

## **Zimbabwe's Indigenization Policy: Correcting Colonial Injustices or Campaigning Strategy?**

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### **Abstract**

*Indigenization policy, which became topical in 2011 and 2012 amidst talks of upcoming elections, stirred a lot of controversy in Zimbabwe. It has been argued that this policy has been undertaken as a way of empowering people. This paper seeks to join the ongoing debates by examining the Indigenization and Economic Empowerment Act. The main thrust of the paper lies in examining the objectives of the policy, the intended beneficiaries and its impact on development in general. In addition, the paper examines whether the Act was really about redistributive justice or a political move by ZANU PF party to garner support. The paper therefore argues that as much as the indigenization policy is meant to benefit and empower the black people and addressing colonial injustices, there are motives behind its implementation. Under such lenses it becomes significant to examine Zimbabwe's move towards the indigenization policy.*

### **Introduction**

The colonial period of Zimbabwe is commonly known by many people as a time of suffering, victimization and brutalization. The colonial

masters were the only beneficiaries in a black African country where resources like land and mines were seen and regarded as a preserve for a white minority. The coming of independence nevertheless, ushered in a new trajectory as it saw the African black people gaining their freedom with President Robert Mugabe becoming the Prime Minister of Zimbabwe. As a way of addressing the land problem in Zimbabwe, it was agreed that land was going to be distributed through the willing buyer- willing seller which however, matured into the controversial Land Reform Programme. The Land Reform Programme has faced a lot of criticism from the world at large and from some Zimbabweans in particular. Questions were raised as to the timing and the underlying objectives of the Land Reform Programme. This was mainly because the Programme coincided with the 2000 Parliamentary elections. In addition, it was pointed out that the Land Reform Programme was a gimmick to make ZANU (PF) party gain support in the upcoming elections (Chiwere 2010). As much as

the black people needed land, it can also not be denied that President Mugabe and the ruling party also needed support to stay in power.

What made the Land Reform Programme to be suspicious was that it appeared to be a response to the formation of the opposition party the Movement for Democratic Change (MDC) in 1999. This opposition party offered many Zimbabweans an alternative, hope for transformation, and an opportunity finally to participate in the political processes of government, which had remained the preserve of the few in the circles of the party in government (Shawarira, 2010). Ordinary Zimbabweans began to demand their rights by participating in elections, despite the harsh and non-conducive environment created by the government (Saki 2010). Election campaigns in which the MDC participated were fraught with excessive levels of political violence sanctioned by members of the ruling ZANU PF party through hate speech, encouraged their supporters and state

security forces to attack opposition supporters. Participation in elections and politics became a threat rather than being a right. The election processes were massively flawed with evidence of manipulation of the voting system, and resulted in outcomes which citizens found unacceptable and legally contestable (Ibid).

As such there was discontentment among different Zimbabweans, for many felt that their rights were being undermined. In such a case, strategies aimed at gaining support were the major opium to keep ZANU (PF) on the track. Thus the ZANU (PF) party saw within the Land Reform Programme a way of gaining the much lost and needed support. The Land Reform Programme which was later fast tracked was a way of looking for support in the upcoming Presidential Elections in 2002. The Fast Track Land Reform Programme (FTLRP) was also a response to the 2000 Parliamentary elections in which the MDC surprisingly took a considerable number of seats in the parliament. It was a way of



undermining the progress of MDC and getting support for the ZANU (PF) party. As expected the ZANU (PF) party managed to win against MDC as many people who included war veterans at most casted their votes in favor of President Robert Mugabe. Since then it has become a trend that ZANU (PF) implements policies as a way of gaining support especially at a time heading towards elections.

The establishment of the Government of National Unity (GNU) in 2009 due to lack of a clear cut winner between ZANU (PF) and MDC in the 2008 harmonized elections resulted in major changes in political and economic realms. Sharing power with the two MDC factions was a stumbling block for the ZANU (PF) party. There was need to implement policies that were acceptable by all the parties as a way of attaining progress and achieving the economic recovery of the country at large. Nevertheless, the Indigenization policy was perceived differently by different political parties in

Zimbabwe. The ZANU (PF) party understood the Indigenization policy as a way of ending neo-colonialism in Zimbabwe, empowering the black majority and addressing the colonial injustices. The MDC-T regarded this policy as a political gimmick meant to get support from the Zimbabweans especially at a time when Zimbabwe was heading towards the 2013 harmonized elections. The Indigenization Policy was therefore seen as a calculated move that was meant to fulfill the interests of the ZANU (PF) party at the expense of the interests of the general populace.

In the same light, the coincidence of the Indigenization Policy and the 2013 elections raised more questions than answers in most respects. Given the background of Zimbabwean politics, especially with much reference to the Land Reform Programme and the Fast Track Land Reform Programme, it becomes questionable as to whether the Indigenization Policy was done with the intention of correcting colonial imbalances or

merely a campaigning strategy. The announcement of the Indigenization Act and its implementation stirred a lot of shock among Zimbabweans and the world at large. It however brought hope to a few Zimbabweans who thought that they would benefit from it. The policy resulted in mixed feelings as ZANU (PF) supporters perceived it as a way of gaining and opening up some businesses for themselves. Other Zimbabweans felt that the country was heading back to the 2007-2008 economic crises. In a way, the policy was a strategy that meant more support for ZANU (PF) party.

The Indigenization policy has undoubtedly become a topical issue in contemporary Zimbabwe. The main logical objective as stipulated in its regulations is to empower the black Zimbabweans who were sidelined during the colonial era. For so many years, it was obvious that the black Zimbabweans had suffered under the Smith regime, but nothing much was done to correct this, except the controversial Land Reform Programme. The

Indigenization Policy, though a noble idea has several repercussions on the Zimbabwean economy. Chief amongst them is that it drives away investors. This, however, is not to say that indigenization as a policy cannot be applauded. In its own right, the policy is a noble idea which basically aims to empower the black people. The main aspect that hinders such policies though noble in many African countries in general and in Zimbabwe in particular is the lack of transparency and accountability. Absence of these two significant principles is likely to affect the whole policy therefore affecting those who are in real need of empowerment. Self-interest among politicians in Zimbabwe could be another undermining factor. While it was seen as a way of gaining support in upcoming elections by ZANU (PF), it can partly address the unforgettable colonial injustices.

## **Conceptual Framework**

Talks on indigenization began in 2007. However, the regulations under this policy were first published in February 2010. They stipulated that any foreign-owned business with net assets of more than \$500,000 must divert 51% of its shares to indigenous Zimbabweans within a five year period. According to the Act, an indigenous Zimbabwean means any person who, before 18 April 1980, was disadvantaged by unfair racial discrimination on the grounds of his or her race and any descendant of such a person and their children born after independence in 1980 (Hawkins 2011). Simply put, indigenous can be defined as a people or plant that has always lived in a place. According to the National Indigenisation and Economic Empowerment Board (NIEEB 2011) “this includes any company, association, syndicate or partnership in which indigenous Zimbabweans form the majority of the members or hold a controlling interest.”

The Act however 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. Indigenization is basically meant to promote black empowerment. Empowerment can simply be understood as a way of giving power and authority in order to give a greater sense of confidence and self-esteem (NIEEB 2011). Economic can be regarded as relating to the economy or business activities of a country. Thus, in simpler terms economic empowerment can best be understood as a way of making people especially ordinary people take charge of themselves through granting them power and making them get involved in the business activities of the country, especially which they did not previously have access to.

The Indigenization and Empowerment Act could be a way of addressing colonial injustices that were perpetrated against the black people. Colonial

injustice is understood for instance, as the seizure of land by the colonial masters while blacks were made to occupy the infertile Shangani and Gwaai Reserves which were synonymous to drought, pests and diseases. Noteworthy is that, by 1914, white settlers numbering 23 730 owned 19 032 320 acres of land while an estimated 752 000 African people occupied a total of 21 390 080 acres of land (Palmer 1977). Colonial injustices also involved human rights abuses, high taxation rates which involved dog tax and hut tax. Brutalization and victimization of the black majority was also common.

Nevertheless, while indigenization could be a way of addressing colonial injustices, it could also have been done as a political campaign. This paper understands political campaign basically as any way or action that might be used by one political party against another with the motive of gaining support during elections. Under such lenses, it becomes possible that the indigenization policy in Zimbabwe was a way of campaigning for the

elections that were held in 2013. If the policy was meant to address the colonial injustices this could have been done many years back.

### **Historical Background to indigenization in Zimbabwe**

The coming of Rhodes in Southern Rhodesia, present day Zimbabwe saw the subsequent and systematic colonization of Zimbabwe. Such an action resulted in many black Africans being brutalized and their rights as humans being violated. The acts which were established were meant to benefit white minority at the expense of the black majority. One of the most commonly known repressive acts is the Land Husbandry Act of 1951. This Act was designed to enforce private ownership of land and improve the rural economy in the African Reserves, which experienced the pressure of a growing population within fixed areas. However, its provisions violated traditional practices. Rather than expand the size of the reserves, the act limited grazing in specified areas



and provided for the de-stocking of African herd, it allowed officials to dictate patterns of cultivation and crop growing and to fix dwelling sites on farm land: it prohibited cultivation or grazing without a permit and imposed compulsory labor on unemployed rural Africans (Palmer, 1997).

The Land Husbandry Act was only the beginning of other acts which followed and grossly affected the well-being of the African peoples in Zimbabwe. For instance, there was the Native Affairs Amendment Act which was introduced in 1959 to prohibit any “native” from making statements or acting in a way “likely to undermine the authority” of, or bring into “disrepute”, governmental officials, chiefs or headmen. The Act abolished meetings of twelve or more “natives” without the permission of the Native Commissioner (Ibid). This act severely curtailed the freedom of speech of the majority of black people and made many feel that they had no or very little lawful mechanism of having their grievances addressed.

Colonization as a matter of fact brought with it a lot of injustices that affected the growth of indigenous Zimbabwean peoples and development of their country. Colonization had resulted in the expropriation of resources and slave trade resulted in the reduction of able bodied men in Africa. In most respects this led to the development of the European world at the expense of African countries. It was through the implementation of acts that the African peoples were sidelined. To make matters worse many issues to do with racial discrimination worsened the situation while the cost minimization policy that was implemented mainly in mines affected the rights of the blacks. Cost minimization as a policy was meant to remove all unnecessary expenses and resulted in blacks who worked in mines being given low salaries. Considering all these factors, the implementation of Land Reform Programme, FTLRP and the Indigenization Policy in Zimbabwe in a way were efforts to address such colonial imbalances.

### **Contemporary contending Issues**

Many people have responded to the Indigenization policy. Different views have been given as people's understanding of the motives behind the policy differs. In most cases, people are most influenced by their political ideologies. Political ideologies shape people's line of thinking in almost every realm. The main underlying justification for implementing the Indigenization Policy is that it is meant to promote economic empowerment for the black majority. Noteworthy is that the policy only targets the black people in exclusion of white people. In this regard, it can be noted that all black people in Zimbabwe are to benefit from the policy. The policy clearly stipulates that the Indigenization Policy is a direct response to the colonial legacy and its injustices as supported by the issue of "racial discrimination". In this regard, the policy is designed in a way that is meant to empower black Zimbabweans who were disadvantaged prior to the country's independence in April 1980. In this

endeavour, the policy includes all Zimbabweans from all walks of life giving them the opportunity to participate meaningfully in the country's economic activities (NIEEB 2011). There are several advantages associated with a country's indigenization. For instance, indigenization prevents private monopolies, and in a way protect consumers from restricted quantities and inflated prices, it allows profits to be equitably distributed amongst people and the country as a whole. In addition, it promotes social welfare rather than profit maximization. It also leads to increased employment and greater job security (Makoni, 2014)

Whilst the paper acknowledges that there is nothing wrong with the policy itself, it highlights on how it poses to be a threat to many foreign-owned businesses and the economy at large. What is worrisome is that the policy resembles the FTLRP in many ways. While FTLRP is not of much relevance here, there is so much of resemblance between the

FTLRP and the indigenisation policy. The FTLRP resulted in the flight of some white farmers out of the country, leading to a lack of new investment and a huge decline in farm output. The programme had far reaching economic repercussions. In a short time, Zimbabwe went from a net exporter of food to a net importer. This led to a rise in food prices as less food was being grown and harvested. Due to the fact that the prices of food were too high for most people to afford, price controls were set on many products, discouraging production. The controversial FTLRP has been dismissed by many as a strategy that was used to garner support for ZANU (PF) ahead of elections (Nkunsane 2010).

Whatever the motive of the FTLRP was, the most important thing is that history has repeated itself again. There are considerations to be taken into account. Firstly, it ought to be asked as to whether the targeted groups are the ones who are really benefiting or not. Secondly, it ought to be put into consideration as to whether the policy is not meant

to benefit a certain political party at the expense of other/s. Many people are afraid of what the Indigenization policy might do, for instance, the harm it is likely to cause just like the FTLRP did. In the initial stages of the Indigenization Act, the then MDC party had already pointed out that the Act was simply a ploy by Mugabe's party to win votes in the elections. Other critics argued that the act would only bring money to a few elite Zimbabweans instead of the impoverished locals that were promised benefits from it. According Simutanyi (2010), "The problem with nationalization programmes in Africa is that the initiators are motivated more by political and personal concerns than by economic and social development". The Indigenization Programme as a means of nationalization is largely faced with the same problem.

The policy should, however, target the poor and improve their living conditions. This is in line with the idea of participatory development which has

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shaped many development projects in the contemporary world. As much as it is well known, this approach to development came as a way of making the grassroots people, who are the most side lined, have some benefits (Chambers, 1987). Thus, inclusion of people, especially the poor people from rural areas who are prone to poverty should be the underlying motivation. There is real need to promote a bottom up approach to development. The idea behind this approach is that including poor people within developmental issues will make them become part of the solution and not the problem. Including such people also entails that these poor people are the best identifiers of their problems. It is crucial that development should be bottom up and not top down.

Nevertheless, it is common knowledge that colonialism affected many different African peoples. It has indeed left a lot of memories of suffering among them. Many politicians have justified their hidden tendencies in the name of colonialism and

its negative effects. Agreeably, colonialism was an evil. One cannot forget the injustices that were perpetrated against the black people. In most respects such injustices have shaped the political economy of independent Zimbabwe. As we survive in present day Zimbabwe, a lot of policies that are being drawn are being shaped by the occurrences of the colonial period. This has happened for several reasons of which only a few will be mentioned here. For instance, in some cases revisiting the suffering of people during colonial Zimbabwe has been done genuinely so as to show and remember how the blacks were victimized and brutalised. As much as this is the case, reference to the colonial period and injustices against the Zimbabwean black majority has also been done to pursue some agendas best known to the politicians themselves.

However, as a country Zimbabwe should avoid taking the wrong turn and in so doing claim to be correcting injustices. If the poor people are benefitting through this policy then the policy will



go a long way in correcting colonial imbalances. However, if it is the other way then the poor people could not be benefitting right now and the economy could also suffer in the long run. What Zimbabwe does not need is a situation whereby the development of the economy is negatively affected again. Complaints are such that the indigenization policy is likely to dry up foreign direct investment. When this happens certainly Zimbabwe will be heading back towards another economic crisis. Thus, while taking a certain percentage from the foreign owned firms is a noble idea, there is need to critically examine such moves first for they determine the economic recovery of the country. The unforgettable years in Zimbabwe when prices skyrocketed on a daily basis and inflation rates were on the increase is something that the Zimbabwean country should never repeat again. In Tsvangirai's own understanding, the policy has a lot of repercussions especially on the Zimbabwean economy in the long run. Morgan Tsvangirai quoted in Kadenge (2011) has reiterated against the

indigenization policy pointing out that, “even if foreign companies were only required to cede 30 percent of their equity to local investors, that threshold would still be too high” This implies that 51 percent will negatively affect the economic recovery of the country.

It is imperative to note the economic environment under which the policy is being implemented. Zimbabwe adopted the multicurrency system and the American dollar being the widely used. Multicurrency system is understood as a recovery mechanism from economic meltdown. Previous years had seen Zimbabwe being swallowed by inflation. With the coming of the GNU, Zimbabwe’s economy seemed to have become more stable. The GNU in most respects managed to work tirelessly so that Zimbabwe does not go back to the days of the unforgettable queues where people would queue up for scarce commodities. Poor policy making appears to be the main reason why Zimbabwe as a country has continued to lag behind economically.

Zimbabwe has been engulfed in political and economic crisis since 2000. What Zimbabwe does not need are policies that undermine its economy and benefit a few individuals at the expense of the majority who are poor. In such a case, it becomes questionable as to whether Zimbabwe's controversial policy will offer 'economic emancipation' or just further weaken an already battered economy? (Al Jazeera, 2011). According to Munando (2011), "It is a country on the brink of an economic meltdown, and the latest controversial reform could move Zimbabwe closer to the edge". In addition, Munando (2011) points out that, "but this final phase of what has been dubbed 'economic emancipation', a process which began over a decade ago, has left many in Zimbabwe uncomfortable."

Although the World Bank supports the indigenization of African economies, it pointed out that Zimbabwe's latest regulations were unclear

and had resulted in major investors sitting on the fence (Chanakira 2011). “The cost of doing business in Zimbabwe is very high and the investment climate is still not conducive,” said Kundhavi Kadiresan (2011), Country Director for Malawi, Zambia and Zimbabwe. Furthermore, it has been pointed out that the regulations on indigenization have riled even local business tycoons who point out that Zimbabwe does not need such “draconian” regulations at a time when the country is seriously in the red (Chanakira 2011). What Zimbabwe requires at this point in time are policies that have a direct and positive impact on her economy. The implementation of the indigenization policy poses a greater challenge on Zimbabwe’s recovery, taking into consideration how it has the potential of driving away investors.

According to the Heritage Foundation (2014),

Zimbabwe’s economic freedom score is 35.5, making its economy the 176<sup>th</sup> freest in the 2014 Index...Zimbabwe is ranked last out of 46 countries in the Sub Saharan

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Africa region and is the third-least free country rated in the 2014 Index. Over the 20-year history of the Index, Zimbabwe's economic freedom has deteriorated by 13 points, the fourth worst score drop... Consistently rated a repressed economy since 1995, Zimbabwe remains characterized by economic instability and policy volatility. The impacts of years of hyperinflation have crippled entrepreneurship activity, severely undermining realization of the country's economic potential. A corrupt and inefficient judicial system and general lack of transparency exacerbate business costs.

There are 4600 companies that have shut down since 2011. This has resulted in the loss of more than 55 400 jobs. Manufacturing sector was the second hardest hit after 458 companies closed losing 9978. The hardest hit was the tourism sector, with 2142 firms shutting down since 2011 losing 18 413 jobs as a result. The construction was not spared with 317 companies closing shop resulting in the loss of 3651 jobs, while 368 companies in the agricultural sector closed affecting 5 465 jobs (Ibid). Company closures have been attributed to a number of economic bottlenecks such as the liquidity crunch and lack of credit, obsolete equipment, low aggregate demand, cheap imports and non-performing loans

(<http://www.theindependent.co.zw/2014/12/19/govt-manufacturing-sector-threat>). Noteworthy is that indigenization has driven away investors from Zimbabwe. If this continues Zimbabwe will have another economic crisis soon.

### **The future of indigenization in Zimbabwe**

It is only through the lenses of economic analysts in Zimbabwe that will bring to light the effects associated with the move towards indigenization. While it is a noble move towards black empowerment, bearing in mind the colonial injustices that were perpetrated against the black majority there are several repercussions. The move to take about 51% shares of the mines and give them to black Zimbabwean investors, will determine the economic progress of Zimbabwe. The future of the indigenization policy is very bleak and uncertain given how it is likely to impact on economic development of the country. While it is true that the International Community has siphoned our resources between the colonial period

and the current period in the name of globalization, it is important to think through the indigenization policy.

The future of the indigenization programme is such that more investors will be driven away leaving Zimbabwe's economy suffering. As much as Zimbabwe was once the bread basket for Southern Africa, a situation that was undermined by the FTLRP, the Indigenization Programme is likely to further exacerbate the situation. Instead of implementing some policies which are to punish the outside world and also having a negative impact on the country, Zimbabwe has to think along the lines of the future of Zimbabwe. Sustainable development should be the main thrust here, where policies that are being put into place have to be verified so as to establish whether they are not likely to negatively impact on the lives of the future generations which largely depend on present day Zimbabweans.

## **Conclusion**

The Indigenization and Empowerment Act stipulates that 51% shares be given to black Zimbabwean investors as a way of addressing colonial injustices perpetrated against the black majority and as a way of empowering the blacks. An examination on this, however, shows that this is more of a political gimmick whereby the ZANU- (PF) party wanted to get support for upcoming elections. This is mainly because the policy is negatively affecting the economic recovery of the country as investors are leaving going to secure countries. This creates a high rate of unemployment in the long run. The policy is also likely to be benefiting the Zimbabwean elites at the expense of the poor black majority. In addition, history has shown how the ZANU (PF) party has drawn certain policies like the Land Reform Programme as a means of gaining support especially at a time towards elections. This seems to be the same case with the indigenization policy. What is worrisome about the indigenization programme, however, is that it is being done at a



time when Zimbabwe is trying to recover economically. In addition, the programme was extensively implemented despite contradicting views among the political parties which had formed the Government of National Unity in Zimbabwe. It seems that in the near future, if the implementation of the indigenization programme continues, Zimbabwe's economy is likely to suffer. Instead of becoming independent, Zimbabwe will become more dependent on other countries. Even though the policy is logical insofar as it attempts to address colonial injustices, a lot has to be taken into account. As much as the black majority suffered while the whites lived lavishly, the policy will address such colonial injustices in the short run, however, its negative effects will largely be felt in the long run. The poor majority are likely to be the most affected.

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