Zimbabwe (EMCOZ) and ZCTU were part to this dialogue platform to the exclusion of indigenous interest groups. The IBDC justified its exclusion by claiming unquestionable loyalty to the government and arguing that only those organisations which criticised and opposed the government needed dialogue.<sup>205</sup> Thus, the ZANU-PF government, in a typical Machiavellian way, dribbled interest groups on economic policies to avoid direct confrontation on indigenisation at formal gatherings. In this way pragmatism explains the government's relations with indigenous interest groups and established business associations in the 1990s. It was only in the 2000s that the government broadened its engagement with interest groups through NECF. It co-opted indigenous interest

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<sup>200</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 24, No. 35, 14 October 1997; The Minister of Finance, The Hon. Herbert Muchemwa Murerwa, MP, Goromonzi; col. 1973.

<sup>201</sup> ZCTU, *Beyond The Economic Structural Adjustment Programme (ESAP): Framework For A Long-Term Development Strategy In Zimbabwe*, pp. 13-14.

<sup>202</sup> *Ibid*, p. 12.

<sup>203</sup> *Ibid*, p. 13.

<sup>204</sup> Matthew Takaona, 'Indigenous groups left out of crucial talks', *The Sunday Mail*, 13 September 1998, p. 7.

<sup>205</sup> *Ibid*.

groups such as IBDC, IBWO, AAG and the Indigenous Freight Forwarders Association of Zimbabwe. This will be discussed in Chapter Six.

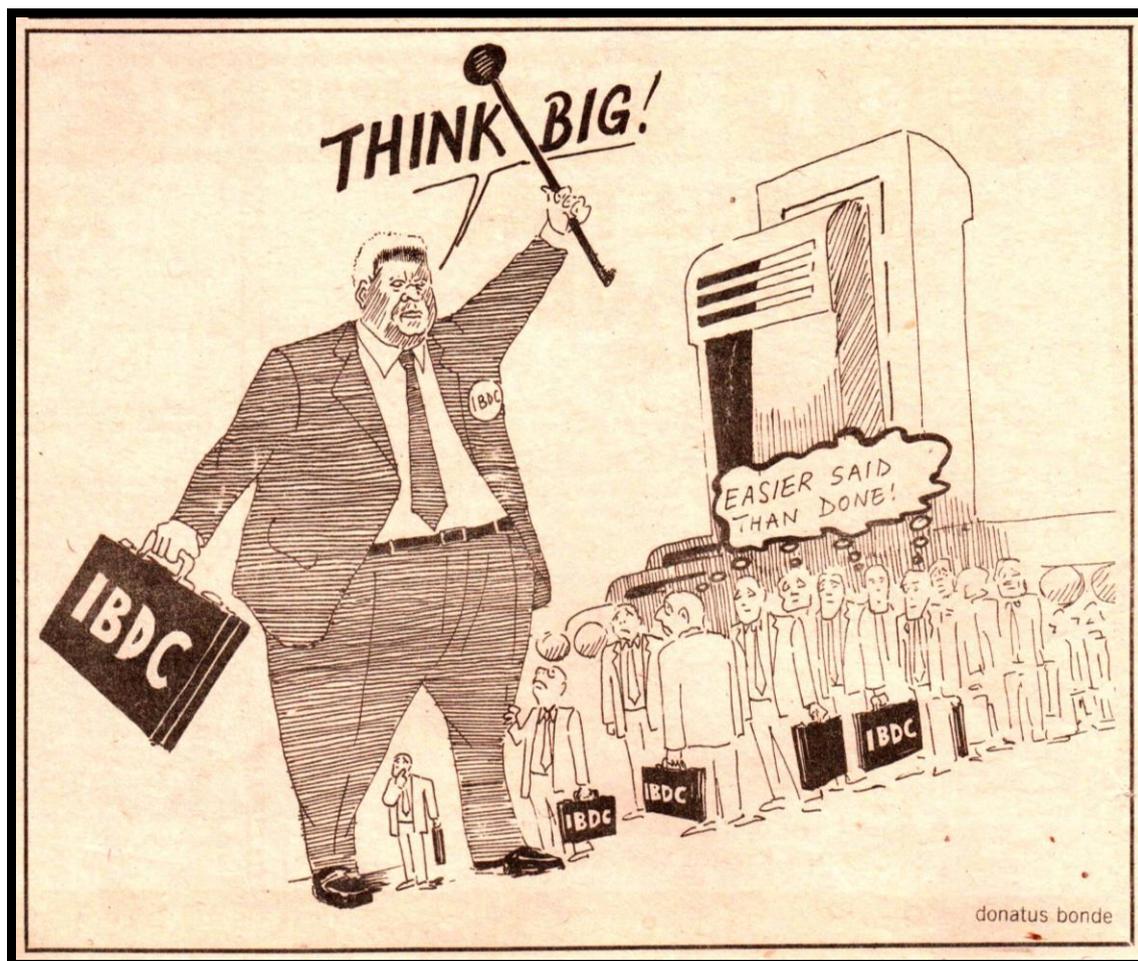
### **Contradictions in the indigenous interest group movement**

The emergence and proliferation of indigenous interest groups in the 1990s can be applauded as the development of pluralism, diversity and economic democratisation. However, the society viewed them as a hotch-potch of self-seeking and unfocussed elitists. As discussed in Chapter Two a number of studies have explored the IBDC's patrimonial relations with the ZANU-PF government. Interest groups such as ZCTU saw the IBDC as an elitist interest group which connected itself with senior government and ZANU-PF officials rather than the workers and ordinary people.<sup>206</sup>

**Figures 5.1** and **5.2**, all artistic works by cartoonists, reveals how the society viewed the IBDC. **Figure 5.1** exposes IBDC's conflation with senior politicians on the indigenisation rhetoric while marginalising ordinary people. In this cartoon Vice President Joshua Nkomo's alleged patrimonial relations with IBDC are depicted.

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<sup>206</sup> ZCTU, *Beyond The Economic Structural Adjustment Programme (ESAP): Framework For A Long-Term Development Strategy In Zimbabwe*, pp. 10 and 113.



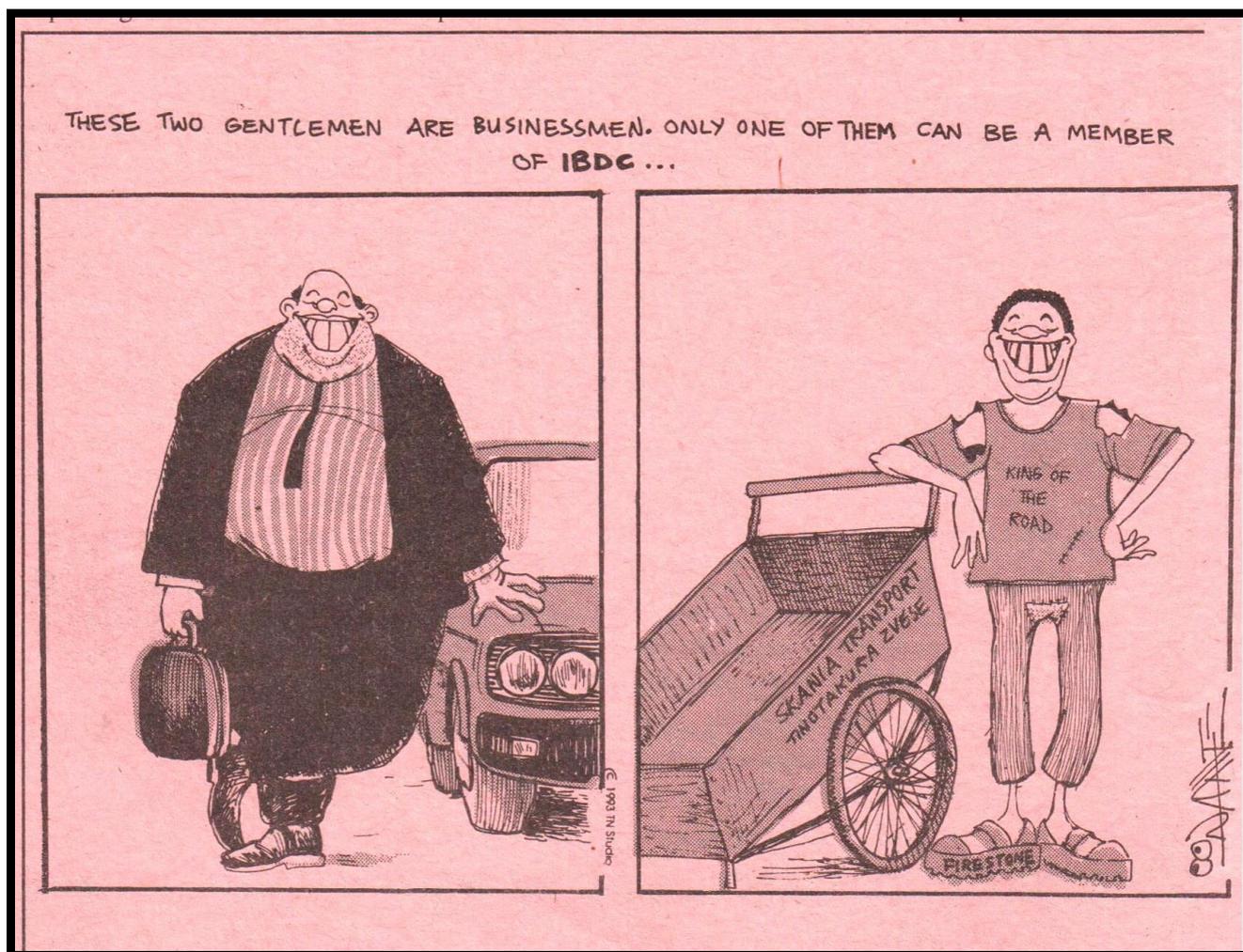
**Figure 5.1:** A cartoonist's impression of the relationship between Vice-President Joshua Nkomo and the IBDC

**Source:** *The Financial Gazette*, 20 June 1991, p. 4.

**Figure 5.2** below suggests that the IBDC is an elitist interest group which caters for the interests of business elites. It presents two entrepreneurs. One is a rich fat man. With a car and a briefcase, he is executive looking. The other is a thin impoverished looking porter pushing a cart and wearing torn clothes. The cart is labelled 'Skania Transport. Tinotakura Zvese (literally: We Transport Anything)'. In this way, the cartoon conveys class differences among black entrepreneurs in a humorous way. The cartoonist added the following statement on top of the cartoon: 'These two gentlemen are businessmen. Only one of them can be a member of IBDC ...'.<sup>207</sup> Clearly, it was the executive looking rich man who could join the IBDC. Such was the

<sup>207</sup> The cartoon and statement is embedded in the following article: Iden Wetherell, 'Voodoo economics no recipe for growth', *The Financial Gazette*, 25 November 1993, p. 4.

elitist perception which the society had on the IBDC. Consequently, emerging indigenous interest groups tended to castigate and delegitimise existing ones. For example, at its formation on 15 July 1994, the AAG castigated the IBDC leadership for fighting for positions while not doing enough to empower black business people.<sup>208</sup>



**Figure 5.2:** A cartoonist's impression of businessmen who could and who could not join the IBDC

**Source:** *The Financial Gazette*, 25 November 1993, p. 4.

One serious shortcoming in the indigenous interest group movement was the duplication of activities by groups which rarely spoke with one voice. For example, the roles of the IBDC and AAG overlapped. The roles of indigenous women's

<sup>208</sup> Staff Reporter, 'Indigenous splinter group formed', *The Financial Gazette*, 14 July 1994, p. 1.

groups, IBWO and WMRDT, could rarely be distinguished. Although members of these organisations were enjoying freedom of association enshrined in the constitution and within the confines of the law, there was redundancy, waste of resources and mudding of the indigenisation debate. Legislators such as Margaret Dongo attributed the proliferation of indigenous interest groups to the failure by the government to establish laws and institutions which supported indigenisation.<sup>209</sup> Dongo argued that the leaders of these indigenous interest groups enriched themselves at the expense of ordinary people. Thus, while the legislature supported indigenisation, it was concerned with accumulative and acquisitive tendencies of the leaders of indigenous interest groups.

Another serious challenge was dual or even multiple membership by both individuals and affiliate associations mainly to maximise opportunities for elite enrichment. For example, the War Veterans Association led by Chenjerai Hunzvi and the Small Scale Miners' Association led by Giles Munyoro, were affiliates of two peak indigenous interest groups, the IBDC and the Zimbabwe Wealth Creation and Empowerment Council (ZWCEC).<sup>210</sup> Related to this, leaders of indigenous interest groups coalesced to form consortiums to enrich themselves while sidelining the ordinary business people they purported to represent. Formed in 1997, ZWCEC provides a typical example of how leaders of various indigenous interest groups organised themselves for the sole purpose of getting tenders and acquiring assets and shares from the government and large companies.<sup>211</sup> ZWCEC founding president, James Makamba, was a ZANU-PF politician, a legislator and businessman. The interest group had two vice-presidents: Jane Mutasa who was also president of IBWO and Chenjerai Hunzvi, who was also the chairman of the War Veterans Association.<sup>212</sup> Its secretary general and spokesman, Phillip Chiyangwa, was also the president of AAG. It had three Council Board Members and these were: Giles Munyoro, the chairman of the National Association of Miners (Small Scale); Silas Hungwe, the president of the Zimbabwe Farmers' Union and Leo Mugabe, who was the Chief

<sup>209</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 72, 21 February 1995; Mrs Margaret Dongo, MP, Harare East; col. 4809.

<sup>210</sup> IBDC – Presidents of the National Affiliated Organisations; Staff Reporter, 'Group to advance cause of black economic empowerment lobbies', *The Financial Gazette*, 24 October 1996, p. 5.

<sup>211</sup> Gloria Ndoro-Mkombachoto, 'Consortiums a viable route to indigenisation', *The Financial Gazette*, 9 October 1997, p. 20.

<sup>212</sup> 'Zimbabwe Wealth Creation and Empowerment Council', *The Sunday Mail*, 30 March 1997, p. C8.

Executive Officer of the Integrated Engineering Group. ZWCEC entered into strategic alliances and share acquisitions with local conglomerates and multinational companies. It negotiated and won the cellular network tender, the Zimbabwe Net Two network, which is now Telecel.<sup>213</sup> ZWCEC was unprecedented as it is a classical example of the conflation of leaders of various interest groups to enrich themselves. The emergence of a handful *nouvea riche* blacks with connections to indigenous interest groups and ZANU-PF in the 1990s increased cynicism on indigenisation.

Besides fighting among themselves, some indigenous interest groups suffered from internal factionalism caused by ethnicism and regionalism as well as lack of good governance, accountability, transparency and collective responsibility. Factionalism and lack of transparency, which led to the vanishing of donor funding and decline of the IBDC, is well documented.<sup>214</sup> Barely four years after its formation, the IBDC suffered a messy leadership wrangle which pitted a group led by Ben Mucheche, the then incumbent, against another group led by Chemist Siziba, the contestant.<sup>215</sup> Since Mucheche was a Shona while Siziba was a Ndebele, existing literature has also explored the ethnic and regional dimensions of this wrangle.<sup>216</sup> While Vice President Joshua Nkomo's intervention on the side of Siziba can serve to confirm the ethnic and regional analysis, it also reveals the political dimension of the circus.<sup>217</sup> Mucheche and his group were supported by some senior ministers in the government mainly from Mashonaland.

The views of the legislature on IBDC leadership battles have not been given attention. Legislators such as Mudariki denounced ethnicism and regionalism in the

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<sup>213</sup> Ndoro-Mkombachoto, 'Consortiums a viable route to indigenisation', p. 20.

<sup>214</sup> Raftopolous and Moyo, 'The Politics of Indigenisation in Zimbabwe', p. 13; Wild, *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe*, pp. 271-272; Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe', p. 253, p. 264-265; Raftopoulos and Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics', p. 21.

<sup>215</sup> Minutes of a meeting held by the IBDC board members and the IBDC founder members on 19 May 1994 at 2:00 PM in the IBDC conference room, 2<sup>nd</sup> Floor, 101 Union Avenue, Harare, pp. 3, 4.

<sup>216</sup> Raftopolous and Moyo, 'The Politics of Indigenisation in Zimbabwe', p. 13; Scott D. Taylor, 'Race, Class, and Neopatrimonialism in Zimbabwe' in Richard Joseph, (ed), *State, Conflict and Democracy in Africa*, (Lynne Rienner Publishers, London, 1999), p. 253, p. 264-265; Brian Raftopoulos and Daniel Compagnon, 'Indigenization, the State Bourgeoisie and Neo-authoritarian Politics', in Staffan Darnolf and Liisa Laakso (eds.), *Twenty Years of Independence in Zimbabwe: From Liberation to Authoritarianism*, (Palgrave MacMillan, London, 2003), p. 21.

<sup>217</sup> *Ibid.*

IBDC as threats to indigenisation.<sup>218</sup> Other legislators such as Stephen Vuma slammed Vice President Nkomo and government ministers who took sides in this wrangle.<sup>219</sup> Several legislators, including Lazarus Nzarayebani and Margaret Dongo castigated IBDC factional leaders as incompetent and spent forces not fit to promote indigenisation in the country.<sup>220</sup> Allegations of corruption during the IBDC leadership wrangle led the legislature to urge the executive to find alternative ways of channelling indigenisation funds.<sup>221</sup> The IBDC leadership wrangle led the business community, bureaucrats, politicians and the public to lose confidence in the organisation. With donors withholding their funds, the IBDC declined and became less active. What is clear from the IBDC case is that the state had interests in the internal affairs of indigenous interest groups.

The AAG's constitution was the root cause of most power struggles which marred it. The constitution gave the founding president, Phillip Chiyangwa, sweeping and overriding powers. The powers include removing the sitting president in the event of 'unanimous disunity, mismanagement and disrespect of the AAG office'.<sup>222</sup> In March 1998, Chiyangwa allegedly manipulated the organisation's structures to parachute his strong ally, Matson Hlalo, to AAG presidency without giving other aspiring candidates, such as the then vice president, Saviour Kasukuwere, the opportunity to contest.<sup>223</sup> In the same month, Chiyangwa unilaterally sacked Kasukuwere from the AAG vice presidency. Chiyangwa only reinstated Kasukuwere when the latter, with the backing of AAG's regional structures, protested and challenged the decision. Kasukuwere eventually decided to resign from the vice-presidency and quit AAG claiming it was Chiyangwa's fiefdom.<sup>224</sup> Besides power struggles, there was regionalism as some AAG members from Manicaland, Masvingo and Matabeleland

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<sup>218</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 22, No. 8, 31 May 1995; Mr Tirivanhu Mudariki, MP, Harare North; col. 247.

<sup>219</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 59, 24 January 1995; Mr Stephen Vuma, MP, Silobela; col. 4122.

<sup>220</sup> *Ibid*; cols. 4121, 4123; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 60, 25 January 1995; Mr Lazarus G. C. Nzarayebani, MP, Mutare South; col. 4209; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 72, 21 February 1995; Mrs Margaret Dongo, MP, Harare East; cols. 4808-4809.

<sup>221</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 21, No. 59, 24 January 1995; Mr Stephen Vuma, MP, Silobela; col. 4123.

<sup>222</sup> Staff Reporter, 'Matson Hlalo succeeds Chiyangwa at AAG', *The Financial Gazette*, 12 March 1998, p. 1.

<sup>223</sup> Staff Reporter, 'Matson Hlalo succeeds Chiyangwa at AAG', p. 1.

<sup>224</sup> Tambayi Nyika, 'Troubled AAG takes yet another knock', *The Financial Gazette*, 19 March 1998, p. 5.

provinces saw the organisation as dominated by and serving the interests of those from Mashonaland East, Central and West. With such internal power struggles, indigenous interest groups lacked the credibility and legitimacy required to spearhead indigenisation on behalf of the society and even their own members.

The AAG and other indigenous interest groups suffered from lack of financial accountability leading to embezzlement of funds. Between 1994 and June 1998, despite handling funds with a value of over Z\$1 million collected from its members and well-wishers, AAG never hired external auditors as required by its constitution.<sup>225</sup> Taking advantage of poor financial accounting, some leaders of the organisation embezzled funds.<sup>226</sup> Other leaders extorted money from white owned companies by writing them unsanctioned and threatening letters demanding payment to get protection from indigenisation activists.<sup>227</sup> Some of the leaders who committed these nefarious acts were suspended from the organisation, but they were never tried in the courts of law. Related to this, in ZWCEC, leading members Makamba and Chiyangwa, divided the organisation as they fought for the control of shares in a cellular company owned by the interest group, Telecel.<sup>228</sup> All these scandals and public spats damaged these indigenous interest groups' public image which provided justification for the formation and proliferation of others.

Indigenous sectoral business associations were not exceptional from internal disgruntlement and power struggles. The construction sector and ZBCA provide a good example. Despite the introduction of affirmative action in favour of ZBCA members in 1993, only few companies were benefitting. By June 1994, out of 300 black contractors in ZBCA, only 59 benefitted.<sup>229</sup> Leaders of ZBCA were accused of conspiring with officials in the Ministry of Construction and Public Works and the Tender Board to conceal information on government tenders at the expense of general members of ZBCA. These leaders were accused of colluding with foreign and white owned companies to elbow out deserving construction companies owned

<sup>225</sup> Staff Reporter, 'Suspended AAG official alleges victimisation', *The Financial Gazette*, 25 January 1998, p. 7.

<sup>226</sup> Staff Reporter, 'Suspended AAG official alleges victimisation', p. 7; Also see: 'Police investigating suspected fraud in AAG', *The Herald*, 8 January 1998.

<sup>227</sup> Staff Reporter, 'Suspended AAG official alleges victimisation', p. 7.

<sup>228</sup> Staff Reporter, 'Telecel power struggle deepens', *The Financial Gazette*, 20 August 1998, p. 19; Also see: Marvellous Mapiniga, 'Of squabbles, power games and black empowerment', *The Herald*, 10 September 1998.

<sup>229</sup> Makunike, 'ZBCA squabbles threaten affirmative action showcase', p. 4.

by fellow blacks from winning government tenders. Legislators such as Richard Ndlovu expressed dismay at lack of transparency, accountability and discrimination of small contractors by fellow blacks in the construction industry.<sup>230</sup> The rival and mainly white construction business association, CIFOZ, weighed in and emphasised that some black contractors were being discriminated against within ZBCA. It proposed its own inclusive and 'workable' affirmative action programme which the government turned down.

In addition, there were power struggles within the ZBCA. For example, in August 1999, the then ZBCA president, Daniel Garwe, was stripped of his position by a faction which replaced him with the immediate past president, Obert Sibanda. Garwe was removed on the basis of a technicality that he was now working for a company which was not a member of ZBCA.<sup>231</sup> This was bitterly contested by Garwe and his supporters who accused their rivals of being power hungry. This leadership wrangle was highly publicised. It tarnished the image of ZBCA and negatively affected affirmative action programmes in the construction sector. Despite the role played by the indigenous interest groups in promoting indigenisation in the 1990s, they suffered from internal contradictions which delegitimised them as torch bearers of this noble policy.

## **Conclusion**

Interest groups' relations with the state on indigenisation in the 1990s are best understood through the lens of neoliberalism. The schism between indigenous interest groups and established business associations in the 1990s was a microcosm of friction between neoliberalism and indigenisation which the state strenuously attempted to conflate. Considering their business experience, organisational capacity, infrastructure and stronger financial base, ZNCC and CZI had more practical, structured and sound programmes to support indigenous entrepreneurs than indigenous interest groups. None of the indigenous interest groups could introduce programmes which matched ZNCC's franchising and

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<sup>230</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 24, No. 53, 3 February 1998; Mr Richard M. Ndlovu, MP, Bulilimamangwe North; col. 2889.

<sup>231</sup> Deputy News Editor, 'Power struggle rocks programme to indigenise sector', *The Sunday Mail*, 22 August 1999.

microbusiness development, or CZI's business linkages which gave tangible benefits to indigenous enterprises. While indigenous interest groups can be credited for 'breaking the silence' on the plight of black entrepreneurs, promoting affirmative action and joint ventures, their use as vehicles to accumulate wealth by leaders and internal squabbles discredited them. Different approaches to indigenisation between the executive and the legislature raises serious questions on the extent to which the state can be regarded as a united entity. Despite this, pragmatism remained the state's approach in accommodating established interest groups inclined to neoliberalism and indigenous interest groups which spearheaded the indigenisation rhetoric.

## Chapter Six

### **‘100% Empowerment. Total Independence’: Crisis and indigenisation, 2000 to 2008**

All companies – we will take them over if they continue with their dirty game. Be warned.<sup>1</sup>

President Robert Mugabe, 27 June 2007.

As advisors (to the government) we are not in favour of donations. ... black empowerment is necessary, but not through expropriation.<sup>2</sup>

Gideon Gono, Governor of the Reserve Bank of Zimbabwe (RBZ), 2007.

#### **Introduction**

The ZANU-PF government’s radical and controversial indigenisation policies between 2000 and 2008, were a response to economic and political crisis in the country. The ties between pro-democracy civil society movements and the new vibrant opposition political party, the Movement for Democratic Change (MDC) cemented the alliance between the ZANU-PF government and indigenous interest groups. The latter alliance can best be explained by ideas advanced by public choice theorists discussed in Chapter One. To retain legitimacy, the ZANU-PF government used the indigenisation programme, conflating it with the rhetoric of sovereignty and anti-imperialism. By monopolising indigenisation, the government and indigenous interest groups undermined the National Economic Consultative Forum (NECF)’s attempts to adopt a plural approach on the policy. Scapegoating the MDC, foreign and white owned businesses, established business interest groups and Western nations for sabotaging the economy, ZANU-PF and indigenous interest groups found justifications to adopt a radical indigenisation policy. In a typical statist fashion, the government enacted a controversial indigenisation law despite fierce opposition from the Reserve Bank of Zimbabwe (RBZ), MDC and established interest groups. One key lesson drawn from the crisis is that economic imperatives are submerged when the legitimacy and power of an authoritarian regime are at stake. By focusing on

<sup>1</sup> ‘MDC warns Government over indigenisation law’, *The Standard*, 1 July 2007.

<sup>2</sup> Staff Reporter, ‘Mugabe repeats mines threat’, *The Financial Gazette*, 28 February to 5 March 2008, p. C2.

these issues in different sections, this chapter primarily uses a thematic approach. Adherence to chronology is only made within sections when it is possible to do so.

### **Crisis and interest group politics**

What came to be known as ‘the Zimbabwean crisis’ was intricately intertwined and interwoven with indigenisation. This section discusses the crisis and how it shaped state-interest group relations on a constellation of themes related to indigenisation between 2000 and 2008. The crisis had economic and political dimensions, all traced to the 1990s.<sup>3</sup> As highlighted in Chapter Five, the Economic Structural Adjustment Programme (ESAP) contributed to economic decline. ESAP led to high inflation and interest rates, budget deficits; and increased unemployment, poverty, and corruption in the public and private sectors.<sup>4</sup> Contrary to expectations, foreign investment in the country declined from 23,4% in 1995 to 13% in 1999.<sup>5</sup> Although

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<sup>3</sup> For more literature on the Zimbabwean crisis see: Michael Nest, ‘Ambitions, profits and loss: Zimbabwean economic involvement in the Democratic Republic of Congo’, *African Affairs*, 100, (2000), pp. 469-490; David Moore, ‘Is the Land the Economy and Economy the Land? Primitive Accumulation in Zimbabwe’, *Journal of Contemporary African Studies*, Vol. 19, No. 2, (2001), pp. 253-266; David Moore, ‘Neoliberal globalisation and the triple crisis of ‘modernisation’ in Africa: Zimbabwe, the Democratic Republic of the Congo and South Africa’, *Third World Quarterly*, Vol. 22, No. 6, (2001), pp. 909-929; David Blair, *Degrees in Violence: Robert Mugabe and the Struggle for Power in Zimbabwe*, (Continuum, London, 2002); Brian Raftopoulos and Ian Phimister, ‘Zimbabwe Now: The Political Economy of Crisis and Coercion’, *Historical Materialism*, Vol. 12, No. 4, (2003), pp. 355-382; Amanda Hammar and Brian Raftopoulos, ‘Zimbabwe’s Unfinished Business: Rethinking Land, State and Nation’, in Amanda Hammar, Brian Raftopoulos and Stig Jensen (eds.), *Zimbabwe’s Unfinished Business: Rethinking Land, State and Crisis in the Context of Crisis*, (Weaver Press, Harare, 2003), pp. 1-41; Terence Ranger, ‘Nationalist historiography, patriotic history and the history of the nation: the struggle over the past in Zimbabwe’, *Journal of Southern African Studies*, Vol. 30, No. 2, (2004), pp. 215-234; Brian Raftopoulos, ‘Unreconciled differences: The limits of reconciliation politics in Zimbabwe’, Brian Raftopoulos and Tyrone Savage, (eds.), *Zimbabwe: Injustice and Political Reconciliation*, (Institute for Justice and Reconciliation, Cape Town, 2004), pp. viii-xxii; Ian Phimister and Brian Raftopoulos, ‘Mugabe, Mbeki and the politics of anti-imperialism’, *Review of African Political Economy*, Vol. 31, No. 101, (2004), pp. 385-400; Stephen Chan, *Robert Mugabe: A life of power and violence*, (I. B. Tauris, London, 2003); Brian Raftopoulos, ‘Lessons in Violence’, in Gugulethu Moyo and Mark Ashurst, (eds.), *The Day After Mugabe: Prospects for Change in Zimbabwe*, (Africa Research Institute, London, 2007), pp. 53-56; David Moore, ‘“Intellectuals” Interpreting Zimbabwe’s Primitive Accumulation: Progress to Market Civilization?’, *Safundi: The Journal of South African and American Studies*, Vol. 8, No. 2, (2007), pp. 199-222; Brian Raftopoulos, ‘The Crisis in Zimbabwe, 1998-2008’, in Brian Raftopoulos and Alois Mlambo (eds), *Becoming Zimbabwe: A History from the precolonial period to 2008*, (Weaver Press, Harare, 2009), pp. 201-232; Blessing-Miles Tendi, *Making History in Mugabe’s Zimbabwe: Politics, Intellectuals and the Media*, (Peter Lang, Bern, 2010); Richard Bourne, *Catastrophe: What went wrong in Zimbabwe?*, (Zed Books, London, 2011); and David Moore, ‘Progress, power, and violent accumulation in Zimbabwe’, *Journal of Contemporary African Studies*, Vol. 30, No. 1, (2012), pp. 1-9. The literature given above is not exhaustive.

<sup>4</sup> Republic of Zimbabwe, *The Millennium Budget: Budget Statement 2000*, (October 1999), p. 1; Government of Zimbabwe, *Zimbabwe Millennium Economic Recovery Programme*, (August 2001), p. 5.

<sup>5</sup> Ministry of Finance, *Budget Statement 2001*, (November 2001), p. 3, Graph 2.

there are different views on causes and dates of the genesis of the 'real' economic crisis most authorities trace it to 1997.<sup>6</sup> Patrick Bond and Masimba Manyanya trace it to the decision by the government to pay war veterans of the 1960s and 1970s liberation war gratuities of Z\$50 000 and Z\$2000 monthly salaries in September 1997.<sup>7</sup> The Zimbabwean dollar tumbled from Z\$10 per US\$1 to about Z\$30 to US\$1 by 14 November that year.<sup>8</sup> This marked the beginning of the economic crisis that subsequently shaped Zimbabwe's domestic politics and international relations for much of the 2000s.

President Robert Mugabe's decision to militarily intervene in the Democratic Republic of Congo (DRC) in August 1998 in support of that country's embattled leader, Laurent Kabila, who was fighting Ugandan and Rwandan supported rebels, aggravated the economic crisis.<sup>9</sup> In the early days of its intervention, the government reportedly spent almost US\$1 million a day.<sup>10</sup> By the year 2000, the Ministry of Defence, with a budget allocation of Z\$8,2 billion, was the second largest budgetary allocation after the Statutory Appropriations, Salaries, Wages and Allowances Vote which was allocated Z\$23,4 billion.<sup>11</sup> The above developments worsened the budget deficit and disgruntled the International Monetary Fund (IMF) and the World Bank which were urging the government to cut spending. The IMF and the World Bank withheld financial support citing the government's failure to meet the agreed targets in implementing economic reforms.<sup>12</sup> In 1999, the IMF and World Bank withheld a

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<sup>6</sup> Patrick Bond problematised different causes of the economic crisis and competing dates of its genesis. Bond argues that although the year 1997 is widely accepted, the crisis can be traced as far back as early 1990, early 1980s and even early 1970s depending on the aspect of the economy one will be looking at. See Patrick Bond, 'Competing Explanations of Zimbabwe's Long Economic Crisis', *Safundi: The Journal of South African and American Studies*, Vol. 8, No. 2, (2007), pp. 149-181. Sam Moyo and Paris Yeros have argued that Zimbabwe's crisis began in the early 1990s with the introduction of Structural Adjustment Programme. See: Sam Moyo and Paris Yeros, 'The Radicalised State: Zimbabwe's Interrupted Revolution', *Review of African Political Economy*, Vol. 34, No. 111, (2007), p. 104.

<sup>7</sup> Patrick Bond and Masimba Manyanya, *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, (University of Natal Press, Pietermaritzburg, 2002), pp. xi, 38, 39.

<sup>8</sup> *Ibid*, pp. xi, 38, 39.

<sup>9</sup> Hevina S. Dashwood, *Zimbabwe: The Political Economy of Transformation*, (University of Toronto Press, Toronto, 2000), p. 104; Bond and Manyanya, *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, p. 72.

<sup>10</sup> Bond and Manyanya, *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, p. 72.

<sup>11</sup> Ministry of Finance, *The Millenium Budget: Budget Statement 2000*, pp. 17-18.

<sup>12</sup> Staff Reporter, 'Business leaders take steps to ease economic crisis', *The Financial Gazette*, 27 January – 2 February 2002, p. 2; Patrick Bond, 'Zimbabwe's Hide and Seek with the IMF: Imperialism, Nationalism and the South African Proxy', *Review of African Political Economy*, Vol. 32, No. 106, (2005), p. 613;

total of US\$6,5 million earmarked for the country's balance of payment support.<sup>13</sup> The government's strained relations with international financial institutions over its domestic and foreign policy aggravated the crisis.

The economic crisis was worsened by political developments which attracted international attention. In the late 1990s existing and new civil society organisations demanded a more democratic political system, good governance and protested against the worsening economic situation in the country. In 1997, the National Constitutional Assembly (NCA) was formed by churches and non-governmental organisations to lobby for a more democratic constitution.<sup>14</sup> In 1998, the Zimbabwe Congress of Trade Unions (ZCTU) led demonstrations and 'stay-aways' from work over shortages and increase in the prices of food and other basic commodities. The NCA and ZCTU were central in the formation of a labour based political party, the Movement for Democratic Change (MDC), launched in September 1999.<sup>15</sup> Led by a former trade unionist Morgan Tsvangirai, the emergence of the MDC tilted the political landscape against ZANU-PF. ZANU-PF's defeat in a constitutional referendum held in February 2000 in which it campaigned for a 'Yes' vote but lost to the 'No' campaign supported by the MDC, NCA, ZCTU and other pro-democracy social movements marked the ruling party's drift to authoritarian politics.<sup>16</sup> In response, the ZANU-PF government appropriated the longstanding land question in national politics to increase its popular support for the June 2000 parliamentary elections. The elections were marred by ZANU-PF and state-sponsored violence and human rights abuses against MDC supporters and allegations of rigging. Out of 120 contested parliamentary seats, the ruling party won 62 seats, while the MDC won 57 seats mainly in urban areas.<sup>17</sup> This was a great loss for ZANU-PF, which dominated the legislature by a huge majority since independence. As shall be discussed in the next sections, MDC legislators fiercely challenged the ZANU-PF government's

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<sup>13</sup> Staff Reporter, 'Business leaders take steps to ease economic crisis', p. 2.

<sup>14</sup> Sarah Rich Dorman, 'NGOs and the Constitutional Debate in Zimbabwe: From Inclusion to Exclusion', *Journal of Southern African Studies*, Vol. 29, No. 4, (2003), p. 846.

<sup>15</sup> Brian Raftopoulos, 'The Labour Movement and the Emergence of Opposition Politics in Zimbabwe', in Brian Raftopoulos and Lloyd Sachikonye, (eds.), *Striking Back: The Labour Movement and the Post-Colonial State in Zimbabwe 1980-2000*, (Weaver Press, Harare, 2001), pp. 16, 17.

<sup>16</sup> Dorman, 'NGOs and the Constitutional Debate in Zimbabwe: From Inclusion to Exclusion', p. 856.

<sup>17</sup> David Blair, *Degrees in Violence: Robert Mugabe and the Struggle for Power in Zimbabwe*, (Continuum, London, 2002), pp. 164. The other seat was won by ZANU-Ndonga's Wilson Kumbula who represented the Chipinge South constituency.

formulation and implementation of the indigenisation policy throughout the crisis period.

Seeking to fulfil its election campaign promise, in July 2000 the ZANU-PF government initiated the Fast Track Land Reform Programme (FTLRP) in which peasants, war veterans, securocrats, elite bureaucrats and politicians invaded and took over white owned farms.<sup>18</sup> The land invasions were characterised by violation of property rights of white farmers; beatings and killings of white farmers and farm workers. The judiciary was marginalised by the executive for its attempt to settle disputes and institute justice.<sup>19</sup> The government's failure to abide by the rule of law during the FTLRP led to the imposition of targeted sanctions on the country and isolation by the United States, the European Union, Canada, Australia and New Zealand who viewed Zimbabwe as a pariah state.<sup>20</sup> More pronounced was the acrimony between the ZANU-PF government and the British government led by Prime Minister Tony Blair.<sup>21</sup> The ZANU-PF government accused the Blair government of instigating Western sanctions and supporting the MDC. A ZANU-PF campaign poster in **Figure 6.2** suggests that a defeat of the MDC in elections by ZANU-PF was also a defeat of the Blair government. These developments signified a new era in the country's economic and political affairs which, as discussed below, shaped the indigenisation debate between 2000 and 2008.

My argument in this section is that most themes during the crisis such as the constitutional debate, economic decline, electoral politics, land reform, sanctions, price controls, among others were linked with the indigenisation debate. The ZANU-PF government and indigenous interest groups concurred on most issues on political and economic debates during this period. This concurrence was partly influenced by their patron-client relations, best analysed through the lens of the public choice concept discussed in Chapter One. Public choice theorists posit that some interest

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<sup>18</sup> Jocelyn Alexander, *The Unsettled Land: State-Making and the Politics of Land in Zimbabwe*, (James Currey, Oxford, 2006), pp. 186.

<sup>19</sup> Geoffrey Feltoe, 'The onslaught against democracy and rule of law in Zimbabwe in 2000', in David Harold Barry (ed.), *Zimbabwe: The Past is the Future*, (Weaver Press, Harare, 2004), p. 201.

<sup>20</sup> Musiwaro Ndakaripa, 'The Debate Over the Nature and Impact of the United States and European Union 'Sanctions' on Zimbabwe, 2001 to 2012', *OSSREA Bulletin*, Vol. 10, No. 2, (2013), p. 29; and Musiwaro Ndakaripa, 'United States / European Union 'sanctions' and the contestation for political space in Zimbabwe, 2000 to 2012', *American International Journal of Contemporary Research*, Vol. 4, No. 4, (2014), pp. 135-149.

<sup>21</sup> *Ibid*, p. 143.

groups are rent-seeking and destructive as they take advantage of their proximity to government to accrue benefits for their members without adding any value to the economy.<sup>22</sup> They also argue that authoritarian governments seeking to retain power can use interest groups to advance their policies and garner popular support.<sup>23</sup> I argue that the crisis provided indigenous interest groups an opportunity to show 'unquestionable loyalty' to the ZANU-PF government by supporting it on contentious political and economic issues. This gave indigenous interest groups leverage on indigenisation issues in *quido pro quo*. Though acting independently, the MDC, and later MDC parties<sup>24</sup>, tended to concur with established interest groups. This section conveniently examines the positions of the state and interest groups on the above issues thematically rather than chronologically. However, chronology will be adhered to where possible within paragraphs.

One of the first contentious issues during the crisis which put indigenisation to the fore was the constitutional debate. As noted by Sara Dorman, the ZANU-PF government attempted to hijack the constitutional debate from the National Constitutional Assembly (NCA) by forming a state controlled Constitutional Commission led by Justice Godfrey Chidyausiku in March 1999.<sup>25</sup> The Constitutional Commission was tasked with drafting and campaigning for a new constitution favoured by ZANU-PF.<sup>26</sup> While most pro-democracy civil society organisations denounced the government-led constitutional review exercise, indigenous interest groups, most notably the IBDC, supported the activities of the Constitutional Commission. The IBDC mobilised about Z\$2 million for the Constitutional

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<sup>22</sup> Eamonn Butler, *Public Choice – A Primer*, (The Institute of Economic Affairs, London, 2012), pp. 15, 21. Arthur A. Goldsmith, 'Business associations and better governance in Africa', *Public Administration and Development*, Vol. 22, (2002), p. 41. Martin Dawson and Tim Kelsall are among few scholars who analysed rent-seeking economics in Zimbabwe. See: Martin Dawson and Tim Kelsall, 'Anti-development patrimonialism in Zimbabwe', *Journal of Contemporary Studies*, Vol. 30, No. 1, (2012), pp. 49-66.

<sup>23</sup> Deborah Bräutigam, Lise Rakner and Scott Taylor, 'Business associations and growth coalitions in Sub-Saharan Africa', *Journal of Modern African Studies*, Vol. 40, No. 4, (2002), p. 541.

<sup>24</sup> The Movement for Democratic Change (MDC) was formed in 1999 and was led by Morgan Tsvangirai. The party split into two in 2005. The united MDC prior 2005 will be referred to as MDC. The larger and most influential faction which is led by Morgan Tsvangirai was renamed MDC-Tsvangirai (MDC-T). The faction led by Tsvangirai since 2005 will be referred to as MDC-T. The smaller faction formerly led by Arthur Mutambara and now by Welshman Ncube retained the name MDC. For the purpose of clarity in this study and to avoid confusion with the former united MDC, the MDC led by Mutambara shall be referred to as MDC - Mutambara (MDC-M) even though it now has a new leader.

<sup>25</sup> Dorman, 'NGOs and the Constitutional Debate in Zimbabwe: From Inclusion to Exclusion', pp. 845, 849 and 850; Sunday Mail Reporter, 'IBDC to raise \$2m for constitution', *The Sunday Mail*, 11 July 1999.

<sup>26</sup> Sunday Mail Reporter, 'IBDC to raise \$2m for constitution'.

Commission. The IBDC argued that the 1979 Lancaster Constitution protected the interests of local white and foreign investors. It advanced that those who control established interest groups such as the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Commercial Farmers Union (CFU), the Chamber of Mines and Employers Confederation of Zimbabwe (EMCOZ) benefitted from past constitutional arrangements and the *status quo*. Moreover, it argued that established interest groups were urging workers to vote against the new constitution in the referendum to maintain white and foreign dominance of the economy.<sup>27</sup> The IBDC wanted indigenisation to be enshrined in the new constitution and incorporated into the country's legal framework. It was particularly responsible for the inclusion of Part III, Section 1 (d) of the 2000 draft referendum constitution which called on the state 'to redress imbalances resulting from past practices and policies'.<sup>28</sup> On the eve of the constitutional referendum, on 12 February 2000, IBDC president Ben Mucheche, told members of the organisation that: 'This constitution presents the best opportunity for the economic empowerment of our people with its various provisions for affirmative action'.<sup>29</sup> He urged his lobby group members in various sectors of the economy to vote for the draft constitution in the referendum. IBDC's pronouncements resonated with the views of the ZANU-PF government. This strengthened their relationship.

ZANU-PF and indigenous interest groups allied in electoral politics throughout the crisis. While established interest groups were largely neutral in all controversial elections, indigenous interest groups sought to bolster their patron-client relationship with the ZANU-PF government by supporting it unconditionally. A peak organisation of indigenous interest groups, the Zimbabwe Council of Indigenous Pressure Groups (ZCIPG), which comprised of Sangano Munhumutapa, Affirmative Action Group (AAG), Zimbabwe Indigenous Economic Empowerment Organisation (ZIEEO), Africa Dialogue, African Heritage and Restoration of Revered System among others castigated the MDC, and openly supported ZANU-PF.<sup>30</sup> On 18 March 2000, ahead of

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<sup>27</sup> Sunday Mail Reporter, 'IBDC urges members to vote "yes"', *The Sunday Mail*, 13 February 2000.

<sup>28</sup> Republic of Zimbabwe, *Proposed Draft Constitution (1999)*, 12-13 February 2000, Part III, Development, Section 1 (b); Interview Lawrence Ndezvenyu, IBDC member, Glen Norah, Harare, 19/10/2014.

<sup>29</sup> Sunday Mail Reporter, 'IBDC urges members to vote "yes"'.

<sup>30</sup> Sunday Mail Reporter, 'Pressure groups take a swipe at opposition parties', *The Sunday Mail*, 19 March 2000.

the parliamentary elections in June that year, ZCIPG released a press statement accusing the MDC of working with the British to recolonise Zimbabwe. ZCIPG accused the MDC of taking advantage of the economic hardship to undermine the patriotism of the citizenry. ZCIPG described MDC leadership as ‘chancers’.<sup>31</sup> A section in the statement read:

There are efforts to recolonise the country and restore British colonial rule but the council has resolved to viciously resist any re-colonisation efforts. Political charlatans, opportunists, paper tigers and toy soldiers are emerging from dark corners and further confusing the nation in pursuance of selfish agendas.<sup>32</sup>

President of Sangano Munhumutapa, self-styled Chief Munhumutapa III,<sup>33</sup> Lawrence ‘Warlord’ Fambainesu Chakaredza, signed the statement. It became an unwritten rule that leaders and ordinary members of indigenous pressure groups should be ZANU-PF members. In August 2000, AAG president Matson Hlalo, had to resign from his post to campaign for a position of councillor in Bulawayo on an MDC ticket.<sup>34</sup> While most elections held between 2000 and 2008 were discredited by the majority of civil society organisations as neither free nor fair, indigenous pressure groups endorsed ZANU-PF ‘victories’.<sup>35</sup> In the photograph in **Figure 6.1** below, IBDC president, Ben Muccheche, and the organisation’s secretary general, Enock Kamushinda, congratulate Mugabe after his ‘victory’ in the March 2002 presidential election.<sup>36</sup> The body language of Muccheche and Kamushinda in this photograph shows humility and reveals the extent to which they wanted to show ‘loyalty’ to Mugabe and ZANU-PF.

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<sup>31</sup> *Ibid.*

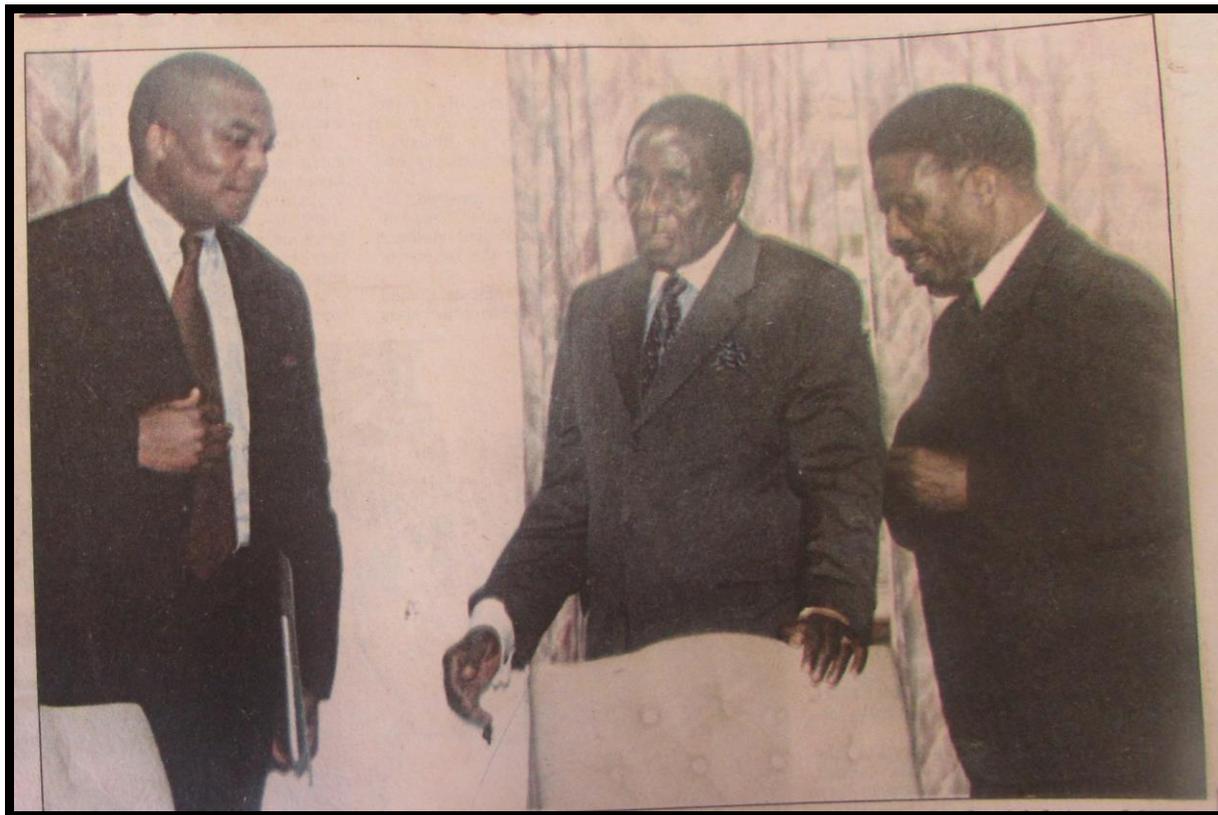
<sup>32</sup> *Ibid.*

<sup>33</sup> *Ibid.*, Timelines of History, <http://www.timelines.ws/countries/ZIMBABWE.HTML>, Accessed on 14/11/2016.

<sup>34</sup> Herald Reporter, ‘Chiyangwa back as AAG boss’, *The Herald*, 9 August 2000.

<sup>35</sup> Sunday Mail Reporter, ‘IBDC calls on UK to mend rift with Zim’, *The Sunday Mail*, 17 March 2002; Political Editor, ‘Polls free, orderly and peaceful: AAG’, *The Herald*, 19 March 2002; and Herald Reporter, ‘Black businesses back President’, *The Herald*, 22 March 2002.

<sup>36</sup> Herald Reporter, ‘Black businesses back President’, *The Herald*, 22 March 2002.



**Figure 6.1:** This photograph, taken on 21 March 2002 at Zimbabwe House, show IBDC president Ben Muccheche (right) and IBDC secretary general Enock Kamushinda (left) congratulating President Robert Mugabe (centre) after his 'victory' in the presidential election held on 9, 10 and 11 March 2002.

**Source:** *The Herald*, 22 March 2002.

Although land reform is not the focus of this study, it was a key theme during the crisis, which provided indigenous interest groups the opportunity to demonstrate loyalty to and cement their alliance with the ZANU-PF government. Most government economic blueprints and national budget statements for this period regarded the land reform as the most successful way to promote economic empowerment and redress past injustices.<sup>37</sup> The ZANU-PF government urged all civil society organisations, including established interest groups to support land reform.<sup>38</sup> Indigenous interest groups supported the FTLRP. By October 2002, out of 5 000 IBDC members, 3 000

<sup>37</sup> Ministry of Finance and Economic Development, *The 2003 National Budget Statement*, (November 2002), p. 10; Government of Zimbabwe, *Zimbabwe Millennium Economic Recovery Programme*, pp. 11 to 12; Ministry of Finance and Economic Development, *National Economic Revival Programme*, (February 2003), p. 6.

<sup>38</sup> 'CZI should align itself with Government plans', *The Sunday Mail*, 13 October 2002.

had benefitted from the land reform programme.<sup>39</sup> IBDC urged the government to support the newly resettled farmers with inputs and agricultural equipment.<sup>40</sup> The AAG also supported the land reform programme regarding it as the government's most decisive empowerment programme.<sup>41</sup> In November 2008, an AAG delegation led by the lobby group's secretary-general, Tafadzwa Musarara, went to Windhoek, Namibia, to stand in solidarity with the government at the Southern African Development Community (SADC) Tribunal Land Court Case.<sup>42</sup> In this case, 77 former white commercial farmers, led by Mike Campbell, were seeking to nullify land reform programme arguing it violated SADC's property and human rights treaties. AAG, just like the Zimbabwean government, disputed this, arguing that 3 000 white farmers who lost their farms could not reclaim the land at the expense of 350 000 black farmers resettled throughout the country. While established interest groups and pro-democracy civil society organisations had acrimonious relations with the ZANU-PF government for much of this period, indigenous interest groups colluded with the state and, as shall be discussed in one of the next sections, gained leverage on indigenisation.

The position of established interest groups on land reform was ambiguous and shifted overtime. In the late 1990s and early 2000s, the CZI argued that land reform was not an urgent issue.<sup>43</sup> However, CZI shifted its position after receiving a backlash from the state media which urged it to identify itself with government policies.<sup>44</sup> CZI later regarded the land reform as a necessary programme and promised to play a meaningful role. After its annual general meeting in September 2003, CZI released a press statement stating that the agricultural and manufacturing industries are linked and depend on each other.<sup>45</sup> However, CZI insisted that the government must carry out the policy in a transparent manner and stop farm invasions.

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<sup>39</sup> 'IBDC calls on government to swiftly support new farmers', *The Herald*, 24 October 2002, p. B4.

<sup>40</sup> *Ibid.*, p. B4.

<sup>41</sup> Herald Reporter, 'AAG sends team to Namibia for land case', *The Herald*, 29 November 2008.

<sup>42</sup> *Ibid.*

<sup>43</sup> Herald Reporter, 'More pressing issues than land reform - CZI', *The Herald*, 28 December 1999.

<sup>44</sup> Tafataona P. Mahoso, 'CZI: Define position on land', *The Sunday Mail*, 13 October 2002, p. 12; 'CZI should align itself with Government plans'.

<sup>45</sup> 'Confederation of Zimbabwe Industries – Press Release: 46<sup>th</sup> Annual General Meeting of the Confederation of Zimbabwe Industries', *The Financial Gazette*, 25 September to 1 October 2003, p. G9.

Formed in March 2000, the Business Leaders Forum, was a peak business organisation. It comprised of the Employers Confederation of Zimbabwe (EMCOZ), the Zimbabwe National Chamber of Commerce (ZNCC), the Confederation of Zimbabwe Industries (CZI), Commercial Farmers Union (CFU), Chamber of Mines, Bankers Association of Zimbabwe, Zimbabwe Council for Tourism and the Institute of Directors. The Business Leaders Forum acknowledged the need for land reform programme and expressed interest in assisting the government to implement it.<sup>46</sup> It, however, insisted that the programme should be carried in an orderly manner. Thus, unlike indigenous interest groups, established interest groups supported the land reform programme conditionally. This and other positions of established interest groups discussed below tended to create a lukewarm relationship with the government.

One of the most contentious questions which bonded together the ZANU-PF government and indigenous interest groups during the crisis was: Who is responsible for the economic meltdown? A critical examination of this debate reveals that, in many ways, the crisis provided the ZANU-PF government and indigenous interest groups with new justifications to push for radical indigenisation. Throughout the crisis, the ZANU-PF government absolved itself of any responsibility for economic decline and blamed internal and external ‘detractors’ opposed to the land reform programme.<sup>47</sup> It scapegoated Western nations, the MDC, white and foreign owned companies, and established interest groups for economic challenges faced by the nation. With regard to internal ‘detractors’ the ZANU-PF government accused the private sector and established interest groups of being ‘unpatriotic, reckless and selfish profiteers’.<sup>48</sup> Established interest groups were accused of playing ‘dirty tricks’ and being complicit in sabotaging the economy by hiking prices, creating artificial food shortages and diverting fuel to neighbouring countries to incite popular uprisings to effect a regime change.<sup>49</sup> See ZANU-PF campaign poster for the 31 March 2005 parliamentary elections in **Figure 6.2**. Indigenous interest groups also

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<sup>46</sup> Marvellous Mapinanga, ‘Business leaders form lobby forum’, *The Herald*, 9 March 2000.

<sup>47</sup> Ministry of Finance and Economic Development, *National Economic Revival Programme*, p. 1.

<sup>48</sup> Shame Makshori, ‘ZNCC gives new MPs a piece of its mind’, *The Financial Gazette*, 23 to 29 October 2008, p. C7.

<sup>49</sup> Mahoso, ‘CZI: Define position on land’, p. 12; ‘MDC warns Government over indigenisation law’, *The Standard*, 1 July 2007.

absolved the ZANU-PF government on economic challenges faced by the country. In the early 2000s, IBDC president Mucheche was on record accusing the non-indigenous business community for hiking prices to cause 'social upheavals and urban discontent' to effect a regime change.<sup>50</sup> Mucheche argued that indigenisation was one of the ways to end the economic crisis. The IBDC, AAG, and the Zimbabwe National Liberation War Veterans Association (ZNLWVA) supported government's price controls.<sup>51</sup>

Throughout the crisis and with the tacit approval of the ZANU-PF government, the AAG unlawfully interfered with the operations of foreign and white owned businesses claiming to protect black customers, tenants and businesses from exploitation. Echoing government views, AAG denounced foreign owned businesses for alleged economic sabotage.<sup>52</sup> The AAG interfered in rental disputes between black tenants on one hand, and white owned estate agents on the other. As rentals increased exorbitantly in the early 2000s, the AAG advised tenants occupying commercial properties in Bulawayo to report landlords and estate agents hiking rentals.<sup>53</sup> In July 2004, the AAG protested against estate agents in Bulawayo which increased rentals in defiance to the Reserve Bank of Zimbabwe (RBZ) directive.<sup>54</sup> On 29 July 2004, AAG national Vice-President, Sam Ncube, and over thirty AAG militias invaded Frank Knight Estate Agency, harassed workers and brought business to a standstill in protest against rental increases.<sup>55</sup> While AAG's interferences points to the government's failure to uphold the rule of law during the crisis, it also provides a typical example of how the government co-opted interest groups to fight white and foreign owned businesses accused of 'sabotaging the economy to effect a regime change'. This view resonates with Arthur Goldsmith's assertion that in developing countries interest groups can be used to further the interests of unpopular regimes.<sup>56</sup>

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<sup>50</sup> Herald Reporter, 'Government not to blame for current economic woes – IBDC', *The Herald*, 1 October 2001, p. 2.

<sup>51</sup> Business Reporters, 'Mixed reactions to price controls', *The Herald*, 11 October 2001; Herald Reporter, 'AAG offers \$20 000 reward for whistle blowers on hoarding', *The Herald*, 4 July 2002.

<sup>52</sup> Business Reporter, 'AAG finds \$12 million hoarded commodities', *The Herald*, 11 July 2002.

<sup>53</sup> Ngoni Chanakira, 'Leave members alone, AAG told', *The Zimbabwe Independent*, 16 April 2004.

<sup>54</sup> Reserve Bank of Zimbabwe, *Monetary Policy Statement: The First Quarter to 31 March 2004*, (April 2004), p. 80.

<sup>55</sup> Thabani Sibanda, 'AAG cries foul over rentals', *The Standard*, 8 August 2004.

<sup>56</sup> Goldsmith, 'Business associations and better governance in Africa', p. 90.

In this context the Zimbabwean crisis had ripple effects which shaped state interest group relations.

With regard to 'external detractors' the ZANU-PF government claimed that Western nations with the complicity of the MDC imposed sanctions on the country as a punishment for embarking on the land reform programme.<sup>57</sup> Sanctions became a contentious issue intricately linked to indigenisation. It is important to note that these sanctions targeted individuals linked to ZANU-PF, including prominent figures in indigenous interest groups. For example, after the controversial March 2002 presidential elections 'won' by Mugabe, the United States, through the Zimbabwe Democracy Recovery Act, imposed travel restrictions on indigenisation activists who were former or current leaders of indigenous interest groups or business consortiums.<sup>58</sup> These include prominent banker and the then IBDC secretary general, Enock Kamushinda; prominent businessman, AAG founding president and Chinhoyi Member of Parliament, Phillip Chiyangwa; businessmen, former AAG vice-president and Mt Darwin Member of Parliament, Saviour Kasukuwere; empowerment activist and Africa Resources Limited chairman, Mutumwa Mawere.<sup>59</sup>

None of the key figures in established interest groups or the MDC were included on Western countries' sanctions lists. This bolstered the relations between indigenisation activists and interest groups, and ZANU-PF. Echoing ZANU-PF views, indigenous interest groups blamed sanctions for the economic challenges faced by the country. IBDC president Mucheche accused the British government of perpetuating neo-imperialism through interfering in Zimbabwean politics in support of the MDC. He also accused the British government of influencing the World Bank and the IMF to cut balance of payments support to Zimbabwe. Mucheche argued this contributed to company closures and unemployment.<sup>60</sup> Both the ZANU-PF government and indigenous interest groups called for radical indigenisation measures to bust sanctions.

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<sup>57</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 59, 29 March 2001; Mr Phillip Chiyangwa, MP, Chinhoyi; cols. 6112 – 6117.

<sup>58</sup> Sydney Masamvu, 'US bans bankers, business leaders', *The Financial Gazette*, 28 March to 3 April 2002, p. 1.

<sup>59</sup> *Ibid*, p. 1.

<sup>60</sup> Sunday Mail Reporter, 'IBDC calls on UK to mend rift with Zim', *The Sunday Mail*, 17 March 2002.

CZI and ZNCC attributed the country's economic crisis to the ZANU-PF government's failure to uphold the rule of law, farm invasions, human rights abuses and crackdown on the media, which among other problems led to declining foreign investment.<sup>61</sup> CZI and ZNCC also argued the economic challenges were a result of the government's refusal to heed their advice. ZNCC accused the government of adopting populist policies such as land reform and price controls to achieve short term gains at the expense of long term development.<sup>62</sup> CZI and ZNCC concurred that to resolve the economic challenges, the government need to uphold the rule of law, make the executive accountable to the legislature, fiscal discipline and curb corruption.<sup>63</sup> CZI and ZNCC refuted allegations that white and foreign owned businesses were responsible for economic challenges in the country. They argued that both white and black business people were hiking prices in response to the cost of production and running businesses. Established interest groups dismissed the argument that sanctions were primarily responsible for the economic meltdown. However, they urged the government to swallow its pride and restore normal economic relations with Western countries to improve the economic fortunes of the country.<sup>64</sup> Overall, the Zimbabwean crisis bonded the ZANU-PF government with indigenous interest groups but created at best a lukewarm relationship and at worst a wedge with established interest groups. As discussed in one of the following sections, these relationships influenced the crafting of the indigenisation legislation between 2000 and 2008.

### **New political configuration and changing indigenisation**

The major argument in this section is that the emergence of the MDC propelled the ZANU-PF government to adopt more proactive but sometimes controversial measures in its indigenisation policy. The legislature became the major arena where ZANU-PF and MDC contested indigenisation. With a significant number of seats in Parliament, MDC legislators fiercely challenged the ZANU-PF government's

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<sup>61</sup> Abel Mutsakani, 'Company seizures suicidal for Mugabe', *The Financial Gazette*, 4 to 10 July 2002, p. 7.

<sup>62</sup> Business Reporter, 'Return of law, order key to economic recovery – ZNCC', *The Herald*, 2 November 2000.

<sup>63</sup> Business Reporter, 'Return of law, order key to economic recovery – ZNCC'; Business Reporter, 'CZI draws up economic revival plans', *The Herald*, 8 March 2001, p. 6.

<sup>64</sup> Business Reporter, 'CZI pledges support for agrarian reforms', *The Chronicle*, 1 October 2003.

implementation of the indigenisation policy in the early 2000s.<sup>65</sup> To ZANU-PF's advantage indigenisation activists such as Phillip Chiyangwa, Saviour Kasukuwere and James Makamba won the 2000 parliamentary elections on its ticket. These indigenisation activists cum legislators fiercely countered MDC legislators' criticism of indigenisation policy. This new political configuration made the indigenisation debate more contentious.

Both ZANU-PF and MDC legislators supported the idea of indigenisation but differed over its implementation. One of the conundrums of the indigenisation debate in the legislature was the role of race and class. While MDC legislators recognised historical racial injustices they argued that an empowerment programme based on race alone was flawed. MDC legislators such as Willias Madzimume argued that blacks were not a homogenous class since some of them are rich and exploiting other blacks.<sup>66</sup> Echoing Madzimume's view, another MDC legislator, David Coltart argued that disadvantage is multi-layered, and historical racial injustices are only one layer.<sup>67</sup> Coltart emphasised the need to empower the society broadly by looking at people disadvantaged on the basis of factors such as 'historical injustices, race, gender, ethnicity or place of origin'.<sup>68</sup> Most MDC legislators criticised the government's indigenisation programme as a narrow elitist project benefitting only blacks aligned to ZANU-PF.<sup>69</sup> Contrary to MDC legislators, most ZANU-PF legislators such as Chiyangwa argued that indigenisation was largely meant to address historical racial imbalances and issues such as gender and ethnicity were secondary.<sup>70</sup> Chiyangwa cited the manufacturing sector, which he claimed was almost exclusively controlled by whites.<sup>71</sup> While ZANU-PF legislators gave primacy

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<sup>65</sup> Between 2000, 2005 and 2008 the number elected seats in Parliament/House of assembly fluctuated. Throughout this period the MDC/MDC parties always had a significant number of legislators – 57, 41, and 109 legislators after the 2000, 2005 and 2008 elections respectively.

<sup>66</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr Willias Madzimume, MP, Kambuzuma; cols. 2000-2001.

<sup>67</sup> *Ibid*; Mr David Coltart, MP, Bulawayo South; cols. 1993, 1995.

<sup>68</sup> *Ibid*; cols. 1993, 1996.

<sup>69</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr David Coltart, MP, Bulawayo South; col. 1995; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr Willias Madzimume, MP, Kambuzuma; col. 1999.

<sup>70</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 24, 25 October 2000; Mr Phillip Chiyangwa, MP, Chinhoyi; col. 2444.

<sup>71</sup> *Ibid*; col. 2448.

to race, MDC legislators brought the issue of class and other forms of marginalisation to the fore in the indigenisation debate.

One of the most contentious questions debated in the legislature was the role of indigenous interest groups such as the IBDC, AAG and the Indigenous Business Women Organisation (IBWO) in indigenisation. MDC legislators argued that indigenous interest groups had achieved very little and tended to scare foreign investors.<sup>72</sup> Coltart criticised fellow legislators such as former AAG president, Chiyangwa, for using indigenous interest groups and affirmative action policies to enrich themselves at the expense of the majority.<sup>73</sup> Madzimore argued that indigenous interest groups lack internal democracy and transparency. He also criticised their leaders of monopolising power for self-aggrandisement.<sup>74</sup> Madzimore also expressed concern that indigenous interest groups were being used to mobilise funds from development agencies such as the World Bank for the benefit of their leaders and a few prominent people.<sup>75</sup> On this basis, most MDC legislators argued that indigenous interest groups should not handle indigenisation. MDC legislators proposed for the formation of an empowerment board comprising women, all ethnic groups and manned by apolitical individuals who can execute their duties impartially 'without fear or favour'.<sup>76</sup> Contrary to MDC legislators, ZANU-PF legislators, Chiyangwa and Kumbirai Kangai, fiercely defended the role of the IBDC, AAG and IBWO, arguing that they were effectively promoting affirmative action programmes.<sup>77</sup> Kangai dismissed the view that indigenous interest group groups scare foreign investors as misplaced.<sup>78</sup> This debate reveals that the polarisation of Zimbabwean politics manifested in indigenisation debates in the legislature. Thus, alternative voices from the opposition MDC were challenging ZANU-PF's indigenisation policy from within a key branch of the state, the legislature.

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<sup>72</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr Willias Madzimore, MP, Kambuzuma; col. 2003.

<sup>73</sup> *Ibid*; Mr David Coltart, MP, Bulawayo South; col. 1994.

<sup>74</sup> *Ibid*; Mr Willias Madzimore, MP, Kambuzuma; col. 2001.

<sup>75</sup> *Ibid*; col. 1999.

<sup>76</sup> *Ibid*; Mr David Coltart, MP, Bulawayo South; cols. 1997-1998.

<sup>77</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 4, 3 August 2000; Mr Phillip Chiyangwa, MP, Chinhoyi; col. 119; *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr Kumbirai Manyika Kangai, MP, Buhera South; col. 1991.

<sup>78</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr Kumbirai Manyika Kangai, MP, Buhera South; col. 1991.

Though not specifically addressing issues raised by the MDC, the ZANU-PF government increased the tempo of indigenisation. Coordination between ZANU-PF, as a ruling party, and the government on indigenisation improved than before. In February 2001 the ZANU-PF Committee on Empowerment chaired by Chiyangwa, recommended that all government contracts and tenders be awarded to indigenous firms to promote indigenisation.<sup>79</sup> In response, state controlled organisations such as Zimpapers, the Community Newspaper Group, the Zimbabwe Broadcasting Corporation, Kingstons Booksellers and the Zimbabwe Inter-Africa News Agency were directed to award tenders and contracts to indigenous firms. In April 2005 at the behest of the ZANU-PF Committee on Empowerment, the government established an Inter-Ministerial Committee on Indigenous Empowerment to coordinate the indigenisation policy.<sup>80</sup> The Committee comprised of six cabinet ministers. It was chaired by the Minister of Indigenisation and Empowerment, Retired Air Marshal Josiah Tungamirai. Other ministers and their respective ministries were: Sithembiso Nyoni (Small and Medium Enterprises); Herbert Murerwa (Finance); Rugare Gumbo (Economic Development); Patrick Chinamasa (Justice, Legal and Parliamentary Affairs); and Webster Shamu (Policy Implementation). The creation of the above committee is ample testimony of the priority the government attached to indigenisation. The year 2005 also saw the government drafting what was then called the Empowerment Bill which at that time proposed to give indigenous people 50% ownership in all sectors of the economy. The debate over this Bill will be the focus of one of the next sections.

While significant measures to promote indigenisation were taken in the 2000s, the programme became more controversial and was largely discredited. Cases of indigenous business people with political connections awarded tenders without following stipulated procedures increased.<sup>81</sup> Politicians and business people took advantage of the economic situation to strike shady deals in the financial sector. President Mugabe's appointment of Gideon Gono as the Reserve Bank of Zimbabwe governor in December 2003 shook the financial sector. A number of black owned

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<sup>79</sup> Munyaradzi Huni, 'Pull out business from white companies', *The Sunday Mail*, 4 February 2001.

<sup>80</sup> 'State sets up indigenous empowerment committee', *The Herald*, 20 May 2005.

<sup>81</sup> Brian Mangwende, 'The (un)holy alliance of tycoons, politicians', *The Financial Gazette*, 4 to 10 March 2004, p. 7.

banks were closed for failing to meet the central bank's requirements and for engaging in speculative activities.<sup>82</sup> The indigenisation programme became murky when, in 2004, President Mugabe, in a typical statist fashion, launched an anti-graft campaign which netted a number of indigenous people with ZANU-PF links. Leading black economic empowerment activists, leaders or former leaders of indigenous interest groups such as Phillip Chiyangwa, Jane Mutasa, James Makamba, Enock Kamushinda and Mutumwa Mawere were either arrested or investigated on allegations varying from illicit indigenisation deals, financial fraud and externalising foreign currency.<sup>83</sup>

The government's crackdown on indigenous miners in the 2000s raised serious questions about its commitment to indigenisation and its supposedly cordial relations with indigenous interest groups. For example in the mid-2000s the government launched Operation Chikorokoza Chapera (*Operation Panning Mining Must End*) in which most indigenous miners were arrested. Their mines were closed for alleged illegal mining that caused environmental degradation and smuggling of precious minerals out of the country.<sup>84</sup> This was despite the fact that most indigenous miners faced bureaucratic denials or delays in obtaining licences and certificates. Indigenous miners who already had the required documents were also indiscriminately targeted.<sup>85</sup> Protests by indigenous mining groups such as Small-Scale Miners Association of Zimbabwe (SSMAZ) and Zimbabwe Small-Scale Miners Federation were ignored.<sup>86</sup> This evidence reveals that although public choice ideas can be used to explain state-interest group relations during this period the government tended to adopt a statist approach in dealing with what it saw as lawlessness.

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<sup>82</sup> Chris Muronzi, 'Kasukuwere blasts Gono', *Zimbabwe Independent*, 26 March 2010.

<sup>83</sup> Mangwende, 'The (un)holy alliance of tycoons, politicians', p. 7; Chris Muronzi, 'CID swoops on Kamushinda', *The Financial Gazette*, 30 September to 6 October 2004, p. 1.

<sup>84</sup> Chris Muronzi, '... as small miners call speedy return to business', *The Financial Gazette*, 10 to 16 May 2007, p. C4; Showers Mawowa's work provides a useful analysis of the challenges faced by indigenous small-scale miners during the 2000s. See Showers Mawowa, 'The Political Economy of Artisanal and Small-Scale Gold Mining in Central Zimbabwe', *Journal of Southern African Studies*, Vol. 39, No. 4, (2013), pp. 921-936.

<sup>85</sup> Darlington Musarurwa, 'Small-scale miners engage Govt', *The Sunday Mail*, 7 January 2007.

<sup>86</sup> Interview with Desmond Chaitezvi, Indigenous Miner, Member of Small-Scale Miners Association of Zimbabwe (SSMAZ), Marimba Park, Harare, 21/10/2014.

## **The National Economic Consultative Forum (NECF) and indigenisation: A pluralist experiment**

This section examines the government's attempt to adopt an inclusive approach to indigenisation by bringing interest groups and other key stakeholders together through the National Economic Consultative Forum (NECF). The emergence of the MDC and its popularity with civil society rattled ZANU-PF enough to increase its own dialogue with social groups on economic policies. In addition, one of the key lessons the government learnt from ESAP and *Zimbabwe Programme For Economic and Social Transformation* (ZIMPREST) was that business, labour and civil society must be consulted extensively in economic policy making.<sup>87</sup> Moreover, the economic crisis made it necessary for the government to consult widely on policy formulation and implementation. In the 2000s, the NECF provides a classical example of the government's attempt to adopt a pluralist approach on economic policy making in general and indigenisation in particular. As highlighted in Chapter Five, NECF, formed in 1997, was the brainchild of ZNCC but was hijacked by the government. The NECF was a unique social dialogue platform because while it began as a 'voluntary association of citizens' it was chaired by President Mugabe who was also its patron.<sup>88</sup> It is unusual for voluntary associations to have a senior government official, let alone the President, as their patron. This means NECF's independence from the state was limited. NECF provided a broad participatory framework and exchange of ideas between the government and various stakeholders in the nation such as business, labour, academia and civil society.<sup>89</sup> NECF claimed to adhere to the concept of 'Smart Partnership' which emphasises that development is a product of collaboration between the government and all sections of the society in policy-making and in sharing social responsibilities.<sup>90</sup> NECF also coordinated, monitored and evaluated the implementation of national economic policy.

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<sup>87</sup> Government of Zimbabwe, *Zimbabwe Millennium Economic Recovery Programme*, (August 2001), p. 12.

<sup>88</sup> NECF, *The National Economic Consultative Forum*, Harare, December 2007.

<sup>89</sup> NECF Secretariat and Office of the President and Cabinet, *National Economic Consultative Forum*, (July 1999), p. 3; Tinoenda Mabwe, 'NECF to set-up task force on indigenisation policy', *The Herald*, 13 October 2004.

<sup>90</sup> NECF Secretariat and Office of the President and Cabinet, *National Economic Consultative Forum*, p. 3.

Since the early 2000s, NECF, through its Indigenisation Task Force, promoted dialogue on indigenisation of the economy.<sup>91</sup> Unlike in the 1990s, indigenous interest groups were active members of NECF and they dominated the Indigenisation Task Force to the exclusion of established interest groups. IBDC representative, Ben Chisvo, co-chaired NECF's Indigenisation Task Force with Joseph Chipato, the president of the Indigenous Freight Forwarders Association of Zimbabwe.<sup>92</sup> IBWO president, Jane Mutasa, chaired the women and youth entrepreneurship committee within the NECF Indigenisation Task Force.<sup>93</sup> The Task Force was required to liaise with CZI, ZNCC, the Chamber of Mines, EMCOZ, ZCTU and other stakeholders before making recommendations to the government. Broadly, NECF Indigenisation Task Force was responsible for finding ways to accelerate indigenisation and 'to monitor and evaluate the implementation' of the policy.<sup>94</sup> In addition, the Task Force was, among other things, tasked to research on black shareholding in all sectors of the economy. It was also tasked to determine shareholding which should be reserved for blacks.<sup>95</sup> However, the NECF Indigenisation Task Force lacked both research experts and funding.<sup>96</sup> Thus, NECF's capacity to carry out credible research on indigenisation was limited.

Although NECF provided a platform for dialogue between the government and interest groups on indigenisation, it had its own challenges. There was lack of unity caused by mutual suspicion and mistrust between the government, indigenous interest groups, established interest groups and labour.<sup>97</sup> Relations did not improve as expected. With regard to indigenisation, CZI, ZNCC, EMCOZ and ZCTU accused the government and indigenous interest groups of politicising the programme. CZI was concerned that some NECF delegates looked at indigenisation through political lens even though the programme affect the whole socio-economic spectrum.

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<sup>91</sup> Victoria Ruzvidzo, 'Smart partnerships concept loses its impetus', *The Herald*, 5 April 2001; Business Reporter, 'NECF dialogue deferred', *Sunday News*, 6 November 2005.

<sup>92</sup> Hama Saburi, 'Indigenisation drive loses momentum', *The Financial Gazette*, 15 to 21 January 2004, p. 7; Mabwe, 'NECF to set-up task force on indigenisation policy'; 'NECF to hold national dialogue on indigenisation', *The Herald*, 7 October 2005.

<sup>93</sup> Chris Goko, 'IBWO on fund awareness', *The Sunday Mail*, 8 July 2001.

<sup>94</sup> NECF Secretariat and Office of the President and Cabinet, *National Economic Consultative Forum*, p. 5.

<sup>95</sup> Mabwe, 'NECF to set-up task force on indigenisation policy'.

<sup>96</sup> Interview with Crispin Matare, Executive Member, Indigenous Freight Forwarders Association of Zimbabwe, 22/10/2014.

<sup>97</sup> Ruzvidzo, 'Smart partnerships concept loses its impetus'.

Echoing the views of established interest groups, ZCTU chief economist, Godfrey Kanyenze, argued that NECF's objective to achieve smart partnership on indigenisation was difficult because the policy was politicised.<sup>98</sup> In other words, the polarisation of the Zimbabwean society was translated into the NECF and negatively affected its effectiveness.

The discord within the NECF became apparent in October 2004. The NECF Indigenisation Task Force, using its amateurish research, made recommendations to the government without consulting established interest groups. Claiming to have consulted all stakeholders in NECF, the Task Force recommended that there should be 'economic liberalisation' to open all sectors of the economy to indigenous entrepreneurs.<sup>99</sup> The Task Force argued this will attract more domestic and foreign investment needed to turnaround the economy. The Task Force recommended that the government should promote 60% ownership for blacks in the tourism and hotel industry, consultancy, freight forwarding, customs clearance services, real estate, tour operations and hunting concessions.<sup>100</sup> In addition, it also recommended that blacks should get 50% of all government and parastatal construction tenders.<sup>101</sup> The Task Force expressed displeasure at some mining claims granted to foreign mining companies which remained idle for years, depriving indigenous entrepreneurs and consortiums the opportunity to extract mineral resources. The Task Force recommended that these claims be opened up to indigenous entrepreneurs and consortiums. Established interest groups protested to these unilateral recommendations by snubbing two consecutive NECF meetings.<sup>102</sup> They expressed concern that they were made part of the NECF to legitimise government policies and the activities of indigenous interest groups.

To make matters worse, on 11 November 2004, the Minister of State for Indigenisation and Empowerment, Retired Air Marshall Josiah Tungamirai, launched an indigenisation document at the NECF annual conference in Masvingo.<sup>103</sup>

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<sup>98</sup> Ruzvidzo, 'Smart partnerships concept loses its impetus'.

<sup>99</sup> Mabwe, 'NECF to set-up task force on indigenisation policy'.

<sup>100</sup> *Ibid.*

<sup>101</sup> *Ibid.*

<sup>102</sup> Interview with Crispen Matare, Executive Member, Indigenous Freight Forwarders Association of Zimbabwe, 22/10/2014.

<sup>103</sup> Tinotenda Mabwe, 'NECF launches key policy documents', *The Herald*, 12 November 2004.

Tungamirai claimed that the indigenisation policy document was formulated after wide consultations with all stakeholders in NECF, including business associations. The document outlined a policy which required at least 51% shareholding for indigenous people in all companies across all sectors of the economy.<sup>104</sup> He claimed the purpose of the policy was to ‘liberate’ the economy and ‘democratise business conditions’.<sup>105</sup> However, one week after Tungamirai’s presentation, ZNCC, CZI, the Chamber of Mines and EMCOZ dismissed the document as a farce. This marked the end of formal dialogue on indigenisation between the government and indigenous interest groups on one hand, and CZI, ZNCC, the Chamber of Mines, EMCOZ and ZCTU on the other.<sup>106</sup>

Four years later, in 2008, ZNCC Mashonaland vice-president, Oswell Binha, lamented that NECF lacked internal democracy as business associations would be consulted or invited to a meeting but lacked control in the writing and implementation of the forum’s policy positions which was always hijacked by the government.<sup>107</sup> NECF is a classic example of government attempts to apply a pluralist model to indigenisation without necessarily adhering to ethics of social dialogue. The government and indigenous interest groups circumvented established business interest groups on indigenisation with NECF leading to discord and friction within the forum.

### **Win by empowerment?: Indigenisation legislation debates**

One of the most astonishing aspects revealing state-interest group relations on indigenisation between 2000 and 2008 was the debate on legislation. Strictly speaking, and as discussed in Chapter Five, calls for indigenisation legislation began in the early 1990s. However, for various reasons varying from political convenience to claims of the need to prevent the ‘sabotaging’ of the economy by non-indigenous companies, government efforts to enact indigenisation legislation only gathered momentum in the 2000s. This section discusses state-interest group debates on the

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<sup>104</sup> *Ibid.*

<sup>105</sup> *Ibid.*

<sup>106</sup> Interview with Crispen Matare, Executive Member, Indigenous Freight Forwarders Association of Zimbabwe, 22/10/2014.

<sup>107</sup> Jesilyn Dendere, ‘NEC success depends on parent ministry’, *Zimbabwe Independent*, 26 September 2008.

Indigenisation and Economic Empowerment Bill and the Mines and Minerals Amendment Bill, both of which put the indigenisation debate to the fore. To a larger extent, the ZANU-PF government adopted a statist approach discussed in Chapter One in crafting indigenisation legislation. While the government was supported by indigenous interest groups, it ignored representations made by the Reserve Bank of Zimbabwe, opposition political parties and established interest groups.

### **The Indigenisation and Economic Empowerment Bill**

Contributors to the debate on this Bill include the government, political parties, indigenous and established interest groups. Both ZANU-PF and MDC legislators concurred that legislation to promote indigenisation was necessary and need to be enshrined in the constitution to address past injustices.<sup>108</sup> However, MDC legislators, most notably David Coltart, insisted that such legislation should promote broad-based indigenisation rather than elite enrichment.<sup>109</sup> During the early 2000s indigenous interest groups, such as the Zimbabwe Indigenous Economic Empowerment Organisation (ZIEEO) and AAG took advantage of their proximity to the government to pressure it to enact an Indigenisation Act.<sup>110</sup> While ZANU-PF claimed its call for indigenisation legislation was genuine, evidence below reveals that the party was also pursuing a political agenda - to win elections.

In its economic blueprint the *National Economic Revival Programme* adopted in February 2003, the government stated its intention to enact the 'Empowerment Development Act' to support indigenisation and make small businesses more competitive in all sectors of the economy.<sup>111</sup> In mid-2004 the Department of Indigenisation and Empowerment in the Office of the President and Cabinet started

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<sup>108</sup> ZANU-PF legislators calling for indigenisation legislation includes Kumbirai Kangai, Jonathan Mangwende, Reuben Marumahoko and Phillip Chiyangwa. MDC legislators calling for indigenisation legislation include David Coltart and Willias Madzimore. See: *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr David Coltart, MP, Bulawayo South; col. 1995; Also see: *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 24, 25 October 2000; Mr Phillip Chiyangwa, MP, Chinhoyi; col. 2456.

<sup>109</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 27, No. 20, 17 October 2000; Mr David Coltart, MP, Bulawayo South; col. 1993.

<sup>110</sup> Business Reporter, 'Empowerment activist urges ministry to set up legal arm', *The Herald*, 16 March 2000; Staff Reporter, 'Lawyers urge TNF to consider indigenisation', *The Financial Gazette*, 26 March 2003; Shame Makoshori, 'AAG to draft charter', *Daily Mirror*, 5 August 2005.

<sup>111</sup> Ministry of Finance and Economic Development, *National Economic Revival Programme*, p. 26.

to craft the Indigenisation Bill.<sup>112</sup> The crafting of the Bill and ‘consultations’ were accelerated by the government’s adoption of an indigenisation policy document requiring 50% indigenous shareholding in all sectors of the economy in October 2004.<sup>113</sup> At this juncture, it is important to state that plans to enact an Indigenisation Act giving 50% shareholding to indigenous people were, as not usually expected, opposed by the Reserve Bank of Zimbabwe (RBZ). Despite its blunders in the financial sector such as printing money which led to skyrocketing inflation between 2003 and 2008, the central bank tried to give professional and technocratic economic advice on indigenisation to the government. Between 2003 and 2008, RBZ Governor, Gideon Gono, was critical of proposed indigenisation laws. In 2005, the Bank published a survey revealing that most youth and middle aged Zimbabweans believed indigenisation was an *ad hoc* programme benefitting well-connected and minority elites.<sup>114</sup> The RBZ emphasised that indigenisation ‘must be guided by non-negotiable principles including equity, openness and transparency, and accountability’.<sup>115</sup> The RBZ suggested that it work closely with the Ministry of Indigenisation and Empowerment to achieve transparent and broad-based indigenisation. This suggestion was never heeded by the government.

Among other subjects, ZANU-PF used indigenisation to campaign in the March 2005 parliamentary elections which it resoundingly ‘won’ amid MDC allegations of rigging. At its rallies ZANU-PF told its supporters that since most arable land was by then owned by indigenous people, it intended to take over manufacturing industries and mines through the indigenisation law.<sup>116</sup> As can be seen in the ZANU-PF campaign poster in **Figure 6.2** below, the party included what it called ‘empowerment through takeovers’ in its election manifesto. ZANU-PF campaign poster in **Figure 6.3** below

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<sup>112</sup> Government of Zimbabwe, *Zimbabwe: Towards Sustained Economic Growth – Macro-Economic Policy Framework for 2005 – 2006*, (Harare, November 2004), p. 131.

<sup>113</sup> *Zimbabwe Parliamentary Debates*, Official Report, Unrevised, Vol. 32, No. 16, 20 July 2005; Minister of Justice, Legal and Parliamentary Affairs, The Hon Patrick Antony Chinamasa, MP, Non-Constituent Member of Parliament (N/C); col. 968.

<sup>114</sup> Reserve Bank of Zimbabwe, *Monetary Policy Interventions Focusing on the Youths and Middle Aged Population of Zimbabwe*, (26 January 2005), pp. 37-38.

<sup>115</sup> *Ibid*, p. 38.

<sup>116</sup> Between February and March 2005 the researcher attended two ZANU-PF rallies, one in Harare and the other Gutu. He also attended two MDC rallies Harare. At its rallies ZANU-PF emphasised on three aspects: anti-imperialism, fighting against economic sabotage and indigenisation.

reveals that the party's anti-imperial discourse was also a driving force behind the push for indigenisation.

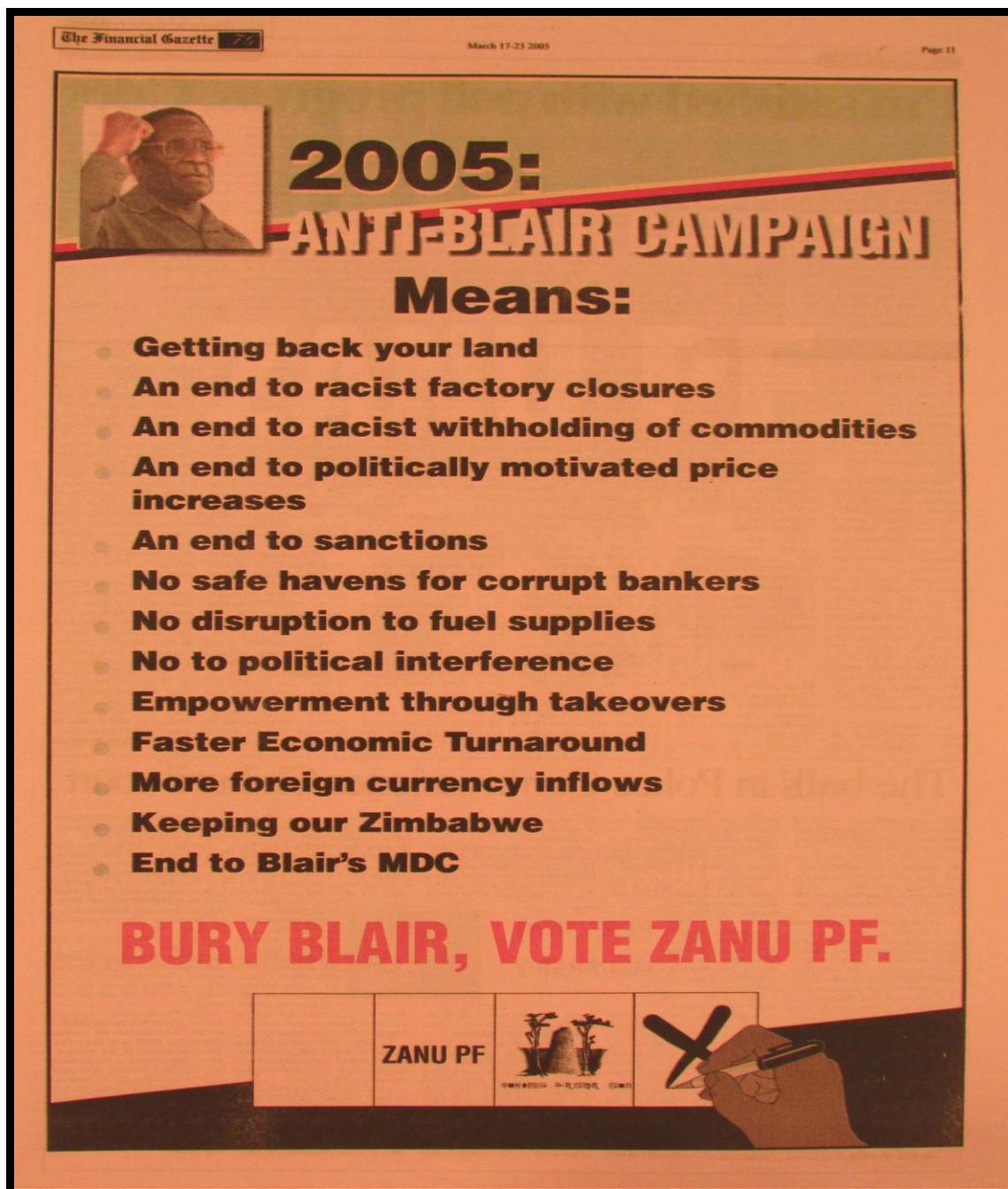


Figure 6.2: ZANU-PF campaign poster for the 31 March 2005 parliamentary elections

Source: *The Financial Gazette*, 17 to 23 March 2005, p. 11.

The Financial Gazette  March 17-23 2005 Page 9



# ZANU PF: YESTERDAY, TODAY AND TOMORROW

ZANU PF is a mass party that defends, projects, promotes, protects and guarantees the rights of the ordinary people, especially the Peasant majority. It is the only Party that understands the National Question and commands most effective ways of resolving it. For fifteen years, it waged a relentless armed struggle against settler colonialism, creating present day conditions for freedom and independence. Beyond the armed struggle, it healed and transformed the once racially truncated society into a non-racial, sovereign, sharing and well-integrated democracy we have in Zimbabwe today.

For 25 years, the Party and its Government have ensured that we stand proud as an independent African People, asserting our dignity and sovereignty as an African nation. Throughout these years of struggle and on the strength of the concrete experiences drawn from them, ZANU PF has shaped and reshaped its policies to better realize and defend people's interests, giving it the following core values and characteristics:

- ♦ ZANU PF is an authentic Zimbabwean nationalist Political Party with a Pan-African and Revolutionary background and outlook. It stands fiercely opposed to imperialism and domination of any kind and from any quarter;
- ♦ ZANU PF is the People's Party. It is the Party of the majority, whose mission is the realization of the aspirations of the Zimbabwean people;
- ♦ ZANU PF is a vanguard Party of Principles, always leading in mobilising the broad masses towards the resolution of the National Question;
- ♦ ZANU PF is the Party of National Liberation Struggle and Freedom;
- ♦ ZANU PF is the Party of heroism and supreme sacrifices;
- ♦ ZANU PF is the Party of National Independence and Sovereignty;
- ♦ ZANU PF is the Party of National Unity;
- ♦ ZANU PF is the Defence of the Nation; the source of National Stability and Peace;
- ♦ ZANU PF brought non-racial Democracy, Civil Liberties including the Right to Vote to all Zimbabweans;
- ♦ ZANU PF is the rallying point for all Patriotic Forces in defence of the National interest;
- ♦ ZANU PF is the Party for Transformation and Social Justice;
- ♦ ZANU PF is the Party that brought back the Land. It believes Zimbabweans must enjoy sovereign control over their resources;
- ♦ ZANU PF is about building a National Economy;
- ♦ ZANU PF is the Party for National Development;
- ♦ ZANU PF is the Party for Literacy and National Education for All;
- ♦ ZANU PF is the Party for Indigenous Empowerment;
- ♦ ZANU PF is the Party for Gender Empowerment and Advancement;
- ♦ ZANU PF is Party that espouses National Culture and Consciousness;
- ♦ ZANU PF is the Party staunchly opposed to Exploitation and Corruption;
- ♦ ZANU PF is the Party for African and Third World unity and solidarity.

Figure 6.3: ZANU-PF campaign poster for the 31 March 2005 parliamentary elections

Source: *The Financial Gazette*, 17 to 23 March 2005, p. 9.

After the 2005 parliamentary elections the newly established Ministry of Indigenisation and Economic Empowerment proceeded to craft the Indigenisation Bill. The Bill was finalised in June 2007 and it was gazetted as the Indigenisation and Economic Empowerment Bill of 2007.<sup>117</sup> For brevity, in this study the Bill will be written in short as the 'the Indigenisation Bill'. It is prudent to discuss the main provisions of the Indigenisation Bill before examining the debate over it. The Bill

<sup>117</sup> Herald Reporter, 'Indigenisation Bill gazetted', *The Herald*, 25 June 2007.

defined 'indigenous Zimbabwean' as any person or descendants of a person who was disadvantaged or discriminated against before independence in 1980 on the basis of race.<sup>118</sup> The Bill also regarded businesses owned by the formerly disadvantaged person or their descendants as indigenous.<sup>119</sup> Judging by the way the term 'indigenous' had been used in Zimbabwe since the early 1990s, it was clear that the Bill implicitly referred to the black people in Zimbabwe as indigenous and the whites and foreign investors as non-indigenous. However, the Bill was largely silent on Coloureds and Asians who also discriminated against, despite their relatively higher level in the colonial social and economic stratification.<sup>120</sup> The Indigenisation Bill sought to facilitate the acquisition of 51% shareholding by indigenous people in all sectors of the economy.<sup>121</sup> The Bill proposed that no investment plans of non-indigenous companies would be approved unless they were ready to sell 51% of their shareholding to indigenous people.<sup>122</sup> The Bill proposed the cancellation of licences of non-indigenous companies operating in the country which refuse to comply with the proposed Act.<sup>123</sup> This means unlike previous indigenisation policies the Bill proposed to punish non-indigenous companies which refused to sell their shares to 'indigenous' people.

The Bill proposed to give the Minister responsible for indigenisation powers to review and approve empowerment deals between indigenous Zimbabweans and non-indigenous people.<sup>124</sup> The Bill also provided for the formation of the National Indigenisation and Economic Empowerment Board (NIEEB).<sup>125</sup> The Minister, in consultation with the President, was responsible for appointing members of the NIEEB board. Among other functions, the NIEEB would advise the Minister on

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<sup>118</sup> Government of Zimbabwe, Indigenisation and Economic Empowerment Bill of 2007, Part I, 2 (1), p. 4.

<sup>119</sup> *Ibid.*

<sup>120</sup> For a substantive discussion of this aspect see Musiwaro Ndakaripa, 'The State and Contested Citizenship in Zimbabwe, 1980-2011' in Sabelo J. Ndlovu-Gatsheni and Finex Ndhlovu (eds.), *Nationalism and National Projects in Southern Africa*, (Africa Institute of South Africa, Pretoria, 2013), pp. 312-313.

<sup>121</sup> Government of Zimbabwe, Indigenisation and Economic Empowerment Bill of 2007, Part II, 3 (1) (a), p. 5.

<sup>122</sup> *Ibid.*, Part II, 3, pp. 5-8; *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; The Minister of Indigenisation and Economic Empowerment, The Hon Paul Munyaradzi Mangwana, MP, N/C, col. 727.

<sup>123</sup> Government of Zimbabwe, Indigenisation and Economic Empowerment Bill of 2007, Part II, 5, pp. 8-9; *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; The Minister of Indigenisation and Economic Empowerment, The Hon Paul Munyaradzi Mangwana, MP, N/C, cols. 727-728.

<sup>124</sup> Government of Zimbabwe, Indigenisation and Economic Empowerment Bill of 2007, Part II, 4, pp. 7-8.

<sup>125</sup> *Ibid.*, Part III, 7 (1), p. 10.

indigenisation and empowerment, and ensure that foreign companies comply with the proposed Indigenisation Act.<sup>126</sup> The Bill also included provisions for fines and imprisonment of up to one year for heads of companies refusing to comply with the proposed Indigenisation Act.<sup>127</sup> Proposals to apply criminal law to punish company heads resisting indigenisation reveals the state was ready to use its power to enforce the policy.

The Indigenisation Bill is among the most fiercely debated Bills in Zimbabwean history. It was debated in the Parliament, media and other platforms where economic issues were discussed. The Bill was supported by ZANU-PF, the Cabinet and indigenous interest groups. As discussed earlier, in the 2000s there was a belief within the ZANU-PF government that foreign owned companies in the country were 'sabotaging' the economy to effect a change of government.<sup>128</sup> ZANU-PF in general and Mugabe in particular regarded the envisaged Indigenisation Act as preventing foreign companies from 'sabotaging' the economy.<sup>129</sup> ZANU-PF also believed that companies with significant indigenous shareholding would not sabotage the economy and leave the country.<sup>130</sup> This reveals that the economic crisis and the perception of 'internal detractors' influenced ZANU-PF to craft the Indigenisation Bill. ZANU-PF also claimed the Bill would address racial inequities in wealth ownership. ZANU-PF legislator Tongesai Chipanga argued that exploitation and impoverishment of blacks during the colonial era need to be addressed by indigenisation legislation.<sup>131</sup> Another ZANU-PF legislator and the then Deputy Minister of Home Affairs, Obert Matshalaga, supported the Indigenisation Bill because it would give the poor the opportunity to acquire shares in foreign and white owned companies.<sup>132</sup> The above pronouncements reveal the extent to which ZANU-PF was determined to give the Bill verisimilitude by insisting on the need to economically empower blacks.

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<sup>126</sup> *Ibid*, Part III, 8, pp. 10-11.

<sup>127</sup> Government of Zimbabwe, Indigenisation and Economic Empowerment Bill of 2007, Part V, 18, p. 14; *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; The Minister of Indigenisation and Economic Empowerment, The Hon Paul Munyaradzi Mangwana, MP, N/C, cols. 731-732.

<sup>128</sup> 'MDC warns Government over indigenisation law'.

<sup>129</sup> *Ibid*.

<sup>130</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Mr Tongesai Shadreck Chipanga, MP, Makoni East, col. 773.

<sup>131</sup> *Ibid*, col. 770.

<sup>132</sup> *Ibid*; The Deputy Minister of Home Affairs, Mr Obert Matshalaga, MP, Zvishavane, col. 776.

However, the Indigenisation Bill was fiercely criticised and opposed by the MDC parties and established interest groups. As highlighted above, despite being a key department of the state, the RBZ concurred with most positions of the MDC parties and established interest groups in opposing the Indigenisation Bill. The RBZ claimed to give technocratic advice to the government on indigenisation by referring to itself as 'Monetary Authorities'.<sup>133</sup> All critics of the Bill concurred that indigenisation was a noble policy but were concerned with its specifics and the manner in which the government intended to implement it. The following paragraphs thematically discuss the major concerns of the MDC parties, established interest groups and the RBZ. ZNCC, by 2007 the largest predominantly black established interest group was tasked by CZI, the Chamber of Mines, the Harare Chamber of Commerce, EMCOZ and various sectoral and regional business associations to compile and make representations of the concerns and reservations of the business community on the Indigenisation Bill and issue a statement. In September 2007, ZNCC issued a press statement which was published in both state controlled and independent newspapers.<sup>134</sup> This explains why ZNCC is the only established interest group which features in the following discussion.

One of the major concerns of the MDC parties and established interest groups was that the government did not consult business and labour widely in drafting the Bill.<sup>135</sup> MDC-T legislator Paurina Mpariwa condemned this as violating the concept of tripartism which promotes dialogue between the government, business and labour.<sup>136</sup> ZNCC argued that consultations could have been broadened to take on board recommendations of the private sector. The RBZ, ZNCC and the MDC legislators such as Edwin Mushoriwa and Trudy Stevenson concurred that the Indigenisation Bill was wrongly timed.<sup>137</sup> They posited that the envisaged law should

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<sup>133</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 80.

<sup>134</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill', *The Chronicle*, 19 September 2007; 'ZNCC's submissions on Indigenisation Bill', *Zimbabwe Independent*, 21 September 2007.

<sup>135</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Miss Paurina Mpariwa, MP, Mufakose, col. 756.

<sup>136</sup> *Ibid*, col. 756.

<sup>137</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill'; *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Mr Edwin Mushoriwa, MP, Dzivarasekwa, col. 745. *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Miss Lottie Gertrude Bevier Stevenson, MP, Harare North, col. 752; Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 82.

have been enacted soon after independence in 1980 rather than 27 years later.<sup>138</sup> To ZNCC the proposed law was now overtaken by time as ownership structures had changed in favour of blacks.<sup>139</sup> In tandem with the views of ZNCC, the RBZ argued that '27 years down the road, there should be no free lunches (for blacks) as such'.<sup>140</sup> The RBZ, ZNCC and MDC parties concurred that instead of focusing on indigenisation the urgent task was to arrest inflation and turnaround the nosediving economy.<sup>141</sup>

Again, on timing, the MDC parties also accused the ZANU-PF government of enacting indigenisation law for political convenience and ignoring economic imperatives.<sup>142</sup> They argued that the ZANU-PF government wanted to use the envisaged Indigenisation Act as a campaign tool to gain votes in the 2008 elections.<sup>143</sup> However, the ZANU-PF government defended the timing of the Bill and refuted that it was drafted for political convenience. In a session debating the Bill on 25 September 2007 the Minister of Indigenisation and Economic Empowerment, Paul Mangwana, stated that since independence and especially from 1990 the government and indigenous interest groups had been encouraging white and foreign owned companies to indigenise voluntarily.<sup>144</sup> Mangwana argue that while progress was made in indigenising the economy in the 1990s, most white and foreign owned companies were uncooperative.<sup>145</sup> He argued that the government's 2004 indigenisation policy document calling for increase in black shareholding in all sectors of the economy was ignored by white and foreign owned companies, hence the need for legislation.<sup>146</sup> Measuring by the period taken by other African countries to enact empowerment laws, the government's justifications for delaying enacting an

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<sup>138</sup> 'ZNCC's submissions on Indigenisation Bill'.

<sup>139</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill'.

<sup>140</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 82.

<sup>141</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill'; *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Mr Edwin Mushoriwa, MP, Dzivarasekwa, cols. 744-745; Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 81.

<sup>142</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Mr Edwin Mushoriwa, MP, Dzivarasekwa, cols. 744-745.

<sup>143</sup> *Ibid*; Miss Lottie Gertrude Bevier Stevenson, MP, Harare North, col. 755; Eddie Cross, 'Takeover of foreign firms done with polls in mind', *The Financial Gazette*, 4 to 10 October, p. 14.

<sup>144</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; The Minister of Indigenisation and Economic Empowerment, The Hon Paul Munyaradzi Mangwana, MP, Non-constituent, col. 779.

<sup>145</sup> *Ibid*, cols. 779-780.

<sup>146</sup> *Ibid*, cols. 779-780.

indigenisation law were far-fetched. Countries such as Nigeria, Ghana, Kenya and South Africa enacted laws to support the previously disadvantaged groups within the first fifteen years of independence.

ZNCC and the MDC parties criticised the vague definition of 'indigenous' in the Bill.<sup>147</sup> ZNCC advised the government that the proposed law should be more explicit in stating the racial group which must benefit from indigenisation as in South Africa's Broad-Based Black Economic Empowerment Act (No. 53/2003) which explicitly mentioned blacks as the targeted beneficiaries.<sup>148</sup> ZNCC argued this was necessary even if the Bill define the previously disadvantaged as blacks to avoid confusion.<sup>149</sup> MDC-M legislator Trudy Stevenson echoed ZNCC views and expressed concern that the Bill was not clear on who is indigenous person. Just like ZNCC, she argued that if the government intend to define 'indigenous' as 'black', it must just make that clear but that would be racial.<sup>150</sup> Stevenson argued that the government must empower all citizens and not just 'indigenous' Zimbabweans.<sup>151</sup> Stevenson protested that the Bill was clearly targeting and discriminating against white citizens.<sup>152</sup> Stevenson argued this was against the principles of the liberation struggle which sought to promote equality among all citizens.<sup>153</sup> Related to this, Stevenson argued that the Bill, by emphasising on injustices committed before 1980, was divisive. In other words, ZANU-PF's attempts to appear non-racial by using the term 'indigenous' when in fact it was referring to 'blacks' could not mollify critics concerned with race relations in the country.

The RBZ, MDC parties and ZNCC concurred that the initial indigenisation threshold of 51% earmarked for indigenous people was too high and would scare foreign investors.<sup>154</sup> MDC-M legislator, Edwin Mushoriwa, argued that the envisaged Indigenisation Act would confirm the negative perception that Zimbabwe is hostile to

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<sup>147</sup> 'ZNCC's submissions on Indigenisation Bill'.

<sup>148</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill'.

<sup>149</sup> 'ZNCC's submissions on Indigenisation Bill'.

<sup>150</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Miss Lottie Gertrude Bevier Stevenson, MP, Harare North, col. 754.

<sup>151</sup> *Ibid*, col. 754.

<sup>152</sup> *Ibid*, cols. 752-753.

<sup>153</sup> *Ibid*, col. 753.

<sup>154</sup> Clemence Manyukwe, 'Empowerment law: firms forced to buy themselves, critics say', *The Financial Gazette*, 4 to 10 October 2007, p. 4.

foreign capital.<sup>155</sup> The RBZ advised the executive and the legislature to strike a balance between indigenisation and the need to attract Foreign Direct Investment (FDI).<sup>156</sup> The RBZ warned that the executive and the legislature should consider the consequences for the economy of prioritizing indigenous acquisition of shares in foreign owned companies.<sup>157</sup>

ZNCC and RBZ advised the government that the envisaged indigenisation law should give the non-indigenous companies a reasonable transmission period to indigenise without being coerced. ZNCC recommended that the proposed law should take into account that some firms already had their own indigenisation programmes with their own transitional timelines.<sup>158</sup> The RBZ recommended that indigenisation of foreign companies should vary, depending on the amount of their capital and technological sophistication.<sup>159</sup> It suggested that foreign owned companies with over US\$500 million and with high technological sophistication should be indigenised gradually over a period of up to fifteen years, while those with less than US\$150 million and with low technological sophistication could be required to indigenise over a relatively short period.<sup>160</sup> **Table 6.1** below shows RBZ's recommended indigenisation timeframe for three different groups of companies with variations in capital stocks and technological sophistication. The RBZ argued that gradual indigenisation would give foreign investors enough time to recover the costs of establishing businesses in the country and would allow smooth handover of equity to indigenous shareholders.<sup>161</sup> The RBZ, therefore, advised that foreign investors should not be obliged to indigenise upon establishing companies.<sup>162</sup> All in all, the RBZ called for flexibility in dealing with foreign investors. The above evidence

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<sup>155</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Mr Edwin Mushoriwa, MP, Dzivarasekwa, col. 749.

<sup>156</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 80; Also see Reserve Bank of Zimbabwe, *A Catalogue of Policy Advice Given by the Reserve Bank of Zimbabwe to the Nation December 2003 to Date: Supplement to the 2007 Fourth Quarter Monetary Policy Review Statement*, p. 4.

<sup>157</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 80.

<sup>158</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill'

<sup>159</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 80; Reserve Bank of Zimbabwe, *A Catalogue of Policy Advice Given by the Reserve Bank of Zimbabwe to the Nation December 2003 to Date: Supplement to the 2007 Fourth Quarter Monetary Policy Review Statement*, p. 4.

<sup>160</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 80.

<sup>161</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 81; Reserve Bank of Zimbabwe, *A Catalogue of Policy Advice Given by the Reserve Bank of Zimbabwe to the Nation December 2003 to Date: Supplement to the 2007 Fourth Quarter Monetary Policy Review Statement*, p. 4.

<sup>162</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 81.

reveals that the ZNCC and RBZ were giving technocratic advice which focused on nitty-gritties of the proposed indigenisation programme. Since the RBZ was a key department of the state and ZNCC was now dominated by black capital, their positions on indigenisation can hardly be regarded as attempts to protect foreign and local white capital. Their advice was largely technocratic and non-political.

**Table 6.1: Reserve Bank of Zimbabwe recommended time profiling of indigenisation process**

|                                                | CAPITAL INTENSITY AND TECHNOLOGY COMPLEXITY |                     |                          |
|------------------------------------------------|---------------------------------------------|---------------------|--------------------------|
|                                                | HIGH                                        | MODERATE            | LOW                      |
| INVESTMENT SIZE                                | Over US \$500 million                       | US\$150-500 million | Under US \$ 150 million  |
| Year 1-5. Suggested degree of indigenisation   | 20%                                         | 30%                 | 51% immediate compliance |
| Year 6-10. Suggested degree of indigenisation  | 45%                                         | 51% compliance      | —                        |
| Year 11-15. Suggested degree of indigenisation | 51% compliance                              | —                   | —                        |

**Source:** Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, (October 2007), p. 80.

ZNCC and the MDC parties were concerned that the envisaged indigenisation law would be anti-business, anti-corporate and draconian. ZNCC felt the Minister's powers to appoint members of the proposed National Indigenisation and Economic Empowerment Board (NIEEB) were too much and amounted to 'unfettered

discretion'.<sup>163</sup> MDC-T legislator Paurina Mpariwa expressed concern that the Minister of Indigenisation was not going to consult business and labour in his appointment of members of the NIEEB.<sup>164</sup> ZNCC was concerned that such powers were a threat to corporate governance and checks and balances.<sup>165</sup> ZNCC was concerned that the NIEEB board will lack independence and rubberstamp government decisions.<sup>166</sup> ZNCC suggested that the private sector, labour and other stakeholders must nominate individuals to be considered for the NIEEB as was the case with the equivalent board in neighbouring South Africa.<sup>167</sup> MDC-M legislator Milford Gwetu recommended that members of the NIEEB board should be reputable in government, business and labour and must not be members of other boards.<sup>168</sup> ZNCC was also concerned that the proposed Act over relied on the use of criminal law to coerce company heads to implement the indigenisation programme.<sup>169</sup> It posited that the effectiveness of criminal law to effect socio-economic change in a society is very limited.<sup>170</sup> ZNCC argued that South Africa's Broad-Based Black Economic Empowerment Act (No. 53/2003) was addressing racial inequities in wealth ownership without necessarily threatening company heads with criminal law.<sup>171</sup> Although South Africa's black empowerment programme has its own flaws it was often cited by ZNCC as a better model during the Indigenisation Bill debate.

After lengthy and emotional debates in Parliament between ZANU-PF legislators who were in support, and MDC-T and MDC-M legislators who criticised and opposed it, the Indigenisation Bill was finally passed at the end of September 2007.<sup>172</sup> In protest, MDC-T and MDC-M legislators, who were outnumbered and outvoted by ZANU-PF legislators, walked out of the Parliament Building in the final sessions of

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<sup>163</sup> 'ZNCC's submissions on Indigenisation Bill'. This view was also shared by MDC-M legislator Edwin Mushoriwa. See *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Mr Edwin Mushoriwa, MP, Dzivarasekwa, col. 750.

<sup>164</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Miss Paurina Mpariwa, MP, Mufakose, col. 756.

<sup>165</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill'.

<sup>166</sup> *Ibid.*

<sup>167</sup> 'ZNCC's submissions on Indigenisation Bill'.

<sup>168</sup> *Zimbabwe Parliamentary Debates: House of Assembly*, Official Report, Unrevised, Vol. 34, No. 13, 25 September 2007; Mr Milford Gwetu, MP, Mpopoma, col. 766.

<sup>169</sup> 'ZNCC's submissions on Indigenisation Bill'.

<sup>170</sup> Business Reporter, 'ZNCC drafts amendments to Empowerment Bill'.

<sup>171</sup> *Ibid.*, p. 8.

<sup>172</sup> Clemence Manyukwe, 'Empowerment law: firms forced to buy themselves, critics say', *The Financial Gazette*, 4 to 10 October 2007, p. 4.

the Indigenisation Bill debate.<sup>173</sup> Two weeks before the 29 March 2008 harmonised elections, President Mugabe assented the Indigenisation Bill and it became the Indigenisation and Economic Empowerment Act.<sup>174</sup> This was despite the concerns and reservations of the RBZ, MDC-T, MDC-M and established interest groups. In this study, this Act will be written in short as ‘the Indigenisation Act’. The Act became binding with effect from 17<sup>th</sup> April 2008.<sup>175</sup> Four years later, Prime Minister Tsvangirai’s Office questioned the validity of the Indigenisation Act because it was assented by President Mugabe after the 21-day period required by the constitution.<sup>176</sup>

Through the Indigenisation Bill and later Indigenisation Act Mugabe sought to bolster his own and his party’s standing in the 29 March 2008 harmonised elections. In these elections there was no winner but Mugabe trailed Morgan Tsvangirai. Mugabe’s ZANU-PF party lost control of the House of Assembly. More details on this will be discussed in Chapter Seven. In addition to violence, Mugabe and ZANU-PF appropriated indigenisation to ‘win’ the 27 June presidential run-off election using a new manifesto with a catchy phrase ‘100% Empowerment. Total Independence’.<sup>177</sup> During the election campaign ZANU-PF promised ‘indigenous’ Zimbabweans that if Mugabe wins, through the Indigenisation Act, they would gain ‘total independence’<sup>178</sup> by acquiring at least 51% share ownership in white and foreign owned companies in all sectors of the economy. ZANU-PF campaign posters for the 27 June 2008 presidential run-off election in **Figures 6.4 and 6.5** below reveals how the party’s election manifesto revolved around indigenisation and anti-

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<sup>173</sup> Kumbirai Mafunda, ‘Delta backs empowerment law’, *The Financial Gazette*, 29 November to 5 December 2007, p. C2.

<sup>174</sup> Shame Makoshori, ‘Indigenisation targets foreign owned banks’, *The Financial Gazette*, 29 May to 4 June 2008, p. 14. In an interview with the Financial Gazette in March 2010 RBZ Governor Gideon Gono lamented that the central bank’s ‘comprehensive input and well-considered advice’ was ignored by the Ministry of Indigenisation and Parliament’s technical teams. See: ‘Indigenisation Act: Gono speaks out’, *The Financial Gazette*, 18 to 24 March 2010, p. B4.

<sup>175</sup> *Ibid*, p. 14.

<sup>176</sup> Sydney Kawadza, ‘Policy differences widen fissures in Inc Govt’, *The Herald*, 5 April 2012, p. 1.

<sup>177</sup> ZANU-PF, *100% Empowerment. Total Independence – 27 June 2008 Presidential Run-Off Election Manifesto*, (May 2008).

<sup>178</sup> *Ibid*, p. 60.

imperialism.

Page 18 June 12-18 2008 The Financial Gazette

100% EMPOWERMENT TOTAL INDEPENDENCE

Mbuya Nehanda and Sekura Kagame together with some of our early Heroes in the fight against the colonial settlers.

**ZIMBABWE**

**- WILL NEVER BE A COLONY AGAIN!**

I know you Believe, and I Believe that

**ALL GOOD THINGS ARE POSSIBLE**

VOTE Cde. R.G. Mugabe

27 JUNE 2008 - VOTE TO PROTECT OUR SOVEREIGNTY

**VOTE ZANU PF**

|                               |                                                                                     |           |                                                                                      |                                                                                       |
|-------------------------------|-------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| CDE. R.G. MUGABE<br>ZANU (PF) |  | ZANU (PF) |  |  |
|-------------------------------|-------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

Figure 6.4: ZANU-PF campaign poster for the 27 June 2008 presidential run-off election

Source: *The Financial Gazette*, 12 to 18 June 2008, p. 18.

The Financial Gazette June 12-18 2008

# COMING SOON

## Empowerment

at a polling station near you

### June 27 2008

100%  
EMPOWERMENT  
TOTAL  
INDEPENDENCE

VOTE FOR  
CDE.R.G.MUGABE



ZANU PF





PRESIDENT

Figure 6.5: ZANU-PF campaign poster for the 27 June 2008 presidential run-off election

Source: *The Financial Gazette*, 12 to 18 June 2008, p. A.

### The Mines and Minerals Amendment Bill

This subsection examines the debate over government attempts to indigenise the mining sector by amending the Mines and Minerals Act. Major participants in this debate were: the government, the RBZ, indigenous mining interest groups and the Chamber of Mines. Strictly speaking, the Indigenisation Bill and later Indigenisation Act applied to all sectors of the economy and this rendered similar legislation in specific sectors redundant. However, government efforts to amend the Mines and Minerals Act were meant to close any possible loopholes in the Indigenisation Act which could slow down indigenisation of the mining sector. While the government acknowledged that progress had been made in indigenising other sectors of the economy such as telecommunications, banking and agriculture it was concerned with the dominance of foreign capital in the mining industry.<sup>179</sup> The government felt the nation was excessively exploited by foreign investors in the mining sector.

Efforts to indigenise the mining sector through legislation can be traced to the early 2000s. Since then the government and indigenous mining interest groups such as the National Miners Association of Zimbabwe were expressing their displeasure at the dominance of foreign capital in large-scale mining operations, while indigenous people were confined to small-scale mining and panning.<sup>180</sup> Of particular concern to the government and the National Miners Association of Zimbabwe was the Mines and Minerals Act of 1961 which they regarded as obsolete and marred by loopholes obstructing indigenisation.<sup>181</sup> The government and indigenous mining interest groups were concerned that some multinational companies were using provisions in the Mines and Minerals Act of 1961 to acquire mining claims. They bought Exclusive Mining Prospecting Orders (EPOs) and left them idle at the expense of the state,

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<sup>179</sup> 'Indigenise mining sector', *The Herald*, 29 May 2002, p. 8; Richard Saunders regarded ordinary people's participation in the mining sector in the 2000s as 'low grade participation'. See Richard Saunders, 'Crisis, Capital, Compromise: Mining and Empowerment in Zimbabwe', *African Sociological Review*, Vol. 12, No. 1, (2008), p. 74.

<sup>180</sup> 'Call to bar foreigners from exploiting minerals', *The Herald*, 28 February 2002; Herald Reporter, 'State to act on indigenisation of mining', *The Herald*, 28 May 2002; 'Indigenise mining sector', *The Herald*, 29 May 2002, p. 8

<sup>181</sup> 'Call to bar foreigners from exploiting minerals'; Herald Reporter, 'State to act on indigenisation of mining'; 'Indigenise mining sector', p. 8; Herald Reporter, 'Amendment to Mines Act approved', *The Herald*, 12 April 2003; *Analysis of the Mines and Minerals Amendment Bill*, (Centre for Natural Resource Governance, Harare), p. 3.

indigenous people and potential foreign investors.<sup>182</sup> The Small-Scale Miners Association challenged the Mines and Minerals Act of 1961 for giving the Chamber of Mines a monopoly in mining activities and negotiations with the government to the exclusion of indigenous mining groups.<sup>183</sup> In February 2002, the president of the National Miners Association, Giles Munyoro, urged the government to enact legislation limiting concessions given to and activities of foreign mining companies.<sup>184</sup> Munyoro urged the state to have greater control of the all mineral wealth on behalf of the people. The above evidence shows that the government concurred with indigenous mining interest groups on real or perceived exploitation of the country's mining sector by foreign mining companies.

Besides loopholes in mining legislation, there was growing acrimony between the government and the mining industry. The government was concerned by what it saw as mining sector's intransigence against indigenisation. It complained that only a few mining companies voluntarily indigenised and did so marginally.<sup>185</sup> In addition, the government accused foreign companies of 'window dressing' by including a few blacks in boards of mining companies while giving them neither decision making nor significant shares. On 25 May 2002, the Minister of Mines and Energy, Edward Chindori-Chininga, told captains of the mining industry at the Chamber of Mines annual meeting that if the sector continued to resist indigenisation the government would enact relevant legislation.<sup>186</sup> As revealed by the Chamber of Mines President, Abel Ntini, in an interview with *The Financial Gazette* in May 2003, there was distrust between the state and the mining industry.<sup>187</sup> As with foreign owned companies in other sectors of the economy, mining companies were accused of sabotaging the economy. They were accused of selling precious minerals such as gold clandestinely, and externalising profits and foreign currency earned in their

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<sup>182</sup> 'Indigenise mining sector', p. 8; Ministry of Finance and Economic Development, *National Economic Revival Programme*, p. 13; Senior Business Reporter, 'Monopolisation of mining claims set to end', *The Chronicle*, 3 August 2003; See the Mines and Minerals Act 1961 (Last amended 2001), Part III-IV.

<sup>183</sup> Herald Reporter, 'Reserve some minerals for exploitation by locals: Sirdc', *The Herald*, 3 October 2003.

<sup>184</sup> 'Call to bar foreigners from exploiting minerals', *The Herald*, 28 February 2002.

<sup>185</sup> Herald Reporter, 'State to act on indigenisation of mining'.

<sup>186</sup> *Ibid.*

<sup>187</sup> Hama Saburi, 'Black indigenous players dig into mining sector', *The Financial Gazette*, 29 May to 4 June 2003, p. 8.

operations to cripple the government.<sup>188</sup> The Chamber of Mines refuted these allegations emphasising that precious minerals were sold at the RBZ while all other minerals were sold to the Minerals Marketing Corporation of Zimbabwe (MMCZ).<sup>189</sup> These, among other controversies, explain why on several occasions Mugabe indicated that indigenisation of the mining sector was 'long overdue'.<sup>190</sup> This evidence reveals that acrimonious relations between the government and foreign owned companies during the crisis had a bearing on indigenisation.

In March 2004 the government, through the Ministry of Mines, circulated proposals to amend the Mines and Minerals Act to all stakeholders in the mining industry. The proposals included sections in the Mines and Minerals Act which facilitates the state or indigenous people to acquire 51% equity in all foreign and 'non-indigenous' owned mining companies. The proposals also sought to reduce mining claims granted to foreign mining companies through the Exclusive Prospecting Orders (EPOs). The Chamber of Mines was concerned that the proposed 51% ownership for the state or indigenous people was too high. It was also concerned that by limiting mining claims granted to foreign companies the government will be limiting mining projections and inadvertently slow down the growth of the sector. On 1 April 2004, the Chamber of Mines responded to government's proposals through a cautiously worded press statement published in independent newspapers. The Chamber stated that although it supported indigenisation of the mining sector, it had serious reservations with government proposals. The Chamber argued that the proposed amendments to the Mines and Minerals Act would reduce foreign investment and jeopardise efforts by the government and the RBZ to revive the economy.<sup>191</sup> The Chamber requested for more dialogue with the government on the proposed changes.

Between 2004 and 2006, the Chamber of Mines and the RBZ made numerous representations to the government on the proposed changes. The Chamber of Mines argued that if the proposed amendments to the Mines and Minerals Act were to be

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<sup>188</sup> 'Indigenise mining sector', p. 8.

<sup>189</sup> Hama Saburi, 'Black indigenous players dig into mining sector', p. 8.

<sup>190</sup> Herald Reporter, 'State to act on indigenisation of mining'.

<sup>191</sup> 'Press statement issued by the Chamber of Mines of Zimbabwe', *The Financial Gazette*, 1 to 7 April 2004, p. 11.

effected that would be tantamount to seizures or nationalisation.<sup>192</sup> The Chamber of Mines advised the government to learn from other countries such as Chile, Argentina, Brazil, the Democratic Republic of Congo, Zambia and Tanzania which at some point either nationalised their mines or put tough laws for foreigners but reversed these moves as their negative consequences ruined their mining sectors.<sup>193</sup> The Chamber of Mines argued that, as in other countries, neither the government nor indigenous people can be major shareholders in all foreign investments. Echoing the views of the Chamber of Mines, the RBZ advised the Executive and the Legislature to amend the Mines and Minerals Act to avoid scaring foreign investment<sup>194</sup> based on the understanding that foreign investors use a lot of capital before they start to reap profits.<sup>195</sup> As was the case with the debate on the Indigenisation Bill, the RBZ concurred with an established interest group, the Chamber of Mines, in opposing the proposed indigenisation of the mining sector. The intervention of the RBZ legitimised the concerns of the Chamber of Mines which was often dismissed by the government as representing local white and foreign interests.

Despite the concerns of the Chamber of Mines and the RBZ, the government insisted on the need to indigenise the mining sector. This position was galvanised by the formation, in 2007, of two radical indigenous mining interest groups, the Zimbabwe Indigenous Miners and Approved Prospectors' Union (ZIMAPU), and Youth in Mining which lobbied the state to proceed with amendments to the Mines and Minerals Act of 1961.<sup>196</sup> The government swiftly drafted amendments to the Mines and Minerals Act. After the passing of the Indigenisation and Economic Empowerment Bill in September 2007 the government gazetted and tabled the Mines and Minerals Amendment Bill of 2007 in Parliament for debate in

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<sup>192</sup> Rangarirai Mberi, 'Mines paint doomsday scenario for gvt', *The Financial Gazette*, 23 to 29 March 2006, p. 2; Kumbirai Mafunda, 'Mines grab scare', *The Financial Gazette*, 21 to 26 April 2006, p. 2.

<sup>193</sup> Mberi, 'Mines paint doomsday scenario for gvt', p. 2.

<sup>194</sup> Reserve Bank of Zimbabwe, *A Catalogue of Policy Advice Given by the Reserve Bank of Zimbabwe to the Nation December 2003 to Date: Supplement to the 2007 Fourth Quarter Monetary Policy Review Statement*, p. 4.

<sup>195</sup> Reserve Bank of Zimbabwe, *2007 Monetary Policy Statement*, p. 84.

<sup>196</sup> Darlington Musarurwa, 'Small-scale miners engage Govt', *The Sunday Mail*, 7 January 2007; Business Reporter, 'Youth in Mining to launch trust on minerals', *The Herald*, 2 October 2008.

November.<sup>197</sup> The Bill had three major objectives. First it sought to give 51% ownership in all mining companies to indigenous people. Clause 54 (411) of the Bill provided that the State shall be entitled to 51% shares in all mining companies involved in the extraction of strategic and energy minerals.<sup>198</sup> Of the 51% shares, 25% were to be naturally acquired by the state or indigenous people without any contribution by virtue of being the ultimate owner of the minerals.<sup>199</sup> The other 26% was to be acquired by the state or indigenous people through equity contribution.<sup>200</sup> According to the Bill all mining companies were in future required to comply with requirements, as soon as they began their operations.<sup>201</sup> Second, it wanted to end the monopolisation of mining claims by multinational companies which buy Exclusive Prospecting Orders (EPOs) for speculative purposes and leave them idle.<sup>202</sup> Third, in line with demands of indigenous mining interest groups, the government wanted to remove provisions in the Mines and Minerals Act which made the Chamber of Mines the sole representative of the mining industry. This measure was meant to dilute the Chamber of Mines' clout in the mining industry as it was viewed as representing local white and foreign interests. The proposed measures above reveal the extent to which the state was determined to control the mining sector through stringent legislation. Both the Chamber of Mines and the RBZ repeated most of the concerns they made earlier about the effect of such legislation on foreign investment and the economy.<sup>203</sup>

However, the Mines and Minerals Amendment Bill was not passed because of a technicality. The Bill was shelved when Parliament was dissolved in the wake of the impending harmonised elections on 29 March 2008.<sup>204</sup> It was hoped to debate would resume after elections. However, ZANU-PF's bid to pass the Mines and Minerals Amendment Bill of 2007 into an Act became impossible after elections. ZANU-PF

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<sup>197</sup> Sunday Mail Reporter, 'Mining Amendment debate to begin soon', *The Sunday Mail*, 18 November 2007.

<sup>198</sup> Sunday Mail Reporter, 'Mining Amendment debate to begin soon'; Mines and Minerals Amendment Bill, 2007, Clause 54(411), p. 51.

<sup>199</sup> Mines and Minerals Amendment Bill, 2007, Clause 54(411), p. 51.

<sup>200</sup> *Ibid*, p. 51.

<sup>201</sup> *Ibid*, Clause 54(413), p. xi.

<sup>202</sup> *Ibid*.

<sup>203</sup> 'Chamber of Mines mobilises against Bill', *Zimbabwe Independent*, 23 November 2007; Clemence Manyukwe, 'Govt in quandary over mines control', *The Financial Gazette*, 7 to 13 February 2008, p. 2; Dumisani Ndlela, 'Empowerment spectre dampens FDI lure', *The Financial Gazette*, 14 to 20 June 2007, p. 6.

<sup>204</sup> 'Chamber of Mines anxious over Indigenisation Bill', *Zimbabwe Independent*, 20 to 26 June 2008, p. C7.

won 97 seats, while MDC-T and MDC-M won 99 and 10 seats respectively.<sup>205</sup> Thus, between April 2008 and July 2013, ZANU-PF lacked voting power to pass legislation in Parliament without the consent of MDC-T and MDC-M. However, the Indigenisation and Economic Empowerment Act was enough for ZANU-PF to coerce mining companies to shed 51% of their shareholding to indigenous people as part of indigenisation. The evidence presented above shows how contemptuous the ZANU-PF government was to established interest groups and opposition political parties in crafting indigenisation legislation. Statist analysis is largely useful in examining this. RBZ's opposition to the government's proposed indigenisation legislation exposes poor policy formulation and co-ordination within the state.

## Conclusion

The crisis created political and economic conditions which facilitated the collusion of the ZANU-PF government and indigenous interest groups to unprecedented levels. This collusion was motivated by indigenous interest groups' rent-seeking objectives and the government's desperate need for allies in its political battles. These processes are best explained by public choice analysis. The crisis pitted the government and indigenous interest groups against opposition political parties, 'non-indigenous' businesses and established interest groups which they accused of sabotaging the economy in cahoots with Western nations. This acrimony explains proactive but sometimes vindictive indigenisation measures adopted during this period. In addition, vociferous criticism to indigenisation by MDC legislators prompted the ZANU-PF government to intensify the appropriation of the policy. MDC's presence on the political landscape also impelled ZANU-PF to attempt to adopt smart partnership pluralism by co-opting interest groups in its indigenisation programme through NECF. However, the insincerity and unilateralism of the ZANU-PF government and indigenous interest groups led to the disgruntlement of established interest groups and eventual collapse of pluralist efforts on indigenisation. The discord between the ZANU-PF government and the RBZ reveals poor policy coordination and raises serious questions on the extent to which the Zimbabwean state can be regarded as a unitary entity. The ZANU-PF government's

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<sup>205</sup> Derek Matyszak, *Law, Politics and Zimbabwe's 'Unity' Government*, (Konrad-Adenauer-Stiftung, Harare, 2010), p. 59.

marginalisation of established interest groups in the enactment of indigenisation legislation is a microcosm of the government's statist approach during this period. The relevance of public choice analysis, the ZANU-PF government's attempt at pluralism through NECF and its statist approach in enacting indigenisation legislation reveal that state-interest group relations between 2000 and 2008 cannot be explained using a single concept.

## Chapter Seven

### Enforcing the Indigenisation Act: Power sharing government and beyond, 2009 to 2016

I am a political animal and I need votes. So (if) I feel that indigenisation will bring votes, I will discuss it at rallies.<sup>1</sup>

Saviour Kasukuwere; Minister of Youth Development, Indigenisation and Empowerment; 24 November 2010.

... any attempt to hide behind the indigenization law ... in order to commit or justify acts of economic banditry, expropriation and or unfair practices ... is totally unacceptable.<sup>2</sup>

Reserve Bank of Zimbabwe, July 2011.

#### Introduction

The past eight years, four and half under a power sharing government (PG) and three and half under a Zimbabwe African National Union – Patriotic Front (ZANU-PF) government, witnessed concerted efforts to enforce the Indigenisation and Economic Empowerment Act of 2007 with varying degrees of success in different sectors of the economy. Through the Indigenisation Ministry, ZANU-PF enforced the Indigenisation Act in a ‘statist fashion’ despite dissenting voices from other state departments, the Movement for Democratic Change (MDC) parties and interest groups. The use of statistics by discontented state and non-state actors in challenging ZANU-PF’s indigenisation mantra during and after the PG, albeit with limited effectiveness, is unprecedented. In the post-PG era, the ZANU-PF government’s indigenisation policy has been marred with incoherence, inconsistency and discord. The ZANU-PF government’s subtle climb down on indigenisation amid economic decline vindicates voices critical of the policy. In addition to other forms of primary evidence, this chapter intensively use visual images and statistics to unravel contestations on the enforcement of the Indigenisation Act. Arguably, for the past eight years, the

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<sup>1</sup> Bernard Mpfu, ‘Dialogue displays wide GNU ideological chasm’, *Zimbabwe Independent*, 25 November 2010.

<sup>2</sup> Reserve Bank of Zimbabwe, *A Sectoral Approach to Economic Empowerment and Indigenization: Supplement to the July 2011 Monetary Policy Statement*, (July 2011), pp. 2-3.

Zimbabwean state has not been a congruent entity on the enforcement of the Indigenisation Act. Consequently, disaffected state actors and interest groups made open and tacit alliances against the Act.

### **Power sharing government and the indigenisation ‘monster’**

This section examines the general positions of various state and interest group actors on the enforcement of the Indigenisation and Economic Empowerment Act during the power sharing government (PG) era.<sup>3</sup> Between 2009 and 2013 levers of executive power in Zimbabwe were controlled by three political parties: ZANU-PF, the MDC led by Morgan Tsvangirai (MDC-T) and the MDC led by Arthur Mutambara (MDC-M).<sup>4</sup> The indigenisation debate reached fever pitch during this period particularly because its focus was now on the enforcement of the Indigenisation Act.<sup>5</sup> Political polarisation between ZANU-PF and the MDC parties which began during the crisis was translated to state institutions. This made the enforcement of the Indigenisation Act contentious and often led to policy gridlock. The dynamics of the enforcement of the Act and how it impacted on state relations with interest groups are best understood after giving a brief background of the PG, its anatomy and how it worked.

The PG was a compromise between ZANU-PF, MDC-T and MDC-M after disputed elections held in 2008. ZANU-PF was defeated by MDC-T in the harmonised elections<sup>6</sup> held on 29 March 2008. Out of 210 House of Assembly seats MDC-T won

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<sup>3</sup> Detailed works on Zimbabwe’s power sharing government are: Derek Matyszak, *Law, Politics and Zimbabwe’s ‘Unity’ Government*, (Konrad-Adenauer-Stiftung, Harare, 2010); Brian Raftopoulos (ed.), *The Hard Road to Reform: The Politics of Zimbabwe’s Global Political Agreement*, (Weaver Press, Harare, 2013) and Michael Bratton, *Power Politics in Zimbabwe*, (University of KwaZulu-Natal Press, Pietermaritzburg, 2016). For a more comprehensive discussion of indigenisation during the power sharing era see: Musiwaro Ndakaripa, ‘Zimbabwe’s Power Sharing Government and the Politics of Economic Indigenisation, 2009 to 2013’, Paper presented at CODESRIA 14<sup>TH</sup> General Assembly, 8 to 12 June 2015, Dakar, Senegal.

<sup>4</sup> Arthur Mutambara, the leader of the other Movement for Democratic Change (MDC-M), lost the presidency of the party to Welshman Ncube in January 2011. Mutambara disputed the loss and refused to resign from his post of Deputy Prime Minister created during the power-sharing government era. For the sake of consistency the MDC led by Ncube shall be referred to as MDC-M even though Mutambara lost the presidency.

<sup>5</sup> In this Chapter the Indigenisation and Economic Empowerment Act will be written in short as ‘the Indigenisation Act’.

<sup>6</sup> The elections are referred to as harmonised because voters elected their local government officials (councillors), members of the House of Assembly, members of the Senate and the president on the same day and at the same polling station.

99 seats; ZANU-PF, 97; and MDC-M, 10.<sup>7</sup> Though the House of Assembly was 'hung', when combined, MDC-T and MDC-M had an edge over ZANU-PF. As shall be discussed in one of the following sections, the MDC parties' gains in the House of Assembly shifted the legislature's stance on indigenisation. What directly led to the formation of the PG was the inconclusive and disputed presidential election. Robert Mugabe received 43.2% of the total votes casted and trailed behind his main rival, the leader of MDC-T, Morgan Tsvangirai, who won 47.9%.<sup>8</sup> The third candidate Simba Makoni obtained 8,3% of the votes.

However, Tsvangirai could not take over the presidency because his votes were below the 50% + 1 vote threshold required by the constitution.<sup>9</sup> In line with electoral laws the front runners, Tsvangirai and Mugabe, were required to go for a presidential run-off election set on 27 June 2008. Determined to retain power at all costs, ZANU-PF militias, war veterans of the liberation struggle and security forces unleashed violence on real and perceived MDC-T's supporters resulting in displacements, injuries and deaths. This and other electoral irregularities prompted Tsvangirai to withdraw from the election. Although Mugabe was declared the winner of the 27 June presidential run-off election by the Zimbabwe Electoral Commission he lacked domestic and international legitimacy. This together with the worsening economic crisis forced ZANU-PF to enter into Southern African Development Community (SADC) facilitated negotiations with MDC-T and MDC-M with the aim of forming a PG.

The Global Political Agreement (GPA) signed on 15 September 2008 by ZANU-PF, MDC-T and MDC-M provided the framework for the formation of a PG. After long bickering and jostling for the control of key ministries and state institutions the three political parties formed a PG on 11 February 2009.<sup>10</sup> In line with agreements in the GPA, Mugabe retained the executive presidency. His two deputies Joseph Msika

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<sup>7</sup> Matyszak, *Law, Politics and Zimbabwe's 'Unity' Government*, pp. 46-47.

<sup>8</sup> Eldred V. Masunungure, 'Voting For Change: The 29 March Harmonized Elections', in Eldred V. Masunungure (ed.), *Defying the Winds of Change: Zimbabwe's 2008 Elections*, (Weaver Press, Harare, 2009), p. 76.

<sup>9</sup> Derek Matyszak, *Law, Politics and Zimbabwe's 'Unity' Government*, pp. 46-46.

<sup>10</sup> Government of Zimbabwe, *Short Term Emergency Recovery Programme (STERP): Getting Zimbabwe Moving Again*, (Harare, March 2009), p. 9.

and Joice Mujuru retained the vice-presidency.<sup>11</sup> Tsvangirai became the executive Prime Minister and supervised and monitored ministers through the Council of Ministers which he chaired. MDC-M leader Arthur Mutambara and MDC-T deputy president Thokozani Khupe ascended to the deputy premiership. Out of 33 ministers, 15 were appointed by ZANU-PF, while MDC-T and MDC-M appointed 13 and 3 ministers respectively.<sup>12</sup> While the three political parties disagreed on many issues such as constitutional, electoral and media reforms; sanctions; and the appointment of key state officials this chapter focuses on their conflicts on the enforcement of the Indigenisation Act. Unlike before, the MDC parties were contesting the indigenisation policy from within the executive branch of the state. This new political configuration made the enforcement of the Indigenisation Act more contentious as ZANU-PF and MDC-T sought to use their influence to outmanoeuvre each other.

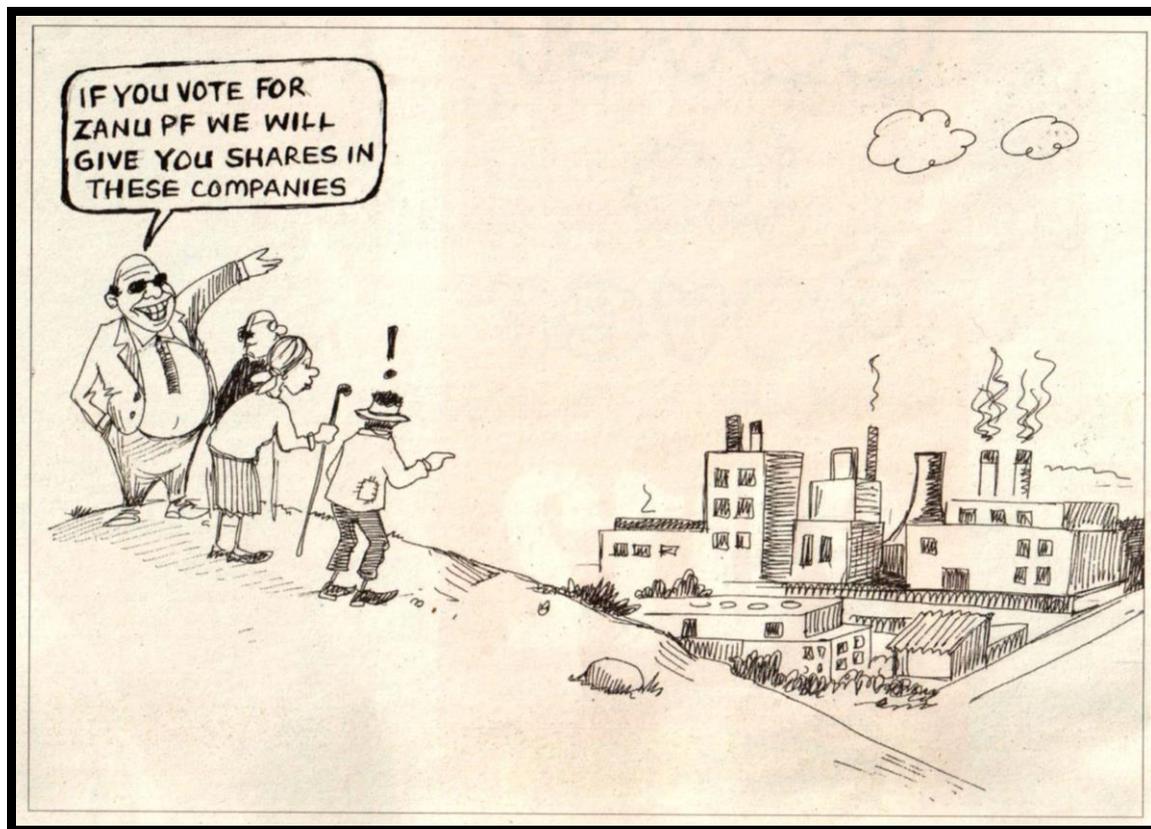
ZANU-PF, MDC-T, MDC-M, the Reserve Bank of Zimbabwe and interest groups largely maintained their 2000 to 2008 positions on indigenisation. Chapter Six discussed how ZANU-PF used indigenisation to campaign for the discredited 27 June 2008 presidential run-off election. During the PG era, ZANU-PF was determined to enforce the Indigenisation Act to prove to the electorate that it can deliver its promises. Moreover, throughout the PG era, ZANU-PF was actually campaigning for the next elections using the indigenisation policy. At a seminar organised by the *Zimbabwe Independent* on 24 November 2010 Indigenisation Minister Saviour Kasukuwere, a ZANU-PF member, told the audience that: ‘I am a political animal and I need votes. So (if) I feel that indigenisation will bring votes, I will discuss it at rallies’.<sup>13</sup> **Figure 7.1** is a cartoonist’s caricature of how ZANU-PF politicians promised the electorate shareholding in non-indigenous companies if the party wins elections. The cartoon depicts a fat ZANU-PF politician in a jovial mood as manipulative. The politician points to companies in an industrial area at a distant and promises poor old people shares if ZANU-PF wins elections. Apparently, one of the old people is surprised by the promise. ZANU-PF’s game plan to retain power

<sup>11</sup> The Interparty Political Agreement (Global Political Agreement): Agreement between the Zimbabwe African National Union – Patriotic Front (ZANU-PF) and the two Movement for Democratic Change (MDC) Formations, on Resolving the Challenges Facing Zimbabwe, September 2008, Article 20.1.6.

<sup>12</sup> *Ibid.* More ministers were appointed by all political parties to accommodate their senior members and their number went above 33.

<sup>13</sup> Mpofu, ‘Dialogue displays wide GNU ideological chasm’.

through indigenisation confirms Donald Rothchild and Philip G. Roeder's assertion that PGs give political parties the opportunity to prepare and devise strategies to outmanoeuvre their rivals in future contests for power.<sup>14</sup>



**Figure 7.1:** A cartoonist's impression of how ZANU-PF used the indigenisation drive to hoodwink the electorate during the PG era

**Source:** *The Standard*, 22 to 28 April 2012, p. 10.

During the PG era most existing indigenous interest groups supported ZANU-PF in enforcing the Indigenisation Act. However, as the implementation of the Act unfolded, a number of indigenous interest groups which claimed the programme was not broad-based were formed. It is important to stress that most of these groups were not opposed to the enforcement of the Act *per se* but they wanted their members to benefit from it. Between 2011 and 2013 numerous youth groups purporting to promote youth participation in the economy emerged. These include

<sup>14</sup> Donald Rothchild and Philip G. Roeder, 'Power Sharing as an Impediment to Peace and Democracy', in Philip G. Roeder and Donald Rothchild (eds.), *Sustainable Peace: Power and Democracy After Civil Wars*, (Cornell University Press, New York, 2005), p. 161.

Upfumi Kuvadiki (literally: Wealth to the Youth), Zimbabwe Youth Chamber of Commerce and Industry (ZYCCI), Young Zimbabweans Business Platform (YZBP); and Marange Youth Empowerment Trust.<sup>15</sup> These groups claimed indigenisation was benefitting senior politicians, bureaucrats and business elites at the expense of the youths. This will be discussed in detail in sections which follow.

Indigenous interest groups purporting to represent broader social groups were also formed. The most notable was the Zimbabwe Economic Empowerment Council (ZEEC) which was formed in June 2012.<sup>16</sup> ZEEC was a coalition of black business people aligned to ZANU-PF, some members of the Zimbabwe National Liberation War Veterans' Association; and Zimbabwe Ex-Political Prisoners, Detainees and Restricttees' Association (ZEPDRA). ZEEC founding president, Temba Mliswa, then a ZANU-PF member, claimed his organisation seeks to bring tangible benefits from the indigenisation programme to marginalised groups such as youths, war veterans, women and the disabled by assisting them to acquire shares in major foreign owned firms.<sup>17</sup> Similarly, in January 2013 the Pan-African Development Foundation (PANAD) which claimed to promote broad-based indigenisation and to ensure that ordinary people benefit from the country's natural resources was formed.<sup>18</sup> One key feature of existing and emerging interest groups during this period was their more focus on criticising the government for failing to promote broad-based indigenisation.

MDC-T, MDC-M, the RBZ and established business associations were critical of indigenisation. The main argument of these entities was that by giving 51% share ownership to indigenous people in all sectors of the economy the Indigenisation Act was scaring foreign investment. Their positions were mainly articulated by the private print media. **Figure 7.2** below is a cartoonist's impression of how critics of indigenisation viewed its impact on foreign investment. The cartoon depicts the investment situation in Zimbabwe. The cartoonist acknowledges the existence of industries in the country by showing smoke rising from the chimneys of factories.

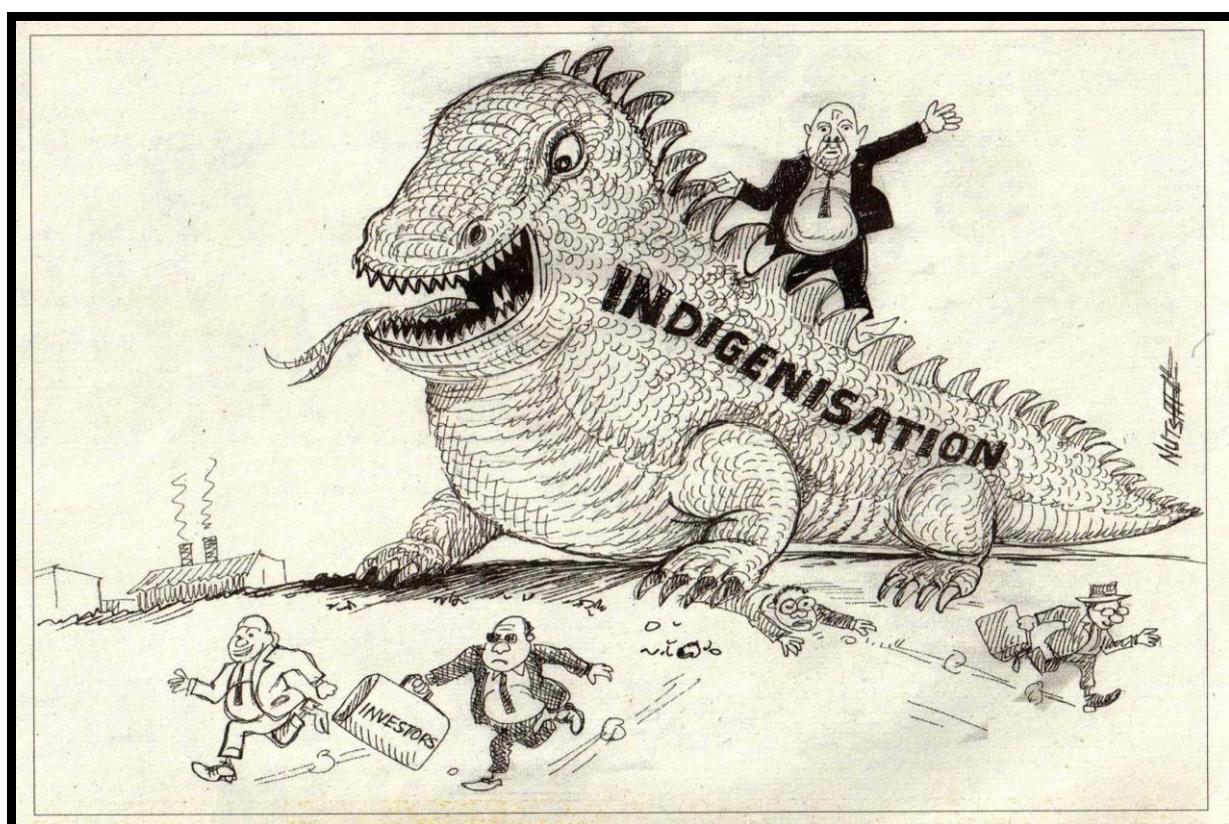
<sup>15</sup> 'Mystery surrounds origins of Upfumi Kuvadiki group', *The Standard*, 13 March 2011; Business Reporter, 'Youth empowerment organisation launched', *The Herald*, 15 January 2012; 'Youth empowerment not cheap politicking', *The Herald*, 17 November 2012, p. 5; Tendai Chara, 'Empowerment drive spreads wings', *The Sunday Mail*, 27 January to 2 February 2013, p. D4.

<sup>16</sup> Sunday Mail Reporter, 'Lobby group ZEEC completes outreach', *The Sunday Mail*, 8 July 2012.

<sup>17</sup> Sunday Mail Reporter, 'Lobby group ZEEC completes outreach'; Sunday Mail Reporter, 'ZEEC to roll out provincial conferences', *The Sunday Mail*, 19 August 2012.

<sup>18</sup> Tendai Chara, 'Empowerment drive spreads wings', *The Sunday Mail*, 27 January to 2 February 2013, p. D4.

Also depicted is the indigenisation policy which is presented as a gargantuan monster. On top of and riding the indigenisation monster is the then Minister of Youth, Indigenisation and Empowerment, Saviour Kasukuwere. Also depicted are investors who are portrayed as victims of the indigenisation monster. One investor squashed by the monster represents non-indigenous investors already negatively affected by the indigenisation policy. Scared by the indigenisation monster, potential investors holding briefcases are running away. Such was the impression of the private media on the impact of the indigenisation policy on foreign investment during the PG era.



**Figure 7.2:** A cartoonist's impression of the effect of indigenisation on foreign investment during the PG era

**Source:** *The Standard*, 15 to 21 April 2012, p. 10.

The MDC parties were in a catch-22 position. Although they saw indigenisation as hardly an urgent priority, opposing the whole programme appeared anti-people and pro-capital. While the MDC parties protested at the approach used to indigenise the economy, they failed to develop a clear and nuanced stance on indigenisation. MDC-

T's internal policy documents revealed that the party was now nervous that foreign and local investors were losing confidence in its commitment and ability to protect private property.<sup>19</sup> Sections of foreign and local investors accused the MDC-T for abandoning its tough opposition stance against the Indigenisation Act prior the formation of the PG and adopt an ambiguous position. Such was the complex situation the MDC parties found themselves in.

To the embarrassment of MDC-T and MDC-M, it was the RBZ governor, Gideon Gono, a perceived ZANU-PF loyalist, who became the quintessential purveyor of opposition to the enforcement of the Indigenisation Act. Gono regarded himself as the chief adviser to the government on economic policies and often privately expressed his reservations on the indigenisation policy to President Mugabe, Prime Minister Tsvangirai and Deputy Prime Minister Mutambara.<sup>20</sup> This earned him the respect of business community and the private print media which extensively covered his views.<sup>21</sup> Private print media sympathised with Gono after realising that his views on indigenisation were denied space in the state controlled print and electronic media which mainly churned the ZANU-PF propaganda.

The RBZ emphasised the importance of protecting property rights to promote foreign investment.<sup>22</sup> The RBZ urged the government to observe international law and conventions such as the World Bank's Multilateral Investment Guarantee Agency (MIGA), the International Centre for the Settlement of Investment Disputes (ICSID) and several Bilateral Investment Promotion and Protection Agreements (BIPPAs) which it signed to protect foreign assets.<sup>23</sup> Gono stressed that indigenisation needs the support of business, labour and civil society.<sup>24</sup> In addition, he vehemently opposed what he saw as 'one-size-fits-all' indigenisation policy. Gono and the RBZ

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<sup>19</sup> MDC's lack of stance on indigenisation and the implication on investors was also mentioned by Booker Magure. See Booker Magure, 'Foreign investment, black economic empowerment and militarised patronage politics in Zimbabwe', *Journal of Contemporary African Studies*, Vol. 30, No. 1, (2012), p. 78.

<sup>20</sup> 'Indigenisation Act: Gono speaks out', *The Financial Gazette*, 18 to 24 March 2010, p. B1.

<sup>21</sup> Gideon Gono severely criticised the Indigenisation Act in an interview with *The Financial Gazette* Editor-in-Chief Hama Saburi. See: 'Indigenisation Act: Gono speaks out', p. B1. In addition, Gono wrote and published the following articles in private print media criticising indigenisation and offering alternatives. Gideon Gono, 'Reckless indigenisation disruptive', *Zimbabwe Independent*, 10 to 16 May 2013 and Gideon Gono, 'Dangers of indigenisation on banks', *Zimbabwe Independent*, 17 to 23 May 2013.

<sup>22</sup> Reserve Bank of Zimbabwe, *The Role of Property Rights in Investment Promotion: Supplement No. 2 of the January 2009 Monetary Policy Statement*, (January 2009), pp. 7-8.

<sup>23</sup> *Ibid*, pp. 7-8.

<sup>24</sup> 'Indigenisation Act: Gono speaks out', p. B1.

in general posited that the Indigenisation Act was flawed, benefit the elite and was destructive to existing companies.<sup>25</sup> The RBZ proposed what it called the Supply and Distribution Indigenization Empowerment (SaDIE) model.<sup>26</sup> Under the SaDIE model the RBZ emphasised that indigenous people can be empowered by participating in the chain of supply, production and distribution of goods produced by big foreign owned companies rather than merely acquiring shares in existing non-indigenous companies. The RBZ was, therefore, more blunt and consistent than the MDC parties in its criticism to the indigenisation policy. Unlike other contributors to the indigenisation debate it offered an alternative to the model in the Indigenisation Act pursued by the government.

Using statistics from the Zimbabwe National Statistics Agency (ZIMSTAT) and its own estimates, the RBZ posited that there was no need to destabilise production and efficiency of non-indigenous companies because a significant share of the economy was already locally controlled.<sup>27</sup> **Table 7.1** below shows that by 2011 the government and indigenous people controlled a number of sectors of the economy and contributed 73.5% of the Gross Domestic Product (GDP). **Table 7.2** below reveals that by 2011 only three sectors were significantly controlled by foreign capital and these are manufacturing; mining and quarrying; and finance and insurance. Nevertheless, these sectors contributed 26,5% of the total GDP. The RBZ used this evidence to prove that ZANU-PF's indigenisation fuss was unwarranted. The use of statistics by government departments to counter ZANU-PF's rhetoric became a key dimension of the indigenisation debate during PG era and beyond.

**Table 7.1: Sectors of the economy predominantly indigenised or under government control, July 2011**

| SECTOR                               | SHARE IN GDP (%) |
|--------------------------------------|------------------|
| Agriculture, Hunting and Fishing     | 17,6             |
| Distribution, Hotels and Restaurants | 11,1             |

<sup>25</sup> Reserve Bank of Zimbabwe, *A Sectoral Approach to Economic Empowerment and Indigenization: Supplement to the July 2011 Monetary Policy Statement*, p. 6.

<sup>26</sup> *Ibid*, p. 6.

<sup>27</sup> *Ibid*, p. 10.

| SECTOR                                                  | SHARE IN GDP (%) |
|---------------------------------------------------------|------------------|
| Transport and Communication                             | 7,0              |
| Construction                                            | 1,1              |
| Real Estate                                             | 4,2              |
| Public Administration                                   | 4,5              |
| Education                                               | 9,2              |
| Health                                                  | 1,9              |
| Domestic Services                                       | 1,7              |
| Other Services                                          | 12,4             |
| <b>Total of already indigenised or under government</b> | <b>73.5%</b>     |

**Source:** Reserve Bank of Zimbabwe, *A Sectoral Approach to Economic Empowerment and Indigenization: Supplement to the July 2011 Monetary Policy Statement*, (July 2011), p. 10.

**Table 7.2: Sectors targeted for indigenisation**

| SECTOR                | SHARE IN GDP (%) |
|-----------------------|------------------|
| Manufacturing         | 14,5             |
| Mining and Quarrying  | 3,2              |
| Finance and Insurance | 8,8              |
| <b>Total Target</b>   | <b>26,5%</b>     |

**Source:** Reserve Bank of Zimbabwe, *A Sectoral Approach to Economic Empowerment and Indigenization: Supplement to the July 2011 Monetary Policy Statement*, (July 2011), p. 11.

The Business Council of Zimbabwe (BCZ) which comprised of the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Bankers Association of Zimbabwe (BAZ), Chamber of Mines, the Employers Confederation of Zimbabwe (EMCOZ), Zimbabwe Council for Tourism, Commercial Farmers' Union (CFU), Zimbabwe Commercial Farmers' Union (ZCFU) and Zimbabwe Farmers' Union (ZFU) opposed the manner in which the Indigenisation

Act was enforced.<sup>28</sup> In August 2011 BCZ published a report which it commissioned which suggested that the economy is already significantly indigenised.<sup>29</sup> BCZ argued that the Indigenisation Act would scare foreign investment and benefit a minority elite.<sup>30</sup> Similarly, CZI posited that the indigenisation framework guiding the Indigenisation Ministry would lead to disinvestment. It recommended that the policy be more flexible.<sup>31</sup> Just like the RBZ, CZI used statistics to persuade the government to review its indigenisation policy. In 2012 CZI conducted a company ownership survey in all sectors of the economy. The results in **Figure 7.3** below are based on statistics provided to CZI by respondents, mainly from the chamber's member companies.<sup>32</sup> As can be seen in the bar chart the survey revealed that 74% of companies were controlled by Private Domestic capital while Private Foreign Capital and the State controlled 13% and 7% respectively. 6% of the economy was controlled by other various unidentified players. This evidence reveals that by 2012 'locals' controlled or owned most companies in the country.

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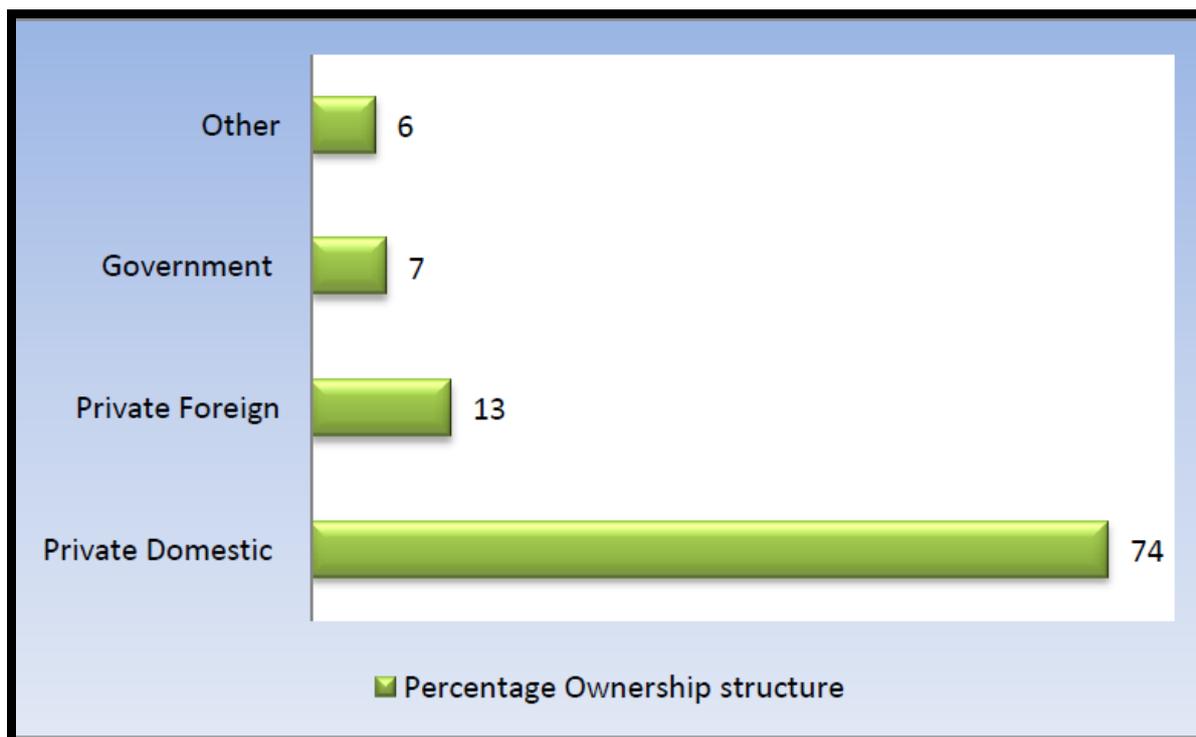
<sup>28</sup> 'Govt wants stiffer empowerment laws', *The Standard*, 28 February 2010.

<sup>29</sup> Jesimen T. Chipika and Joyce A. Malaba, *Indigenization and Economic Empowerment in Zimbabwe: A Strategy for Wealth and Employment Creation for Poverty Reduction*, (The Business Council of Zimbabwe (BCZ), August 2011), pp. xxxiii-xxxvii.

<sup>30</sup> 'Why we had to indigenise!', *New African Magazine: Special Report on Zimbabwe*, July 2013, p. 46.

<sup>31</sup> Confederation of Zimbabwe Industries, *2010 Manufacturing Sector Survey (Shorter Version)*, (November 2010), p. 32.

<sup>32</sup> Confederation of Zimbabwe Industries, *2012 Manufacturing Sector Survey Report*, (November 2012), p. 16.



**Figure 7.3: Percentage Ownership Structure of the Economy, 2012**

**Source:** Confederation of Zimbabwe Industries, *2012 Manufacturing Sector Survey Report*, p. 16.

However, with regard to indigenisation of the economy CZI's 2012 ownership of the economy statistics leaves a lot to be desired. The survey did not disaggregate the Private Domestic Capital and show its racial composition. It does not show the percentage of capital controlled by whites, Coloureds, Asians and blacks. In addition, CZI statistics do not show the net asset values of the companies and their contribution to the GDP. It is possible that Private Foreign capital can own 13% of all companies but have bigger net asset value and high contribution to GDP. Despite these limitations, by using statistics CZI was trying to be more authentic in its challenge to the enforcement of the Indigenisation Act. While the RBZ and CZI used statistics to augment their arguments the Indigenisation Ministry did not produce any throughout the period covered by this chapter. This boosted criticism to indigenisation.

## Enforcing the Indigenisation Act: Sectors and actors

This section examines the actual enforcement of the Indigenisation Act in various sectors of the economy and its contestation by state and interest group actors. In recent years the effectiveness of PGs in promoting democratic governance and delivering economic benefits to citizens has come under spotlight. Ian S. Spears has argued that in order to retain power, political parties in power sharing arrangements are constantly scheming against each, rarely cooperate and this often results in inefficient governments.<sup>33</sup> Donald Rothchild, Chandra Lekha Sriram and Marie-Joëlle Zahar concur that although power-sharing brings stability in fractured societies they rarely bring democratic governance and effective policy implementation.<sup>34</sup> This view is confirmed by Anna K. Jarstad who argues that power sharing governments tend to institutionalise political differences between political groups and cause policy gridlock.<sup>35</sup> To a larger extent these views are confirmed by Zimbabwe's PG on the enforcement of the Indigenisation Act.

ZANU-PF, MDC-T and MDC-T disagreed on many political and economic issues and the PG was often portrayed in the media as 'dysfunctional'.<sup>36</sup> ZANU-PF had structural advantage and was more powerful.<sup>37</sup> A number of reasons explain this. First, ZANU-PF retained the control of all ministries which controlled security and law enforcement apparatus such as Defence, State Security, and Justice and Legal Affairs. Although the Ministry of Home Affairs was headed by ZANU-PF and MDC-T co-ministers, Mugabe had direct control of the police. While in theory power was

<sup>33</sup> Ian S Spears, 'Understanding inclusive peace agreements in Africa: the problems of sharing power', *Third World Quarterly*, Vol. 21, No. 1,(2000), pp. 121, 122.

<sup>34</sup> Donald Rothchild, 'Reassuring weaker parties after civil wars: The benefits and costs of executive power-sharing systems in Africa', *Ethnopolitics: Formerly Global Review of Ethnopolitics*, Vol. 4, No. 3, (2005), p. 255, Chandra Lekha Sriram and Marie-Joëlle Zahar, 'The Perils of Power-Sharing: Africa and Beyond', *Africa Spectrum*, Vol. 44, No. 3, (2009), p. 143.

<sup>35</sup> Anna K. Jarstad, 'The Prevalence of Power-Sharing: Exploring the Patterns of Post-Election Peace', *Africa Spectrum*, Vol. 44, No. 3, (2009), p. 42.

<sup>36</sup> 'Chaos in GNU', *Newsday*, 14 April 2011, p. 1.

<sup>37</sup> For more literature on ZANU-PF dominance in the PG see: Nic Cheeseman and Blessing-Miles Tendi, 'Power-sharing in comparative perspective: the dynamics of 'unity government' in Kenya and Zimbabwe', *The Journal of Modern African Studies*, Vol. 48, No. 2, (2010); Norma Kriger, 'ZANU PF politics under Zimbabwe's 'Power-Sharing' Government', *Journal of Contemporary African Studies*, Vol. 30, No. 1, (2012); Gerald Chikozho Mazarire, 'ZANU-PF and the Government of National Unity 2009-12' in Brian Raftopoulos (ed.), *The Hard Road to Reform: The Politics of Zimbabwe's Global Political Agreement*; JoAnn McGregor, 'Surveillance and the City: Patronage, Power-Sharing and the Politics of Urban Control in Zimbabwe', *Journal of Southern African Studies*, Vol. 39, No. 4, (2013); and Thys Hoekman, 'Testing Ties: Opposition and Power-Sharing Negotiations in Zimbabwe', *Journal of Southern African Studies*, Vol. 39, No. 4, (2013)

supposed to be shared among the three political parties it was ZANU-PF which had 'hard' or 'coercive' power. As noted by Donald Rothchild, dominant groups always use their control of key state institutions to undermine their political rivals, even if they are in the same government.<sup>38</sup> ZANU-PF used this advantage to act unilaterally in enforcing the Indigenisation Act. The ZANU-PF side of the PG was contemptuous of the MDC side including Prime Minister Tsvangirai's office. This created serious discord in the enforcement of the Indigenisation Act.

Of particular significance was ZANU-PF's direct control of the Ministry of Youth Development, Indigenisation and Empowerment.<sup>39</sup> When the PG was formed in February 2009, Mugabe appointed a youthful, vociferous and combative former indigenisation activist, Saviour Kasukuwere, as the new Minister of Youth Development, Indigenisation and Empowerment. This signalled Mugabe's intention to spearhead a radical indigenisation programme. Kasukuwere doubled as ZANU-PF politburo member and the party's secretary for Indigenisation and Economic Empowerment. This harmonised and synchronised ZANU-PF and the government's indigenisation policies during the PG. Through the Indigenisation Ministry, ZANU-PF controlled the National Indigenisation and Economic Empowerment Board (NIEEB), a statutory board created to supervise, monitor and ensure that non-indigenous companies comply with the Indigenisation Act. The first chairman of the NIEEB David Chapfika and his successor Retired Lieutenant General Mike Nyambuya are known ZANU-PF loyalists.<sup>40</sup> Since its inception in July 2008, the NIEEB board comprised of lawyers, academics, indigenisation activists, business people and government officials, most of them loyal to ZANU-PF.<sup>41</sup> In September 2010, Chamber of Mines president Victor Gapare was fired from the NIEEB because he was opposed to the coercion of mines to dispose 51% of their shares to indigenous

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<sup>38</sup> Rothchild and Roeder, 'Power Sharing as an Impediment to Peace and Democracy', pp. 155-156.

<sup>39</sup> In this chapter the Ministry of Youth Development, Indigenisation and Empowerment will be written in short as 'the Indigenisation Ministry'. Ministers heading this ministry will be referred to as 'Indigenisation Minister'.

<sup>40</sup> Business Reporter, 'NIEEB board term of office expires', *Newsday*, 05 October 2012; Fanuel Kangondo, 'Nyambuya named empowerment board chairman', *The Herald*, 5 October 2012.

<sup>41</sup> 'Indigenisation board to be announced: Mangwana', *The Herald*, 9 July 2008; Business Reporter, 'NIEEB board term of office expires', *Newsday*, 05 October 2012; Fanuel Kangondo, 'Nyambuya named empowerment board chairman', *The Herald*, 5 October 2012.

people.<sup>42</sup> The above evidence reveals that ZANU-PF was well positioned to enforce the Indigenisation Act.

However, the Indigenisation Ministry's enforcement of the Indigenisation Act had tentacles in other 'economic development' ministries controlled by ZANU-PF, MDC-T and MDC-M. These ministries and their respective ministers were as follows: Mines and Mining Development (Obert Mpofu, ZANU-PF); Finance (Tendai Biti, MDC-T); Economic Planning and Investment Promotion (Elton Mangoma, later Tapiwa Mashakada, MDC-T); and Industry and Commerce (Welshman Ncube, MDC-M). More often than not, Indigenisation Minister Kasukuwere had conflicts with other ministers in enforcing the Indigenisation Act. One of the major accusations levelled against Minister Kasukuwere was arrogating himself powers of a 'super minister'.<sup>43</sup> His ministry was accused of enacting indigenisation regulations with a bearing in other ministries without consulting them adequately.

The enforcement of the Indigenisation Act was done through regulations gazetted by the government. This section discusses discord in the PG on the first indigenisation regulations which had effect on all sectors of the economy. On 29 January 2010 through Statutory Instrument 21 of 2010 the Indigenisation Ministry gazetted regulations known as the Indigenisation and Economic Empowerment (General) Regulations of 2010.<sup>44</sup> The following are some of the key provisions of these regulations. Non-indigenous (foreign and white) owned companies were required to 'cede' 51% of their shares to indigenous people in a period of five years.<sup>45</sup> The regulations required all businesses with a net asset value (NAV) of at least US\$500 000 to declare their shareholding status through a prescribed form in 45 days, from 1 March to 15 April 2010. Businesses with less than 51% indigenous shareholding were required to submit a plan on how they intend to meet that threshold in those 45 days. Companies could, however, be given a grace period of 30 extra days to come up with their indigenisation plans.<sup>46</sup> Businesses were required to furnish the minister with their present and future extent of indigenisation

<sup>42</sup> 'Gapare fired from Indigenisation Board', *The Standard*, 24 September 2010.

<sup>43</sup> Paidamoyo Muzulu, 'Kasukuwere's wings clipped', *Zimbabwe Independent*, 2 December 2011; Sydney Kawadza, 'Policy differences widen fissures in Inc Govt', *The Herald*, 5 April 2012, p. 1.

<sup>44</sup> Statutory Instrument 21 of 2010, Indigenisation and Economic Empowerment (General Regulations) (2010).

<sup>45</sup> *Ibid*, p. 61.

<sup>46</sup> *Ibid*, p. 64.

compliance.<sup>47</sup> Through the regulations the following sectors of the economy were reserved for 'indigenous Zimbabweans':

- Agriculture: Primary production of food and cash crops
- Transportation: Passenger buses, taxis and car hire
- Retail and wholesale trade
- Barber shops, hairdressing and beauty salons
- Employment agencies
- Valet services
- Grain milling
- Bakeries
- Tobacco grading and packaging
- Tobacco processing
- Advertising agencies
- Milk processing
- Provision of arts and craft, marketing and distribution.<sup>48</sup>

Non-indigenous people seeking to enter into these sectors needed permission from the Indigenisation Ministry and the Zimbabwe Investment Authority. The reason for reserving sectors for indigenous people was to bar foreign capital from penetrating low capital sectors and divert it to sectors requiring high capital intensity such as infrastructure development and mining. According to the regulations fronting and supply of false information to the Indigenisation Ministry was considered a crime punishable by a fine not exceeding level 12 or imprisonment not exceeding five years.<sup>49</sup> These first regulations gave momentum to the enforcement of the Indigenisation Act.

While President Mugabe and the ZANU-PF politburo approved and supported the regulations, the MDC parties and the business community opposed them. The regulations were variously condemned by Economic Planning and Investment Promotion Minister Elton Mangoma; Industry and Commerce Minister Welshman Ncube and RBZ Governor Gideon Gono as scaring foreign investors, premature and

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<sup>47</sup> *Ibid*, p. 64.

<sup>48</sup> *Ibid*, pp. 89-90.

<sup>49</sup> *Ibid*, p. 78.

'one-size-fits-all'.<sup>50</sup> Prime Minister Morgan Tsvangirai stated that the regulations were gazetted by the Indigenisation Ministry without consulting him and declared them 'null and void'.<sup>51</sup> Indigenisation Minister Kasukuwere dismissed Tsvangirai's concerns as unnecessary alarm.<sup>52</sup> Kasukuwere argued that as the minister responsible for indigenisation he was not obliged to consult and only do so when there is need.<sup>53</sup> The clash between Kasukuwere and other top government officials exposed deep divisions on the enforcement of the Indigenisation Act.

Established interest groups were concerned about the regulations because their effect on investor confidence was immediately reflected on the Zimbabwe Stock Exchange which fell by 25% as investors withheld about US\$100 million.<sup>54</sup> CZI president, Kumbirayi Katsande, vowed to pressurise the government to amend the regulations.<sup>55</sup> On 26 February 2010, the Business Council of Zimbabwe (BCZ) wrote to Prime Minister Tsvangirai's office lamenting that the regulations exposed 'lack of coordination and sensitivity to the needs of the fragile economy'.<sup>56</sup> Established business associations were concerned with the terms used in the regulations.<sup>57</sup> For example the regulations stated that foreign owned companies must 'cede' 51% of their shares to indigenous people.<sup>58</sup> Business associations argued that the term 'cede' must be substituted by 'sell'.<sup>59</sup> The views of established business associations were strongly supported by the Research and Advocacy Unit (RAU), a local non-governmental research organisation and think tank. RAU's legal expert, Derek Matyszak, criticised the regulations and stated that they tacitly encourage the taking over of non-indigenous businesses without adequate compensation.<sup>60</sup> This shows

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<sup>50</sup> 'Mixed reactions to indigenisation regulations', *The Herald*, 12 February 2010; Chris Muronzi, 'Kasukuwere blasts Gono', *Zimbabwe Independent*, 26 March 2010; 'Indigenisation Act: Gono speaks out', p. B2.

<sup>51</sup> Chris Muronzi, 'Kasukuwere blasts Gono', *Zimbabwe Independent*, 26 March 2010.

<sup>52</sup> 'Govt wants stiffer empowerment laws'.

<sup>53</sup> Muronzi, 'Kasukuwere blasts Gono'.

<sup>54</sup> 'Indigenisation Regs Fully Suspended', *Prime Minister: The Newsletter from the Office of the Prime Minister*, 15 April 2010, p. 1.

<sup>55</sup> 'Mixed reactions to indigenisation regulations'.

<sup>56</sup> 'Govt wants stiffer empowerment laws'.

<sup>57</sup> Muronzi, 'Kasukuwere blasts Gono'.

<sup>58</sup> *Ibid.*

<sup>59</sup> *Ibid.*

<sup>60</sup> Derek Matyszak, 'Everything you ever wanted to know (and then some) about Zimbabwe's indigenisation and economic empowerment legislation but (quite rightly) were too afraid to ask', (Research and Advocacy Unit, Harare, 19 March 2010), pp. 25, 26; For more legal criticism of the regulations see: Derek Matyszak, 'Racketeering by regulation', (Research and Advocacy Unit, Harare, 2011).

that a large section of the societal spectrum was concerned with the indigenisation regulations.

On 8 April 2010, ZNCC organised a meeting between Prime Minister Tsvangirai and captains of industry to give the latter an opportunity to air their concerns on the regulations.<sup>61</sup> Captains of industry who attended this meeting told Tsvangirai that indigenisation must not strip foreign investors of their assets.<sup>62</sup> ZNCC expressed concern that the regulations did not explain how indigenous people will raise capital to acquire shares in non-indigenous companies.<sup>63</sup> By engaging Tsvangirai established business associations were showing confidence in MDC-T which they believed could either halt or review the Indigenisation Act and the new regulations.

Due to pressure from established business associations, and after lengthy debates within the government, the Cabinet amended the regulations in Statutory Instrument 21 of 2010 in April.<sup>64</sup> One of the amendments was the replacement of the word 'cede' with 'dispose' 51% to indigenous people.<sup>65</sup> The Cabinet also took on board the concerns of established business associations that indigenous people lacked capital to acquire shares in non-indigenous companies. To address this, one of the amendments was that the state-controlled Economic Empowerment Fund would be given the right of first refusal in the event that indigenous people fail to purchase shares in non-indigenous companies.<sup>66</sup> Minister Kasukuwere was urged to liaise with the Ministry of Finance to find ways to raise the capital for the Economic Empowerment Fund.<sup>67</sup> The Cabinet moved away from the one-size-fits-all approach in indigenisation. To this end, the Cabinet established 14 sector-specific boards to advise the NIEEB on indigenisation. However, just like the NIEEB, the sector specific boards were dominated by individuals either loyal to or with links to ZANU-PF.

The above evidence reveals the discord within the government over the enforcement of the Indigenisation Act. Although ZANU-PF wielded a lot a power within the PG and had control of the indigenisation programme, at times it gave in to pressures

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<sup>61</sup> 'Indigenisation Regs Fully Suspended', p. 1.

<sup>62</sup> *Ibid*, p. 1.

<sup>63</sup> *Ibid*, p. 2.

<sup>64</sup> Herald Reporters, 'Indigenisation policy amended', *The Herald*, 23 June 2010.

<sup>65</sup> *Ibid*.

<sup>66</sup> *Ibid*.

<sup>67</sup> Herald Reporters, 'Indigenisation policy amended'.

emanating from MDC parties and established business associations. The Indigenisation Act and the Indigenisation and Economic Empowerment Regulations of 2010 discussed above provided the general guidelines for indigenisation. However, they did not specify how specific sectors would implement the policy. The following subsections explain various regulations and notices used by the government to enforce the Indigenisation Act in selected sectors of the economy. These are mining, manufacturing, banking and ‘the reserved’ sectors. The subsections also examine the contestations among ZANU-PF, MDC-T, MDC-M, the RBZ, the legislature, established business associations, indigenous interest groups and trade unions on indigenisation in these sectors.

### **Mining sector**

ZANU-PF prioritised indigenisation of the mining industry because minerals are non-renewable natural resources. As in other sectors of the economy, the Indigenisation Act and the Indigenisation and Economic Empowerment (General) Regulations of 2010 guided the indigenisation of the mining sector. The RBZ and the Chamber of Mines’ position on the indigenisation of the mining sector were largely similar. The RBZ and the Chamber of Mines concurred that the 51% shareholding threshold for indigenous people was too high.<sup>68</sup> The Chamber of Mines proposed a 10% to 15% ownership threshold for indigenous people.<sup>69</sup> The Chamber posited that this lower indigenisation threshold would grow over time to 51% or even higher without retarding the growth of the mining sector.<sup>70</sup> The Chamber of Mines proposed that foreign investors and indigenous entrepreneurs negotiate their shareholding without government interference.<sup>71</sup> In addition, the Chamber urged the government to take into consideration credits in social investment as part of fulfilling indigenisation.<sup>72</sup> It suggested that the 25% of the 51% indigenisation threshold should be covered through credits such as corporate social responsibility investments, supporting indigenous skills development, support to small scale miners, assisting the

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<sup>68</sup> Reserve Bank of Zimbabwe, *The Role of Property Rights in Investment Promotion: Supplement No. 2 of the January 2009 Monetary Policy Statement*, p. 5; Kudakwashe Mutandi, ‘Mines propose 10pc ownership for locals’, *The Sunday Mail*, 28 March 2010.

<sup>69</sup> Mutandi, ‘Mines propose 10pc ownership for locals’; Shame Makoshori, ‘Empowerment law kills zeal in mining’, *The Financial Gazette*, 27 May to 2 June 2010, p. 14.

<sup>70</sup> Makoshori, ‘Empowerment law kills zeal in mining’, p. 14.

<sup>71</sup> *Ibid*, p. 14.

<sup>72</sup> ‘Zimbabwe indigenisation laws “to carry on”’, *The Financial Gazette*, 10 June 2011.

establishment of indigenous mines and awarding procurement tenders to indigenous people. The above proposals were rejected by the Indigenisation Ministry

In May 2011, the Chamber of Mines proposed that mining companies float their shares on the Zimbabwe Stock Exchange so that indigenous people could buy them at favourable rates.<sup>73</sup> The Chamber stated that most mining companies such as Bindura Nickel Corporation, Falcon Gold, Hwange Colliery Company, RioZim Limited, Metallon Gold Zimbabwe, Mimoso Mining Company, New Dawn Mining Corp and Gat Investments preferred to offer their shares on the national bourse. The Chamber argued that the public listing of shares on the Zimbabwe Stock Exchange and their transparent acquisition by indigenous people would promote broad-based indigenisation. However, indigenous pressure groups, most notably the Affirmative Action Group (AAG), unequivocally opposed the listing of shares on the Zimbabwe Stock Exchange and their sale to indigenous people as a method of indigenising the economy.<sup>74</sup> AAG argued that the Zimbabwe Stock Exchange would provide a platform for 'hybrid' and 'window dressing' indigenisation where foreign companies would list their shares and use black 'fronts' to buy them and return them to the former owners.<sup>75</sup> The Indigenisation Ministry concurred with the AAG and rejected the Chamber of Mines' proposal.

Despite the concerns of the RBZ, the Chamber of Mines and other stakeholders the Indigenisation Ministry accelerated the drive to indigenise the mining sector. In July 2011, through General Notice 114 of 2011 Indigenisation Minister Kasukuwere published new regulations for the indigenisation of the mining sector. The Notice required all non-indigenous mining companies with a net asset value of US\$1 to indigenise.<sup>76</sup> This contradicted the original Indigenisation and Empowerment Regulations of 2010 which set the minimum net asset value for companies to indigenise at US\$500 000. The government was, therefore, dismissing claims by foreign owned companies that they could not indigenise because their net asset value was less than US\$500 000. This means all foreign owned companies, even those with a low net asset value, were now required to indigenise. Mining companies

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<sup>73</sup> Munyaradzi Mugowo, 'Mines chamber urges listings', *The Financial Gazette*, 27 May 2011, pp. C1, C4.

<sup>74</sup> *Ibid.*

<sup>75</sup> *Ibid.*

<sup>76</sup> General Notice 114 of 2011, Indigenisation and Economic Empowerment (General) Regulations, 2011.

were required to sell 51% of their shareholding to government designated entities.<sup>77</sup> These are: the Zimbabwe Mining Development Corporation (ZMDC), the National Indigenisation and Economic Empowerment Fund, the Sovereign Wealth Fund (SWF), employee share ownership schemes or trusts, and management share ownership schemes.<sup>78</sup> The Indigenisation Ministry was clearly taking a tough stance to indigenise the mining industry.

The Parliamentary Legal Committee (PLC), dominated by MDC-T but also comprising ZANU-PF legislators, strongly objected to General Notice 114 of 2011.<sup>79</sup> The PLC argued that the setting of US\$1 as the new minimum net asset value for foreign owned companies to indigenise threatened the viability of small businesses.<sup>80</sup> The PLC argued that by directing mining companies to sell their shares to designated entities the Indigenisation Ministry was imposing partners on them and deprived them of their right to choose their own partners. The PLC argued this was in contravention to section 21 of the constitution which provides for freedom of association. In addition, the PLC argued that by directing companies to sell their shares the Indigenisation Ministry was coercing them to dispose their property in contravention of section 16 of the Constitution which provides for the protection against deprivation of private property. In general, the PLC argued that through General Notice 114 of 2011 Minister Kasukuwere was going beyond the parameters of the law and his ministry's jurisdiction. It called for the repeal of General Notice 114 of 2011. The Indigenisation Ministry dismissed all these concerns. What emerges from the above discussion is that the MDC-dominated House of Assembly became a strong critic of the way in which the Indigenisation Act was being enforced by the Indigenisation Ministry. Although, in most cases, the legislature could not change the course of indigenisation it weighed legitimised other dissenting voices from the MDC-T, RBZ and established interest groups.

The Indigenisation Ministry was unfazed in its push to indigenise the mining sector. Between September and November 2011, Kasukuwere threatened to withdraw licences of mining companies such as Zimplats, Caledonia, Murowa Diamonds, New

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<sup>77</sup> *Ibid.*

<sup>78</sup> *Ibid.*

<sup>79</sup> Clemence Manyukwe, 'Kasukuwere censured again', *The Financial Gazette*, 21 July 2011, p. 17.

<sup>80</sup> *Ibid.*, p. 17.

Dawn and Blanket for not complying with the Indigenisation Act and indigenisation regulations.<sup>81</sup> This was condemned by interest groups, most notably ZCTU. On 8 September 2011, ZCTU issued a press statement condemning Kasukuwere's threats to withdraw licences of mining companies.<sup>82</sup> ZCTU expressed concern that Kasukuwere's threats and 'political posturing' jeopardised thousands of jobs in the mining sector and full economic recovery. ZCTU advised the Indigenisation Ministry to implement the Indigenisation Act in a non-confrontational manner.<sup>83</sup> ZCTU's pronouncements above reflect the fears of the labour movement on the likely effects of coercive indigenisation on jobs.

Kasukuwere's threats to cancel licences of mining companies annoyed his ZANU-PF colleague, Mines and Mining Development Minister, Obert Mpfu.<sup>84</sup> Mpfu stated that his ministry preferred dialogue with mining companies and threats were not part of government policy.<sup>85</sup> Mpfu further stated that it was only his ministry which has the prerogative to cancel licences of mining companies.<sup>86</sup> Clearly, this left Kasukuwere with an egg on the face. The brawl between Kasukuwere and Mpfu prompted Mugabe to rebuke the former. On 1 December 2011, while addressing the ZANU-PF central committee, Mugabe urged Kasukuwere to consult and liaise with other ministries to enforce the Indigenisation Act in an orderly manner.<sup>87</sup> Mugabe said the Indigenisation Ministry must lay the policy down and line ministries should supervise the policy in sectors which fall under them. The above evidence reveals poor policy coordination within the PG. In this case even the ZANU-PF side of the PG was failing to co-ordinate itself on the enforcement of the Indigenisation Act.

One of the most contentious issues between the government and interest groups on the indigenisation of the mining sector was the establishment and operations of Community Share Ownership Trusts (CSOTs). CSOTs were development trusts established by the government so that big mining companies can give at least 10%

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<sup>81</sup> Business Reporter, 'Zimplats submits fresh empowerment plan', *The Herald*, 25 November 2011.

<sup>82</sup> Zimbabwe Congress of Trade Unions, 'Press Statement –Kasukuwere threat jeopardise thousands of jobs', 8 September 2011.

<sup>83</sup> *Ibid.*

<sup>84</sup> Paul Nyakazeya, 'BEE: Govt contradicts itself', *Zimbabwe Independent*, 16 September 2011.

<sup>85</sup> *Ibid.*

<sup>86</sup> Paidamoyo Muzulu, 'Kasukuwere's wings clipped', *Zimbabwe Independent*, 2 December 2011.

<sup>87</sup> *Ibid.*

of their shareholding to communities surrounding their areas of operations.<sup>88</sup> Most CSOTs were established in rural areas where most mining companies operated. Funds from CSOTs were to be used for community development projects such as establishment or rehabilitation of roads, dip tanks, clinics, hospitals, schools, water works, sanitation, soil conservation and the prevention of environmental degradation.<sup>89</sup> Boards of CSOTs had 7 to 15 members comprising of community leaders such as chiefs, district administrators, council chairpersons and chief executive officers of Rural District Councils.<sup>90</sup> Provincial governors oversaw the management of CSOTs in their provinces. According to the government, CSOTs were a measure to ensure broad-based empowerment.<sup>91</sup> However, the evidence below reveals that this view can and was contested.

ZANU-PF used CSOTs to campaign for the forthcoming elections. Mugabe himself launched all the CSOTs and he was presented by state media as the champion of broad-based indigenisation. At the launch of CSOTs Mugabe emphasised that the MDC parties were opposed to indigenisation and urged the electorate to vote for ZANU-PF.<sup>92</sup> The first CSOT, Zimplats Community Share Ownership Trust for Mhondoro-Chegututu and Zvimba communities was launched on 13 October 2011.<sup>93</sup> See **figure 7.4**. Between October 2011 and December 2012 the Indigenisation Ministry and the Office of the President and Cabinet launched seven CSOTs with a total value of US\$815 000 000.<sup>94</sup> **Table 7.3** below shows values of CSOTs established in various provinces and companies which disposed the 10% shareholding to support the trusts.

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<sup>88</sup> National Indigenisation and Economic Empowerment Board (NIEEB), *Understanding Indigenisation and Economic Empowerment: What it is, Who benefits, How to benefit*, (December 2011), p. 9. For substantive description of CSOTs see: Showers Mawowa, 'Community Share Ownership Trusts (CSOT) in Zimbabwe's Mining Sector', (Zimbabwe Environmental Law Association (ZELA), Harare, 2013).

<sup>89</sup> National Indigenisation and Economic Empowerment Board (NIEEB), *Community Trust Brief*, Vol. 1, (2012), p. 1.

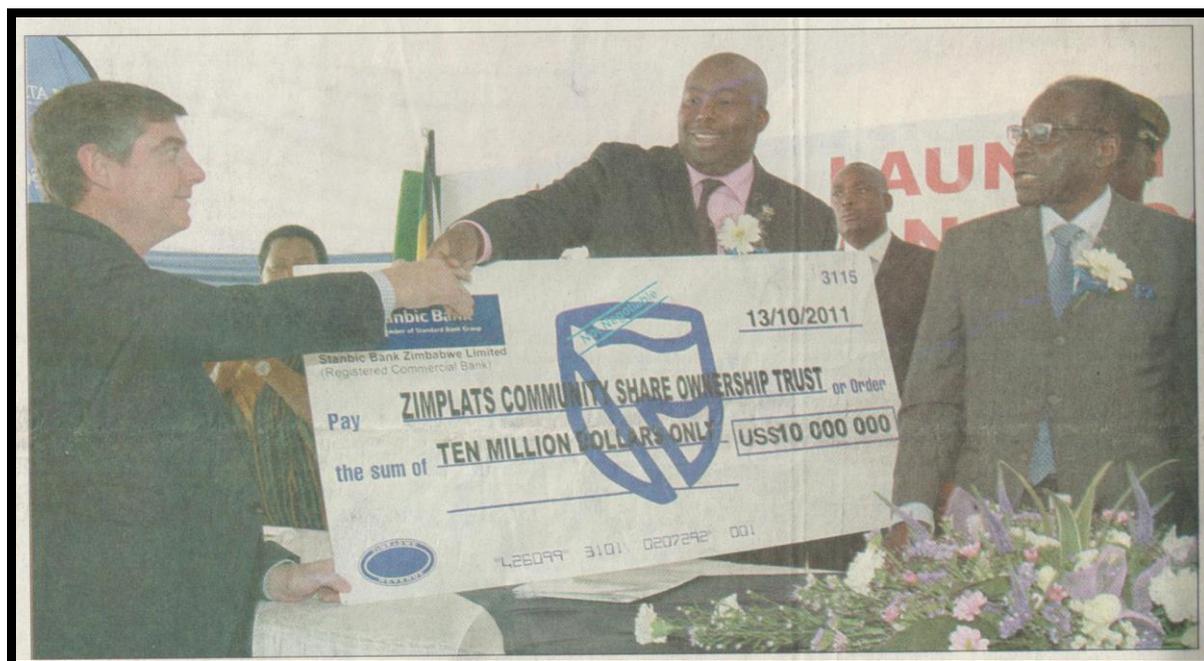
<sup>90</sup> *Ibid*, p. 1.

<sup>91</sup> National Indigenisation and Economic Empowerment Board (NIEEB), *Gwanda Community Trust Brief*, Volume One (January 2013), p. 5.

<sup>92</sup> 'Vote wisely next year: President', *The Herald*, 19 October 2012.

<sup>93</sup> Herald Reporters, 'Govt to initiate employee share ownership schemes', *The Herald*, 19 October 2011.

<sup>94</sup> National Indigenisation and Economic Empowerment Board (NIEEB), *Community Trust Brief*, p. 4.



**Figure 7.4:** In this photograph President Robert Mugabe (right) witnesses the handover of a US\$10 million cheque for the Zimplats Community Share Ownership Trust to Youth Development, Indigenisation and Empowerment Minister Saviour Kasukuwere (centre) by chairman of Zimplats David Brown (left) in Selous on 13 October 2011.

**Source:** *The Herald*, 14 October 2011.

**Table 7.3: Community Share Ownership Trusts (CSOTs) launched between October 2011 and December 2012**

| Trust                                 | Province         | Company                                | Seed capital | Shareholding and Current value |
|---------------------------------------|------------------|----------------------------------------|--------------|--------------------------------|
| Chegutu-Mhondoro-Ngezi-Chivero-Zvimba | Mashonaland West | Zimplats                               | \$10 000 000 | 10%<br>\$200 000 000           |
| Marange-Zimunya                       | Manicaland       | Marange, Anjin, Mbada and ors Combined | \$50 000 000 | 10%<br>\$300 000 000           |

| Trust                      | Province               | Company                                                   | Seed capital         | Shareholding and Current value |
|----------------------------|------------------------|-----------------------------------------------------------|----------------------|--------------------------------|
| Zvishavane                 | Midlands               | Mimosa Mine                                               | \$10 000 000         | 10%<br>\$180 000 000           |
| Tongogara                  | Midlands               | Unki Mine                                                 | \$10 000 000         | 10%<br>\$45 000 000            |
| Gwanda<br>Umguza           | Matabeleland<br>South  | PPC, Blanket,<br>Farvic,<br>Vumbachikwe,<br>FA Stewart    | \$10 000 000         | 10%<br>\$50 000 000            |
| Hwange Bubi<br>Nkayi Binga | Matabeleland<br>North  | Hwange<br>Colliery New<br>Dawn Makomo<br>Resources<br>PPC | \$14 000 000         | 10%<br>\$30 000 000            |
| Bindura                    | Mashonaland<br>Central | Freda<br>Rebecca                                          | \$10 000 000         | 10%<br>\$10 000 000            |
| <b>Current Total Value</b> |                        |                                                           | <b>\$114 000 000</b> | <b>\$815 000 000</b>           |

**Source:** National Indigenisation and Economic Empowerment Board, *Community Trust Brief*, Volume 1, December 2012, p. 4.

The establishment of CSOTs and their operations received widespread criticism from different types of civil society organisations. Farai Maguwu, the director of Centre for Natural Resource Governance (CNRG), criticised ZANU-PF for adopting and implementing policies to win elections rather than genuine commitment to empower people.<sup>95</sup> On 3 September 2012 the Zimbabwe Women's Resource Centre and Network (ZWRCN) published a statement in *The Herald* expressing displeasure at

<sup>95</sup> Staff Writer, 'Indigenisation a ploy', *Zimbabwe Independent*, 17 August 2012. Farai Maguwu is well-known for exposing state sponsored atrocities in the mining of Marange diamonds. For more details see: Farai Maguwu, 'Marange diamonds and the Kimberly process: An activist account', in Richard Saunders and Tinashe Nyamunda (eds.), *Facets of Power: Politics, Profits and People in the Making of Zimbabwe's Blood Diamonds*, (Weaver Press, Harare, 2016), pp. 92-111.

the marginalisation of women in CSOTs.<sup>96</sup> ZWRCN expressed concern that most board members of CSOTs were men and women's needs were not seriously considered in the allocation of the funds. On 7 November 2012, ZEEC president, Mliswa held a press conference expressing his organisation's reservations on CSOTs.<sup>97</sup> Citing the US\$10 million promised by Zimplats to the Mhondoro-Ngezi/Zvimba community but was yet to be received, Mliswa stated that many communities surrounding mining companies were not getting their shares and funds as promised by the government and mining companies.<sup>98</sup>

In Manicaland, local indigenous pressure groups, the Manicaland Business Action Group (MBAG) and the Marange Youth Empowerment Trust openly criticised the Zimunya Marange Community Share Ownership Trust for not bringing tangible benefits to the ordinary people.<sup>99</sup> The Marange Youth Empowerment Trust, which was aligned to ZANU-PF, alleged that diamonds from Marange were being looted by elites from outside the province.<sup>100</sup> On 22 April 2013, the Manicaland Business Action Group (MBAG) petitioned its patron, the then Presidential Affairs Minister, Didymus Mutasa, demanding that he liaise with Indigenisation Minister Kasukuwere on the exclusion of ordinary people from the Zimunya Marange Community Share Ownership Trust.<sup>101</sup> On 9 April 2014 the Zimbabwe Natural Resource Dialogue Forum (ZNRDF) Manicaland Co-ordinator, Freeman Boso, and the Mutare based Centre for Research and Development director, James Mupfumi, issued a joint press statement lamenting the secrecy, lack of transparency and accountability in the Zimunya-Marange Community Share Ownership Trust.<sup>102</sup> They stated that lack of transparency in the Trust greatly limited ordinary people's participation and created ample conditions for looting and elite enrichment.<sup>103</sup>

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<sup>96</sup> Zimbabwe Women's Resource Centre and Network (ZWRCN) Desk, 'Indigenisation must empower women', *The Herald*, 3 September 2012, p. B10.

<sup>97</sup> Clemence Manyukwe, 'Trouble brews for Kasukuwere', *The Financial Gazette*, 8 November 2012.

<sup>98</sup> Manyukwe, 'Trouble brews for Kasukuwere'; Clayton Masekesa, 'Indigenisation fake: Zanu PF youths', *Zimbabwe Independent*, 31 May 2013.

<sup>99</sup> Obey Manayiti, 'Community share scheme rapped', *Newsday*, 25 April 2013;

<sup>100</sup> Masekesa, 'Indigenisation fake: Zanu PF youths'.

<sup>101</sup> Manayiti, 'Community share scheme rapped'.

<sup>102</sup> Civil Society in Manicaland responds to the latest developments in the mining sector: Joint Press Statement by CRD and ZNRDF, 9 April 2014. Also see: Masekesa, 'Indigenisation fake: Zanu PF youths'.

<sup>103</sup> *Ibid.*

Protest by the above civil society organisations reveals that claims by the government that CSOTs promoted broad-based indigenisation were heavily contested. Overall, although the indigenisation of the mining sector during the PG era was notable, it was highly contested by state actors and civil society. Although the Indigenisation Ministry was largely intransigent, at times combined voices of disgruntled state actors and discontented civil society organisations forced it to review indigenisation regulations. Thus, the state is not always a congruent entity as its disaffected sections are capable of making alliances with civil society.

### **Manufacturing sector**

The fragile nature and underperformance of the manufacturing sector made it a lesser priority to the government for indigenisation when compared to the mining sector. Unlike the mining industry, the manufacturing sector was not involved in the extraction of natural resources, something ZANU-PF was obsessed by. However, the Indigenisation Act required companies in all sectors of the economy to have at least 51% of their shareholding controlled by indigenous people. To this end, the Indigenisation Ministry persuaded firms in the manufacturing sector to indigenise. As was the case with other sectors there was apparent discord within the PG on the indigenisation of the manufacturing sector. The Ministry of Economic Planning and Investment Promotion headed by Tapiwa Mashakada of the MDC-T emphasised that the Indigenisation Act was an obstacle to the recovery of the manufacturing sector.<sup>104</sup> The Minister of Industry and Commerce, Welshman Ncube (MDC-M), often complained that he was not consulted on indigenisation measures affecting the manufacturing sector which fell under his ministry's jurisdiction.<sup>105</sup> This testifies to poor co-operation between ministries headed by ZANU-PF and MDC parties in the PG. This also confirms arguments by erstwhile scholars that most political parties which join PGs in Africa rarely co-operate on policy making and implementation.

State and non-state actors were sceptical of the indigenisation of the manufacturing sector. The RBZ urged the Indigenisation Ministry to be more cautious because the manufacturing industry was integrated with other sectors such as mining, agriculture

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<sup>104</sup> Ministry of Economic Planning and Investment Promotion, *2011 Economic Report*, p. 16.

<sup>105</sup> Paul Nyakazeya, 'Indigenisation remains divisive', *Zimbabwe Independent*, 16 to 22 September 2011, p. 6.

and construction. To this end any destabilisation of the sector will have ripple effects on the economy.<sup>106</sup> CZI, though critical, was more cautious in its dealings with the government on indigenisation and tended to take a middle line between the orders of the Indigenisation Ministry and the concerns of companies in the manufacturing sector. In its survey reports, CZI often mention the benefits of indigenisation such as reduction in exploitation and capital flight.<sup>107</sup> CZI stressed its support for an orderly indigenisation but it was categorically opposed to forcing companies to dispose their shares.<sup>108</sup> To this end CZI urged the government to clearly spell out indigenisation regulations to foreign companies in the manufacturing sector to avoid confusion.<sup>109</sup> CZI expressed interest in assisting the government to make companies and workers aware of indigenisation regulations. CZI was clearly using its experience to balance the interests of government and industry.

To a large extent, CZI assiduously cooperated with the Indigenisation Ministry in its attempt to indigenise the manufacturing sector. In 2011, CZI, in conjunction with the Indigenisation Ministry, held four indigenisation symposia in Bulawayo, Harare, Mutare and Gweru.<sup>110</sup> Conspicuously and as highlighted above, the Minister of Industry and Commerce, Welshman Ncube, was not involved. Despite this, CZI's collaboration with the Indigenisation Ministry gave the indigenisation policy some semblance of legitimacy. These symposia, which also involved visits to industrial areas, gave company management the opportunity to engage with the Indigenisation Ministry and CZI on indigenisation of the manufacturing sector.<sup>111</sup> Company managements also had the opportunity to discuss the challenges they were facing and the general state of the economy.<sup>112</sup> It seems CZI, Indigenisation Ministry and companies were not frank to each other. CZI did not want to appear opposed to indigenisation; it knew the consequences. Despite these symposia criticism and resistance to indigenisation continued.

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<sup>106</sup> Reserve Bank of Zimbabwe, *The Role of Property Rights in Investment Promotion: Supplement No. 2 of the January 2009 Monetary Policy Statement*, pp. 6-7.

<sup>107</sup> Confederation of Zimbabwe Industries, *2010 Manufacturing Sector Survey (Shorter Version)*, (November 2010), p. 32.

<sup>108</sup> 'Kasukuwere clarifies misconceptions', *The Herald*, 25 May 2011.

<sup>109</sup> Reagan Mashavave, 'ZANU-PF to continue "indigenisation" drive', *Daily News*, 6 April 2011.

<sup>110</sup> Confederation of Zimbabwe Industries, *Annual Report 2011*, p. 7.

<sup>111</sup> *Ibid.*

<sup>112</sup> *Ibid.*

The delay in publishing regulations guiding the indigenisation of the manufacturing industry created uncertainty and a wait-and-see approach among companies in the sector. In September 2011, CZI's Trade Development and Investment Promotion Committee lobbied the Indigenisation Ministry to urgently gazette regulations for the indigenisation of the manufacturing sector.<sup>113</sup> On 28 October 2011, Indigenisation Minister Kasukuwere published sector specific regulations for the manufacturing sector through General Notice 459 of 2011.<sup>114</sup> The notice prescribed the following. All businesses in the manufacturing sector with a net asset value of US\$100 000 and above were required to comply with the Indigenisation Act.<sup>115</sup> By giving a very low net asset value, the Indigenisation Ministry wanted all non-indigenous manufacturing companies to indigenise. The initial indigenisation threshold in the first year, from the date of publication of notice was set at 26%. The indigenisation threshold had to increase to 36% in the second year, 46% in the third year and 51% in the fourth year. On 18 November 2011 the state controlled paper, *The Herald*, reported that CZI president, Joseph Kanyekanye, commended the new regulations for giving companies in the manufacturing sector reasonable time to comply with indigenisation.<sup>116</sup> Kanyekanye reportedly encouraged CZI members to comply with the indigenisation regulations. Despite CZI's endorsement of General Notice 459 of 2011 and its encouragement of members to comply there was little progress in the indigenisation of the manufacturing sector. This is discussed below.

The Indigenisation Ministry intended to indigenise the manufacturing sector through Employee Share Ownership Schemes or Trusts. Employee Share Ownership Schemes or Trusts are vehicles established by the government to acquire shareholding in non-indigenous companies on behalf of their indigenous workers.<sup>117</sup> This was in line with the Indigenisation Act which required foreign owned firms to dispose at least 5% of their shares to employees and at least 3% of their shares to

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<sup>113</sup> *Ibid*, p. 28.

<sup>114</sup> General Notice 459 of 2011. Also see Ministry of Youth Development, Indigenisation and Empowerment, 'Press statement by the Minister of Youth Development, Indigenisation and Empowerment, Honourable S. Kasukuwere (MP) on the publication of the sector specific framework for indigenisation in the manufacturing sector', *The Herald*, 12 November 2011, p. 7.

<sup>115</sup> *Ibid*.

<sup>116</sup> Business Reporter, 'CZI hails industry's indigenisation rules', *The Herald*, 18 November 2011.

<sup>117</sup> *Ibid*.

management.<sup>118</sup> The government argued that Employee Share Ownership Schemes or Trusts give workers a greater sense of ownership of the company, decision-making, and increase their motivation, dedication and loyalty.<sup>119</sup> In addition, the government argued that Employee Share Ownership Schemes promote broad-based indigenisation of the economy. Despite government's efforts to popularise Employee Share Ownership Schemes or Trusts only two companies in the manufacturing sector established them. On 30 November 2011, President Mugabe launched the first and largest empowerment Trust in the manufacturing sector at Schweppes Zimbabwe Limited, a beverage production company owned by Delta.<sup>120</sup> See **Figure 7.5** below. The trust came to be known as Schweppes Employee and Management Share Trust. Under this trust workers were given 51% shareholding while the parent company, Delta retained 49%.<sup>121</sup> Mugabe restated his commitment to indigenisation and urged workers to vote for ZANU-PF in the forthcoming election.<sup>122</sup>



**Figure 7.5:** In this photograph President Robert Mugabe (left) poses for a picture with Schweppes workers' representative Ms Brenda Mubonderi (centre) and Waterton

<sup>118</sup> Herald Reporters, 'Govt to initiate employee share ownership schemes', *The Herald*, 19 October 2011.

<sup>119</sup> 'Employee share ownership schemes', *Sunday Mail*, 22 July 2012.

<sup>120</sup> Sydney Kawadza, 'Don't be afraid of indigenisation: President', *The Herald*, 1 December 2011.

<sup>121</sup> *Ibid.*

<sup>122</sup> *Ibid.*

**Investments chairman Mr Steve Kuipa (right) at the launch of the Schweppes Employee Share Ownership Scheme in Harare on 18 October 2012**

**Source:** *The Herald*, 18 October 2012.

Between April and October 2012, a cigarette manufacturing company, British American Tobacco disposed 21% of its shares to indigenous people. 10% of the disposed shares went to its 200 workers through an Employee Share Ownership Trust while 11% went to the Tobacco Empowerment Trust.<sup>123</sup> The Trust had a corporate social responsibility role and it focused on supporting youth and women growing tobacco.<sup>124</sup> Although the British American Tobacco deal was largely applauded by state media as broad-based, ZEEC president, Temba Mliswa, expressed concern that the government did not disclose the beneficiaries of that indigenisation deal.<sup>125</sup> Mliswa lamented that most tobacco farmers, who were naturally expected to be the beneficiaries were excluded.<sup>126</sup> Mliswa urged the government to reverse the deal. This shows that indigenous interest groups were suspicious of some indigenisation deals regarded by the government as broad-based. In general, the indigenisation of the manufacturing sector during this period was marginal. By July 2013, 34 manufacturing companies had submitted their employee share ownership empowerment plans to the Indigenisation Ministry.<sup>127</sup> However, only two companies discussed above implemented their plans. See the **Appendix** with a list of companies which submitted Employee Share Ownership Scheme plans by 1 July 2013 but were yet to implement them.

### **Banking sector**

Attempts by the Indigenisation Ministry to indigenise the banking sector were highly contested and largely unsuccessful. While RBZ governor, Gono, criticised the Indigenisation Ministry's approach in indigenising all sectors of the economy, his defence of the banking sector was exceptional. Gono's views were backed by

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<sup>123</sup> Rumbidzai Zinyuke, 'BAT complies with indigenisation', *The Herald*, 8 October 2012; 'Indigenisation: Looking after the youth', *New African: Special Report on Zimbabwe*, July 2013, p. 66.

<sup>124</sup> 'Indigenisation: Looking after the youth', *New African: Special Report on Zimbabwe*, July 2013, p. 66.

<sup>125</sup> Manyukwe, 'Trouble brews for Kasukuwere'.

<sup>126</sup> *Ibid.*

<sup>127</sup> 'Indigenisation is underpinned by law', *New African: Special Report on Zimbabwe*, July 2013, pp. 58-59.

Finance Minister Biti (MDC-T) who tended to take a back seat on the indigenisation debate, probably fearing to be attacked by ZANU-PF and state media as a puppet promoting Western business interests. The RBZ's pronouncements on the indigenisation of the banking sector were similar to those of the Bankers Association of Zimbabwe (BAZ). The RBZ and BAZ were against the indigenisation of banks through disposing 51% shareholding to indigenous people.<sup>128</sup> They concurred that the financial sector is already indigenised. For example, out of the 24 banking institutions only 7 were foreign-owned.<sup>129</sup> Among the 7 foreign owned banks were Barclays (British owned), Standard Chartered (British owned), Stanbic (South African owned), and MBCA were foreign owned.<sup>130</sup>

**Table 7.4** below, belatedly released by the RBZ in May 2013, reveals that 97% of all financial institutions in the country were locally owned. However, in analysing the extent to which the financial sector is indigenised, this table is limited. It does not show the net asset value of these institutions. While foreign owned financial institutions were 3% of the total they had a significant share in the country's financial sector. Another limitation of statistics in **table 7.4** is that they do not show the racial composition of local ownership in the financial sector. The statistics do not show how much of the 97% locally owned financial institutions were owned by whites, Asians, Coloured and blacks. The RBZ and BAZ argued that the financial sector has low entry barriers and recommended that aspiring indigenous bankers must meet the country's financial laws and establish their own banks as some did in the 1990s rather than acquiring equity in few foreign owned banks.<sup>131</sup> In this way the RBZ and BAZ were opposed to dirigisme and attempts to force foreign banks to dispose shares to indigenous people.

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<sup>128</sup> 'Indigenisation Act: Gono speaks out', p. B1; Bankers Association of Zimbabwe (BAZ), *Financial Services Sectorial Committee Position Paper on Indigenization*, (14 September 2010), p. 3.

<sup>129</sup> Gono, 'Reckless indigenisation disruptive', p. 16.

<sup>130</sup> Bernard Mpfu, 'Biti, Kasukuwere to agree on banks indigenisation', *The Financial Gazette*, 8 September 2011.

<sup>131</sup> 'Indigenisation Act: Gono speaks out', p. B1; Bankers Association of Zimbabwe (BAZ), *Financial Services Sectorial Committee Position Paper on Indigenization*, (14 September 2010), p. 2.

**Table 7.4: Ownership structure of financial institutions, May 2013**

| Type                              | Total number of institutions | Locally owned | Foreign owned |
|-----------------------------------|------------------------------|---------------|---------------|
| Banking institutions              | 24                           | 17            | 7             |
| Microfinance institutions (MFIs)  | 164                          | 164           | -             |
| Money lending institutions (MLIs) | 53                           | 53            | -             |
| Asset management companies (AMCs) | 16                           | 16            | -             |
| <b>Totals</b>                     | <b>257</b>                   | <b>250</b>    | <b>7</b>      |
| <b>Proportions (%)</b>            | <b>100%</b>                  | <b>97%</b>    | <b>3%</b>     |

**Source:** Gideon Gono (Reserve Bank of Zimbabwe Governor), 'Reckless indigenisation disruptive', *Zimbabwe Independent*, 10 to 16 May 2013, p. 16.

The RBZ and BAZ concurred that due to globalisation, foreign owned banks were the 'umbilical cords' connecting the country to financial powerhouses in the developed world and reckless indigenisation will negatively affect capital flows to the country.<sup>132</sup> BAZ advanced that international banks create credit lines financing mining, tobacco and cotton production which sustained the local economy and a large section of indigenous people.<sup>133</sup> In addition, BAZ posited that international banks in the country have good brand names and give foreign investors confidence in the country's financial market.<sup>134</sup> Moreover, BAZ stressed that international banks were central in the transfer of technology from developed countries to Zimbabwe

<sup>132</sup> 'Indigenisation Act: Gono speaks out', p. B1; Bankers Association of Zimbabwe (BAZ), *Financial Services Sectorial Committee Position Paper on Indigenization*, p. 2; 'Battle over banks intensifies', *Zimbabwe Independent*, 15 to 21 June 2012, p. 7.

<sup>133</sup> Bankers Association of Zimbabwe (BAZ), *Financial Services Sectorial Committee Position Paper on Indigenization*, p. 2.

<sup>134</sup> *Ibid*, p. 2.

which cascaded to local banks.<sup>135</sup> BAZ warned that reckless indigenisation will sever international banks with their foreign owners and cut technology transfer. The RBZ and BAZ appealed to the Office of the President, Office of Prime Minister, Indigenisation Ministry and Finance Ministry to exercise discretion and exempt the banking sector from the Indigenisation Act and the 2010 indigenisation regulations.<sup>136</sup> The case of the RBZ and BAZ epitomise a state department in consonance with a business association fighting to protect a sector of the economy.

The Indigenisation Ministry ignored the representations of the RBZ and BAZ, and strenuously attempted to indigenise foreign owned banks through coercion. On 18 August 2011 Indigenisation Minister Kasukuwere threatened the Standard Chartered Bank and Barclays Bank with withdrawal of licences and shutting down of operations if they failed to comply with indigenisation regulations within two weeks.<sup>137</sup> RBZ Governor Gono intervened and condemned the threats as damaging to the financial sector which he regarded as the 'nerve centre' of a recovering economy.<sup>138</sup> Gono averred it was the sole responsibility of the RBZ to issue and withdraw licences from financial institutions.<sup>139</sup> Gono assured foreign owned banks that their licences will not be withdrawn and they must continue with their business as usual. Throughout the PG era Gono developed a reputation of using blunt statements in defending the banking sector. At a meeting discussing the indigenisation of banks also attended by BAZ and AAG on 4 June 2012, Gono told the latter that 'Do not come near my banks'.<sup>140</sup> Thus, Gono was protecting foreign banks from both the Indigenisation Ministry and indigenous interest groups.

Unfazed by rebuke and condemnation by the RBZ, the Indigenisation Ministry attempted to force banks to indigenise through legal means. On 1 July 2012 through General Notice 280 of 2012, Indigenisation Minister Kasukuwere published regulations guiding indigenisation in the financial sector.<sup>141</sup> The regulations stated that all foreign owned banks with a net asset value of US\$1 should take measures to

<sup>135</sup> *Ibid*, p. 3.

<sup>136</sup> Moses Matenga, 'Gloves off over banks', *Newsday*, 5 July 2012, p. 2; Bankers Association of Zimbabwe (BAZ), *Financial Services Sectorial Committee Position Paper on Indigenization*, (14 September 2010), p. 3.

<sup>137</sup> Herald Reporter, 'Gono blasts Kasukuwere ultimatum', *The Herald*, 20 August 2011.

<sup>138</sup> Herald Reporter, 'Gono blasts Kasukuwere ultimatum'; Nyakazeya, 'Indigenisation remains divisive', p. 6.

<sup>139</sup> Herald Reporter, 'Gono blasts Kasukuwere ultimatum'.

<sup>140</sup> Tawanda Musarurwa, 'Hands off banks', *The Herald*, 5 June 2012.

<sup>141</sup> Government of Zimbabwe, General Notice 280 of 2012.

ensure that 51% of their shareholding is owned by indigenous people in a period of one year.<sup>142</sup> RBZ governor Gono responded by declaring that foreign owned banks will not be seized ‘yesterday, today or tomorrow’.<sup>143</sup> Finance Minister Tendai Biti, who had kept a low profile on the indigenisation debate, sided with the RBZ. Biti dismissed the regulations as invalid and a legal nullity.<sup>144</sup> The discord between the Indigenisation Ministry on one hand, and the RBZ and Finance Ministry on the other hand partly explains why the indigenisation of banks was largely unsuccessful during this period.

The debate on the indigenisation of banks exposed flagrant policy discord within the PG. This and disagreements in other sectors caused serious concerns among business associations. On 10 July 2012, ZNCC president, Oswell Binha, issued a press release stating that policy inconsistency and discord led to perceptions by foreign investors that Zimbabwe was an unsafe investment destination.<sup>145</sup> ZNCC noted with concern that government ministers often discuss divergent views on indigenisation with the media. ZNCC denounced ZANU-PF and MDC-T’s competition for relevance at the expense of economic policy and growth. ZNCC urged President Mugabe, Prime Minister Tsvangirai and all government ministers to develop a clear message on indigenisation. This reveals that conflicts within the PG often sucked business associations which felt that national economic interests were at stake.

### **Reserved sectors**

During the 2000s, the Chinese, Nigerians, Congolese, Angolans and other foreigners mainly from Central and West Africa penetrated reserved sectors of the economy such as retailing, wholesale trade, hairdressing and beauty saloons.<sup>146</sup> The Indigenisation Act and the Indigenisation and Economic Empowerment (General) Regulations of 2010 stated that foreigners must not operate in reserved sectors of the economy (listed above) without permission from the Zimbabwe Investment

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<sup>142</sup> *Ibid.*

<sup>143</sup> Matenga, ‘Gloves off over banks’, p. 1.

<sup>144</sup> Tendai Marima, ‘Bank grabs a nullity: Biti’, *Zimbabwe Independent*, 6 July 2012.

<sup>145</sup> Tawanda Musarurwa, ‘Business sector laments policy discord’, *The Herald*, 11 July 2012.

<sup>146</sup> Herald Reporter, ‘Empowerment lobby calls for Govt action’, *The Herald*, 8 May 2012; Staff Reporter, ‘Foreign shop owners in panic’, *The Financial Gazette*, 5 December 2013, p. 15.

Authority and the Indigenisation Ministry.<sup>147</sup> In March 2012, through a public notice published in local print media, the Indigenisation Ministry emphasised again that foreigners must not operate in the reserved sectors of the economy without permission.<sup>148</sup> All political parties in the PG commended the Indigenisation Ministry for reserving sectors for local people arguing it is a common practice throughout the world.<sup>149</sup> This is one of the few aspects of the indigenisation policy where political parties and other stakeholders agreed.

However, as of 7 May 2012 Statutory Instrument 21 of 2010 and the subsequent public notice reserving particular sectors for the locals were not strictly enforced.<sup>150</sup> The Zimbabwe Investment Authority and local governments were not strict in checking the backgrounds of business people they gave business licences and permits. Between May 2012 and April 2013 indigenous interest groups such as AAG, Upfumi Kuvadiki and Zimbabwe Indigenous Economic Empowerment Organisation (ZIEEO) urged the Zimbabwe Investment Authority and local authorities to observe the law and avoid issuing business licences and permits to foreigners in areas reserved for locals. They also urged the NIEEB to intervene and assist in enforcing the law. The government bowed down to pressure from the AAG, Upfumi Kuvadiki and ZIEEO. On 17 May 2013 Indigenisation Minister Kasukuwere published Statutory Instrument 66 of 2013 instructing non-indigenous people to stop operating in sectors of the economy reserved for indigenous people by 1 January 2014.<sup>151</sup> All foreign owned businesses were required to apply for indigenisation compliance certificates, which among other things, indicates permission to operate in the sector. Further developments on the Indigenisation Ministry's interaction with indigenous interest groups unfolded after the end of the PG. This will be discussed below.

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<sup>147</sup> Statutory Instrument 21 of 2010, Indigenisation and Economic Empowerment (General Regulations (2010), pp. 89-90.

<sup>148</sup> 'Ministry of Youth Development, Indigenisation and Empowerment, Public Notice', *The Financial Gazette*, 8-14 March 2012, p. C16.

<sup>149</sup> Clemence Manyukwe, 'Nestle under pressure', *The Financial Gazette*, 15 March 2012.

<sup>150</sup> Herald Reporter, 'Empowerment lobby calls for Govt action', *The Herald*, 8 May 2012.

<sup>151</sup> Statutory Instrument 66 of 2013, Indigenisation and Economic Empowerment (General) (Amendment) Regulations, 2013 (No. 5).

### **Indigenisation at cross roads?: The post-power sharing era**

ZANU-PF used indigenisation as the centrepiece of its campaign manifesto for the harmonised elections held on 31 July 2013.<sup>152</sup> The party and Mugabe ‘won’ the elections amid allegations of vote rigging by the MDC-T. This marked the end of the PG. The ZANU-PF government’s indigenisation policy in the post-power sharing era has been characterised by a climb down, discord, incoherence and pragmatism. Indigenous interest groups focused more on exclusion of non-indigenous people from reserved sectors rather than radical indigenisation of the whole economy. Established business interest groups, most notably CZI, have been cautious but very consistent in calling the government to review the Indigenisation Act. These positions have resulted in low intensity or rather lukewarm indigenisation policy.

In his speech after inauguration for the fifth presidential term on 22 August 2013, Mugabe toned down on indigenisation and assured business that the policy would be flexible.<sup>153</sup> Mugabe stated that where foreign investors bring capital, technology, expertise and raw materials, the government would not insist on 51% shareholding for indigenous people. However, Mugabe stood firm that indigenous people must have 51% shareholding in companies involved in the extraction of finite resources, particularly in the mining industry. In a move construed as confirming the flexibility of the indigenisation policy, Mugabe transferred Kasukuwere from the Indigenisation Ministry to the Ministry of Environment, Natural and Water Resources. This was seen by some observers as demotion.<sup>154</sup> Mugabe appointed a soft-spoken and moderate ZANU-PF politician, Francis Nhema, as the new Minister of Indigenisation. His appointment was seen by many analysts as government’s shift from Kasukuwere’s ‘Law is The Law’ radical approach to a moderate indigenisation approach.<sup>155</sup> Nhema’s calm approach suited the new Finance Minister Patrick Chinamasa’s efforts to lure the International Monetary Fund (IMF) and the World Bank to support the country’s budget deficit and to attract foreign investment. This

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<sup>152</sup> ZANU-PF, *Taking Back the Economy: Indigenise, Empower, Develop and Create Employment*, (Harare, June 2013)

<sup>153</sup> Owen Gagare, ‘Indigenisation has to be flexible’, *Zimbabwe Independent*, 23 August 2013.

<sup>154</sup> Tichaona Zindoga, ‘Indigenisation: When the messenger matters’, *The Herald*, 16 October 2013.

<sup>155</sup> *Ibid.*

impressed and gave hope to the business community in the immediate post-power sharing era.

In a very cautious way, the government articulated the indigenisation policy in its new economic blueprint, the *Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET)* which runs from October 2013 to December 2018.<sup>156</sup> Clearly, the government assured the nation that it wanted to fulfil its election promise by indigenising the economy and empowering the majority. The government claimed ZIMASSET was based on and guided by the 2013 ZANU-PF Election Manifesto.<sup>157</sup> The government vowed to consolidate achievements of the Land Reform Programme, and various indigenisation measures such as Community Share Ownership Trusts and Employee Share Ownership Schemes.<sup>158</sup> The government vowed to move 'towards an empowered society and a growing economy'.<sup>159</sup> However, a careful reading of ZIMASSET reveals that the government is more interested in growing the economy than indigenising it. The document contains neither the indigenisation rhetoric of the 2013 ZANU-PF election manifesto nor plans to enforce the Indigenisation Act to ensure that foreign owned companies cede 51% of their shareholding to indigenous people. In another development showing flexibility, Mugabe told delegates at the ZANU-PF Central Committee meeting on 12 December 2013 that indigenous people must not only seek to acquire 51% shareholding in foreign owned companies but must strive to start their own companies.<sup>160</sup> These pronouncements were meant to create business confidence and stabilise the economy.

The government has been flexible in its enforcement of the Indigenisation Act in the reserved sectors. In line with Statutory Instrument 66 of 2013 non-indigenous people were required to stop operating in sectors of the economy reserved for indigenous

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<sup>156</sup> Government of Zimbabwe, *Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET)*, (Harare, October 2013).

<sup>157</sup> *Ibid*, p. 12. The manifesto was: ZANU-PF, *Taking Back the Economy: Indigenise, Empower, Develop and Create Employment*.

<sup>158</sup> Government of Zimbabwe, *Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET)*, p. 26.

<sup>159</sup> *Ibid*, p. 7.

<sup>160</sup> Tendai Mugabe, 'President spells out indigenisation', *The Herald*, 13 December 2013.

people by 1 January 2014.<sup>161</sup> To enforce this, the government urged all indigenous and non-indigenous businesses in reserved sectors of the economy to acquire indigenisation compliance certificates from the Ministry of Indigenisation.<sup>162</sup> The original plan was to deny all foreign owned businesses licences and permits to operate in reserved sectors of the economy. As the indigenisation deadline drew closer indigenous pressure groups such as Indigenous Business Women Organisation (IBWO), AAG and Upfumi Kuvadiki urged the government to replace foreigners in reserved sectors by indigenous people. Reports of foreigners operating in reserved sectors being harassed by some indigenous people who wanted to take over their businesses without going through the NIEEB increased.<sup>163</sup> However, the government proved to be accommodative to foreigners. The government realised that most foreigners in the reserved sectors of the economy were citizens of Asian and West African countries which are considered friendly to the country.<sup>164</sup> For reasons of international diplomacy, it was not in government's best interests to close businesses of these foreigners.<sup>165</sup> This explains the government's current empathy towards foreigners in reserved sectors.

In late December 2013, Indigenisation Minister Nhema assured foreign investors operating in reserved sectors that they will not be evicted.<sup>166</sup> Nhema urged partnerships between foreigners and indigenous people in these sectors. AAG and Upfumi Kuvadiki expressed disappointment with the government's accommodative approach to foreigners. AAG president, Guzah accused Nhema of bending indigenisation law, while Upfumi Kuvadiki president, Scott Sakupwanya, urged the government to ensure that both foreigners and locals benefitted in the reserved sectors.<sup>167</sup> The above evidence shows government flexibility on the indigenisation policy despite pressure from indigenous interest groups.

Since 2014, though working independently, the Ministry of Finance and CZI have been using statistics in their efforts to persuade the government to review the

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<sup>161</sup> Statutory Instrument 66 of 2013, Indigenisation and Economic Empowerment (General) (Amendment) Regulations, 2013 (No. 5).

<sup>162</sup> Lloyd Gumbo and Eveline Taadira, 'Pressure groups call for transparency', *The Herald*, 4 December 2013.

<sup>163</sup> Tinashe Farawo, 'Foreigners stay put, says Govt', *The Sunday Mail*, 29 December 2013.

<sup>164</sup> Lloyd Gumbo, '51:49 rule applies to all – Nhema', *The Herald*, 1 January 2014.

<sup>165</sup> *Ibid.*

<sup>166</sup> Farawo, 'Foreigners stay put, says Govt'.

<sup>167</sup> Lloyd Gumbo and Tafadzwa Ndlovu, '800 firms meet January deadline', *The Herald*, 31 December 2013, p. 4.

Indigenisation Act. In its 2015 national budget statement, the Ministry of Finance presented statistics showing company closures and their effects on employment between 2011 and 2014. See **table 7.5** below. While the Ministry of Finance stated that these closures were a result of a liquidity crunch, obsolete machinery, cheap imports and high cost of production, it also pointed to indigenisation.<sup>168</sup> The Ministry of Finance emphasised the need for flexibility to attract foreign investment.<sup>169</sup>

**Table 7.5: Company closures and employees affected (2011-2014)**

| Sector                               | Companies no longer employing |      |      |      |       | Employees Affected |      |      |      |       |
|--------------------------------------|-------------------------------|------|------|------|-------|--------------------|------|------|------|-------|
|                                      | 2011                          | 2012 | 2013 | 2014 | Total | 2011               | 2012 | 2013 | 2014 | Total |
| Agriculture                          | 189                           | 124  | 54   | 1    | 368   | 3020               | 1854 | 515  | 76   | 5465  |
| Mining                               | 34                            | 33   | 13   | 2    | 82    | 1530               | 1410 | 351  | 17   | 3308  |
| Manufacturing                        | 179                           | 153  | 113  | 13   | 458   | 2021               | 4683 | 3214 | 60   | 9978  |
| Electricity and Water                | 1                             |      | 1    |      | 2     | 3                  |      |      |      | 3     |
| Construction                         | 154                           | 111  | 46   | 6    | 317   | 1463               | 687  | 1479 | 22   | 3651  |
| Finance and Insurance                | 23                            | 11   | 7    | 1    | 42    | 68                 | 105  | 21   | 2    | 196   |
| Real Estate                          | 19                            | 16   | 9    | 0    | 44    | 131                | 58   | 29   |      | 218   |
| Distribution, Hotels and Restaurants | 970                           | 683  | 407  | 82   | 2142  | 6897               | 4356 | 6632 | 528  | 18413 |
| Transport and Communication          | 134                           | 62   | 43   | 6    | 245   | 1177               | 432  | 455  | 32   | 2096  |
| Public Administration                |                               |      |      |      |       |                    |      |      |      |       |
| Education                            | 35                            | 20   | 15   | 2    | 72    | 168                | 67   | 78   | 7    | 320   |
| Health                               | 18                            | 15   | 11   | 0    | 44    | 183                | 123  | 38   |      | 344   |
| Domestic Services                    | 8                             | 24   | 11   | 1    | 44    | 41                 | 117  | 205  | 6    | 369   |
| Other Services                       | 366                           | 216  | 148  | 20   | 750   | 2489               | 6933 | 1482 | 178  | 1108  |

<sup>168</sup> Ministry of Finance and Economic Development, *The 2015 National Budget Statement*, (November 2014, Harare), p. 215.

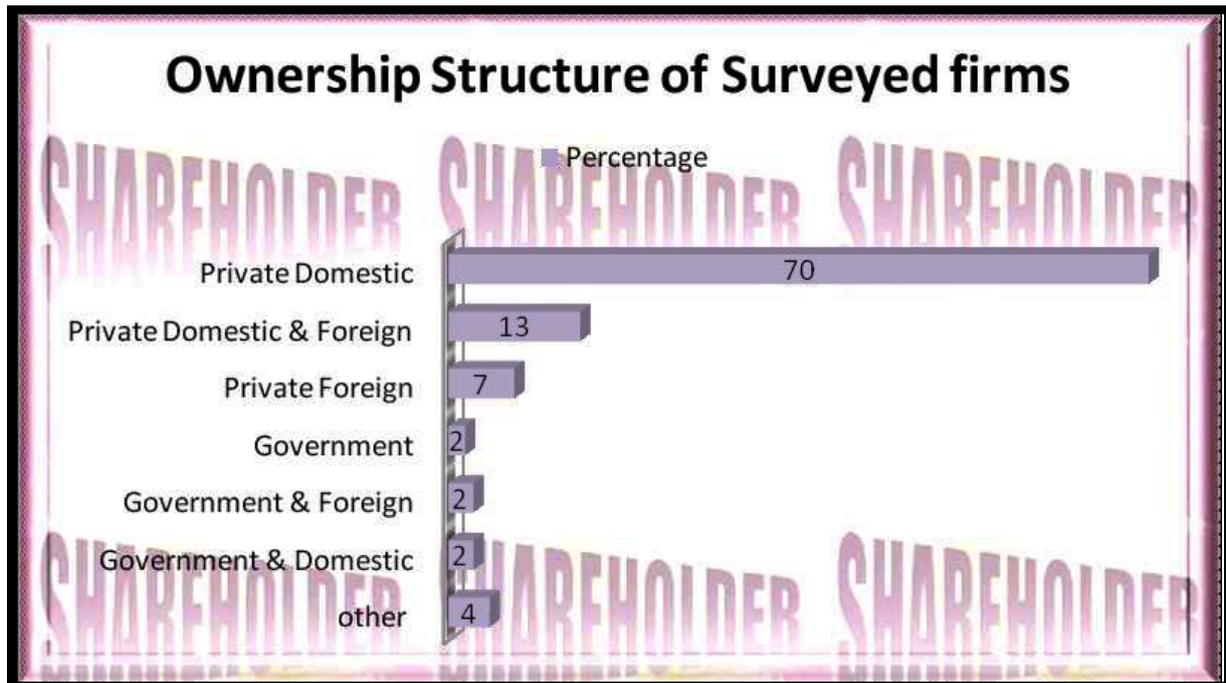
<sup>169</sup> *Ibid*, pp. 215-218.

| Sector       | Companies no longer employing |      |      |      |       | Employees Affected |      |      |      |       |
|--------------|-------------------------------|------|------|------|-------|--------------------|------|------|------|-------|
|              | 2011                          | 2012 | 2013 | 2014 | Total | 2011               | 2012 | 2013 | 2014 | Total |
|              |                               |      |      |      |       |                    |      |      |      | 2     |
| <b>Total</b> | 2130                          | 1468 | 878  | 134  | 4610  | 1919               | 2082 | 1449 | 928  | 5544  |
|              |                               |      |      |      |       | 1                  | 5    | 9    |      | 3     |

**Source:** National Social Security Authority, Contributions and Compliance Division. Adapted from: Ministry of Finance and Economic Development, *The 2015 National Budget Statement*, (27 November 2014), p. 215.

CZI's 2014 survey on the ownership structure of the economy revealed that over 70% of all firms in the country were controlled by private domestic capital.<sup>170</sup> See bar graph in **Figure 7.6**. However, just like in its 2012 ownership survey, CZI's statistics are limited because they do not show how much of the 70% Private Domestic ownership is owned by blacks, whites, Coloureds and Asians to assess the extent to which the economy has been indigenised. Moreover, the statistics do not show the net asset value and contribution to GDP of firms owned by Private Domestic, Private Domestic and Foreign, Private Foreign, Government, Government and Foreign, and Government and Domestic. The point here is that 70% ownership of firms by Private Domestic capital does not necessarily translate to 70% net asset value and contribution to GDP. On the other hand 20% firms owned by Private Domestic and Foreign, and Private Foreign can have a higher net asset value and contribution to GDP.

<sup>170</sup> Confederation of Zimbabwe Industries, *2014 Manufacturing Sector Survey (Short Version)*, (November 2014), p. 11.



**Figure 7.6: Ownership structure of the economy, 2014**

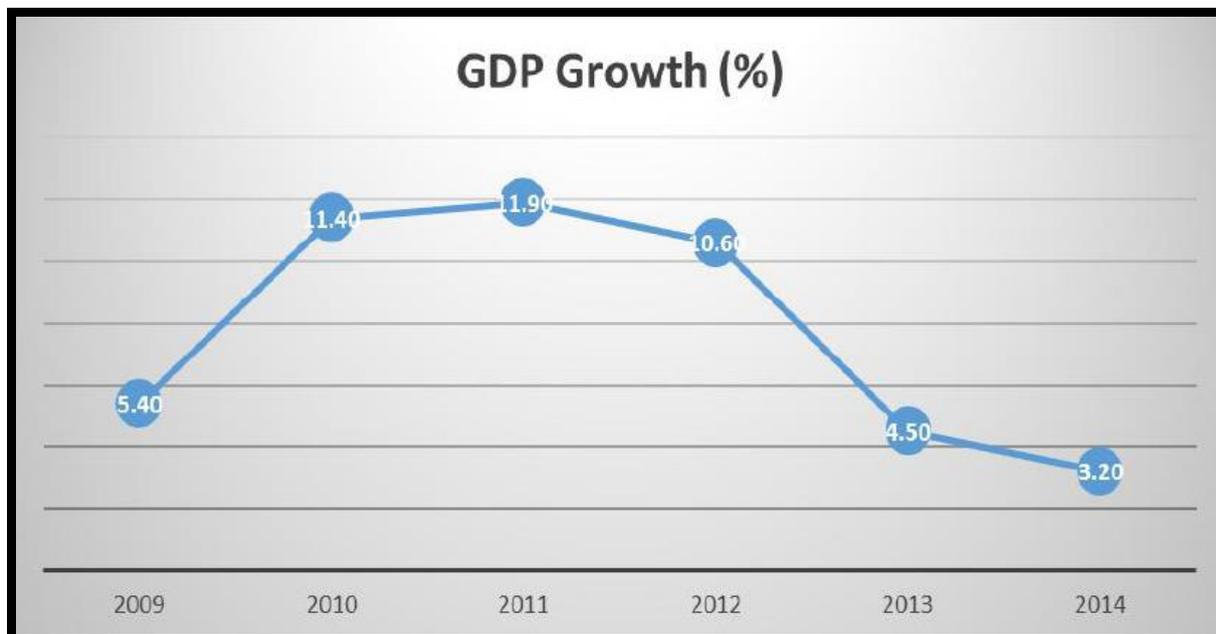
**Source:** Confederation of Zimbabwe Industries, *2014 Manufacturing Sector Survey (Short Version)*, (November 2014), p. 11.

CZI continued to lobby the government to reconsider its indigenisation policy.<sup>171</sup> In November 2015, CZI emphasised that the rate of economic growth had declined from 11,90 % in 2011 to 3,20% in 2014.<sup>172</sup> See **Figure 7.7**. This confirms Finance Ministry's statistics in **table 7.5** pointing to a nosediving economy. In addition, CZI released another company ownership survey with results largely similar to those of the 2012 and 2014 surveys. The only difference is that the 2015 survey results in **Figure 7.8** have extra categories 'Government and Foreign' and 'Government and Domestic'. CZI's 2015 ownership survey reveals the following points. First, considering previous ownership survey results, companies controlled by private foreign capital have declined as follows: 13% in 2012; 7% in 2014 and 2% in 2015. This implied that, among other factors, indigenisation was reducing foreign capital. At the same time potential foreign investors were withholding their capital. This partly confirms the Finance Ministry's finding that indigenisation was contributing to economic decline. Second, CZI was also making the point that while Private Foreign

<sup>171</sup> Stephen Chadenga, 'CZI calls for reform of indigenisation policy', *Newsday*, 31 July 2015.

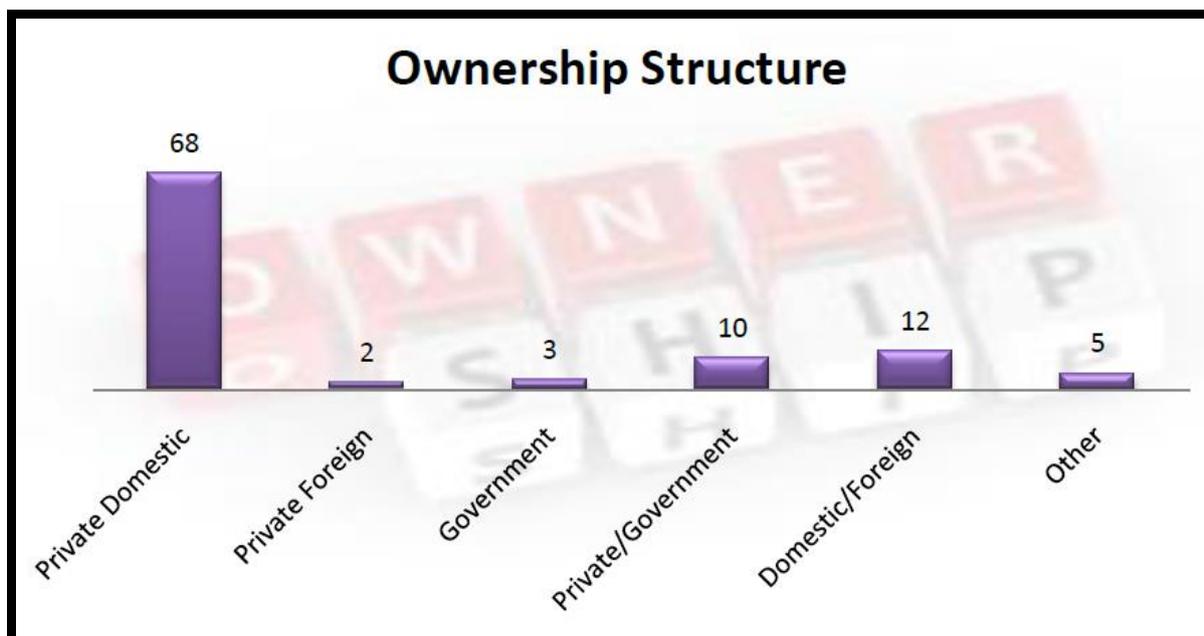
<sup>172</sup> Confederation of Zimbabwe Industries, *2015 Manufacturing Sector Survey (Short Version)*, (November 2015), p. 8.

capital declined due to indigenisation, so was Private Domestic capital which declined as follows: 74% in 2012; 70% in 2014 and 68% in 2015. In this way, CZI was cautiously informing the government that indigenisation, among other factors, was ruining the whole economy.



**Figure 7.7: Gross Domestic Product Growth rate in percentage, 2009 to 2014**

**Source:** Confederation of Zimbabwe Industries, *2015 CZI Manufacturing Sector Survey Report (Short Version)*, (November 2015), p. 11.



**Figure 7.8: Ownership structure of the economy, 2015**

**Source:** Confederation of Zimbabwe Industries, *2015 CZI Manufacturing Sector Survey Report (Short Version)*, (November 2015), p. 11.

Meanwhile, the end of 2014 and 2015 saw quick changes of ministers heading the Indigenisation Ministry and this has affected the indigenisation policy. In December 2015, Nhema, several other ministers and Vice-President Mujuru were fired from government for allegedly scheming to remove Mugabe from power unconstitutionally. Nhema was replaced by Christopher Mushowe who continued with a moderate approach. Mushowe was redeployed to the Ministry of Information in August 2015. Mugabe's nephew, Patrick Zhuwao, was appointed the new Indigenisation Minister. Zhuwao attempted to implement the indigenisation policy by the book and this put him at loggerheads with Finance Minister Chinamasa who was keen to attract foreign investment.

Chinamasa called for a review of the Indigenisation Act and flexibility in the implementation of the policy for firms in the manufacturing and other sectors not involved in the extraction of natural resources. Chinamasa argued that such companies could sell 20% or 30% of their shares in the short term but reach the 51% indigenisation threshold over a period of 5 years.<sup>173</sup> Zhuwao opposed the review of indigenisation law.<sup>174</sup> He wanted foreign companies to shed 51% shareholding in the short term and opposed Chinamasa's position that they can go for five years before full compliance.<sup>175</sup> The longstanding public clash between Indigenisation Minister Zhuwao and Finance Minister Chinamasa prompted Mugabe to issue a press statement which was circulated to media houses by the Ministry of Information, Media and Broadcasting Services on 12 April 2016.<sup>176</sup> In the statement Mugabe admitted that there has been conflicting positions in the interpretation of the indigenisation policy.<sup>177</sup> Mugabe also admitted that this created confusion in the business community, current and potential foreign investors and has undermined the

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<sup>173</sup> MacDonald Dzirutwe, 'Zimbabwe gives foreign firms March deadline for empowerment plans', *Reuters*, 24 December 2015, <http://www.reuters.com/article/us-zimbabwe-companies-idUSKBN0U711Z20151224>. Accessed on 1/11/2016. For more detail on the differences between Chinamasa and Zhuwao see: Derek Matyszak, 'Chaos clarified – Zimbabwe's 'new' indigenisation framework', (Research and Advocacy Unit, Harare, February 2016) and Derek Matyszak, 'A tale of two Patricks: Zimbabwe's indigenisation circus continued', (Research and Advocacy Unit, Harare, March 2016).

<sup>174</sup> Fungi Kwaramba, 'Zhuwao, Chinamasa brawl over indigenisation', *The Daily News*, 27 December 2015.

<sup>175</sup> *Ibid.*

<sup>176</sup> His Excellency R. G. Mugabe, President of the Republic of Zimbabwe, and Commander-in-Chief of the Zimbabwe Defence Forces, 'Presidential statement to clarify the government position on the indigenisation and Economic Empowerment Policy', (11 April 2016, Harare).

<sup>177</sup> *Ibid.*, p. 1.

country's economic competitiveness.<sup>178</sup> Mugabe stated that the Natural Resources Sector and Non-Resources Sector are indigenised differently.<sup>179</sup>

Mugabe remained firm that the government prioritised the indigenisation of the Natural Resources Sector.<sup>180</sup> Mugabe stated that in this sector, the government, through its designated entities, will acquire 51% shareholding in all companies while the 49% shareholding will remain with the partnering investor. However, Mugabe said companies in the Non-Resources Sector, which include financial services sector, were not required to dispose 51% shareholding in the short term. However, they were required to contribute to the socio-economic transformation of the nation.<sup>181</sup> Mugabe acknowledged the differences between the indigenisation policy in his statement and in the Indigenisation Act and directed that the latter be amended.<sup>182</sup> This signifies a subtle change of the indigenisation policy and an attempt to create investor confidence in the country.

Clearly, the government is now more pragmatic and no longer insist on 51% shareholding in non-resource sectors. To a larger extent Mugabe's new position is in sync with what Gono, Biti, Chinamasa, MDC parties and established business interest groups have been advocating for. This shows that during the PG era ZANU-PF was piggybacking the MDC-T and MDC-M. The party enforced the Indigenisation Act to gain popularity with the electorate. However, all problems caused by the enforcement of the Indigenisation Act during the PG tended to be blamed on all political parties in the government. Now controlling the government and managing the economy, ZANU-PF is more careful to avoid worsening economic decline. The extent to which the ZANU-PF government will review the Indigenisation Act and the response of political parties and civil society is yet to be seen.

## Conclusion

The enforcement of the Indigenisation Act during the PG era reveals that political interests overshadow economic logic when the power of the dominant elites is at

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<sup>178</sup> *Ibid*, pp. 1-2.

<sup>179</sup> *Ibid*, p. 2.

<sup>180</sup> *Ibid*, p. 3.

<sup>181</sup> *Ibid*, p. 4.

<sup>182</sup> *Ibid*, pp. 8-9.

stake. In many ways power in the PG was tilted in favour of ZANU-PF and, in a typical statist fashion, the party unilaterally enforced the Indigenisation Act ignoring the concerns of the MDC parties and established interest groups. While most conflicts on indigenisation during the PG pitted ZANU-PF and MDC parties, rifts also emerged within the ZANU-PF side itself. Differences between the Indigenisation and Finance ministries during and after the PG prove beyond reasonable doubt that the state was fractured on this policy. While indigenous interest groups supported indigenisation, they were frustrated by what they increasingly saw as the marginalisation of ordinary people. To a large extent established interest groups exercised great caution, balancing directions from the government with the interests of their member companies. The use of statistics by the RBZ, CZI and later the Ministry of Finance to show the extent to which the economy was indigenised and the negative effects of the Indigenisation Act on the economy is unprecedented and brought a new dimension to this debate. Although ZANU-PF was often indifferent to these statistics, recent developments indicate a readiness to review the Indigenisation Act in a bid to save a nosediving economy.

## Chapter Eight

### Conclusion: Indigenisation in retrospect

'Indigenisation', for all that has been said, can be turned towards something positive, something less divisive, something really hopeful.<sup>1</sup>

Mwana Wevhu (Son of the Soil), 3 March 1994.

Chapter One opened with an epigraph adapted from an article published in *The Financial Gazette* written by an anonymous writer going by *nom du plume* Mwana Wevhu (Son of the Soil). The article suggested that 'indigenisation' was a recent term which could either inspire or enervate various social groups. This study too revealed that indigenisation was indeed a two sided concept which placed social groups and civil society organisations (CSOs) in a zero-sum situation. The concept of indigenisation excited those identified as the would-be beneficiaries and disheartened others whose business enterprises were threatened. As noted in Chapter One, this study was inspired by former Harare North legislator and member of the Parliamentary Select Committee on Indigenisation, Tirivanhu Mudariki, who called for an 'economic patriotic front' involving political parties, social groups and CSOs to promote indigenisation. This dissertation discovered that although civil society played a significant role in indigenisation, an 'economic patriotic front' never materialised in the post-colonial era. This is primarily because the state and non-state actors had divergent and sometimes diametrically antagonistic interests. In addition, one of indigenisation's problems was its opaqueness. This tainted the policy and thwarted the possibility of an 'economic patriotic front' emerging.

State-civil society relations on indigenisation in Zimbabwe evolved over time. Chapter Three revealed that during the 1980s the state's position on promoting black control and ownership of the economy was ambivalent. Emerging from a gruelling liberation struggle, the government was mainly interested in stabilising the economy. In line with its pseudo-socialist principles, the government sought to promote equity among the citizens rather than individual accumulation. However, as previous

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<sup>1</sup> Mwana Wevhu, 'What does "indigenisation" mean to you?', *The Financial Gazette*, 3 March 1994, p. 12

studies have suggested, elite politicians and bureaucrats used their positions to accumulate wealth leading to the emergence of a black bourgeoisie.<sup>2</sup> Nonetheless, the government merely paid lip service to the interests of black entrepreneurs and efforts to support their entry to the mainstream economy were limited, hence proto-indigenisation. This thesis has attempted to contribute to the historiography of indigenisation by emphasising the ideas and practical roles of interest groups to advance the cause of black entrepreneurs during the 1980s. Black interest groups frequently expressed disappointment with the unequal distribution of the country's wealth and resources. Despite their intense lobbying, the expectations and hopes of black business associations and their members were dashed by a recalcitrant state. Black business associations such as Zimbabwe Union of Chambers of Commerce (ZUCCO) and the Zimbabwe Chamber of Commerce (ZCC) found themselves persuaded and coerced by the government to merge with the rival white dominated Associated Chamber of Commerce of Zimbabwe (ACCOZ).

During the 1980s, the government's reluctance to adopt redistributive economic policies helped to maintain cordial relations with white business associations whose role in economic policy making remained significant. An important aspect glossed over in the current historiography and which by contrast this study has attempted to emphasise, was the role of white business associations such as ACCOZ, the Zimbabwe National Chamber of Commerce (ZNCC) and the Confederation of Zimbabwe Industries (CZI) in promoting black business in order to dispel allegations of protecting white and foreign capital. Although this support was piecemeal, it deserves acknowledgement in the history of the development of black businesses. However, initiatives by white business associations to support black businesses gained them neither legitimacy nor dispelled allegations of racism.

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<sup>2</sup> See Colin Stoneman and Lionel Cliffe, *Zimbabwe: Politics, Economics and Society*, (Pinter Publishers, London and New York, 1989), p. 60; David B. Moore, 'The Ideological Formation of the Zimbabwean Ruling Class', *Journal of Southern African Studies*, Vol. 17, No. 3, (1991), pp. 472, 474; Ruth Weiss, *Zimbabwe and the New Elite*, (British Academic Press, London, 1994), p. 203; Hevina S. Dashwood, 'The relevance of class to the evolution of Zimbabwe's development strategy, 1980-1991', *Journal of Southern African Studies*, Vol. 22, No. 1, (1996), pp. 32, 34; and Hevina S. Dashwood, *Zimbabwe: The Political Economy of Transformation*, (University of Toronto Press, Toronto, 2000), p. viiii.

For much of the 1980s, the state exerted its influence to shape the course and extent of wealth distribution. Though limited in scope, state efforts to support black businesses through the Small Enterprises Development Corporation (SEDCO) were notable. State moves to control the mining sector and promote black mining activities through the Minerals Marketing Corporation of Zimbabwe (MMCZ) and the Zimbabwe Mining Development Corporation (ZMDC) reflected its awareness of the dominance of foreign capital in that sector. Despite these measures, black entry into the mainstream economy during the 1980s was insignificant. State hegemony in the 1980s was underscored by the coercion of black business associations and repeated warnings to white business associations against commercial racism. This has been explained in terms of Antonio Gramsci's theory of hegemony and its concepts of 'persuasion' and 'coercion'. The state's decision to enact the Minerals Marketing Corporation of Zimbabwe Act of 1983 despite the protests of the Chamber of Mines is best explained by statist analysis. Broader conceptual approaches in civil society studies have resonance with state-interest group relations in Zimbabwe's first decade of independence.

By contrast to the government's lacklustre efforts on behalf of black businessmen, its black advancement policy to address racial imbalances on the job market was largely successful. As discussed in Chapter Four, between 1980 and 1990 blacks came to occupy key positions in the public service and parastatals. Interest groups shaped the black advancement policy. Business associations such as ZNCC urged the state not to create an oversized bureaucracy which would hamper economic growth. More importantly, ZNCC emphasised that black advancement in the public service must take place concurrently with strict monitoring of professional standards. Trade unions such as Railway Associated Workers Union (RAWU) and the Zimbabwe Congress of Trade Unions (ZCTU) played an important role in exposing flagrant racism in parastatals and the private sector. Business associations such as the ACCOZ emphasised the importance of appointments and promotions based on merit in maintaining efficiency and productivity in the private sector. In this way, this thesis has demonstrated the centrality of interest groups in the black advancement policy, all which have not given academic attention.

Overall, the black advancement policy revealed that the more independent employment institutions were from the state, the more resistance and disputes there were on the policy. Business associations and trade unions' activities also increased as resistance to black advancement increased. The state adopted a statist approach when quelling disputes between black trade unions and managements in parastatals such as the National Railways of Zimbabwe. Although black advancement in the private sector was resisted, the new socio-economic order compelled white and foreign businesses to accommodate blacks. The private sector revealed that at one and the same time, state relations with interest groups varied depending on whether their interests were mutually compatible on particular policies. CZI's relations with the state where black advancement was concerned testify this. While CZI rarely co-operated with the state over proto-indigenisation, it was a key player in promoting government-backed black advancement in the private sector. This co-operation has been explained in terms of Peter Evans' embedded autonomy concept. Broadly, study of the 1980s suggests that the state was pragmatic in its dealings with interest groups on policies related to control of the economy. Consequently, no single frame of analysis can fully explain these varied relations.

Chapter Five demonstrated that the adoption of neoliberal economic reforms in the 1990s by the government impacted significantly on indigenisation policy. The notion that the Economic Structural Adjustment Programme (ESAP) would benefit big foreign and white owned businesses led to the emergence of the Indigenous Business Development Centre (IBDC) in 1990. The IBDC and the Legislature's pronouncements during this period exposed contradistinctions and contradictions between neoliberal economic reforms and indigenisation. This thesis has demonstrated that the adoption of ESAP and proactive indigenisation measures during the 1990s created an ideological quagmire marinated by clinches free market principles and demands for affirmative action in favour of black entrepreneurs. Arguably, neoliberalism shaped the indigenisation debate and state-interest groups during this period.

Unlike the 1980s, the state now allowed the emergence and proliferation of indigenous interest groups pushing for the entry of blacks into the mainstream economy. As highlighted in Chapter One, earlier literature focused on the role of the

IBDC and the Affirmative Action Group (AAG). This study has emphasised the role of other indigenous interest groups promoting indigenisation such as Indigenous Business Women Organisation (IBWO), the Women's Multi Million Dollar Round Table (WMRDT) and the Zimbabwe Wealth Creation and Empowerment Council (ZWCEC). In addition, this study has also emphasised the role of sectoral indigenous business associations demanding black participation in particular sectors of the economy during the 1990s. Prominent amongst these were the Zimbabwe Building Construction Association (ZBCA) (construction), the Zimbabwe Indigenous Freight Forwarders' Association (ZIFFA) (transport) and the Zimbabwe Travel and Hospitality Operators' Association (ZITHOA) (tourism and hospitality). These black business associations had been largely ignored in the current indigenisation historiography. Indigenous interest groups vigorously popularised the concept of indigenisation in the 1990s. However, indigenous interest groups were delegitimised by the real and perceived avarice and rent-seeking tendencies of their leaders. They were also tainted by embarrassing internal squabbles and conflicts, causing them to be pilloried by society, particularly the private print media.

Contrary to perceptions propagated by the legislature and indigenous interest groups, this study has emphasised that proponents of neoliberalism were not necessarily opposed to indigenisation. The World Bank, believed that a free market economy could only flourish when the economy was deregulated and restrictions on black businesses removed. Consequently, the World Bank was the first proponent of affirmative action in favour of blacks in the construction sector. More importantly, this study has emphasised that established business associations such as ZNCC and CZI actively contributed to the indigenisation debate during the 1990s. This, again, has been glossed over in existing literature. Established interest groups were more innovative and dynamic. Through practical activities, ZNCC and CZI emphasised that black entry into the mainstream economy could be achieved by establishing and expanding black businesses rather than acquiring shares in existing white and foreign owned businesses. During the 1990s, in practical terms, indigenous interest groups played second fiddle to established business associations. Apparently, there was competition between indigenous interest groups and established business associations to be the quintessential purveyors of the indigenisation discourse.

Although state patronage with indigenous interest groups in the 1990s was a bane, the overall participation of interest groups in indigenisation programmes was a boon.

Chapter Six discussed the economic and political crisis between 2000 and 2008, and how it shaped the politics of indigenisation. The perceived threat from the Movement for Democratic Change (MDC) accused of conspiring with western nations to remove the Zimbabwe African National Union – Patriotic Front (ZANU-PF) government from power led to calls for radical indigenisation. The crisis consolidated patronage politics between the ZANU-PF government and indigenous interest group best analysed through public choice analysis. There was growing antagonism and schism between the ZANU-PF government and the business community (and by extension with the ZNCC, CZI and the Chamber of Mines) as the economy collapsed. The ZANU-PF government believed the business community sympathised with the MDC and was complicit in ‘economic sabotage’. On the other hand ZNCC, CZI and the Chamber of Mines blamed the government’s populist policies such as land reform and price controls for economic decline.

Pluralist approaches to economic revival and indigenisation through the National Economic Consultative Forum (NECF) failed. This failure can be explained in terms hegemony of the ZANU-PF government within the forum. Acrimonious relations between white and foreign business, and the ZANU-PF government partly contributed to the latter’s enactment of the Indigenisation and Economic Empowerment Act of 2007, despite intense opposition from the Reserve Bank of Zimbabwe (RBZ), MDC parties and established business associations. This study has suggested that statism best explains the ZANU-PF government’s enactment of the Indigenisation Act and its contemptuous dismissal of dissenting voices from state and non-state actors. Debates surrounding the Mines and Minerals Amendment Bill which has yet to become an Act reveals the ZANU-PF government’s obsession with control of natural resources in order to advance ‘economic independence’ and ‘sovereignty’.

As demonstrated in Chapter Seven, between 2009 and July 2013, ZANU-PF adopted a statist approach to implementing the Indigenisation Act, ignoring the concerns of its two MDC partners in the power sharing government (PG). Although

indigenous interest groups supported the enforcement of the Act, there were doubts as to the extent to which the ordinary people would benefit from the programme. The RBZ, MDC parties, CZI, ZNCC, Chamber of Mines and the Bankers Association of Zimbabwe (BAZ), and the Zimbabwe Congress of Trade Unions (ZCTU) all emphasised the negative consequences of the Act for foreign investment and economic performance in general. ZANU-PF's failure to exercise circumscription in implementing the Indigenisation Act during the PG scared foreign investors. To a large extent, the Indigenisation Act proved antithetical to economic growth. Consequently, other CSOs such as Research and Advocacy Unit (RAU), Zimbabwe Women's Resource Centre and Network (ZWRNCN), Zimbabwe Natural Resource Dialogue Forum (ZNRDF) and the Centre for Research and Development expressed concern about the form and content of the indigenisation programme during the PG era.

Although the ZANU-PF government slowed the tempo of indigenisation in the post-PG era, pressure continued to mount from business associations, most notably CZI, to review the Act so as to revive the ailing economy. Although the ZANU-PF government has indicated its intention to review the Act, it is not clear yet whether this will actually happen. Nonetheless, indigenisation has significantly shaped political and economic developments in the country over the past eight years. One key observation made for the period 2009 and 2016 is that the Zimbabwean state has not been united on indigenisation. Testimony to this was the opposition of the Finance Ministry and the RBZ to the approach adopted by the Indigenisation Ministry in enforcing the Indigenisation Act.

Civil society, particularly interest groups, shaped indigenisation policies in post-colonial Zimbabwe in various ways. Throughout the period under study, black business associations and later indigenous interest groups proved to have an understanding of the impact of colonialism and the challenges faced by black entrepreneurs. On several occasions, the state adopted indigenisation measures at their behest. White and later established business associations played an important role in training black entrepreneurs and supporting small black businesses since the 1980s. Throughout the period under study, the state was pragmatic in its dealings with interest groups. All business associations and indigenous interest groups have

at one point or another been at the receiving end of state power. The state dissolved black commercial associations in the early 1980s, a move construed by some sections of the society as promoting white business interests. In the 2000s, white and foreign businesses and business associations such as CZI, ZNCC and the Chamber of Mines were regarded by the state as economic 'saboteurs'. This contributed to the enactment of the Indigenisation Act, move seen by some sections of the society as promoting black enterprises. Thus, state - interest group relations on indigenisation in Zimbabwe over the past thirty six years have been evolving and can be regarded as tragicomic. Such relations cannot be explained through the lens of a single concept. Hence, this study adopted and effectively used various conceptual approaches.

## Appendix

### List of companies which submitted Employee Share Ownership Scheme plans to the Indigenisation Ministry by 1 July 2013

| Company                            | Province | Sector        | Proposed percentage |
|------------------------------------|----------|---------------|---------------------|
| Asmoya Investments                 | Bulawayo | Mining        | 5%                  |
| Baragon Trading                    | Bulawayo | Mining        | 10%                 |
| Dunlop Zimbabwe Pvt Ltd            | Bulawayo | Manufacturing | 5%                  |
| Epigene Pvt Ltd                    | Bulawayo | Mining        | 10%                 |
| Farvic Con.Mines Pvt Ltd           | Bulawayo | Mining        | 11%                 |
| Filiberg Enterprises Pvt Ltd       | Bulawayo | Mining        | 5%                  |
| Fools Investments Pvt Ltd          | Bulawayo | Mining        | 10%                 |
| GMS Leather Pvt Ltd                | Bulawayo | Manufacturing | 5%                  |
| Jumping Track Mining Company       | Bulawayo | Mining        | 10%                 |
| Sentinel Energies Pvt Ltd          | Bulawayo | Mining        | 26%                 |
| Sharity Invest. t/a Pinfore Mining | Bulawayo | Mining        | 26%                 |
| African Trad. & Fortaiting Pvt Ltd | Harare   | Finance       | 5%                  |
| Afrochine Smelting Pvt Ltd         | Harare   | Manufacturing | 23%                 |
| Aon Zimbabwe Pvt Ltd               | Harare   | Finance       | 20.75%              |
| Appuye Enterprises Pvt Ltd         | Harare   | Mining        | 5%                  |
| Asevate Enterprises Pvt Ltd        | Harare   | Construction  | 25%                 |
| Atrakpaints                        | Harare   | Manufacturing | 6%                  |
| Blue Ribbon Industries             | Harare   | Manufacturing | 10%                 |
| Borador Investments                | Harare   | Manufacturing | 16%                 |
| BAT Zim Pvt Ltd                    | Harare   | Manufacturing | 10%                 |

| <b>Company</b>                | <b>Province</b> | <b>Sector</b> | <b>Proposed percentage</b> |
|-------------------------------|-----------------|---------------|----------------------------|
| Casalee Transtobac            | Harare          | Property      | 33%                        |
| Coates Brothers Zim.e Pvt Ltd | Harare          | Manufacturing | 11%                        |
| Costain Zimbabwe Pvt Ltd      | Harare          | Manufacturing | 100%                       |
| Currycomb Investments         | Harare          | Mining        | 10%                        |
| DHL Express                   | Harare          | Transport     | 28%                        |
| Duly Holdings Ltd             | Harare          | Transport     | 1.84%                      |
| ECO Bakery                    | Harare          | Manufacturing | 5%                         |
| Gallaher Ltd Mono Pumps Zim.  | Harare          | Manufacturing | 21%                        |
| Galorem Resources Pvt Ltd     | Harare          | Mining        | 5%                         |
| Gelville Investments          | Harare          | Manufacturing | 5%                         |
| Giant Wrap Pvt Ltd            | Harare          | Manufacturing | 5%                         |
| Guangdong Trade Centre        | Harare          | Manufacturing | 5%                         |
| Haifa Investments             | Harare          | Manufacturing | 5%                         |
| Hunyani Holdings Ltd          | Harare          | Manufacturing | 1%                         |
| Karina Pvt Ltd                | Harare          | Manufacturing | 15%                        |
| Keniwold Investments Pvt Ltd  | Harare          | Manufacturing | 10%                        |
| Kilright Industries Pvt Ltd   | Harare          | Mining        | 10%                        |
| Lafarge Cement Zimbabwe Ltd   | Harare          | Manufacturing | 10%                        |
| Leckert Trading Ltd           | Harare          | Manufacturing | 6%                         |
| Lipa Foam Investments         | Harare          | Manufacturing | 51%                        |
| Mambo Beverages Ltd           | Harare          | Manufacturing | 20%                        |
| Mezziotin Investments Pvt Ltd | Harare          | Mining        | 5%                         |
| Meikles Limited               | Harare          | Tourism       | 10.00%                     |

| <b>Company</b>                    | <b>Province</b>     | <b>Sector</b> | <b>Proposed percentage</b> |
|-----------------------------------|---------------------|---------------|----------------------------|
| Naisonal Investments Pvt Ltd      | Harare              | Manufacturing | 5%                         |
| New Cabview Trading Pvt Ltd       | Harare              | Manufacturing | 5%                         |
| Picbrot Investments               | Harare              | Manufacturing | 11%                        |
| Pigott Maskew                     | Harare              | Manufacturing | 9%                         |
| Proper Act Manufacture Pvt Ltd    | Harare              | Manufacturing | 5%                         |
| Riozim Properties Ltd             | Harare              | Property      | 3.85%                      |
| Roysen Enterprises Pvt Ltd        | Harare              | Manufacturing | 2%                         |
| Sandvik Mining and Construction   | Harare              | Mining        | 5%                         |
| Servcor Catering                  | Harare              | Manufacturing | 20%                        |
| Willowvale Mazda Motor Ind.       | Harare              | Manufacturing | 9%                         |
| Xin Sheng Tobacco Trading Pvt Ltd | Harare              | Manufacturing | 4%                         |
| Zhu Shi Investments Pvt Ltd       | Harare              | Manufacturing | 5%                         |
| Zimbabwe Leaf Tobacco Pvt Ltd     | Harare              | Manufacturing | 5%                         |
| Jinding Mining Zim. Pvt Ltd       | Manicaland          | Mining        | 10%                        |
| Murowa Diamonds                   | Manicaland          | Mining        | 5%                         |
| Rolldice Mining Services          | Mashonaland Central | Mining        | 10%                        |
| C.R.G Quarries                    | Mashonaland East    | Mining        | 10%                        |
| Imire Safari Ranch                | Mashonaland East    | Tourism       | 5%                         |
| Perfzim Laboratories              | Mashonaland East    | Health        | 5%                         |
| Chegututu Gold Mine               | Mashonaland West    | Mining        | 5%                         |

| <b>Company</b>                  | <b>Province</b>    | <b>Sector</b> | <b>Proposed percentage</b> |
|---------------------------------|--------------------|---------------|----------------------------|
| Denald Mining                   | Mashonaland West   | Mining        | 5%                         |
| Long Life Minerals Pvt Ltd      | Mashonaland West   | Mining        | 6%                         |
| Multibay Investments Pvt Ltd    | Mashonaland West   | Mining        | 18%                        |
| Over & Above Profit Ent. Ltd    | Mashonaland West   | Mining        | 5%                         |
| Stern Test Investments Pvt Ltd  | Mashonaland West   | Mining        | 5%                         |
| Zimplats                        | Mashonaland West   | Mining        | 5%                         |
| Ashbast Corporation             | Masvingo           | Mining        | 5%                         |
| Don- Tom Invest. t/a IMP Mine   | Matabeleland North | Mining        | 26%                        |
| Blanket Mine Pvt Ltd            | Matabeleland South | Mining        | 10%                        |
| Imani Mine                      | Matabeleland South | Mining        | 10%                        |
| Marbil Mining Syndicate         | Matabeleland South | Mining        | 10%                        |
| River Ranch Ltd                 | Matabeleland South | Mining        | 6%                         |
| Trianic Investments             | Matabeleland South | Mining        | 5%                         |
| Anglo American Corporation Zim. | Midlands           | Mining        | 5%                         |
| Dondo Resources                 | Midlands           | Mining        | 5%                         |
| Drewland                        | Midlands           | Mining        | 11%                        |

| <b>Company</b>                  | <b>Province</b> | <b>Sector</b> | <b>Proposed percentage</b> |
|---------------------------------|-----------------|---------------|----------------------------|
| Homestake Mining & Technical    | Midlands        | Mining        | 10%                        |
| Yitho Mining and Construction   | Midlands        | Mining        | 6%                         |
| Zol Mining Pvt Ltd              | Midlands        | Mining        | 10%                        |
| Adlecraft Investments           |                 | Mining        | 5%                         |
| Alcohonec Investments Pvt Ltd   |                 | Mining        | 5%                         |
| Apex Petroleum Pvt Ltd          |                 | Mining        | 5%                         |
| Better Mining Pvt Ltd           |                 | Mining        | 2%                         |
| Beyond Measures Solutions Ltd   |                 | Mining        | 5%                         |
| Bindura Nickel Corporation Ltd  |                 | Mining        | 5%                         |
| BP & Shell Marketing Pvt Ltd    |                 | Energy        | 10%                        |
| Bronco Investments Pvt Ltd      |                 | Mining        | 5%                         |
| Bunday Technical Mining         |                 | Mining        | 5%                         |
| Chakata Resources Zimbabwe      |                 | Mining        | 5%                         |
| Charter Explorations            |                 | Mining        | 5%                         |
| Dakota Mining                   |                 | Mining        | 5%                         |
| Doddieburn Holdings Pvt Ltd     |                 | Tourism       | 5%                         |
| Drilling Resources Zimbabwe Ltd |                 | Mining        | 5%                         |
| Engen Petroleum Zimbabwe        |                 | Energy        | 10%                        |
| Exmin Mine                      |                 | Mining        | 10%                        |
| Freeborn Investments            |                 | Mining        | 5%                         |
| Gapban Investments Pvt Ltd      |                 | Manufacturing | 10%                        |
| Genesis Top Quality Cleaners    |                 | Mining        | 5%                         |
| Gold Recovery Group Pvt Ltd     |                 | Mining        | 5%                         |

| Company                                 | Province | Sector | Proposed percentage |
|-----------------------------------------|----------|--------|---------------------|
| Gransharp Enterprises                   |          | Mining | 5%                  |
| Gypox Mining                            |          | Mining | 5%                  |
| Ifab Mining                             |          | Mining | 11%                 |
| INDOZIM Gold Mines Pvt Ltd              |          | Mining | 5%                  |
| Jinwo Minerals Pvt Ltd                  |          | Mining | 5%                  |
| Jourbert Crushers and Transport Pvt Ltd |          | Mining | 5%                  |
| Lifescape Mines Pvt Ltd                 |          | Mining | 5%                  |
| Lonekop Mining Syndicate                |          | Mining | 5%                  |
| Mahomack Trading Pvt Ltd                |          | Mining | 5%                  |
| Massabi Coal                            |          | Mining | 5%                  |
| Mbusera Investments Pvt Ltd             |          | Mining | 10%                 |
| Ming Chang Sino African Min. Pvt Ltd    |          | Mining | 5%                  |
| Mitchell Mineral Pvt Ltd                |          | Mining | 26%                 |

**Source:** *New African Magazine*, July 2013, pp. 58-59. The *New African Magazine* obtained these statistics from the Ministry of Youth Development, Indigenisation and Economic Empowerment.

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