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Toward more democratic futures: making governance work for all Africans

Zimbabwe's Power Sharing Government and the Politics of Economic

Musiwaro Ndakaripa



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Abstract

Using the economic indigenisation policy this study examines the problems caused by Zimbabwe's power sharing government (PG) to democratic governance between 2009 and 2013. The power sharing government experienced policy gridlock in implementing the Indigenisation and Economic Empowerment Act of 2007 due to disagreements among the three governing political parties which were strategising to gain political credibility and mobilising electoral support to ensure political survival in the long term. The Indigenisation Act intends to give indigenous black Zimbabweans at least fifty one per cent (51%) shareholding in all sectors of the economy. The Zimbabwe African National Union – Patriotic Front (ZANU-PF) posited that economic indigenisation rectifies colonial imbalances by giving black Zimbabweans more control and ownership of the nation's natural resources and wealth. The two Movement for Democratic Change (MDC) political parties in the power sharing government asserted that while economic indigenisation is a noble programme, it needs revision because it discouraged Foreign Direct Investment (FDI). Moreover, the two MDC parties claimed that economic indigenisation is a recipe for ZANU-PF elite enrichment, clientelism, cronyism, corruption and political patronage. ZANU-PF often used its structural power in government to influence the Indigenisation Ministry to unilaterally gazette statutory instruments and issue ultimatums to implement the Indigenisation Act. This led to conflict between ZANU-PF and the Indigenisation Ministry on one side and the MDC parties and parliamentary committees on the other side, and this resulted in policy gridlock. Using the Zimbabwean case study, this paper advances two major arguments about most recent power sharing governments (PGs) in Africa. Firstly, power sharing governments are less effective in promoting economic development because political groups which constitute to them often formulate and implement policies to promote their interests at the expense of national interests. Secondly, power sharing governments often experience policy gridlocks and ineffective governance detrimental to economic development because state institutions and government departments which implement policies are often run on a partisan basis.

Key words: Governance, politics, economy, empowerment, investment, elections, sanctions.

Introduction

Zimbabwe's power sharing government (PG) was formed in February 2009 after inconclusive presidential elections held in 2008. The Zimbabwe African National Union – Patriotic Front (ZANU-PF) led by President Robert Mugabe and the two Movement for Democratic Change (MDC) political parties, MDC-T led by Morgan Tsvangirai and MDC-M led by Arthur Mutambara formed a PG known as the Government of National Unity. While there were several disagreements among the three political parties in the PG such as the removal of sanctions, constitution making, media and security sector reforms, this study is confined to those related to the implementation of the Indigenisation and Economic Empowerment Act of 2007 which shall be written in short as the Indigenisation Act. This study builds on works on power sharing governments (PGs) in Africa such as those by Ian S. Spears (2000), Donald





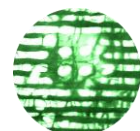
Rothchild (2005), Anna K. Jarstad (2009), Lekha Sriram (2009), Marie-Joëlle Zahar (2009), Nic Cheeseman (2010), Blessing-Miles Tendi (2010), Brian Raftopoulos (2010) and A. Carl LeVan (2011).

The implementation of the Indigenisation Act between 2009 and 2013 testifies that the polarisation of Zimbabwean politics since the late 1990s was transferred into state institutions when the PG was formed. It was this polarisation within the government which led to inefficient governance characterised by policy gridlocks as the three political parties tried to outmaneuver each other in order to achieve their grand political interests. Zimbabwe's PG reveals that the incumbent political party, ZANU-PF translated its familiarisation with the operations of government departments, state institutions and the security sector into structural power, which it used against the MDC political parties in implementing the Indigenisation Act. This study posits that power sharing did very little to improve governance in Zimbabwe because all the governing political parties were strategising, regrouping and positioning themselves to win the 2013 harmonised elections. On the whole this study advances that the effectiveness of PGs is very limited in countries such as Zimbabwe where policy formulation and implementation; and state institutions are politicised.

Background to economic indigenisation and power sharing in Zimbabwe

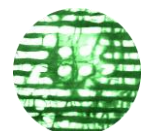
The politics of economic indigenisation in Zimbabwe's PG can only be understood and analysed if placed in the broader context of the colonial legacy, the first phase of economic indigenisation in the 1990s, the country's political and economic crisis from 1997 to 2008 which led to the formation of the PG and Western 'sanctions' imposed on the country since 2001. These factors affected the manner in which economic indigenisation was implemented during the PG period. Zimbabwe was a colony of European settlers, mainly of British origin, since 1890 until independence in 1980. During the colonial era European settlers maintained a separate racial, social, economic and political identity which was perpetuated and entrenched by a protective legal system which gave them socio-economic advantages at the expense of the indigenous black people (Maphosa 1998: 184). Colonial rule was characterised by dispossession, marginalisation and exclusion of black Zimbabweans from participation in the mainstream economy. Land, for example, was distributed on racial basis, with skin colour determining where groups of people were settled (Zimbabwe Parliamentary Debates, Vol. 17, No. 81, col. 4394). After a protracted liberation war in the 1960s and 1970s, negotiations in 1979 and ensuing elections, ZANU-PF and its leader Robert Mugabe came to power in 1980.

Despite the attainment of independence and remarkable economic growth in the 1980s the imbalance between the whites and blacks in the ownership of the economy did not vanish (Zimbabwe Parliamentary Debates, Vol. 17, No. 76, col. 4077). Scholars such as Brian Raftopolous and Sam Moyo (1994), Carolyn Jenkins (1997), Martin Dawson and Tim Kelsall (2012) have concurred that there was no radical attempt to transform the country's economic superstructure to give blacks more economic power because it suited the interests of both the whites and the new black ruling elite which wanted to enrich itself. Raftopolous and Moyo (1994: 6) states that the new Zimbabwean government suffered from ideological confusion



and its economic policy was contradictory. He asserts that the government's commitment to socialism implied lack of support to black entrepreneurs. Jenkins (1997: 601) advances that the new government was nervous and cautious to avoid disruption of the white dominated economy which was performing well and where it was getting large taxes which were needed to fund its social welfare policies. In addition, Jenkins (1997: 580) also noted the constitutional constraints of the Lancaster House Agreement of 1979 which constrained the government from taking distributive economic policies, particularly from acquiring land, in return for promises of aid. Echoing the same sentiments, Dawson and Kelsall (2012: 55) posit that there was elite accommodation between white and black elite's economic interests after independence which maintained the economic superstructure and the colonial land tenure. This meant that white economic interests were protected while the government gained the political legitimacy from the whites and Western countries which have long feared a socialist style nationalisation of businesses in Zimbabwe. This contributed to continuation of the unbalanced economic relations between the whites and the majority black Zimbabweans after the attainment of independence.

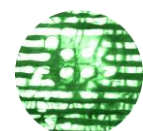
The ZANU-PF government attempted to give more economic powers to the indigenous black people in the 1990s. However, Zimbabwe's economy remained dominated by private trans-national corporations (TNCs) largely owned by foreigners from the West in partnership with local whites (Zimbabwe Parliamentary Debates, Vol. 17, No. 76, 4/4/1991, col. 4070). Moreover, the 1990s economic indigenisation was spearheaded by affirmative organisations such as Indigenous Business Development Centre (IBDC), Affirmative Action Group (AAG) and Indigenous Business Women's Organisation (IBWO) with strong links to the ruling ZANU-PF party. S. M. Nicholas (1994: 95) and Brian Raftopolous (1996: 3) concur that ZANU-PF was against the emergence of a strong and independent black business class which would be difficult to control and threaten its political power. As a result the government opened most economic opportunities to those who were perceived to be loyal to ZANU-PF. The 1990s economic indigenisation only enriched those who were well connected to the ruling party like Phillip Chiyangwa, Roger Boka, Peter Pamire, Enock Kamushinda and Ray Kaukonde through patronage (Zimbabwe Parliamentary Debates, House of Assembly, Vol. 38, No. 9, 12/10/2011, col. 494). This is largely similar to what happened in post-independent South Africa, where black economic empowerment deals enriched a small enclave of those who are close to the ruling African National Congress such as Saki Macozoma, Patrice Motsepe, Cyril Ramaphosa and Tokyo Sexwale (Tangri and Southall 2007: 947). This shows that while economic indigenisation policies adopted by African countries are noble they are usually converted into corrupt and nepotistic programmes by the ruling elites. Although the Zimbabwean government distributed some land in the early 1980s and in the 1990s, most productive land largely remained in the hands of a few white commercial farmers. The little productive land redistributed was given to senior politicians and civil servants at the expense of the peasants who were resettled in less productive areas. Despite rhetoric over economic indigenisation, up to 1998 the ZANU-PF government did not have a solid legal and policy



framework to implement the economic indigenisation policy (Zimbabwe Parliamentary Debates, Vol. 24, No. 69, 11/03/1998, col. 3995). This partly certifies Raftopolous' assertion that the ZANU-PF government did not have a clearly defined and consistent economic policy because of its ideological confusion.

Zimbabwe's PG was largely a product of a long and deep economic and political crisis which took place from 1997 to 2008. The late 1990s saw economic problems like rising unemployment, inflation, food shortages in urban areas; and increase in the cost of basic commodities and social services like health and education (Bond and Manyanya 2003: 72). The ZANU-PF government found itself challenged by civil society organisations and Western countries on issues such as constitutional reform, good governance, rule of law and human rights (Hammar and Raftopolous 2003: 2 - 3). These conditions led to the formation of a new political party in 1999, the Movement for Democratic Change (MDC)¹ led by Morgan Tsvangirai. The new party was popular in urban and some rural areas because ZANU-PF was failing to tackle the country's socio-economic problems and was not introducing governance and democratic reforms. The MDC posed a real threat to President Mugabe and ZANU-PF's dominance on the Zimbabwean political landscape. In 2000 and 2002 there were legislative and presidential elections respectively. In these elections Mugabe and ZANU-PF used the emotive 'land issue' as a campaign strategy. ZANU-PF claimed that the redistribution of land to the indigenous black people was part of its broad based black economic empowerment policy. ZANU-PF spearheaded the Fast Track Land Reform Programme (FTLRP) in which white owned farms were violently and compulsorily confiscated and distributed to the black Zimbabweans (Magure 2012: 72). This was widely condemned as violation of property rights by the MDC, civil society organisations and Western governments. The land reform programme worsened the economic situation as the country experienced poor agricultural production, capital flight and de-investment. In the midst of Zimbabwe's political and economic crisis, the United States, European Union, Australia and New Zealand imposed sanctions on senior government and ZANU-PF officials including President Mugabe for alleged electoral misconduct which includes vote rigging, intimidation, beatings, rape, murder and other human rights violations. As shall be discussed in this study, ZANU-PF's economic indigenisation drive during the PG period was also influenced by its vindictiveness against western companies whose mother countries imposed sanctions on the country.

¹ The Movement for Democratic Change (MDC) was formed in 1999 and was led by Morgan Tsvangirai. The party divided 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 has a new leader. ZANU-PF and the two MDCs formed a coalition government in February 2009 with Robert Mugabe as President, Morgan Tsvangirai as the Prime Minister and Arthur Mutambara as Deputy Prime Minister.

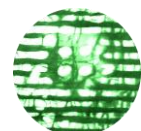


Zimbabwe's PG was a result of disputed presidential elections between ZANU-PF and MDC-T led by Tsvangirai in 2008. Tsvangirai led in the first round of the presidential election held on 29 March 2008 but did not garner fifty one per cent (51%) votes required by the constitution to win the presidency. Mugabe 'won' the second round of the discredited presidential run-off election on 27 June which was characterised by intense political violence which led Tsvangirai and his MDC-T party to withdraw before the election date (Masunungure 2009: 86). Mugabe's victory was not recognised by most civil society organisations, opposition political parties, regional and international organisations. After long negotiations ZANU-PF and the former opposition political parties MDC-T and MDC-M led by Arthur Mutambara signed the Global Political Agreement on 11 September 2008. This agreement gave the framework for the PG formed in February 2009 after long negotiations and jostling over the control of key ministries and government departments among the three political parties. ZANU-PF and the two MDC parties differed on how to implement the Indigenisation Act in the country and this caused a fierce debate in Zimbabwe's PG which often led the policy gridlock. Before examining the politics of economic indigenisation in Zimbabwe, it is imperative to provide scholarly views on how PGs, governance and economic policy have worked out in Africa.

Perspectives on power sharing, democracy and governance in Africa

Most scholars view power sharing as the distribution of government posts to the most powerful political parties or groupings whose interests need to be safeguarded (Spears 2000: 105; Cheeseman and Tendi 2010: 204). In general, power sharing represent a concession by the dominant political parties to less powerful groups to bring political, economic and social stability in a society. All political groups in a PG usually have veto rights, proportional political representation, civil service appointments and allocation of public funds (Jarstad 2009: 42). Chandra Lekha Sriram and Marie-Joëlle Zahar (2009: 17) have distinguished the political and economic dimensions of power sharing. Political power sharing includes the distribution of posts in the government, specifically in the executive, legislature and judiciary. On the other hand economic power sharing includes addressing grievances or conflicts over the distribution of resources which might have caused differential economic development among the various groups of people or regions of a country. In this context PGs are formed in an attempt to address past and present grievances in order to bring peace and harmony among the rival political groups in a society.

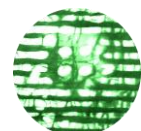
In his numerous writings on power sharing, Donald Rothchild (2005: 255) has maintained that while power sharing arrangements are not ideal to most citizens, scholars and practitioners, they represent pragmatic solutions in times of political crisis. While a critic of power sharing arrangements, Rothchild insists that they are a logical response to situations where rival groups are deadlocked, either politically or militarily, or both, and view the costs of compromise on peace agreement as lower than when the conflict continues. According to Ian S. Spears (2002: 123) since all political parties in a PG are given a share of state power and resources they



should find less motivation to continue fighting. In addition, Spears reason that PGs are necessary in divided societies to ensure broad based national loyalty. The above views credit PGs for preventing conflicts from degenerating into tragedies. In some African countries, power sharing has been commended for promoting transparency and accountability within the government. According to A. Carl LeVan (2011: 37) one positive outcome of Zimbabwe's PG was increased horizontal accountability across government branches. He cites the demand by legislators from across the political divide for vehicles and administrative resources for parliament from the executive as a sign of horizontal accountability. The arguments above shows that there are circumstances where pragmatism compels political groups into power sharing. However, it must be noted that power sharing can only bring transparency and accountability in the government when there are strong institutions, stability and mutual political will by all political groups involved.

More often than not, scholars are sceptical on the long-term benefits of power-sharing agreements and governments. Using examples from countries such as Angola, Somalia, Ethiopia and Rwanda, Ian S Spears (2000: 116) has argued that power-sharing agreements are appealing in theory but often fail in practice because there are so many challenges in implementing them. Spears opine that in addition to problems of arriving at and implementing them, power sharing agreements often do not last. He also noted that since political groups often have different political interests they are constantly strategising for their future (2000: 111). This often leads to disagreements and non-cooperation. Most political parties and groups in PGs have been criticised for failing to come to consensus on critical issues such as financial budget and economy thereby causing policy gridlock. Rothchild (2005: 249) contend that unlike Westminster governments formed after competitive 'winner take all' elections, PGs are generally based on consensus to ensure the inclusion of the interests of all the major political actors. In addition, Rothchild assert that the survival of PGs, which he regards as 'fragile institutions', depends on the political groups' commitment to fulfill what they agreed on and ability to compromise. Most PGs in Africa often fail because of lack of commitment to their agreements. One of the major problems faced by the MDC parties in Zimbabwe's PG was the tendency by President Mugabe and other ZANU-PF politicians to undermine the office of Prime Minister Tsvangirai against the spirit in which the Global Political Agreement (GPA) was signed. Cheeseman and Tendi (2010: 219) noted that from the beginning ZANU-PF and military hardliners showed no intention of respecting the power sharing agreement. This study will show how the violation of the GPA and the power struggle between ZANU PF and MDC politicians led to gridlock in the implementation of the economic indigenisation policy.

Rothchild (2005: 251) holds that PGs have short-term advantages of halting conflicts at the expense of long-term objectives of establishing democracy, effective governance, political certainty and stability. Some scholars have advanced that most PGs in Africa are usually undemocratic and dysfunctional because they are manipulated by the incumbents who try to retain power by all means necessary. Cheeseman and Tendi (2010: 207) states that rather than

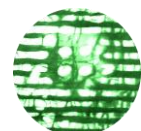


setting the momentum for governance reform and institutional regeneration, power sharing can be manipulated by incumbents who cling on to power in the face of electoral defeat. This was attested by Zimbabwe's PG. Cheeseman and Tendi noted that the diplomatic rush to get Zimbabwe's three political parties to sign a power sharing agreement resulted in the newly created office of Prime Minister Tsvangirai being given insignificant executive authority as compared to the President's Office. During the lifespan of Zimbabwe's PG, President Mugabe still wielded his executive powers and all political reforms required his consent and his ZANU-PF party which still had a significant number of legislators (Cheeseman and Tendi 2010: 220). Moreover, Mugabe was in firm control of the security apparatus which includes the police, intelligence, prison services and the army. The benefits of incumbency enjoyed by former ruling groups and their leaders jeopardise the leverage of new comers in PGs. By making reference to specific cases this study contends that President Mugabe and his ZANU-PF party used the power of incumbency to implement the economic indigenisation policy without proper consultation of other political parties in the PG.

The relationship between PGs and national economic performance in Africa has also attracted the attention of scholars. According to LeVan (2011: 46) unlike in the developed countries, in Africa inclusive governments interfere with economic performance in two major ways. Firstly, the different political groups often have conflicting economic policies and visions. This causes gridlock in the formulation and implementation of policies and retards economic growth. Secondly, PGs in Africa usually have unnecessarily big cabinets which strain national budgets and the economy. Despite its small population size and economy, Zimbabwe's PG had a President, two Vice-Presidents, a Prime Minister, two Deputy Prime Ministers, forty one ministers and nineteen deputy ministers. LeVan (2011: 37) makes a case against PGs by arguing that since sustainable economic growth in Africa is closely aligned with elite political interests, disagreements over economic policy in an over staffed cabinet and corruption can cause poor economic performance. Zimbabwe's independent media reported the patronage associated with Zimbabwe's PG which allegedly diverted diamond funds from public social services and salaries to personal use by top ZANU-PF politicians and security chiefs. The need to accommodate the conflicting interests of different political parties in Zimbabwe's PG often led to policy gridlock, unconstitutional decisions and inefficiency. This study, by making reference to specific cases, will show how on several occasions ZANU-PF unilateralism in the formulation and implementation of the economic indigenisation policy often led to gridlock in the PG.

The Indigenisation and Economic Empowerment Act of 2007: A divisive legislation

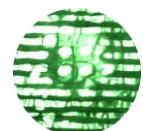
Strictly speaking the idea of enacting the Indigenisation and Economic Empowerment Bill was first discussed within ZANU-PF in 2004 (*Zimbabwe Independent* 11/03/2011, Bernard Mpofo). The party took long to draft the Bill because it was considering the implications of such legislation on the economy, the electorate and relations with foreign countries which have companies in Zimbabwe. The Bill was finally drafted and presented in the House of



Assembly in 2007. It was vigorously opposed by the MDC-T led by Tsvangirai. However, the Bill passed into law because ZANU-PF had majority seats in the legislature, both the House of Assembly (lower house) and the Senate (upper house). The Indigenisation Act of 2007 was put into effect on 9 March 2008 before the formation of the PG. This Act provides the legal framework for the country's economic indigenisation programme which seeks to give indigenous black Zimbabweans at least fifty one per cent (51%) ownership in all sectors of the economy thereby making them major shareholders.

The Act defines indigenisation as 'a 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' (The Indigenisation and Economic Empowerment Act, Part 1). Within the context of this definition, it is important to note that one of the major criticisms levelled against the ZANU-PF government in the implementation of the Act is that it focuses on 'equitable ownership' of available wealth created by the whites and foreigners rather than the creation of new wealth. In addition, the Act defines empowerment as 'the creation of an environment, which enhances the performance of the economic activities of the indigenous Zimbabweans into which they should have been introduced or involved through indigenisation'. This means the indigenous Zimbabweans are favoured by being given more economic opportunities through affirmative action. Furthermore, the Act defines an indigenous Zimbabwean as 'any person who, before the 18th April 1980, was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of such person, and includes any company, association, syndicate or partnership of which indigenous Zimbabweans form the majority of the members or hold the controlling interest'. Although people of different identities in Zimbabwe such as the coloureds, Asians and even some whites can claim to have been disadvantaged before 1980 the Act is chiefly meant to benefit black Zimbabweans. As can be seen in the above definitions, the aim of the Indigenisation Act is, in short, to deliberately give more economic powers to the indigenous black people because they were discriminated against during the colonial period.

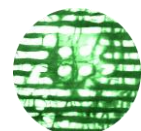
Zimbabwe's PG was deeply divided on the economic indigenisation programme. Although there were some differences on how the programme was supposed to be implemented within ZANU-PF, the party fully supported it. ZANU-PF even developed ideological and philosophical anchorage to support the economic indigenisation programme. In ideological terms, pro-ZANU-PF political analyst Tichaona Zindoga asserted that the economic indigenisation policy has deep psychological underpinnings as it seeks to 'rehumanise' the black people who suffered racist 'dehumanisation' through colonialism (*The Herald* 17/03/2011, Tichaona Zindoga: 8). The Indigenisation Act is viewed by ZANU-PF as a noble legislation which rectifies the imbalances that occurred during the colonial era. ZANU-PF insisted that black political independence without the control of the economy is meaningless (*The Herald* 04/02/2011, Herald Reporter: 4). To ZANU-PF, economic indigenisation is premised on the conviction that indigenous Zimbabweans must own and primarily benefit



from the exploitation and utilisation of their God given resources (Kasukuwere 2011: 3). ZANU-PF advances that the economic indigenisation policy will create equal opportunities for all Zimbabweans by dismantling the ownership of wealth along racial lines, as most resources are said to be in the hands of local whites and other non-indigenous people. ZANU-PF economic indigenisation activist Garikai Chengu claimed that black economic empowerment serves as both a pragmatic growth strategy that is designed to realise the nation's full economic potential and a means to strengthen the nation's democracy (*The Herald* 17/10/2011, Garikai Chengu). According to ZANU-PF, economic indigenisation will democratise the economy and ensure that Zimbabwean employees, communities and individuals own the nation's land, mineral resources and corporations (*The Chronicle* 01/11/2011). This will, predictably, increase the size of the economy and ensure that indigenous Zimbabweans own a big share of the economy. This is regarded by ZANU-PF as the only way to guarantee socio-economic rights, development, prosperity, democracy, sustainable peace and security. This, the party claims, will enable Zimbabweans to determine their own destiny, without foreign interference (Kasukuwere 2011: 3). These notions reflect that ZANU-PF's economic indigenisation programme has an ideological anchorage premised on economic nationalism with strong anti-colonial traits.

Contrary to the above, former MDC legislator and academic, Munyaradzi Gwisai (2011: 23) hold that ZANU-PF only initiated the economic indigenisation policy when it felt threatened by the MDC's liberal ideology which was supported by powerful Western businesses and financial powerhouses. To ensure its political survival, Gwisai claims that ZANU-PF undertook authoritarian political economic nationalism which portrayed the MDC as a retrogressive political party which want to serve the economic interests of the western nations. In doing so, ZANU-PF enacted the Indigenisation Act to seek political relevance and to win the hearts and minds of the electorate. Gwisai opine that ZANU-PF's economic indigenisation has long term political purpose which goes beyond winning elections in 2013. To Gwisai the policy seeks to give blacks loyal to ZANU-PF more economic powers so that they could partner with global capital. This will give ZANU-PF elites both economic and political dominance as what happened in post-Soviet Union Russia and Nigeria after military rule (Gwisai 2011: 23). In short, ZANU-PF is viewed as attempting to create a wealth oligarchy which will use capital to influence political events in the country for several years to come as what happened in Russia and Nigeria.

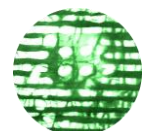
Following Gwisai's line of argument, the economic indigenisation programme can be regarded as political strategy meant to blend a local capitalists aligned to ZANU-PF with the international business community. In this way ZANU-PF's economic indigenisation can be said to have two major objectives. The first objective is likely to create local-foreign politico-economic alliances which are required to influence western governments to take a softer stance on the political elites in Zimbabwe in order to protect their broader economic interests. The second objective of economic indigenisation is more likely to be the desire to enrich ZANU-PF and its elites, in order to have more funds to run the party's political activities. In



this context, economic indigenisation will fulfil ZANU-PF's long term political and economic interests. Gwisai (2011: 23) posit that the current economic indigenisation policy is an elitist programme which leaves out the ordinary people and thereby fail to change the unequal and unjust elitist structure which exist. This argument seems plausible because economic indigenisation in the 1990s and all the land redistribution exercises have tended to benefit senior ZANU-PF politicians and those loyal to the party.

While ZANU-PF was firm and bold that the economic indigenisation policy is irreversible, its biggest partner in the PG, the MDC-T, shifted its goal posts (*The Herald* 18/10/2011, Takunda Maodza). On one end it argued that it was totally against the policy and on the other end it argued that the policy was noble but needed revision. MDC-T opposed economic indigenisation claiming that the timing and prioritisation was wrong (*The Standard* 14/02/2010, Vusumuzi Sifile and Ndamu Sandu). MDC-T and some sections of the business community questioned ZANU-PF's sincerity in passing the Indigenisation Act almost three decades after the attainment of independence (*The Herald* 02/11/2011, Obert Gutu). To the MDC-T, the Indigenisation Act was enacted by ZANU-PF to garner support from the electorate and was a stumbling block to economic recovery (*The Herald* 10/11/2011, Reason Wafawarova). The party argued that the law came at a time when the country was recovering from an economic crisis characterised by hyper inflation, massive unemployment and increased poverty (*The Independent* 19/01/2012). ZANU-PF never gave a solid and convincing explanation on the timing of economic indigenisation and this has strengthened MDCs claims that it is a populist policy which delays economic recovery and at worst even ruins the country.

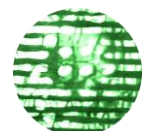
The MDC-T advanced that the Indigenisation Act needs revision as it promotes the grabbing of company shares by those well connected to ZANU-PF at the expense of the poor, foreign direct investment and job creation (*Newsday* 05/03/2012, Moses Matenga). MDC-T posited that the nation face de-investment, de-industrialisation and 'pauperisation' if the indigenisation policy is pursued in its current form (*The Herald* 10/11/2011, Reason Wafawarova). This view has been supported by neo-liberal scholars such as Booker Magure (2012: 67) who advances that the economic indigenisation policy contradicts universal economic principles primarily because it was adopted without entering into dialogue with relevant stakeholders. Magure contend that the policy is more likely to damage the economy as it scare investors. Economic Planning and Investment Promotion Minister and MDC-T Deputy Secretary General Tapiwa Mashakada argued that black economic empowerment is a noble idea but insisted that the Indigenisation Act must be amended for the country to attract foreign investment (*Newsday* 18/11/2011, Mernat Mafirakureva). Similarly, Justice Deputy Minister and MDC-T Senator Obert Gutu asserted that no foreign investor would be interested selling 51% of his or her shareholding to underfunded local investors (*The Herald* 02/11/2011, Obert Gutu). In addition, Gutu argued that foreign investors were less likely to start projects in countries like Zimbabwe where security for their investments were not guaranteed. In general, the MDC-T posited that for Zimbabwe to compete with other



developing countries in attracting foreign investment, it must come up with investor friendly laws (*The Herald* 02/11/2011, Obert Gutu). Echoing the above views, scholars such as Jabusile M. Shumba and Mohammed Jahed (2012: 169) reason that instead of implementing redistributive populist policies such as economic indigenisation, the Zimbabwean government should restore investor confidence by respecting the rule of law. They also advances that political stability, transparency and professionalism in the management of the country's funds are more important to achieve economic growth than economic indigenisation. The above political and scholarly views show that there are some sections of the Zimbabwean society which are firmly opposed to the Indigenisation Act.

ZANU-PF dismissed the argument put forward by the MDC formations, business organisations and economic analysts that Africa and Zimbabwe in particular will develop from massive foreign direct investment (FDI) (*The Herald* 16/07/2011, Tendai Chigova-Chiriseri). The party argued that the same FDI did not do much to improve infrastructure or the general welfare of the local people (*The Financial Gazette* 20/01/2012, Psychology Maziwisa). ZANU-PF indigenisation activist Tendai Chigova-Chiriseri claim that most African countries have tried to make themselves attractive for investment since the 1990s with Structural Adjust Programmes and advances in democratic rule but FDI has been very little or has not come at all (*The Herald* 16/07/2011). Rather, Chigova-Chiriseri holds that most FDI has gone to countries with massive democratic deficits which are politically friendly to the West. It is important to note that since 1999 ZANU-PF had been a critic of globalization and the role of international capital in Third World Countries. The party believes that in most cases foreign capital is used by developed nations to exploit natural resources in developing nations without bringing meaningful benefits to the local people.

ZANU-PF political activist and prolific writer of articles in state controlled media, Tichaona Zindoga, argues that the panacea for economic development for Zimbabwe and other developing countries is not FDI but a genuine wealth creating middle class that can drive the economy (*The Herald* 17/03/2011: 8). Zindoga opine that this class should be driven by the need to improve the living standards of all Zimbabwean citizens rather than profit. ZANU-PF is of the view that Zimbabwe has resources, educated and skilled people, who, if helped by the policy of economic indigenisation can set the country on course for industrialisation (*The Herald* 17/03/2011, Tichaona Zindoga). This argument by ZANU-PF concurs with a recent report by the United Nations' trade body that local entrepreneurs and not foreign investment have created most new jobs on the African continent (*The Herald* 08/11/2011, Garikai Chengu). Scholars such as Ernest J. Wilson III (1990: 402) have advances that economic indigenisation is one of the ways used by the state to counter the negative effects of FDI and to involve the nationals in the political economy. The sharp contrast between MDC-T and ZANU-PF on economic indigenisation shows how the nation was deeply polarised on the issue. It is interesting that these two major political parties had scholarly arguments to support their positions and ideological standing, and this created serious problems in implementing the Indigenisation Act.

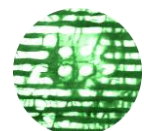


The smaller faction of MDC formerly led by the then Deputy Prime Minister Mutambara and now by Welshman Ncube gave conflicting positions on economic indigenisation due to its internal divisions. Mutambara, who lost the leadership of the MDC-M in 2010, strikingly differed with colleagues in his party as he largely supported economic indigenisation. For the most part of his tenure in the PG, Mutambara remained the Deputy Prime Minister due to Mugabe's benevolence after he had been recalled from his post by his MDC-M party which now wanted Ncube to take over the Deputy Premiership. Mutambara who claim to be a pan-Africanist was criticised by political parties and political analysts for seeking political relevance by propping up ZANU-PF in order to cling on to his post. Mutambara advanced that there is nothing really wrong with Zimbabwe's economic indigenisation programme as it is a normal practice the world over (*The Herald* 06/05/2011, Victoria Ruzvidzo). He cited countries like China and Malaysia whose economies grew rapidly in recent years because of their economic policies which deliberately favoured indigenous people. Mutambara propounded that when Zimbabweans are economically empowered foreign investments will be more secure than in a situation when the majority black people are poor.

Mutambara echoed ZANU-PF sentiments by reasoning that even though foreign investors bring capital, technology and skills, Zimbabweans must be recognised as the ultimate owners of the country's valuable resources hence the need to give them fifty one percent (51%) shareholding (*The Herald* 06/05/2011, Victoria Ruzvidzo). Just like ZANU-PF, Mutambara asserted that taxes and royalties paid by trans-national companies are not enough benefits for the Zimbabwean people, hence the need for them to be major shareholders. In political terms, Mutambara (2011: 9) opine that there is nothing wrong for ZANU-PF to use the economic indigenisation policy to gain political mileage because in politics any idea or policy can be used to gain votes. While Mutambara might have supported the economic indigenisation to retain his post, this can indicate that there were some individuals within the MDC parties who secretly admired and supported economic indigenisation but who could not do so openly for fear of victimisation by their political parties.

Although Mutambara supported the economic indigenisation programme, his party was largely inclined towards opposing it on the grounds that it discouraged foreign investment. MDC-M's new leader and the then Industry and Commerce Minister Welshman Ncube, asserted that it is easy to indigenise the economy but empowering people is a process (*Zimbabwe Independent* 16/09/2011, Paul Nyakazeya). Ncube also criticised the government for taking economic indigenisation more or less as a policy adventure to the neglect of the 'how' elements of the programme. These views by Ncube are quite plausible because empowering and improving the living standards of ordinary Zimbabweans is not an overnight event, but needs more time in order to ensure careful planning by the government. The programme also requires transparency and accountability by all the relevant stakeholders to be successful. Having outlined the divergent views of political parties and scholars the following section focuses on the conflicts among the three political parties which were in the PG on the implementation the Indigenisation Act.

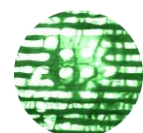
Power sharing politics and the implementation of the Indigenisation Act



Although Zimbabwe's PG consisted of three political parties, ZANU-PF outmanoeuvred the other two because it enjoyed the benefits of incumbency and, therefore, had structural power. This is quite peculiar when one looks at how the economic indigenisation policy was implemented. The Ministry of Youth Development, Indigenisation and Empowerment which shall be shortened in this paper as the Indigenisation Ministry, was primarily responsible for implementing the Indigenisation Act. During the negotiations to form a PG ZANU-PF made sure that none of the MDC parties would control this ministry. The head of this ministry was Saviour Kasukuwere who was a legislator and a member of the ZANU-PF's highest decision making body, the Politburo. ZANU-PF and Kasukuwere through the Indigenisation Ministry implemented indigenisation regulations without consulting the Prime Minister, ministers from MDC-T and MDC-M. In implementing the Indigenisation Act, Kasukuwere gazetted several Statutory Instruments, and issued several proclamations and ultimatums to foreign owned firms. The Indigenisation Ministry also threatened hefty fines, withdrawal of licences and imprisonment of company directors or owners who did not comply with the economic indigenisation regulations (*The Financial Gazette* 07/09/2011). In doing this, ZANU-PF provoked MDC-T and MDC-M on several occasions. The Indigenisation Ministry often discovered its mistakes, responded to criticism and opposition. As a result, the Indigenisation Ministry both relaxed and tightened the provisions of the economic indigenisation regulations depending on the circumstances and ZANU-PF's political interests (*The Zimbabwe Independent* 16/09/2011, Paul Nyakazeya). As a result of differences, the Indigenisation Act is now a patchwork of amendments. This section explains how ZANU-PF used its incumbency and structural advantage to marginalise the MDC parties in implementing the Indigenisation Act.

PG, ZANU-PF's structural power and economic indigenisation

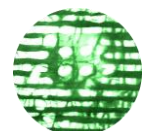
Zimbabwe's PG government was characterised by what Nic Cheeseman (2011: 344) has called the politics of partisanship. This is when rival political parties in a power sharing arrangement have nothing common in their history of trying to get power and do not have common interests or vision for the future. As a result previous conflicts and deep divisions between political parties will resurface in an inclusive government and cause deadlock in policy making and implementation. In this situation if the previous incumbent political party has leverage on policy making the parties which have joined the government recently will continue to be regarded as 'opposition'. Indeed because of their marginalisation by the incumbent political party, political parties which are newcomers in the governance of a country will behave like opposition groups. In Zimbabwe the politics of partisanship has led to the implementation of the Indigenisation Act by ZANU-PF without proper consultation of other political parties as agreed in the Global Political Agreement which gave framework for the PG. Article 20.1.4 of the GPA mandated Prime Minister Tsvangirai with monitoring the formulation and implementation of government policies by ministers. To ensure that the Prime Minister properly discharged his responsibility to oversee the implementation of the work of government, he chaired the Council of Ministers which consisted of all cabinet ministers (The Interparty Political Agreement, Article 20.1.5). Despite the clarity on Prime



Minister Tsvangirai's responsibility in the PG some ZANU-PF ministers refused to report to him as they still considered him the leader of the 'opposition' political party whose future vision is different from theirs (*Zimbabwe Independent* 03-09/02/2012, Owen Gagare). This made it difficult for Prime Minister Tsvangirai to monitor the implementation of government policies including economic indigenisation. This chapter will substantially explain how the politics of partisanship led to the contemptuous behaviour by ZANU-PF and Indigenisation Minister Saviour Kasukuwere towards Prime Minister Tsvangirai, MDC-T and MDC-M in the implementation of the economic indigenisation programme.

Although Zimbabwe's PG had three political parties, ZANU-PF enjoyed the benefits of incumbency and power was tilted in its favour. The nature of the GPA itself gave ZANU-PF leverage over other political parties. Norma Kriger (2012: 14) attests that most of the agreements in the GPA were political posturing and did almost nothing in transferring real powers from ZANU-PF to the MDC parties. The ZANU-PF leader, President Mugabe, was the head of state and government and was firmly in control of security apparatus of the state which includes the police, intelligence, prisons and the army. Although the Ministry of Home Affairs, in which the police force falls under, had two co-ministers, one from ZANU-PF (Kembo Mohadi) and the other from MDC-T (at first Giles Mutsekwa and later Theresa Makone), Mugabe had direct control of the police because the Police Commissioner General reported to him. This was an advantage for ZANU-PF in enforcing the implementation of the Indigenisation Act when there was non-compliance. Zimbabwe's PG confirms Andreas Mehler's (2009: 6 – 7) assertion that in a PG, the chances of reform are little if the incumbent head of state and government served in the previous administration. Nic Cheeseman and Blessing-Miles Tendi (2010: 206) stated that in Zimbabwe there was politics of continuity as Mugabe and ZANU-PF refused to create space for governance and institutional reforms wanted by the MDC parties. As result of the above scenario there was no real power sharing because while ZANU-PF could push its resolutions through the use of hard power the MDC parties only had to rely on soft power such as persuasion, protests and threats to quit the PG.

ZANU-PF had structural power because it had been in power since 1980 and its influence was firmly entrenched in all ministries and knew how the government structures could be manipulated for partisan interests. Most top ZANU-PF officials and senior civil servants aligned to the party are major beneficiaries of the land reform, past and current economic indigenisation programmes. Ernest J. Wilson III (1990: 406) postulated that in most African countries the line between politicians and senior civil servants on one hand and the bourgeoisie is blurred. In most cases senior bureaucrats align themselves to the ruling parties and use their positions to implement government policies which promote their economic interests. Ruling party officials and senior bureaucrats' economic interests often clash with those of independent commercial class hence the former's use of power against the latter. This situation has been attested by the Zimbabwean case. Booker Magure (2012: 69) has advanced that since independence business in Zimbabwe has been conducted in a neo-patrimonial context to contain the emergence of a national bourgeoisie independent from



ZANU-PF. Magure noted that most successful business people in Zimbabwe are loyal to ZANU-PF and those who became disobedient from the party were ruthlessly dealt with. During the period of Zimbabwe's PG most ZANU-PF politicians and senior civil servants, including those working in ministries under MDC ministers, fully supported economic indigenisation. Most senior civil servants, for example permanent secretaries, have been working for ZANU-PF led governments for years and were loyal to the party to protect their jobs.

ZANU-PF had great influence and sometimes full control of 'economic development ministries' whose co-operation was essential in implementing the economic indigenisation programme. These ministries include:

- Youth Development, Indigenisation and Empowerment;
- Mines and Mining Development;
- Small and Medium Enterprises and Co-operatives;
- Finance;
- Industry and Commerce;
- Economic Planning and Investment Promotion; and
- State Enterprises and Parastatals.

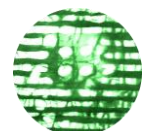
To start with, ZANU-PF was in charge of the Indigenisation Ministry which implemented the Indigenisation Act. As noted earlier the ministry was headed by Kasukuwere. Although the MDC-T seconded deputy ministers in that Ministry, at first Thamsanqu Mahlangu, and later Tongai Matutu, their views were usually ignored as they were regarded as 'opposition' views and in some cases they were often not consulted by their colleagues who were largely ZANU-PF supporters. The Permanent Secretary in that Ministry, G. Magosvongwe, had strong connections with ZANU-PF. Members of the National Indigenisation and Economic Empowerment Board (NIEEB) had links with ZANU-PF and according to the Indigenisation Act they were appointed by the Indigenisation Minister. The board's chairman was David Chapfika, its chief executive officer was Wilson Gwatiringa, all with links to ZANU-PF. Since members of this Board advise the Indigenisation Minister on strategies and appropriate measures in the implementation of the economic indigenisation programme, this made it easier for ZANU-PF to implement the programme without much opposition from within the Indigenisation Ministry.



ZANU-PF was also in charge of the Ministry of Mines and Mining Development which was critical in implementing the economic indigenisation programme since the control of mineral resources by black Zimbabweans is one of the programme's primary objectives. Obert Mpofu, a legislator and ZANU-PF politburo member was the Minister. The MDC-T seconded, at first, Murisi Zwizwai, and later Gift Chimanikire as deputy ministers. However, they suffered the same fate as their colleagues in the Indigenisation Ministry as their views were either ignored or not taken seriously by the ZANU-PF minister and his colleagues in the ministry. Moreover, the NIEEB sectoral committee on mines was filled by individuals with links to ZANU-PF such as Tinashe Rwodzi, who was the chairman, Chris Hokonya, Christopher Mutsvangwa, Trevor Manhanga, Trynos Nkomo, Annackleta Gumba, Hamilton Pazvakavambwa, Walter Sarabga, Richard Mubaiwa, Supa Mandiwanzira, Eng Mukudu, Forbes Magumbate, Elizabeth Chitiga and John Mangudya. Victor Gapare who was the president of the Chamber of Mines of Zimbabwe was once a member of this board but was fired by NIEEB chief executive officer Wilson Gwatiringa for opposing the method used in the indigenisation of mines in the country (*Zimbabwe Independent* 24/09/2010, Chris Muronzi). This shows that ZANU-PF was keen to line up its supporters in government structures to facilitate the implementation of the economic indigenisation programme.

ZANU-PF was also in full control of the Ministry of Small and Medium Enterprises and Co-operatives where its legislator Sithembiso Nyoni was the minister. The ministry had no deputy minister. The permanent secretary and other senior civil servants in this ministry had links with ZANU-PF. The only ministries in which ZANU-PF had limited leverage on were Finance; Industry and Commerce; Economic Planning and Investment Promotion; and State Enterprises and Parastatals. ZANU-PF had limited structural advantage and lacked full control of these ministries. When the PG was formed, Tendai Biti, the Secretary General of the MDC-T who was widely believed to be very competent, principled and uncompromising became the Finance Minister. However, the Permanent Secretary in this ministry, Willard Manungo and other senior civil servants in this ministry had links with ZANU-PF. The Reserve Bank of Zimbabwe Governor Gideon Gono, though a critic of the way in which the Indigenisation Act was implemented, has links with ZANU-PF and is a beneficiary of previous and current economic indigenisation programmes.

Welshman Ncube who succeeded Mutambara as the President of the MDC-M party which was in PG was the Industry and Commerce Minister. Elton Mangoma, an MDC-T legislator, was the Minister of Economic Planning and Investment Promotion before he was moved by his party to the Ministry of Energy and Power Development. Mangoma was replaced by MDC-T legislator and Deputy Secretary General Tapiwa Mashakada. Gabuza Gabbuza was the Minister of State Enterprises and Parastatals before he was transferred by his party to the Ministry of Public Works. Gabuza was replaced by Gordon Moyo of the MDC-T. However, it must be noted that ZANU-PF had deputy ministers in the ministries of Industry and Commerce; Economic Planning and Investment Promotion; and State Enterprises and Parastatals who were Michael Bimha, Samuel Undenge and Walter Chidhakwa respectively.



Moreover, the permanent secretaries and other senior civil servants in these ministries were largely ZANU-PF supporters. This shows that ZANU-PF, as a former ruling party, had an advantage of structural power over other political parties in the PG and it had great capacity to influence policy formulation and implementation. Having outlined how ZANU-PF enjoyed the benefits of incumbency to the disadvantage of other political parties, the following section discusses the conflicts which arose in the PG over the implementation of the Indigenisation Act.

Inter-party disputes on the implementation of the Indigenisation Act

Despite its structural advantage and power in government ZANU-PF was challenged by the MDC-T and MDC-M over the implementation of the Indigenisation Act. The opposition by the MDC parties to the implementation of economic indigenisation policy by ZANU-PF resulted in what Carl A. LeVan (2011: 32) has regarded as bargaining gridlock and fragmentation of policy preferences. This is a situation whereby differences among political parties result in long negotiations, delay or even prevent the implementation of a policy. One of the major findings of this study is that before political parties in a PG agree to formulate and implement a policy they first consider their short and long term financial, tactical and strategic interests. In the Zimbabwean context political parties considered the extent to which they could gain more support from the electorate needed to win the 2013 elections. However, the MDC political parties also considered the implications of the economic indigenisation policy on foreign direct investment and the general performance of the economy.

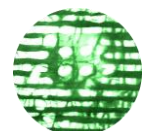
In January 2010 the Indigenisation Ministry, which was under ZANU-PF's firm control, gazetted the first indigenisation regulations in Statutory Instrument 21 of 2010. The regulations required all companies to submit the racial composition of their shareholdings by mid-April 2010 (Statutory Instrument 21 of 2010. Indigenisation and Economic Empowerment (General) Regulations, 2010). The regulations also required non-indigenous companies operating in Zimbabwe to arrange the transfer of 51 per cent of their shares to indigenous Zimbabweans within five years. In these regulations mining companies were required to submit an indigenisation plan within 45 days and thereafter dispose of 51 per cent to qualified indigenous Zimbabwean companies or investors. The Statutory Instrument provided that violators of indigenisation regulations could be punished by a fine of \$2 000 or up to five years in prison. Again in February 2010, the Indigenisation Ministry gazetted a new statutory instrument known as Indigenisation and Economic Empowerment (General) Regulations which stipulated that all existing businesses with a threshold of US\$500 000 were to declare their shareholding to the ministry through a prescribed form within 45 days from 1 March 2010 (*The Financial Gazette* 18/02/2010, Bornwell Chakaodza). This means the deadline was 15 April 2010. In terms of these regulations, new companies were also obliged to comply within 60 days and company owners who fail to meet the stipulated deadlines risked hefty fines or imprisonment. As noted earlier since the Indigenisation Ministry and the



NIEEB were staffed with people with links to ZANU-PF the above regulations sailed through the ministry structures without opposition, hence there was no debate over the issue. The regulations were only faced opposition from other ministries and political parties after being gazetted. This shows the problem of excluding critical voices in government departments and boards.

These regulations were received with both approval and condemnation. Economic empowerment hardliners in ZANU-PF came out in full support of the regulations (*The Financial Gazette* 18/02/2010, Bornwell Chakaodza). Some economic analysts and academics criticised the regulations for scaring foreign investment. In government the issue degenerated into a dispute between ZANU-PF and the two MDC formations. Tsvangirai made it clear that that his MDC-T party was unhappy with the implications of the Indigenisation Act and its regulations. The MDC-T issued a statement in which it alleged that the regulations were 'clandestine, nicodemous, provocative and anti-investment' (*The Standard* 14/02/2010, Vuzumusi Sifile and Ndamu Sandu). The MDC-T condemned the regulations as unprocedural and unilateral ZANU-PF decisions which have far-reaching negative consequences on investment in the country. Tsvangirai claimed that Kasukuwere never consulted him or the MDC-T ministers whose portfolios were affected by the regulations. Consequently, Tsvangirai declared that the regulations were 'null and void' because according to the GPA he was responsible for government policy formulation and implementation. As a party, the MDC-T expressed great concern about the implications of the indigenisation regulations on the Ministries of Finance and; Economic Planning and Investment Promotion which were under its direct control (*The Financial Gazette* 18/02/2010, Bornwell Chakaodza). These ministries' responsibilities, among other things, were the mobilisation of resources and attracting foreign investment for economic recovery. The above concerns by the MDC-T justify scepticism over PGs in countries where policies are formulated and implemented on partisan basis.

The MDC-T also claimed that the economic indigenisation regulations were part of ZANU-PF plans 'to create a new arena for looting' and warned that Zimbabweans were unlikely to benefit from them (*The Standard* 14/02/2010, Vuzumusi Sifile and Ndamu Sandu). The party also vindicated that the new regulations legalised the seizure of companies in the manner in which farm invasions took place with the blessing of ZANU-PF in the early 2000s (*The Financial Gazette* 18/02/2010, Bornwell Chakaodza). The MDC parties criticised hefty fines and long prison sentences as 'unconstitutional' (*The Herald* 12/08/2011, Golden Sibanda). Tsvangirai and the Council of Ministers gave Kasukuwere and the Indigenisation Ministry up to 1 March 2010 to revise the regulations (*The Standard* 14/02/2010, Vuzumusi Sifile and Ndamu Sandu). Despite pronouncements by Prime Minister Tsvangirai and his MDC-T party that the regulations were null and void, Kasukuwere remained adamant saying he had done 'enough consultations' and the regulations will not be reversed. Kasukuwere dismissed concerns that the economic indigenisation regulations discouraged foreign investment (*The Financial Gazette* 18/02/2010, Bornwell Chakaodza). The conflicts between Prime Minister

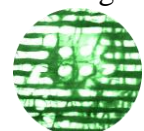


Tsvangirai and Indigenisation Minister Kasukuwere over the indigenisation regulations were a manifestation of the broader politics of partisanship prevalent in Zimbabwe's PG.

The cabinet suspended the Indigenisation and Economic Empowerment (General) Regulations, Statutory Instrument 21 of 2010 on 11 March 2010 after a series of heated Cabinet and Council of Ministers meetings (*The Zimbabwe Independent* 22/04/2010, Dumisani Muleya). Due to overwhelming pressure stemming from Tsvangirai, MDC-T and MDC-M ministers, business community and academics; Mugabe, Kasukuwere and other ZANU-PF ministers accepted to revise the regulations. The Indigenisation Ministry was urged to drop the 'one-size-fits-all' approach in implementing the Indigenisation Act in various sectors of the economy. In order to ensure proper consultations, thirteen sector-specific committees were set-up at various ministries to examine the peculiarities of each sector. The revised regulations considered sector-specific and sector-sensitive measures as requested by corporate bodies, and individual companies. Stakeholders in different sectors such as mining, manufacturing, tourism, agriculture and retail, among others were allowed to use their own systems to come up with specific thresholds and determined their own timeframe to implement them (*The Standard* 20/03/2010, Vusumuzi Sifile). These developments show that although ZANU-PF was in full control of the Indigenisation Ministry it was often pressed to revise its method of implementing the economic indigenisation policy. However, those revisions only took place after a policy gridlock characterised by protests, confrontations and heated cabinet meetings.

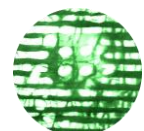
The MDC-T and MDC-M ministers in cabinet also pressurised Kasukuwere to extend the deadline for companies which failed to submit their indigenisation plans on 15 April to 15 May 2010. In extending the deadline the Cabinet considered that many companies which were affected by the indigenisation law were headquartered abroad and have complicated shareholding structures, hence they needed more time to make decisions (*The Herald* 12/04/2010). The disputes and amendments of these regulations show the extent to which the inclusive government was divided over the implementation of the economic indigenisation policy. The amendments also show that despite its structural advantage and power in the PG, at times ZANU-PF gave in to the demands of the two MDC parties. Despite the amendments to Statutory Instrument 21 of 2010 it must be noted that fines and imprisonment were not revised although they were criticised as unconstitutional. The unilateral declaration of economic indigenisation regulations by the ZANU-PF led Indigenisation Ministry and the opposition to them by the MDC parties is a manifestation of policy gridlock in Zimbabwe's PG.

Cases where ZANU-PF gave in to MDCs demands like the above were largely exceptional. More often than not, ZANU-PF refused to compromise on most of its positions on economic indigenisation. The response by the MDC parties to ZANU-PF unilateralism was to a greater degree protest and capitulation (Cheeseman and Tendi 2010: 221). Rather than withdrawing



from the PG, the MDC parties often saw remaining in it as a better option. The MDC-T believe if it continued to serve in the PG and improve the socio-economic conditions of the majority the electorate would reward it in the 2013 elections. Another typical example of ZANU-PF unilateralism was when the Indigenisation Ministry gazetted General Notice 114 of 2011 on 25 March 2011 which outlined changes to the Statutory Instrument 21 of 2010 (*Zimbabwe Independent* 1 – 7/04/2011, Cris Muronzi: 14). This was done without consulting the Prime Minister's Office, other ministries and relevant stakeholders. Under this altered law, the Government required all foreign owned mining companies with a net asset value (NAV) of US\$1 to dispose not less than 51% of their shares or controlling interest to indigenous people by 25 September 2011. This was a change from the net asset value of US\$500 000 gazetted in the Indigenisation and Economic Empowerment (General) Regulations of February 2010. By the Government Gazette Extraordinary, the Indigenisation Ministry prescribed that the 51% should be disposed to the indigenous people or 'designated' entities which include companies owned by the state such as Zimbabwe Mining Development Corporation (ZMDC) or any company owned by indigenous Black people (*Zimbabwe Independent* 1 – 7/04/2011, Eric Bloch: 12). With regard to mining companies, the regulations stated that the value of the shares or other interests required to be disposed of shall be calculated on the basis of valuation agreed to between the minister and the non-indigenous mining business concerned (*Zimbabwe Independent* 1 – 7/04/2011, Cris Muronzi: 14). The regulations also stated that the valuation 'shall take into account the state's sovereign ownership of the mineral or minerals exploited or proposed to be exploited' by the foreign investors. Legal experts said the regulations were meant to effectively lower the value of mining companies. In other words, the regulations were meant to give the Indigenisation Ministry an upper hand in determining the value of mining companies. Economic analyst Eric Bloch claimed that the new regulations were tantamount to theft and an attack on property rights enshrined in the constitution (*Zimbabwe Independent* 1 – 7/04/2011: 12). As was the case with other regulations passed earlier, the Indigenisation Ministry did not consult the Prime Minister's Office, other ministries and relevant stakeholders. Despite outcry from the MDC parties, the business community and academics the new regulations were enforced. This largely shows that there was no real power sharing in Zimbabwe's PG. The concerns by the MDC parties were often ignored by ZANU-PF despite that they controlled the premiership and that their members out-numbered those of ZANU-PF in the cabinet and parliament when they are combined.

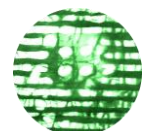
Indigenisation Minister Kasukuwere also used threats to force foreign firms to comply with the indigenisation regulations. While addressing captains of industry in Bulawayo on 18 May 2011, Kasukuwere stated that the government would take punitive measures against foreign-owned firms which fail to comply with the economic indigenisation regulations (*Zimbabwe Independent* 20/05/2011, Nqobile Bhebhe). Kasukuwere revealed that non-compliant firms would be banned from exporting their products or their operating licences could be



withdrawn. He also alleged that some foreign firms expected the government to violently takeover their assets so as to attract the attention of other countries. He stated that the government was not going to use violence in implementing the economic indigenisation policy because the law was on its side. What is interesting here is that Kasukuwere and the Indigenisation Ministry used regulations which were often not approved by the Cabinet, Council of Ministers, Parliament and other relevant stakeholders to threaten foreign owned firms with trade ban and licence withdrawal. This proves beyond doubt that despite Zimbabwe's PG consisting of three political parties, the way in which ZANU-PF implemented the Indigenisation Act through the Indigenisation Ministry shows that it was the de facto ruling party. To a large extent, ZANU-PF and the Indigenisation Ministry's actions certifies the pessimism expressed by scholars over PGs in countries where state departments are run in a partisan manner.

Although ZANU-PF was to a large extent uncompromising in its implementation of the Indigenisation Act, it made efforts to refine the regulations to make them friendlier to investors. What is not clear is whether ZANU-PF made the amendments as a gesture of goodwill or due to pressure from its coalition partners in the PG and other stakeholders in business. In early August 2011 Indigenisation Minister Kasukuwere made more amendments to Statutory Instrument 21 of 2010 by reducing fines and prison sentences for violators of the Indigenisation Act and its regulations (*The Herald* 12/08/2011, Golden Sibanda). The Statutory Instrument reduced the fines for violators of the economic indigenisation legislation from US\$2 000 to US\$1 000 and US\$700 depending on the nature of the offence. The sentences of imprisonment were also reduced from five years to twelve, four or three months depending on gravity of the violation. The amended regulations also stated that instead of imprisoning owners; convicted companies, private business corporations, partnerships and associations would be liable to a fine. The ZANU-PF controlled Indigenisation Ministry used these piecemeal amendments to portray itself as a progressive government department which can respond positively to criticism while remaining firm on many controversial regulations. The Indigenisation Ministry, by and large, insisted that the ultimate objective economic indigenisation is to make indigenous black people the major shareholders in all sectors of the economy.

Despite threats to withdraw licences and impose sanctions on non-indigenous companies most of them did not submit their economic indigenisation plans by the 25 September 2011 deadline. NIEEB chief executive officer Wilson Gwatiringa urged non-compliant foreign firms to submit their indigenisation plans (*The Herald* 28/09/2011, Golden Sibanda). Gwatiringa threatened that the Indigenisation Compliance Inspectorate, from the Indigenisation Ministry and the Zimbabwe Republic Police will carry out the indigenisation compliance audit for all companies and recommend appropriate measures which include fines and licence cancellation. On 30 September 2011 Kasukuwere issued a 14-day ultimatum to

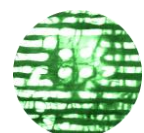


companies which did not comply with the economic indigenisation regulations to do so or lose their licences. These include mining firms like Murowa Diamonds, Metallon Gold, and Anglo-American and banks such as the Standard Chartered Bank, Barclays and Stanbic (*The Herald* 30/09/2011, Herald Reporter). Banks were also threatened with unspecified action if they fail to submit their economic indigenisation plans.

The failure by most mining companies and banks to meet the deadlines set by the Indigenisation Ministry was either because they did not have enough time to come up with well prepared indigenisation plans or they were resisting the orders they were given which threatened their interests. However, to a large extent most mining firms and banks were resisting because the PG was divided on the regulations which were used to set the deadlines. Thus the MDC parties' opposition to both the Indigenisation Act and its regulations emboldened mining firms and banks to resist the orders given by the Indigenisation Ministry thereby preventing the smooth implementation of the economic indigenisation policy. This certifies the central argument of this study: PGs are an obstacle to economic development in countries where policies are formulated and implemented on partisan basis and where state institutions are politicised.

Blurring inter-party lines: Indigenisation Ministry versus Finance and Mines Ministries

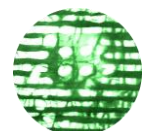
While the major conflicts over the implementation of the Indigenisation Act pitted ZANU-PF and the two MDC political parties, there were also disputes among ministries or departments controlled by ZANU-PF itself. The Indigenisation Ministry clashed with other ministries and departments headed by ZANU-PF officials. This raised emotions and provoked some cabinet ministers and other senior government officials who accused Minister Kasukuwere of apportioning himself powers of a super-minister by encroaching upon their ministerial mandates (*The Zimbabwe Independent* 02/12/2011, Paidamoyo Muzulu). A typical example is the clash between the Indigenisation Ministry and the Reserve Bank of Zimbabwe headed by Governor Gideon Gono. To a large extent, Gideon Gono retained his post during the PG period through the support of ZANU-PF. The Reserve Bank of Zimbabwe is one of the most important departments which falls under the Finance Ministry, then headed by Tendai Biti, the Secretary General of the MDC-T. Gono had been the Governor of the Reserve Bank of Zimbabwe, President Mugabe's trusted banker and one of the chief economic advisers to the ZANU-PF government since 2004. Gono's continued tenure at the central bank during the tenure of the PG was a direct result of Mugabe who used his political muscle to defy calls by the MDC-T, MDC-M, the civil society and even some senior ZANU-PF officials who wanted him to resign for alleged mismanagement of the financial sector from 2004 to 2008. On the other hand his boss, Finance Minister Biti, was widely perceived as a very competent, principled and uncompromising government official. His tenure as Finance Minister gained him credit for reducing inflation from 231 million per cent to less than ten per cent (Movement for Democratic Change Election Manifesto 2013: 5). Although this is disputed by ZANU-PF, Biti played a critical role in the adoption of a multi-currency system which



stabilised the economy and restored normalcy in the banking sector. As Finance Minister, Biti in particular had been on record calling for the resignation of Gono and the two were perceived by the media as enemies.

Despite the above background, Gono colluded with Biti in defending the interests of the financial sector and banks which were threatened by Kasukuwere's Indigenisation Ministry. The two officials publicly attacked the implementation of the economic indigenisation programme, particularly the indigenisation of banks. They advised ZANU-PF against formulating and implementing retrogressive policies for political expediency at the expense of the economy (*The Zimbabwe Independent* 26/03/2010, Chris Muronzi). While they attested their support for economic indigenisation programme, they claimed that they were against its 'content, style and approach'. They encouraged the government to amend some of the 'not-so-flexible clauses' of the Indigenisation Act to make them meet the dictates of modern and international standards of the banking sector and to make the country friendly to FDI. The two officials maintained that it was impossible to indigenise a sophisticated and sensitive banking industry using 'crude tactics' as advanced by Kasukuwere's Indigenisation Ministry. They blasted the regulations in Statutory Instrument 21 of 2010 as 'one-size-fits-all and indiscriminate' and asserted that they will not work for non-agricultural sectors of the economy. Gono was accused by some supporters of ZANU-PF, particularly the war veterans, for siding with the MDC parties in criticising the implementation of the Indigenisation Act despite being protected by President Mugabe for him to remain as the Governor of the Reserve Bank of Zimbabwe. On the whole it can be argued that Gono was quite aware that he retained his position largely because of the support from ZANU-PF and President Mugabe. However, as someone with knowledge on the financial sector and the operation of banks within the framework of an international monetary system, he was bound by professional ethics to tell ZANU-PF, President Mugabe and Kasukuwere the shortcomings of indigenising international banks such as Barclays, the Standard Chartered Bank and Stanbic.

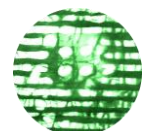
Gono called for order in the implementation of the economic indigenisation policy. He urged the government to learn from its mistakes during the land reform programme and called for transparency to ensure a broad based economic empowerment which benefits the youths and women. Gono often blasted his critics and those who were implementing economic indigenisation policy without taking sector-specific and sector-sensitive measures as being unpatriotic, the very language used by ZANU-PF against opponents of its populist policies such as the land reform and economic indigenisation. In response, Kasukuwere blasted Gono for criticising the Indigenisation Act and its regulations saying the latter was exploiting the issue to seek relevance in the PG. Kasukuwere declared that he was not going to accept what he described as 'megaphone advice' from Gono. In his capacity as the Governor of the Reserve Bank of Zimbabwe Gono consulted President Mugabe, Prime Minister Tsvangirai and Deputy Prime Minister Mutambara in order to re-look at the Indigenisation Act and its statutory regulations. Although the results of his consultations were never made public this



shows his scepticism towards the implementation of the economic indigenisation programme by ZANU-PF and the Indigenisation Ministry.

In early September 2011 Kasukuwere threatened banks such as Standard Chartered Bank, Barclays and Stanbic with fines and cancellation of licences if they fail to submit their economic indigenisation plans by 25 September (*The Zimbabwe Independent* 26/03/2010, Chris Muronzi). In response to Kasukuwere, Gono made it clear that the Reserve Bank of Zimbabwe, not the Indigenisation Ministry, was the only authority that can issue and withdraw licence from banks. Gono also insisted that he was not going to comply with Kasukuwere's orders and he expressed concern at the direction in which the black economic empowerment drive was taking the country to (*The Financial Gazette* 04/08/2011, Staff Reporter). Gono's position attests that not all politicians and or senior government officials aligned to ZANU-PF embraced the way in which the economic indigenisation policy was implemented. The clash between Kasukuwere and Gono is a typical example of contradictions within ZANU-PF over the implementation of the economic indigenisation policy.

Kasukuwere also clashed with his ZANU-PF colleague, Mines and Mining Development Minister Obert Mpofu over the withdrawal of licences from mining companies. In early November 2011, Kasukuwere wrote to mining companies threatening to withdraw their licences if they fail to comply with economic indigenisation regulations (*The Zimbabwe Independent* 02/12/2012, Paidamoyo Muzulu). At the end of November 2011 he unilaterally cancelled Caledonia Mining's licence. In response, Mpofu dismissed Kasukuwere's actions proclaiming that as the minister in charge of granting mining licences he had not revoked Caledonia Mining's licence and would not do so. This forced Kasukuwere to 'relicense' Caledonia less than 48 hours after 'withdrawing' its operating licence. Mugabe reprimanded Kasukuwere by telling him that the implementation of the economic indigenisation programme should be done in co-operation with other ministries and government departments. To a greater degree, the intervention by Mugabe in the misunderstanding between Kasukuwere and Mpofu shows that failure to consult other ministries and encroaching into their mandates had been one of the major problems of the Indigenisation Ministry in implementing the Indigenisation Act. This also proves that despite the establishment of sectoral committees in different ministries which were expected to advise on the implementation of the black economic empowerment policy in various sectors, the Indigenisation Ministry either did not consult them or did not listen to their advice. On the whole, disagreements and conflicts among ministries over the implementation of economic indigenisation show that the policy was not well co-ordinated within the government. The criticism to Kasukuwere by his colleagues aligned to ZANU-PF, Gono and Mpofu, shows that the economic indigenisation policy needed revision if it was to benefit all citizens. This may imply that even if ZANU-PF was the sole ruling party there were going to be disputes in implementing the economic indigenisation policy among government ministries due to poor co-ordination.



Indigenisation Ministry versus the legislature

The Parliament of Zimbabwe in which the MDC-T and MDC-M had more legislators than ZANU-PF when combined played a critical role in criticising, opposing, reversing and amending some of the regulations passed by the Indigenisation Ministry. The House of Assembly had the Parliamentary Portfolio Committee on Budget, Finance and Investment Promotion; made of legislators from different political parties who oversaw the operations of Indigenisation Ministry. This research discovered that some ZANU-PF legislators who could not openly oppose the way in which the Indigenisation Act was implemented for fear of victimisation, took advantage of this committee. When the findings of the committee were presented they hid behind MDC-T or MDC-M legislators.

In August 2011, the Parliamentary Portfolio Committee on Budget, Finance and Investment Promotion chaired by legislator and ZANU-PF central committee² member Paddy Zhanda criticised the way in which economic indigenisation was implemented (*The Financial Gazette* 04/08/2011, Staff Reporter). The committee criticised Section 16 of the General Notice 114 of 2011 for empowering the Indigenisation Ministry to compulsorily acquire private property by designating entities and primary state institutions (*The Herald* 15/12/2011). In addition, the committee criticised Section 21 of the General Notice for violating freedom of association by empowering the Indigenisation Ministry to impose partners on foreign investors. Overall, the committee noted that the regulations were an obstacle to investment and economic growth (*The Financial Gazette* 04/08/2011, Staff Reporter). Zhanda reasoned that besides economic indigenisation, political conflicts in the PG were also a threat to investment in the country. The Committee recommended that the Indigenisation Act and its statutory instruments be revised with all stakeholders for the good of the economy. At this point it is important to note that some senior ZANU-PF members did not support the manner in which the economic indigenisation policy was implemented but they could not openly oppose their party policy fearing political backlash. Although Zhanda was speaking on behalf of the committee he chaired which consisted of MDCs legislators, it is difficult to ascertain that he did not share those sentiments as an individual, and they might have been more such legislators in ZANU-PF. The same applies to the MDC legislators: despite the official opposition by their parties it is difficult to ascertain, at individual level, that they did not support the way in which economic indigenisation was implemented by ZANU-PF. This attests the complications caused by party positions and individual opinions in implementing government policies in a power sharing arrangement.

In response to the Parliamentary Portfolio Committee on Budget, Finance and Investment Promotion, the Indigenisation Ministry wrote a report which commended economic indigenisation as progressive measure meant to give Zimbabweans control of their natural resources to ensure socio-economic rights such as education, shelter and health care for current and future generations (*The Herald* 15/12/2011). The ministry stated that just like the

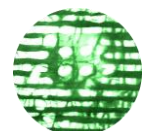
² ZANU-PF's Central Committee is the second most important decision making body after the politburo.



land reform programme in the early 2000s, there would be challenges in implementing economic indigenisation but these could not be used as reasons to stop giving Zimbabweans control of their resources. The report also advanced that economic deprivation of the majority presented a real threat to achieving real democracy, peace and stability in the country. The Indigenisation Ministry cited its achievements in empowering the majority which includes the launch of the community share ownership trust at Zimplats and employee share ownership trust at Meikles and Schweppes. Using the above arguments and achievements, the Indigenisation Ministry dismissed the criticism of the Parliamentary Portfolio Committee on Budget, Finance and Investment Promotion. This proves that the Indigenisation Ministry overpowered other state institutions such as the legislature in implementing the economic indigenisation programme by refusing to make concessions.

At this point it is noteworthy to mention that although the two MDC parties' had more legislators they had marginal input in the implementation of the economic indigenisation programme and could not repeal the Indigenisation Act. ZANU-PF had a significant number of legislators to block reforms which threaten its political or economic interests. This confirms Raftopolous' (2010: 716) assertion that under the PG there was a passive revolution in Zimbabwe because the MDC parties were forced to reconfigure themselves to the ZANU-PF matrix of politics and economics. In November 2011, MDC-T legislator and the Minister of Economic Planning, Tapiwa Mashakada moved a motion in the House of Assembly calling for the repeal of the provisions of the Indigenisation Act (*Sunday Mail* 12/11/2011, Kuda Bwititi). Mashakada stated that if the Act is repealed, as his party wished, the major variation would be in the share ownership to be given to indigenous people which would be reduced from 51 to 30 per cent. He stated that the 30 per cent would be distributed among employees, management, and to the sovereign wealth fund. This was in line with the MDC-T's economic plan model which emphasised on increasing FDI to bolster domestic production, creating jobs and boosting Gross Domestic Product (*The Herald* 01/11/2011, Garikai Chengu). According to the MDC-T this would expand the economy and all Zimbabweans will benefit from the resulting growth. The MDC-T's call for the repeal of the Indigenisation Act was in vain because of opposition from ZANU-PF legislators. The other advantage that ZANU-PF enjoyed was that its leader, President Mugabe, had executive powers which influenced the formulation and implementation of policies in the PG. Even if the parliament wanted to repeal the Indigenisation Act or modify its implementation Mugabe's consent was still needed. The above scenario implicitly reflects that the two MDC parties, which were largely seen as forces of change, did not have leverage over ZANU-PF to introduce democratic and governance reforms. Consequently, the participation of the MDCs in Zimbabwe's PG had marginal influence on the implementation of the Indigenisation Act.

On 19 August 2012 Parliamentary Thematic Committee on Indigenisation and Empowerment Policy presented its first report. The committee reported that most Zimbabwean people were not aware of the ways they can use to benefit from economic indigenisation (Zimbabwe Parliamentary Debates, The Senate, Vol. 21, No. 34, 19/06/2012, col. 973). This finding

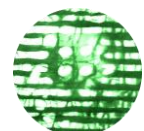


certified MDC-T's concern that the programme is meant to benefit ZANU-PF elites at the expense of the ordinary people. The committee recommended that if the economic indigenisation programme is to benefit everyone, the government should improve people's awareness through dissemination of information on how to benefit from community trusts and buy company shares. The committee also encouraged all relevant government ministries to co-operate in gazetting the necessary instruments and in assisting the National Indigenisation and Economic Empowerment Board to mobilise funds to spearhead economic indigenisation among the poor. The Parliamentary Legal Committee criticised hefty fines and long prison sentences as 'unconstitutional' (*The Herald* 12/08/2011, Golden Sibanda). Although long prison sentences for company owners and directors violated economic indigenisation regulations were reduced, most of the recommendations made by the Parliamentary Committees were brushed aside. Thus, while they exercised their oversight role over the Indigenisation Ministry, the Parliamentary Committees were rendered ineffective because their concerns were either not taken seriously or were ignored.

Economic indigenisation and western 'sanctions'

As highlighted earlier, Zimbabwe's economic indigenisation has been influenced by sanctions imposed on senior members of ZANU-PF and President Mugabe's government by Western countries. The MDC parties and Western nations maintained that human rights violations and electoral misconduct facilitated ZANU-PF victory in the elections held in 2000, 2002, 2004, 2005 and 2008. Sanctions were also imposed for alleged mismanagement of the economy and other undemocratic practices. However, ZANU-PF asserts that sanctions were imposed because it distributed land to black Zimbabweans to the dismay of the former colonial power, Britain, which influenced Western powers to punish Zimbabwe. The United States legalised its sanctions in its law through the Zimbabwe Democracy and Economic Recovery Act (ZIDERA) of 2001. The Act prohibits all multilateral financial institutions to which the United States has a director to withheld financial and technical assistance to the government of Zimbabwe (Zimbabwe Democracy and Economic Recovery Act of 2001). The United States also imposed travel bans, assets and financial freezes on top officials and security officers of the Zimbabwean government. European Union sanctions included an arms embargo, visa bans and asset freezes on senior government and ZANU-PF officials (*The Financial Gazette* 12 – 18/03/2009, Brian Mangwende: 9). Under the embargo, listed state officials are barred from travelling to Europe unless they are on official United Nations business. In addition, companies owned by ZANU-PF and its top officials are barred from conducting business with the European Union. The sanctioning of top government officials and companies raised questions as to whether the sanctions are targeted or comprehensive.

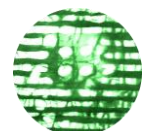
ZANU-PF dismisses Western claims that sanctions were imposed because of electoral misconduct, poor human rights and misgovernance. The party's economic indigenisation activist Rangu Nyamurundira asserted that the black empowerment policies which give control and ownership of natural resources, including land, to indigenous Zimbabweans posed



an 'unusual and extraordinary threat' against western economies which need natural resources from developing countries (*The Herald* 13/09/2011). This allegedly led to the imposition and renewal of sanctions. The manner in which the economic indigenisation policy was implemented by ZANU-PF seems as if the party had found the platform of vindictive politics against Western companies whose home governments had imposed 'illegal sanctions' on the country (*The Financial Gazette* 07/08/2011; Andreasson 2010: 5). Speaking at the launch of the National Anti-Sanctions Petition Campaign in March 2011 in Harare, President Mugabe averred that his government would take drastic measures against foreign companies whose mother governments imposed sanctions on Zimbabwe (*The Herald* 07/03/2011, Business Reporter). Mugabe urged those companies to start playing their part in calling for the removal of sanctions. ZANU-PF advanced that foreign owned companies should serve the interests of Zimbabweans the same way they serve the interests of the countries that were hurting the country's economy with sanctions. Britain, which is accused by ZANU-PF for influencing other Western nations to impose sanctions on Zimbabwe, has big firms in the country such as Barclays Bank and Standard Chartered Bank, and mining companies like Anglo America and Rio Tinto. Mugabe called on Zimbabwean people to boycott these companies' services and products and ordered the Indigenisation Minister Kasukuwere to start with Western companies in implementing the economic indigenisation policy. Although these statements by Mugabe may have been political rhetoric to gain support, they reflect that ZANU-PF's determination to indigenise the economy was influenced by the country's relations with Western nations which own major companies in Zimbabwe.

In early October 2011, Kasukuwere announced that the state had finished compiling the list of foreign-owned companies whose home governments had imposed sanctions on Zimbabwe and threatened to enact a legislation to deal with them in retaliation (*The Herald* 07/03/2011, Business Reporter; Matyszak 2011). Kasukuwere stated that the appropriate legislation would be announced, but did not give further details. ZANU-PF gained the support of Deputy Prime Minister Mutambara in its economic indigenisation and anti-sanctions campaign. Mutambara urged the United States and its European allies to lift sanctions on the country (*The Herald* 06/10/2011, Herald Reporters). He further posited that these two powers, which are critical of Mugabe and ZANU-PF, have no moral authority to comment on Zimbabwe's economic indigenisation programme because they imposed illegal sanctions. The above notions by senior government officials such as Mugabe, Mutambara and Kasukuwere testifies that the imposition of sanctions on Zimbabwe by Western countries emboldened ZANU-PF to craft and implement the economic indigenisation legislation.

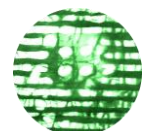
The Indigenisation Act was applied selectively with some Asian companies whose governments are considered to be friendly to Zimbabwe being exempted from complying with the law (*The Zimbabwe Independent* 06/10/2011, Tony Hawkins: 16). The exemption of Asian companies has to do with Zimbabwe's Look East Policy adopted in 2003. This policy is meant to counter the country's isolation by the West by increasing bilateral relations with Asian countries such as China, Russia, India, Japan, Malaysia, North Korea, South Korea,



Singapore and Vietnam (Youde 2007: 3). However, it seems Zimbabwe developed stronger economic and political ties with China than other countries for two major reasons. Firstly, the growth of China's economy since the 1980s has increased its appetite for raw materials and markets in Africa, and the isolation of Zimbabwe by the West increased trade between the two countries. Secondly, China supported ZANU-PF when it was fighting against colonial rule during the 1960s and 1970s. Since 2003 ZANU-PF has been emphasising its long, strong and sentimental relationship with China in order to convince the public that Zimbabwe can achieve economic growth without the support of Western nations which imposed sanctions on the country. China also criticised Western sanctions claiming they are a violation of Zimbabwe's sovereignty under international law (The 'Look East Policy' of Zimbabwe now focuses on China, Policy briefing paper, Friedrich-Ebert-Stiftung, Harare, 2004: 2). Moreover, China, together with Russia, vetoed United Nations Security Council resolutions which sought to impose mandatory sanctions on the Zimbabwean authorities for human rights abuses and electoral fraud.

With the above background ZANU-PF had a soft spot for Chinese companies and could even compromise the economic indigenisation legislation. On 2 March 2012 Indigenisation Minister Kasukuwere exempted a Chinese tobacco processing company Tiane Ze Tobacco from complying with the Indigenisation Act without the consent of his MDC-T and MDC-M colleagues in the PG, Ministers of Economic Planning and Investment Promotion; and Industry and Commerce respectively (*Newsday* 02/03/2012, Owen Chigare). Kasukuwere justified the exemption on the basis of a Memorandum of Understanding (MOU) the Chinese companies entered with the government. Kasukuwere also stated that the Chinese companies were supporting vital sectors of Zimbabwe's economy and deserved exemption from the economic indigenisation law. However, his justification falls short because he did not mention the vital sectors which were supported by the Chinese companies.

Special agreements were also made in order to exempt some companies owned by Asian countries from complying with economic indigenisation law. An Indian owned steel manufacturing company, Essar, which promised the government to revive the broke Zimbabwe Iron and Steel Company (ZISCO) was exempted from complying with the Indigenisation Act in March 2012 (*The Herald* 26/03/2012, Golden Sibanda). MDC-T and MDC-M ministers protested after discovering that Indigenisation Act was applied selectively (*Newsday* 02/03/2012, Owen Chigare). Kasukuwere responded by making it clear that exemption was only granted to companies owned by nationals whose countries were not hostile and had not imposed sanctions on Zimbabwe. ZANU-PF also stated that for Western companies, the demand for 51% shareholding for indigenous people is reasonable (*The Sunday Mail* 01/05/2011). However, the party threatened that, if western governments do not lift 'illegal sanctions' on the country, it may become necessary to demand 100 %, which means complete take over by citizens or government without compensation. The fact that some Asian companies were exempted from complying with the Indigenisation Act while Western companies were threatened with bans to export goods, hefty fines, licence

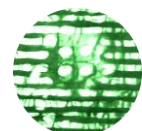


withdrawals or total takeover shows that ZANU-PF and the Indigenisation Ministry were retaliating against countries which imposed sanctions on Zimbabwe. This obviously caused disagreements within the PG.

Economic indigenisation and electioneering

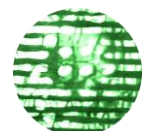
Donald Rothchild and Phillip G. Roeder's (2005: 44) assertion that PGs provides political groups with the opportunity build resources and come up with new strategies to prevail in the future round of elections has been testified by the Zimbabwean case. All political parties in the PG, especially ZANU-PF and MDC-T electioneered by supporting, criticising or opposing the economic indigenisation programme. ZANU-PF has a tradition of favouring its elite and supporters with tenders, jobs, land and other privileges (*The Standard* 30/10/2011, Caiphaz Chimhete; Saunders 2008: 80). Martin Dawson and Tim Kelsall (2012: 57) hold that since independence in 1980, ZANU-PF has developed a commercial empire based on patronage which it uses to gain political support from the business community and ordinary people. Since 2000, ZANU-PF has been using economic indigenisation and land reform to garner votes from the electorate. In the 2000s decade the party drew most of its votes from farming communities in rural areas which were threatened with losing allocated land if they do not vote for ZANU-PF (*The Standard* 30/10/2011, Caiphaz Chimhete). MDC-T Senator and the Deputy Minister of Justice Obert Gutu claimed that ZANU-PF enacted the Indigenisation Act in 2007 to attract the suffering masses and delayed its gazetting to avoid attracting further Western sanctions (*The Herald* 10/11/2011, Reason Wafawarova). In the run up to harmonised elections on 29 March 2008 ZANU-PF distributed seeds, fertiliser, farming implements, and food to farming communities to garner votes (*The Standard* 30/10/2011, Caiphaz Chimhete). ZANU-PF used the manifesto '100 % Empowerment, Total Independence' in the run up to the 27 June 2008 Presidential run-off election, whose inconclusiveness led to the formation of the PG. In this violent election, ZANU-PF promised the electorate economic indigenisation which meant giving blacks control of economic sectors such as mining, manufacturing, banking and insurance.

In December 2010, ZANU-PF chose the title 'Total control of our resources through indigenisation' as the theme for its conference in Mutare (*The Financial Gazette* 05/11/2010, Levi Mukarati). Prime Minister Tsvangirai averred that ZANU-PF was using economic indigenisation as its last strategy to lure the electorate (*Newsday* 05/03/2012, Moses Matenga). According to the MDC-T, ZANU-PF haphazardly implemented the economic indigenisation legislation which was weak and riddled with loopholes in order to embezzle large amounts of cash to enrich its senior officials and to fund its election campaign ahead of the 2013 elections (*The Zimbabwe Independent* 13/10/2011, Anne Fruehauf). In addition to these allegations, there were also accusations and counter accusations between Finance Minister Biti and Mines Minister Mpofu over the missing US\$ 400 million from the Marange diamonds. As the Finance Minister, Biti often complained about lack of transparency over revenues from the country's mining industry which was under ZANU-PF's firm control.



ZANU-PF accelerated the economic indigenisation drive to garner votes in the 2013 elections. ZANU-PF and the Indigenisation Ministry urged all mining companies in rural areas to cede at least 10% shareholding to surrounding communities. Between 2009 and 2013, ZANU-PF spearheaded 59 Community Empowerment Schemes covering 93 local authorities across the country's ten provinces (Team ZANU-PF 2013: Taking Back the Economy: Indigenise, Empower, Develop and Create Employment: 73). In the same period the party also launched 133 Employment Empowerment Schemes throughout the country. ZANU-PF asserted that communities around mines have not benefited much from the mining companies and yet their activities impact negatively on their health and environment (*The Financial Gazette* 05/12/2011, Njabulo Ncube). In October 2011, President Mugabe officially launched the Chegutu-Mhondoro-Ngezi-Zvimba Community Share Ownership Trust, which he claimed was designed to economically empower indigenous people (*The Standard* 30/10/2011, Caiphas Chimhete). In this Community Share Ownership Trust, Zimplats, a platinum mining company, gave 10% shareholding to the local community as part of the scheme. It also promised to surrender US\$10 million to the local community to be disbursed over a three-year period. However, ZANU-PF critics dismissed economic indigenisation as a 'vote-catching strategy', similar to the Fast Track Land Reform Programme (*The Standard* 30/10/2011, Caiphas Chimhete). Political analyst Caiphas Chimhete opined that ZANU-PF was trying to regain support from its disillusioned supporters as well as grabbing swing voters by giving them shares in foreign owned companies. However, Crisis Coalition in Zimbabwe chairman Jonah Gokova stated that it was not obvious that rural communities benefitting from community share trusts in mining areas would vote for ZANU-PF as they already knew it was a vote-buying gimmick. While ZANU-PF might have been sincere and genuine in its claim that it wanted to empower the historically disadvantaged black people it is also clear that it was using economic indigenisation as a campaign strategy ahead of the 2013 elections. Although other factors might have contributed to ZANU-PF's victory, this strategy seems to have been successful because most rural areas with community share beneficiaries voted for the party in the 2013 elections.

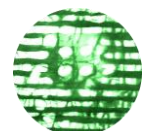
While it was clear that ZANU-PF used economic indigenisation for political purposes, the party principally maintained that it was not a political programme but a national initiative which every self-respecting Zimbabwean should support (*The Herald* 03/11/2011, Gilbert Muponda). While opening the 12th ZANU-PF Annual National People's Conference in Bulawayo in December 2011 Mugabe declared that the economic indigenisation programme is irreversible and not meant to buy votes (*The Herald* 09/12/2011, Takunda Maodza). Mugabe posited that ZANU-PF, as liberation movement, will implement the economic indigenisation policy without fear or favour. However, his position contradicted statements by Indigenisation Minister Kasukuwere who admitted that as a politician he would politicise the economic indigenisation policy at rallies to get votes in the 2013 elections (*The Zimbabwe Independent* 25/11/2010). ZANU-PF lamented that the MDC-T was conniving with Western countries to reverse the economic indigenisation policy, thereby betraying the aspirations of



the Zimbabwean people (*The Herald* 18/10/2011, Takunda Maodza). Through the use of state media, ZANU-PF accused the MDC-T for promising multinational companies operating in Zimbabwe that it will reverse the empowerment policies adopted by government if they fund its 2013 election campaign (*The Sunday Mail* 02/10/2011). This shows that the disagreements over the implementation of the economic indigenisation policy in the PG were influenced by the parties' desire to win the 2013 elections.

In the run up to the 2013 harmonised elections ZANU-PF campaigned with the manifesto, 'Taking Back the Economy: Indigenise, Empower, Develop and Create Employment' (Team ZANU-PF 2013: Taking Back the Economy: Indigenise, Empower, Develop and Create Employment). In its manifesto ZANU-PF claimed the essence of its ideology and campaign is to economically empower the indigenous people of Zimbabwe by enabling them to fully own their country's God-given natural resources. The party outlined in its manifesto that indigenous Zimbabweans must take over strategic enterprises across the economy, especially in key sectors such as mining, tourism and agriculture. ZANU-PF claimed that its economic indigenisation policy will create about 2, 265 million dignified jobs especially for the youth, distribute wealth amongst citizens more equitably, cause a general improvement in the quality of life of every Zimbabwean and bring about sustainable national development which is home grown. The party also promised that it will put in place robust measures to ensure more transparent, accountable, tangible and measurable implementation matrix in the national interest. ZANU-PF criticised other political parties in the PG for attempting to prevent the implementation of the economic indigenisation policy. This proves that ZANU-PF fully exploited the black economic empowerment policy to gain votes in the 2013 elections.

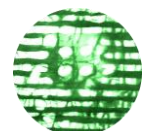
Pro-ZANU-PF political analyst Reason Wafawarova opined that if ZANU-PF was electioneering with the economic indigenisation, then, its main political opponent, the MDC-T, was also electioneering by 'derision, vilification and mockery' of the programme (*The Herald* 10/11/2011). Although Wafawarova's view might have been too extreme, it is evident that the MDC-T also electioneered by criticising economic indigenisation and offering 'alternatives' (*The Herald* 02/11/2011, Obert Gutu). In November 2010 there were reports in the state controlled media that the MDC-T had offered an alternative path to bring economic development and improve the living standards of all citizens by forming the Zimbabwe Economic Development Trust Company (ZEDTC) (*The Financial Gazette* 05/11/2010, Levi Mukarakati). There were speculations that the ZEDTC wanted to invest in various sectors of the economy that include communications, property development, agriculture and transport. In the financial sector, it was reported that ZEDTC wanted to invest in retirement fund, administration, employee benefits and money transfer services. In the infrastructure sector, it was also reported that the ZEDTC wanted to invest in road construction, rehabilitation and maintenance; dam construction, and related civil works. While it has been difficult to test the truth of the above reports, the MDC-T, as a rival political party to ZANU-PF, was not idle when it came to offering alternative path to economic development in the country. Throughout the PG period, the MDC-T insisted that the ZANU-PF sponsored economic



indigenisation would scare foreign direct investment and was therefore, detrimental to economic growth. The Zimbabwean case testifies that political parties in PGs support, criticise and oppose economic policies depending on whether such moves improve their chances of winning future electoral battles.

While in the PG, the MDC-T made strenuous efforts to come up with a solid programme which it could effectively use to counter ZANU-PF's economic indigenisation to win the hearts and minds of the electorate. In November 2012, the MDC-T launched the Jobs, Investment and Upliftment Programme (JIUP). According to the MDC-T, the objectives of JIUP were create decent employment opportunities for all Zimbabweans; create an environment for citizens to acquire entrepreneurial and business skills; create a friendly environment for both domestic and Foreign Direct Investment (FDI); responsibly manage financial markets and promote integration with regional and global business markets. However, ZANU-PF denounced JIUP as a programme meant to reverse the economic indigenisation programme (*Sunday Mail* 12/11/2011, Kuda Bwititi). As usual ZANU-PF accused Western agents of developing JIUP for MDC-T after realising that economic indigenisation was popular with the majority of Zimbabweans who were benefiting from community share trusts and employee share ownership schemes. MDC-M leader and Industry and Commerce Minister Welshman Ncube stated that MDC-T's JIUP should not be taken seriously because it was designed to garner votes for the party in the 2013 elections. The dismissal of MDC-T's JIUP by Ncube shows that, while the MDC parties often acted in unison in criticising ZANU-PF, they were also competing for political space in the country. This also testifies that sometimes political parties in Zimbabwe's PG adopted policies not as a matter of principle but as electioneering strategies.

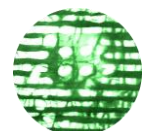
The MDC-T's 2013 election manifesto was a based on an economic programme almost similar to JIUP called Jobs, Upliftment, Investment Capital, Environment (JUICE). According to the MDC-T the objectives of the JUICE plan were to promote economic freedom and entrepreneurship; enable the government to provide effective social services such as quality health and education; manage foreign debt and develop an external debt resolution plan (Movement for Democratic Change Election Manifesto 2013: 12). MDC-T claimed that its JUICE programme would be people-centred and would bring growth which is evenly shared by all Zimbabwean citizens rather than by a privileged few. The party claimed that the JUICE plan was going to bring one million jobs by 2018; economic growth of 8% per annum; economic stability and low inflation; support for small business; normalized international relations; transparent natural resource management; decent wages for government workers; more electricity throughout the country; a rebuilt infrastructure and international investment into Zimbabwe. The ZANU-PF and MDC-T's 2013 election manifestos were similar because both parties claimed they were going to bring prosperity to ordinary Zimbabweans by creating over a million good jobs, improving social services and resuscitating infrastructure. However, their manifestos differed fundamentally in two ways. Firstly, while ZANU-PF emphasised on black economic empowerment through 51% shareholding schemes for the indigenous people,



the MDC-T advocated for training indigenous people entrepreneurship skills. Secondly, while ZANU-PF advanced that local capital was the basis on which the country can have sustainable economic growth, MDC-T asserted that foreign direct investment is, to a greater degree, a recipe for economic development. On the whole, what ZANU-PF and MDC-T were disagreeing on for the most part of the PG period were also the major electoral issues in the July 2013 elections.

The MDC-M led by Ncube's election manifesto was 'Actions for Devolution. Devolution is the new revolution!'. The party propounded that for Zimbabwe to have a meaningful economic growth which benefits all citizens power has to be decentralized in order to give local communities the opportunity to determine their destiny (Movement for Democratic Change 2013 Harmonised Election Manifesto: Actions for Devolution. Devolution is the new revolution: 3). The party postulated that excessive centralisation of power in the country was the major cause of high levels of corruption, politicisation of public institutions, awkward institutionalisation of policy making and misgovernance. The party claimed that centralization of power was the major cause of de-industrialisation, marginalisation of people in decision making, social inequality, unemployment and poverty. The MDC-M promised to empower citizens through a devolution process where all citizens have an input into the decisions affecting their life to promote locally – driven economic growth and prosperity. Among other issues, the MDC-M promised to empower workers and employees to associate and assemble freely and negotiate market rates for their wages and salaries. While the MDC-M's manifesto focused on devolution of power as the first step to bring economic growth in Zimbabwe, its election manifesto and that of ZANU-PF had two similarities. Firstly, they both emphasised that the indigenous people must be encouraged to take advantage natural resources in their localities to improve their lives. Secondly, the two election manifestos promised to prioritise indigenous people in all local investments and encourage workers to take up shares in local companies. The fact that all political parties focused on improving the lives of citizens by economically empowering them, though using different methods, testifies that these parties have been strategising during the PG period to win the 2013 elections. In this context victory in future elections was probably the bigger objective by all political parties in the PG than improving governance.

Like other elections in Zimbabwe since 2000, the 2013 harmonised elections were heavily contested. All political parties used the PG as an opportunity to regroup and strategise in order to win the 2013 elections. As explained above, ZANU-PF used economic nationalism which was centred on the Indigenisation Act and anti-imperialism in order to rally the electorate behind it. Throughout its tenure in the PG the MDC-T criticised the ZANU-PF driven economic indigenisation programme as an elitist programme which grabs company shares at the expense of the economy and the poor. In the run up to the 2013 elections, the party focused on the need to create a friendly environment in the country in order to attract foreign direct investment to resuscitate industry and create jobs. MDC-M, like ZANU-PF, emphasised that people must benefit from resources in their communities. MDC-M, however,

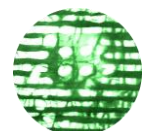


differed from the other two political parties because it insisted that meaningful economic development in Zimbabwe can only be brought by devolution of power. Although there were allegations of the manipulation of the voters roll and vote rigging, it seems Mugabe and ZANU-PF won the 2013 elections resoundingly because it used the benefits of incumbency and manipulated the electronic media to take its economic nationalism propaganda to the grassroots. Throughout the tenure of the PG, ZANU-PF used economic indigenisation to campaign. This, to a large extent, shows that PGs are used by political parties to mobilise resources, gain credibility and strategise in order to take power in the next round of elections. As evidenced by the Zimbabwean case, it is the desire to outmanoeuvre other political parties in PGs, rather than principles, which cause policy gridlock and slow economic recovery or growth.

Conclusion

As shown in this study, the politics of economic indigenisation in Zimbabwe's PG reflects the legacy of colonial rule, the polarisation of the country's domestic politics since the late 1990s and its acrimonious relations with the West over sanctions. While economic indigenisation can be applauded for trying to address colonial imbalances the implementation of the programme was negatively affected by interests of the major political parties. As discussed above, ZANU-PF primarily accelerated the implementation of this policy during the tenure of the PG in order to regain support from the electorate after almost a decade of a deep economic crisis. In implementing the policy ZANU-PF used authoritarian economic nationalism and often did not consult or consider the feelings of the MDC parties in the PG, the legislature, sections of the business community and civil society. This led to fierce opposition to the implementation of economic indigenisation policy, particularly by the MDC parties. The Indigenisation Ministry only made some piecemeal amendments to the implementation of economic indigenisation after opposition by other political parties, but the grand objective which obliged companies which are owned by non-indigenous people to sell 51 % shareholding to the indigenous people remained unchanged. To avoid contradictions and conflicts in the implementation of the Indigenisation Act, ZANU-PF and the Indigenisation Ministry ought to respect the new political dispensation in which other two political parties were part of the executive. This could have gone a long way in ensuring transparency, accountability and giving the country a good image needed to attract foreign direct investment.

It is noteworthy to state that the MDC parties had their own political objectives in opposing economic indigenisation. As a matter of principle, but also to gain political mileage, the MDC parties offered 'alternatives' to ZANU-PF sponsored economic indigenisation. Consequently, the disagreements in Zimbabwe's PG over the rationale, predicted consequences and implementation of the Indigenisation Act, testified power struggles and electioneering among the three political parties. The implementation of the Indigenisation Act provided political parties in Zimbabwe's PG with a platform to denigrate each other to gain political mileage



ahead of the 2013 elections. Thus the economic indigenisation programme was rendered to be more of a political gimmick than a genuine black economic empowerment policy. During the PG period the economic indigenisation programme did not achieve its official objective of empowering the majority black Zimbabweans because of its nature and political conflicts. However, it achieved the unofficial objective of giving ZANU-PF electoral advantage.

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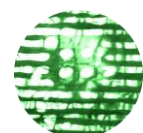
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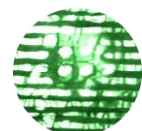
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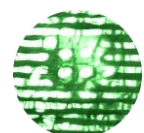
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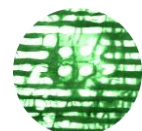
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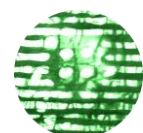
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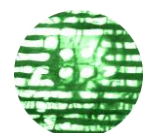
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