

**Political Economy of Crisis,
Mining and Accumulation in
Zimbabwe:**

Evidence from the Chegutu Mhondoro Area

By

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“... the real science of political economy, which has yet to be distinguished from the bastard science, as medicine from witchcraft, and astronomy from astrology, is that which teaches nations to desire and labour for the things that lead to life: and which teaches them to scorn and destroy the things that lead to destruction.”

Ruskin, 1862

ABSTRACT

This thesis has its foundations in a 2007 master's research on the political economy of "illegal" gold panning in central Zimbabwe. A book chapter (Moore and Mawowa, 2010) and a journal article (Mawowa, 2013) have since resulted from that work. The former work argues that illegal gold panning demonstrates a distinctive pattern of accumulation characterising post-2000 Zimbabwe. Four aspects of this pattern are identified namely, i) the link between coercion, chaos and disorder and wealth accumulation and political power retention, ii) the role of the state in this imbroglio, in particular, its pervasiveness and centrality, iii) that this pattern was shaped by and has remodelled the acquisitive instincts of Zimbabwe's ruling elite and iv) a culture of 'strategic contradictions' within ruling elites abets this pattern of accumulation.

This thesis does not move substantially from this premise. Instead, it recasts these observations within a much broader scope. While the Masters work was restricted to a very small area, this work looks at a much bigger area and in fact much further away from the area of MA research. While retaining the focus on political economy of mining, this work goes beyond illegal gold panning to encompass what is generally defined as artisanal and small scale (gold) mining (ASM) in the Chegutu Mhondoro area. Since this is an area where successful platinum mining is also taking place, it was opportune and indeed relevant to extend the question of political economy to this sector. This is not to suggest that there is a direct link (formal or informal) between ASM and platinum mining other than proximity. However, evidence presented in this thesis is telling in terms of the commonality between the two with regards to the four aspects of Zimbabwe's post-2000 regime of accumulation.

DECLARATION

I declare that this dissertation is my own unaided work. All citations, references and borrowed ideas have been duly acknowledged. I confirm that an external editor was not used. It is being submitted for the degree of Doctor of Philosophy in Development Studies in the School of Built Environment and Development Studies, College of Humanities, University of KwaZulu-Natal, Durban, South Africa. None of the present work has been submitted previously for any degree or examination in any other University.

Student signature

Date

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ACRONYMS

ACR – Africa Consolidated Resources
ASM – Artisanal and Small Scale Mining
ASX – Australian Stock Exchange
BBBEE – Broad Based Black Economic Empowerment
BEE – Black Economic Empowerment
BHP – Broken Hill Property
BSAC – British South Africa Company
CSOS – Community Share Ownership Scheme
CSOT – Community Share Ownership Trust
DRC – Democratic Republic of Congo
ESAP – Economic Structural Adjustment Program
ESOS – Employee Share Ownership Scheme
IFIs – International Financial Institutions
MDC – Movement for Democratic Change
MMCZ – Minerals Marketing Corporation of Zimbabwe
NIEEB – National Indigenisation and Economic Empowerment Board
NIEEF - National Indigenization and Economic Empowerment Fund
PGM - Platinum Group of Metals
RBZ – Reserve Bank of Zimbabwe
RCM – Rhodesia Chamber of Mines
RDC - Rural District Council
RNLB - Rhodesian Native Labour Bureau's
SARW - Southern Africa Resource Watch
UNECA – United Nations Economic Commission for Africa
ZANU – PF – Zimbabwe National African Union – Patriotic Front
ZCM – Zimbabwe Chamber of Mines
ZESA - Zimbabwe Electricity Supply Authority
ZIMASCO - Zimbabwe Mining and Smelting Company
ZIMCODD – Zimbabwe Coalition on Debt and Development
Zimstat – Zimbabwe National Statistic Agency
ZIMRA – Zimbabwe Revenue Authority
ZISCO - Zimbabwe Iron and Steel Company

ZMMC – Zimbabwe Minerals Marketing Corporation

ZMDC – Zimbabwe Mining Development Corporation

PART ONE: SETTING THE STAGE

Part One (Chapters One and Two) of this work sets the foundations for the study. It outlines the research problem, the methodological and theoretical underpinnings of the study. The opening chapter briefly makes a situational analysis of Zimbabwe and the study area, discusses research questions and objectives and the methodology and concludes with an overview of the entire study. Chapter Two seeks to locate the study within the broader discourse of development and political economy. It combines a literature review, a reflection on the relevant current debates and finally discusses the theoretical framework for the study.

Chapter One: Introduction: An Economic History of Liberating Ourselves?

1. Introduction

In 2007, while studying for my Master’s degree in the Economic History and Development Studies I was fortunate to tutor a second year module entitled *Southern Africa and the Changing World Economy* (ECHS204) by Professor David Moore. One of the three sections of the course looked at Zimbabwe and was entitled, *Zimbabwe: An Economic History of Liberating “Ourselves”*. It is from this that I derive the title for this chapter. The photo below, taken from the first page of the referred section, summed up the crux of the course, the problematic (or irony) of Zimbabwe’s recent economic history. It is a history of the “Third *Chimurenga*”, meaning a third phase of Zimbabwe’s liberation war, one that focuses on “black (economic) power” as opposed to political liberation which supposedly was attained through the second *Chimurenga*¹. Under this third *Chimurenga*, the Zimbabwe government—led by the Zimbabwe African National Union – Patriotic Front² (ZANU-PF)—supported the violent takeover of white owned farms by “poor landless” blacks. At the time of writing, the third *Chimurenga* had spread to the mining sector, with government requiring that at least 51 percent of all mining companies be in the hands of black indigenous Zimbabweans.

Figure 1: Signpost on one of the occupied farms in 2000



Original source unknown

¹ *Chimurenga* is Shona term which refers to the war of liberation. The First *Chimurenga* refers to the initial wars
² ZANU-PF is the nationalist party that spearheaded the struggle for Zimbabwe’s independence from colonial rule. Led by President Robert Mugabe, ZANU-PF has ruled Zimbabwe since the end of colonial rule in 1980.

But Zimbabwe's economic history of liberating "ourselves" in fact instigated and perpetuated a serious economic and political crisis. Ironically, the arrow on the "Black Power Farm" signage in the photograph is not so helpful in directing a visitor to the farm as it suggests one can go either way. Between 1999 and 2008 the economy suffered a cumulative annual decline of 54,8 percent (Zimbabwe National Statistics Agency (Zimstat), 2010). By the end of 2008 Zimbabwe had the worst human development indicators (2010 Human Development Report (HDR)). The period was characterised by an authoritarian populist public discourse. As the economy deteriorated, force was used to enforce price controls, mining companies were forced to surrender foreign currency earnings, the country's central bank resorted to extensive printing of money to aid the cash strapped government, force and threat of force was used to get businesses to comply with the government's sometimes illegal directives. All this was justified as necessary in pursuit of the third *Chimurenga*, for "extraordinary times required extraordinary measures" (see Gono, 2010). Violent clampdown on opposition was justified as necessary, first to protect the gains of third *Chimurenga* and secondly, to ensure that the struggle is carried to its logical conclusion³.

In a big sense, this thesis deals with this problematic, that is, Zimbabwe's recent "economic history of liberating ourselves". While this "war" is being waged, Zimbabwe's human development indicators have been plummeting. Thousands have died from preventable diseases such as cholera and typhoid and millions are now economic refugees in South Africa, the United Kingdom and other countries. Some scholars have argued that something meaningful and progressive may be coming out of Zimbabwe's economic history of liberating "ourselves" (Moore, 2007; Mamdani, 2008; Scoones *et al*, 2011). Scoones *et al* point to what they say are examples of increased productivity among some resettled black farmers (in Masvingo, South East of Zimbabwe. Without necessarily going into this debate at this early stage, it is perhaps safe to say that time will tell if this is true and, if so, how sustainable it will be. The economy-wide impacts of Zimbabwe's crisis-ridden political economy have so far been devastating.

³ In 2002 and subsequent election some senior members of Zimbabwe's security forces vowed to ensure that Mugabe remains in power and threatened to carry out a coup if he loses the election, because a loss for Mugabe constituted a threat to the gains of Zimbabwe's "liberation". The fear is that land reform and other policies such as indigenisation and economic empowerment will be reversed if the MDC comes into power (Thornycroft and Butcher, 2002).

Indications are that since 2000, a few powerful and politically connected individuals have managed to tap into the crisis (see Mawowa, 2007) and become super rich. For the better part of this period, smuggling and looting of diamonds from the Marange fields in eastern Zimbabwe was receiving a lot of attention from both media and academia (Human Rights Watch, 2009). The country's top politicians and security officials were implicated in the smuggling of diamonds (Global Witness, 2012). However, despite this fixation with Marange, the same phenomenon was obtaining in Zimbabwe's chrome, granite, gold and other mining activities in what typifies the informality and crisis accumulation of the time (Mawowa, 2007). Yet Zimbabwe's crisis and the political economy that characterised it produced mixed accumulation outcomes. The platinum sector, for example, has remained largely efficient and viable when all else was failing. This owed to a combination of factors ranging from the ability to negotiate a good mining lease to managing the nuances of ZANU-PF's authoritarian populism.

Though this is largely the case, successful accumulation in the ASM has not only been limited to those with direct access to state power, but, intriguingly, includes some in the margins of the state. There is an interesting story to relate concerning the artisanal and small scale gold mining, a key feature of Zimbabwe's crisis period. The state's attitude towards ASM gold miners has been contradictory at best. Small scale gold miners, registered or unregistered, informal or formal and legal or illegal have often been victims of legal and policy inconsistencies and violent clampdowns by the police and military. Perhaps nowhere is the Zimbabwe state's populist rhetoric more exposed than in the state's dealing with small miners. Yet some, by carefully exploiting horizontal and vertical networks, managed also to tap into the chaos and accumulate significantly. The story is far from being one of overwhelming success but provides useful insights on how certain things work in an apparently dysfunctional and hostile environment. The sustainability of crisis accumulators is uncertain, but where profits from mining have been invested in other more sustainable ventures, prospects may not be so bleak.

2. Zimbabwe's Paradox: A Declining Mining Sector in the Midst of a Global Minerals Boom

By the end of 2011, mining had overtaken "land" as the single most prominent sector dominating Zimbabwe's public discourse. This was somewhat fortuitous for this research

whose subject of inquiry was decided in early 2007. By 2010, mineral prices had recovered from a two-year slump and were reaching record levels again. For Zimbabwe's public and more importantly the inclusive government (IG), composed of the country's three main political parties namely ZANU-PF and two formations of the Movement for Democratic Change (MDC)⁴ formed in 2009, and whose main task was to recover an economy which had been in free fall for over a decade, this was seen as a boon. The cash-strapped government looked towards mining as a potential revenue source. Beyond this, ZANU-PF looked to score political points by demanding the transfer of mining ownership to indigenous Zimbabweans. This approach was vigorously contested by MDC formations that argued that such a policy was suicidal and would discourage the much-needed foreign investment.

While the prominence of the mining sector in Zimbabwe appears to be a more recent phenomenon, the sector occupies a special place in the country's history. Territorially, modern day Zimbabwe is a direct product of colonial mining interests. Mining has consistently been the economy's biggest foreign currency earner. If one includes artisanal and small scale mining, it is probable that the sector has been the biggest employer since the early 1990s. The fact that by end of 2008 nearly all of Zimbabwe's mines were either closed or under care and maintenance illustrates the extent of Zimbabwe's economic decline and the socio-economic ramifications thereof. However, after the official dollarisation and formation of IG, Zimbabwe's economy was on the mend, growing annually by 9.5 percent on average between 2009 and 2011 (Zimbabwe's Ministry of Finance, 2012 (a)). Year on Year inflation plunged from 89.7 trillion percent at the end of 2008 (Hanke and Kwok, 2009, 355)⁵ to -7.7 percent in December 2009 and stabilised at 2.91 percent as of December 2012 (RBZ, 2013). Mining sector recovery was buoyant, recording an annual growth of 60 percent in 2010 before slowing down to 25 percent and 10 percent in 2011 and 2012 respectively (Ministry of Finance, 2012 a). Mineral exports rose by 230 percent between 2009 and 2011 (Ibid).

Two periods stand out in the history of Zimbabwe's economic decline. First is the early 1990s liberal reforms supported by the International Monetary Fund (IMF) and the World Bank known as Economic Structural Adjustment Program (ESAP) (Carmody, 1998, 320;

⁴ In 2005, MDC, then Zimbabwe's main opposition party split into two factions, one main wing led by the party's founding President Morgan Tsvangirai and the small wing led by Arthur Mutambara.

⁵ This is perhaps the last known attempt to measure Zimbabwe's hyperinflation before official dollarisation in 2009. By this time official statistics were no longer available. Hanke and Kwok arrived at this figure by closely tracking Old Mutual shares on the Zimbabwe Stock Exchange (ZSE) and applying the principle of purchasing power parity (PPP).

Gibbon, 1995, 8-10). The opening up of the economy affected manufacturing more than any other sector (Bond and Manyana, 2002). In fact, despite the economy-wide negative effects of ESAP, mining enjoyed steady growth during the 1990s. On the whole, the economy's precarious position was worsened by a costly military intervention in the Democratic Republic of Congo (DRC) and unbudgeted financial hand-outs to the liberation war veterans in 1997. The second decisive moment was the violent takeover of white commercial farms from 2000 onwards.

Indeed when compared to the 1990s, the post 2000 period represents an anti-climax for Zimbabwe's mining sector. In the 1990s investment in gold mining had elevated the country to the third biggest exporter of gold in Africa and among the world's top ten. The country was leading in ferro-chrome production. By June 1994 the *African Business* was reporting a "New Gold Rush" in Zimbabwe. A policy shift towards deregulation in the early 1990s resulted in the proliferation of small players (Ncube, 1991, 85; Phimister, 1988, 46). This saw the number of gold panning participants totalling about 100 000 by end of 1992. By the mid 1990s cooperatives along the Great Dyke⁶ attracted a membership of more than 20 000 while semi-formalised gold mining employed "as many as 40 000 part-time workers," mostly women (Chachage, 1993, 20). This may have been abetted by the scattered nature of Zimbabwe's mineral deposits. In 1993 according to the Scandinavian Institute for African Studies, Zimbabwe had the largest number of mining companies in Africa excluding South Africa.

Considering the general boom in global commodity prices in the 2000s, the decline of Zimbabwe's mining sector during this period presents a paradox. Official figures show that, except for platinum and diamonds, Zimbabwe's mining sector experienced a general decline between 2000 and 2008. "Copper production collapsed from about 15 000 tonnes in 1990 to barely 2000 in 2001 and ferrochrome, which peaked in 1995 at nearly 300 000 tones, fell to 218 000 tonnes ten years later" (Saunders, 2007, 3). Between 2000 and 2001 alone, 14 gold mines were closed or placed under care and maintenance. In November 2008 alone, Zimbabwe's leading producer of gold at that time, Metallon Gold, closed five mines (*Business Times*, 2008: 1). Official gold deliveries declined drastically, as did nickel and other minerals.

⁶ The Great Dyke is a 450km-long and 11km wide rock rich in mineral deposits that runs through central Zimbabwe see figure 2.

While the decline in agricultural output and its impact on the agro-industrial complex can be traced to the violent takeover of white owned farms in 2000, the same cannot be said of the mining sector. Saunders (2008) observes that by 2008, despite ZANU-PF's militant rhetoric around "indigenisation" and black empowerment, "The transfer of ownership to Zimbabweans by legal or violent means seen in some other sectors *had* not happened in mining". It was only from 2009 that ZANU-PF started to vigorously enforce an early 2008 law requiring foreign mining companies to transfer majority shares to the state or to individual black Zimbabweans. When one considers this, and the relatively high international mineral prices dominating the better part of post 2000 period, the decline is cause for questioning, prompting Saunders (2008) to describe this situation as a "painful paradox". In a small but important way, this thesis assists in unlocking this paradox. Evidence of vertical mobility among the ASM and the generally successful performance of the large scale platinum sector suggest that mining sector performance was not all gloomy as official figures and general trends would lead one to believe.

Zimbabwe's crisis, like any crisis, appears not to have been without beneficiaries. While official gold production has reportedly been declining, ASM and smuggling activities have been increasing. Over 15 000kg of gold (valued over US \$400 million), diamonds worth over US \$800 million and other minerals to the tune of about US \$200 million were smuggled out of the country annually between 2002 and 2007 (Gono, 2007). The magnitude of smuggling renders official production figures a massive understatement. By 2001 a local newspaper in central Zimbabwe, *Midlands Observer*, estimated that as many as 600 000 people were involved in gold panning in central Zimbabwe alone (24 October, 2001: 1). Thus Zimbabwe's mining sector performance during the period cannot simply be generalised. The contradictory outcomes of Zimbabwe's crisis call for a more nuanced analysis of "Zimbabwe's plunge" (Bond and Manyana, 2002), in particular the role of mining in Zimbabwe's political economy, emerging accumulation paths and the country's development.

3. The Study Area and Research Methodology

The thesis largely derives from an intensive and investigative field work around the Chegutu-Mhondoro area between 60 and 110 kilometres (see map below) southwest of Zimbabwe's

capital Harare in 2010 and 2011. Geographically this covers Chegutu Town and its periphery which includes Chegutu rural and Mhondoro. Since Chegutu is the dominant administrative centre, I generalise my reference to the entire area for the study as Chegutu unless indicated otherwise. Formerly an agricultural hub before 2000, and traditionally an important gold and chrome producing region, the area is currently dominated by artisanal and small scale gold mining and large scale platinum mining. The once significant industrial base has been eroded by Zimbabwe's economic decline. The thesis looks closely at platinum mining on one hand and ASM on the other. In the wake of economic decline, these thriving sectors have become very important.

Chegutu was formerly known as Hartley and initially was settled after the discovery of gold. As early as 1901 a railway line had reached Chegutu (from Bulawayo) and with the shift of the settler economy towards farming, the area became an important farming area. Through the 1990s Chegutu's population grew steadily, by 4.32 percent for the entire period between 1988 and 1993 and 3.5 percent between 1993 and 1998 (Madzorera, 1999). Increased employment of males in the informal sector was recorded between 1993 and 1998 as increasing from 55 percent to 60 percent respectively, whereas the percentage of total formal unemployed men increased from 13 percent in 1993 to 15 percent in 1998 (Ibid). Despite the decrease in formal employment during this period, local government revenues and expenditures between 1993 and 1998 rose from US \$16 028 170 to US \$108 260 364 in 1998 (Ibid).

In the post 2000 period the town has been experiencing considerable urban expansion. The population for urban Chegutu, which stood at 22 726 as of 2002 (Zimstat, 2004), more than doubled to 49 842 as of 2012 (Zimstat, 2012). The Chegutu rural and urban population combined increased from about 100 000 to 149 025 over the same period. Thus clearly the biggest net gain was in the urban area. These figures are synonymous with observable changes in economic base (increased reliance on mineral extraction as opposed to rural peasant agriculture) and evidence of urban expansion, i.e. development of new houses and new suburbs. Some 80 percent of artisanal and small miners considered in this research claimed to be domiciled in Chegutu town though conducting operations in the rural periphery. Moreover, up until the construction of employee houses at the mine by Zimplats from 2009 onwards, a considerable number of Zimplats employees were commuting from Chegutu town (and some continued to do so at the time of writing). The town council

indicated that they were failing to cope with demand for new housing space. This appears ironic for a town whose economy is supposedly shrinking (deterioration in service delivery seems to confirm this) due to the death of the formal economy.

The studied area exemplifies the economic quagmire that is post 2000 Zimbabwe and the subsequent socio-economic outcomes. The town's role as a traditional agricultural hub exposed it to the worst of the effects of the massive expropriation of white owned farms in the 2000 and aftermath. Most of the surrounding farms were taken over by senior figures from the dominant political party, ZANU-PF. The most notable ones include Chigwell Estate also known as Big Orange, half of which was taken over by Bright Matonga⁷, Stockdale Estate, now owned by the son of Senate President Edna Madzongwe⁸, and Hippovalle farm taken over by Emilia Zindi, a chief reporter with the state-run Zimpapers (*The Zimbabwean*, 19 December 2010). Farms in Chegutu were known for producing oranges, beef, vegetables and other crops. None of these farms has remained productive. If anything, machinery and other equipment have been removed and sold. Plant and livestock produce has been plundered. Pre-existing infrastructure has been vandalised and neglected. Former farm workers have found themselves either jobless or having to do with far little and unreliable (if any) remuneration. Big Orange alone employed up to 1400 people (Phil Matibe, *SW Radio Africa*, 6 January 2013). Residents from the old Pfupajena Township used to find seasonal employment grading oranges and other crops for export at the farms. Some of these have now been pushed to join the growing army of gold panners and "sex panners"⁹.

The impact of the land seizures is not only felt by former direct employees of the farms. Agro-industries such as Chegutu Cannery, Heinz, Bonzim and retail shops that have long relied on the surrounding farms have had to scale down and rely on imports. Then there are individual traders who made a living from buying and selling farm produce. Some of these traders had been victims of growing unemployment resulting from liberal reforms in the 1990s. The Chegutu market (*musika*) adjacent to the town's main bus terminal used to be abuzz with traders and was popular with travellers who saw it as a place to buy cheap farm produce. The terminal is strategic in that it serves as a transport intersection (both rail and

⁷ Bright Matonga is a Zanu-PF MP for Mhondoro Ngezi and former Deputy Minister of Information and Publicity

⁸ Big Orange and Stockdale Estate are orange estate formerly owned by white farmers Thomas Beattie and Peter Etheredge. Thomas Beattie retained a portion of his farm owing to his links with ZANU-PF.

⁹ "Sex panners" is local lingua for sex workers who target gold panners.

road) between Harare, Bulawayo and Chinhoyi¹⁰. During its peak, Chegutu drew traders from as far as Zambia to buy oranges from the Big Orange for resale. *Musika* is now a ghost of its former self. The national passenger rail is no longer working and large buses are no longer the main mode of public transport since people are relying more and more on small busses and hitch-hiking which avoids the bus terminal. Ironically, one of the most prominent ZANU-PF politicians and businessman, Philip Chiyangwa, is celebrated as hailing from this historic *musika* and having been a trader of farm produce. Yet the political system of which he is a member has presided over the demise of the market.

The seizure of foreign and white owned entities has not been restricted to farms. In the name of indigenisation and empowerment of blacks, other economic sectors have been affected too. In 2008, David Whitehead (DWH), a textile company with a presence in Zimbabwe's main cities, issued additional shares in order to facilitate an indigenisation transaction. Under the deal, Elgate Holdings owned by one Andrew Toendepi acquired 51 percent of the firm valued at US \$5.4 million supposedly to recapitalise the company. In Chegutu DWH employed over 600 people. The promised US \$5.4 million was never paid (*The Standard*, 10 April 2010). Instead, the takeover was followed by plunder and stripping of company assets, labour unrest over non-payment of salaries and eventually more job losses. The media reported that scrap metal from the company plant and equipment was sold in South Africa. On 30 May 2011, *The Herald* reported;

David Whitehead Textiles finance director Zivainashe Mangena has been arrested for allegedly stealing company property that includes a bus, three vehicles, four milling machines and a compressor. The property, worth several thousand (us) dollars, was allegedly stolen at the company's branches in Chegutu, Kadoma and Gweru and used to open an engineering company in Harare.

At the time of writing DWH was filing for liquidation (*The Herald Online*, 20 December 2012). The story of DWH's demise thus echoes that of farms around Chegutu. As this plunder was taking place, several gold mines in Chegutu were closing down adding to the economic squeeze.

Geologically, Chegutu forms part of what is referred to as the Midlands Greenstone Belt, a portion of the Great Dyke stretching from Shurungwi to Chegutu. Despite traditionally being an agricultural hub, the area has been described as having the highest concentration of mines

¹⁰ By linking with Harare, Chinhoyi and Bulawayo, Chegutu is a transit town for travellers from the east of Zimbabwe (Mutare via Harare), Botswana and South Africa via Bulawayo and from the resort town of Kariba and Zambia via Chinhoyi respectively.

in Zimbabwe. Chegutu district has traditionally accounted for about 30 percent of Zimbabwe's annual gold output (A – Z Environmental Consultancy, 2008). Chegutu has been a host to several medium to large scale mines. However, these have followed a national trajectory of decline and closure. By 2008, RioTinto's Cam and Motor Mine, arguably the largest gold producer in Zimbabwe's history, was effectively under care and maintenance. Dalny Mine, owned by Falcon Gold, closed much earlier. At the time of writing, wholly state owned Elvington Mines and Jena Mines (50 percent state owned) were both operating at below 40 percent capacity. A massive investment in platinum mining 30km north-east of Chegutu (Makwiro Platinum Mine) in the late 1990s by the world's largest platinum miner Broken Hill Property (BHP) Billiton and Delta Gold saw a momentary revival of the town away from the decline of the late 1990s. This was short lived as Makwiro Platinum mine shutdown in 1999.

The decline of state owned Elvington Mine has been particularly devastating since the mine employed hundreds of employees resident in Chegutu. In fact, one of the townships in Chegutu is named ZMDC (in reference to Zimbabwe Mining Development Company (ZMDC) the state company that operates the mine) because it was built mainly to provide housing for the mine's employees. At the time of writing most houses in ZMDC had been sold or rented out to non-employees as the company scaled down on its workforce. Other struggling mines around the town include Butterfly Mine, Gadzema Mine, Giant Mine and Pickstone, all owned by Africa Consolidated Resources (ACR). To add to this, a combination of unreliable rainfall, poor prices for main crops like cotton, failure by government to pay for maize deliveries and lack of inputs and other supply side constraints pushed rural farmers around the area to venture more and more into gold panning which hitherto has been a seasonal and subsidiary activity.

Platinum mining was resuscitated after some massive capital injection by South Africa's Impala Holdings which has since managed to set up a viable mining operation - Zimplats. Some of BHP's former employees have since been re-employed at Zimplats while others went into ASM gold mining and other informal economic activity. By the time of writing Zimplats employed over 3000 people directly and an additional 2000 through sub-contractors. More than a thousand houses had been constructed at Turf Village near the company's main operations, thus moving away a considerable number of its employees from Chegutu town where they were once domiciled. Close to US \$1 billion had been invested,

making Zimplats Zimbabwe's single biggest investment. Though celebrating Zimplats' contribution to the economy, the company was the target of a vicious indigenisation onslaught. It is how the company dealt with this apparently hostile political economy and retained viability that this thesis considers in great deal.

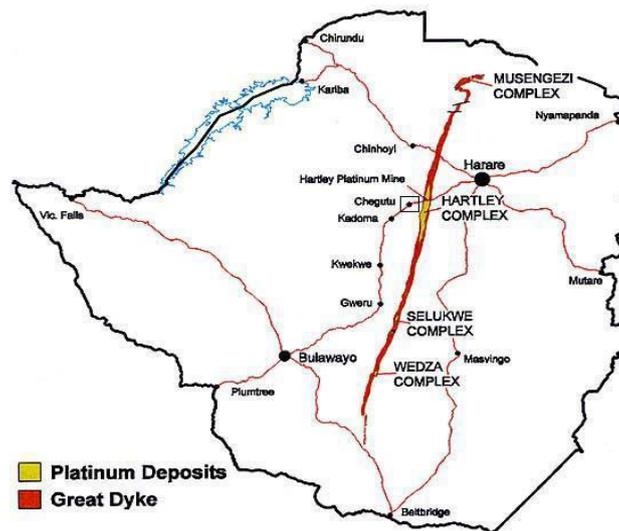
This thesis also looks at ASM's dynamic relationship with the state, the economic crisis and the outcome thereof. In this thesis, ASM (gold) is used to refer to four distinguishable phenomena namely: registered small claims, informal/unregistered small claims (usually run by a family, individual or a syndicate), illegal gold panning along reefs and abandoned shafts (associated with gold rushes) and river bed alluvial panning. The focus is mostly on the first three, since river bed panning has declined due to stringent environmental policing in the area. Though a distinction can be made, in practice, the lines between formal and informal, legal and illegal are blurred. In distinguishing what is formal and what is not and for the purposes of analysis, I adopt Feige's distinction of formality and informality.

...whether the activity adheres to established and prevailing rules of the game... Adheres to the established rules constitutes participation in the formal economy... whereas noncompliance or circumvention of established rules constitutes participation in the informal economy.

That ASM registered players often engage in informal/illicit economic activity will be discussed as such and will not affect this categorisation. The key word from the definition is 'participate', hence a formal business may 'participate' in informal activity.

Before the suspension of the Zimbabwe dollar, gold trade fed into illegal foreign currency trade and vice versa (Mawowa, 2010). As confidence in the Zimbabwe dollar ebbed, miners traded their gold in foreign currencies. This had an effect similar to Zimplats' special facility to bank outside the country. The switch to the multiple currency system has thus been seamless to most gold miners in Chegutu. It is perhaps this sort of economic activity that has helped to mitigate the economy-wide liquidity crunch wrought by the adoption of foreign currencies. For an economy that did not receive any external financial support to back its dollarisation, Zimbabwe's liquidity levels were quite astounding. Yet, at the end of 2010 the Bankers Association of Zimbabwe still estimated that 52 percent of the country's liquidity was 'trapped' in the informal sector.

Figure 2: Zimbabwe Map Locating the Study Area



The research used a combination of observations, desk material, in-depth interviews and focus group discussions. Forty-three in-depth interviews were conducted with a range of respondents who included local and central government officials, ASM miners, gold buyers, company officials and mining communities between 2010 and 2012. Two focus group discussions were conducted with communities around Zimplats. This is in addition to several observations and informal conversations with individuals involved and observers. Interviews often posed a particular difficulty as Zimbabwe’s political environment is often dominated by fear and secrecy. Understandably some respondents requested anonymity and confidentiality. The secrecy and sensitivity poses challenges in verifying some of the information; for that reason, where verification could not be obtained this is made explicit in this thesis.

Desk material on Zimplats was relatively easy to access through the company’s website, company reports, media releases and news reports. Government documents such as laws, policy documents and promotional material were also very useful for both the Zimplats aspects of the study and the artisanal and small scale gold miners. The researcher also benefited from workshops, conferences and seminars on mining in Zimbabwe in some of which he had opportunities to present papers on the subject.

In the case of ASM miners, the initial intention was to use both participatory and non-participatory observations and complement these with in-depth interviews and desk research. However, the security situation discouraged the researcher from conducting

participatory observations. Instead, only observations, site visits and interviews were conducted. From observations and interviews it was possible to trace the gold value and trade chain as it moved through various stages from the pit in rural Chegutu to some flamboyant buyer in Harare – what Gereffi *et al.* (2001) calls the product chain analysis. This made it possible to assess how wealth is transmitted from stage to stage and provide some technical insights on the process. Considering the “conditions of hostility and mutual suspicion” (Spencer, 1986, 28), this investigative approach proved vital. This, together with semi-structured in-depth interviews, became the primary method with regards to ASM.

Interviews were important in supporting observations. This is by no means unique; “... field researchers (usually) complement observations by conversation, informal/unstructured interviews, formal interviews, by surveys, by collecting personal documents (written, oral and photographic evidence)” (Burgess, 1986, 2). In the case of panning and small scale mining, observations made it easy to identify respondents for interviews and determine their accessibility. This enabled in-depth information, contextual and other information from participants (Wisker, 2001, 165).

For analysis, constant comparative analysis was used with data, thematically coded as soon as possible after collection. The codes were in line with research questions, themes and issues and in line with envisaged thesis chapters. Transcribed interviews were thematically annotated on the sides. In collecting data and eventually analysing it, research questions were always borne in mind so as to guard against too much deviation. Due to the volume of data collected I have had to be selective and focus on what is most relevant. Some of the sifted out information I believe, can be useful for further analysis.

4. Research Problem and Objectives

Given the growing importance of mining wealth in African development once again, how do we evaluate its contemporary role in Zimbabwe? Over Zimbabwe’s crisis period it became increasingly necessary for those intending to conduct mining activity successfully to carefully navigate an increasingly pervasive and authoritarian state. This owes partly to the breakdown in the rule of law and norms of liberal governance. The lack of consistency in the application of laws and what appears to be multiple centres of power at local level meant that businesses, miners and gold traders had to engage different networks of power and coercion in order to

remain in the game. This is apparent when one considers ZANU-PF's attempts to control Zimplats in the name of indigenisation and economic empowerment, and the company's response to this and the patronage driven small scale mining in the studied area. Mining and accumulation in Zimbabwe is heavily securitised.

The thesis considers the impact, opportunities and constraints presented by Zimbabwe's political and economic crisis on mining activities in Chegutu and Mhondoro area. This is looked at in the context of expanding ASM that characterised the crisis on one hand and the continued viability of one big scale mining venture on the other. This work unpacks mining activities in this part of Zimbabwe within the context of accumulation strategies dominating this period. It looks at:

- i. How the mining industry in Chegutu has been affected by and responded to the crisis and the outcomes thereof,
- ii. The extent to which the mining industry maintained a level of efficiency and know-how,
- iii. The relationship between mining, accumulation, crisis and the state,
- iv. The horizontal and vertical networks that exist to maintain viable accumulation
- v. The system of regulation (official and extra-legal) governing ASM, the property issues and conflicts arising and how these are resolved.

5. Overview of Study and Summary of Main Arguments

The thesis is divided into five parts subdivided into nine chapters. The current chapter has set out the economic, socio-political and geographical context for the study. It has summed up the main argument of the thesis and summarised key findings. The following chapter (two) continues the aim of part one, setting the stage for this thesis. It engages with contemporary development thinking and the mining's place in the development process. The chapter draws analogies between the processes taking place in Zimbabwe and other developing parts of the world on one hand, and the historical processes of state capitalist development in the developed worlds on the other. It also analyses related literature and shows how the work taps into the broad discipline of development studies.

Chapter Two makes a case for the importance of the extractive sector in Africa and (narrowing down to) Zimbabwe's development process. Using development literature to interact with evidence presented in this thesis, it is argued that development around mining is perhaps feasible but there is a resource curse problem and notably in Africa. Debate in South Africa on the mineral energy complex (MEC) (Fine and Rustomjee, 1996) is equivocal and it is never entirely clear whether the MEC continues to be a viable development path. Contextual constraints that make it difficult for the sector to play a developmental role in Zimbabwe are identified. These constraints are dealt with in greater depth in the proceeding chapter.

Part Two is both historical and analytical – providing a broad historical context of the Zimbabwe crisis to the present as well as the history of mining in that country. This is traced from the development of settler mining capital and the nature of colonial capitalism, from early gold rush, through the years of slumps and booms in Chapter Three. In this historical survey, a deliberate attempt is made to understand mining at the two levels of interest to this study, namely: large scale corporate ventures focussed on platinum and ASM with a bias towards gold mining. Chapter Three thus identifies some structural factors impacting mining at the dawn of Zimbabwe's independence in 1980.

Chapter Four traces mining development through the relatively stable years of 1980 to 2000 and the post 2000 volatile situation. The chapter unpacks Zimbabwe's paradox, an apparently declining mining sector in the midst of a global commodities boom. The chapter discusses a "paradox" within Zimbabwe's paradox: the exceptional performance of platinum and ASM. The chapter provides a broad synopsis of the Zimbabwe crisis economy and state of mining at present with an emphasis towards unpacking the state's coercive *modus vivendi*, accumulation and informality.

Part Three, composed of Chapters Five and Six, form the first of the two parts of the thesis that focus on evidence concerning Chegutu. At a time when Zimbabwe's mining sector has been in decline, the platinum sector dominated by Zimplats and Mimosa thrived. Zimplats, together with Mimosa, represented the most significant investment of South African capital in Zimbabwe. This part shares some insights on how Zimplats managed to navigate a vexatious political and economic environment. It is argued that Zimplats appears to have

managed to adapt successfully to Zimbabwe's political context to ensure survival in an age of populism and policy uncertainty.

Chapter Five looks at Zimplats in the context of Zimbabwe's general economic crisis and political economy, while Chapter Six looks specifically at how the company was able to negotiate a winning situation in light of government attempts to force the company to dispose a majority stake to indigenous Zimbabwe. The basic argument in both chapters is that carefully managing power networks dispersing political and economic rents was crucial. Though the situation was hostile, the profitability probably made the investment worthwhile.

Part Four (Chapters Seven and Eight) looks at the political economy of ASM gold mining in Chegutu. It is argued that the outcomes of Zimbabwe's crisis have not been linear, and this is most eloquently proved by looking at ASM. It is in this section that crisis accumulation networks are most evident. By crisis accumulation networks, the thesis refers to the crisis specific horizontal and vertical (power) connections that actors relied upon in order to adapt to the political, legal and economic barriers and to successfully remain in the game. In a sense, being in a network distinguished those who succeeded from those outside the network who failed. Successful accumulation for the most part relied on both horizontal and vertical networks.

Chapter Seven shows how Zimbabwe's crisis has brought about a highly informalised regime of accumulation. This is as true for street commodity trade, informal currency trading, cross border trade amongst other phenomena as it is with informal and formal small scale gold mining. At face value, one can easily define these activities as survivalist, never to go beyond assisting the poor to make ends meet and cope with the economic crisis. While this is true to some extent, to simply state thus would be too simplistic and risks masking an important dimension to these activities. This thesis brings out two important aspects in this regard.

Firstly, business and political elites have been part of, and often sponsored, the highly informal panning and smuggling activities. Secondly, there is a significant incidence of medium size business ventures emerging out of ASM even where the primary focus was survivalist. In this sense, informal and sometimes illicit mining activity has provided capital finance for other economic activities – a role that might otherwise be played by banks or moneylenders. Part Four attempts to make sense of the mixed outcomes for different ASM

actors during the period. Evidence of upward vertical mobility and perhaps horizontal mobility (in the sense of investing in other economic activity away from mining) is discussed in Chapter Eight, showing that ASM can act as an enabler for other economic activity. It may be a form of what Karl Marx termed “primary accumulation”. While the majority of activity in this category remains survivalist, the total income levels are substantial.

The last section, Part Five, consists of just Chapter Nine. Being the concluding chapter it attempts to answer the main questions of the research as well as to raise questions for potential future research. It argues that political economy is central in understanding the contradictory economic outcomes of Zimbabwe’s crisis.

Chapter Two: Mining, Development and the Post - Colonial State

1. Introduction

This chapter considers development literature and theory with particular emphasis on the role of the extractive sector in the development process, potential for accumulation, political economy and how this relates to Zimbabwe's crisis situation. Generally, Africa's minerals and development discourse is dominated by the resource curse literature (Collier, 2000; Sachs and Warner, 1999; Mähler, 2010; Rosser, 2006; Richard, 1996). It is perhaps true to say that the emphasis on the developmental potential of the extractive sector that now dominates Zimbabwe's policy discourse represents something other than resource curse pessimism. Though this thesis is not so much a discussion on the plausibility or otherwise of the resource curse analysis, its conclusions call for a rethink of the overly pessimistic views on mining sector performance, its contribution to economic development, accumulation from below and human welfare. It is a view different from the one that sees the resource trap as all-defining, but at the same time avoids going too far the other way. Accumulation from below in African conditions is not without limitations and ought to be qualified.

This work is an attempt at moving away from generalisations that tend to dominate development theory and literature. Indeed Padayachee and Hart decry the fact that "Most of the writing on economics and economic development problems and theory is usually presented in general terms applicable to all the (*sic*) world or to all the underdeveloped world" (2010, 4). Resource curse literature, for instance, tends to focus on the nexus between mineral wealth, power, economic choices and developmental outcomes. The thrust, thus, is on the way that states or groups with power manage these resources and towards what ends, which risks overlooking social phenomena in resource rich countries where private individuals or groups have access to mineral wealth outside of the formal economy and state/power structures.

This thesis takes a slightly different angle from the state-centric approach. It approaches the development question by examining the intersection of a post-colonial state in a political and economic crisis, the historic importance of mining, the apparent emergence of an important ASM sector on one hand and the emergence of a thriving highly corporatised platinum sector on the other. To do this, it is necessary here to first reflect on the literature concerning: i) the

development process, capital accumulation and in particular the role of mining, ii) informality, economic growth and development, iii) the nature of the post-colonial state and its role in governing accumulation and development, and lastly (since Zimbabwe is a crisis and conflict situation), iv) the political economy of conflict. The suitability of some of these theoretical lenses for analysing the Zimbabwe situation is considered below.

I start below by making a comment on development and political economy literature specific to Zimbabwe. This will be followed by a discussion of what may be defined and distinguished as “mining Afro-pessimism” and “mining Afro-optimism”. It is argued that, broadly, one may look at developmental and political economy literature on mining in Africa and the developing world as falling within either of these classifications. This will be followed by a rather general discussion on the mining-development nexus, focusing strongly on the contemporary literature and theory that has attempted to understand and prescribe a suitable development path for mineral rich economies.

Since this thesis also looks at Zimbabwe’s highly informalised ASM, the problematic of measuring informality, growth and development is considered briefly. Lastly, the chapter concludes by discussing theoretical postulates that are more relevant to understanding the conjuncture between crisis, (post-colonial) state formation, accumulation, conflict and development. This, it is argued, is particularly relevant in order to understand the nature and growth of ASM in Zimbabwe’s Chegutu area. It is this political economy approach that better explains the Zimbabwe state’s interaction with the highly corporatised platinum sector.

2. Literature on Mining and Zimbabwe’s Development

With a few exceptions, historically, literature on Zimbabwe’s political economy has tended to have an agrarian bias (Herbst, 1990; Phimister, 1988). This is partly due to the historical dominance of farming capital in the development of the colonial economy, and its role in domestic politics and policy formulation (Arrighi, 1966). Post-2000 accounts almost invariably focus excessively on land and democratisation since the controversial land reform program by the Zimbabwe government, and the political crisis characterising the period. Yet mining occupies an important position in the political economy of not only Zimbabwe but many developing countries (Bosson and Varon, 1977; Hamilton *et al*, 2006) both historically and today. From the 1990s, if one includes ASM, it is probable that the mining industry

employed more people than any other sector of the Zimbabwe's economy. Generally, a comprehensive discussion on the sector, its contribution to socio-economic transformation and political economy appears lacking in the post Second World War period, specifically from 1953 onwards. This is despite some outstanding works on the subject in the preceding period since 1900, most notably van Onselen's (1980) *Chibaro*, Phimister's PhD thesis (1975) and several journal articles (Phimister 1992, 1977, 1976 and 1973). The following chapter has been greatly enriched by these works.

In the post-colonial period, studies that have looked at mining in Zimbabwe hardly do so from the stand point of political economy. Semi-journalistic accounts on diamond mining in the east of Zimbabwe in the 2000s (Sokwanale, 2007; PAC, 2011; Global Witness, 2012) and my own 2007 master's work represent the closest there is to a political economy of mining. Several works on mining have concerned themselves with environmental impacts of mining (Hilson, 2002; Zwane *et al*, 2006), policy formulation (Spiegel, 2008; Herbst, 1990; Hollaway, 1997; Maponga and Ngorima, 2003), globalisation and international capital (Chikowore *et al*, 2002; Chifamba, 2000; Herbst, 1990) and even foreign relations (DeRoche, 2001) among others. Despite the resurgence of interests in Zimbabwe's mining post 2006, particularly around Marange diamonds and the country's economic recovery in the aftermath of 2009, there is yet to be a serious attempt at either ethnography of and/or political economy of mining.

Notwithstanding this limitation, this thesis has benefited immensely from several great works on the capitalist development of both colonial and post-colonial Zimbabwe. Stoneman's (1988) essays on the challenges and nature of Zimbabwe's capitalist accumulation in the first decade of independence are particularly insightful. Mandaza's (1986, 2007) description of Zimbabwe as a "schizophrenic state" and Dashwood's (1996) analysis on the role of class in Zimbabwe's development strategy demystify the Zimbabwe state class' empty anti-imperialist rhetoric. Other equally important works include Phimister (1983, 1988), Arrighi (1966), Carmody (1998), Gibbon (1995), Hammar *et al* 2004, John Moore (2003), Nest (2001), Scott (2002) and Sachikonye (2005). Phimister's work on capital accumulation and class struggle (1988) and Thompson and Woodruff's account on *Economic Development in Rhodesia and Nyasaland* (1993) provide some useful insights on the nature of Zimbabwe's colonial development.

Other than these writings specific to Zimbabwe, it is necessary at this stage to explore other literature that has shaped the theoretical landscape on mining and development and political economy of mining. In the discussion below, these are classified as developmental literature and political economy categories. Because this thesis takes an explanatory, rather than a prescriptive approach, a political economy bias is inescapable.

3. Minerals and Afro-Optimism

The importance of the mining sector in Zimbabwe's and indeed Africa's development is widely acknowledged. A global commodity price boom and the scale of Africa's endowment with minerals have awakened a degree of optimism about Africa's development prospects. Oil rose from less than US \$20 a barrel in 1999 to more than US \$145 in 2008. Between 2000 and 2010, gold and platinum prices shot up by more than 400 percent. The continent experienced an average annual growth rate of nearly 5 percent over the same period (World Bank, 2011). Of course this growth has not been homogenous and one needs to guard against generalisation. Zimbabwe and Eritrea for example had negative averages of -5.9 percent and -0.6 percent, respectively, while Seychelles, Guinea-Bissau, Gabon, Central African Republic and Ivory Coast all had less than 2 percent growth (World Bank, 2011, 10). In fact, Zimbabwe has often been noted as an anomalous case despite its rich potential. It is perhaps true to say that, other than these few cases, in terms of growth, the outlook has been bright for most of Africa.

Despite what appears to be a degree of optimism, literature on mining in Africa has been far from being entirely optimistic. If anything, Carlos Oya's (2010) description of Africa's development literature — falling along the lines of “agro-afro-pessimism” on one hand and “agro-afro-optimism” on the other — can be applied to demarcate literature on mining and Africa's development. According to Oya ‘agro-afro-pessimism’ literature emphasises what is regarded as the general failure of African agriculture. On their part, the Agro-afro-optimists celebrate the continent's potential while stressing the necessity for an “African green revolution” and its implication for a dramatic shift to private land tenure on a big scale (Oya, 2010, 85).

With regards to the extractive sector, it is possible to distinguish between extractive-Afro-pessimism and extractive-Afro-optimism. The pessimistic view of Africa's mining is

exemplified in the “resource curse” literature (see for example Sachs and Warner, 1999). There are both economic and political explanations for the resource curse. From an economics perspective, resource rich countries tend to be overly dependent on mineral wealth at the expense of other economic activities also known as the Dutch disease. Reliance on mineral exports has been found to result in an overvalued exchange rate which impinges on the growth of other sectors particularly manufacturing and services (Collier and Goderis, 2007). To this extent, Fine and Rustomjee’s (1996) diagnosis of South Africa’s problematic minerals-driven industrialisation as linked to the “mineral energy complex” (MEC) can be said to represent a resource curse in verity. However, the MEC debate in South Africa is far from conclusive and it is hard to say whether the MEC path is either good or bad (Padayachee, 2010).

Development literature points to a series of political and economic distortions that undermine mining’s contribution to development. An abundance of mineral resources tends to impact growth and equity. Dependence on mineral exports is said to over-expose resource based economies to external shocks associated with commodity price volatility, thus reducing “possibilities for capital accumulation” (Lawrence, 2010, 32, Karl, 1997). Between 1965 and 1999 OPEC¹¹ countries experienced an annual GDP per capita decline of 1.3 percent (Robinson *et al.*, 2006, 448). Incidentally, 1998 represents a sharp downturn in commodity prices. Post 2000, Africa has been the fastest growing region in the world thanks to the rising commodity prices. But the problem of volatility means that mineral resource dependent economies may not be sustainable. Poor countries export raw minerals to advanced rich nations and in turn import finished goods from the same, which benefits the rich nations and a handful of powerful local individuals and companies connected to mineral exports, creating wide disparities between the rich and the poor.

Countries that fall into a resource trap lack diversification and have a high preponderance of conflict and rent seeking. Oil producing Nigeria has received a lot of attention as exemplifying the resource curse, which manifests itself by way of conflict and rent seeking (Collier, 2000, 2003; Le Billion, 2001; Fairhead, 2000). The Niger Delta region has experienced massive violence and conflict while the Nigerian state gets entwined in ethnicity and religious conflict (Ejobowah, 2000; Watts, 2004). The Democratic Republic of the

¹¹ Organisation of Petroleum Exporting Countries (OPEC) is a permanent intergovernmental organisation of leading oil producers created in 1960 mainly to secure favourable petroleum prices for its members.

Congo is another example of how the intersection of resource abundance, a weak and somewhat fragmented state, competing international mining interests, a history of exploitation and ethnicity conflict can produce a toxic outcome (Hochschild, 1998; Kennes, 2002; Cornwell, 2007). Some have stressed the importance of institutions, transparency and accountability. According to one such proponent, it is better to keep minerals in the ground until institutional conditions are made right (Stiglitz, 2007; also see Martinez, 2007).

Without necessarily over-generalising, the historical relationship between the state's source of legitimacy, rent seeking and resource led conflict raises the fear of a resource curse type of conflict in Zimbabwe. Since a referendum defeat in early 2000 and the subsequent disputed elections, it may be said that ZANU-PF can no longer convincingly claim to derive its legitimacy from popular support through elections. Repressive laws, violence, liberation war credentials and history and patronage politics around land, food hand outs and (as this thesis will show) "indigenisation and empowerment" in the mining sector became new sources of legitimacy. As Phillippe Le Billion contends in the case of Angola, rents created from resources "allow(ed) ruling groups to dispense with economic diversification and popular legitimacy often resulting in rent seeking, poor economic growth, and little social mobility outside politics and state patronage" (2001, 561). However, the Asian experience shows that outcomes are not pre-determined. Very substantial growth has been able to embody all these things without being eviscerated; the state effectively has created some agencies that avoid these patterns or rather channels rents into effective new forms of accumulation (Khan, 2009).

Within the context of Zimbabwe's IG, where the two dominant political parties are wrestling for political dominance, it is easy to see why the diamonds in Zimbabwe have triggered much contestation. By the time of writing, Zimbabwe's Marange diamond fields were controlled by the ZANU-PF party and the country's military. The Mines and Minerals Development ministry was also in the hands of ZANU-PF. Revenue for diamonds was circumventing the treasury, which was under the control of ZANU-PF's nemesis, the MDC. Reports suggested that the revenue was going straight into the accounts of the military and security sector, in essence a "parallel government" (Global Witness, 2012). The same military and security forces vowed to carry out a coup if MDC's Morgan Tsvangirayi won a pending 2013 election to become president (*Newsday*, 19 October 2012). As the case of ASM and indeed the state's quest to wrestle ownership and control of the platinum sector shows that Zimbabwe's

security sector and ZANU-PF dominate the country's political economy. The quest for political survival and patronage-based accumulation converge.

The phrase “too rich to be poor” in Zimbabwe's political lexicon demonstrates the optimism tempered with disappointment over the country's failure to make the best out of its mineral wealth. It is generally accepted that, like most of Africa, Zimbabwe's considerable endowment in mineral wealth has produced very few positive developmental outcomes. While diamond mining has received most of the attention, some argue that Zimbabwe's prospects lie with other minerals such as gold, platinum, coal, nickel, chrome and copper (Interview, DFID Official, 3 August 2011). Yet even with these other minerals, the historical evidence is far from reassuring. Several once-thriving mining urban centres have for instance decayed into ghost towns (Kamete, 2012). Despite the pessimistic outlook, a strong sentiment still persists that the country's and indeed Africa's development rests in its ability to make the best out of its mineral wealth (Breckenridge, 2008). Innis (1956) shows the importance of resource exploitation in Canada's development path. Australia, New Zealand, Sweden and Iceland show the same, while the USA (unlike Europe) historically remains a major exporter and producer of a variety of natural products.

4. Mining and Development

Debates surrounding natural resources and development have not only considered the role of resources in economic development and social transformation, but the relationship with other economic activities in the long run. In a 2006 study entitled *Where is the Wealth of Nations?* the World Bank notes that:

...as countries become richer, the relative importance of produced and intangible assets rises in ratio to natural assets ... Exhaustible resources, once discovered, can only be depleted. Consuming rents from exhaustible resources is, therefore, literally consuming capital, which motivates the Hartwick policy rule for sustaining development— invest resource rents in other forms of capital (Hamilton, *et al*, 2006, 7; also see appendix 1).

This fits very well the classic economic development literature of writers such as W. A. Lewis (1970) or W.W. Rostow (1971) and their models for how economies transform and develop. Yet in spite of this observation borne out by so much historic evidence, the main thrust of World Bank advice, especially during the structural adjustment period, has been Ricardian (Ricardo, 1926) urging African countries to focus more and optimise on natural resources where they have a ‘natural’ advantage. Ideologically, this is not necessarily

contradictory; the bank would argue that the declining share of natural assets is (and should be) a function of markets rather than state intervention.

The bank's prescriptions to developing countries have often led to deindustrialisation and increased reliance on foreign aid and primary sectors, in particular mining. Since the guiding principle of the bank's reforms was comparative and competitive advantage (Ricardo, 1926) — that is, a country should specialise on what it can do best — this was promoted as desirable. In Zimbabwe's case, following the liberal reforms in the early 1990s, the relative contribution of primary export commodities to GDP increased (Mawowa, 2011). This is the exact opposite of the development process as experienced by the now advanced rich countries. Ironically, in 1996, the bank hailed its interventions in Zimbabwe as a success (Jones, 2001). The disastrous effects of the bank's advice for Zimbabwe are discussed in greater detail in Chapter Four. Such an indiscriminate approach to economic planning and choice of economic activities is challenged by a growing scholarship of heterodox development economics (Chang, 2002; 2003; 2008; Wade, 2003; Reinert, 2008). Reinert argues that "... no country has been able to get rich without an industrial and an advanced service sector," and the countries that produce only raw materials are doomed to stay poor (2008, 150). He contends that "... of all the blind spots of standard economics, the most important of all its assumptions was the 'equality assumption': that all economic activities were qualitatively alike as carriers of economic development" (2008, 276).

While heterodox economists agree with the observable trend that the relative importance of resource sector declines as countries develop, they argue that such outcomes are a result of conscious state decisions. Reinert cites the Spanish example to show how different economic activities have different developmental outcomes, hence the need for conscious economic choices. From an industrial hub in the 1500s to 1700s, Spain's reliance on agricultural and mineral¹² exports led to deindustrialisation and impoverishment.

It was clear to the observers at the time that enormous wealth, all the gold and silver flowing into Spain, just flowed out again and ended up in a couple of places - Venice and Holland. Like a slow-moving tsunami, it is possible to study the giant wave of inflation that spread through Europe with its epicenter in Southern Spain. But why did this flow of gold and silver finally end up in very limited geographical areas? What distinguished Venice and Holland, where so much of the flow of Spanish gold and silver came to a halt, from the rest of Europe? The answer was that they had extensive and

¹² Largely from its colonies.

diversified industry ... The realisation spread through Europe that the real gold mines of the world were not physical gold mines, but manufacturing industry (2008, 86).

Giovanni Botero's 1589 work notes, "Italy is a country in which ... there is no important gold or silver mine, and so is France: yet both countries are rich in money and treasure thanks to industry (Ibid; Botero, 1589, *English translation 1956*)." A memorandum to King Phillip II by Spain's Minister of Finance in 1558 reads like one of an African resource minister today. "... by buying back their own raw materials (processed into finished goods) at an exorbitant price, the Spaniards are made a laughing stock of all Europe" (quoted in Reinert, 2008, 87).

The World Bank, a key shaper of Africa's development strategy, sees natural wealth as key to the continent's development. This is because natural wealth constitutes a very significant share of total wealth in low income countries. The bank's estimates of wealth stocks indicate that natural capital constitutes 26 percent of the total in low income countries compared to 2 percent in high income countries and the 4 percent global average (Hamilton *et al.*, 2006). These estimates seem to buttress Reinert's argument that "as countries become richer, the relative importance of produced and intangible assets rises in ratio to natural assets", (Ibid) (also see Appendix 2). Custers and Mattysen observe that although "oil, gas and metals are of strategic importance, they do not even account for 5 percent of the world production... (and) in most cases, the heart of the extractive industries lies outside Africa" (2009). This poses a question as to the development path of most poor but resource rich countries whose development so far has been underpinned by tapping into their natural wealth. What can be considered to be the strategic role of mineral wealth in social transformation?

In most policy papers, at both national and continental level "diversification" and "value addition" are the buzzwords. The New Economic Partnership for Africa's Development (NEPAD), a flagship program of the African Union (AU) aimed at the economic regeneration of Africa and AU's *Mining Vision 2050*, emphasises the need for value addition and diversification. Nationally, Zimbabwe's Medium Term Policy and fiscal policy statements also allude to the need for diversification. These stress the logic of value addition in a balanced economy, the finite character of natural resources and commodity price volatility. At the time of writing, the Zimbabwe government had announced the banning of semi-processed platinum exports from 2014, having previously banned exports of raw chrome with the aim of encouraging local processing.

To be fair, the World Bank has lately been taking a more nuanced view on the role of natural resources. Beyond the growth emphasis, natural resources are also seen i) as a basis of subsistence in poor societies and ii) as a source of development finance.

Exhaustible resources, once discovered, can only be depleted. Consuming rents from exhaustible resources is, therefore, literally consuming capital, *thus the need to*— invest resource rents in other forms of capital (Hamilton *et al.*, 2006, 7).

The bank points out that “... it is possible to transform one form of wealth—diamonds in the ground—into other forms of wealth, such as buildings, machines, and human capital” (Hamilton *et al.*, 2006, 7). For NEPAD and the African Union, natural wealth is to provide the foundation for development and industrialisation.

While there is a point in suggesting that rents from natural resource should be invested in other forms of capital, the reality is that the World Bank’s policy preferences constrain most poor countries from doing so. Most resource companies are foreign-owned and states have to fight for tax revenue (though oil is the important exception). The Open Society of Southern Africa estimates that in 2008 low royalties rate cost treasuries in South Africa, Ghana and Tanzania US \$359 million, US \$68 million and US \$8 million annually respectively (Kato, *et al.*, 2009). Even though mining companies in South Africa are not generally foreign-owned, the state has began minimising tax burdens on private enterprise. Tax aversion, mispricing and under invoicing by mining companies further compound the problem. The Global Financial Integrity estimates illicit financial flows from developing countries at between US \$859 billion to US \$1.06 trillion a year from 2002 to 2006 and US \$15 billion for Zimbabwe between 1980 and 2008 (GFI, 2011). On the whole it appears that those countries that have capitalised on natural wealth have relied on shared ownership rather than tax revenue (Nattrass, 1996)¹³. Botswana, cited by the bank as a diamond success story, has a unique ownership structure where the state has direct equity in the mining venture. Zimbabwe has the potential to collect 49 percent of gross diamond earnings, where it has 50 percent shares in diamond mining through ZMDC, compared to less than 10 percent tax revenue it gets from the platinum sector (Mawowa, 2011b).

Notwithstanding the limitations and challenges associated with reliance on mineral wealth, the sector remains of strategic importance. Freund observes that while,

¹³ Tax payments on gold mines, however, were at one time very important in South Africa.

...industrial products are indeed the main source of wealth and commerce in our time; however, control over key raw materials with probably oil as the most dramatic case, is far from finished as an important motive for powerful global actors (2010, 43).

It is thus not surprising that the Chinese advances on Africa's mineral resources have engendered a negative reaction from European and other developed countries. In October 2010, *The New York Times* reported that Germany was raising concern over Chinese dominance, control and access restrictions to rare-earth minerals crucial for high-technology industries. Rare earth minerals contain one or more of the earth's rare elements such as scandium (used in some aerospace components), yttrium (used in microwaves and energy efficient bulbs), promethium (used in nuclear batteries) and lanthanum (used in camera lenses, batteries and oil refineries) among others.

In Africa, the development potential of mineral wealth when looked at in terms of rents accrued and managed by the state has been far from convincing. By shifting focus beyond the state and big mining ventures to look at small-scale and individual actors with access to mining activity, it is possible to consider the potential role of mining rents at a micro-level. In this light, I wish to build on a key point: access to mining activity has not only provided a survival enclave for the poor but a means for capital accumulation. This ought to have implications on the way we perceive the development process in a particular society and in approaches to development policy. It appears that, although existing on the margins of formal state planning, informal mining activities have in some cases provided finance capital for other activities, perhaps just as primitive accumulation provided a base for other forms of accumulation (Marx, 1972). To varying degrees, this has had to do with the nature of the Zimbabwe state in the post-2000 period. Particular aspects of the Zimbabwe state that have either abetted or inhibited vertical mobility in the mining sector in the Chegutu-Mhondoro area will be discussed below.

In as far as this work encompasses an analysis of ASM gold mining in the context of a declining economy and a repressive state regime, it is a story of resilience and determination to survive. It is also a story of adaptation to changing socio-political and economic realities. In this sense, Schumpeter's (1959) notion of "creative destruction" as part of the inherent logic of capitalist accumulation becomes relevant. In light of the violent clampdown by the police and military as well as policy ambiguities, ASM miners came up with innovative ways to ensure viability. The sector owes its resilience to its ability to adapt to and at times

manipulate the crisis political economy and the pervasive system of patronage. Thus the very reasons for the demise of other players in the sector became the same reasons for the successes of other players. This analogue can apply to the platinum sector's ability to manage demands for political and economic rents by ruling elites in the name of indigenisation and empowerment through a combination of appeasement and resistance.

5. Informality, Growth and Development

Overly pessimistic views of Africa have largely been a product of the positivist approaches which look at development in terms of verifiably quantifiable data in the first few post-independence decades. Reliance has thus been placed on official statistics, although most developing countries have poor statistical data (the past 10 years or so are an exception). The less pessimistic view has, by and large, been a product of historical and anthropological work – especially Africanist historiography. That anthropological study on resettled farmers' productivity in Zimbabwe's land reform has shown a more positive picture than is widely thought, and exemplifies this methodological divergence (Scones *et al.*, 2010; 2011; Mavedzenge *et al.*, 2008). Freund notes that;

African societies have changed rapidly over this time period (since the 1950s) but ... indices have captured relatively little of this; ... they have largely demonstrated the ups and downs on global markets of the resource commodities mined and export crops grown in Africa. As a result, they tell us relatively little about development understood in a more holistic and structural sense (Freund, 2010, 39).

Some economic anthropologists have expressed their dissatisfaction with the conventional economic analyses of African development. A notable figure here is Janet MacGaffey. MacGaffey calls for the introduction of a new conceptual framework: that of the 'Real Economy', which includes the totality of economic activity, and not just its component parts. She argues, with the example of the DRC, that the division of the economy into formal and informal sectors is arbitrary and unrealistic, and that 'what has previously been thought of as a marginal sector of the economy is in fact the principal means by which it operates' (MacGaffey 1991, 7).

Developments in Zimbabwe's mining sector during the crisis period show the limitations of relying solely on verifiable and quantifiable data as a measure of economic and social change. While evidence shows a positive correlation between economic growth in mineral economies and the vacillation of global mineral prices (Deaton and Miller, 1995; Deaton,

1999; Raddatz, 2007), and indeed Zimbabwe's growth prior to 1999 followed a similar pattern, the picture is contradictory post 2000. Post 2000, Zimbabwe's economy shrunk at a time when global commodity prices and most mineral economies were booming. The exceptions of platinum and ASM gold mining have of course been already highlighted. Though seeds of Zimbabwe's decline were sown in the early 1990s, and indeed the economy started to show symptoms of sickness in the late 1990s, mining had until then remained strong. By the onset of the global economic crisis in 2007, Zimbabwe's economy had shrunk by a third (since 1999). The same period was characterised by a pervasive informalisation of the economy. This research shows that the majority of people involved in gold digging, panning and trade in the study area started doing so after 2000.

As is the case with most informal activity, it is difficult to quantify production and trade volumes. What is clear is that formal figures on gold production and exports over this period can only be a gross under-estimation. Such a conclusion is exemplified with estimates by Zimbabwe's central bank that, between 2002 and 2007, the country was losing US \$1.4 billion annually through the smuggling of diamonds, gold and minerals (Gono, 2007, 4-6). This figure was more than the value of the country's total annual exports. The implication of this to development planning cannot be overlooked. To be fair "... it is misleading to overemphasise the bleak picture and ignore the progress made despite enormous challenges and constraints" (Oya, 2010, 87). But as observed, the emphasis on the bleak picture is partly a result of the orthodoxy's own handicap in understanding and measuring the development process in Africa. While it is true that Zimbabwe's economy has declined, the reality is more nuanced.

In searching for answers to Africa's development stalemate, there is little focus on the informal sector. Despite providing employment to more than 70 percent of Africa's population (United Nations Economic Commission for Africa (UNECA) and African Union Commission (AUC), 2010) the informal sector is often discussed as an anomaly that needs correcting and formalising. Intellectual discussion and development policy formulation with regards to informality tends to be concerned with widening the tax base and extracting revenue from the sector. For example, the *UN Economic Report – Africa 2011* describes the informal sector in Africa as a challenge to be addressed. It notes:

Although the informal sector provides a gateway to employment and income for the poorest segments of society, informality should neither be ignored nor condoned because it has huge economic and

social costs. The majority of workers and firms that operate informally are trapped in a low productivity environment. Besides restraining private sector development in general, informality imposes many direct and indirect economic and social costs (117).

Among the costs pointed out in the report are exploitation of workers, poor health conditions and safety standards, corruption, production of sub-standard goods and tax evasion. Poor environmental practice is also another problem often ascribed to informal sector. Seldom is the sector approached from the standpoint of developmental potential. Of course formality is no ticket to the good life if it is not accompanied by union rights and a social wage, among other things. Yet even the private sector, where it has led, has always begun from an informal situation, to pioneer development as the historical development of now-rich nations shows.

Without necessarily being over optimistic or skating over many negative aspects, developments in the ASM in the Chegutu area during Zimbabwe's crisis period provide an opportunity to question negative attitudes towards the informal sector and small scale enterprise. To start with, the UN report cited above acknowledges the role of small scale family enterprise (which often starts as an informal business) in East Asian economies in domestic capital accumulation and development of a national entrepreneurial class. This observation seems to contradict the report's own overwhelmingly negative view of Africa's informal economy dominated by small scale actors. As the report points out, active state support in East Asia was instrumental in the transformation of family enterprises to big economic players. Strategy to support or develop the same is either weak or absent in most African countries' national development plans.

By contrast, Peter Lawrence cites the absence of an "accumulating and investing local capitalist class" (2010, 28), as one of the reasons why Africa was left behind, despite having a GDP per capita comparable to East Asia in 1950. Despite prescribing support for local business as part of development strategy premised on the development of a national bourgeoisie in African countries, it seems the UN report does not see the informal and small scale enterprise as a base from which such a class can develop. Far from being an inhibitor of private sector development, this research aims to show that the informal sector has potential to support domestic private sector development. Cases where informal mining has provided finance for other economic activities cannot be ignored.

The failure to see the informal enterprise in Africa in terms of developmental potential stems from the limited assumption that these sectors are primarily subsistence orientated and survivalist. It is probably true that for the most part access to informal economic activity provides a survival mechanism for the poor, particularly for individual and family ventures. However, to generalise this as applicable to all informal activity fails the test of evidence when it comes to Zimbabwe's crisis period (Mawowa and Matongo, 2010). In this crisis, unprecedented opportunities for some arose. This is true even where at face value the activity appears survivalist, as in the case of artisanal gold mining, panning and trading in the studied area. Furthermore, the primary intention being subsistence and survivalist does not necessarily preclude capital accumulation as an outcome. This ought to have developmental policy implications for a country such as Zimbabwe where, as of 2011, 60 percent of the country's economic activity was taking place in the informal sector. The absence or lack of clear policy strategy to support informal accumulation does a disservice to Africa's development.

Apathy towards informality in Africa may also be due to the "grip of western economic models" on development thinking. Rather than foreground diagnosis and prognosis of Africa's development challenge in "local conditions", development practitioners have sought to follow 'the mainstream' (Padayachee and Hart, 2010, 1; also see Chang, 2003). There are several studies which show that accumulation processes are by no means homogenous and can be locally, historically and culturally shaped. Though not necessarily focusing on mining, several studies, among them Hart's (2002) study of two former white towns and black townships in post-apartheid South Africa's KwaZulu Natal Province, Chari's study of India's knitting factory town Tiruppur (2004), Kabamba's PhD study on the Nande community in DRC and MacGaffey's 1987 and 1989 works on DRC come to mind. Through ethnographic observation, these studies have been able to monitor and observe accumulation processes at local levels often unacknowledged and uncounted in official documentation and statistics.

In so far as this study looks at accumulation in a situation of political and economic crisis attended by informalisation of both the economy and the state, MacGaffey's work on the former Zaire deserves particular reflection. MacGaffey was intrigued by the levels of entrepreneurialism in the former Zaire during times of political and economic strife. In her 1987 book optimistically titled *Entrepreneurs and Parasites: The Struggle for Indigenous Capitalism in Zaire*:

In 1979 reports on the drastic decline of Zaire's economy and the situation of appalling hardship for ordinary people made the prospect of ten months in Kisangani a grim one. But the reality turns out to be that in an apparently impossible situation not only were people surviving but some were doing well for themselves. The city ... is a thriving business centre; all sorts of people are running successful and substantial enterprises, despite the shortage of goods, the deterioration of infrastructure and rampant bribery and corruption. ...In the midst of irrationality and unpredictability some things work in an organised and efficient way and some individuals engage in rational enterprise. Zaire's failures are amply documented; its successful elements are less well known (1).

Such a description might pass for some of Zimbabwe's gold dealers, diggers and small scale miners during the crisis period.

Yet, in hindsight, this optimism about the DRC seems to have been a mirage. In DRC the emergence of sustainable indigenous capital which would carry with it the promise of an alternative development path seems far from imminent. The net effect seems to be to exonerate Afro-pessimism and affirm orthodoxy as the panacea to Africa's development stalemate. However, this failure represents neither defeat for alternative approaches to Africa's development, nor is it a vindication for the mainstream. A more constructive course would be one that seeks to understand why, besides clear signs of upward mobility, these accumulation processes did not lead to the emergence of sustainable domestic capital. There is probably not a single answer to this question. A combination of the incompetent, dysfunctional state and the dependence on foreign advice which does not grasp or understand what is going on at ground level and probably could never do so, may be at the heart of the problem. Initiatives from below are crippled.

The vertical dimensions of Zimbabwe's informality pose analytical challenges to traditional conceptualisations of the phenomenon. For example, the Marxist critique rejects the whole concept of "informal sector", preferring the term 'petty commodity production'. It argues that though these activities exist at the margins of the capitalist mode of production they are in fact integrated into, and subordinate to it (Birkbeck 1979; Bromley and Gerry 1979; Moser 1994; Castells and Portes, 1978). Unlike the UNECA view that the "informal sector restrains capitalist development", the Marxist view perceives the sector as playing a supportive role. By providing a pool of cheap and flexible wage labour through self-exploitation and enabling firms to pay extremely low wages, it is argued that informality subsidises big capitalist

ventures (Allen, 1998, 9). This postulation is based on an assumption of obvious and direct core-periphery linkage. The difficulty in applying this to Zimbabwe's case is two-fold.

Firstly, informality has ascended during the crisis period, while formal economic activity has been diminishing. If the relationship is supportive as is assumed this should hardly be the case. There has also been an emphasis on horizontal networks as opposed to vertical in several studies on informality. But in Zimbabwe's case the latter appears more salient, as evinced by the Zimbabwe state actors' involvement, their attitude and consequent regulation and manipulation of informal activities, be it in mining or informal currency trade (Mawowa and Matongo, 2010). While there are of course linkages with global capitalism through trade (as in the case of mineral exports, smuggling and consumption-led imports), the "informal periphery – formal core relationship" does not come out in an obvious way at national level. It may be that the "core-periphery" approach to informality is ill-equipped for crisis economies.

In addition to these unique aspects, it is necessary to distinguish different kinds of informality. Castells *et al.* identify two types namely, "informal activities subordinate to production and marketing in the formal sector, and autonomous informal enterprises with modern technology and some capacity for capital accumulation" (Bernabe, 2002, 9). The subsistence role of informality is well documented. This work is more interested in accumulation outcomes — how these have taken place with and without the state. It investigates the role of the so called "shadow economy" (Reno, 1998) to the socio-economic sustenance and reproduction of social and power structures and networks at both local and national levels.

6. Entangling the Political Economy of Crisis

This thesis is an attempt at situating Zimbabwe's political economy of crisis in the context of the mining sector focusing on mining activities in the specified area. What is referred to here as the "political economy of crisis" has many resemblances with Reno's "political economy of conflict". However, Reno applies the notion of "political economy of conflict" to weak and failed states characterised by civil war. Zimbabwe does not qualify as such. In spite of being the fastest shrinking economy ever outside of war situations from 2000 to 2008, Zimbabwe retained a strong bureaucracy and coercive apparatus. Even where violence appears to have

spiked out of control, for example, where gold panners clash with police or vigilante groups go on the rampage, this only goes as far as the state or elements within it can tolerate. Once the police and military decide enough is enough, such resistance is dealt with easily. The official state appears to have been turned into a vehicle for private accumulation, behaving like Reno's "shadow state", enforcing and refraining from enforcing legal provisions to regulate accumulation for the benefit of members of the ruling elite, or their connections.

ZANU-PF's attempt to "empower by dispossession" in wresting control of mining ownership from "foreigners" or excluding and driving away those who are politically undesirable from accessing small gold mining claims has some of its roots in Zimbabwe's racialised history of dispossession and uneven development. Thus Zimbabwe's crisis political economy and its violent currents suggest a society struggling to deal with its past. In this regard, questions may be raised along the lines of Cramer's (2006) emphasis on conflict as a banal way of approaching transformative processes, and/or Karl Marx's (1972) primitive accumulation. One is made to recall how capitalism was (is) conceived with "blood dripping from its pores" (primitive accumulation) (Anderson, 1974; Perelman, 2000). The violence in mining could at first sight remind us of identical types of violence that characterised Anderson's "absolutist states" and social conflicts that emerged during Western Europe's long periods of primitive accumulation (1974). Historically, conflict has been part of the birth pangs of capitalist development. For example the 17th century overthrow of the Stuarts in Britain, or the US Civil War, or the imperial struggle against the feudalists that ensured the victory of the Meiji Revolution in Japan; all laid the foundations for capitalism to develop in these places.

Yet unlike in Western Europe the Zimbabwean process does not seem always to encourage more productivity. David Moore (2011) has suggested that in the absence of a state capable of enforcing and maintaining a specific property regime, this process may go on for long unabated. He has gone as far as suggesting that this process in most of what we call the developing world today might have stagnated or reached a state of permanent primitive accumulation maintained by and feeding into the global capitalist system: hence blood continues to flow. Those involved in the often violent illegal gold panning, and in the absence of an international gold smuggling policing mechanism, are able to continue doing so because they have access to the international market. The work of Rosa Luxemburg suggests that primitive accumulation is not "primitive" but must recur in order to revive capitalism. To this extent, the violently fluctuating currencies, "militia/war vets politics", "empowerment by

force”, the high levels of informality, economic disorder and “accumulation by dispossession” are not in the larger perspective necessarily anti-capitalist.

The question about the potential for accumulation by a national bourgeoisie and state involvement in mining necessitates an examination of the state and how it goes about governing the accumulation process. Four aspects stand out with regard to accumulation in post 2000 Zimbabwe: i) use of disorder and/or violence as a “driver of wealth accumulation” and the concomitant political project, ii) the centrality of the state in driving this form of accumulation but not necessarily in a progressive or developmental sense; iii), “a distinctive acquisitive culture¹⁴ peculiar to the period in question”, iv) policy ‘contradictions’ within Zimbabwe’s governing party and the use of “patriotic history” to abet this pattern of accumulation (Mawowa, 2007).

It is observed that this argument is in a way a comment on Moyo and Yeros’s claim that the “revolutionary situation” of the late 1990s has produced a radicalised state. They note what they observe to be a shift from the left towards the right as signified by the “policy of normalisation with capital” since 2003 epitomised by Operation Restore Order (demolition of informal strictures) in June 2005 as marking an “interrupted revolution” (Moyo and Yeros, 2007). Here we have an example of the state moving against informal accumulation quite sharply; its prerogatives are not really shaped with much sophistication at accumulation and especially by those not tied to the purse strings of ZANJU-PF. It is argued that, rather than these shifts pointing to an “interrupted revolution,” they actually betray the post-2000 ZANU-PF as moving with two sets of dialectical policies, interchanging them whenever it is expedient to do so. No wonder despite the post-2003 “policy of normalisation with capital” the land invasions continued, and from September 2007 the state moved towards passing an indigenisation bill to reduce the foreign stake in the mining industry.

The fact that violence characterising the crisis period demonstrates a strong economic dimension just as much as a political one is hardly emphasised. In any case it was the land occupations that marked this period as an era of violence and (dis)orderly accumulation. It is true to say that disorder and violence were used as political and economic instrument. There

¹⁴ This acquisitive culture refers to having a tendency to accumulate and engage in profit driven commercial activity, though quite often profits are not necessarily reinvested.

is a strong resemblance to the descriptions in Bayart *et al.*, *Criminalisation of the State in Africa* (1999) and Bayart's *The State in Africa: Politics of the Belly* (1993). The state appears to tolerate and even encourage ASM, yet it uses brutal force in enforcing laws that prohibited these activities. This phenomenon has become commonplace in Africa as states become wealthier and more competent after the disastrous structural adjustment period. But the lack of policy and legal clarity is exploited by the power elites to apply the law selectively and cut deals with miners in return for political protection. Thus legal and policy disorder are important political and economic instruments of the elites. This is buttressed by liberation war credentials and "patriotic entitlements" discourse (Kriger, 2005) that serves to exclude those not aligned to ZANU-PF from meaningful accumulation.

Literature on the post-colonial state has enriched scholarly understanding on the nature of the Zimbabwe state and its ruling elite. This in turn casts some light on the state's attitude and involvement in accumulation in both formal and informal mining. Works by Alavi (1972), Saul (1979), Leys (1975) and several of their contemporaries argue that the "anti-colonial" struggle in most parts of Africa including Zimbabwe was in fact a "bourgeois revolution" which produced a "bourgeois state" that replicated the superstructure of the colonial state. It may thus be said that Zimbabwe's state bourgeoisie was happy up to 2000 (in spite of internal contradictions) to maintain an orderly accumulation regime as long as it safeguarded its acquisitive interest and political dominance.

The acquisitive propensities of Zimbabwe's ruling elites are well documented. In a 1996 article in the *Southern African Report*, Brian Raftopolous notes:

During the formative years of Nationalist politics in Southern Rhodesia, in the 1950s, a central concern for emerging nationalist intellectual elite was its desire for upward mobility. Through its educational achievements, professional aspirations, and social and cultural practices a significant number of this elite sought to establish themselves, and to be seen as, an emergent middle class, even as they sought, and succeeded in presenting themselves as a nationalist leadership (2).

Thus the early phases of the liberation struggle in Zimbabwe, like elsewhere in Africa, were characterised by a conflation of demands for space in the mainstream commerce and nationalist politics. Some scholars have cited the participation of the likes of Joshua Nkomo (late vice president of Zimbabwe) "in the advocacy for African capitalism as chairperson of the Bantu Cooperative Society" (Chirimambowa, 2006) as indicative of this phenomenon, to

the extent that Nkomo was referred to as a businessman. Arrighi describes ZANU in the 1960s as a “faction of educated, middle class, rather elitist elements” (Ranger, 1980, 72).

It is through the lens of the political economy of crisis that this work looks at the state’s attitudes towards both large scale platinum mining and ASM in the studied area, how this was shaped by the acquisitive instincts of ruling elites and the outcomes thereof. It is argued that within the context of a growing economic crisis and with it declining opportunities for rent seeking, Zimbabwe ruling elites grew increasingly conscious of the utilitarian value of managing appropriation as a method of personal accumulation, control and buying the electorate. While the pillage and plunder taking place in the diamond fields of eastern Zimbabwe show this intersection between crisis, private economic interests and politics, the same can be said about the state’s dealings with ASM and the “indigenisation” of the Zimplats.

7. Conclusion

The Zimbabwe crisis cut through the cake of custom: dispossession of whites and informalisation opened the door to new possibilities for black accumulators and a few white ones with an ambivalent relationship to an unsteady state with weak institutions on the whole. Blacks could take over the state but with the prevailing rule of law post-1980 they actually found the road to wealth and success — beyond what state office or professional qualifications allowed — to be a very steep and difficult one. After 2000 new possibilities arose. However, the conflicted nature of the post-2000 accumulation outcomes renders these possibilities uncertain. It is argued here that the multi-dimensional nature of the crisis and developments in the mining sector, namely state pervasiveness of power, use of coercion, informality and disorder, necessitates the combining of several theories on political economy. The theories that focus on both the horizontal and vertical aspect of conflict and accumulation appear to be more relevant.

Part Two that follows looks at the historical development of mining in Zimbabwe, accumulation processes and development. It traces this from 1890 to the post-2000 period. This is meant to pave way for the findings chapters that follows.

PART TWO: HISTORICAL OVERVIEW

This part sets the broad historical context of the Zimbabwe crisis to the present as well as the history of mining since 1890. Two chapters are covered here. Chapter Three traces the development of settler mining capital and the nature of colonial capitalism from early gold rush through the years of slumps and booms. Initially, much attention was placed on establishing large scale mining due to the huge anticipation of rich gold deposits. In the early years of colonial rule, speculation played a big part in attracting investments in the mining sector but it soon became clear that gold fields in then-Rhodesia were not as rich as anticipated.

Though the bias towards promoting big capital remained, since this was consistent with the interests of the British South Africa Company (BSAC); the scattered nature of gold reefs led to the emergence of a strong small scale mining sector. Despite the notable improvements post company rule, exploitation of cheap African labour remained a central part of the accumulation strategy throughout most of the colonial period. Tied to this was the deliberate crowding out of independent African economic activities. The state played a critical interventionist role supporting white miners with finance, technical assistance and labour recruitment. Chapter Three ends by showing that the colonial policies designed to benefit whites through economic exploitation and exclusion of blacks generated contradictions which made the colonial accumulation pattern difficult to sustain in the long run.

Chapter Four shows that, like the colonial state, the post-colonial state viewed mining as strategic not only in purely economic terms but political as well. The state's interventions in the sector were justified as necessary to correct the colonial imbalances but were hardly successful. The removal of the cheap labour policy presented unique challenges for a sector that had historically relied on cost minimisation and output maximisation measures to circumvent pervasive geological limitations. Growth in the first decade of independence was slow (but above Africa's average) and stagnated towards the late 1980s. In the early 1990s the Zimbabwe state adopted liberal economic reforms meant to attract foreign direct investment and boost export sectors. This led to new investments in the mining sector, but generally the social costs of these reforms were devastating. The 1990s saw an increase in

ASM due to a combination of factors ranging from increase in unemployment and state support. However, at least until 2000 (and arguably beyond), Zimbabwe's economic base remained unchanged from the colonial set-up, dominated by a rural white bourgeoisie and international capital.

2000 was a turning point: a political and economic crisis characterised an “economic history of liberating ourselves”, billed a redistributive authoritarian populist rhetoric, though in actual fact was elite driven and focussed on patronage accumulation. Chapter Four ends with a broad synopsis of this discourse, Zimbabwe's crisis economy and state of mining at present with an emphasis towards unpacking the violent accumulation, patronage, informality and smuggling associated with it and what appears to be an emerging mining nationalism. This sets the stage for the more empirical chapters to follow.

Chapter Three: Mining and Colonial Development

1. Introduction

While land and agriculture have assumed an unparalleled political importance in contemporary Zimbabwe, much of the country's historical development has to do with mining. Despite the failure to find as much gold as expected, mining and in particular gold mining dominated the first fifty years of colonial development. Even with the rapid growth of manufacturing in the aftermath of the Second World War, mining continued to dominate the country's exports. Moreover, much of the manufacturing depended on this sector for raw materials. Official statistics suggest that mining has been the second biggest employer after agriculture for most of the country's history.

For the purpose of this analysis, 1890 is a sensible date to trace back the economic development of modern day Zimbabwe. It is in this year that the Pioneer Column founded by Cecil John Rhodes and his BSAC occupied the area between rivers Limpopo in the south and Zambezi in the north; the plateau that was to be named Southern Rhodesia (now Zimbabwe). Up until 1923 the new colony was administered by the company through a British charter. The expedition and conquest was motivated by the quest for a second gold reef of a magnitude similar to one discovered on the Witwatersrand in 1886. Having missed out on the latter, Rhodes and BSAC's move to the north was purely speculative. Stories emanating from travellers, fortune seekers and accounts by early Portuguese traders suggested that "legendary riches of Ophir had long been rumoured to lie between the Limpopo and the Zambezi" (Phimister, 1988, 5; see for example Ellert, 1993). It however soon became clear that the new territory was a far cry from the rich deposits of Witwatersrand.

It is these geological limitations, in particular the scattered and thin nature of mineral deposits, that led to a propensity towards small mines. For the purpose of analysis, this chapter distinguishes mines as being large, medium or small. This distinction is impressionistic rather than strict or technical. This approach is consistent with that of leading economic historians on Zimbabwe's mining (Phimister, 1976; Thompson and Woodruff, 1953; van Onselen, 1980). Below, Phimister uses output of over 10000 ounces, between 1000-10000 ounces and less than 1000 ounces to distinguish between large, medium and small mines respectively. Large and medium mines can further be identified from small in the

size of the workforce. Colonial legislation governing mining accommodation suggests that the colonial administration defined large mines as those employing over 300 people. From this and works cited above, medium sized mines can be said to have employed anywhere between 50 and 300 workers. Both large and medium mines were characterised by the establishment of mining compounds to accommodate the large population of workers (van Onselen, 1980, 37). It appears small mines were dominated by self-proprietorship and syndicates. These were made up of “individual small producers” and “self-works” and employed too few people to warrant constructing compounds.

While relatively small capital requirements associated with small mines provide an opportunity for entry of more players, accumulation in this sector among Africans was limited during the colonial period. Alluvial gold mining and trade which had existed before colonisation in 1890 was discouraged, and by 1910 had ceased. Copper and iron smelting was halted as Africans were either forced into wage labour or opted for other economic opportunities. Accumulation by Africans, where it took place, was usually in the agriculture and retail sectors. Generally, African-owned economic activities were only treated as legitimate so long as colonial capital had not started participating in them. African economic activities, especially those that competed with white settler interests, were discouraged, denigrated as backward, wasteful and inefficient, and often outlawed.

2. Colonial Mining’s Early Years: From Speculation to Reconstruction

There is evidence of widespread gold, copper and iron mining in pre-colonial Zimbabwe, albeit these works appear to have been small in scale. In so far as pre-colonial states such as Great Zimbabwe and Mutapa were trade economies (trading mostly with the Portuguese and Arabs via the east coast), gold mining in particular occupied a special place. So widespread and rich were these old works that most colonial and modern day mines have either followed these pre-colonial mining sites or what is simply referred to as “*migodi yemaJerimani*” (German mines)¹⁵ in the local expression. However, by the advent of colonial rule, and unlike

¹⁵ Local oral accounts suggest pervasive involvement of Germans in early mining. However, I am not aware of any in-depth study into this aspect of Zimbabwe’s mining history. Indeed oral accounts on early mining history are very intriguing and have the ring of myth. An example is the story of a “murungu” (European white), presumably a treasure hunter, said to have come with an old map reportedly passed on from a great-grandparent or uncle who once prospected in the area. The map would have detailed information (sometimes coded) about a rich gold vein or gold left in a shaft. Informal mining and panning in Chegutu-Mhondoro area is highly superstitious and as such these stories are treated with caution. My supervisor commented that he learnt

the Ndebele state led by Lobengula, the Shona tribes lacked a centralised political system to organise trade. Notwithstanding, the pre-colonial mining and trading practices persisted into the early 1900s and were nearly assimilated into the colonial economy when Africans were allowed to pay taxes in gold (van Onselen, 1980, 12). This was truncated when the colonial administration tightened measures to force Africans into wage labour. By the end of 1910, all ancient mining works had been obliterated and replaced by settler mining.

In anticipation of finding “several new Johannesburgs” (rich gold veins), Rhodesia’s early economic planning was built around large mining capital. The BSAC expected the scale of gold deposits to be far beyond what individual prospectors and syndicates could capitalise. While avoiding direct involvement, the BSAC secured interests by prescribing that 50 percent of the vendor’s script of every mining company operating in the country be controlled by the BSAC. In these early stages it turned out that a lot of money was to be made through rumour and speculation. Rapid urbanisation followed as Europeans flooded the new investment frontier. However, these “extravagant hopes disappointed by the results of early exploration and mining work, and the growing realisation of the comparative poverty of the region's gold deposits” (Phimister, 1976, 466) were dashed. As a result speculative and often fraudulent share-dealings followed. For most of this period, mining companies derived income from subsidiary activities, among them rent collecting, land speculation and trading (van Onselen, 1980, 15), “but this income could not hide the basic unprofitability of companies supposedly engaged in mining” (*Rhodesian Herald*, 23 October 1913). Only a propaganda overdrive by the company could sustain investment inflows and continue to encourage white migration into the country. “The whole country ‘it was claimed’, was one vast gold-reef” (Phimister, 1988, 7). In addition to propaganda, settlers turned to looting indigenous Shona and Ndebele economies especially of their cattle¹⁶.

Despite the propaganda, by 1900 the mining industry was on its knees. General disillusionment led to a speculative burst. The Shona and Ndebele resistance wars of 1893 and 1896 had increased the cost of occupation. The BSAC administration responded by putting measures in place to promote genuine mining activity and discourage speculative holding of mining claims. An example of these is the enforcement of the Mines and Minerals

especially from his book on tin mining in Nigeria (Freund, 1981) that mining ventures everywhere are rife with superstitious belief just as is professional sport. This he suggested is because luck is so important in the process.

¹⁶ According to Phimister, more than 200 000 cattle were stolen from the Ndebele from 1893-1896.

Act of 1895 after 1900. The development of a railway was seen as crucial for mining to take off. So by 1902 Mutare (then Umtali) was linked to Bulawayo via Harare as well as to the east coast. The completion of the railway line triggered yet another speculative bubble but this was short-lived. Gold production increased from less than 198 kilograms to over 1 843 kilograms in 1899 and 5 070 kilograms by 1902 (Phimister, 1988, 22). This boom was however truncated by the ripple effects of the 1899 South African War. On the whole, the enduring effect of rail would be its positive impact on industrial capital. Indeed, for the better part of its existence, the fortunes of Wankie (Hwange) colliery (one of the big employers in the mining industry), lay with the railway both as a consumer and transporter of coal.

However, the completion of rail and institution as measures to end speculation were not enough to salvage mining. In the absence of big reefs, the mining industry was faced with a crisis of overcapitalisation. Several mining companies reported that their reefs had been exhausted. Sir Lewis Michell concluded, "... the scattered and often lenticular¹⁷ formation of the reefs in Rhodesia, leads me to think that the interests of the gold industry ... will best be served by the encouragement of small and economically worked concerns", (Phimister, 1988: 46). By 1903 the London market for Rhodesian mining stock had collapsed. What followed in response to this was a phase of reconstruction for Rhodesia's mining industry from 1903 to 1911. Mining capital's resentment of BSAC's 50 percent clause grew, leading to a reduction to 30 percent and later withdrawal altogether. The company was also forced to reduce the scale of royalties and encourage development of small mines through the Mines and Mineral Ordinance of 1903 (Phillips, *et al*, 1962: 349). Small mines made it possible for the industry to develop with limited capital, moreover the company provided loans and mortgages to small workers.

Despite these efforts, working mining capital blamed the company for its poor success citing several problems, among them a failure to solve the labour crisis, "extortionate system of royalties" and failure to attract settlers (Phimister, 1988, 29). The company's position was further weakened by its poor relations with imperial Britain. Changes by the BSAC administrators in the early 1900s had however set the country's gold mining sector on course to restructuring. Two aspects of this reconstruction were to become a permanent feature of

¹⁷ Meaning having the shape of a double-convex lens.

Rhodesia's mining industry; the preponderance of small scale mining on one hand and the emphasis on production maximisation and cost minimisation on the other.

3. Development of the Mining Industry

Despite the ending of company rule in 1923, there was no end in reconstruction momentum set underway. Between 1905 and 1953 gold producers increased from 76 to 360, most of them being small mines. The number of small mines in this category rose from 419 in 1924 to a peak of 1442 before declining gradually to 580 in 1948. The fluctuations in the number of players were in tandem with surges and lows in gold prices. It is worth noting that small scale miners had the strongest reaction to prices, with the number of players more than doubling between 1930 and 1932. Over the same period, the sector's contribution to national gold output increased from 9.85 percent to 18.58 percent. The negative impact of the depression on agriculture and base metals meant that gold mining was the only available employment. This in turn lessened labour costs for the sector. Moreover Britain's abandonment of the gold standard on the 19th of September 1931 resulted in the rocketing of global bullion prices. Output increased from 532 111 ounces in 1931 to 814 078 in 1938. The number of mines increased from 449 to 1570. Phimister observes that virtually all new miners were small workers, 90 percent of whom had an output of less than 500 ounces per annum (1988: 178)

Since capital for these small mines was largely sourced locally, there was an emergence of local capital within the gold mining industry, "a feature which sharply distinguished Southern Rhodesian mining from both the South African Rand and the later development of the Zambian Copperbelt" (Phimister, 1976, 465). This entailed a new interest, distinct from that of large and usually foreign capital. Undercapitalised small workers often had to compete with big mines for labour. The latter could afford to pay slightly higher wages. The varying interests within the sector are reflected in the fact that at least five different organisations represented the industry.

In fact, several associations existed to represent interests of small miners. Of these the most vociferous was the Rhodesian Tributors' and Small Workers' Association representing miners in the Hartley (now Chegutu) district. Big miners had their associations too, which seem to have enjoyed more support from the state. The Rhodesia Chamber of Mines (RCM) based in Bulawayo had been established in 1895 to represent the interests of large capital. Its

sister organisation, the Salisbury Chamber of Mines based in Harare, represented most BSAC and medium-sized mines interests¹⁸. In 1939 the RCM was officially instituted through an act of parliament. It was aimed at “...promoting, encouraging, protecting and fostering the mining industry of Southern Rhodesia,” (Incorporating Act, Chapter 199, 1939). Though the chamber drew membership from interested individuals and companies working in the mining industry, its outlook remained largely pro-big capital.

At the onset the large mines did produce most of the gold but from the 1930s this started to change as shown in the table below. Despite the increased involvement of smaller mines, colonial policy remained largely biased towards large scale and international capital. For example the Rhodesian Native Labour Bureau (RNLB) remained principally a recruiting agent for big capital, a cause for consternation among small miners. This bias owed itself to a variety of reasons, not least the massive interests of the BSAC. Phimister observes that by 1923 the economy was dominated by “... practically one capitalist – the powerful financial group which comprise (d) of the BSAC and its subsidiary” (1988, 118). BSAC controlled most of the country’s mineral rights and railway. In 1925 the company had about 70 percent shares in Wankie Colliery, owned Mazoe Citrus and a huge 2.5 million acre cattle ranch, Nuanetsi. It also held considerable interests in chrome, asbestos and gold mining and exploration companies. Small scale miners often raised concerns about how colonial policy was biased towards big international capital, from infrastructural development to labour recruitment. While big mines tended to enjoy close proximity to road and rail, this was not the case with small mines.

Table 1: Gold Mines by Scale and Output 1925-1948

Year	Large Mines (+ 10 000 oz.)		Medium Mines (1000 0 - 10 000 oz.)		Small Mines (- 1000 oz.)	
	No.	% of Total output	No.	% of Total output	No.	% of Total output
1924	10	67.56	59	21.07	419	11.37
1925	8	67.89	45	19.18	428	12.93
1926	9	71.33	43	17.02	431	12.65
1927	9	75.50	39	14.52	326	9.98

¹⁸ Besides these two there was also the London based Rhodesian Land and Mine Owners’ Association which represented big capital, in particular of London based shareholders and financiers. This suffered decline due to reconstruction and was eventually eclipsed by Rhodesia-based associations.

1928	9	77.31	33	14.01	258	8.68
1929	9	73.59	32	17.15	249	9.26
1930	9	74.65	36	15.50	286	9.85
1931	9	68.93	39	18.66	401	12.41
1932	10	61.41	50	20.01	722	18.58
1933	10	52.34	-	-	-	-
1934	10	43.47	-	-	-	-
1935	8	38.06	95	30.25	1650	31.69
1936	10	37.19	114	32.37	1583	30.44
1937	11	39.12	121	32.18	1440	28.70
1938	12	40.04	127	34.40	1431	25.56
1939	11	38.00	117	37.33	1442	24.67
1940	13	39.74	113	34.84	1351	25.42
1941	14	43.51	112	33.22	1050	23.27
1942	15	44.87	119	35.59	877	19.54
1943	14	46.97	88	32.22	690	20.81
1944	12	46.29	77	33.78	613	19.93
1945	12	46.42	70	33.82	650	19.76
1946	12	44.98	69	35.12	687	19.90
1947	9	39.80	68	38.30	706	21.90
1948	10	42.90	75	37.70	580	19.40

Source: Phimister, 1988

In 1947 the government made legislative changes to encourage large scale prospecting. These measures were influenced by developments in the global market. Mining of base metals became far more profitable and African sources took off as important in the post-second World War decades. Earlier, coal and iron ore, among others, were too expensive to bring to Europe, while asbestos and cobalt were not yet in very general use. Calls were made by the mining industry for the state to plough back to the industry part of the revenue it obtained from the sector. From 1959 to 1960 total expenditure on mining department was £340 000 while revenue from royalties amounted to £550 000 (Ibid, 355). Prospecting rights were granted for areas over 1000 square miles for oil, coal and natural gas and 500 square miles for other minerals. Between 1947 and 1961, 100 new Exclusive Prospecting Orders were issued (Ibid: 354). An exploration section was established in the Geological Department. This resulted in the opening of new mines such as Mangula (Mhangura) and Alaska Mine. The Mineral Marketing Act of 1960 was amended to attract more mining investment. After 1965, the UDI government introduced several support mechanisms for large scale mining.

Beneficiation was promoted through a selective royalty regime. In 1969, the Mining Promotion Corporation and the Institute of Mining Research at the University of Rhodesia (now the University of Zimbabwe) were established.

Government's attitude towards small scale mining was anything but supportive. The following quote sums it up.

While we are fully aware of the difficulties facing the smaller mines in raising their capital requirements, it is our view that the capital resources required by such mines should, in general, be obtained from the customary channels. Where assistance is granted by the Government there is always the danger of abuse, therefore such loans should be extended under the most restrictive conditions and as an exceptional measure (Phillips, *et al*, 1962, 355).

There were complaints by small miners that statutory commissions that were set up to develop the industry were paying more attention to the concerns of large miners. The two four-year development plans that were implemented from 1949, worth £68 million and £94 million respectively reflected this bias.

Besides the scattered nature of the gold reef, another factor that led to more players becoming active in Southern Rhodesia's mining industry was the wide range of minerals the colony offered. From 1890 to 1953 forty minerals were produced in the country and six more were known to exist but had yet to be produced¹⁹. Gold has been without doubt the main mineral but its dominance was never exclusive. In fact by 1952, asbestos overtook gold as the main mineral in terms of output and value. Yet by 1960 copper was the third most important mineral. But the high noon of copper production in Southern Rhodesia was probably the period stretching 1965 to 1975, a phase of excellent prices for copper followed by a stark downturn. Indeed the prevalence of small mines in gold production shown in Table One above does not necessarily represent the pattern for the whole industry. Big miners dominated coal, copper, chrome and asbestos mining.

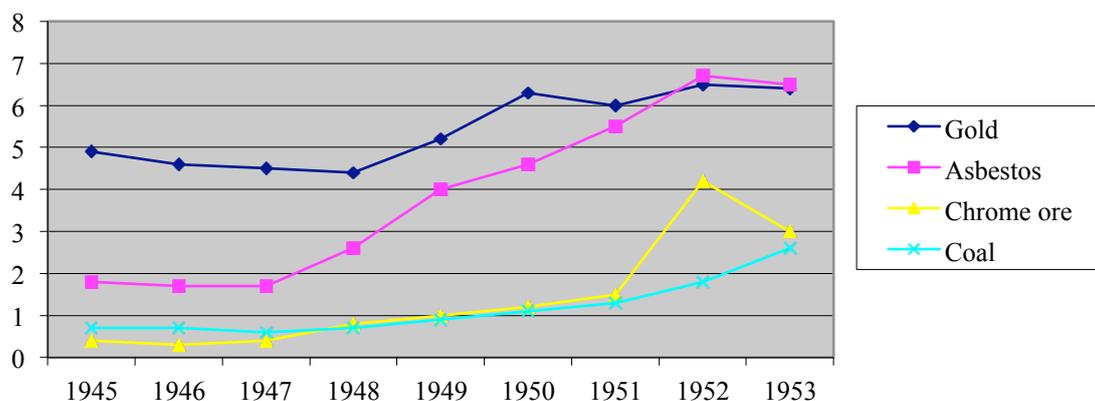
Copper was dominated by big capital. Notable names include the Rhodesia Copper Company formed 1902, Lomagundi Development Company, the Northern Copper Company and the Consolidated African Copper Trust Ltd. Though interest in copper remained far from impressive until after World War Two, the colonial state relentlessly tried to attract

¹⁹ Compare this to Zambia (then Northern Rhodesia) which had far fewer producers concentrated around copper, lead, zinc and cobalt. In fact Zimbabwe's total mineral production was equivalent to a quarter of Zambia's output, yet copper alone accounted for more than 90 percent of Zambia's mineral output.

investment in the sector, claiming the existence of a “second copper belt” in the north that was richer than the Zambian one (Ngwenya, 2007, 18). The truth however is that copper deposits were a far cry from those of Zambia and “copper production in Southern Rhodesia never measured anywhere near that of Northern Rhodesia” (Ibid, 18). Copper ore grade was found to be low and veins not rich enough to allow profitable extraction under the pre-war prices. From the 1950s copper production peaked in response to increased global demand due to the World War II and Cold War arms race. But even in the wake of better prices, production maximisation and cost minimisation (especially cutting labour costs) as discussed below remained central to ensuring viability.

Chrome and asbestos were dominated by large United States and British concerns due to the minerals’ linkages with overseas manufacturers. For the latter, asbestos was required for post-war reconstruction, in both industry and public infrastructure²⁰. For the USA, chrome was needed not only for industrial use but was strategic as part of Cold War diplomacy (DeRoche, 2001). The growing importance of chrome and asbestos is observable from the 1920s, but more pronounced from the late 1950s. By 1953 asbestos, gold, chrome ore, coal and tungsten accounted for 97 percent of total declared value of mineral output (Thompson and Woodruff, 1953, 152). Iron ore, iron pyrites and magnesite production was also significant. In spite of these changes, out of the total £311 826 736 value of all minerals produced in Southern Rhodesia from commencement to 1953, £197 873 656 (nearly 65 percent) was in gold (Phimister, 1988, 196).

Figure 3: Graph Showing Output of Main Minerals in Southern Rhodesia 1945-1953



²⁰ At this time asbestos’s poisonous nature was not understood.

Source: Thompson and Woodruff, 1953, 195.

Although Zimbabwe's mining output has been small compared to say Zambia and South Africa, the sector's contribution to the local economy has been significant. As noted above, investors' interests lay mainly in the mining sector in the early colonial period. Between 1870 and 1936, 90 percent of the £48 million private investment into Rhodesia went to mining. In 1926, out of a national income of £12 million, mining was the biggest contributor, accounting for 24 percent, agriculture 18 percent and manufacturing accounting for 13 percent (Thompson and Woodruff, 1953, 12). The rest was in services. The sector dominated the country's exports, a feature which has persisted through the post-colonial period. Out of the £5.4 million total exports, £4 million were from mining (Thompson and Woodruff, 1953). From the mid-1930s manufacturing contribution to GDP grew (15 percent by 1936) and the economy began to diversify. But mining still accounted for 27 percent of GDP by 1936. In comparative terms, however, mining's contribution to export earnings decreased from 78 percent in 1940 to 50 percent in 1945 (Ibid). This can be ascribed to the growing importance of tobacco and the rise in manufactured output.

The period during and after the world war saw a restructuring of the economy with the rise of manufacturing and agriculture. By 1948 agriculture had replaced mining as the biggest contributor to national output. Increased importance of agriculture strengthened the ever-growing influence of the white rural bourgeoisie coalescing around farming interests. It is not surprising that in the 1950s, the government moved to introduce land and agricultural reforms that further squeezed the black majority in favour of the white minority (Alexander, 2006; Arrighi, 1966). Manufacturing output was also experiencing a steady rise. It is possible to suggest that there could have been declining interest in helping small white accumulators as corporate wealth took off. Moreover at this time individuals operating on a much bigger scale enter the centre stage.

Two developments were crucial to the development of manufacturing, namely wartime disruptions of industrial output in Europe and increased white immigration into the country due to the war and the aftermath. There was also the stream of white migration from South Africa after the victory of the Afrikaner Nationalist Party in 1948. The war's negative impact on manufacturing in Europe not only created a need to compensate for the now inaccessible manufactured imports (the policy better known as Import Substitution Industrialisation (ISI))

but it also created markets for the hitherto globally uncompetitive local manufacturers. The ISI policy was supported by the promotion of economically strategic state owned enterprises. This became more pronounced during the UDI period as ISI became a vehicle to minimise the impact of international sanctions. Despite this restructuring, and the fall in mining's relative contribution to national output, the sector remained critical to colonial development.

Figure 4: Graph Showing Changes in Economic Structure 1939-1948

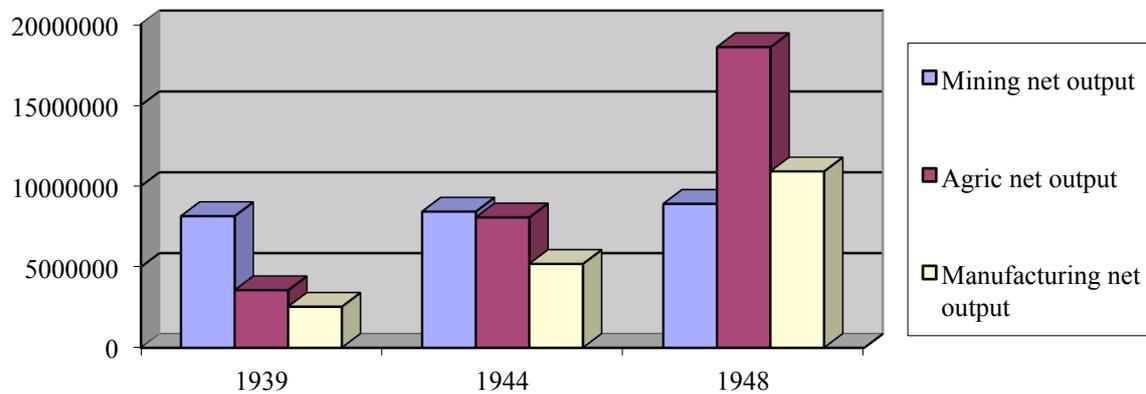
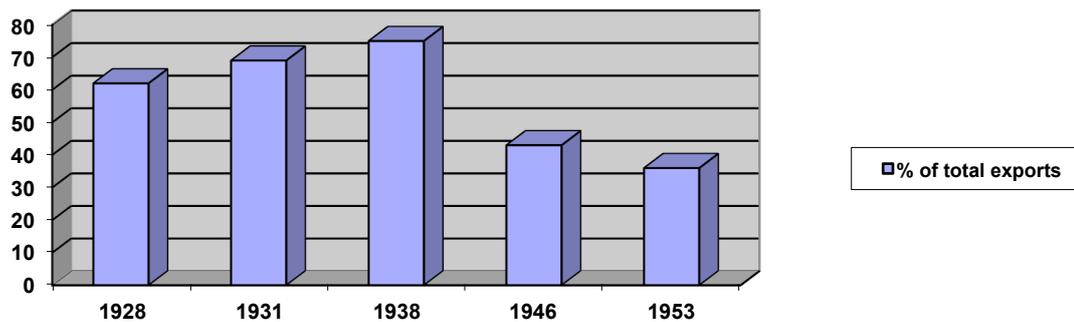


Figure 5: Graph Showing Changes in Mining Contribution to Exports 1928-1953



Source: John Phillips *et al*, 1962.

While mining remained largely for export, production for the domestic market increased in tandem with growth of domestic manufacturing. Gold production was declining but asbestos, chrome, coal and copper output were increasing. Although from 1890 to 1953 gold production had accounted nearly two thirds of total mineral output (£198 million of the £311 million), asbestos had overtaken gold by 1952. Iron ore and limestone output also increased considerably. Iron benefited from the Kwekwe steel works by the state owned Rhodesia Iron and Steel Company, while limestone was important for cement manufacturing in Bulawayo.

A total of 4000 tonnes of asbestos was consumed in the local manufacture of asbestos cement products. The establishment of a ferro-chrome plant in Gweru in 1953 increased domestic uptake of chrome ore as well. This to some extent served as a buffer against the momentary decline of commodity prices in the early 1950s. Metal manufacturing employment rose from 1100 in 1938 to 9500 in 1952 while production of bricks, pipes, lime, cement, asbestos cement and concrete, which are somewhat related to mining, rose from 1700 in 1938 to 9600 in 1952 (Thompson and Woodruff, 1953: 164).

4. Cheap Labour and Uneven Development

Geological limitations to profitability saw Rhodesian mines relying heavily on production maximisation and cost minimisation to maintain viability. While there were traces of a wide range of minerals, these were too scattered and only a few were commercially viable (Thompson and Woodruff, 1953, 58). Nearly all mines economised on the purchase and use of supplies. But "... of all the factors of production, labour and its costs were most amenable to action and manipulation" (Phimister, 1975, 105). Van Onselen observes that "... it was the intense exploitation of cheap African labour throughout the history of the industry that made the greatest contribution to establishing profitability" (1980, 24). While the state was generally indifferent to exploitation, it did at times introduce measures aimed at improving working conditions, but these were met with protest especially from the poorly capitalised small miners.

Labour exploitation was particularly gruesome prior to the 1930s. A few examples illustrate the centrality of cheap labour. In the case of Wankie Colliery, Phimister makes the following comment:

From its inception, the colliery's fortunes ultimately turned on the regular supply of black labour, and in the absence of capital investment, this dependency became increasingly pronounced after 1914. Because Wankie's board of directors, on whom the B.S.A. Company was heavily represented, refused to sanction the purchase of additional capital equipment, expanded output was instead won through the simple expedient of increasing the size of the labour force. By drawing on the flood of migrant workers initially compelled to seek wage employment by the tax regime enforced by the B.S.A. Company was able to recover from its initial losses (1992, 66).

The coal mine was viewed as strategic to the economic well-being of the whole colony and the war effort. The government was prepared to do whatever it took to ensure the functioning

of the infrastructure. For the most part, the coal-powered steam engine rail, the bedrock of the country's transport system, was the biggest consumer of coal from Wankie.

Another example is copper. Despite state propaganda about rich copper veins, there were no significant copper discoveries in the 1920s and 30s leading to the frustration of investors. Even though copper production rose from the mid-1950s onwards, in 1966 Ian Smith, then Prime Minister of UDI Rhodesia admitted that the road had been frustrating, remarking that copper output was "not very much for 55 years' effort" (*The Rhodesian Herald*, 23 September 1966). Even with the intermittent rises and falls in global copper prices, Southern Rhodesian copper was just about marginally profitable because the ore grade was poor and too thin to be suitable for reliable returns. Yet, between 1965 and 1979 copper was the biggest foreign currency earner. Ngwenya attributes this to cheap labour (2007, 35). This was generally the case for nearly all mines, including gold, by far the most important mineral. The price of gold was pegged to the dollar for a long time and was also not all that profitable, notably after World War II when much bigger and richer finds were developed in the Orange Free State (South Africa).

The colonial administration employed a dual strategy to compel Africans into wage labour, namely direct and indirect compulsion. Indirect compulsion involved measures such as taxation and discouraging independent economic activity among Africans. As long as Africans were able to earn cash, taxation on its own proved less effective. An opportunity for accumulation and earning cash among Africans existed in the form of peasant agriculture since early colonial interests were fixed at the mining sector. Growing mines in turn provided a ready market for African produce. However as the disillusionment with the second Rand grew even before 1914, the colonial administration started to actively promote white agriculture, especially the tobacco industry. This turn coincided with the reconstruction of the mining sector which emphasised the creation of cheap African labour. Stifling African agriculture and suffocating other African economic activities was intended to have a dual effect, reducing competition for white farmers' produce on one hand, and forcing Africans into wage labour on the other.

The onslaught on African agriculture was decisive. By 1922 63.5 percent of blacks were in reserves most of which were unproductive. The Land Apportionment Act of 1930, Maize Control Act (1931), Cattle Levy Act (1931), the Industrial Conciliations Act (1934)

(amended in 1936), the Tobacco Marketing Act (1936), the Native Registration Act (1936) and the tightening of pass laws, were all introduced to maintain the white rural bourgeoisie's competitiveness in the face of the global crisis while simultaneously squeezing Africans out of the game. These measures were a death knell to what had hitherto appeared to have been an advancing African agriculture. Government policy was to give Africans an option "between peasant farming and industrialisation (employment)", since there was "no room for all the natives on the land", (Thompson and Woodruff, 1953, 78). This too was not very successful until substantial African population increases created pressure. For the most part local Africans were unwilling to go into wage labour.

Through direct compulsion, the RNLB, a successor to the Labour Board of 1899, was to be the central mobiliser of black labour for Southern Rhodesian mines. Thanks to the work of several historians, notably Charles van Onselen, the harsh conditions under which Africans worked during the days of Company rule have been exposed dramatically. The RNLB had a specific mandate to ensure an unbroken supply of cheap labour to mines and this was done through *Chibaro* (forced/slave labour). As a result mining wages fell from 40 shillings per month in 1897 to 22 shillings in 1900. Yoshikuni estimates that between 1914 and 1921, real wages plummeted by more than 50 percent (1989, 442). The RNLB offered long term contracts with lower wages and did not permit a choice of employer (Phimister, 1988: 53). The centralisation of labour administration through the RNLB made it possible to compel mines to "loan" labour in line with "national priorities". In exceptional circumstances, prison labour was provided. This was the case with the Wankie Colliery after the 1919 Spanish influenza pandemic which resulted in an acute shortage of African labour. Exploitation of African labour deepened during years of economic crisis. Due to limited success in recruiting local African labour, the Bureau turned to migrant labour. Free railway transport was provided to migrants from Northern Rhodesia, Nyasaland (now Malawi) and Mozambique to work at Wankie Colliery and gold mines in Matebeleland and the Midlands. Migrant labour accounted for more than 50 percent of Southern Rhodesia's total mining and agriculture labour force (Thompson and Woodruff, 1953, 66).

In addition to other cost-saving imperatives, employers were anxious to recoup the capitulation fee they paid to the RNLB. Workers' health, accommodation, food and safety were sacrificed for profitability. Of course conditions for white miners, constituting some four percent of total labour force, were far superior. These miners enjoyed a privileged status and were only

employed in managerial, supervisory and skilled positions. As Phimister observes, white labour formed “part of the ruling-class coalition of interests” (1977, 187). Where African workers were employed in similar positions, they were paid far less compared to their European counterparts (Phimister, 1977). This job colour bar had the effect of dividing labour along racial lines thus making it possible for mining capital to maintain low wages among African labour.

Unwillingness to invest in better working conditions and health facilities had tragic consequences. In most cases, one small bath served more than 2000 workers exposing them to infection. In the compounds miners had to do with stench coming from heaps of uncollected refuse. At small mines, an equipped hut was said to be enough for a medical facility. This description of black worker conditions at Wankie Colliery is emblematic of the state of affairs:

...the health of many black labourers deteriorated rapidly (once they start working in the mine). Underground workers, covered in coal dust and 'subject as they were to cuts, scratches and abrasions in the course of their occupation', began developing large open sores, so-called 'tropical ulcers', on their legs and arms. In extreme cases, these suppurating sores led to limbs being amputated, and even to death. As labourers were issued with no protective clothing whatsoever, wounds were constantly reopened and re-infected (Phimister, 1988, 69).

According to van Onselen, from 1900 to 1933 over 700 died from phthisis, 250 from syphilis as prostitutes flooded the compounds and over 500 died from dysentery every year (1980). Phimister further estimates 8000 to have died from pneumonia during the period 1900 to 1933 (Phimister, 1973).

Crowding in the compound and poor diet worsened the health situation. As many as twelve workers were made to share a single room and a common latrine. It is no wonder that the global outbreak of Spanish influenza had dire effects on Rhodesian mines. 3000 workers lost their lives in November 1918 alone (van Onselen, 1980, 38). Scurvy prevalence among African miners was due to underfeeding and over work. In most cases, black miners endured 11 to 12 hour shifts. The state prescribed a daily ration of two to three pounds mealie meal and half an ounce of salt per day on big mines, “...occasionally supplemented by issues of meat or ‘kaffir beer’ (van Onselen, 43) which mines struggled to supply. The ration was later improved to a minimum two ounces and a half ounce of salt daily, at least a pound of fish or meat weekly, two ounces of vegetables and eight ounces of either nuts or lard.

Mine accidents were also common. Van Onselen (1980) observes that conditions were worse in small mines. Reluctance to use timber for safety precaution resulted in shaft collapses and miner deaths (van Onselen, 1980, 23). Protective clothing was either absent or far from adequate. A 1919 report by the Chief Native Commissioner, observed that the “majority of boys working on mines and farms are clad in sacks” (Chief Native Commissioner, 1919). Production maximisation meant that workers were forced to work for long hours. This often compromised safety and health of the workers. Van Onselen observes that piecework resulted in deaths in some cases, since “workers had to extract a certain amount in order to be eligible for payment”. The anxiety to exploit a rich vein discovered during their shift often led to carelessness and haste, “culminating in burial beneath collapsing earth” (49). No recreation facilities were provided for Africans and the few schools for African miners were overcrowded.

In later decades, the worst of abuses disappeared as van Onselen points out. Exploitation of cheap labour backfired as it became difficult for mines to attract new labour. Desertions and protests were common. The successes of the Copper Belt in Northern Rhodesia closed it off as a source of labour. In addition, for most of the time, Southern Rhodesian mines competed with South African mines which paid better. This notwithstanding, Vail (1989) observes that Southern Rhodesia was more competitive than Nyasaland or Mozambique though offering less than South Africa and Northern Rhodesia.

Generally, the exploitative and uneven nature of colonial capitalist development created contradictions that proved self-defeating. To start with, mining was viewed as a symbol of colonial subjugation. Phimister captures early African sentiment as follows: “...people look upon the discovery of gold as the cause of the loss of their country ... They are unwilling to cooperate in the development of what they consider a great misfortune,” (Phimister, 1988, 25). It is partly for this sentiment that migrant labour became dominant. Use of forced labour, abuse at the work place and the pathetic conditions described above led to insubordination and productivity was the ultimate casualty (Yoshikuni, 1989). Work stoppages due to protests were common. “...We are hungry and tired, we will work for the white men no longer” was the common chant (*The Rhodesian Herald*, 12 April, 1895). Besides the workers’ active response to unfavourable conditions, ill health made it impossible for workers to work optimally. It is thus not surprising that the truly abominable labour conditions of the BSA Co era did improve steadily from the 1930s onward (Phimister, 1975;

Stoneman, 1988). The competition with other economic sectors and with other mining territories was a major factor and the direct Crown Colony control mitigated crude exploitations.

From the perspective of domestic mining capital, low wages, the colour bar, poor working conditions for black labour and long working hours inter alia were necessary for profitability. This was of course not necessarily true. A two tier labour system was in fact cause for consternation among international capital and manufacturing sector which preferred a liberalised labour market. Preferential treatment of white labour, restrictions on the skilling of blacks and African access to skilled jobs meant that mines and metal based manufacturing had to contend with paying relatively high wages for skilled labour and technicians. An incessant challenge for mining capital was the shortage of skilled, largely white labour. Because of the considerable degree of freedom enjoyed by white labour, it was able to unionise and push for higher remuneration. Similar to the job colour bar was the promotion of European economic activity over those of African.

At the end of white rule in 1980, black mine owners still were virtually absent.

As soon as colonial capital established a foothold in a specific sub-sector, an equivalent indigenous sub-sector which had either been there in the pre-colonial period (for example copper smelting) or had arisen in response to market opportunities after subjugation) for example, the quarrying of mica on the Great Dyke in the 1920s by Africans) was first made illegal then progressively suppressed, and completely finally displaced if the white man thought the activity was lucrative enough (Ndoro, 1996: 23).

Restrictions on economic activities by Africans were complemented by the creation of rural reserves. The logic was to ensure reserve labour for white capital. This labour reserve legacy explains the absence or insignificance of the informal sector in the immediate aftermath of colonial rule in most Southern African countries (Mkandawire, 1985). The fact that the first agitation leading to African nationalism was a struggle to gain access to economic space, with associations such as the Bantu Cooperative Society, has already been alluded to. The society was based in Bulawayo and advocated for black commercial interests. It was a reaction to colonial policies that promoted uneven development along racial lines and the restricted opportunities for meaningful accumulation among Africans.

5. Conclusion

Uneven development had economy-wide repercussions, too. The rapid industrialisation in the post second world war period was constrained by the absence of an important internal dynamic. African rural economy, which could provide an important market for growing manufacturing, remained mired in poverty. This observation becomes more relevant when one considers restrictions on Rhodesian exports due to international sanctions after 1965. Yet a lesson that can be learned from the ‘catch up’ economies of East Asia is the importance of a dynamic domestic market. By 1974, due to a combination of international sanctions and the very limitations of uneven development, the Rhodesian economy began to slow down (Bond, 1997). Unemployment was increasing and so was poverty and in turn political dissatisfaction among the black majority. This led to the intensification of the civil war and by 1979, the settler project was proving impossible to sustain. The Lancaster House settlement was signed, paving way for an election that ushered in a black majority government led by ZANU-PF in 1980.

The Lancaster House agreement expressed itself in a new constitution popularly known by that name. This was a compromise agreement which attempted to strike a balance between fears of the white minority on one hand and the need for change. For the section to follow, it is worth identifying different economic interests converging at this agreement and within this locate mining interests. To a large degree, the agreement managed to secure prevailing commercial interests at least for the first ten years. The agreement itself reflects the strong voice of both domestic rural capital and international capital. To some extent, there was a convergence between white farming and mining interests. Moreover, while mining interests were significant, it seems a bigger and far stronger concern for the white rural bourgeoisie was land rights. This might be due to the fact that land dispossession, as opposed to access to mineral wealth, was expressly stressed as a key grievance by liberation fighters. Unlike the case of South Africa where access and ownership of mineral resources is explicitly cited in the ANC’s 1955 Freedom Charter, the land issue was more central for Zimbabwe’s nationalists.

The inherited political economic structure not only had within itself structural limitations that would inhibit the journey towards market civilisation. It is this inheritance that forms “the weight of history” to use Freund (1999)’s phrase in examining the chances of democratisation in post-apartheid South Africa – the “dead hand of past generations” (Moore, 2006, 10) that was to haunt post-colonial Zimbabwe (Mawowa, 2007).

Chapter Four: Mining and Accumulation in Post-Colonial Zimbabwe

1. Introduction

The first multi-racial election in 1980 brought into power a black government, officially marking the end of colonial rule in Zimbabwe. Colonial capitalism by its very nature had perpetuated “uneven development” across race and geography. Unemployment levels among Africans were staggering. Only three percent of the population (whites) owned about 60 percent of the country’s arable land.

The extremity of the unevenness was best painted by Alex Duval Smith in an article to *The Independent* (UK 9 May 2001) at the outset of the 2000 farm invasions: “Piers Nicolle has a wife and two sons and controls 54,000 acres of prime farmland. Shakespeare Tome has four wives, 28 children and five acres²¹ (Mawowa, 2007).

The immediate task for the new government might be considered to be the necessity of correcting this imbalance. Yet the transition from white rule was through a compromise; since ZANU-PF and its rival, ZAPU, had had little chance of defeating the Rhodesian government militarily, a negotiated compromise probably presented the only possible route to power. Besides this, the very nature of Zimbabwe’s new ruling elites made radical transformation improbable. This notwithstanding, some impressive human development results were recorded in the first decade after 1980.

Marked improvements in general standards of living for the black majority are observable in the 1980s. Access to primary education was made free and compulsory. The adult literacy rate of 97 percent in the 2000s owes to investments made in the education sector during this period. The government also made strides in providing public health. Life expectancy rose to a peak of 60 years in 1995 (IMF Country Report No.5/360, October 2005: 5). There was generally improved access to clean water. Partly because many whites abandoned their farms, land reform was substantial in the first five years: about a third of all white-owned land came into the hands of the state or squatters. However these gains were rapidly reversed from the 1990s onwards, as the government cut public spending under the Economic Structural Adjustment Program (ESAP). Zimbabwe’s human development index rose from 1980 to 1990, though remaining below the sub-Saharan African average (UN, 2010 HDR). On the whole, however, due to the later reversals, from 1980 to 2010 Zimbabwe's HDI declined by -

²¹ Piers Nicolle is was a farmer in Barket, Mashonaland West Province in the north eastern part of Zimbabwe.

1.8 percent annually (Ibid). The economic growth experienced was not enough to sustain improving social conditions of the 1980s.

While Zimbabwe's economic decline is particularly marked in the post-2000 period and despite early human progress, growth patterns were never impressive. Whereas GDP per capita grew from US \$701 in 1950 to US \$1402 just before the civil war in 1975, the pattern after 1980 is that of stagnation. Between 1980 and 2000 GDP per capita vacillated around US \$1320. Despite a momentary recovery from war in the early 1980s the economy was slowing down as early as the first decade after the coming of majority rule. According to official figures, from 1980 to 1990 growth averaged 4.5 percent per annum²² (Jones, 2011). But if one takes into account the devaluation of the Zimbabwe dollar, the economy shrunk in real terms. This has been attributed to apartheid destabilisation, droughts and the drop in commodity prices among others (Ibid)²³.

In 1980, though 70 percent of the population depended on farming (Jenkins and Knight, 2002: 77), Zimbabwe was the second most industrialised economy in sub-Saharan Africa after South Africa, but from then on manufacturing experienced a gradual decline and the economy grew more and more dependent on the resource sector. It is perhaps safe to say that, since by 1980 skills and capital were concentrated in white hands, two-thirds or more of the whites left the country, causing significant regression. Despite poor commodity prices, Africans responded to the new situation by dramatic increases in cotton and maize production. The situation still remained stable and modest growth could still be attained. There were sanctions against South Africa and the international community tolerated budget deficits and gave generously in aid because of the Front Line situation of the country. Zimbabwe was allowed to retain protectionist policies inherited from the colonial period. This changed from 1990 on.

Though some attempts were made at social transformation in the 1980s, the compromises of Lancaster House presented some real limitations. In a sense, this contributed to stability and propping up many dynamic aspects of the white-run economy. Bond and Manyana (2002) make a rather harsh assessment of Zimbabwe's ruling elite in the 1980s, characterising their

²² Most of this growth was in the early 1980s.

²³ According to ZIMCODD

(http://www.zimcodd.org.zw/index.php?option=com_content&task=view&id=31&Itemid=107), Apartheid-caused debt for Zimbabwe amounted to ZWD \$400 million, while the total economic cost is US\$10 billion.

modus vivendi as ‘talk Left, act Right’: redistributive rhetoric unmatched by delivery. However, it is fair to observe that in the first decade there were some nationalisation (partly due to the abandonment of firms by white owners) and much welfare spending by the standards of a poor country. No country in the whole world spent more percentage-wise of its budget on education. Nevertheless, the structural features of the economy remained the same more or less. At best, the post-colonial state could be described as ‘schizophrenic’. In the absence of a strong civil society, the state could vacillate between a policy of appeasement of the white bourgeoisie on one hand, and socialist welfarism on the other.

Though mining, in particular small-scale gold and chrome mining, was viewed as important for promoting the entry of black players, it was not until the 1990s that one sees a massive entrance of black players. The state’s attitude towards aspiring small miners was consistently contradictory prior to 2000, but became enmeshed in hyper-populist redistributive rhetoric, patronage and elitist accumulation during the following crisis period. This chapter shows how Zimbabwe descended from a relatively stable, diversified growing economy (which kept the rural white bourgeoisie fairly happy, especially after ESAP kicked in, which failed to tackle the structural features that so outraged the nationalist movement during the struggle) to the disorderly and violent accumulation patterns of the 2000s. It shows how mining and informality occupied a central pillar of this crisis political economy and the new opportunities that this presented.

2. The State and Mining Capital After 1980

Though the early years of independence were characterised by mutual suspicion between mining capital and government, the relationship was not entirely antagonistic. Capital feared nationalisation, introduction of pro-labour laws, and the erosion of several colonially bequeathed privileges, while the government mistrusted capital and questioned its loyalty to the new state. Disputes on marketing, declaration of production and returns were common. If the Global Financial Integrity (GFI) figures are anything to go by, government’s fears were justified. According to GFI between 1980 and 2008, Zimbabwe lost US \$15 billion through illicit financial flows due to mispricing. This is despite the new government’s establishing a Minerals Marketing Corporation of Zimbabwe (MMCZ) as early as 1982 “to act as the sole marketing and selling agent for all minerals” (see the Act section 20 (a)). Given the historic

reliance of colonial capital on labour exploitation, wages and working conditions were inevitable conflict areas between state and business.

The new government immediately took steps to establish its foothold in the hitherto white dominated mining sector. In 1982, ZMDC was established to “invest in the mining industry in Zimbabwe on behalf of the State” (see incorporating Act). Among other things, ZMDC was to oversee and support the development of the mining industry through prospecting, beneficiation and providing support to mining cooperatives and start up individual or group ventures. In 1983 the RCM was incorporated into the Zimbabwe Chamber of Mines (ZCM). This was in line with the Transitional National Development Plan and the subsequent Five Year National Development Plan underpinned by a socialist rhetoric.

Despite the mistrust between state and capital and the socialist rhetoric, policy practice remained largely in favour of mining capital. The new government continued until 1990 with protectionist Rhodesia Front policies and was careful not to upset capital. Measures to boost mining included the intensification of prospecting and geological surveys, mostly through bilateral support (Ngwenya, 2007). A National Remote Sensing Facility was established with German support in the early 1980s. Increased and intensified prospecting led to the discovery of gold and opening of Royal Family Resource and Freda Rebecca Resource gold mines in 1984 and 1988 respectively. The Mining Continuation Reserve and Mining Projects Fund were established to support input imports and increase production capacity. These measures did not automatically translate into a policy to increase participation of individual Africans. Instead, there was an emphasis on the role of the state through its mining company and promotion of cooperatives.

The 1982 controversial loan to expand the Hwange Power Station suggests a close relationship between the state and mining capital. In that year the government secured a US \$458 million loan from the World Bank and other western private lenders for a 440 watt extension of the Hwange Power Station near the Hwange coal field. A report by Jubilee UK notes that this project was actually the idea of Anglo-American Corporation, rather than miners of the coal field.

At the time demand for coal from the field was falling, and Anglo American Corporation was looking for alternative buyers; getting the Zimbabwean public electricity company to build a power station was

their number one option. The power station was due to use coal with a high ash content, which Anglo-American were struggling to sell to other buyers (Jones, 2011: 15).

Upon the completion of the project however, demand for electricity was less than projected. Despite this, the Zimbabwean government obtained electricity from the coal plant rather than the Kariba dam so as to keep the plant and the mine in operation.

The continued decline of mineral prices from the 1970s through the 1980s made it difficult to restructure the industry. Acute fuel shortages were experienced in 1982 and 1983 and a drought followed in 1984-85. The drought induced water shortages made things difficult for some producers. The copper industry, an important player since the mid-1950s was struggling due to the decline in prices. Copper grades at Messina Transvaal Development (MTD)-owned Mhangura and Alaska were declining and the new political dispensation meant continued exploitation of cheap labour was out of question. Due to these reasons, MTD disinvested from the two mines resulting in their takeover by ZMDC in 1984. MTD also cited unfavourable government policies among the reasons for its pull out.

The ZMDC's takeover of the mines was driven more by the need to save jobs and less by the viability prospects for the two mines although it might appear to fit a socialist strategy. This kind of nationalisation has been very typical in post-independence Africa and invariably led to economic failure (Bolton, 1985; Radmann, 1978; Genoud, 1969). Following the takeover of Mhangura and Alaska, no sooner did problems of corruption and mismanagement that have characterised the post-colonial state's involvement in mining started surfacing. "Between 1984 and 2000, Mhangura Copper Mine hardly managed to break even, managing only five positive years in which it made profits — 1985, 1988, 1989, 1990, and 1992" (Ngwenya, 2007, 69). The Zimbabwe government also bought controlling shares in Kamativi Tin and Hwange Coal Mines, which were the only mines in their respective fields. These have equally been monumental failures (Ibid).

After 1980, gold continued to be one of Zimbabwe's main minerals. In fact the country's gold output since 1980 gradually increased despite declining global prices for gold. This contrasts with the post-2000 decrease in output when prices increased. The 1980 and 1990s' increases have a lot to do with the government support during this period. In 1984, RBZ, the monopoly buyer of gold, introduced a gold stabilisation scheme to protect miners against effects of price volatility. Under this facility, RBZ would buy gold at a pegged floor price of

Z \$500 per ounce with a guaranteed extra 75 percent of the difference if the global price was more than the floor price (Kanyenze, 2011, 163). There was also an attempt to establish a roasting plant but this was suspended due to environmental concerns with the fumes.

In 1990, the Zimbabwe government, with pressure from the IFIs, adopted the Economic Structural Adjustment Program (ESAP) in a bid to cut the government deficit and boost economic growth. Measures introduced included the liberalisation of exchange control, removal of import restriction and an export retention scheme. The export retention scheme was meant to enable miners to finance imports requirements, by allowing exporters to retain 5 percent from exports. The facility was increased to 30 percent in 1992 and up to 50 percent in 1993 (Kanyenze *et al*, 2010, 166, 168). Rather than relying on state support, capital financing was liberalised. This saw MMCZ using its position to secure foreign currency denominated loans. The export retention scheme excluded gold producers who were not treated as exporters due to RBZ's status as the monopoly gold buyer. Gold producers protested this exclusion since they too required imports for plant equipment and other inputs. From 1996 onwards the RBZ began to pay producers in foreign currency.

Though ESAP is generally considered to have had negative economy-wide outcomes (Carmody, 1998; Gibbon, 1995; Moore, J. 2003), the picture for the mining sector is rather mixed. Due to the export bias of the reform program, exporters generally seem to have responded favourably while local market producers suffered. Asbestos production for instance actually picked up between 1990 and 1996 in response to these measures. Nickel performed well while chrome had mixed fortunes. Restrictions on foreign investors' access to the domestic debt market were removed in December 1994. The Mines and Minerals Act was amended to provide for special mining leases. These measures actually yielded results. In 1995 Australian mining giant BHP Inc. was given a special lease and formed Hartley Platinum Mine to mine in Selous, about 60 kilometres south west of Harare (more on this in Chapter Five). Reunion Mining started copper production at Munyati Copper Mine while Ashanti Gold Fields took over Freda Rebecca. Data from the Zimbabwe Investment Authority (2011) shows that in 1995, a record 36 new mining projects were approved. However, ZMDC's copper operations were struggling due to low grade ore and declining prices especially between 1990 and 1993. Coal and iron ore producers did not fare well either, partly due to the inward market orientation.

Persistent challenges for the sector during this period included foreign currency shortages. This was more acute for local market producers. While miners were initially excluded from the foreign currency support scheme, nearly all their plant equipment and other inputs were imported. Financial liberalisation created some problems. It increased the costs of domestic borrowing as interest rates shot up (Tim, 2012). Incessant droughts in the 1980s and 1990s compounded the situation for miners. So severe was the 1991-1992 drought, the most severe in a century, that hydro-electric power supply from Kariba was disrupted, and with it several mining operations. The agglomerated situation of key domestically orientated producers such as Hwange Colliery (coal), Zimbabwe Iron and Steel Company (ZISCO) (iron and steel), Zimbabwe Mining and Smelting Company (ZIMASCO) (ferrochrome and iron) and ZimAlloy (ferrochrome) exposed them to a contagion effect. ZISCO, ZIMASCO and Zimalloys are the biggest consumers of coal from Hwange after Hwange Power Station²⁴. This, plus ESAP's export orientation, explains the deteriorating performance of iron, steel, ferrochrome and coal in the 1990s.

3. The State and Artisanal and Small Scale Miners in the 1990s

Due to the proliferation of small works, gold as a sub-sector offered greater potential for participation of indigenous players with relatively little capital. However, the nature of colonial development meant that, at the advent of independence in 1980, black small mine owners were marginal. Among Africans, ownership was confined to a very few ex-service men of the Second World War. Government viewed small scale mining as providing an opportunity for black accumulation and part of the solution to the unemployment problem. Bias however was towards promotion of cooperatives through ZMDC support. These became prominent in chrome where ZIMASCO's ferrochrome processing plant in Kwekwe and Zim Alloys provided a ready market. Financial assistance was made available through the Mining Industry Fund. With the opening up of the sector, despite limitations, interest grew rapidly. The Small Scale Miners Association was formed in the mid-1980s, replacing older organisations. Shamva Mining Centre was established by the association to process gold from the surrounding communities and to provide technical assistance. Small scale mining at first was largely confined to gold, chrome, emeralds, mica and tantalite.

²⁴ Hwange Power Station alone consumes up to 90 percent of Hwange Colliery's coal.

The post-independence period provided favourable circumstances for the growth not only of small black operated mines but also for the emergence of informal mining. While the state's support for cooperatives was apparent, the attitude towards informal activity was ambivalent. The ZANU-PF 1984 leadership code prohibited those in the party leadership from involving themselves in business and acquiring property. This however was never put into effect and a handful of Zimbabwe's ruling elites were able to accumulate substantial wealth and establish businesses. Overall, however,

The informal sector's development in the first half of the 1980s fell (sic) victim to the ambivalence in economic policy caused by the ideological perspective that imbued government's thinking during that period. Its general "socialist" vision of the economic development of Zimbabwe, whether that vision was seriously meant or not, did not see a role for the informal sector, suspecting it of being a nurturing ground for future capitalists (Ndoro, 1996: 44).

But in the absence of a viable economic alternative, the government allowed the sector to operate without much interference. Much later on a UN fact finding mission into the controversial demolition of informal houses and small businesses (this included small miners who were attacked indiscriminately) in 2005 was to lament government policy and treatment of informal activities (Tibaijuka, 2005, 7). The report noted that these "laws were reminiscent of the colonial local governance legal super structure used as a tool of segregation and social exclusion" (cited in Mawowa, 2006, 42).

Despite this, the informal sector did grow exponentially after 1980. The growth was possibly inevitable given rising unemployment. While the country's active population grew, 10 percent of formal jobs were lost between 1982 and 1987 (CSO, 1987). A corresponding growth of informal sector employment from 10 percent to 20 percent of the total population is observable in the same period. By 1991, informal sector employment had shot up to 27 percent (Gemini Survey, 1991). But it was ESAP that had marked repercussions for small enterprises, small scale mining and the mining industry at large.

ESAP acknowledged the importance of the small scale and informal sector in the economy. Its importance was stressed for the short and medium term as a cushion for job losses from retrenchments. An ESAP policy document had a long annex entitled "Assessing and Addressing Social Dimensions of ESAP". This annex stipulated measures to cushion the populace against the impacts of "retrenchments, higher inflation levels and removal of subsidies", among other things that would come with the reform (Gibbon, 1995, 11). It set

out a gender-sensitive programme, foreseeing that women would be hardest hit by these negative outcomes of re-training, and was later complemented by the setting up of the Employment and Training Fund meant to promote and support “self-employment projects in the urban informal sector and public works projects in rural areas” (12). While ESAP provided for the role of small enterprises and informal sector as a generator of employment, more emphasis was laid on linkages with the formal sector. For example the document notes that, “As large and medium-scale enterprises became more specialised, they will subcontract work that they cannot do competitively to smaller-scale enterprises”(Ibid). This is inevitable given the urban bias of most discussions on the informal sector.

Consequentially, policies that promoted entrance into the informal economy as a survival enclave for the retrenched poor became part of the ESAP reform package. This phenomenon can be ascribed to and was an expression of the continuing schizophrenic nature of the Zimbabwe state. Until its official jettisoning in 1995 the ESAP was interspersed by partial reversions to welfarist policies, especially on health and education. Subsequent post-ESAP economic reforms, especially prior to 2000, though increasingly glossed by a redistributive rhetoric, did not significantly depart from the neo-liberal “common sense” that informed ESAP. One could suggest that ESAP was a failed compromise; like most compromises of this sort, it was bound to leave both ends of the diametrical opposed sides dissatisfied.

Probably the most significant of ESAP related changes in mining was the *Mining Regulations of 1990*, though this was from time to time undermined by the state’s inconsistent attitude. With technical assistance from the UZ department of engineering, Rural District Councils (RDCs) were given the right to issue panning licenses over 100 metre long stretches along rivers. The project is however said to have failed because the council did not have the capacity and technical knowhow to supervise and manage it. Though stream bank panning was far from a resounding success, mining on disused pits and pegging of new claims, in fact panning anywhere where gold was found, became common. In acknowledgement of the rise of panning activities, from 1996 onwards, Fidelity Printers started to accepted gold in small amounts (from as low as 50 grams) for refining. However government’s attitude towards panning seems to have been rather ambivalent as police continued sporadic raids on panners. But with rising unemployment and poverty, panning was ever on the increase. Reports of the unpleasant consequences of the activity were increasing. Accidents and other fatalities in small mines and panning sites from late 1990s onward were common place. The effects of

exposure to mercury although unmonitored became an issue of concern (Mtetwa and Shava, 2003; UNIDO, 2007).

4. Crisis in the Late 1990s and the Changing Political Economy

On the whole, ESAP had devastating economic and social effects. “Financial liberalisation and tight credit policies meant higher interest rates on domestic debt (up to 30 percent); currency devaluation, increased foreign debt payments; (and) firm closures reduced tax-take” (Carmody, 1998, 327-28). The deliberate measures to orient both the manufacturing and agricultural industries towards export production were at the cost of consumer goods, resulting in increased rate of consumer price inflation. The period also coincided with the end of apartheid and the subsequent flooding of Zimbabwe with the now legitimate SA imports, further straining Zimbabwe’s manufacturing sector. At the same time, the end of apartheid enabled the IFIs to push for neo-liberal reforms in Zimbabwe.

A confluence of factors, economic and political decisions set in motion a crisis that was to reverse the modest gains of the 1980s. Removal of subsidies and unrestricted competition placed pressure on local industries resulting in closures and job cuts. This, coupled with government’s downsizing of the civil service among other government spending reduction mechanisms saw plummeting levels of employment. The percentage of households living in poverty increased from 61 percent in 1995 to 75 percent in 2000 (Raftopoulos and Phimister, 2004: 358). In 1997 the Zimbabwe government decided on a costly military intervention to support the Kabila insurrection in Zaire, about to become the DRC (Nest, 2001) and Mugabe was forced to present financial hand outs to the increasingly restless former fighters of the country’s liberation war, the veterans. The results were cataclysmic, as epitomised by the crash of the Zimbabwe Dollar on 14 November 1997 otherwise referred to as the infamous “Black Friday” (Moore J., 2003, 6).

The growing discontent marked by food riots in 1997 and 1998 culminated in the launch of the labour backed opposition party, the Movement for Democratic Change (MDC) led by Morgan Tsvangirayi. MDC was to present the most formidable challenge to ZANU-PF and President Mugabe’s rule since 1980. For the workers, the high rates of poverty were directly traceable to the state’s alliance with capital that had conceived ESAP. To the peasants, the increased rural poverty and other economic hardships served to remind them of the

unfinished business of land redistribution and restitution. According to Raftopoulos *et al* (2004, 362) the “largely spontaneous land occupations in Svosve, Mashonaland East in 1998” were a result of growing rural poverty. The occupations were squashed by the government.

The encouragement to accumulation private capital under ESAP inspired the emergence of largely elite indigenisation groups such as the Affirmative Action Group, Indigenous Business Women Organisation and the Indigenous Business Development Centre. The increasingly growing militant veterans’ association was aligned to these groups. These, though sharing membership with the ruling party, started to put pressure on the state to do more for them. According to Raftopoulos and Phimister (2004, 261) these groups became an important launching pad for ruling party politicians. This trend, found at the early stages of Zimbabwe’s current politico-economic crisis, may thus be argued to have given direction to the increased centrality of the party and state in the accumulation process and the blurred relationship thereof in the post-2000 accumulation modes.

Hitherto, some members of the elite had entered into accumulation pacts with white capital to further their private accumulation projects. The alliance with whites was of course opportunistic on both sides. Though residual links remain between ZANU-PF, its companies and some elements of white capital continue to this day, rural white capital’s support in 1999 for the then new opposition party MDC in 1999 marked the end of a somewhat official alliance with ZANU-PF. ZANU-PF’s political desperation saw it embracing demands for radical redistribution of land by war veterans, setting the stage for a distributive authoritarian rhetoric which has characterised the period after 2000.

5. Post-2000 Economic Decline and Crisis Accumulation

The years 1997 to 2000 represent a turning point in Zimbabwe’s economic history, setting in motion an uninterrupted downward spiral from which Zimbabwe has never recovered. Based on Angus Maddison’s (2010) estimates, in eight years from 2000 the economy declined by 44 percent. This rate of decline has never been recorded outside a war situation (Clemens and Moss, 2005, 2). By 2008 Zimbabwe’s GDP per capita was just about what it was in 1954. Indeed by the end of 2008, nearly all formal economic activity in Zimbabwe had ground to a halt. In 2008, inflation skyrocketed to 79.6 billion percent per annum by mid-November making it the second highest in world history after post-World War II Hungary (Hanke and

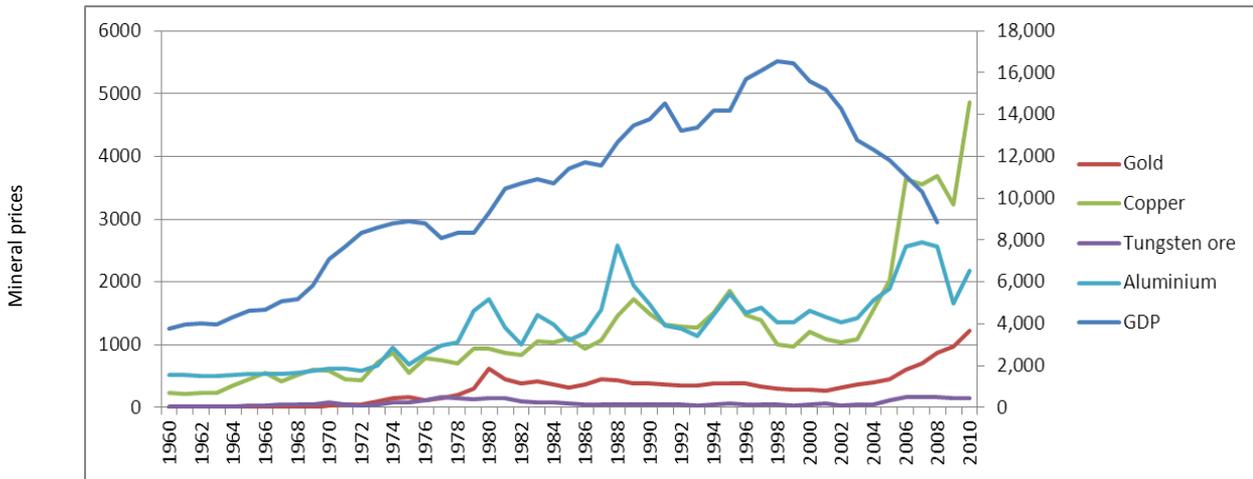
Kwok, 2009). Government was unable to pay civil servants resulting in many leaving the country for greener pastures. Between June 2006 and May 2007 alone, the government lost 15 000 employees or 40 per day (*Financial Gazette* 16 May 2007).

Up until about 2011 when the economy appeared to be stabilising thanks to dollarisation and the IG, human conditions had been deteriorating since 2000. Between 1980 and 2010 Zimbabwe's HDI declined from 0.241 to 0.140, while the HDI of Sub-Saharan Africa as a region increased from 0.293 in 1980 to 0.389. Formal unemployment stood at between 80 and 90 percent, and by 2007 the estimated percentage of people living in poverty was about 70 percent (*HDR, 2007, Human Development Indicators; Country Fact Sheet*). In 2007, average life expectancy stood at 36 years, the lowest in the world (*Africa Report Quarterly, 5, 2007, 147*). The country's inability to contain a cholera outbreak in August 2008, which soon swept the whole country, infecting over 100 000 people and claiming more than 4000 lives, is unequivocal proof of the extent of the crisis.

Unspared by Zimbabwe's economic and political crisis was the mining industry. Mineral output declined sharply, companies closed and, with the exception of the platinum sector, investment into the sector ebbed. This happened at a time when global commodity prices were rising and the mineral industry was experiencing a rebirth in most places. Zimbabwe's growth pattern from 1960 had previously shown a generally positive correlation between metal prices and economic growth. This is in line with trends for most resource rich economies (Deaton and Miller, 1995; Raddatz, 2007). However the period after 2000 shows a consistent decline in GDP despite the record breaking and continuous rise of commodity prices (see Figure 6 below). By end of 2008 nearly all of the country's mines were either closed or under care and maintenance.

While the sharp economic downturn since 2000 has its roots firstly in the general slowdown emanating from the 1990s failed economic reforms, the land seizures in 2000 were decisive. The impact was directly on agricultural output and in turn on the economy, historically dependent on agriculture. The post-2000 political climate, in particular violence and disputes over elections, did not engender a favourable environment for investment and business confidence.

Figure 6: Zimbabwe GDP Metal Prices Comparison Graph 1960–2010

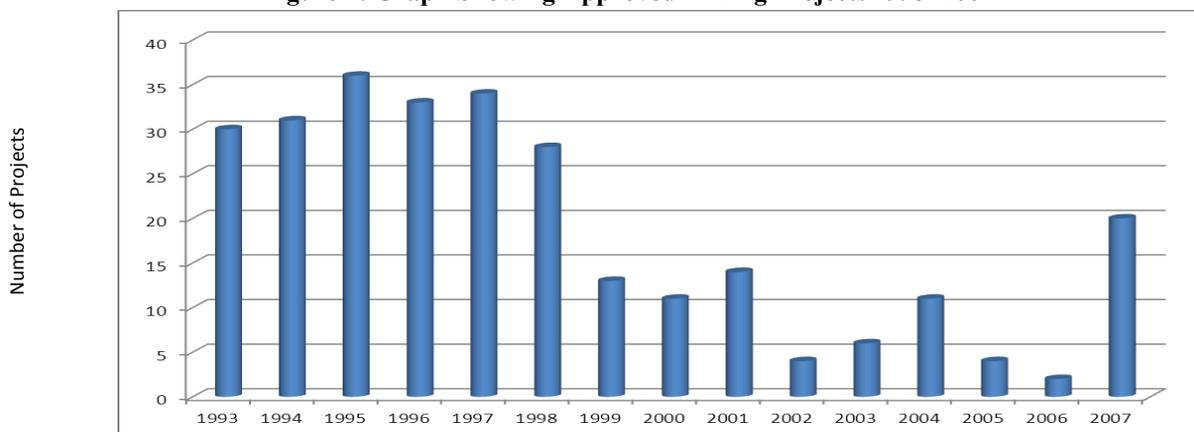


Source: Angus Maddison, 2010.

GDP

Though mining ownership, unlike land, remained untouched, the confiscation without compensation of the farms of white capitalists sent shockwaves across the economy and internationally. Other interests in Zimbabwe were seen as vulnerable too. A key element in this was the disregard of the government for court rulings and the rule of law with regard to property. Investment in the mining sector fell drastically as shown in the graph below. Even where projects were initiated, viability concerns would soon emerge, leading to a high turnover of investment.

Figure 7: Graph Showing Approved Mining Projects 1993–2007



Source: Zimbabwe Investment Authority, 2011.

The overall decline in investment however needs to be qualified. Zimbabwe still remained a significant player on the global market, accounting for approximately four percent of the

world's asbestos and chrome production, two percent of PGMs, and one percent of lithium (George, 2007; International Monetary Fund, 2007). Holding the second largest deposits of known exploitable diamonds in the world and with the massive investment from South Africa, Zimbabwe rose to become a significant player in the global platinum industry. Also the discovery of diamonds in the east of the country in 2006, though marred in controversy, placed the country firmly on the world diamond map. A total of 468 EPOs issued between 2005 and 2008 (Ministry of Mines and Mining Development, 2009; BCZ, 356) indicate that interest in the sector was substantial. Though official figures indicated a drastic fall in official gold output, unofficial and illicit channels were leaking an additional unknown amount.

The country's Marange diamonds epitomise the imbroglio characterising Zimbabwe's mining sector in this period. Marange diamond fields have been characterised by ownership wrangles, opaqueness of operations, allegations of human rights abuses by the army and smuggling by high ranking government and military officials. This led to an initial suspension of the diamonds from international trade by the international conflict diamond watchdog, Kimberly Process (KP). Though Zimbabwe was allowed to conduct monitored diamond auctions, the issue of the country's readmission was hotly contested and deeply divided the organisation. In 2011 after enforcing a modicum of serenity at the minefield, KP lifted the total ban on the sale of Marange diamonds to the chagrin of national and international civil society groups. By 2012, the fields were being operated by the Zimbabwe government in joint ventures with Chinese and Russian companies. However allegations of opaqueness continued with Zimbabwe's finance ministry complaining that "Almost four years after the military took control of Marange not one cent has entered the national treasury" (Partnership Africa Canada, 2010, 3). Moreover a court challenge over ownership of the fields by the initial claim holder, ACR, remained unresolved.

The government's handling of Marange and ACR claims has been murky. By the end of 2010 ACR was adamant that it was the rightful title holder for Marange diamonds;

ACR continues to assert that it is the rightful legal owner of the claims on which its discovery was made, and will continue to do all it can to work with the Government to resolve the Marange issue in a transparent manner for the benefit of all stakeholders (ACR Press Statement, November 2010).

In fact, the courts made rulings in ACR's favour which the government of Zimbabwe disregarded. Instead in December 2010, the Minister of Mines Obert Mpfu announced that the government was revoking all mining claims held by ACR alleging that, "All of them were

acquired fraudulently” (*New Zimbabwe*, 22 December 2010). ACR vigorously denied the charges and dismissed it as baseless. Local independent media observed that the minister’s charge came just after ACR CEO Andrew Cranswick had been cited in the leaked US cables as alleging that senior ZANU-PF and government officials were enriching themselves through diamond smuggling in the country (Ibid). The Minister of Mines has been accused of corruption and benefiting corruptly from the Marange claims. Reports that he was buying a struggling local bank in 2012 did not help ease the speculation.

The chaotic accumulation was not only restricted to Marange; it was sector-wide, and perhaps more pervasive in gold mining. The nature of Zimbabwe’s gold mining industry makes it susceptible to Zimbabwe’s post-2000 patronage politics. The plentiful existence of small claims made it possible to use the tactic of issuing mining licences to sustain pervasive patronage. Zimbabwe’s ASM gold mining was dominated by syndicates and networks often involving powerful individuals (Mawowa, 2007). Some reports accused the RBZ for example for being fraudulently involved in the “extraction and processing of diamonds and gold in the Midlands” (*Zimbabwe Independent*, 3 September 2010). Smuggling was rife, and even the amendment of the Gold Trade Act (2006), mandating penalties for unlawful possession and trading in gold, could not help matters. Legal ambiguities and policy contradictions sustained networks of corruption and patronage involving powerful local politicians, police and gold dealers.

Whilst 2008 saw the lowest output of gold since 1980 of 3 579 kilograms (ZCM, 2011), this was at a time when gold smuggling was at its peak. During this period, formal mining had ceased, with most mining houses citing viability and the non-payment for gold deliveries by the RBZ. By 2012, several miners were still owed by the bank. ASM miners directed their deliveries away from formal channels from 2002 onwards due to exchange rate discrepancies²⁵. This tendency became even more pronounced in 2007 and 2008 when RBZ was failing to pay for deliveries. Small miners produced 52 percent of total gold output in 2004; this proportion declined to 28 percent in 2005 and by 2010 it had declined further to 22 percent.

²⁵ RBZ insisted on paying miners on the basis of the officially fixed exchange rate which would see miners earning much lower than prevailing parallel market rates. Even though later on the bank improved the official rate offered for miners this never caught up with the parallel exchange rate.

The authoritarian populism characterising post-2000 Zimbabwe, dismissed by opposition groups in Zimbabwe as a survival strategy and mere politicking on the part of ZANU-PF, saw the emergence of what may be described as “mining nationalism”. The logic was that “we have taken the land, now we want our mines”. This started with the enactment of a controversial indigenisation and empowerment law in 2007, prescribing a minimum of 51 percent indigenous stake in all foreign owned business. A draft amendment to the Mines and Minerals Act followed with the aim of aligning it to the empowerment law. By 2012, the draft was yet to pass through parliament and unlikely to do so with its radical proposals with the new coalition government and an MDC dominated parliament. The drive to expropriate foreign owned companies came at a time when the country was struggling to attract foreign investment. In fact, in response to lack of investment and sanctions of its senior officials by western governments, ZANU-PF had adopted a “look east” policy. Most mining deals between 2000 and 2008 involved either Chinese or Russian companies in joint ventures with ZMDC and Zimbabwe Defence Industries. The nature of these ventures betrays ZANU-PF’s avowed “mining nationalism” and empowerment rhetoric.

A worrying trend with most mining deals entered during this period is not only their opaqueness, but that a significant number involved mortgaging Zimbabwe’s minerals wealth in one form or another. Because in the 2000s borrowing options were limited, the Zimbabwe government pledged future mineral output as collateral for loans.

In May (2006), the Reserve Bank pledged future nickel exports to European and South American banks in exchange for their setting up a \$50 million fund that would pay for refined petroleum imports. In June, the Government agreed to a \$1.3 billion deal to send chromite to China in return for the Chinese-funded development of additional coal-fuelled electricity-generation plants, and cemented an agreement, which was valued at \$60 million, to send chromite to China in exchange for radio and television transmission equipment (Mobbs, 2009: 42).

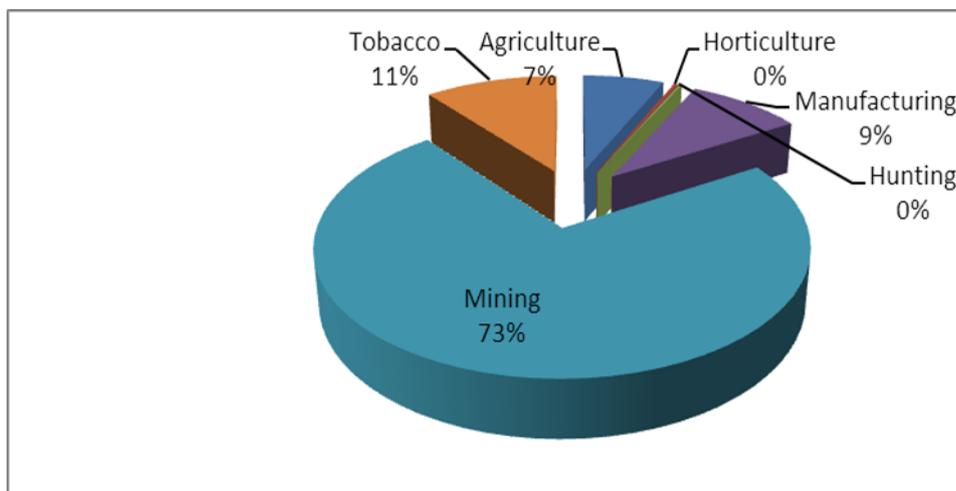
In 2011, the government of Zimbabwe obtained a loan from the Chinese government to build a defence college. The government pledged Marange diamond revenues from its joint venture with a Chinese company, Anjin.

The performance of state owned mines has been plagued by accusations of corruption, maladministration and patronage. In March 2006, the Dubai based Global Steel Holding Ltd. was awarded a 20-year contract to manage and rehabilitate ZISCO’s facilities; by September, however, Global Steel had walked away from the project (Mobbs, 2009). A subsequent investigation by the National Economic Conduct Inspectorate, which was withheld from

public release, ignited media frenzy about alleged corruption, financial mismanagement, and looting of ZISCO funds by Government ministers, members of parliament, other politicians, and senior company officials (The Herald, 10 May, 2006). Similar accusations have been made against ZMDC with the minister reshuffling the company’s board in 2010.

However, following dollarisation and the formation of a coalition government in early 2009, Zimbabwe’s economy appeared to be on the mend. Inflation declined to single digits. GDP grew by 5.4 percent in 2009, 9.6 percent in 2010, 10.6 percent in 2011 and estimated 4.4 percent in 2012 (Zimbabwe Ministry of Finance, 2012). Recovery of the mining sector was the most impressive, growing by 47 percent in 2010 (ADB, 2012: 3). From contributing 3.2 percent to GDP in 2008, the sector’s contribution grew to 8.1 percent in 2009 and 9.5 percent in 2010. In fact, by the end of June 2012 mining was forecasted to grow by 16.7 percent. Minerals account for 13 percent of national GDP and for 73 percent of total exports (Ministry of Finance, 2012). According to the ZCM (2011) the sector’s GDP contribution was 18.5 percent if one takes into account the multiplier effect. This buoyant growth of the sector marked a continuation of a trend set in 2009 after the establishment the coalition government. At least in the short to medium term, prospects for Zimbabwe’s economic recovery hinged largely on the country’s ability to optimise on its mineral wealth.

Figure 8: Pie Chart Showing Zimbabwe Export Distribution by Sector January-June 2012



Source: Ministry of Finance (Zimbabwe), 2012.

Diamond exports rose to 1.3 million carats in 2009 and 6.5 million carats estimated at US \$344.4 million in 2010, from a mere 2 670 carats in 2003 (MMCZ, 2010; RBZ, 2010).

“...chrome increased by 148 percent; gold 61 percent; nickel 26 percent; coal 25 percent; and platinum, 24 percent” (RBZ, 2011: 17). Mining accounted for 60 percent of total exports in 2010 and 47 percent in 2011 (Zimstat, 2010; RBZ, 2010, Ministry of Finance, 2012). According to the African Development Bank (ADB) Zimbabwe’s mineral exports grew by 148 percent in 2010 and 38.7 percent in 2011 (2012, 3). RBZ attributed this rate of recovery to “buoyant international commodity prices ... investment in expansion programmes and recapitalisation of mining operations”. As the sector recovered, small scale gold producers increased their contribution from 12 percent of total output in 2010 to 32 percent in 2011 (ADB, 2012).

Table 2: Distribution of Mining Output in Zimbabwe by Mineral for 2011

Mining	Contribution to Total Mining (%)	Contribution to Total Mining Output in 2010 (US\$ Millions)
Gold (kgs)	26.9	260.6
Asbestos (tons)	0.2	1.9
Coal (tons)	7.7	74.6
Nickel (tons)	9.5	92.0
Platinum (kgs)	35.6	344.9
Chrome ore (tons)	4.3	41.7
Black Granite (tons)	1.4	13.6
Palladium (kgs)	7.3	70.7
Diamonds (carats)	7.2	69.8
Total	100	968.8

Source: Ministry of Finance, 2012.

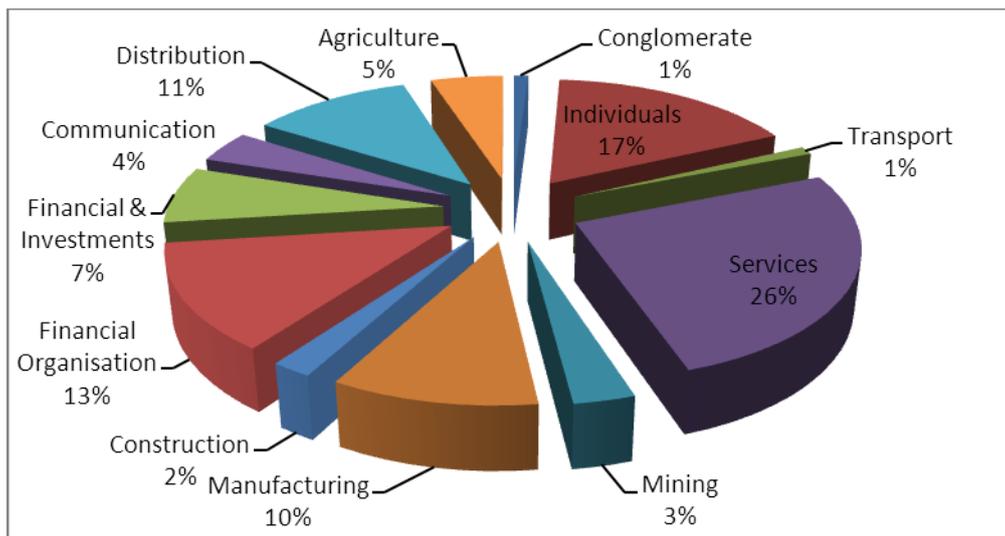
Within the context of dollarisation, export earnings (of which mining represented 73 percent) were one of the few available avenues for wealth creation²⁶. However, little of this money stayed in Zimbabwe beyond what the state extracted. Consequently, questions were being asked about the mining sector’s low contribution to bank deposits. Despite accounting for 73 percent of exports and 13 percent of GDP, mining was contributing a meagre 3 percent to national bank deposits (Ministry of Finance, July 2012, 99). If one considers the offshore banking arrangement for the platinum sector to be discussed later, and the opaqueness of diamond revenues, it is easy to understand why this was the case.

In mining terms, it is probably fitting to call the first decade after 2000 the platinum decade. By the time of writing, corporate platinum, and in particular Zimplats, was Zimbabwe’s

²⁶ This is so since official dollarisation saw the Zimbabwe dollar replaced by a basket of foreign currencies, mainly the US dollar and South African rand. This took away the capacity of the country’s central bank to create money. Other sources of foreign exchange included diaspora remittances, foreign credit, foreign aid and foreign direct investment.

biggest investor with close to US \$1 billion. In 2011, 43 percent of total mining exports came from platinum, 28 percent from gold and 20 percent from diamonds. Zimplats alone employed more than 5000 people directly and indirectly through contractors. Zimplats was not spared ZANU-PF’s authoritarian populism. The company was subject to attacks targeted at getting the company to dispose 51 percent of its stake to either government entities or indigenous Zimbabweans. The company’s mining lease was being revisited “so as to ensure maximum benefits” for local Zimbabweans.

Figure 9: Pie Chart Showing Share of Bank Deposits by Sector



Source: 2012 Mid-Term Fiscal Policy Review Statement.

6. Conclusion

In 1980, post-colonial Zimbabwe inherited the most diversified economy in Africa outside of South Africa, with a considerable manufacturing base. “By that year, 52 percent of the country's export earnings were from Value Added Manufacturing” (Mawowa, 2011, 2). In 1950 Zimbabwe had a higher GDP per capita than China and India, higher than South Korea attained before 1970 (Angus Madison, 2010). By 2008, Zimbabwe had become a useful case study of how a promisingly prosperous African country could easily turn into a failed developmental state. However, despite the acute economic crisis, ZANU-PF and Robert Mugabe have remained in power since 1980. It is argued in the following pages that Zimbabwe’s crisis political economy partly explains why Zimbabwe became the only country

to reach such levels of economic decline and the level of hyperinflation that it did without experiencing a change of government or deteriorating into armed conflict and anarchy.

The cumulative consequence of ESAP failure, political reconfiguration, the chaotic, free-for-all land invasions and ZANU-PF's post-2000 authoritarian populist rhetoric opened up a special regime of accumulation. Raftopoulos and Phimister observe, hitherto:

...members of the state elite, including ministers, judges, senior army officers, parliamentarians and civil servants, had all quietly enriched themselves by leasing state land on favourable terms, but, in the changed context of the structural adjustment programme's market driven approach, circumspection was thrown to the wind. ... Class formation no longer needed to proceed behind closed doors (Raftopoulos and Phimister, 2004, 363).

As the 2000 fast track land reform and the subsequent crisis unfolded, this class of accumulators became so intertwined with the state that one can hardly separate the two, functionally or otherwise. This is not surprising considering the petty bourgeois pattern historically embedded in Zimbabwe's ruling elite and now "as the moral legitimacy of this elite has been eroded, so its core economic ambition has come to dominate the state's political imperatives" (Raftopoulos and Phimister, 2004, 362). This changed context is exemplified by the developments in the mining sector.

The degeneration into unregulated, informalised and often violent modes of wealth accretion did not end with land grabs but spread to other sectors. It hit ASM and then sucked in big mining companies through the indigenisation and economic empowerment policy. By sidelining the rule of law during the 2000 land grabs, the state revealed an unwillingness consistently to enforce laws and policy, especially when it came to party members and some of the petty bourgeois elements within its ranks. The centre of power in Zimbabwe shifted to the party, the military and securocrats. Yet the party runs the state and the state has been maintained as an instrument of both economic and political reproduction.

PART THREE: PLATINUM MINING AND CRISIS POLITICAL ECONOMY

This part looks at Zimbabwe's biggest platinum mine, Zimplats, during what can be considered one of the most difficult times in Zimbabwe's history. In the midst of the chaos, and economic and political crisis of the 2000s, Zimbabwe's platinum sector stood out as an exception. Indeed by 2008, the Zimbabwe Revenue Authority (ZIMRA) was claiming Additional Profit Tax from Zimplats in lieu of "super" profits accumulated since 2001. Ironically, by December of the same year, nearly all the country's medium and large scale mines had halted operations as the economic crisis took its toll. Considering the generally favourable commodity prices that prevailed, the poor performance owed itself to factors outside of the sector, to political and economic conditions obtained in the country.

The shrinking economy brought increased relative importance for the few remaining taxable economic activities as sources of public revenue. To maintain a viable accumulation project, managing the interests of elites, increasingly dependent on patronage for survival, was crucial. This part shows that, while the role of ruling party-based political networks tended to be most apparent in ASM gold mining, Zimplats's strategy did not exclude this approach. The company appears to have successfully adapted to Zimbabwe's political context, negotiating relatively good deals, appeasing powerful politicians and engaging local traditional chiefs, thus maintaining both the "social and legal license" (*Zimplats Annual Report*, 2011: 43). Perhaps less acknowledged than should be the case, this also included the political license. This chapter focuses on Zimplats's survival strategy in a vexatious political and economic environment and how the company has negotiated Zimbabwe's economic empowerment laws.

Chapter Five: “Growth against the odds”: The story of Zimplats in Zimbabwe

1. Introduction

By 2012, exactly 10 years after commencing operations, Zimplats’s cumulative operational profits stood at over US \$1 billion. The company had invested over US \$700 million in its Zimbabwe operation in spite of what most investors considered a risky political and economic environment. Nearly all of the profits had been reinvested to fund a mega-million dollar phase two expansion project. This chapter tries at the least to unpack and at best explain Zimplats’s exceptional performance, and how Zimplats dealt with the economic and political pressures linked to the Zimbabwe crisis discussed above. The chapter starts by briefly chronicling the history of platinum mining in Zimbabwe.

2. Platinum Mining in Zimbabwe: A Brief History

Platinum was first discovered at Mimosa in the southern part of Zimbabwe’s Great Dyke in the Wedza Geological Complex (see map below) in 1918. The deposits were exploited briefly in the 1920s by the Granger Brothers²⁷. In 1966 the Granger Brothers’ claims were acquired by Union Carbide which conducted trial mining until 1978. In 1992, ZIMASCO (a ferrochrome mining and smelting company) took over Mimosa. Production recommenced in 1994 after a feasibility study. In 1996 the claims were consolidated into a mining lease covering 6 500 hectares. The success of Mimosa, rising global platinum prices in the 1990s and the thinning out of South Africa’s Bushveld ore body triggered interest in Zimbabwe’s platinum. Zimbabwe holds the second largest known commercial platinum deposits after South Africa. In 2001, South Africa’s Impala Platinum, the world’s second largest producer of platinum, acquired a 35 percent stake in Mimosa and an additional 15 percent in 2002. Aquarius Platinum, a Mauritius based company, took the remaining 50 percent.

During the early 1990s, a second platinum mine, the Hartley Platinum Project, was developed by a joint venture between the Australian companies BHP (with strong South African connections) and Delta Gold. Since the mid-1980s, Delta Gold had been prospecting for platinum in Selous, about 30 kilometres from Chegutu town. In 1996, following the

²⁷ A presentation by Mimosa makes reference to the “Granger Brothers” as the operators of the first platinum mining operation but other than that no additional information is provided. Attempts at getting additional information had not yielded results by the time of writing. One can only assume they were among the early colonial white settlers.

introduction of special mining leases to attract big foreign investment into the mining sector, BHP obtained a special lease to mine platinum in the area. According to Zimbabwean law, a special mining lease is considered for investment of over US \$100 million and where such investment is mainly or wholly in foreign currency (Mines and Minerals Act (*Chapter 21:05*) Part 9). A special mining lease is subjected to presidential approval.

In June 1998, BHP's HPP operations were suspended, ostensibly "following a string of geological and metallurgical problems" (*Platinum Today*, 22 February 2013). In May 1999 Zimplats purchased BHP's 67 percent interests in the Hartley Platinum Project and the Mhondoro Platinum Joint Ventures which included a concentrator and smelter (also known as the Selous Metallurgical Complex (SMC)). According to the company website, Zimplats was incorporated in Guernsey in the Channel Islands (a notorious tax haven). While continuing the development of HPP, Zimplats undertook and successfully completed a feasibility study for separate underground and opencast mines at Ngezi, east of Selous. In December 2000, the Zimbabwe Government "released BHP from its obligations" under Hartley Platinum Mine lease, paving the way for Zimplats to acquire BHP's Zimbabwe platinum assets for a nominal amount in January 2001 (Zimplats website, 14 June 2012). Once the viability of a mine in Ngezi was established, a 77 kilometre highway was constructed, linking Ngezi Mines with the processing facilities at the SMC in 2001, thus completing what came to be known as the Ngezi/SMC project. In 2002 the Ngezi/SMC project exported its first converter matte from its Ngezi open pit mine.

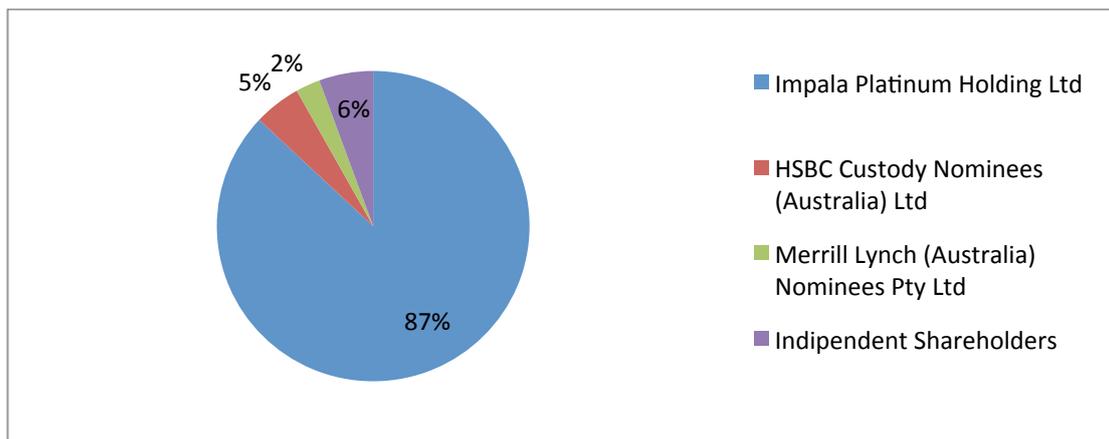
The turning point for Zimplats appears to have been its purchase by Impala Platinum, bringing with it not only large volumes of capital but experience and expertise. In its 2001 Report the company commented that:

The investment in Zimplats and HMC by Impala, the world's second largest platinum producer, has secured for the company the skills and expertise in PGM production... exposure of HMC management to the various Impala operations... to assimilate the successful operational practices employed by Impala and to introduce them at HMC.

Impala Platinum first acquired a 30 percent stake in Zimplats from Delta in a 50/50 joint venture with ABSA Bank Limited of South Africa (ABSA) in 2001. Impala held pre-emptive rights over ABSA's 15 percent stake as well as a 30 percent direct stake in the then Makwiro Platinum (Pvt) Limited, a Zimplats subsidiary (*ZIMPLATS Annual Report*, 2001). The remaining 70 percent was held by Zimplats. In August 2002, the group acquired a further 21

percent stake in Zimplats from Aurion Gold, and in June 2003 purchased ABSA’s 15 percent stake. Impala subsequently made an unconditional cash offer to minority shareholders in Zimplats, increasing its stake to 87 percent (*Zimplats Fact Sheet*, November 2011). While the company is listed on the Australian stock exchange (ASX), Impala Platinum Holdings Limited, the majority shareholder, “is a long term holder and not seller of securities that it holds” (Patrick Shayawabaya, 8 March 2011). This means only a few of the company shares are accessible to the public through the stock exchange.

Figure 10: Pie Chart showing Zimplats’s Share Structure as of 31 March 2012



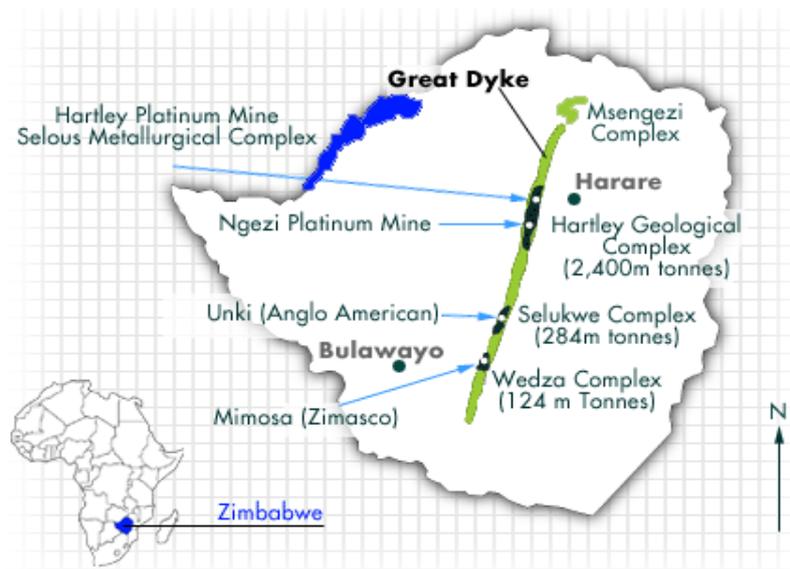
Source: Zimplats 2012

Zimplats has operations in two of the four geological complexes known to contain the Platinum Group of Metals (PGMs), as well as base metal deposits situated along Zimbabwe’s 550 kilometre long and 10 to 13 kilometre wide geological expanse known as the Great Dyke (see map below). The Great Dyke holds 11 percent of the world’s known commercial platinum reserves.. The two complexes where Zimplats has operations are the Hartley Geological Complex and the Musengezi Complex. The Hartley Complex is about 100 kilometres long and is estimated to contain 80 percent of Zimbabwe's PGM mineral resource. Two-thirds of HGC is thus under Zimplats control. By 2012, Zimplats’s ore resources were the largest held by Impala and accounted for 40 percent of its total holdings.

The other two complexes are Wedza Complex operated by Mimosa and the Selukwe Complex where Anglo American’s Unki mine began operations in 2011. In 2011, Unki produced around 50 000 ounces of platinum, and is expected to produce 70 000 ounces of platinum per year once it reaches full capacity. Since 2002, output at Mimosa has gradually been expanded, and the mine — which has been among the lowest-cost platinum producers in

the world — extracts around 100 000 ounces of platinum annually. Zimplats is thus by far the biggest platinum producer in Zimbabwe, producing close to 200 000 ounces of platinum matte in 2012.

Figure 11: Map Showing Zimplats Location and Operations



Source: Zimplats website June 2012 (<http://www.Zimplats.com/activities/acts.htm>)

Since the commencement of its operations in 2001, the company took stock of the extent of Zimbabwe’s economic decline but remained optimistic. “Zimbabwe has suffered from unfortunate political and socio-economic dislocations in the past year. We believe that the processes underlying these disruptions will diminish and possibly reverse in the foreseeable future” (Zimplats 2001 Annual Report). It was however not until February 2009 after the formation of a coalition government between ZANU-PF and the two MDC formations that the crisis showed clear though uncertain signs of abating. Though Zimbabwe’s economy was already struggling in 2001, the company claimed that the overall environment was “largely positive and conducive to Zimplats being able to extract maximum shareholder value from its assets...” (Ibid). By 2008, despite nearly all other mining companies shutting operations, Zimplats’s optimism seemed vindicated. Below I discuss this optimism and the company’s rather remarkable performance during a difficult time in Zimbabwe’s history.

3. Zimplats' Growth and Performance Since 2000

Since its first shipment in 2001, Zimplats has embarked on a massive two phased expansion program. The first phase was officially completed in 2011 and involved the opening of two underground mines, a new concentrator at Ngezi and construction of other required infrastructure at a cost of US \$340 million. Matte output increased from 43 771 ounces in 2002 to 367 788 ounces in 2011 signify an increase of 840 percent in ten years. The company had started with one open pit mine in 2001 before opening an underground mine in 2003. The addition of an underground mine tripled ore output and quadrupled matte produce while simultaneously lowering production costs and improving recovery rate. Over the years, reduction in production costs and gradual improvements in recovery rate have been synonymous with the company's development and expansion. In 2008, by the time two additional underground mines, namely Ngwarati and Bimha, were opened, ore and matte production increased to 2.5 million tonnes and nearly 200 000 ounces respectively.

With the global financial crisis in 2007 and 2008, and the decline in metal prices, the company closed the open pit operations in November 2008 to cut operating costs. Loss of open cast ore output was more than compensated for by output from Ngwarati and Bimha mines. The opening of these two mines saw the company increase its ore production capacity in excess of 4.5 million tonnes per annum. A US \$460 million phase two expansion program had commenced in 2011, targeted at increasing capacity to 6.4 million tonnes (ASX, Zimplats Annual Report, 2011, 13). Up until 2009 the company was relying on one concentrator having to transport ore to Selous, some 77 kilometres from Ngezi where mining was taking place. In 2010, however, a new concentrator was opened at Ngezi leading to the doubling of milled ore from two million tonnes in 2009 to more than four million from 2010 onwards. Though nearly half of the ore continued to be hauled to Selous, the proximity of the new concentrator to Ngezi further reduced operating costs. Zimplats had by 2012 become one of the lowest cost platinum producers in the world. Seven thousand tonnes of white matte were shipped to Zimplats's refinery in SA monthly and annual platinum production was 180 000 ounces.

Zimplats exports a matte concentrate consisting of several minerals for processing at Impala's refinery in South Africa. The matte contains six PGMs (ruthenium, rhodium, palladium, osmium, iridium, and platinum), a significant amount of gold and small quantities of silver,

nickel, copper and cobalt. However, it is the output of platinum, palladium, rhodium, gold and nickel that is most significant. Platinum and palladium usually constitute 50 percent of total. In 2011, gold and nickel sales constituted 17.5 percent of the company's total earnings (ASX, Zimplats 2012, Annual Report, 21). Estimates of these minerals per tonnage of ore are shown in the picture below. Calls were being made by the Zimbabwe government for the company to establish a Zimbabwean local refinery. But this, according to the company, required a minimum of 500 000 ounces of platinum output to be commercially viable (Patrick Shayawabaya, quoted in *New Zimbabwe*, 8 March 2012).

Figure 12: Zimplats Minerals Output per ton of ore

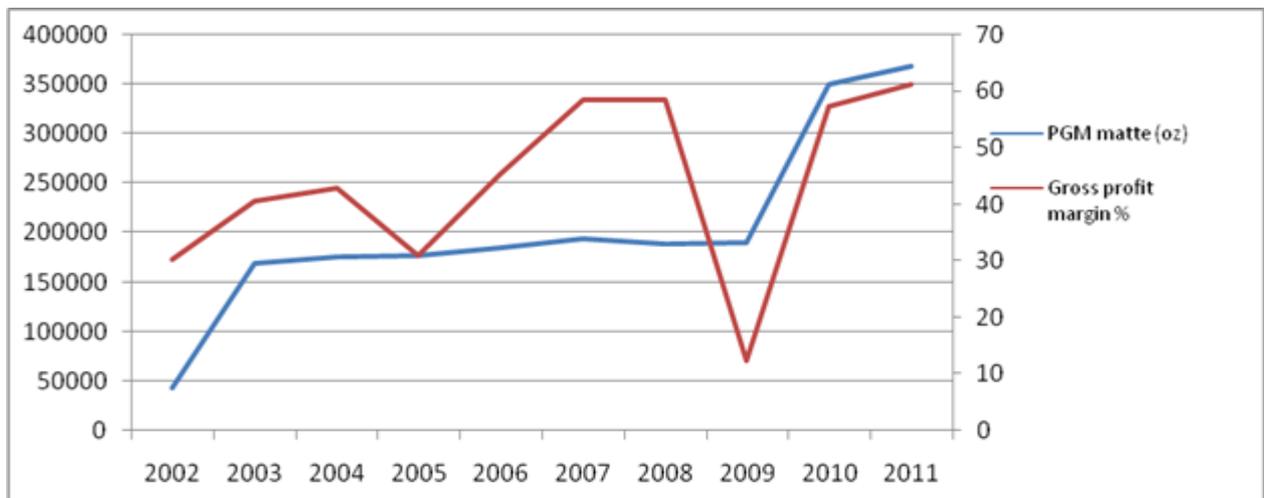
Ore Grades	
Platinum	1.673 g/t
Palladium	1.278 g/t
Gold	0.231 g/t
Rhodium	0.139 g/t
PGM (4E)	3.322 g/t
Ruthenium	0.124 g/t
Iridium	0.063 g/t
Silver	0.279 g/t
Nickel	0.094 %
Copper	0.063 %
Cobalt	0.003 %

Photo taken by the author during a visit to Zimplats August 2010.

With the exception of 2005 and 2009, the company's rate of profits have been increasing since its inception, from 30.2 percent in 2001 to 61.3 percent in 2011. Even though profits fell in 2005 and 2009, the company was still able to record profits of US \$35 million and US \$15 million respectively. Growth in profits was caused by gradual reductions in operating costs, increased production and rising global prices. In particular the shift from open cast mining has been marked by a rise in profits and decrease in operating costs. According to one senior employee, underground mining is 40 percent cheaper than open cast (Interview, Zimplats Senior Employee, 14 August 2010). In 2002 after the opening of Rukodzi underground mine, coinciding as it did with rising PGM global prices, profits rose by another 10.5 percent. In 2009 the Zimplats CEO Alex Mhembere was named Chartered Secretary of

the Year for managing to expand Zimplats’s business during a very difficult year for business (*Herald*, 29 September 2020: B3). Following the 2009 decline in profits, Zimplats’s output and profitability improved the following year. From 2002 to 2011, the company’s cumulative profits amounted to more than one billion US dollars well above the US \$700 million in cumulative investment already.

Figure 13: Graph Showing Zimplats Production and Profit 2002-2011



Source: ASX Zimplats Annual Report 2011.

Globally the increased profitability for PGMs in 2010-2011 was underpinned by the global economic recovery and increasing prices. These conditions applied to most minerals and coincided with the Zimbabwean economic stabilisation; under a dollarised monetary regime and a coalition government, Zimbabwe’s mining sector was generally on a recovery path. Platinum was responding positively to increased global demand in automobiles, jewellery and the recovering industrials. Platinum was further benefiting from the increasing use of fuel cell technology due to world attention on climate change and need to reduce dependence on fossil fuels²⁸. In Europe, the use of platinum increased by 50 percent between 2010 and 2011 (2011 AR). Palladium and rhodium, which are almost exclusively used in the automobile sector, also experienced a similar trend. The automobile sector is the biggest consumer of PGMs. With the US dollar momentarily losing credibility after the 2007 crisis, most investors turned to gold and the white metal for hedging purposes. Demand was further spurred by the launch

²⁸ While the different fuel cell technologies advance simultaneously, it is the polymer electrolyte membrane (PEM) fuel cell that is the most important product of PGM mining as it utilises PGMs exclusively, consuming about 20 000 ounces in 2010.

of the US Platinum and Palladium Equity Traded Funds which increased physical demand for the two metals.

As of 2012, Zimplats had successfully planted a town in the middle of rural Mhondoro Ngezi area and with it diverse economic activities. The company had constructed more than 2000 houses at Turf Village near its Ngezi operations and private individuals were also buying space and building houses. Hitherto, Turf had fallen under the political administration of Ngezi rural council but, as it now held a population of more than 10 000 residents, the company applied for the granting of town status. With approximately 3000 employees and 2000 more employed by sub-contractors, the company was one of the biggest employers in Zimbabwe. The 2010 most admired employer survey by Industrial Psychology Consultants (IPC) ranked Zimplats second in Zimbabwe. Zimplats was attracting employees from other struggling mining companies. The most cited reason for the preference in the survey was remuneration.

4. Negotiating Zimbabwe's Crisis: Accounting for Zimplats' Success

In accounting for the company's exceptional success, Zimplats cited at least four factors: i) a preferential fiscal regime entered with the Zimbabwe government in 2001, ii) low operating costs, iii) availability of skills from other struggling mines and iv) supportive shareholders. These factors are discussed in greater detail below but suffice to say they fall short of adequately explaining the company's success within Zimbabwe's crisis. The company's allusion to "legal and social license" is perhaps close to explaining the combination of political and economic strategies that sustained its business in Zimbabwe. To fully understand this successful accumulation story is to understand a great part of Zimbabwe's political economy of accumulation. This is interrogated closely below after first examining the four success factors cited by the company above. Coming at a time when Zimbabwe was increasingly facing isolation from the West and investment was drying out, Zimplats was able to negotiate a favourable deal.

Zimplats inherited BHP's mining lease, first signed in 1996. Before commencing operations in 2001, the company further entered into a framework agreement which contained several incentives, among them an exemption from offshore banking restrictions and additional profit tax. This somewhat generous treatment accorded to the company has baffled many

commentators in Zimbabwe (*The Herald* 14 March 2012). There is a widely held view that the Zimbabwe government gave BHP a five year tax break only for the company to pull out near the expiry of the incentive. An official from the Chegutu rural district council said that he had expected the Zimbabwe government to be more stringent in negotiating the Zimplats lease (Interview, anonymous, Chegutu rural council official, 15 April 2010). The early 2000s saw increasingly illiberal, populist, nationalist rhetoric from ZANU-PF and the notorious farm seizures. Yet the Zimbabwe government was desperate to attract foreign investment. Thus it represents an ideal example what Bond and Manyana (2002) would term the “talk left and walk right” discourse of ZANU-PF.

In its 2001 annual report the company cites “...securing of appropriate and essential fiscal arrangements,” as having informed its investment decision (*Zimplats Annual Report*, 2001). The same report states, “Zimbabwe enjoys world-class mining legislation ...” Looking back and in response to allegations that the agreement was largely in the company’s favour, Zimplats’s then Chief Financial Officer during an interview in October 2011 noted:

There was nothing to suggest that government wanted to be stringent. If there was a belief the agreement was one sided it did not show in 2001. If anything those written undertakings were very much to encourage the big investment that Zimplats promised. You will have this, you will have this extra whatever. It may well be that has changed now (Interview, Patrick Shayawabaya, 2011).

A senior employee who preferred anonymity made a more or less similar observation, “...the government was desperate so they resorted to us banking offshore... it was because of this that other companies collapsed so Zimplats did not want to take this risk” (Interview, Anonymous Zimplats Employee, 2010). The provision for external banking was perhaps the most significant of the fiscal incentives given to the company.

Offshore banking (perhaps to tax haven Guernsey) enabled the company to “navigate the period prior to dollarisation” in which the country’s payment system effectively collapsed and acute shortages of foreign currency were experienced. This made it possible for the company to access external capital finance, service its debts and pay for imports with relative ease. Unlike other miners, the platinum sector did not have to deal with cash shortages which made it difficult for miners to meet payment obligations to suppliers and service providers. Despite the acute devaluation of the local currency that had seen the economy rapidly dollarise, the Reserve Bank of Zimbabwe (RBZ) continued to enforce the use of the Zimbabwe dollar. This led to high levels of smuggling of minerals as miners sought to

circumvent these measures so as to access external markets and foreign currency. The RBZ estimates that the value of minerals smuggled out of the country from 2002 to 2007 could be over US \$500 million (Moore and Mawowa, 2010). In some cases, where miners exported directly, RBZ forced them to surrender the foreign currency at a pegged below market exchange rate. To compound matters, it was not possible to access the same foreign currency when miners want to import inputs. In most cases the bank channelled the foreign currency to ZANU-PF cronies in the name of fuel import support (Mawowa, 2007). These constraints however did not affect the platinum sector owing to its special fiscal and marketing regime.

Beyond the lease agreement, several subsequent written and unwritten undertakings were made by the Zimbabwe government to Zimplats, not least the 2006 ground release agreement. Though these agreements were rather opaque, it was known that under the ground release agreement the company released 36 percent of its ore resource to government in return for empowerment credits equivalent to 29 percent of its total shareholding (*The Herald* 14 March 2012). From the company's point of view, the resource empowerment credits swap would later serve as a hedge against the indigenisation and empowerment law which prescribed a minimum of 51 percent local shareholding for all mining companies. Further to this, the company was on record for having voluntarily offered 15 percent shares to indigenous investors as early as 2001 and long before the enactment of the Indigenisation and Economic Empowerment Act in 2007. By 2011, the company maintained that the Zimbabwe government had largely met its obligations at least in some material respects (e.g. offshore accounts agreements) despite "a few outstanding issues".

Geological factors, corporate culture and support by the main shareholder Impala were also cited by Zimplats as accounting for the company's success. The ore body "enabled us to operate at the low cost end of the cost curve" (Interview Patrick Shayawabaya, 2011). Operating costs were further cut significantly when the company shifted from open cast to underground mining. By global standards, Zimplats was one of the cheapest in terms of operating costs in by 2011. This enabled the company to better cope with the low prices of 2007. "We have a good ore body which is generally shallow. This means we are better placed than competitors when market retreats as in 2008 and 2009" (Ibid). Zimbabwe's long tradition of mining meant that there existed in the country skills for the mining sector. Coming in at a time when the sector was in decline, skills were generally available. In its first five years all the people that were recruited had some sort of experience in the mining

sector²⁹. In addition, the company's business model, like most mining companies, emphasises cost control (Interview, Busi Chindove, October 2011). It is also true to say the role of Impala as the major shareholder was crucial, investing over US \$700 million between 2001 and 2011.

Impala investment was not only decisive for operational expansion but did enable the company to fill the infrastructural void arising from state incapacity. In a public-private partnership (Zimplats 60 percent and the Zimbabwe Electricity Supply Authority (ZESA) 40 percent) constructed a 330 KVA power sub-station in 2010 at a cost of US \$25 million (Busi Chindove, quoted in *Newsday* (Online), 9 November 2010). The company financed the entire project and ZESA repaid it by forfeiting payments for Zimplats's electricity usage equivalent to its 40 percent stake³⁰. Since then the company has effectively been importing its electricity directly from Mozambique, another unprecedented arrangement, thus securing an uninterrupted supply of electricity at a time when power outages were crippling the industry. In January 2012, the company, together with MIMOSA, rescued ZESA by contributing US \$35 million towards repayment of the debt owed to Mozambique power supplier Hydro Cabora Bassa (*Zimbabwe Independent* (Online edition), 7 June 2012). The money was to be recovered by being credited to the company's electricity accounts as pre-payment (*The Herald Online*, 26 April 2012). Other notable infrastructure made possible by the Impala investment included an fibre optic cable of which the company was only using at 40 percent capacity and a 77 kilometre road to link its two operations as noted above.

Marketing arrangements for platinum insulated Zimplats from the domestic factors that crippled Zimbabwe's mining sector. Firstly, the MMCZ is legally responsible for the marketing of all minerals in the country excluding gold, which prior to 2009, was only sold to RBZ. However, the fact that Zimplats's matte is first taken to South Africa for processing before being sold to the market limits scope for MMCZ's role³¹. The company has thus been able to rely on its major shareholder's experience in the marketing of platinum. Secondly, unlike with gold, Zimplats did not have to deal with problems of non-payment by a state agency. A comparison of figures from different gold mining companies suggests that miners

²⁹ The skills need not be specifically for platinum mining. For example, a technician from a gold processing plant can be easily retrained as a technician at a platinum plant.

³⁰ Zimplats also partnered with ZESA to refurbish a transformer in Norton (40 km south west of Harare) and a National Control Centre under PPP arrangements.

³¹ This also raises issues of effective and just taxation as the matte contains several minerals which belong to different tax brackets. The problem arising with this is discussed in greater detail below.

were owed in excess of US \$30 million in non-payment for gold deliveries to the RBZ. With direct access to foreign currency and an exemption from surrender requirements imposed on other exporters, Zimplats was able to import operational consumables with relative ease. Nearly all of the company's financial transactions were conducted outside the country, insulating it from Zimbabwe's hyperinflation and the collapsed national payments system. Unfortunately, so long as the Zimbabwe dollar remained legal tender, there was little equivalent respite for the company's employees.

Armed with the special mining lease and subsequent agreements, the company tended to exhibit confidence in spite of political uncertainty and threat of expropriation. In an interview in 2011, despite the threat of losing its majority stake under Zimbabwe's indigenisation policy, the company was optimistic about its Zimbabwe operations. "Zimplats and its majority shareholder have had no reason to believe that these (agreements) will not be honoured... despite all that's being said and so forth we still believe that eventually it will be honoured" (Interview, Patrick Shayawabaya, 2011). Less than a month prior to this interview, a 10 percent share transfer to the local community had been 'launched' at the company's Ngezi operations. Despite this "gesture of goodwill," the minister responsible for indigenisation and empowerment was threatening to withdraw the company's license alleging that Zimplats was refusing to "facilitate the transfer of the remaining shares" in order to meet the 51 percent indigenous threshold. In effect, government was dishonouring a 2006 framework agreement in which Zimplats released ground for empowerment credits. This was not all; in 2007/2008 Zimbabwe's central bank took US \$34 million from Zimplats's account to meet 'national priorities'³².

The period of 2007 and 2008 was particularly difficult for companies, and not only in terms of hyperinflation. The RBZ was predatory in its handling of the crisis. Companies, NGOs and foreign embassies were coerced into opening foreign currency account with the bank. During this time the bank embarked on massive quasi-fiscal activities justified as "extraordinary measures for extraordinary times" (Gono, 2009). These activities, which ranged from fuel import support, funding local governments, paying soldiers and sponsoring self-help projects, were regarded as necessary to deal with sanctions-triggered hyperinflation, fuel and foreign

³² While most of Zimplats's banking was done outside the country, the company operated local accounts to facilitate local transactions. The company is known to have operated a local account with Stanbic, a subsidiary of Standard Bank of South Africa and a foreign currency account with the Reserve Bank of Zimbabwe.

currency shortages. The reality however was that Gono's interventions were serving to oil ZANU-PF's patronage system and elite wealth accumulation (Mawowa, 2010). While RBZ could print money to fund domestic requirements, foreign currency was needed for imports such as fuel and machinery. At first this was made possible by printing even more money which was used to purchase foreign currency from the informal market (see Mawowa and Matongo, 2009), but printing money could not cope with the ever-rising inflation. The bank thus resorted to looting foreign currency accounts of its client and Zimplats was not spared. By 2012, this money was yet to be repaid with on-going debate within cabinet and parliament as to whether the government should assume the RBZ debts.

5. Zimplats and Zimbabwe's Central Bank

For any company during the crisis period, a key component of navigating the crisis political economy would include dealing with Zimbabwe's Central Bank. Prior to dollarisation, the RBZ enjoyed a wide and seemingly unrestricted mandate engaging not only in printing money but quasi-fiscal activities. By statute, the bank is responsible for i) monetary policy formulation and implementation, ii) issuing of bank notes and coins, iii) custody of gold and other foreign assets, iv) being banker and advisor to government and v) being a bankers' bank and lender of last resort (RBZ Act, 1999). However the bank went beyond this and engaged in pervasive quasi-fiscal activities supported by its access to the printing press. The bank's operations were entwined in Zimbabwe's political economy of crisis, helping to buttress ZANU-PF in the wake of political and economic challenges.

Between 2003 and 2007, with the deepening economic crisis, the bank engaged in a number of interventions justified as necessary to arrest Zimbabwe's growing economic crisis (Gono, 2010). The bank was involved in literally all economic management affairs of the country. Working with the police and military, the bank enforced price controls and foreign exchange requirements, often harassing officials of big companies. Zimplats was not spared from this crusade. It is neither possible nor necessary to discuss in detail all of the bank's activities here but I will make a brief comment about the bank's attempts to be involved in the management of the platinum sector.

In its 2004 fourth-quarter monetary policy statement, the bank announced the introduction of the Enhanced Platinum Sector Regime "to harness foreign currency inflows" (RBZ, 2004).

This was unheard of since the bank's mandate on paper is restricted to managing the trade of gold. The rationale put forward by the bank was that:

Currently, the platinum industry largely operates under a fragmented framework in which the processing and marketing agreements are not quite comprehensible to many. In this environment, it has become increasingly difficult to account for the country's foreign exchange receipts arising from the extractive industry (Ibid).

This created tension with the Ministry of Mines and the MMCZ. The bank wanted to reduce MMCZ's role to an advisory one while giving RBZ control over the most profitable sector of the economy. Further to this, platinum producers were compelled to open special local Foreign Currency Accounts and move from offshore banking. This proposal, if it had been accepted by the cabinet, would have compelled Zimplats to close all its offshore accounts in violation of the principal agreement. RBZ's attempt clearly did not receive buy-in from some quarters within ZANU-PF, MMCZ and the Ministry of Mines amidst discomfort over the growing power of the Governor.

Having forced several companies, NGOs, individuals and foreign embassies to open Foreign Currency Accounts³³, the bank abused the accounts and was unable to provide the funds upon request. At the time of writing, several FCA clients were still owed by the bank including local universities (*The Zimbabwean* (online), 8 June 2009). Even though Zimplats opened a foreign currency account with RBZ, the company retained its main offshore accounts. This notwithstanding, Zimplats lost US \$34 million which was taken from its FCA by the RBZ. By the time of writing, this money had not been reimbursed.

In 2008 the Reserve Bank of Zimbabwe instigated a mineral exports audit on suspicion that mining companies were not fulfilling their tax obligation. This is in spite of ZIMRA being the authority directly responsible for tax matters. The audit conducted by Alex Stewart International LLC (ASI), reported that Zimplats owed the government US \$70 million in unpaid APT and US \$195 million in penalties and interest for late payment (*Herald*, 18 November 2011). In April 2009 as a result, ZIMRA claimed US \$140 million for the principal APT liability and late payment penalty from Zimplats's operating subsidiary. Citing the 2001 agreement, the company objected to this claim. The company also noted some erroneous computation by the auditing firm leading to ZMRA revising liabilities to US \$23

³³ As a measure to discourage parallel foreign currency trade, the Bank created a facility where individuals and institutions could open foreign currency accounts with the bank. This was also a way for the RBZ to build foreign currency reserves at a time its own coffers were dry.

million. This was eventually paid though the company took the matter for tax arbitration and the matter was yet to be resolved by June 2012. Making a presentation before parliament, Reserve Bank of Zimbabwe's (RBZ) Governor Gono complained about the "lack of political will to take ASI's findings to a court of law for purposes of recovering the monies" (*Herald*, 18 November 2011). ASI was to be paid a commission on the recovered taxes and by then the auditing firm had taken RBZ to court over non-payment of US \$35 million for the services rendered (*Ibid*).

The insistence by ASI that Zimplats was liable reveals the problems of confidentiality and the nature of the agreement entered into with the Zimbabwe government. It turns out that the agreement included certain oral promises "by the minister" to make legislative changes on the laws governing mining leases which were never made. Specifically, as the quote below shows, it seems there was a promise to exempt the mine from the Additional Profit Tax. While a mining lease agreement does not need parliamentary approval, making the legislative changes promised in the lease would of necessity require parliamentary involvement. However, justification for such legislative changes would inevitably warrant parliamentary insight into the "confidential lease" in question. Following Zimplats's protest over ASI findings, *The Sunday Mail* of 12 November 2011, quoted an advisory letter by the ASI lawyer stating:

From a legal point of view I advise that those ministers' undertakings cannot be enforced. The effect of the undertakings is that the legislature, which is Parliament in terms of our Constitution, will amend the legislation to accord with certain promises made to Zimplats. In the letter of the March 9 2001 Zimplats states 'Zimplats is not liable for APT'. In other words, Zimplats is claiming that as the law stands it is not liable. This is clearly not the case because, as the law stands, they are liable for APT because their earnings are from a special mining lease... All that they can rely on is a promise to amend that legislation and in my view that promise cannot be enforced . . . Consequently, Zimplats is not entitled, from a legal point of view, to rely on the undertaking from the minister to amend the Act to avoid its clear liability for tax which is payable in terms of the existing Act.

The company eventually acceded to demands by tax authorities and paid US \$23.5 million in Additional Profit Tax despite earlier written agreements with Government that exempted the company from payment of that tax" (*Zimplats Annual Report*, 2010, 20). The report noted that the "Government's decision was based on the fact that despite the existence of the agreement, the necessary statutory instrument had not been promulgated" (*Ibid*, 20).

On the 23rd of May 2012, the Reserve Bank of Zimbabwe (RBZ) revived its bid to force Zimplats to localise its off-shore bank accounts. The bank noted that only three percent of Zimbabwe's mining sector earning was streaming into the local banking system (see, Figure 9, page 78). RBZ pointed to the fact that, on its own, Zimplats constituted about 35 percent of the country's total exports (RBZ, *2012 Mid Term Monetary Policy Statement*, 31 July 2012: 37) and more than 50 percent of mining's total (Hawkins, 2009, 8). By banking locally, Zimplats would assist in easing the country's liquidity challenges since the onset of official dollarisation. The bank's directive was swingeing. RBZ prohibited the company's local bankers from facilitating its international transactions until compliance was met.

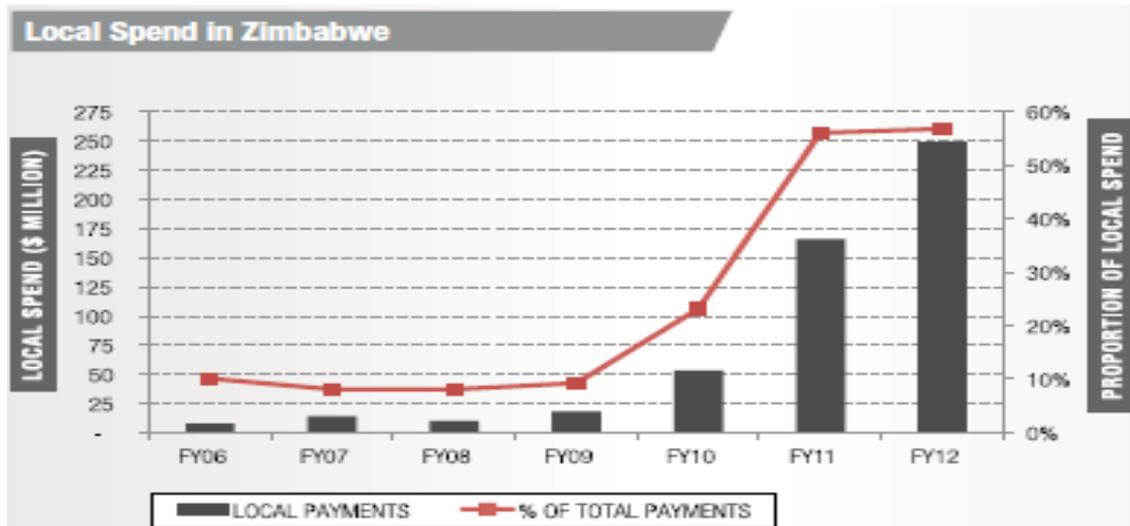
Due to the failure by Zimplats (Zimbabwe Platinum) to adhere to provisions of this directive, to close their offshore accounts and transfer their funds to bank onshore as directed, exchange control has taken corrective administrative measures to enforce compliance... In this regard, authorised dealers are hereby advised to stop processing and facilitating international or any cross border payments on behalf of Zimplats . . . (and) to stop processing and facilitating any exports, including the issuance of export documentation, electronic or otherwise on behalf of Zimplats (*The Herald Online*, 25 May 2012).

The company responded by saying that the directive was most unfortunate since the company "understands and fully embraces the policy objectives of the directive..." (*ASX Announcement*, 28 May 2012). It went on to claim that in spite of the mining agreement providing for offshore accounts, 75 percent of the company's total spend was transacted through local banks and the remaining 25 percent was related mainly to servicing external debts (Ibid).

At the time of writing, Zimplats's local annual expenditure had risen by 57 percent from US \$164 million in July 2011 and to US \$247 million as of June 2012 (*Zimplats Integrated Report*, 2012). The company is said to have acceded to the directive and localised its accounts. Since this matter was resolved behind closed doors, it is difficult to ascertain whether the company did indeed close offshore accounts. It must be said though that banking locally is unlikely to have a significant impact on the country's liquidity situation. Out of Zimbabwe's 25 local banks, the big four, namely Stanbic, Barclays Bank, Standard Chartered and Commercial Bank of Zimbabwe (CBZ) accounted for more than 80 percent of the total bank deposits. Of these, only CBZ is indigenously owned. Zimplats's main local account is with Stanbic a subsidiary of the Standard Bank of South Africa and one of the smallest providers of credit when one looks at the loan to deposit ratio. The Zimbabwe Chamber of Mines suggests that the highly transactional and short term nature of mining deposits means impact on liquidity would be minimal. Moreover mining's linkage with the domestic

economy tends to be very weak. RBZ seemed to confirm this in its 2012 mid-year monetary policy review, pointing out that while bank deposits had increased during the review period, these were mainly short term and thus not helping to improve domestic borrowing.

Figure 14: Zimplats Local Spend in Zimbabwe



Source: Zimplats 2012.

6. Platinum Mining in the Context of Zimbabwe Minerals Dependency

Zimbabwe’s narrow public revenue base emanating from years of economic decline made revenue from the mining sector particularly crucial. The discovery of diamonds and the buoyant performance of platinum made these two metals subject to political and public focus. But, according to the government, mining was not generating as much revenue as expected. On the July 18, 2012 the Ministry of Finance announced a downward revision of the 2012 budget from an initial US \$4 billion to US \$3.46 billion (Ministry of Finance, July 2012). In fact the budget review was titled *From Crisis to Austerity: Getting Back to Basics*. This move was necessitated by the less-than-expected revenue performance of the mining sector. Diamonds in particular were projected to contribute about US \$600 million towards the public revenue in 2012, but this was not the case. However, on the whole, the mining sector’s contribution of 18 percent to total revenue exceeded its GDP contribution of 13.5 percent. Minus diamond revenue in 2011, the sector contributed US \$311 million in taxes.

There are several ways in which mining contributes to public revenue, income or corporate tax: Pay as You Earn tax charged on employees (PAYE), royalties, and import and export duties, amongst others. At US \$96 million in 2012 Zimplats's fiscal contribution to government (corporate tax, royalties, duties and PAYE) represented 31 percent of the mining sector's total excluding diamonds (Zimplats Holdings, *Integrated Report*: 9). The mining industry as whole paid approximately 17 percent of its total revenue (representing 60 percent of the sector's profitability or effective tax) to government (ZCM, 2012).

The relationship between the Zimbabwe government and the mining sector continues to be characterised by mutual suspicion. In January 2012, Zimplats was instructed to pay US \$28 million in outstanding royalties. ZIMRA claimed that Zimplats "continued paying royalties in 2010 at a rate of 2.5 percent when they had been increased to five percent" (*Reuters Africa*, 9 January 2012). Prior to this, Zimplats had "grudgingly" paid \$23.5 million to ZIMRA in outstanding super profit tax for the period 2001 to 2007 (Ibid). In his 2012 budget, the finance minister further increase platinum royalties to ten percent (Ministry of Finance, July 2012). In August 2012, the Zimbabwe government undertook to station ZIMRA officials at selected mining locations to be involved in the "extracting, sorting, weighing, sealing and recording, receipting and storage, evaluation, grading and polishing, auctioning and processing of export customs documents" (Ministry of Finance, July 2012). This signifies the growing pressure in poor economic circumstances whereby Zimbabwe has lost a major share of its internationally tradeable economy, perhaps permanently, to squeeze wealth out of foreign owned mines.

The company's employees are from across Zimbabwe. Officially, it claims to prioritise employment of locals, especially for low skill jobs. The company however does not insist on its contractors applying the same recruitment practices and labour standards. It is projected that at the end of the phase two expansion program, the number of people directly employed by the mine will rise to 5000. In 2011 net employment costs amounted to US \$42 million with obvious downstream effects. Already some 14 000 or so people were estimated to be directly dependent on the company and residing at Turf Village where the company has built over 2000 houses for its employees. This number is set to grow to nearly 30 000 by 2014 if one considers this projected growth, the estimated appeal to other migrants as witnessed by a growing shanty settlement close to the mine. This is significant considering that Zimbabwe's mining sector as a whole employed some 45 000 people directly and 15 000 more in

associated industries. Perhaps 150 000 more were said to have been dependent on the sector in one way or the other (ZCM, 2011). These figures refer only to corporate mining.

Nationally, Zimplats has been involved in some high profile ventures with economy-wide ramifications. In 2010 Zimplats entered into a public-private partnership towards the construction of a power sub-station near the company operations. A total \$26 million was spent on the project of which 40 percent was agreed to be “recoverable through power credits against power consumption” (Zimplats, December 2011, 11). According to the company’s 2010 annual report, Zimplats also “... financed the replacement and upgrade of the computer system at the ZESA national control centre” for US \$3 million (23). In August 2012, Zimplats advanced ZESA a US \$25 million-loan to help the latter pay its outstanding debts to its Mozambican supplier Hidroelectrica de Cahora Bassa (*New Zimbabwe*, 4 August 2012). “The loan principal and interest were converted into power units which will be redeemed over three years. In return Zimplats is guaranteed uninterrupted power supplies for its operations for five years” (*Zimplats Financial Report*, Second quarter 2012).

Other than the PGMs, Zimplats is a key producer of gold, nickel, copper and silver as seen in Figure 12. These metals each have different tax regimes. After the processing of ore, the PGMs together with these metals are exported as matte (semi-processed). The tax regime applicable to Zimplats refers specifically to platinum, attracting royalties of 2.5 percent until 2010, five percent in 2011 and ten percent in 2012. Prior to 2012, gold royalties were pegged at 4.5 percent and increased to five percent. The Ngezi Concentrator Crushing Plant Flow sheet (Figure 12) shows production estimates for each of the eleven metals produced per tonne of ore. From the company’s financial statements, there is no evidence that royalties for other metals other than PGMs are being charged by the Zimbabwe government. Moreover, the company production and annual reports only reflected production of four main minerals namely platinum, palladium, gold and rhodium. There are no split figures for earnings from these different metals. According to the company’s 2011 annual report 20 860 ounces of gold were produced in 2011. Based on an average price of US \$1500 per ounce, the company earned US \$31 290 000 from gold alone. Prior to 2010 gold royalties were higher than platinum and it is possible that the government might have lost by applying a blanket royalty regime. While platinum and palladium usually constitute 50 percent of total earnings, gold and nickel sales are quite significant, accounting for 17.5 percent of the company’s total earnings in 2011 (ASX, Zimplats 2012, Annual Report, 21).

From the standpoint of the Zimbabwe government, it has proved difficult to come up with correct estimates of minerals being produced and consequently how to apply royalty requirements. This is because Zimplats exported matte, a semi-processed product. It is only at the refinery in South Africa that the various metals are separated into single individual elements. Civil society groups complained that, as the PGMs were exported in raw form, Zimbabwe was exporting jobs, taxes and other economic opportunities to South Africa. Interviews with the MMCZ and ZMDC officials (November 6, 2010) showed a gross lack of capacity to monitor the production and exportation of platinum and consequently inability to tax appropriately. This does create possibilities for transfer pricing, under-invoicing, under-declaring of output, exports and profits, among other things. Platinum possesses a particular challenge for regulatory authorities due to the technological intensity involved.

Zimplats's approach has been to focus on core activity and outsource all non-core activities thus presenting opportunities for contractors. Items that are outsourced include the transport of ore, drilling (to Netherlands based Sandvik Mining), blasting/explosives (to African Explosives Ltd based in South Africa), construction and vehicle maintenance inter alia. For the most part however, Zimplats admitted that it was purchasing more than 80 percent of its inputs from outside the country. According to the company, "the recent economic crisis in Zimbabwe destroyed the capacity of the country to supply the mining industry; hence they were forced to import most of their supply needs" (Southern Africa Resources Watch (SARW) Report, 2010). Thus even the contracted catering company, Servcor, was sourcing supplies from South Africa. Notably and perhaps in response to criticism by SARW and the political onslaught to give 51 percent of its shares to indigenous Zimbabweans, Zimplats's reported an increasing local procurement from nearly zero in 2008 to 48 percent or US \$136 million in 2011 (Zimplats, *2011 Annual Report*). It is of course true to say that Zimbabwe's stabilised currency situation and improving economy made this easier to achieve.

7. The Quest for Legal, Social and Political License

Appeasing political elites and their various interests was a necessary strategy in maintaining viable accumulation. During the crisis period, it was common for powerful politicians to demand political and economic rents from companies and individuals. Whereas the ZANU-PF party serving policies required whipping businesses into line, interests were by no means

homogenous among the ruling elites. During the period under discussions, ZANU-PF had gotten more and more fractious along succession and accumulation/patronage lines. The mining sector was a melting pot of competing political and economic interests. To complicate matters, the country's military and other security chiefs had gotten sucked into this imbroglio. Policy positions and pronouncements were often contradictory and incoherent. Growing extractivism³⁴ among civil society and local communities added another dimension. Inevitably, mining companies had to carefully manage this fractious policy context on one hand as well as respond to calls for environmental accountability and corporate social responsibility on the other hand.

The quest for legal, social and political license was thus a central part of Zimplats's accumulation strategy. One may call this the "license to accumulate". To win the hearts of the local community and chiefs, the company, sometimes proactively and at times reactively, promoted itself as a leading socially and environmentally responsible miner. The strategy for attaining political license was not divorced from "corporate social responsibility" either, and involved an interchange of appeasement and resistance. Appeasement targeted both local community and national politicians, and was both overt and covert. In all, the company was sensitive to political sentiment despite sounding optimistic for the most part.

Hosting President Robert Mugabe more than once at its operations can be viewed as one such overt appeasement strategy. Mindful that issuing a special mining lease was the prerogative of the president, placating Mugabe's support appears to have been critical in an era where property rights were not held sacrosanct. The president possesses sweeping powers over mineral rights. "The dominium in and the right of searching and mining for and disposing of all minerals ... is vested in the President..." according to Zimbabwean law (*Mines and Minerals Act*, Section 2). Legally Mugabe could cancel Zimplats's mining lease at any time. It must be noted though that such drastic action also was in fact on occasion taken extra legally as the case of ACR shows in the previous chapter.

In October 2009, the company invited Mugabe to officially commission its new concentrator as part of the Phase 1 expansion project. During the visit, Mugabe praised the company's

³⁴ A term borrowed from Patrick Bond to refer to resource extraction activism, in an article entitled "The Newest Threat to People and the Planet The Rise of "Sub-Imperialism"", in the Counterpunch <http://www.counterpunch.org/2012/11/23/the-rise-of-sub-imperialism/>. The term is commonly used in Latin America.

corporate social responsibility projects as a model that other companies should follow and expressed appreciation for the investment in infrastructure “which would attract other businesses into the area”. Specifically he noted that the company was

...complementing government development goals through its projects outside the realm of mining... I have no doubt that the achievements you have made are of great benefit for the future of both your operations and that of the local community, and ultimately, the well-being of our country's population (*Herald*, 16 October 2009).

In an inclusive government — characterised by a tug of war between two main political parties jostling to score political points and bent on outmanoeuvring each other as responsible for economic recovery and benefitting the population — such a platform was political fodder. It is no wonder Mugabe responded accordingly and heaped praise on the company.

However only a few days later, one of Mugabe’s most trusted lieutenants, Media, Information and Publicity Minister and former Minister of Special Affairs in Mugabe’s office and MP for Chegutu East, Webster Shamu, was attacking the company, publicly accusing it of being “self-centred” in its approach to business (IDE, 4 June 2012). Shamu’s rage, apparently, had been provoked by the company’s “failure to honour a local chief” Chivero³⁵. According to the minister, “Zimplats should have tarred the road to the chief’s homestead” (*Zimbabwe Independent*, 22 October 2009). He went on to allege that there was nothing to “show for large quantities of platinum ore that is being mined by Zimplats in his area” (Ibid). Early in the same year, another ZANU-PF MP for the area, Bright Matonga (Mhondoro area), together with traditional chiefs, was reported to have petitioned Zimplats management over its employment policies deeming them unfavourable to locals. Much earlier there had been reports that one of the chiefs wanted the company to build him a house.

Despite these political pressures, the company resisted and stated that it would not be swayed into underhanded dealings.

...We have explained to them that we can’t, any donations that we do or any contribution that we make have to be broad based, have to benefit the community and that’s why you find some of them perhaps not being comfortable with us... any contributions we make cannot be for personal gain (Interview, Busi Chondove, 2011).

³⁵ The Chivero chieftainship was being contested between two brothers. The chief referred to here is the one aligned to ZANU-PF who desposed the other brother who was the sitting chief until 2011. The deposed chief alleged that he was removed for political reasons.

At least publicly, the company, it seems, did try to maintain a principled stand; the extent to which this was sustained at all levels is difficult to tell. Leaked US cables suggested that at least one senior politician offered to protect the company from the Chinese and other senior politicians in return for shares. This was by no means an open discussion. There were allegations that several ZANU-PF politicians, including the minister responsible for indigenisation policy, were positioning themselves to acquire Zimplats shares.

Zimplats might have provided political rents by creating opportunities for certain politicians to gain political expedience. In 2010 several unemployed youths in Chegutu were submitting names to Shamu through the ZANU-PF branch leadership for job recruitment with Zimplats (Interview, ZANU-PF youth 1, October 2010). The company predictably refuted any insinuation that its recruitment favoured a particular political party. However, at least three of the people who claimed to have submitted names through ZANU-PF structures did indeed manage to get employment with the company. In follow up interviews, these three were convinced that they owed their newly found placement to Shamu's influence. Since the company admittedly gave preference to locals for employment and worked with chiefs and local councillors in this regard, it is possible that politicians were manipulating this policy.

In January 2012 workers were locked in a dispute with the company after the Zimbabwe Electricity and Transmission Distribution Company³⁶ cut off electricity from their homes at Turf Village over non-payment of bills. The workers argued that the company was reneging on its promise to settle the bills while the company insisted that employees were liable as private consumers. The *Financial Gazette* (Zimbabwe) of 20 January 2012 quoted a source within the company management as saying "the dispute had been hijacked by disgruntled politicians who felt side lined in the CSOT" established to facilitate transfer of 10 percent shares to the community under the indigenisation and empowerment law (see the next chapter). "...a certain colonel and a group of war veterans are stirring emotions among the workers because they wanted to be part of the CSOT" the company source alleged (Ibid). "*Mbudzi inodya payakasungirirwa... vakasati bata bhoo tinovafiksa*"³⁷, remarked one ZANU-PF district leader as if to confirm Zimplats's claims.

³⁶ ZEDTC is a subsidiary of the Zimbabwe Electricity Supply Authority (ZESA).

³⁷ Meaning "A goat eats the grass around the tree where it is tied. If they don't treat us well, we will fix them."

In 2010, following an adverse report by resource watchdog Southern Africa Resources Watch (SARW), Zimplats invited SARW together with the Zimbabwean civil society organisations for a meeting and a tour of the mine³⁸. It was surprising to find police, traditional leaders and other individuals linked to “institutions of power” present at the meeting. The police were in fact represented by a chief superintendent for Kadoma district, one Mr. Manzini. In its report on the visit, SARW notes:

The high powered presence of the ZRP (Zimbabwe Republic Police) in an engagement between Zimplats and the civil society structures in the SARW delegation was puzzling to say the least. Police interest in mining is usually at the behest of mine management in liberal democracies and then usually during strike actions. A police presence during a consultative meeting with an international NGO and its local partners is extremely unusual and perhaps reflects the state of democracy in Zimbabwe, unless the police presence at the meeting was at the invitation of Zimplats in which case it will be a bad reflection on the attitude and management style of Zimplats towards civil society (SARW, Report on the Zimplats and Mimosa visit, 2010).

Ironically, “conspicuous in their absence from the meeting were trade unionists, employees, local community except the presence of Zimplats organised farmers who are beneficiaries of the company’s conservation farming CSR project” (Ibid).

The company’s response to policy uncertainty, which often created anxiety among its shareholders, was guarded. In May 2010, when reports suggested that the company was considering shelving its US \$500 million Phase II expansion program due to policy risks, the company was quick to refute this through the Zimbabwean media.

Recently, some press reports have erroneously suggested that Zimplats has stopped its Ngezi Phase II Expansion Project. This is incorrect; the company is going ahead with its Ngezi Phase II Expansion Project, based on the existing agreement with the government, some subjects of which are subject to on-going discussion (Zimplats, Phase II Statement, May 2010).

The truth however was that the company was indeed uneasy about the indigenisation and empowerment policy and the expansion hung in the balance. Also, this is when platinum prices began to fall. It could be that the public posture was a way to safeguard the confidence of the Zimbabwe government. A month prior to the above press statement, the company in a quarterly report had stated that Phase II was depended upon resolution of “compliance issues regarding the Indigenisation and Economic Empowerment Act and the accompanying regulations” (Report ending March 31, 2011). In fact, the company insists that any discussion

³⁸ I attended this tour.

about indigenisation policy must be based on prior existing agreements, in particular the ground release agreement of 2006.

It is notable that the press statement was addressed to a Zimbabwean audience, while the quarterly report was targeted at shareholders on the ASX. The press statement emphasised the benefits of the envisaged project, namely construction of a 35 000 mega-litre dam “to provide irrigation water for the local rural community,” construction of two new schools, a referral hospital and the creation of 1000 additional jobs. The statement added,

Zimplats has since 2001 been a consistent and serious investor even during the most difficult times in the history of Zimbabwe. In less than 10 years, Zimplats will have invested, including the Phase II project, over US \$1 billion, which is more than any other company ever in the history of Zimbabwe.

Nowhere did the statement mention commercial viability as *raison d'être* for continuing the planned expansion despite policy difficulties. By stressing the “public benefit” the company was perhaps not only allaying fears of a pull out, but in fact reminding those who cared about the opportunity cost to the Zimbabwe government what exactly such a pull out would entail. Yet a year later, the company reaffirmed the 31 March 2011 position, insisting that honouring of “commitments as enshrined in the agreements signed in 2006 and earlier” was a precondition for Phase II expansion (ASX Zimplats Annual Report, 2011, 9).

True to a seemingly differentiated and audience targeted communication approach, the 2010 first quarter report emphasised the commercial aspects of the Phase II expansion project. It describes the expansion as consisting of a “2 million ton per annum underground mine, 2 million ton per annum concentrator module, 35 000 mega litre dam, 9 kilometre ore overland conveyor and 1 125 employee houses” and 1000 new jobs (2010 First Quarter Report to shareholders, 2010). This according to the report was dependent upon the resolution of sticky issues such as “the US \$34 million that the company was owed by the RBZ and the Additional Profits Tax provisions of the Income Tax Act.” The report elaborated,

...the APT rates in the Income Tax Act, which have not been adjusted since 1996, have become punitive and are now inconsistent with the original objectives of the Act... The Government of Zimbabwe has ruled that Zimplats is liable for APT despite the written undertakings given to the company in 2001 that this would not be the case. The board and shareholders feel very strongly about the negation of undertakings given by government to Zimplats (Report for the quarter ended 31 March 2010, 3).

The 2011 annual report stated, “Zimplats remains committed to implementing its Ngezi Phase II Expansion project on the basis that the government will honour its commitments as

enshrined in the agreements signed in 2006 and earlier” (ASX Zimplats Annual Report 2011, 9).

8. Conclusion

This chapter has covered the history and growth of the platinum sector with a particular focus on Zimplats. It considered how Zimplats was able with relative success to handle Zimbabwe’s difficult crisis in both its economic and political dimensions despite numerous pinpricks and disputes emanating from various demands by Zimbabweans with political connections. The company’s lease and subsequent agreements were very crucial in protecting the company from Zimbabwe’s economic breakdown and scorched earth policies by the central bank and government at large.

In dealing with an authoritarian populist government the company combined tacit resistance and cooperation thus giving politicians what they wanted— the appearance that the company is acceding to pressure from government and ZANU-PF. In reality, movement was very minimal although threats of one sort or another were frequent. It is no wonder, despite policy uncertainty, with government unilaterally announcing the takeover of some of its mining ground the company persisted with phase expansion. Some commentators argue that Zimplats is buying time through appeasement, hoping that a new “sober” government will emerge after the elections and reverse some of the populist demands. Soon after an election in 2013, ZANU-PF started to pursue what seemed like a policy of normalisation of relations with investors and the international community. The harshed tone when dealing with big investors was replaced by a more conciliatory approach.

The following chapter looks specifically at the company’s dealing with indigenisation and empowerment policy. It considers how the empowerment and indigenisation policy provided a smokescreen for elite interests while appearing to be aimed at empowering the masses. In this regard the company appeared to be playing along, but the status quo ante between company and government remained unchanged.

Chapter Six: Zimplats and the Indigenisation and Empowerment Policy

1. Introduction

In early 2008 the Zimbabwe government enacted the Indigenisation and Economic Empowerment Act (IEEA) also known as Chapter 14:33 Act 14/2007. This law and its implementation became Zimplats's sternest test since 2001. The aim of the law was to make sure that at least 51 percent of the "shares of every public company and any other business" in Zimbabwe is owned by indigenous Zimbabweans. In order to reach compliance, companies are allowed to sell 10 percent to employees through a "qualifying" Employee Share Ownership Scheme/Trust (ESOS/T). Since 2011 the Zimbabwe government started to demand the disposal of a 10 percent stake of all mining companies to local communities through a CSOT. This, according to the National Indigenisation and Economic Empowerment Board (NIEEB), applies to all mining companies irrespective of being foreign owned or not. The year 2015 has been set as the deadline for attaining the 51 percent threshold.

Besides transfer of shares, the policy blueprint also requires that procurement for all businesses and government agencies to be at least 50 percent local goods and services. Government is empowered to take action within the spirit of the law for the benefit of women, youth and "disabled persons"³⁹. The law gives the minister responsible powers to make several unilateral decisions, among them: appointment and dissolution of the indigenisation board, revoking of business licenses on grounds of non-compliance with the law and the selection of indigenous individuals and entities to benefit from the law, among other things. Sceptics have dismissed the drive as a political gimmick within the dual contest for power between ZANU-PF and MDC. Indeed parallels have been drawn with the takeover of white owned farms which, most argue, was responsible for the country's economic collapse. Outside the land seizures, Zimbabwe's indigenisation and empowerment policy is the most controversial initiative since 2000.

At a conceptual level the emphasis on creating a local community stake, employee ownership and disposal of shares to ordinary indigenous citizens and companies (as opposed to state

³⁹ While there is general preference of the term "physically disadvantaged persons" the act uses the term "disabled persons".

centred emphasis on taxation or nationalisation) presents an interesting dimension of what may pragmatically constitute benefit sharing between mining companies, local communities, employees and citizens at large. Generally, governments have been accused of hiding information on mining contracts and abusing resource rents while mining companies have been accused of externalising the costs of extraction and privatising profits. In this sense, one is tempted to view Zimbabwe's empowerment policy as progressive. This chapter however argues that, despite the benevolent language, Zimbabwe's Indigenisation and Economic Empowerment Policy as attempted in the platinum sector is largely top down and rooted in patronage politics and a continuation of an authoritarian populist discourse. This chapter starts by a short analysis of South Africa's empowerment program in the mining sector.

2. Regional and International Precedents

In the discussions around indigenisation and empowerment in Zimbabwe, reference is sometimes made to experiences elsewhere. A supposed South African precedent in the name of Broad Based Black Economic Empowerment (BBBEE) has featured prominently. However, during an interview with the NIEEB Chairperson David Chapfika, he was quick to point out that Zimbabwe is offering something radically different to the South African legislation (Interview, September, 2012). Chapfika went on to state that a Marikana⁴⁰ will and would never happen in Zimbabwe. It is perhaps true that South Africa has applied a more cautious approach to redressing historical imbalances in the mining sector. However, this chapter indicates that Zimbabwe's approach may not be as radically different as is made out to appear the case. The rhetoric is certainly radical, but the two approaches share a commonality in that empowerment through the mining sector is largely top down to the benefit of political elites.

Mineral rich South Africa represents one of the most unequal societies in the world. Poverty in South Africa has a lot to do with the apartheid legacy wherein the majority blacks were denied economic opportunities. Since the end of apartheid in 1994, South Africa's ANC government has sought to reverse racial imbalances through the Black Economic

⁴⁰ Marikana near Rustenberg is the site of the tragic incident that took place at Lonmin Mine in which over 30 mine workers were shot by police during a strike in 2012.

Empowerment (BEE) policy⁴¹. BEE according to a 2001 Commission report aims at changing the imbalances of the past through the transfer and conferring of “ownership, management and control of South Africa's financial and economic resources to the majority of the citizens.” Specifically South Africa’s *Mineral and Petroleum Resources Development Act (No. 28 of 2002)* Section 100(2)(a) instructs the Minister of Mines to ensure attainment of government objectives in order to redress historical, social and economic inequalities. The goal is to

...develop a broad based socio economic empowerment Charter that will set the framework, targets and time-table for affecting the entry of Historically Disadvantaged South Africans into the mining industry, and allow such South Africans to benefit from the exploitation of mining and mineral resources.

Generally BEE has been mainstreamed and one sees a common purpose between legislation, policies and government departments.

Unlike Zimbabwe there is no requirement for CSOTs or schemes in South Africa. Thus ESOSs and CSOTs are not prominent. In fact, there are several ways for companies to attain BEE compliance and these need not necessarily include community ownership. South Africa’s Department of Mineral Resources’ 2009 report observes that BEE related ESOS and CSOTs where these were established have been characterised by inequitable distribution of benefits and sometimes benefits were extended to non-historically disadvantaged groups. The funding model for the acquisition of shareholding for the “formerly disadvantaged” groups has in many instances resulted in the actual ownership being tied in loan agreements.

Perhaps the excessive focus on regulatory compliance has been at the expense of fundamental transformation. On 9 February 2007 the South African government published BEE codes also known as the Broad Based Economic Empowerment (BBBEE). This saw a shift from the previously excessive narrow focus on ownership. BBBEE is anchored on seven requirements for companies which include ownership, management, employment equity, preferential procurement, skills development, enterprise development and socio-economic development. Failure to comply according to the enabling act can lead to the revoking of a mining license.

⁴¹Unlike most African countries where similar affirmative action has taken place, the definition of Black according to BEE encompasses all people of colour, not just black Africans. Subsequent court actions have seen the definition of BEE expanded to include Chinese people who were South African citizens prior to 1994 and white females. While this may be seen as providing a basis for a broad and non-discriminatory empowerment program, there is a risk of becoming too broad to be meaningful.

Of these, ownership constitutes only 20 percent of BBBEE credits. In fact, South Africa has taken a more gradual approach with a requirement of 15 percent black ownership in 2010 which would be increased to 26 percent in 2015. Further, the mining sector-specific scorecard includes employee housing and living conditions targeting an occupancy rate of one person per room by March 2015.

The only aspect of the policy that prescribes direct benefit for mining communities is socio-economic development, which constitutes 15 percent BBBEE's total weight for the mining sector⁴². The South African mining charter requires mining companies to "conduct ethnographic community consultative and collaborative processes to delineate community needs analysis" (BBBEE Mining Industry Scorecard). This according to the charter should result in the implementation of community approved projects. Unfortunately this seems to be the charter's most difficult target to measure as there are no specified instruments to measure compliance. Preferential procurement is only prescribed for BEE entities with a target of 40 percent, 70 percent and 50 percent for capital goods, services and consumables, respectively (Ibid). Far less ambitious targets are set for employment equity, human resource development and sustainable development and growth. There are no requirements for the employment of people from the local community. Included in the BBBEE discourse is the desirability of beneficiation though targets are yet to be stipulated.

BEE's prescribed change in ownership has been very slow to transpire in South Africa's mining sector and is concentrated in the hands of a few individuals. Black ownership of mines stood at only nine percent in 2009. A 2009 report by South Africa's Department of Mineral Resources notes that BEE ownership of mines is "concentrated in the hands of anchor partners and Special Purpose Vehicles representing a handful of black beneficiaries" (Department of Mineral Resources (South Africa), 2009). Critics point to the BEE business constellation being dominated by people with links to the ANC and government as a serious flaw. These individuals include relatives, spouses and powerful figures in ANC. The performance of most BEE companies has been far from pleasing with a worrying trend of heavy indebtedness. BEE companies, it is argued, have struggled to exist outside the network of apartheid monopoly capital which has remained parent to most BEE companies (Hirsch, 2007). Reinforcing this dependence is the reliance on pre-existing sources of finance.

⁴² This is significantly higher than the 5 percent weight in the general score card.

Prominent scholars like Professor Bill Freund have questioned whether South Africa's new elite has the sense of direction to pursue an industrialising economic model or a broad social model to carry through envisioned changes — “Its instincts appear far from democratic”. The twist to a BBBEE was a response to the widening gap between rich and poor. “The heart of the story is that the masses have been left behind while the leaders fatten themselves with new wealth” (Freund: 672). Despite a few shining examples, what you have in South Africa by and large is the creation of a parasitic business class which lacks a broader project for the development of South Africa. In what appears to be an extension of historical comradeship by the once “comrades in arms” to “comrades in business,” the now disgraced former ANC Youth League president Julius Malema was taken on a tour of Zimplats during what he branded a solidarity visit to a fellow liberation movement ZANU-PF in 2010. Ironically, Malema's populist talk of nationalising mines found no takers in the ANC and he was expelled by the party for ill-discipline in 2012.

There are few cases where significant community interventions have occurred in the context of BEE. Thus in 2011, Optimum Coal, born out of the need for global giant BHP Billiton to secure black economic empowerment credits, joined hands with the Steve Tshwete municipality in Mpumalanga to deliver 100 houses to the public in a ZAR 13 million project. This perhaps represents one of the most radical BEE related community development interventions. On the whole, though, BEE (or BBBEE) represents something far less radical than what is enunciated in Zimbabwe's empowerment policy. South Africa's constitutional guarantees of property rights make it difficult for the government to force companies to dispose shares. Even in Zimbabwe the impracticality of this approach has been exposed. In fact, what BEE relies on is a combination of legal and moral suasion. As a result, the road to achieving economic transformation sought by BEE has been a frustrating one. In 2009, South Africa's Mineral Resources Department reported that targets set by the Mining Charter were far from being met.

South Africa, however, has one of the most remarkable cases of community involvement and shareholding in a mining venture in the Royal Bafokeng Nation (RBN) or tribe. This has been used to justify Zimbabwe's concept of community share ownership trusts. RBN is a community of approximately 300 000 Setswana-speaking people with substantial, mineral-rich land holdings in South Africa's North West Province. Whereas the old mining industry

in South Africa normally involved land in private hands, this is a major development in an ex-Bantustan where land is held along communal lines that are disposed of by chiefs. RBN is entitled to 22 percent royalties on all platinum taken from their territory. Annual royalties amount to over US \$70 million. Through an investment arm, the Royal Bafokeng Holdings (RBH), RBN has direct stake in Royal Bafokeng Platinum and Impala Platinum Mines. The RNB has a sovereign wealth fund managing assets worth over US \$4 billion. This status was a product of extensive negotiations, fights with mining companies during and post-apartheid, culminating in a court settlement which affirmed RBN's ownership of the minerals and entitlement to 22 percent royalties. While the establishment of facilities such as the 45 000-seat stadium (one of the venues for the FIFA 2010 world cup), an athletic complex and the Royal Bafokeng Institute (for education and training) has been celebrated in many circles, it is criticised in others. It remains unclear to what extent ordinary Bafokeng benefit.

On the whole, nothing much has changed in terms of ownership in South Africa's mining sector. There is growing discontent among communities about this lack of transformation and the fact that the gap between the rich and the poor is widening further. Several proposals are being discussed at national policy level. Among these is the option of nationalising either all or some of the mines, an approach so far rejected by the Zuma administration. Proponents of nationalisation constantly refer to ANC's 1955 Freedom Charter which states that "the mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole..." Notably none of the proposals clearly advocates for a community centered approach. Thus the often cited South African model really suggests that only a small new elite has been cut into an existing structure with uncertain results. The legal basis for this has been so far relatively cautious.

3. Zimbabwe's Indigenisation and Economic Empowerment Policy

The emergence of the indigenisation and empowerment discourse has been touched on and located within the context of Zimbabwe's changing political economy in the 1990s. We have already noted the emergence of indigenisation and empowerment pressure groups such as Affirmative Action Group, Indigenous Business Women Organisation and the Indigenous Business Development Centre in that period and how these began to make their claims within and through ZANU-PF politics. The war veterans, and to some extent labour, added a strong voice to this emerging discourse (Raftopolous and Compagnon, 2004). Perhaps in response to

these voices, the government in February 1998 came up with a *Policy Framework on the Indigenisation of the Economy*.

The 1998 Policy Framework defines indigenisation so as to capture the different interests of political pressure groups that were emerging at the time. Indigenisation is defined as

...a strategy for the development of a democratic socio-economic system, nation building and poverty eradication among the majority of Zimbabweans. The master to key indigenisation of the economy includes an increase of indigenous productive investment in the economy, industrialisation, skills development, land redistribution and mobilisation of financial resources (State Enterprises and Indigenisation Department, 1998, 3-4).

This policy framework even went as far as speaking of “expanding the market and tax base” (Ibid). It was only in October 2004 that the policy framework was adopted after revisions. The Indigenisation and Economic Empowerment Act of 2007 appears to have somewhat narrowed down the definition, defining indigenisation as “deliberate involvement of indigenous Zimbabweans in the economic activities of the country, to which hitherto they had no access, so as to ensure the equitable ownership of the nation’s resources” (2). Thus while the 1998 policy framework encompassed issues of democratisation, poverty eradication, increasing productivity, industrialisation and skills development, the current policy and act emphasises transfer of ownership. This bias is also reflected in the stipulated objectives of the 2007 Act.

To give effect to the law, a series of government notices and general regulations were issued from 2010 onwards. Even before, ZANU-PF’s 2008 election campaign slogan was “100% empowerment”. The delay in enforcing the law might owe itself to the chaos and economic decay Zimbabwe experienced in 2007 and 2008. Mining, which has turned out to be the main target of the policy, was on its knees. By 2010, however, the sector was leading the country’s economic recovery, growing by 47 percent and 26 percent in 2010 and 2011. First among these is the *Statutory Instrument 21 of 2010* gazetted 29 January 2010. The instrument sets 2015 as the deadline for all foreign-owned companies to meet the 51 percent local ownership requirement. Every business with an asset value of US \$500 000 was required to submit a compliance plan detailing present and future state of compliance to the minister within 45 days. The move was criticised as harsh and an untimely threat to foreign investment “at a time when the country needed to be seen to be investor friendly.” Political parties within Zimbabwe’s inclusive government differed sharply and continue to do so. The 45 day

ultimatum was not met by most companies. Following much discussion in cabinet, some aspects of the regulations were revised⁴³.

On March 25, 2011 the Ministry of Youth Development Indigenisation and Empowerment issued amended regulations specifically targeting mining companies. The capital threshold for the 51 percent local ownership requirement was reduced from US \$500 000 to US \$1. Thus every mining company no matter how small or big was required to indigenise. Another 45 day ultimatum was issued which most mining companies again failed to meet. Mining companies contested the minister's discretion in determining prices for the shares to be transferred. Most mining companies negotiated for an extension of the deadline to give themselves time to negotiate with the minister. There is evidence that the law has not been uniformly and rigidly applied. One journalist noted that the indigenisation and empowerment threshold "...is not cast in stone... If you look at the ZISCO-Essar deal, you will notice that foreign shareholders surpassed this threshold. Another example would be the acquisition of Premier Bank now Ecobank Zimbabwe" (Online Interview, Independent Journalist, 11 June 2012). Far from a blanket application of the law, issues of what is or is not acceptable have been determined by negotiations. This somewhat arbitrariness stems from the discretion given the Minister by the law.

There are several players which are directly involved in the implementation of the Indigenisation and Empowerment (IEE) programme. The Ministry of Youth Development, Indigenisation and Empowerment is the core ministry mandated with the implementation of the IEE programme in Zimbabwe, including the formulation of the IEE policy and strategies, acts, regulations as well as receiving and approving IEE applications/proposals. It also liaises with other stakeholders, ministries, the NIEEB, IEE sectoral committees, the Parliamentary Portfolio Committee and the Zimbabwe Youth Council, among others. The minister in turn reports on IEE issues and progress to the Office of the President and Cabinet. The NIEEB as provided for in the Act consists of a maximum of fifteen persons appointed by the Minister responsible for IEE in consultation with the President of Zimbabwe. The Board is responsible for the management of the National Indigenisation and Economic Empowerment Fund (NIEEF), advising the Minister on the policy and overseeing compliance with the National Indigenisation and Economic Empowerment Charter. The NIEEF provides financial

⁴³ For example, the requirement to "cede" shares to indigenous Zimbabweans was replaced and instead read "sell".

assistance for share acquisition, warehousing of shares under employee share ownership schemes or trusts, management buy-ins/buy-outs, business start-up consolidation and expansion.

For the most part, policy pronouncements on indigenisation and empowerment have been acrimonious. On several occasions between 2010 and 2012, the minister would issue statements on the policy only to be rebuffed by some elements within ZANU-PF but especially from the MDC. For the MDC, the policy is just a political gimmick by ZANU-PF to garner more supporters and placate public opinion towards the party. Parliament also issued adverse reports on Statutory Instrument 21 and several other pronouncements by the Minister relating to the enforcement of the policy. Due to the controversy surrounding the IEE policy, the government set up sectoral committees to provide recommendations on how sector peculiarities could be treated. The consequence of sectoral committee has been the creating with sector specific thresholds. While 51 percent is required for mines by 2015, this is not the case for manufacturing. According to NIEEB, it all depends on the economic importance, capital requirements, expertise required and technical skills involved.

The government of Zimbabwe has placed special interest in diamond mining and there is a strong possibility that a different indigenisation regime might apply to the sector. On December 7, 2010, Cabinet announced a unanimous agreement that the government should be the owner of all alluvial diamond mining operations in the country. The decision of the Cabinet is yet to be implemented and by the time of writing there was growing scepticism that this will ever be implemented. The opaqueness of diamond deals and military involvement made it difficult to enforce this decision. The section below discusses some of the policy controversies related to the enforcement of indigenisation policy in the mining and platinum sector.

For the most part, Zimbabwe's politicians viewed mining, and indeed Zimplats's relationship with the broader economy, in terms of tax contribution to public revenue and transfer of ownership to black Zimbabweans. This of course served a particular political purpose. Even in 2012 when discussions on approaches to indigenisation grew more nuanced, questions about employment, decent work, economic dependency on mining, ecological sustainability and backward and forward linkages remained peripheral. Indeed, despite the significant contribution of the sector to export earnings, policy attitudes towards the sector derived from

elsewhere. This holds true for both the period prior to and the period after dollarisation. Discussion on the role of mining in Zimbabwe's economy remained largely rhetorical and unscientific.

A lone voice in ZANU-PF calling for a more nuanced policy approach in dealing with the mining sector is the Reserve Bank Governor Gideon Gono. Gono, fronting a section of moderates or technocratic realists in ZANU-PF, stressed the need to look at mining in terms of backward and forward linkages. Gono emphasised the backward linkages through what he termed the supply side model. Gono argued that empowerment in the mining sector must be "...a multi-dimensional socioeconomic process of opening up opportunities for livelihood, growth and prosperity to the greater majority of people in an economy regardless of whether the source of opportunity is non-indigenous or otherwise" (Gono, 2012). This approach found support from the ZCM and Zimplats in particular. In this regard Gono was pushing for an empowerment model that goes beyond the mere transfer of ownership of mine to develop links, particularly with indigenous suppliers (Gono, 2012).

Critics, especially private media in Zimbabwe (*SW Radio Africa*, 15 January 2013; *New Zimbabwe*, 12 March 2013; *Zimbabwe Independent*, 28 March 2013), argue that the policy is an election campaign tool. The enactment of the law in 2007 coincided with the campaigning for the watershed 2008 presidential, parliamentary and local government elections. Having exhausted "the land reform" the only available populist gimmick for ZANU-PF was to promise the forced transfer of the country's business and mines to the black majority. ZANU-PF's 2008 election campaign slogan was 100 percent empowerment; the logic being that Zimbabweans have taken back our land so "now let's finish the struggle by repossessing our mines and controlling businesses." Mining's buoyant recovery since 2009 and competition for political power with the MDC in the inclusive government has seen the resuscitation of the indigenisation drive. Yet, a survey by Harare based Mass Public Opinion Institute showed that the policy was generally unpopular, with up to 55 percent negative compared to 41 percent positive responses among both urban and rural respondents (2011). Reasons cited for the negative perception were that the policy was meant to benefit political elites (55 percent). Some 26 percent said the policy was corrupt and ill timed (10 percent) among others.

Certain aspects of the policy and regulations were revised on the insistence of cabinet in 2011. Specifically, the requirement to "cede" shares to indigenous Zimbabweans was

replaced and instead read “sell”. Between 2010 and 2012, the minister would issue statements on the policy only to be rebuffed by cabinet and especially the MDC side of government. On several occasions Prime Minister Morgan Tsvangirayi of MDC dismissed the minister’s pronouncement as null, void and illegal, often urging business to ignore them. Parliament also issued adverse reports on Statutory Instrument 21 and several other pronouncements by the minister relating to the enforcement of the policy. Despite the criticism, even from some of his ZANU-PF aligned colleagues, the Minister of Youth, Indigenisation and Economic Empowerment Saviour Kasukuwere, was determined to have his way.

In April 2012 Kasukuwere declared that 51 percent of all shareholding in mining companies that did not comply with the indigenisation law were now vested with the state “with immediate effect.”

All mining companies that have not complied with this notice should note that 51 percent of their shareholding is now deemed to be owned by the State and any business transacted in respect of this 51 percent shall have been transacted on behalf of the Government of Zimbabwe with effect from the deadline stipulated in the said General Notice 114 of 2011, which deadline for the avoidance of doubt was 25th September 2011 (Kasukuwere, 5 April 2012).

The policy incoherence in Zimbabwe’s coalition government was exposed once again.

Within hours of the appearance of the minister’s notice, the Prime Minister’s office issued a notice nullifying the minister’s notice and urging business to ignore it.

The Prime Minister would like to inform the public that there is no such Government position... the inclusive Government has not sanctioned the Minister’s actions that are a threat to investment in the industry... The Prime Minister would like to inform mining entities that, should anyone or any institution be it private or public, attempt to enforce Minister Kasukuwere’s pronouncements, they would be doing so unlawfully and without the mandate of the Inclusive Government (Office of the Prime Minister, 5 April 2012).

The Prime Minister’s position was later seconded by his party’s National Council Resolution which dismissed indigenisation as an “asset stripping exercise” by ZANU-PF (*Sunday Mail*, 14 April 2012).

The previous year, the Minister of Youth, Indigenisation and Economic Empowerment, had been happy to describe the policy as government-sponsored but partisan.

It should be made clear and that policies implemented in Government are as a result of the policies different parties have. Indigenisation is fortunate enough to be a Zanu-PF policy and in the same light parties such as the MDC have their own policies they want implemented in Government (Kasukuwere, Presentation at SAPES Policy Dialogue Forum, 3 November 2011).

But criticism of the policy was coming from within his party with accusations that some within the ranks were committing “acts of economic banditry” and lawlessness, and parcelling “...out pieces of the economic cake and opportunities created by this noble piece of legislation to a few connected cliques of people whilst the majority of intended beneficiaries remain with nothing” (Gono, 2011, 2). Gono’s comment reflects the commonly-held view that the land reform exercise was dominated by nepotism.

4. Zimplats’ Pre-emptive, Resistance and Cooperation Strategies

Zimplats’s strategy towards the indigenisation policy has been both pro-active and reactive, resistance and cooperation. For the larger part, the company seems to have anticipated that things will at some point come to a boil and manoeuvre so as to pre-empt Zimbabwe’s ruling elites. One such pre-emptive move was the 2001 Framework Agreement where the company reserved 15 percent of its shares or 13 million ordinary shares for purchase by indigenous Zimbabweans. The shares were worth US \$15 million then. Newspaper reports suggested that none of the earmarked indigenous parties were able to raise the required US \$15 million to buy the shares. Consequently, the value of the 15 percent shares rose to US \$35 million in 2006 and to US \$140 million by March 2011. For this reason Zimbabwe’s Chamber of Mines questioned the feasibility of finding local investors capable of purchasing Zimplats’s 51 percent stake. “... If indigenous players could not raise just US \$15 million in 2003, it becomes doubtful that they will be able to raise above half a billion to acquire 51 percent stake” (CMZ, 2011). However, while it is true that raising capital finance was a constant challenge for local businesses interested in shares availed by the indigenisation law, it seems the question of Zimplats’s 2001 15 percent initiative was a victim of ZANU-PF’s factional and patronage politics.

Zimplats’s 2001 annual report gives some useful insight into what really transpired. Firstly the 15 percent offer was to ensure the “long term” prosperity of Zimplats.

Shareholders will recall that Zimplats has agreed to make up to 15% of its share capital available for ownership by Zimbabwe citizens, by subscription at prevailing market prices, and our board believes that this initiative is essential to the long term prosperity of Zimplats (Zimplats, 2001 Annual Report, Chairperson’s statement).

Secondly, it appears the company was being pressured to accept an arrangement that could only benefit a few individuals contrary to its intentions “to benefit the wider Zimbabwean community”.

It is, however, essential that the arrangements made maximise the sustainable benefit of this share offer to a wide Zimbabwean shareholder base. Schemes designed in absolute good faith to achieve similar objectives in neighbouring South Africa have, at best, met with mixed results. Accordingly your management is engaged in on-going discussions with the National Investment Trust ("NIT") of Zimbabwe, the Ministry of Mines and Energy and with a wide number of role players and financial institutions in order to ensure that this initiative successfully achieves its empowerment objectives.

Lastly, despite the pressures, the company was determined to do the right thing.

Your board has considered and rejected several proposals to date and has clearly conveyed to all stakeholders in this initiative that it will not be pressurised into agreeing to any arrangements that, whilst technically satisfying the commitments made by Zimplats, are unlikely to result in a wide and economically viable Zimbabwean shareholder base. Nonetheless, as a consequence of some innovative financial engineering by Zimplats and its advisors, I am hopeful that a balanced and sensible Zimbabwean shareholder empowerment transaction, acceptable to all stakeholders, may shortly be finalised (Ibid).

Though the provision was made in 2001, it was only in 2003 that the company announced to its shareholders an agreement to transfer 15 percent of its shares to an Empowerment Consortium at a 15 percent discount. The discount was deemed necessary for the placement to succeed. According to the announcement, the consortium had received financial support from a South African commercial bank (most likely ABSA) with the backing of Zimplats (*Zimplats, ASX Announcement, Empowerment Placement, 22 September 2003*). Further, the Zimbabwe government was said to have supported the transaction and expressed satisfaction that it met the company's obligation under the framework agreement (Ibid). Curiously the company did not mention the name of the empowerment consortium. In spite of what seemed to be a breakthrough, the transaction was never completed, and until 2010 it remained a mystery as to why this was the case. In May 2010, it came to light that the deal was "verbally" halted by the Minister of Mines soon after the announcement (*Zimbabwe Independent, 3 September 2010*). This according to the paper came to light after Needgate, the empowerment consortium set to benefit from the deal, wrote to the minister of mines in 2010 insisting that the deal must go ahead.

The handling of the 15 percent share offer demonstrates how murky the implementation of Zimbabwe's indigenisation policy has been. Initially the government of Zimbabwe selected the National Investment Trust for the empowerment deal. However the National Investment Trust failed to pay for the equity. This prompted then Minister of Mines Edward Chindori

Chininga⁴⁴ to second Needgate without cabinet approval. At face value the Needgate initiative met Zimplats's requirement for broad-based empowerment. Needgate was to be the project leader under a shell company named Grassroots Investment. Grassroots Investment was structured as follows: Needgate (27 percent), Decathlon (18 percent), Graname (15 percent), Jelly Mine (15 percent), state owned ZMDC (15 percent) and, on behalf of Ngezi Community Trust, ABSA (10 percent). However, a closer look raises questions. Decathlon was Needgate's partner in South Africa, responsible for raising money offshore thus increasing Needgate's interest in Grassroots Investment to 45 percent. Shadowy ZANU-PF functionaries were reportedly behind Graname and Jelly mine (Interview, anonymous Ministry of Mines official, 13 September 2010). Needgate's co-founder McDonald Chipfika was the younger brother to then deputy minister of finance David Chapfika, ZANU-PF Member of Parliament and chairperson of the NIEEB.

A cabinet reshuffle in 2004 saw Amos Midzi replace Chininga as Minister of Mines. The Needgate transaction was halted and instead Midzi seconded Rusununguko-Nkululeko Mining Company. Literally *Rusununguko-Nkululeko* (in Shona and siNdebele respectively) translates to "liberation" which resonates with the ZANU-PF philosophy of "liberation war hero entitlements." If Needgate had alleged links with Chininga, some individuals linked to ZANU-PF and its vice-president Joyce Mujuru (*Financial Gazette*, 6 May 2011, *The Independent*, 15 April 2010), *Rusununguko-Nkululeko* was equally connected to senior politicians in ZANU-PF. According to one anonymous contact (10 June 2011), "...that Chininga then minister of mines is linked to Needgate explains why Zimplats was eager to partner the company and even went to the extent of facilitating funding for the purchase of its own shares." Ironically *Rusununguko-Nkululeko*'s founder and front man was a former advisor to Chindori-Chininga during his tenure as minister of mines (*The Independent*, 15 April 2010). He had resigned earlier before moving on to form the company. But despite government backing, *Rusununguko-Nkululeko* was unable to finance the transaction (Sandu, 2005). In 2011 *Rusununguko-Nkululeko* was accusing Zimplats of coming up with new conditions in 2004 to frustrate its bid for the 15 percent stake. "They wanted government to put in place a regulatory framework and to sign a Bilateral Investment Promotion and Protection Agreement (BIPPA) with South Africa" (Alex Manungo, *Rusununguko-Nkululeko* managing director quoted in *Financial Gazette*, 6 May 2011). It is safe thus to conclude that

⁴⁴ In 2012 Chininga was the chairperson of the parliamentary portfolio committee on mines and at the fore front of championing transparency in the extractive sector.

the share offer suffered from a confluence of competing political interests and the company's selective choice of partners.

Yet it is important to note that, while a strategy of appeasement was apparent in the company's handling of ZANU-PF interests, this was not always the case. This is especially true prior to 2011 before the indigenisation rhetoric became more militant. The debacle over the 15 percent indigenisation offer has led to the company to become more willing to confront the state. In response to threats of indigenisation while addressing President Mugabe at the launch of the company's new concentrator in 2009, the Zimplats CEO said;

It is important to stress to Your Excellency that as investors our confidence to embark on such a significant investment, particularly at a time when other investors choose other destinations, was premised on the agreements referred to earlier... Speaking as an investor I would like to stress the importance of adherence by both parties to the letter and spirit of all agreements (David Brown, then Impala Chief Executive officer, quoted in *Zimbabwe Independent* of 29 October 2009).

Brown went as far as suggesting amendments to the Indigenisation and Economic Empowerment laws to take into account concerns by investors. However as will be seen below, this approach has not always yielded positive results where political expediency and elite accumulation matter above all else.

The 2010 empowerment regulations were followed by bickering within Zimbabwe's fledgling coalition government. On its part, ZANU-PF led by Youth Minister Saviour Kasukuwere, insisted that "there is no going back", while the MDC formations argued that taking over 51 percent shares from companies was neither government policy nor feasible. Propaganda that several companies were cooperating with the minister was used to add even more pressure on the company. Zimplats's 2010 indigenisation proposals were dismissed as unacceptable and the minister accused the company of playing games. For its part the company insisted that prior agreements were still applicable and that the law must not be applied in retrospect. Kasukuwere was relentless and on March 25, 2011 issued amended regulations targeting mining companies specifically.

In similar fashion to the 2010 regulations, all foreign mining companies were given a 45-day ultimatum to submit empowerment plans. In fact, the March 2011 regulations were more radical than the principal act and previous regulations. While according to the 2010 regulations, the 51 percent indigenous requirement applied only to companies with an asset

valuation of US \$500 000 and more, this was reduced to US \$1. Companies were instructed to submit plans of how they intended to achieve the 51 percent threshold. Within six months, shares were “to be disposed of to the Government agencies — the National Indigenisation and Economic Empowerment Fund, the Zimbabwe Mining Development Corporation and sovereign wealth fund when created” (*Extraordinary Government Gazette*, 25 March 2011). In this case, the shares in question would be warehoused by the state “until indigenous buyers are found” (Interview, Tongai Matutu, 2012). The price of the shares would be

...calculated on the basis of valuation agreed to between the Minister and the company concerned and shall take into account the State’s sovereign ownership of the mineral or minerals exploited or proposed to be exploited by the company (*Government Gazette*, 25 March 2011).

This took not only mining companies but parliament as constituted by both ZANU-PF and MDC parties aback.

The US\$1 minimum threshold in mining means that non-indigenous Zimbabweans and foreigners cannot operate any mining concern, even a small one, without partnering with an indigenous player. While the debate on the country’s economic empowerment and indigenisation was raging, a study by the Business Council of Zimbabwe (BCZ) showed that “50-60 percent of total mineral rights are indigenously owned by the state, state owned enterprises and indigenous people” (BCZ, 2011, 350) (see appendix 3). However, the biggest mines were largely owned by foreigners. The BCZ study noted that there were around 25 000 small scale miners who are members of the Zimbabwe Miners Federation (ZMF) of whom a significant proportion is indigenous. Of these, state support has been minimal, yet the fact that they are small-scale in nature provides opportunity for broader entrance.

Following the promulgation of the regulations, between March 3 and 8 the price of Zimplats securities fell from US \$15.99 to US \$12.50 prompting an enquiry from the ASX (Styn Timmermans, Letter to Zimplats, 8 March 2011). In response, Zimplats indicated that this may have been caused by the intense media coverage of the country’s Indigenisation and Empowerment regulations which were affecting the whole mining sector. This however, the company noted, was already in the public domain and discussions were on-going with the Zimbabwe government (Patrick Shaywabaya, letter addressed to the ASX, 8 March 2011). The letter pointed out that the impact of this loss of value would in any event be mitigated by the fact that “the company’s majority shareholder Impala Platinum Holdings Limited, is a long-term holder and not a seller of securities that it holds” (Ibid). But Zimbabwe’s

indigenisation talk was not only affecting the company directly as reflected at the ASX. Impala shares at the Johannesburg Stock Exchange took a tumble as well. On the JSE on March 28, 2011 Impala and Aquarius shares fell at one point by over five percent and AngloPlatinum by two percent after Mugabe had threatened to take over foreign mining companies (*Daily News*, 29 March 2011).

The period between March 2011 and May 2012 was a roller-coaster ride for Zimplats. In response to the March 25th government gazette, in May 2011 the company submitted a formal written proposal on its empowerment plans. On 17 August 2011 the minister angrily rejected Zimplats's proposal and the company was given a 14 day ultimatum to submit an "acceptable proposal" (*Zimplats ASX Announcement*, 22 August 2011). The company came up with a second proposal. On 8 September 2011 Zimplats issued an announcement at ASX to the effect that the minister, in a letter dated 6 September 2011, "advised that the company's Indigenisation Plan does not meet the minimum requirements of the law and accordingly, he has requested the Minister of Mines and Mining Development to cancel the company's operating licence." The major area of disagreement according to the announcement was the 2006 Release of Ground Agreement. But the threat of cancellation was withdrawn two days later with the Minister giving Zimplats yet another deadline to submit a revised plan of mid-November 2011 (*Zimplats ASX Announcement*, 13 September 2011).

In October 2011, before submitting a new plan, the company invited President Mugabe to launch a 10 percent CSOT. At this occasion the company announced a US \$10 million donation to the community. The event was heralded as a moment of triumph for ZANU-PF and its indigenisation program. ZANU-PF aligned state media carried a screaming headline the following day: "Mining giant gives shares to communities" (*The Herald* 14 October 2011). It was reported that "Zimplats gave 10 percent shareholding to the local community" (*Ibid*). The *Financial Gazette* reported that a new trust had been formed namely "Chegutu Mhondoro-Ngezi and Zvimba" Community Trust. The US \$10 million and 10 percent shares were to be transferred to the new trust (*Financial Gazette*, 21 October 2012). Strictly speaking however, no such trust had been formed nor existed. It is no wonder different media had conflicting names for the said trust. The reference to Chegutu, Mhondoro-Ngezi and Zvimba Community Trust raised eyebrows. While Chegutu, Mhondoro and Ngezi could legitimately be classified as falling within Zimplats's sphere of operations, the same could not be said of Zvimba, Mugabe's home area, although it falls in the same province.

Figure 15: Launch of the Zimplats CSOT



In the picture: David Brown hands over a cheque of US \$10 million to Minister of Indigenisation and Economic Empowerment Saviour Kasukuwere as President Mugabe looks on.

Source: The Herald Archives.

If the company was hoping to appease Mugabe and ZANU-PF, Mugabe's rather contradictory messages in one speech did not help. On one hand, Mugabe praised the company for its "second to none" community interventions. He added, "Go tell your shareholders that we do not intend to take over" (The Herald 14 October 2011). On the other hand, it was clear what the event meant for Mugabe and ZANU-PF. "This happy event is evidence of Government's movement towards implementing the policy of empowering our people..." Mugabe went on to justify the indigenisation policy, stating:

All we are saying here is that what is in Zimbabwe is what God gave us and that is ours. If you want to make a fortune, if you are a fortune seeker and we have a bond that binds both of us, you get your share but you should recognise that in Zimbabwe you are the smaller brother and we are the bigger brother... If we go to South Africa, we will be the young brother there. We also don't want to be robbed, let us be fair to each other (*Financial Gazette*, 21 October 2011).

In November 2011, Zimplats submitted a revised indigenisation plan which was again rejected by the minister. Responding to accusations that government was not keen on compensating for shares, the minister had said, "On the contrary Zimbabweans shall pay for any stake they wish to uptake ... (sic). In mining, the value of the resources underground owned by the people of Zimbabwe, shall be the contribution they make in their partnering ventures ..." (Kasukuwere, 3 November 2011).

In rejecting the company's November 2011 submission, Kasukuwere on 22 February 2012 cited "the portion of its indigenisation implementation plan relating to the empowerment credits for the Release of Ground agreement entered into in 2006" as unacceptable (ASX Announcement 24 February 2012). The company was given 14 days to transfer the required shareholding to the NIEEF (Ibid). In March 2012, parliamentarians visited the company premises to "assess the progress of indigenisation" (Monica Mutsvangwa, ZANU-PF senator, quoted in *New Zimbabwe*, 8 March 2012). "We're here to understand what is going on. We are looking at the implementation of the empowerment policy," she continued. What the parliamentarians saw was of course the giant concentrator, the production process, company buildings and equipment at most. Evidence of change or lack of change in the company ownership lay in books and computers elsewhere and certainly on the company website, the ASX or the Impala offices in Johannesburg.

After a series of meetings between the company and the minister, the proposal was accepted (Zimplats ASX Announcement, 13 March 2012). At a joint press conference with the Zimplats chairperson, the minister announced that Zimplats had finally submitted a plan which "meets our expectations as Government... to a very large extent complies with the laws of our country in terms of achieving the 51 percent minimum indigenisation threshold" (*The Herald*, 14 March 2012). Regionally, reports were that Kasukuwere had "scored a major victory over South Africa's Zimplats platinum mining company when he forced it to hand over a 51 percent stake in its Zimbabwe operation, Zimplats, to Zimbabweans" (*Mail and Guardian*, 4 May 2012). However, it was not clear why, after so much resistance the proposal was accepted without any changes. That a joint technical team, composed of Zimplats, NIEEF and the Ministry was put in place to come up with transfer details suggests something akin to agreeing to disagree or passing the buck. The media hype had drawn much publicity and it is perhaps safe to speculate that this was a way to let the matter rest.

Far from a victory for Kasukuwere, the matter was largely unresolved and by the time of writing, the company's ownership remained unchanged. Part of the company's proposal that had created problems with the minister was the insistence that prior agreements must be honoured. The final so-called agreement reached did not negate these prior agreements as the minister had sought to do.

The frequency with which the company cited the agreements warrants a more detailed reflection on them. Since the company said that the agreements had a confidentiality clause, it is difficult to tell with certainty what was included⁴⁵ (SARW, 2010). However, through media reports and a careful examination of the references made by the company to the agreements during the indigenisation and empowerment discussion, it is possible to extrapolate some of the things contained therein. It is known for certain that the preferential fiscal regime contained in the 2000 framework of agreement entailed exemption from APT (Zimplats 2001 Annual Report; IDE, 4 June 2012). Through company reports, it is also known that the 2006 Ground Release Agreement involved the company releasing a portion of the their ore body for empowerment credits (*Financial Gazette*, 8 April 2011).

The finer details of these agreements also came to light through the media probably from company or government insiders. State-run and ZANU-PF-controlled daily newspaper *The Herald* on 14 March 2012, (a day after the purposed agreement between Zimplats and the minister) alleged that it cost Zimplats US \$1 to acquire the special mining lease. The paper was obviously enraged. From the same report, the 2006 Ground Release Agreement involved Zimplats selling back 36 percent of the land from the mining lease to the Zimbabwe government for US \$153 million or 29.25 percent empowerment credits. The IDE's African Growing Enterprise file adds that this agreement assured the company "ground required for a steady state one million ounce per annum platinum mine with a fifty year life is secured under two mining license regimes." According to IDE, the 36 percent of the company's resource base released amounted to 51 million ounces of platinum "in return for empowerment credits and/or cash."

The effect of this prior arrangement was to reduce scope for the minister's discretion over Zimplats's shares available for indigenisation. The 29.25 percent empowerment credits were reached as follows: "19.5 percent empowerment credits, as well as cash credit of US \$51 million or 9.75 percent empowerment credit if no cash is forthcoming" (IDE, 2012). This would reduce the company's shares available for local ownership first to 21.5 percent. Considering Zimplats's offer of 20 percent divided equally between the community and employee ownership schemes, this would further cut the number of shares openly available to 1.5 percent. In that case the minister and ZANU-PF's say in accessing or determining

⁴⁵ Later on, Zimplats's chief financial officer, Patrick Shaywabaya, suggested that the agreements were "not really" confidential, though he would not be drawn to produce copies of the agreements.

beneficiaries from the shares would have been severely curtailed. The *Herald* report suggested that the government of Zimbabwe felt cheated by these agreements. “It was extremely naïve and irresponsible for the Zimplats board to assume it could fortify its operations in Zimbabwe with a flawed and exploitative agreement,” (14 March 2012) the paper commented, justifying the government’s determination to disregard the previous agreements albeit the final agreement did not actually subvert the agreements.

One official from the Ministry of Mines suggested that the Ground Release Agreement was a calculated move by Zimplats to pre-empt government on indigenisation and economic empowerment. This was not denied by the company’s leadership;

The 2006 Release of Ground Agreement was entered into in anticipation of the promulgation of the IEE legislation and was meant to enable Zimplats to meet its IEE obligations partly through the release back to Government of part of the company's mining claims rather than fully through equity (Interview, anonymous Zimplats senior employee, 17 June 2012).

It is no wonder, “... the agreement was reached in 2006 when government was proposing the Indigenisation and Economic Empowerment Act which was passed the following year” (Interview, Anonymous, Ministry of Mines official, 13 September 2010). This explains the company’s continuous reference to the agreement and government’s reluctance to honour it. A senior Zimplats employee seemed to confirm this, stating that it was common cause that “... there are clauses which protect Zimplats from things like indigenisation unless the government changes” (Interview, Anonymous Zimplats employee, 14 August 2010). If it was true that the government felt embarrassed and duped by the deal, an easy exit would have been to reverse the deal. However, according to one Central Intelligence Organisation officer interviewed in 2012, concessions for the ground released by Zimplats had been sold to Russian and Chinese firms in 2008. If true, this makes it easy to understand why Zimplats dug in its heels and why it may well be that the government ended up accepting the Zimplats proposal without the changes. But since the Indigenisation and Economic Empowerment Policy was a ZANU-PF policy (Kasukuwere S., Presentation at SAPES, 3 November 2011), it was expedient to give an impression that Zimplats had acceded to government demands.

The fact that the framework agreement allowed the company to bank offshore was explained as a means to enable the company to pay suppliers. Ironically, according to the *Herald* (14 March 2012), “in terms of Clause 14 of Special Mining Lease, Zimplats is supposed to prioritise goods and services produced by Zimbabwean companies and nationals...” Of

course, this agreement dates to 2001 at a time when Zimbabwe's economy was relatively stable. The Herald's report suggested that the government felt "cheated" by the way the agreement was structured, and this reflected badly on those responsible for the deal from the government side. According to the mining law, the responsibility for such an agreement had been vested in the Minister of Mines and the president.

5. Zimplats's Community Share Ownership Scheme

In the midst of controversy over its compliance, Zimplats and the Zimbabwe government launched a community trust referred to in media as the Chegutu Mhondoro-Ngezi Zvimba CSOT. However no such trust exists to this date and it is uncertain whether such an entity will be formed. The only trust established with regards to Zimplats community allocated shares is the Mhondoro-Ngezi Community Trust (MNCT). In fact there is confusion as to the actual name of what was launched in October 2011, and different names continue to be used to refer to the same. What is known, though, is that the said trust was meant to facilitate the acquisition of community designated shares in Zimplats and to spearhead local economic development. From interviews and news reports, and, as suggested in the name, this was meant to cover the three rural districts of Chegutu, Mhondoro-Ngezi and Zvimba.

According to the former Chairperson of NIEEB, David Chapfika, CSOTs and ESOTs represent the second leg upon which the Indigenisation and Economic Empowerment policy stands, the first being the 51 percent local ownership requirement. Chapfika points out that by providing for CSOT the policy ensures broad-based economic empowerment. Section 14 of *Statutory Instrument 21 of 2010* provides for Employee Share Ownership Trusts (ESOTs) to be used as a vehicle to fulfil the policy requirement. According to NIEEB, ten percent community ownership and ten percent employee ownership is a requirement applicable to all mines, whether foreign, state owned or indigenous owned. Government contends that "...communities have the natural right to benefit from their God-given resources" (Ministry of Youth Flyer, 2012). Since 2010 and the mooted CSOT as a vehicle for communities to benefit from resource extraction, several CSOTs have mushroomed. This has at times resulted in more than one CSOT claiming to represent the community. In a bid to regulate the situation, the Cabinet came up with a framework for the establishment of CSOTs which gave the Minister of Youth Development Indigenisation and Empowerment sweeping power over the establishment and running of the trusts.

Since 2010, a number of CSOTs have been launched amidst pomp and fanfare. While it is difficult to ascertain how many have been launched to date, five Trusts stand out. These are Marange-Zimunya Community Trust (MZCT) in Manicaland, the previously mentioned Mhondoro-Ngezi (sometimes includes “Chegutu-Zvimba”) Community Trust, Mat South Gwanda Community Trust in Matebeleland South, Tongogara CSOT (TCT) and the Zvishavane Community Trust (ZCT). It must be pointed out that, of these, MZCT has a unique arrangement. While other CSOTs are entitled to a ten percent stake in foreign companies, MZCT is to enter into a joint venture with the state-owned ZMDC and a yet to be identified private investor. In all the cases, the CSOT launch was accompanied by either a US \$10 million capitalising donation or pledge for the new entity by companies concerned. MZCT had a donation of US \$1.5 million on the day of its launch and pledges of US \$10 million by each of the five concerned diamond mines, thus totaling US \$50 million. It could not be established by the time of writing whether the companies had honoured their commitments.

In most cases the take-off for CSOTs has been slow and far from convincing. This research encountered several complaints especially from members of mining communities and local leaders in this regard. It is only with the TCT and ZCT CSOTs that tangible evidence of functioning has been reported. On October 2012, the *Chronicle* reported numerous community projects ranging from vegetable gardens and water provision, to the construction of schools (10 October 2012) under the watch of the TCT. Prior to this, it had been accused of not making any progress with its developmental plans after receiving US \$10 million in November 2011. Similarly ZCT seems to have established itself administratively and operationally. One can locate the trust’s offices within the Zvishavane rural district council offices. In September 2012, ZCT was advertising for tenders related to a number of projects. However, this apparent sign of progress was tainted by allegations of abuse of funds by chiefs who form part of its board of directors. It is alleged that in 2011 five chiefs awarded themselves US \$5000 each as their sitting allowance for a meeting to decide how to use a US \$2 million donation from Mimosa Platinum.

The establishment of the Zimplats CSOS, its operations, the reported donation of US \$10 million and the ten percent share transfer was very difficult to follow. On many occasions prior to and after the reported launch of this CSOT, the Minister rejected the Zimplats

indigenisation proposals and threatened to withdraw the company's mining license⁴⁶. According to the media as well as politicians, the CSOT launched marked the transfer of ten percent of Zimplats shares to the local community. *The Herald* of 14 October 2011 reported that "...Zimplats gave ten percent shareholding to the local community." Similarly the *Financial Gazette* reported that a US \$10 million donation from Zimplats to the community and that ten percent shares were to be transferred to the newly formed Chegutu Mhondoro-Ngezi and Zvimba Community Trust (CMZCT) (21 October 2012). These are the facts that one gets when talking to both ordinary people and some government officials. Notwithstanding, the company remained in dispute with government over the remainder of shares required to meet the 51 percent threshold.

While government gave the impression that shares had been transferred to the community, the reality was something else. Both the Zimplats chairman David Brown and the minister suggested that transfer details would be worked out. The former suggested this would take "weeks and months" (*The Herald* 14 March 2012). Zimplats's ASX announcement to shareholders the day after the joint press conference affirmed that the victory was for the company to claim.

It has also been agreed that Zimplats and the Government will explore fair value compensation in lieu of empowerment credits for the ground released under the agreement of 24 May 2006. It was proposed to Government that on receipt of this compensation, Zimplats Holdings Limited will make available for sale to the National Indigenisation and Economic Empowerment Fund ("NIEEF") a 31 percent fully contributory stake in Zimbabwe Platinum Mines (Private) Limited for cash at an independently determined fair value at the time (*ASX Announcement, Indigenisation update*, 14 March 2012).

The conditionality that a 31 percent stake would only be made available subject to compensation for ground released effectively put to rest in the short to medium term government's quest for the Zimplats shares. It was impossible that Zimbabwe's cash-strapped government could afford to pay the required compensation, let alone afford the 31 percent stake. The remaining 20 percent to make up the stipulated 51 percent was to be met evenly through the community share and employee share ownership trust.

Yet the propaganda about the successful transfer of Zimplats shares seems to have been so convincing that even the MDC aligned Deputy Minister of Youth, Indigenisation and Economic Empowerment Tongai Matutu was convinced. In an interview in May 2012,

⁴⁶ Though in reality only the Minister of Mines can issue or withdraw a mining license.

Kasukuwere's deputy was convinced that the matter was a done deal and that ten percent of Zimplats's shares had been transferred to the local community. It is unlikely that Matutu, who was critical of the policy to the extent of dismissing it as ZANU-PF's political gimmick, was well-informed. Zimplats's ASX announcement of 14 March 2012 was in direct contrast to the deputy minister's assertion—

...shares in the operating subsidiary representing 10% of the [enlarged] issued share capital of that company **will be issued** to the Community Trust at the independent valuation previously submitted to the Government. Zimplats Holdings Limited ("Zimplats") will provide an interest free loan to the Community Trust to fund the shares and the loan will be repaid from dividends (Zimplats, ASX announcement 14 March 2012).

Thus while the minister stated that this was "a done deal," this was in fact yet to happen (Interview, 25 June 2012). Curiously, during the same launch of the CSOT Zimplats announced a donation of US \$10 million to the trust. It only became clear later that this would be disbursed over a period of three years. For politicians associated with the occasion, merely mentioning the US \$10 million donation was enough.

Yet the nature of the proposal for the employee and community share ownership does not guarantee the successful transfer of shares to the envisaged beneficiary. Even though the cabinet came up with a framework for the establishment of CSOTs, forming these proved to be difficult. The requirement for approval by the minister means that the trust would be led by people aligned to ZANU-PF. That the Board of Trustees would be constituted by chiefs (known to be sympathetic to ZANU-PF), local councillors and other members appointed by the minister was protested against by civil society organisations and community based organisations excluded from the arrangement. Conflicts associated with the forming of trusts mean that, even though the company made the shares available, it would take time before the "community" gets organised enough to claim the shares. It may seem good that the company was providing an interest-free loan for the CSOT, but this would mean years of repayment with no dividends accruing in the short to medium term. This would be further extended by the fact that the company is going through an expansion and in fact had not declared dividends since 2003. By August 2012, no trust had been constituted to claim the Zimplats shares as per the cabinet framework. What continues to exist is a community trust established by the company as a vehicle for social corporate responsibility project.

The problems associated with the CSOTs are similar to those of the employee share ownership scheme (ESOT). Zimplats's empowerment proposal suggested that

... a further 10% of the [enlarged] issued share capital of that company will be sold to an employee share ownership trust for the benefit of all full time employees of Zimbabwe Platinum Mines (Private) Limited (*Zimplats ASX Announcement*, 14 March 2012).

Unlike the CSOT, the funding for the scheme attracts interest. The length of the repayment period, given that the company is in expansion mode, makes it uncertain as to when the employees would start receiving dividends. Since the scheme is available to willing employees, it remains to be seen whether the employees would actually take up the offer. The law does not prohibit the company from buying back shares from both the CSOT and the ESOT at some point. Kasukuwere said Zimbabwe will no longer consider social investment credits for foreign firms, including mines, in their quest to fulfil empowerment requirements. The minister's assertion that, "We are not going to consider social grants such as building schools and clinics. What we have said is the communities will be able to do it themselves when they get the ten percent share of the profits," (*Daily News*, 21 January 2011) is likely to see communities worse off.

6. Grassroots Empowerment or Elite Accumulation?

Reports in 2011 and 2012 suggested that ZANU-PF politicians were jostling for Zimplats shares. In 2011, the politically powerful late general and husband to the vice president, Solomon Mujuru, had allegedly offered to protect the company in return for shares (*The Standard* (online edition), 11 September 2011). He is said to have warned the company that the Chinese were interested in platinum and had the support of President Mugabe. At his death, Mujuru's estate was estimated at over US \$9 billion, more than the country's GDP. The scramble involved other big political names such as Webster Shamu and Bright Matonga, who were allegedly "pushing to have the entirety of Zimplats's 51 percent indigenisation equity acquired by investors from Mashonaland West" Province (*Financial Gazette*, 6 May 2011). Others politicians were reported to be pushing for their companies while others suggested that the shares should be distributed equally among Zimbabwe's ten provinces. The *Financial Gazette* reported that Zimplats was planning to approach Mugabe for clarity and guidelines on how to go about this. The Zimplats CEO complained that the "...interests in the shares by individuals and companies had literally run over the company..." (Ibid).

The community entity that exists with regard to Zimplats's CSO is Mhondoro-Ngezi CSOT, and not Chegutu Mhondoro-Ngezi Zvimba CSOT, which was supposedly launched in October 2011. According to the *Cabinet Operational Framework for Community Share Ownership Schemes or Trusts*, a CSOT "ought to be formed" at district level. The reference to "Chegutu Mhondoro-Ngezi Zvimba" CSOT is then somewhat of an anomaly as this potentially combines three districts⁴⁷. In a focus group discussion, councilors from Ngezi district argued that such a complex name was born out of greed and an attempt by some politicians to incorporate other districts which, geographically speaking, would not qualify. Prior to the Trust launch, Chief Nyika, in whose area Zimplats is mining, had threatened not to take part in the proposed Trust insisting "...his people had formed their own Mhondoro-Ngezi Community Development Foundation." (*The Standard*, 24 September 2011). However strictly speaking, Zimplats's operations transcend Mhondoro-Ngezi district boundaries, encroaching into two other districts namely, Chegutu and Zvimba. A 77 kilometre road, constructed by the company, connects mining operations in Mhondoro-Ngezi with a processing plant in Selous and overlaps the Mhondoro-Ngezi district boundaries. In such a case, according to the cabinet CSOT framework, a Special Purpose Vehicle will be used to "...ensure equal distribution of dividends amongst the affected Trusts" (by implication districts).

The Mhondoro-Ngezi Community Trust hosts the most significant company operations. It is likely to bear most of the socio-economic and environmental impacts of the mine. The Board consists of four chiefs, the Ngezi RDC chairperson, the Council CEO, a women's representative and a representative for people with disabilities. The chiefs assume board chairpersonship on a rotational basis. Though the board has met on more than one occasion since 2011, the CSOT is yet to have an independent office and start operations. So far, the board has relied on RDC offices for its meetings. If one considers how other CSOTs are operating, it is likely that the CSOT will operate from the RDC offices. There is thus risk that these trusts might be subsumed by RDCs and end up functioning as local government sub-units, thus failing to improve community involvement in local development. Locally there is growing frustration and impatience over the empowerment deal. Residence and local leaders

⁴⁷ It must be noted that the Operational Framework for Community Share Ownership Schemes or Trusts came months after the launch. The use of the term Chegutu Mhondoro-Ngezi Zvimba may thus be representing something of a hangover.

question why, a year later, nothing tangible has come out of the CSOT and the US \$10 million donation. The impression from media and politicians has been that this money was a once-off payment but this is not the case.

It is seldom mentioned that the US \$10 million is actually staggered over a period of three years. According to Zimplats, this will be done in amounts of approximately US\$3.3 million from 2012 to 2014. Sources within government suggest that the US \$10 million is actually meant to cover the three districts of Chegutu, Mhondoro-Ngezi and Zvimba. What this means (and again something hardly stated) is that each district will get about US \$1.1 million annually until 2014. This money was intended for corporate social responsibility projects which henceforth will be managed by the community trusts instead of the company. In fact, since the government no longer allows the social investment credits, the community will use the money from its shares. Whether or not the ten percent shares will also be shared equally between the three community trusts has not been discussed. So far, the assumption is that it is the Mhondoro-Ngezi CSOT that will access the entirety of the shares.

If the public pronouncement on Zimplats's compliance and the establishment of a CSOT were meant to provide for a gracious end to the extensively raised public attention on the matter, at least up until the time of writing, this seems to have worked. The media frenzy had died. Having "successfully indigenised the mines" the minister was shifting his focus towards education, banking and tourism first and then other sectors. Of course more questions than answers were being raised by the manner in which the policy was being implemented. While according to Zimbabwe's Indigenisation and Empowerment Ministry, nearly all big mines had complied with this law, there was no tangible evidence that this was the case. At least in the interim, Zimplats's investment appeared safe and the company was on course to execute its phase two expansion project. In this the company was not alone — Chinese, Indian and Russian companies among others were extending operations and entering agreements with the Zimbabwe government without having to meet the policy's 51 percent local ownership requirement.

A curious aspect of Zimbabwe's indigenisation and empowerment debate was the loud silence of the intended beneficiaries. The Mutoko community where granite mining and Chaidzwa communities in eastern Zimbabwe where diamond mining is taking place are exceptions in this regard thanks partly to the work of organisations such as Zimbabwe

Environmental Law Association and the Centre for Research and Development. Yet even in these two communities, positions on CSOT remained muted and under-represented at policy formulation and implementation level. Among community members interviewed there was no sense of ownership of the CSOT or understanding of indigenisation policy. The cabinet CSOT framework does not provide for community participation or involvement of pre-existing community organisations in an area. The *General Notice 114 of 2011* requires “all non-indigenously owned companies to submit Revised Indigenisation Implementation plans.” These must be approved by the minister and there is no mention of community engagement though one aspect of these plans would be the transfer of ten percent of the shares to community.

The top down nature of the trust is not only shown by the way it is originated but the fact that chiefs are heavily represented. Mhondoro-Ngezi Trust has four chiefs who serve as chairpersons rotationally. Some within the community and indeed among local councilors argue that their office has been compromised by politics and hence they are not the best people to unite the community for the purpose of maximising benefits from resources. They also note that having a leader is not enough; “We might have a leader, but he is not everything about us...” (Focus Group Discussion, 11 September 2012). The sense of exclusion is represented in statements by local leaders below. One chief went as far as describing the whole affair as a lie.

...this whole thing is a cheat... it is just speech, nothing is being done ... (the) ...whole thing is an imposition because we have no say, you must just say yes... What are mothers getting from this... it is only comrades. And some of these comrades were year olds when the war started...This whole thing is political. Chiefs are just being forced to support this... (Interview, 11 September, 2012).

Asked about community needs and perceptions in the wake of the CSOT and indigenisation, one local councilor remarked,

This issue is a top to bottom approach... if we go into community, people don't know about this. There is no community and grassroots involvement. Most people do not know. Even as we tell you what they want, the truth is we are only speculating what people actually want because they are not participating... so we actually do not know what people want (ibid).

The minister has sweeping powers over the establishment and management of community trusts and generally the implementation of the indigenisation policy as a whole.

Contrary to claims by the ZANU-PF side of the Zimbabwe government, there is no legal requirement for mining companies to dispose shares to communities or CSOTs. The same can

be said about ESOT, though the latter is mentioned in the principal act and subsequent regulations. In fact, nowhere in the principal act does the word “community” appear let alone “community share ownership.” It appears as if the concept of CSOT was an afterthought and a reaction to criticisms that the policy lacks broad based empowerment. That the ministry is responding to criticisms is, in itself, a positive thing. Having been excluded in the principal act and subsequent regulations, on March 25, 2011, government came up with an amended Statutory Instrument 21 of 2010 which provides for CSOTs but this does not make mandatory the disposal of ten percent shares to communities.

The NIEEB green handbook incorrectly states, “In terms of Section 14 B of Statutory Instrument 116 of 2010 and General Notice 114 of 2010 it is a requirement that communities must acquire at least ten percent in mining communities that operate in areas they live in.” (NIEEB, December 2011). However the referred to section is only defining or qualifying that the CSOT “...may be taken into consideration when assessing the extent to which a business has achieved or exceeded the minimum indigenisation and empowerment quota.” This according to Section 4 (b) 4 is provided for where a “... a business *is* wishing to use the qualifying scheme...” Thus the regulation does not require but clarifies how a willing foreign owned business may use CSOT to fulfill the indigenisation minimum requirement.

In the absence of clear legal backing, the CSOTs will only participate and own shares at the discretion of the minister and mining companies. Section 4 (b) 4 referred to above implies that the mining company has to be willing. According to NIEEB the ten percent Community Share Ownership is also applicable to indigenously owned mines, the principle being that communities are entitled to ten percent shares in every company extracting resources in their area. The acknowledgment that communities are entitled to directly benefit from mining activities is progressive. However, without making this legally mandatory, it is difficult to imagine how this can be enforced. Curiously, the cabinet framework on CSOTs lists several functions for the community trustees. However, none of these speak to acquisition, management or disposal of shares provided for by the IEE policy.

During interviews, some government officials became evasive and agitated when pressed about the lack of clarity with regards to the community shares and the supposed US \$10 million donation. While there is a lot of loose thinking, with one official remarking “... they (communities) don’t even know what to do with money now...” (NIEEB official, September

2012), there is a general unwillingness to provide specifics. One media report noted “...there has been no fanfare surrounding the issuance of shares certificates to beneficiary communities, nor has there been much publicity about the trust deeds.” From this research it could not be ascertained whether the Mhondoro-Ngezi Trust has been constituted in terms of a deed of trust. Information obtained was contradictory and following up with the deed office proved impossible. Prior to the CSOT, Zimplats had a trust for CSR projects and this would continue to hold monies until the Mhondoro-Ngezi Community Trust is registered and operating an own account.

7. Conclusion

Zimbabwe’s indigenisation and empowerment policy and the related attempts at organising community involvement in resource extraction and local economic development show a disjuncture between i) policy as legislated, ii) policy as pronounced (either through public verbal pronouncements or through official documents) and (iii) policy as practiced. As a result, the apparently hostile political environment and patronage accumulation in Zimbabwe may appear, *prima facie*, anathema to big corporate ventures of the stature of Zimplats, but as this case shows, this is not always the case. Of course the context is one where the profits are so big that the corrupt demands are well worth Zimplats’s expenditures. Zimbabwe’s political economy of crisis is riddled with contradictions. It brings to the fore questions about the acquisitive character of Zimbabwe’s political elites.

Thus at a conceptual level, Zimbabwe’s indigenisation and economic empowerment policy may appear to represent a pragmatic way of transforming an industry that has been known to scar lungs and landscapes into one that can spearhead pro-poor economic development but the reality is largely otherwise. This chapter has shown how the program is severely compromised by the centralisation of the authority in the minister. It is no wonder, during the tenure of the inclusive government, that some started to describe the minister of indigenisation and empowerment as either a “super minister” or “priminsiter”. In ZANU-PF power retention and accumulation strategy - a combined (economic and political) reproductive function two ministries were very important, namely, Indigenisation and Economic Empowerment and the Mines ministry.

The combined reproductive function is replicated in the manner in which the state and the party dealt with ASM as the following chapter will show. But similar to Zimplats' exceptional performance, this has not excluded possibility for some sort of independent vertical mobility. In essence, the dream for real economic liberation is seriously compromised by the very nature of the Zimbabwean state. This problematic stance of Zimbabwe's "economic history of liberating 'ourselves'" has been mentioned in the introduction but will be revisited below.

PART FOUR: CRISIS ACCUMULATION AND ASM GOLD MINING

Zimbabwe's political and economic crisis has seen the dramatic decline or death of most of the country's formal economy on one hand and the growth of a pervasive and important informal sector on the other. A key feature of this informality is informal artisanal and small scale gold mining, dominated by gold panning. The previous part observed the general decline of the mining sector and the exceptional situation of the platinum sector. This together with ASM gold mining constitutes two outcomes of the crisis. While the previous two chapters looked at Zimbabwe's political economy of crisis as relating to the state's attempt at extracting revenue and wresting control of the platinum sector, this part looks at the state's interaction with ASM, and how this, like the platinum sector, became entwined with Zimbabwe's political economy of crisis. It analyses the emerging accumulation networks, conflicts, processes and socio-economic outcomes from this activity. It argues that during this period, the dividing line between formal and informal becomes increasingly blurred. The state and ruling elites play a salient role. Within this context ASM has ceased to be merely about poor people's survival. Patronage, accumulation, politics and violence is now also at the core of this phenomenon.

Chapter Seven describes the growth and nature of ASM in Zimbabwe and the Chegutu area in particular. It shows how the activity forms part of a highly informalised national regime of accumulation. The networks operating in the sector are explained. Chapter Eight considers the centrality and pervasiveness of the influence of the Zimbabwe state and ruling elite in this sector. It shows how policy contradictions have intersected with the acquisitive instincts of Zimbabwe's power elites to shape the nature of ASM.

Chapter Seven: Growth and Nature of ASM in Zimbabwe

1. Introduction

Indeed the words chaos, violence, patronage, pillage and plunder have commonly been associated with land, politics and diamond mining in the east of Zimbabwe, and by inference, epitomise Zimbabwe's post-2000 crisis political economy. Focusing on the Chegutu Mhondoro area, this chapter shows that similar acrimony accumulates in Zimbabwe's ASM and in fact predates the 2006 diamond rush. Gold panning typifies Zimbabwe's informalised and unregulated regime of accumulation, in which those with access to the state play a dominant role. To this extent, Zimbabwe's artisanal and small scale gold mining has metamorphosed from merely being a survival strategy for the poor to being a highly contested arena for accumulation. Evidence presented in this chapter also shows that the sector has provided opportunities for upward mobility. This chapter analyses ASM in the Chegutu area, emerging accumulation networks, conflicts, processes and socio-economic outcomes.

As observed earlier, as far as Zimbabwe's mining sector is concerned, two sectors have remained vibrant. These are the platinum sector and the ASM sector in gold. Evidence of viability is easily noticeable with regards to the platinum sector since output and profit figures are well documented. The latter sector is somewhat problematic since official figures are either absent or sporadic. However, news reports and estimates of smuggling by Zimbabwe's central bank suggest that ASM burgeoned post 2000 and continues to blossom by the time of writing. My research shows this to be true with respect to the Chegutu Mhondoro area. If anything, the very nature of the crisis and the elite-driven political economy attending it appear to have spurred the sector.

It is useful at this point to recap questions raised earlier in this thesis. The first and perhaps most obvious question is to understand the factors facilitating the buoyant performance of the informal/illegal ASM. This question can be further problematised by the fact that the decline of Zimbabwe's mining sector during the period in question presents a paradox since it happened at a time when commodity prices were rising globally. According to Hawkins (2009, 16), "From 2003 until mid-2008 the mining industry was progressively constrained by supply side problems that prevented Zimbabwe producers from exploiting the unprecedented

global boom in metal and mineral prices.” It is thus necessary to confront the reasons for the “exceptional performance” of ASM. Additionally, one needs to address the question of power in the Zimbabwean economy. Using the rhetoric of economic indigenisation and pro-poor wealth redistribution, Zimbabwe’s political elites sought to control all available spaces for viable accumulation. A distinct feature of Zimbabwe’s informality has been its intersection with the state (Mawowa and Matongo, 2010). While the state was a declared enemy of informal gold mining, through its actions it fuelled informal artisanal and small scale gold mining. This formed a critical component of Zimbabwe’s elite-driven crisis accumulation strategy.

2. Defining ASM in Zimbabwe

There is no single agreed definition of the ASM sector. Generally, definitions have differed from country to country and author to author. Hentschel *et al.* (2003, 7) identifies several characteristics that can be associated with ASM. These include but are not limited to:

- ✓ Use of labour-intensive technology,
- ✓ Use of unskilled labour,
- ✓ Low production volumes,
- ✓ Small size claims,
- ✓ High losses of value and time,
- ✓ Illegality and informality,
- ✓ Gambler mentality,
- ✓ Subsistence economy,
- ✓ Seasonal activity,
- ✓ Low economic literacy and poor management practice.

They note, “The development of the sector shows a strong relationship to the general economic indicators of the country: ASM is poverty related” (8). It is thus regarded as a survival/temporary mechanism to cope with poverty and unemployment. Evidence presented below illustrates that these characterisations only apply to a very limited extent for the studied area. In particular, dependence on unskilled labour, labour intensity, poor management practice and low capitalisation cannot be generalised to the Zimbabwe context.

Policy and legal framework in Zimbabwe does not prescribe a specific definition for ASM. However, common references associate the practice with low production volumes, small size claims and informality. In 2002, the Ministry of Mines used an output criteria, defining small gold producers as those producing “less than 15kgs of gold per year” (Maponga and Meck, 2003, 350). Government reports show that the colonial state used output and employment to distinguish between small, medium and large scale mines. It is notable that the output threshold for small miners was higher during the colonial period than afterwards. This is not surprising considering the colonial state’s bias towards big players as opposed to the post-colonial state which felt obligated to promote entry of the lower echelons of society into this sector. In the colonial era, small-scale miners were almost always white males who were small capitalists employing labour and whose practices were only partly informal.

This thesis rather distinguishes between small registered works/claims and informal unregistered producers and traders as opposed to medium to large scale corporate owned ventures. There is a strong intersection between small registered works and informal/illegal activities. Generally, ASM is associated with the informal/illegal activities at the lower end of the mineral industry spectrum. This chapter starts by reflecting on the growth and extent of ASM in Zimbabwe and especially Chegutu before moving on to discuss specific categories of this and how these have interacted with Zimbabwe’s political economy of crisis.

3. ASM Mining a World Wide Phenomenon

ASM is not unique to Zimbabwe; it is a worldwide phenomenon, especially in mineral rich developing countries. The majority of the world’s ASM miners are involved in gold mining but there is also a significant involvement in mining alluvial gemstones and diamonds particularly in the DRC, Sierra Leone and Madagascar. Within development thinking, early conceptualisations on ASM focused on definitional and technical issues in trying to distinguish ASM from large scale commercialised mining. The sector was generally viewed as a problem that needed addressing. Since the 1990s, policy attitude in most countries has shifted gradually from ostracising the sector as unwanted to that of acknowledging its potential contribution to the economy and poverty alleviation especially for women and children (Hilson, 2009, 1). The political logic has been that “...thousands of artisanal and small miners are less of a threat to public order than thousands of the unemployed”

(Danielson, 2003, XIV). ASM miners are viewed as “people seeking economic refuge” (Shefa *et al*, 2009, 51).

Table 3: Evolution of the Development Community's Approach to ASM

Period	Approaches for dealing with ASM
1970s	Definitional issues
1980s	Technical issues
Early 1990s	Towards integration of technical, environmental, legal, social and economic issues
1990s	Special attention on legalisation of ASM sectors
Mid- to late 1990s	Relation between large mining companies and ASM gender and child labour issues
2000s	Community-related issues and sustainable livelihoods

Source: Hentschel, 2003, 13.

In 2003, estimates of the number of people employed globally as ASM ranged from 60 million to 100 million (Hentschel *et al*, 2003: 5). Maponda and Meck note that, “Local nomenclature such as galamseys (Ghana), makorokoza (Zimbabwe) and garimpeiros (Brazil) has evolved around the world, (as) clear indication of the universality of artisanal and small scale mining” (2003, 349). In West Africa ASM has stimulated urban – rural migration. However, in Sub-Saharan Africa most of the people involved in ASM are rural inhabitants. Hilson (2009) notes the two narratives on how ASM fits into the region’s de-agrarianisation “puzzle”. On one hand the sector is viewed as being characterised by “rush-type” activities, chaotic and entrepreneurially driven. This views ASM as subsidiary to farming and representing diversification of the rural income earning portfolio. Artisanal and small scale miners according to this view are seen as fortune seekers. On the other hand, ASM is regarded as an alternative means of livelihood rapidly replacing rural farming as the main economic activity. This view argues that “...despite being fuelled by poverty, artisanal mining is more than a ‘rush activity’: that is, a deeply rooted industry” (Hilson, 2009, 3).

ASM accounts for more than 20 percent of the world’s non-fuel mineral production. It is this pervasiveness and inability to wish ASM away that saw the shift in attention towards legalising ASM in the 1990s. Proponents of legalising ASM argue that the sector forms part of the world’s extra-legal economy involving 80 percent of the world (De Soto, 2000, 15). It

is argued that “by not extending rights to the extra-legal economy, the institutions of the state are denying economic freedom to what is in fact the overwhelming majority of the world’s people, who subsist in a state of ‘legal apartheid’” (Shefa, *et al.*, 52). Formalising is seen as the key to unlocking ASM’s full potential. Largely ad hoc approaches to formalising and legalising ASM in Africa have however been top-down. Proponents argue that this should not be the case, rather, legislation should carefully assimilate local values and norms (Siegel and Veiga, 2009).

In arguing for the formalisation and legalisation of ASM, the development of western capitalism is often cited. “...(C)apitalism succeeded in North America, Europe and Japan because entrepreneurship was integrated (formalised) into one property system, thus releasing potential that is dormant in dead capital” (De Soto, 2000), but the applicability of this to Africa is questionable. In the US, the main reason

...why gold helped build American West was that, in the absence of a strong government, miners formed hundreds of extralegal local and regional claim associations with elaborate regulation for marking territories, registering claims and administering justice. In California, after the gold rush in 1849, this included at least 800 separate property jurisdictions, each with its own governance system developed by local consensus (De Soto, 2000, 53).

The US mining laws drafted in 1872 in order to have legitimacy adapted these pre-existing property rights systems. Notably however, this happened when capitalism was long established without qualification in the USA and was supported by a strong state system.

In most of Africa, ASM is taking place where central government is weak and in situations of armed conflict. Perpetual armed conflicts tend to undermine the development of orderly property systems, since access is regulated by the rule of the gun rather than rule of law. The uncertain nature of the accumulation process thus inhibits long term developmental planning because individuals and companies resort to looting since there are no long term guarantees.

In fact ASM is also a feature of developing countries today. Moreover, this coincides with situations where global capital has thrived as well. Bayart (2000b) has shown how historically global capital can link up with local networks to accumulate in a conflict situation. However in these places, there is an intriguing connection between ASM and big global capital. In Ghana for example, concerns have been raised over the increasing involvement of Chinese companies and individuals in ASM perceived to be a preserve for poor local communities. In this instance the Chinese provide local ASM with mining

technology and capital in return for a significant share of the proceeds (*Modern Ghana*, 25 November 2009; *GhanaWeb*, 5 April 2013). In Zimbabwe the informal economy comes with a strong and coercive state. At times the state uses force to drive away informal activity but law enforcement has been selective and inconsistent, and in most instances, small miners would be driven away only to be replaced by syndicates aligned to powerful individuals connected to the state. The police and military also participated directly in ASM illegally.

The acceptance of ASM as necessary for poor people's survival has had to confront negative environmental and health effects, exploitative labour practices and use of child labour. Studies and media coverage on countries where ASM is rife such as the Philippines have raised awareness of the health hazards and child labour problems associated with ASM. ASM is said to be responsible for one third of the world's mercury pollution. In countries where mercury usage is rampant, government efforts, often with the help from foreign agencies, increase awareness among miners and encourage safer mining practice. One such intervention in Zimbabwe has seen the establishment of a central processing centre in Shamva. This was celebrated by UNECA (2002) as symbolising best practice, inspiring the agency to fund similar centres in Ghana and elsewhere (Childs, 2008). However it has been observed that gold processing centres where these centres have been established have usually been unable to meet the overwhelming demand by miners, resulting in small miners reverting back to mercury amalgamation.

4. A Brief History of ASM in Zimbabwe

Gold mining and trade predates the advent of colonial Zimbabwe. Pre-colonial mining only consisted of small works, what would qualify in the modern era as artisanal and small scale mining. This focused mostly on the extraction of gold and iron. Since agriculture and livestock production were the economic mainstay, mining was only done as a subsidiary activity. Gold dust was traded for goods such as beads, bracelets, ceramics and cloth as well as guns and ammunition. According to Miller *et al.* quoted in Masiya *et al.* (2012, 290), "This trade provided a new means of capital accumulation and consumer demand and resulted in the stimulation of economic specialisations such as gold mining." Thus in the long run mining had significance in the pre-colonial political economy. Gold trading was central to the establishment and development of pre-colonial Zimbabwe policies such as the Great Zimbabwe, Khami and the Mutapa Empire. Masiya *et al.* (2012) observe that ownership of

mines was mostly vested in rulers. The Mutapa Empire collected gold as a form of tax from the several vassal chiefs and no one was allowed to extract gold without a license from the emperor (Schmidt, 1988). Gold production, it is alleged, was restricted in the later periods of the Mutapa Empire, as a way to manage foreign interests (in particular the Portuguese) in the internal politics of the Empire. By the advent of colonialism, 4000 “ancient” workings were said to have existed. Several of the modern era gold mines were to develop from the old workings sites. Gold was largely mined out given the limited technology and may have been of little importance after the 17th century when Mutapa came to an end, making trade less significant.

The establishment of colonial rule saw the death of indigenous black mining. Ownership of means of production by Africans was discouraged as a way to force them into wage labour. This approach was not entirely successful as most indigenous Africans opted for selling agricultural commodities. Only minimal river bank panning remained as a continuation of pre-colonial indigenous mining.

Though the colonial period was characterised by a robust white-dominated small scale mining sector, this only stabilised in the second decade of the 20th century. The initial focus was mostly on large scale mining and it took the BSAC a long time to accept that the scattered nature of the colony’s mineral deposits often supported the logic of small-scale mining. Following this admission, legislative and policy changes were instituted. This included royalty exemptions, capital financing and technical support. The development of road and railway enabled the importation of equipment, modern methods of mining and an easier link between the mines and the markets. Small mines operated by either individuals or syndicates increased in number from 20 in 1904 to 400 in 1923 (Anderson, 1961). With the decline of the international gold standard, 1935 represents the peak of small-scale mining with 1650 registered small miners contributing nearly 32 percent of national output (Ibid).

Despite the obvious importance of small-scale mining, colonial policy remained biased towards large scale and international capital. Large scale mining continued to contribute the bulk of mineral output. Small mines were restricted to a few specific minerals namely, chromite, emeralds, industrial minerals, tantalite, tin and gold but did remain significant compared to neighbouring countries like South Africa and Zambia. Especially during times when big mines were faced with challenges of profitability, small producers due, to their

adaptability, were important. They were easily able to employ cost-cutting measures outside the purview of the state. Exploitation of cheap, non-contractual black labour was central.

Post-1980 policy was far from being decisively sympathetic to black small miners⁴⁸. However, several factors favoured growth and entry of numerous black miners. As observed earlier, Zimbabwe's geological conditions favoured small works as opposed to large scale gold mining and now there were no racial barriers operating against blacks. The nature of the gold trade allows for ease of manoeuvre around the sometimes rigid regulatory frameworks for small miners. The sector thus provided necessary conditions for aspiring black miners. Moreover, to a certain degree, there existed a sentiment in ZANU-PF that "the land and minerals belong to us" (Interview, David Chapfika, 5 September, 2012). Registered claims increased from 1 000 in 1983 to 10 000 by 1990 (Masiya *et al*, 2012, 293). Liberal reforms of the early 1990s aimed at loosening regulation in the ESAP period, and the increasing unemployment that followed, also led to further growth of ASM.

As a means of mitigating rising unemployment, government policy shifted from the ambivalence of the 1980s towards supporting if not encouraging ASM, especially in gold mining. In 1993, Zimbabwe hosted a world summit on artisanal and small scale mining which came up with what is now known as the Harare Guidelines on Small-Scale Mining. The declaration provided commitments for "poverty-reduction-orientated development assistance" for ASM and has been cited as a model for other countries (Dreschler, 2001; Hilson and Van Der Vorst, 2002; Hinton, 2006). The Harare summit was part of a global awakening towards embracing ASM and several related summits and conference have been held since. Throughout the 1990s, the Ministry of Mines, working with donors, promoted ASM and emphasised the need to recognise it as a poverty alleviation activity⁴⁹. Gold prices for small-scale miners were deliberately kept at favourable rates to minimise smuggling and encourage registration. While growth of ASM was marked in the 1990s, the post-2000 expansion of ASM was phenomenal.

⁴⁸ This was typical of the continuity-structured post-1980 state as with the neglect of community agricultural experiments.

⁴⁹ The Canadian International Development Agency and various German and Swedish agencies worked with the Zimbabwe government to encourage more sustainable ASM activities.

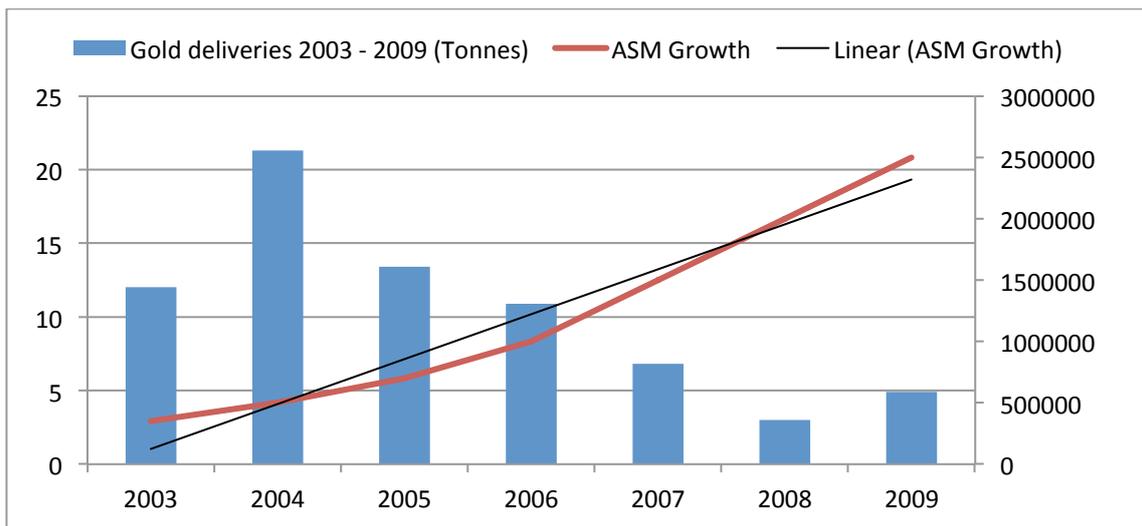
5. Post-2000 Crisis and the Further Growth of ASM

From 2000 onward, growth of illegal and informal ASM accelerated. Shoko (2002) estimates the number of those involved at 500 000. These figures would make Zimbabwe about the world's fourth highest ASM country by number of participants after China (3-15 million), Tanzania (550 000) and India (500 000) (Maponda and Meck, 2003; Hentschel, 2003, 18). Zimbabwe's economic plunge thereafter accelerated the rate of Zimbabwe's economic decline. Agriculture, manufacturing, tourism and medium and large-scale mining declined rapidly. Unemployment ranged between 90 and 95 percent.

The government's response to the worsening economic situation was to institute price controls, fixing foreign exchange, pegging the gold price and mandatory surrender of foreign currency, among other things. These interventions often lacked economic realism. This triggered serious market distortions which rendered the country's payment and exchange system dysfunctional. The outcome was a thriving parallel/informal market. Literally everything ceased to be available on the formal market from meat to fuel to foreign currency and gold. Parallel gold trade/smuggling was fuelled by the rising unemployment on one hand and the state's failure to pay miners on the other. Though the government required miners to surrender foreign currency earnings, it was often impossible for miners to access foreign currency from banks and other government facilities to finance import of capital goods.

The year 2008 represents the lowest point for Zimbabwe's formal gold mining sector. This is reflected in the graph below. By end of November Metallon Gold which accounted for 55 percent of Zimbabwe's annual gold output suspended operations on its five mines, leaving thousands of workers in a quandary. The company cited non-payment of US \$18.3 million in lieu of gold deliveries to RBZ. By the time gold trade was liberalised in 2009, gold miners were owed more than US \$30 million by the RBZ (*Zimbabwe Independent*, 18 June, 2010). At the time of writing, RBZ was failing to redeem gold bonds it issued to gold miners for unpaid gold deliveries. It is thus not surprising that between 2000 and 2008 gold deliveries to RBZ declined tenfold. Copper, asbestos, nickel and coal were equally struggling.

Figure 16: Growth of Artisanal and Scale Mining in the 2003-2009



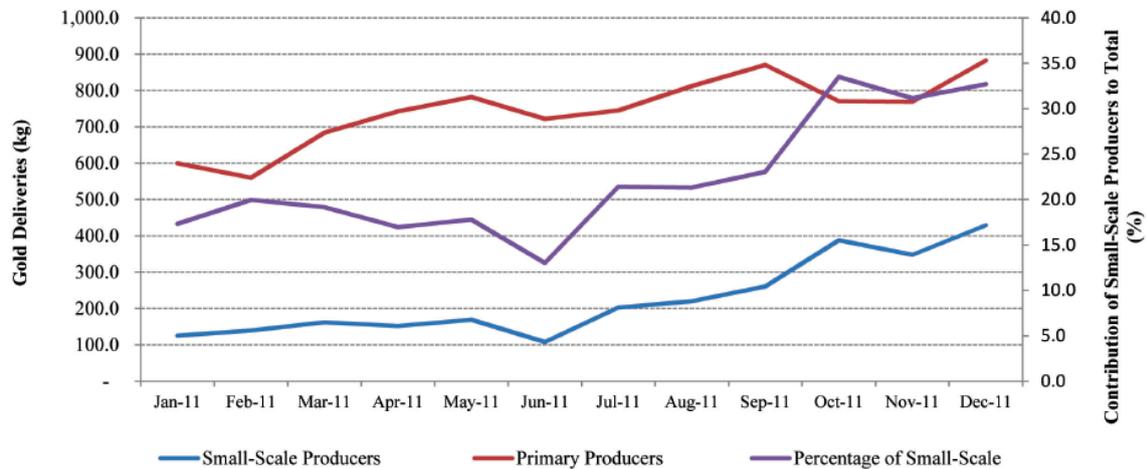
Source: Reports from RBZ and UNIDO.

While official gold output declined, ASM increased and with it rampant smuggling. In the light of hostile state interventions, miners had to either suspend operations or channel gold into the parallel and informal market. ASM by its small-scale nature is more adaptable to smuggling. The graph above shows that, while official gold output was declining due to the scaling down and closure of formal mining operations, artisanal mining was on the increase as seen by the rise in the number of ASM participants. It is thus safe to say that formal figures portray an exaggerated picture of receding gold output; rather most of the gold was channelled towards the parallel market. By 2008 some two million Zimbabweans were dependent on ASM according to UNIDO (2007) and perhaps more today. It is no wonder that RBZ estimates that between 2002 and 2007 gold worth US \$400 million (15 tonnes) was smuggled out of the country annually.

Dollarisation and the formation of a coalition government brought some economic and political stability from 2009. Inflation fell back to single digits averaging five percent between 2009 and 2012. Yet unemployment remains rife; as a result ASM continues to proliferate. Cases of national roads being dug up and bushes burned due to panning activity abound in the area (Mambondiyani, 2008; Karimakwenda, 2012). It remains one of the few real avenues for upward mobility and in some instances survival. The graph below shows that the relative contribution of legally recognised small miners increased in 2012. This research shows that prior to 2009, ASM channelled gold to the drastically changed parallel market. The increased contribution made by small-scale miners in 2011 might thus be an indication

that more and more ASM miners are selling gold through official channels. Thus monthly contribution of small scale producers grew from 125 kilograms (six percent) in January to 429 kilograms (31 percent) in December.

Figure 17: Small Mining Contribution to Mining Output in 2011



Source: Reserve Bank of Zimbabwe.

At the government level, there is neither will nor capacity to arrest the spread of unregulated ASM. Even capacity to manage the registered and semi-formalised small gold mines is absent. Policy implementation has tended to be haphazard, inconsistent and election driven. In some instances government ministers have expressed uneasiness at the uncontrolled nature of small-scale mining (Karimakwenda, 2012). As will be observed below government has been quick at the same time to celebrate the sector’s contribution to the national economy (*Newsday*, 21 May, 2012).

6. Artisanal and Small Scale Mining in the Chegutu Area

Following the devastating effects of land seizures and de-industrialisation, artisanal and small scale mining has become very important for Chegutu town. The increasing unemployment has pushed thousands into ASM gold mining and “sex panning”⁵⁰. Approximately one fifth of those involved in ASM are former mine employees. To add to this, a combination of unreliable rainfall, poor prices for crops like cotton, failure by government to pay for maize deliveries and lack of inputs and other supply side constraints pushed rural farmers to venture

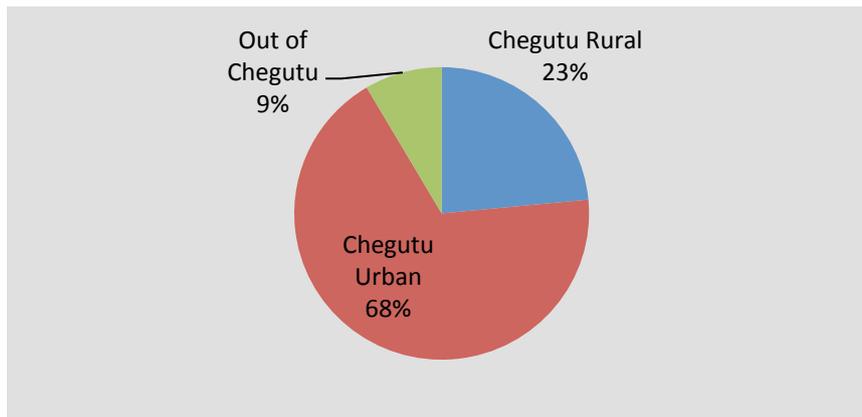
⁵⁰ “Sex panners” is local lingua for sex workers who target gold panners.

more and more into gold panning, which hitherto has been a seasonal and complementary economic activity.

ASM has become an important economic activity for both the rural and urban population. This of course is a pattern observable nationally in the 2000s. A 2007 M.A. study of Totororo area in rural central Zimbabwe showed a similar trend (Mawowa, 2007). During the crisis period, Chegutu has thus exemplified the national economy's increasing mineral dependence. Thus government's policy emphasis on the centrality of the peasantry and subsistence farming for the rural population may in fact be evading the reality. By 2012 mining accounted for the largest share of Zimbabwe's GDP at 17 percent and dominated the country's exports. Of this mining output, approximately 40 percent was coming from small-scale miners.

Traditionally ASM has been mostly a rural activity, but in Chegutu, this seems to have changed during the crisis period. In fact, ASM in the area is dominated by Chegutu urban residents, 68 percent (136) of 201 arbitrary polled miners. There is also a high participation of young men below the age of 35 who accounted for 71 percent of the sample. The proportion of young men between the age of 20 and 35 is even higher among gold panners, 100 percent at one visited site. Some of these young people form part of syndicates headed by powerful and senior individuals who are either politicians or businessmen. Within the 201 individuals sampled, 30 percent were former mine workers and farm workers from the Chegutu area and beyond. Of note is the significant involvement of boys in their teenage years. The distribution of miners by age, place of permanent residence and work background thus suggests a strong correlation between growing informality, increased ASM and growing unemployment.

Figure 18: ASM Participants by Place of Permanent Residence



Source: Survey by Researcher, 2011.

ASM in Chegutu takes three distinct but interrelated forms.

- i. Formal/registered small scale mines/small works
- ii. Panning (*Chikorokoza*) on gold bearing sites (known as auriferous reefs), abandoned mines, old workings and dumps
- iii. Panning along riverbeds

Riverbed panning in Chegutu has taken place along the Mupfure River mostly by women just as Beach (1984) wrote about 17th century Zimbabwe. River panning has been in decline due to strict policing by the Environmental Management Agency and growing preference for other forms of mining. In 2006 the government reversed the early 1990s legislation which facilitated the practice and thus making riverbed panning illegal. Rural District Councils were banned from issuing permits for such mining activities. It is two other forms that are more common and were the main focus of this research.

6.1 Registered Small Scale Miners

Formal small scale gold mining often takes the form of small claims not exceeding 20 000 square metres usually operated as family workings, co-operatives, syndicates or individual claims. Registered family owned claims are the most common type of small mines. Small-scale mining activities must be registered in accordance with the Mines and Minerals Act. This law is not specific to small-scale mining but encompasses procedures for the registration of all mining activities. Other relevant laws include the Environmental Management Act, the Precious Metals Act and the Gold Trade Act. According to the Zimbabwe Miners Federation (ZMF) which represents small miners, there are 20 000 registered small mines in Zimbabwe.

At least 5000 of these are in the Chegutu and Mhondoro area. Small miners either conduct actual mining (ore extraction and/or old mine dump mining) or operate a gold processing mill. It is not unusual for a small-scale miner to do both.

The procedure for establishing a small mine and/or a mill is similar to that of establishing a big mine. It involves prospecting (obtaining a prospecting license), sampling, pegging, making an environmental impact assessment (EIA), claim registration and issuing of mining certificate. Prospecting for small mines takes a much shorter period than medium to large mines. Sometimes though, application for a small mine follows a gold rush, thus skipping the prospecting stage. A mining certificate is renewable annually for a fee. On January 27, 2012 the government of Zimbabwe issued *Statutory Instrument 11 of 2012* in which mining fees were revised upwards. This is likely to push most operations to operate and trade informally according to numerous interviews. The relevant fees for small-scale gold miners are captured below.

Table 4: Mining Fees Published on 27 January 2012

Fees	Initial fee	New fee
Registration application		US\$5000
Block Inspection	US\$10	US\$1000
Annual fee per block	US\$10	US\$1000
Prospecting	US\$30	US\$500
Site Rent	US\$5	US\$500
Gold buying license	US\$	US\$5000
Milling License	US\$	US\$8000
Elution Plant		US\$5000
Analysis of Ore Sample	US\$10	US\$20
Total Start up		>US\$26000

Source: Government of Zimbabwe 2012.

In addition to these fees, miners pay for the pegging of claims (US \$200 per block [500 by 200 metres]), US \$300 per report for quarterly reports to EMA, customer license fees of US \$1000 per annum, EMA fees of US \$150 per quarter, cyanidation and affluent discharge fee of US \$674 per annum, VAT (five percent on bullion sold), Chegutu Rural District Council annual rates charged at US \$1000 for up to 100 employees and a US \$20 contribution to the Minerals Department Policing Committee. To this one adds payments made to the Zimbabwe National Water Authority, ZIMRA and NASA. Some of these fees seem to be superfluous.

For example, affluent discharge fees are paid to both RDC and EMA. On paper, the total start-up cost of establishing a small mine and a mill exceeds US \$30 000. Thus from the outset, it appears improbable that the poor can register and operate small claims as a way out of poverty.

The legislative changes were justified as necessary to discourage speculative holding of claims and endless prospecting. This new policy has been referred to as “use it or lose it.” Previously, the law allowed holders of Exclusive Prospecting Orders to hold most of the mineral-rich lands for a long period of time without developing them. This resulted in most of the country’s EPOs being held by an oligopoly of big mines. Aspiring ASM operators thus found it difficult to secure land legitimately. The challenge presented by unlimited EPOs does not only affect ASM miners but local councils as well in terms of revenue collection. The case of ACR and Chegutu Rural District Council (CRDC) is a case in point. ACR is a resource exploration company with strong interests in Zimbabwe. Media reports suggest that ACR has strong ties with some top ZANU-PF officials. The company once held a prospecting license for the controversial diamond claims in Marange until it was muscled out despite a court ruling affirming its rights⁵¹. Since being kicked out of Marange, the company seems to have aggressively pursued gold interests, especially in the Chegutu area. ACR exploration targeting mostly (though not only) old mines and dump sites is on-going and the company so far controls four old mines in the area.

ACR exploration has been cause for anxiety among miners and illegal gold panners as well as tension with the local government. The Chegutu RDC is suspicious about the company’s activities in the area. The tension emanates partly from the way in which EPOs are negotiated. An EPO is issued by the Ministry of Mines and Minerals Development without the involvement of local councils although mining forms part of the local council’s tax base. Often, medium to large scale mines undermine the stated rights of the local government and only engage the central government. During interviews, some local government officials questioned why the company seems to be “prospecting forever.” It was pointed out that the company is doing cyanidation, suggesting there is actual mining taking place. “ACR is into a

⁵¹ Some commentators have suggested that ACR’s failure to secure rights for Marange diamonds was entangled in factionalism within ZANU-PF around Mugabe’s succession (Mawowa, 2009).

lot of things; they have links with Dande Holdings⁵² ... they say they are prospecting but they keep changing their car fleet and bringing new graders. In Pickstone ... a school fell within their interest area so they had to build another elsewhere to replace it” (Interview, Mr. Sithole, Chegutu Rural Council, 14 March 2010). According to CRDC, ACR was not remitting anything to the local authority, and, as long as it was not clear what the company was actually doing, it was difficult to demand revenue.

As to the hundreds of small miners around Chegutu, they have varied histories. In some cases, upon the closure of old mines, claims were issued to former workers at the mine. Such was the case with Falcon Gold in Chakari less than ten kilometers from Chegutu where eight claims were awarded to former employees who then formed themselves into a cooperative with outsiders. News reports suggested that the cooperatives were established by a former minister, Paul Mangwana (*Newsday*, 7 October, 2010, 5). Most of the small mines have been in operation for less than 10 years. Some had been closed in the 1990s only to re-open in the 2000s. Several claims that had been unused only started to be worked after 2000. While individual claims and syndicates have been on the rise, cooperative ventures once promoted in the 1980s and 1990s appeared to be on a decline.

Table 5: Selected Small Scale Mines in Chegutu

Name ⁵³	Nature of activity	Operational since	Ownership Description	Number of Employees by (August 2012)	Source of capitalisation (est)
PaBrian	Mine and Mill	2008	Individual (former Korokoza) in partnership with unknown figures	>15	Illegal Gold panning
KaMutanga	Mine	2009	Individual (son to a powerful ZANU-PF figure Mai Madzonge)	>30	Family support + diaspora
PaGodhi	Mine	2010	Individual	>15	Illegal Gold panning
Catsk	Mill	2008	Individual (Diaspora)	>22	Diaspora personal savings (owner is a medical doctor)

⁵² Dande Holdings is a company with diverse interests reportedly linked to Vice-President Joyce Mujuru and David Batau, a prominent ZANU-PF aligned businessman and former MP and other top ZANU-PF officials.

⁵³ These names are those popularly used by the local population and not necessarily the official mine names.

Tino	Mine	2002/2008 ⁵⁴	Individual/family	>10	Family (Brother)
Mai Choto	Mine	2010	Individual (benefited from ZANU-PF women in mining project)	>25	Government/ZANU-PF
paGari	Mine	1994	Individual	>30	Family (mother)
Ndochi	Mine and Mill	2004	Individual (alleged ZANU-PF links)	>50	Gold buying/partly RBZ
PaSangarwe	Mill		Ministry of Environment and Tourism Official	>20	Unknown

Source: Survey by Author 2012.

While on paper, financial requirements for one to enter small mining appear daunting, this seems not to be the case in practice. It is common for small miners to start with seed capital as little as US \$500. Once one has a claim, it seems always possible to find one's feet. Not all who enter small mining go on to establish a successful business. In fact the majority, it seems, fail to take off into something meaningful. However, successful cases appear with significant enough frequency to warrant attention. Take for instance one Tino who received a claim from his mother in 2002 at the age of 18 (Interview, 2 September 2012). Tino's mother secured three gold claims in 1985 which she decided to hand over to her three sons. The claims emanated from a widow but were only given to the male children in a family of seven, reflecting the patriarchal if contradictory nature of the Zimbabwe society⁵⁵. As ASM has shifted from being survivalist, male dominance of the sector has increased despite government programs to promote women's participation in mining.

Though the claim has always been available for Tino, it was only in 2002 that he started working it. Tino cited two reasons. Firstly, it was in 2002 that he turned 18, which symbolically is viewed as attaining manhood. The mother, a former freedom fighter who had benefited from a small scale mining initiative by government in the 1980s, then saw fit to give him an opportunity. Secondly, hitherto gold mining had not been strongly attractive as noted by the indifferent success up to then of his brother Gari who had been a miner since 1993. However, "...from 2002 onwards we could see that Gari's small mine was rewarding" (Tino, September, 2012). Yet even then Tino was only forced into mining and was never

⁵⁴ Started in 2002 but was only fully operational from 2008.

⁵⁵ All the four daughters are now married and none is involved in mining.

really interested. The lack of interest, difficulties in financing and the incessant police blitz against ASM miners meant that at best Tino's business operated in fits and starts. Even legal claims suffer from police shakedowns. Unable to commit fully to mining, Tino doubled as an informal trader. From time to time police would storm small mines, confiscate movable equipment and processed gold if any. In fact, the police's violent clampdowns forced Tino's younger brother who was operating the other small mining claim to switch to teaching.

It was from the year 2008 that Tino started to focus exclusively on his small claim. Ironically, the period of Tino's take-off was the time when Zimbabwe's economy and the formal mining sector were in free fall. Over 50 percent of the small mines observed started or resumed operations in 2008. As observed earlier, this was at a time when most medium to large scale mines were closing down. To resume operations, Tino got a US \$500 financial boost from his elder brother Gari. Since then he has relied on his brother for advice and financial assistance. The continued reliance on his more successful brother does not mean Tino has not been growing his business. Since 2008, the number of employees for Tino's small mine has grown from four to 15 by August 2012. All his staff are on written and signed contracts. This however does not mean they enjoy benefits that come with being on formal contracts as prescribed by the law. The manager earns US \$500, but he is not only working for Tino, in fact he is rendering services such as producing the environmental reports for several other small mines. By working together, the small mines are able to access and afford certain technical skills they require.

Though the majority of small miners tend to start from a very small capital base, this is not always the case. Mills require relative large start-up capital. The cost of putting in place a mill means that, even where costs to do with regulatory requirements can be circumvented, they remain high or prohibitive. There are several gold millers around Chegutu, five of which were covered by the researcher. It was striking to note that four of the mills were established after the year 2000 and three only after 2004. Typically, though the current registered operations are new, all are established at old mining sites. Perhaps due to the capital intensity of milling, mills are likely to attract external parties such as someone from the Zimbabwean diaspora, a more established business person or a politically connected individual. These people are neither coming from the ranks of small miners nor gold panners from the area. Among the three mills listed in the table above, one is reportedly owned by a former gold panner.

One of the millers, Catsk Milling Company, is located in the Gadzema area about seven kilometres west of Chegutu town. Catsk is a registered as a small mine, under the name Catsk Private Limited. It is located where the Soprano mine was formerly located. Catsk Mining Company has three main operations, namely milling gold ore, gold recovery through cyanidation and hiring out of compressors to other small miners. Compressors are hired by the undercapitalised small miners to drain seepage water from deep shafts. Catsk planned to start actual mining in 2011 but this had not materialised at the time of writing. Though registered, the company operates as a quasi-formalised entity. There is no proper documentation of accounts and it was impossible to reconcile production, income and expenditure figures since the operation's inception.

Like most small mines, Catsk has no access to bank loans. Banks require collateral and the cost of domestic borrowing is generally too high. In spite of the talk of indigenisation and economic empowerment targeting the mining sector, no support went the way of small mines. The estimated capital base of the project stood at US \$100 000 as of 2010. Funding for the project was made possible through personal savings and progressive capitalisation. None of the profit has been reinvested. The area covered is 10 000 square meters. According to Artwell Muzamindo, the milling company's manager, it is not possible for a small mine to operate without a license. Though the operation started in 2008, according to the manager, they had not really started making a profit. The challenge of meeting electricity costs is acute for small miners without any preferential treatment. They thus have to rely on diesel powered generators which cost four times more than ZESA electricity.

Catsk Mine is a family-run business, owned by a medical doctor based in South Africa. It is managed by the owner's brother. Artwell's story is very similar to that of most young Zimbabweans. After finishing school, he worked as a secondary school teacher from 2002 to 2004. By this time Zimbabwe's economic crisis was deepening, prompting him to look for employment outside the country. Assisted by a relative who was in Botswana, Artwell found a job there where he worked at a carpentry shop until 2007. In early 2008 he returned to Zimbabwe to manage his brother's mining interests. Having started with 16 employees in 2008, Catsk employed 22 people by December 2012, all of them males. Of these two are family members and are in management. Below the manager is a mill manager, a supervisor with a deputy and the ordinary employees. The mill manager has a diploma in education.

However, literacy levels are very low among the ordinary employees, some of whom cannot even write. Among these, the supervisor earns US \$150, security guards US \$135 and the general hand US \$100 per month. The company owned two mills, two vehicles, three compressors and one generator.

Cyanidation is a very important aspect of the mill operation and accounts for about 70 percent of the earnings. This process presents some environmental hazards and for that reason is strictly policed by the EMA. The initial EMA report on the mill identified the following concerns, namely contamination of ground water from mercury and cyanide, soil erosion and siltation of nearby river streams, dust pollution and lowering of ground water. To reduce these effects, the mill relies on water from the Chegutu town and recycles water. The mine has a settling pond designed to retain water from the separator. The captured water is pumped back to separator and mill for reuse. Fine sand from the processing is placed in cyanide resistant tanks for further processing. Sulphur is sprinkled on the slime dump for neutralisation of cyanide. Samples are taken to an analytical lab at Rio Zim in Eiffel Flats for cyanide analysis. The sands are then disposed to tailing dams and levelled and grass is supposed to be planted. The company is also required to do landscaping and re-vegetation but none of this is happening, in fact.

The methods of small mining are far from safe and it is likely that accidents that take place and environmental hazards caused are often not recorded. Cyanide protective clothing and respirators are required but seldom provided. There seems to be stricter enforcement of safety and environmental standards for those small miners that are not politically connected. Such application and adherence is not uniform. The December 2012 report of a 37 year old miner found dead floating in a cyanide tank at Ivan Hoe Mine near Kwekwe is probably just the tip of an iceberg. Post-mortem results showed that he had died from inhalation burns and drowning in the cyanide tank (*Newsday*, 11 December 2012). Inhalation burns occur when someone breathes dangerous gases, suggesting that the deceased had inhaled a toxic substance before slipping (perhaps after losing consciousness) into the tank. Other employees at the mine were quoted as saying, “The only reason he inhaled the dangerous gas was because he was not wearing a respirator” (Ibid). Ivan Hoe Mine is owned by a well-known gold dealer, Mark Matthew Burden.

6.2 Chikorokoza – Gold Panning

In March 2010, an open space close to the usually quiet low density suburb of Hintonville in Chegutu was turned into a war zone. Gunshots could be heard at night as paramilitary police battled gold panners (*makorokoza*). According to interviews, while digging, construction workers had accidentally discovered a gold stone weighing over 300 grams on the site. This happened in November 2008. The construction work was halted and secretly, the workers, together with their superiors, started to dig for gold. It is not known how much was extracted. Eventually, the information about the clandestine operation leaked out. The result was chaos as hundreds of gold panners and local residents flooded the football pitch size area, digging for gold. This is an all too familiar story of gold panning and smuggling in post-2000 Zimbabwe. As is nearly always the case in such situations, there are conflicting versions as to how this started.

The state owned *Herald* newspaper reported that Exor, a fuel company, was constructing a service station. It was in the process of digging a foundation that the workers discovered gold. While there is no conflict as to how the gold was first discovered, what differs in the accounts is what was being constructed and who the owner was. This will be analyzed in greater detail below. It is clear that whoever was responsible continued to give the impression to Chegutu council and public that construction work was on-going. Some within Chegutu town council professed to have wondered about the slow progress and reduced activity at the site. It was only in the beginning of 2010 that the clandestine operation leaked out to the public and triggered a gold rush. Though it is difficult to establish the source of the leak, it is understood that panners from Kwekwe were the first to flock the area, triggering the locals to join in. Two of the construction workers were from Kwekwe. In a matter of days, the small area was host to hundreds of what the Herald described as “hard core gold dealers” from far and wide.

The coinage “hard core panners” refers to nomadic career panners. These are believed to be violent and often operate in groups. Police attempts to disperse the panners were met with resistance. "It's better to search for this gold than to steal. They should give us a chance so that we make money as well," one unidentified panner was quoted as saying in a public newspaper (*Herald*, 10 March, 2010).

...panners assaulted two policemen from Chegutu Police Station who had descended on the area to conduct investigations. Although the policemen were armed, they failed to control the situation as the panners attacked them with stones, shovels, knives and clubs. The policemen fled the scene before returning with reinforcements... Several panners took cover in nearby bushes, playing hide and seek with the police (*Herald*, 10 March, 2010).

Fighting between the police and gold panners has become commonplace in Zimbabwe during gold rushes.

What is intriguing in this case is that the area is less than a kilometre from a police camp. Resistance against the police can also be seen as a form of protest against police double standards in that, while officially the area was being sealed off, police were secretly allowing other panners access and were also extracting gold ore themselves. Curiously, out of the hundreds of people who flooded the area, only ten were arrested (*Herald*, 8 March, 2010). The arrested ten appeared in Chegutu court and were each fined US \$20. By the end of March 2010 the police spokesperson for Chegutu was quoted as saying, "... although some people were still going to the site to search for gold, the situation was under control." However, it soon emerged that "some policemen were clandestinely involved in gold panning after chasing away the panners..." This study observed vehicles being loaded with what was apparently gold ore in sacks at night. The ore was being ferried to mills around Chegutu for processing as one miller admitted. In a matter of few days, the area was turned into a maze of trenches and pits.

Gold panning tends to follow disused mines and in accidental discoveries. An accidental gold discovery can occur while one is cultivating in a field or conducting other activities that involve digging as in the above case. This often triggers a gold rush which dies out once the gold ore has been exhausted. The rush tends to disregard the land owner's rights and results in serious environmental degradation. Scars from such gold rushes are visible in many places in rural Chegutu and Mhondoro. Rags to riches stories are common amongst participants of gold rush. Sometimes a rush can be triggered by a discovery made using metal detectors which have become common. The panning that occurs upon discovery of an old disused mine shaft tends to last longer and often leads to a stable small mining operation but often is preceded by a violent and disputed gold rush.

Gold panners often operate in small bands of usually three to five (but up to 10) people, known as a “syndicate”. Proceeds from gold panning are shared equally between syndicate members after the processing of ore. Syndicates are very mobile; in fact they operate as nomadic panners moving from one gold rush to another. In several cases however, syndicates are more than a group of panners working together as equals. What appears to be a loose coalition of panners is often linked to and supported by a powerful political or business person referred as the “sponsor”. Through his/her connection to the state’s coercive apparatus, the powerful individual provides the syndicate members with protection from police harassment. Protection by the police from rival groups is also provided when necessary. By the virtue of their financial muscle, the sponsor often meets costs associated with the panning and processing. Upon processing of gold ore, the sponsor first recovers his/her costs before sharing the net earnings. The sponsor takes 50 percent of the sale price with panners sharing the other 50 percent among themselves. It is common for the sponsor to be the owner of the mill to which ore is taken for processing and to be a holder of a gold buying license, thus controlling the production and trade process. Gold panning production and the trade chain can thus be described as oligopolistic, controlled by a few powerful individuals.

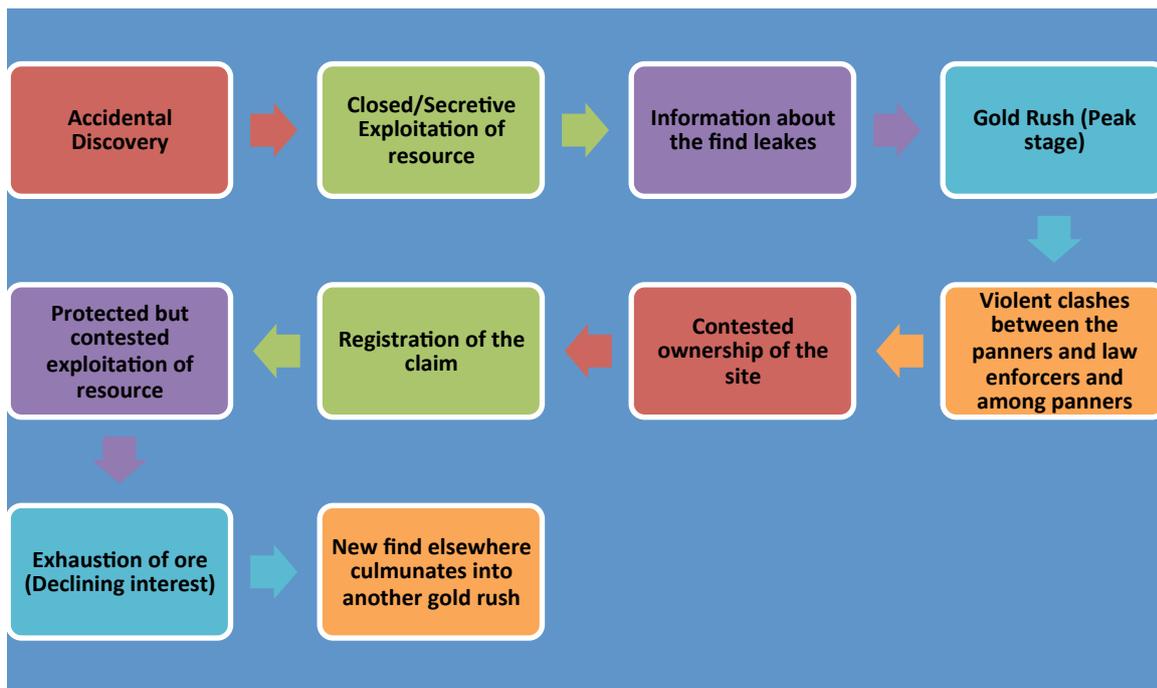
Syndicates vary from organised and permanent ones to impromptu alliances of convenience. Impromptu syndicates normally arise where locals gang up against “foreigners” (those from other districts). It is also common for panners to organise against the police. Syndicates can also be mobile or stationary. Exploiting a connection with the regional mining commissioner, the sponsor is often able to register a claim under his name soon after a gold rush confirms the richness of a site. Syndicates are distinguishable from individual miners who may have made illegal mining a permanent vocation or those who engage in the practice infrequently. Permanent panners operating individually are mostly local youths but they can also be migrants.

A typical sequence of a gold rush usually starts with someone discovering an old shaft or pebble of gold while working on a piece of land. The discoverer often hides the discovery and starts mining secretly. Where it is difficult to disguise, the discoverer may make a false claim that they hold a mining lease. In situations where the discovery is made in someone’s property, conflict may result. It is possible for the discoverer secretly to mine for months uninterrupted. Such a claim is easy to make when the find is not on someone’s

property. However in both situations, it often comes to light that, contrary to claims, the operator has no mining right. This then leads to a scramble which can see hundreds of panners from far and wide as well as local people filling up the place within days. Violent clashes amongst the panners themselves and between the panners and police often follow. Common conflict lines among panners range from ethnic identity (Shonas versus Ndebeles), place of origin (locals versus foreigners), political affiliation (MDC versus ZANU-PF) and personal rivalry. It is common for members of the same syndicate to turn against each other in the event of a big gold discovery.

The violent clashes and the police reaction inevitably draw media attention and thus the attention of powerful individuals. In some cases, the rush quickly reaches a peak, the gold gets exhausted and the scramble dies down. However, quite often, where the scramble carries on for weeks and with continuous reports of rich finds, syndicates start to compete for sole ownership of the site. The conflict thus takes on the dimension of a fight amongst the elite over mining rights. Sponsors, relying on their privileged access to the state, obtain a mining license to support their claim. There are several cases where more than one group or individual hold a license for the same claim. This contest for sole ownership can be prolonged, leading to the continuation of illegal panning. It is possible for one syndicate/individual to muscle out the other and, through the help of police and/or private security, establish a small mining operation. A visit to one site of gold rush and illegal gold panning studied in 2007 (see Mawowa, 2007) revealed that by 2012 the site had been successfully transformed into a stable small mining operation. Reports suggested that the successful owner had developed his operation by incorporating some foreign investors.

Figure 19: Typical Gold Rush Process



6.3 Gold buyers

Gold buyers are an integral component of the artisanal and small gold mining industry. It is safe to argue that gold buyers are its life blood without which gold panners cannot be. For the better part of the period under review, Zimbabwe’s central bank, the RBZ, was the legislated monopoly buyer of gold, until gold buying was liberalised in 2009. Prior to 2009, gold buyers would only be licensed as agencies of RBZ’s gold buying arm, Fidelity Printers. However, illegal gold buying flourished, mostly because RBZ was unable for most of the time to pay for gold deliveries. Miners had a choice of either trying to sell to RBZ and be threatened with having to close shop due to non-payments or selling to the flourishing parallel market. The latter prevailed. From interviews, it is safe to estimate that up to 80 percent of gold produced in 2008 in Chegutu among small miners and gold panners went into the parallel and illegal markets.

Gold buying in the studied area appears to be controlled by a few powerful business and political figures. Unless one chooses to buy gold illegally, the licensing fee structure prohibits ordinary people from holding a buying license. The cost of a gold buying license was US \$2500 before being increased to US \$5000 in February 2012. Interviews suggest that, prior to dollarisation and liberalisation of gold buying in 2009, there were several unregistered

dealers. This, according to respondents, was not because the license was expensive; rather “there was fear that once you have a license you would be under close scrutiny by RBZ surveillance unity” (Interview, Munya, 6 January, 2011). This was not often chosen as a route since almost all the gold was sold to the parallel market. Before liberalisation, the licensed buyers themselves would only remit a small portion (approximately ten percent) of gold to RBZ “just so as to be seen to be trading and retain the license” (Interview, Farai, 10 January, 2011). It seems however, that since dollarisation and liberalisation, most gold buying is done by licensed buyers or their agents.

In a sense, gold buying represents upward mobility through *Chikorokoza*. Most gold buyers did not just start as buyers but were once *Makorokoza*. One must observe that what are here referred to as gold buyers are not strictly speaking independent buyers. In all the cases dealt with, these were in fact agents of license holders. The tendency among license holders seems to be to recruit panners for their experience in the industry. Munya’s example below illustrates this point. It also shows how gold buying is controlled by powerful people in either business or politics.

I finished my O Levels⁵⁶ in 2004. I am from Mhondoro. For a few months in 2004 I worked for MCC⁵⁷ which was contracted to mine Zimplats’s open pit. After that I went into Chikorokoza (gold panning) in Kwekwe from 2004 to 2005. I decided to go into Chikorokoza because my contract had ended and since that seemed lucrative. From Kwekwe I came closer home to Pickstone and continued gold panning. From 2007 up until 2008 I started buying gold as an individual. I did not have a license though. In 2009 I was employed by my friend Tawanda, a young brother to Tichaona Mharadzi a licensed gold buyer, small mine and mill operator. He briefly stopped and I started to work for Harare guys, Mathew and John Boka, sons to the late businessman Roger Boka⁵⁸. The two are also running their father’s business. They stopped and as usual I am unemployed. Tawanda stopped because the person who used to fund him stopped and he got employed by his brother.

Since unit profit margins are very small (five percent), profitability is dependent on trading in high volumes. Typically a powerful business man acts as a sponsor of a syndicate, runs a gold

⁵⁶ Ordinary (‘O’) Level is a subject based general certificate of education awarded in Zimbabwe after successfully completing four years of secondary schooling. This is preceded by seven years of primary/elementary education. The minimum basic requirement for most low and semi-skilled jobs and further education is five passed ‘O’ Level subjects including English and Mathematics. For university entry and other jobs and training a further two years of secondary education referred to as Advanced (‘A’) Level is required.

⁵⁷ MCC is a South African owned mining contractor. It was responsible for all the drilling, blasting, loading and rock hauling operations for Zimplats’ open pit operations. MCC is also operating open-cast mining for other platinum producers such as Aquarius, Lonmin, Xstrata and Platmin Limited.

⁵⁸ The late Roger Boka was a famous Zimbabwean Businessmen and former leader of Black Empowerment with strong political connections. He was the first black Zimbabwean to own a commercial bank and establish a tobacco auction floor.

mill and a mine and several other businesses, and uses his/her financial muscle to acquire a buying license and employ several agents. In one such case, the buying license holder employs six agents, two in Chegutu, two in Kadoma (30 kilometres away from Chegutu) and the other two in Chinhoyi (100 kilometres from Chegutu). The six agents are each given US \$10 000 daily for purchase of gold. This adds up to US \$60 000 daily and translates to a daily profit of \$3000 at the minimum. The agents buy and surrender daily to the buyer. The boss then resells to buyers either in Harare or South Africa.

Where buying is done without a license arrests may occur, but in all the cases seldom lead to conviction and long-term imprisonment. Moreover, they tend only to affect the agents who are released upon negotiation with the police since the principal buyer is usually a highly connected individual. However, where the buyer is an independent individual, arrests can actually lead to conviction. “I was once arrested and received a conviction sentence of five years for dealing in gold without a license. I appealed the sentence and I am out on bail” (Interview, Munya, 2011). Munya is now working as an agent for a prominent licensed gold buyer.

7. Religion and Gold Panning

An interesting dimension in Zimbabwe’s illegal gold panning is the role of religion. Superstition is rife in gold panning with several stories of someone first identifying a rich gold field in a dream. It is however the role of the *mapostori*, a religious group with a long history of entrepreneurship (Murphree, 1967; Kileff, 1979; Mackay and Motsi, 1988) that cannot go unmentioned. Though most literature use the term *vapostori*, *mapostori* is the most commonly used term in Zimbabwe. Quite often, a mysterious discovery is linked to a prophecy by members of an apostolic sect known as *mapostori*. Through supernatural powers it is said that *mapostori* are able to identify a place rich in gold. Several gold rushes in Chegutu have had a fair share of their own supernatural explanations involving the *mapostori*. Members were said to discover gold in the Sherwood area using metal detectors recently. According to the *Herald* of 11 January 2012, it was discovered that a group of *mapostori* had hit an El Dorado when they were noticed buying a fleet of cars. The report explains that gold panners in the area became suspicious and tracked down the sect members, thus discovering the goldfields. One possible explanation for the prominence of *mapostori* in gold panning is their long history of involvement in the informal sector. Conspicuous by their

white apparel, the sect has long dominated cross-border trade, home based industry, and roadside currency trade well before the informal sector became significant or popular in Zimbabwe. The sect is known for using open areas rather than churches for their services. This allows *mapostori* to gather surreptitiously while actually hunting for gold with metal detectors.

Gold discoveries are widely viewed as God's answer to Zimbabwe's economic problems. This partly is used to justify the panners' resilience in the wake of police's violent clampdown. Popular preachers and "miracle workers" have promised gold to their congregants. "Zimbabwe is headed for a gold rush that will see people in most parts of the country picking up the precious mineral from the ground as God begins to offer divine solutions to the country's challenges," declared Emmanuel Makandiwa, a prominent prophet and founder of the hugely popular United Families International Church (*The Herald Online*, 3 January 2013). He went on to say,

The Lord is setting Zimbabwe free. Divine solutions are coming. The Lord told me 'Tell Zimbabweans to change their focus.' Everyone is saying diamonds, diamonds, but I see another precious mineral for Zimbabwe . . . gold will be picked up from the ground. Mysteriously gold will be appearing everywhere....As I was praying I saw a wind blowing and I saw gold coming to the surface. People are going to be picking up gold without any drilling... Those people who have been looked down upon will be picking up gold like they are picking up stones. The Lord told me 'This is for my people' (Quoted in *The Herald Online*, 3 January, 2013).

Hardly a week after Makandiwa's prophecy, media reported gold nuggets raining in the prophet's home area. The prophet's spokesperson was quoted as saying, "What is happening here is very strange as each time a heavy wind blows, villagers are picking grains of gold in their yards" (*Newsday*, 10 January 2013).

Zimbabwe's Mines and Mining Development Ministry's reaction is hardly that of seeking to restrict these activities. In the case of the reported finds in Makandiwa's home area cited above, an official from the ministry suggested that since the area was rich in gold deposits "...that is possible; the gold will be very small. It's alluvial. Do you know that even here in Harare we are sitting on top of gold? (sic)" (Quoted in *Newsday*, 10 January 2013). The Permanent Secretary, Mupazviripo, noted that in such cases, government would send geologists to ascertain the claims. Later on, it turned out that none of the claims was true and no such miracle had taken place. False claims of gold finds have been common in Chegutu often triggering a futile rush linked to either mere suspicion or the so called "men of God".

Though the prophecies sometimes turn out to be untrue, followers are encouraged to give to the “man of God” in acknowledgement of divine providence. In the end, the men of God have become richer.

8. ASM Accumulation Networks

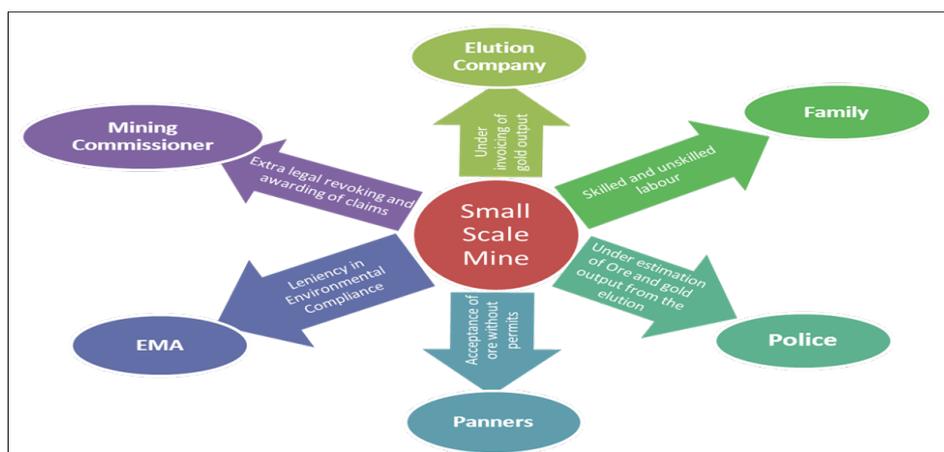
Small scale mining, gold panning and gold buying are three closely connected components of artisanal and small scale gold mining. The interconnection helps in dealing with Zimbabwe’s economic crisis and state measures that tend to counter viability. State measures regarded as anathema to ASM include multiple requirements with which one is forced to comply, multiplicity of fees, police heavy-handedness in dealing with miners and official red tape, among other things. For example, having a license is not enough for a miner to transport ore to a mill; a transportation permit is also required. Though the state places these multiple requirements, its capacity to police them is limited. Successful application of the law would have to rely on the goodwill of parties involved, such as the duty placed by law on miners or buyers not to deal with unlicensed parties. A further obligation is placed upon licensed dealers to report unlicensed dealers. These requirements are literally ignored. Registered mill operators cannot insist on licenses before processing ore from miners because they supply the bulk of ore they process. There is thus a web that sucks in both state and non-state actors, comparable to Reno’s shadow state (1998), whose effect is to subvert the activities of the formal state. This section looks at the local informal networks that support ASM.

Evidence shows that there is no mutual exclusivity between small mining, gold panning and gold buying. Participants can engage in two or all of the three activities simultaneously. To a degree, panning represents the lower end of the ASM industry. For those who start off as *makorokoza*, registering a claim may constitute part of a pipedream and is seen as upward mobility. There are remarkable cases where panners end up as buyer/agents or registered claim holders. In nearly all these cases, the registered miner or buyer maintains strong ties with, and is involved in, gold panning. Registered small scale mining, panning and gold buying has thus come to constitute one seamless regime of crisis accumulation. This is remarkable since, prior to the 2000s, gold panning was hardly associated with success and social decency. In fact the activity was denigrated and it was hardly prestigious to be associated with ASM. Then gold panners (still the case in other parts of Zimbabwe) had to

rely on finding their own methods of ore processing, often exposing themselves, the environment and society to mercury contamination.

By working together and controlling a significant portion of the gold production and value chain, participants are able to overcome financial and legal barriers imposed by authorities. For example, mill operators are prohibited from processing ore from unlicensed individuals or companies. Buyers are only allowed to buy from sellers with a legal mining license. These measures are meant to stop the illegal gold panning but are never followed. One gold buyer suggested that insisting on a license before purchasing would be self-defeating since “...if I insist on licenses I won’t get business so I just buy” (Interview, Munya, 6 January 2011). Inspectors from the police are paid to keep a blind eye. Alternatively, panners make arrangements with registered claim holders without the knowledge of mill operators. Where the mill operator is the sponsor of the syndicate it is even easier to accept gold ore without worrying about having a license. Sometimes the sponsor has a registered claim elsewhere and the license is used to misrepresent the source of the ore.

Figure 20: Informal Accumulation Network Diagram



There are several instances where claims are held for either speculative reasons or so as to use the mining license to sell gold sourced illegally into the formal channels. The Chegutu RDC CEO provides an illustration, “In 2008 we had 120 miners registered in our books. We visited the purported mining sites only find that no mining was taking place. Some of these miners even held EIA certificates” (Interview, Mr. Sithole, 2010). An analysis of ore receipts documentation at two mills in the Chegutu area seemed to confirm the CEO’s suspicion. Ore was being received from mines on whose sites there was no activity. According to the

millers, “We accept ore on condition that they produce a valid certificate from EMA and the ministry of mines. It is not our business to worry about whether they are cheating or not” (Interview, Mill Manager, 2010). The EMA certificate and mining license is being abused to enabled holders to buy gold and resell as if from their own registered mining operation. It is notable that nearly all small miners interviewed were EMA compliant.

9. Conclusion

This chapter has explored the ASM sector in Chegutu. It exemplifies the chaotic manner in which accumulation has been taking place in the 2000s, the massive informalisation and pervasiveness of the party state. A look at the composition artisanal miners shows how the sector served a tripple function, patronage, livelihood and accumulation. The ASM in Chegutu shows a bruring of lines between informality and formality. It brings to question the most common huristic tools of analysis of informality which view the sector as exclusively survivalistic. The role of the state in managing this process has been contradictory. For examples, the several exhobitant fees charged on ASM discourage formalisation and fly in the face of the indigenisation and empowerment rhetoric. These contradictions are discussed more in the proceeding chapter.

In fast-growing Chegutu, service delivery collapsed during the period in question and the local government was barely managing financially. However, it seems a significant amount of wealth was held by private individuals who had access to the limited job opportunities, ASM and other informal market activities such as trade in currency and basic commodities cross border and fuel trade. Thus private health providers and liquor shops continued to operate relatively well in spite of the difficult context. There is a clear case for stressing the theme of economic adaptation. The following chapter attempts to analyse the vertical networks operating in ASM and the consequent accumulation outcomes.

Chapter Eight: Tapping into the Chaos: ASM and Crisis Accumulation

1. Introduction

In Zimbabwe, the connection to the state and political power has become critical in analysing ASM. The state's attitudes towards the sector have been contradictory and so have been the outcomes. On one hand, artisanal and small miners have been harshly treated by law enforcers, while on the other hand they have been encouraged either overtly or tacitly. It seems there is method in the state's ostensibly chaotic dealings with the ASM. Laws are applied and enforced selectively and inconsistently, making miners vulnerable and dependent upon the protection of a powerful political figure. In return, the powerful individual gets a portion of earning from gold mining, if not direct shares or ownership through a syndicate. How this operates has been explained already with reference to syndicates. While some operators have been victims of chaos and selective (mis)application of rules, some have been able to find a way to accumulate successfully regardless.

2. ASM and State Schizophrenia

In May 2012, Zimbabwe's Minister of Mines, Obert Mpofu, was quoted addressing panners,

The term *makorokoza* (illegal gold panners) should be banished because they contribute gold to the country. They are actually national heroes... It is painful that many of the children are in jail after being found with gold, yet they are contributing to the economy. If you are found with gold, you should be protected even by the police... police stations should only be used for safekeeping the panners' gold ore at night. We have discussed the matter as Zanu-PF at the highest level and if it was up to us the panners in the jails would be released" (*Newsday*, 21 May, 2012).

Following these comments, the Ministry of Mines announced that it preferred to call the gold panners "artisanal miners." "That is the term we now use; there is no more use of the word *makorokoza* or gold panners in our Ministry" (Prince Mupazviripo, Secretary for Mines and Mining Development, *Herald*, 28 May, 2012). "We can't punish those who are trying to earn an honest living, so in our ministry the word is banned" (Ibid). More gold buying centres were to be established to allow gold producers to sell their minerals "on a no question asked basis."

The above populist rhetoric often coincides with talk of elections. It is hard to imagine that the government wants to encourage on a consistent basis an uncontrollable situation where

people are panning everywhere. Between 2005 and 2009, police have on several occasions cracked down on not only panners but also registered small miners. In 2006, government enacted the Environmental Management Act which most panners and small-scale miners perceive to be targeted at curtailing their activities. Interviews with EMA officials in Chegutu indicated a bias towards policing small miners and gold panners as opposed to big mines. At the same time, in between these violent election campaigns, formal meetings have been held involving officials from the Ministry of Mines, police, gold panners, small scale miners and buyers with a view to regularise the sector. In those meetings, the ministry promises to review legislation so as to “empower the historically disadvantaged small scale miners,” and to regulate illegal gold mining and trade (*The Midlands Observer* 3 June 2003 and 27 May 2005, 1). In Chegutu since 2006, government has been running a mining empowerment program where hundreds of women have been awarded gold mining claims in the Gadzema area. Small miners in the area pay US \$20 each to a mineral policing department on whose district committee they sit and from whom they are entitled protection. At the time of writing the uncontrolled panning of gold continued with gold rushes being reported everywhere, and the pattern was a national one.

The notion of the schizophrenic state was first applied to post-colonial Zimbabwe by Ibbo Mandaza in 1986, borrowing it from Yash Tandon (1984). Tandon describes the post-colonial state as schizophrenic, that is “...split into two ... political leaders sometimes display schizophrenic tendencies when they feel impelled on the one hand to respond to the democratic demands of the people, and on the other hand feel the pressure of international market...” (Tandon, quoted in Mandaza, 1986: 14). It can also be viewed as schizophrenia between modern, admired policies learnt from the books and the discourse that comes from local practice. In post-2000 Zimbabwe, and to a great extent during much of the post-colonial history, state schizophrenia appears to have emanated from three fronts, namely, the ruling elite’s own acquisitive instincts, people’s popular demands and the logic of the market. The result of this has been persistent policy vacillations. It is also true to say that among the powerful state actors in Zimbabwe, and especially since 2000, there has been a policy preference dichotomy between agrarian and authoritarian populists on one hand and technocratic realists on the other. The notion of the schizophrenic state may aid in understanding policy contradictions and inconsistencies with regards to ASM.

3. Militarised and Party-Based Accumulation

From time to time, police indiscriminately raid ASM miners (registered and unregistered). Methods used are brutal and miners are often killed or injured in the process (Mawowa, 2007). Reporting on a police blitz in central Zimbabwe, the *Midlands Observer* alleged that ten people had been killed (12 May, 2007). Between 2006 and 2007, 26 000 miners were arrested during operation *Chikorokoza Chapera* (literally meaning ‘gold panning has ended’) (*Zimonline*, May 14, 2007). In Chegutu this clampdown destabilised several small mines and by the time of writing some had not recovered. If accounts by miners and police at Chegutu police station are to go by, more than 3000 were arrested from the Chegutu Mhondoro area alone during the same period. These operations were carried out by members of the military police, soldiers and the prison service jointly.

In a fashion similar to the much publicised human rights abuses in the diamond fields of Marange, police have fought with gold panners, sometimes exchanging live ammunition, while panners have fought among themselves. In one area in Mutoko, a well-organised security network involving the entire community has been established to deter would-be police surveillance. “A group of youths always keeps watch of police or people who might be security agents” (*Herald*, 6 December 2010). A password is then sent to warn people that danger is lurking. “It’s all about protecting the little that we were given by God... We have serious water problems but our main problem is the police” (*Ibid*). Violence among gold panners themselves often takes on a tribal and/or ethnic dimension. “The people started to fight this man saying that ‘you Shonas here are exploiting our resources’ while we are suffering’,” the *Daily News* (18 December 2012) quoted one Phiri about an incident at a gold rush site in Matebeleland. The Shonas were accused of having more mining claims in the area than the local Ndebele-speaking people (*Ibid*)⁵⁹.

Yet panners and small gold miners remain resilient. In essence the police’s violent behaviour against panners masks the state’s involvement in illegal gold mining activity. If one looks at the state’s contradictory attitudes towards panners, the involvement of powerful figures, the heavy-handedness of law enforcers in dealing with panners and the inconsistencies in dealing with small miners, it is plausible to suggest that there are multiple centres of power operating and these are driven by different interests. Such a conclusion makes sense whereby on

⁵⁹Gwanda, the site being described, has significant gold deposits.

numerous occasions police are commanded to raid a panning site or a syndicate only to be withdrawn, without a clear explanation (Interview, Chegutu Criminal Investigation Department (CID) informant, 2 May 2011). It has also been common for rival ZANU-PF aligned groups to fight each other over a gold claim or gold rush site.

The state's ambivalence towards ASM appears to have created opportunities for rent-seeking for the law enforcers. Far from treating illegal gold panning as unwanted, the police perceive policing gold panning and small miners as an opportunity to subsidise their meagre salaries, which could only buy a loaf of bread during the crisis period, however having been increased to US \$300 since dollarisation. Some members of the Zimbabwe police in Chegutu exhibit opulence irreconcilable with official salaries. During the gold rush near Chegutu's Hintonville suburb site discussed above, only ten were arrested, despite thousands of panners having been involved. Far from deterring miners, police were forming and joining syndicates with miners. Policemen would drive away panners and guard the area only to allow bands aligned with themselves to access the area at night and share the proceeds. Some panners interviewed alleged that the police went as far as mining actively. The networks involving the police start from the panning site, and continue through the ore milling plant to the selling of gold. Gold millers and small miners are made to pay in gold so as not to be disrupted by the police. What is intriguing is that rents to the police are not only paid where the miners are on the wrong side of the law, so that the miner is shaken down steadily to ensure uninterrupted activity.

In my MA thesis, a similar pattern was observed:

In a typical case of instant taxation, far from cracking down on illegal gold mining the police are now cashing in on miners by managing access to mining sites. At the time of this research a tunnel in Bhamala, had become the new centre of gold rush and was heavily guarded by the police. The police were charging \$3 million (equivalent to a policeman's monthly salary) in July 2007 — approximately RSA R200 per hour spent in the tunnel. Panners, grateful to the police for managing access, thus creating order and averting violent conflict (among themselves), pay and enter in groups (syndicates) of eight to ten each turn. So lucrative has been this arrangement that police officers started to compete. They operated in two day shifts in order to accommodate each other... Spending as much as twelve hours manning the pit translates to ZW\$36 million. When shared among ten officers each can take home an untaxed ZW\$3, 6 million⁶⁰ more than a police officer's monthly salary (Mawowa, 2007: 99).

⁶⁰ The high rate of inflation and exchange rate make this figure vague. With a July 2007 parallel rate of Z\$15 000 to R1 the 36 million is reduced to R2400 and 3.6 million is reduced to R240.

Opportunities created by gold panning policing were such that police were reportedly deserting their official duties to guard gold rush areas. Similar tendencies have been reported amongst traffic police. In a fashion comparable to the period toward the end of the Mobutu era in the DRC, police man roadblocks looking for excuses to penalise motorists and demand bribes⁶¹. In some cases, police go on to share earnings from gold panning rents with superiors, who are responsible for deployment but are too senior to be in the field.

One ex-liberation fighter took to the local paper complaining about police involvement in gold panning.

I am writing in connection with corruption happening at Gaika Mine. I am a war veteran. The recently posted Support Unit Police boss is making hefty amounts of money through the Amakorokozas. He is said to be charging about ZW \$3 000 000 per syndicate and getting a monthly lump sum of ZW \$50 000 000. This is a circle involving some ruling party members, it's so boring when I am making a living from the only ZW \$1 000 000 gratuity I am being paid ... (War Vet, Kwekwe, in the Midlands Observer, December 2, 2005).

One cannot help noticing the emphasis, "I am a war veteran," and the writer signs off as "War Vet." On a close scrutiny the 'war vet' seems to be saying "I must not be left out, being also a war vet and member of ZANU-PF." "How can I continue to survive on a meagre ZW \$1 000 000 when others are making as much as ZW \$50 000 000?" Again the salience of the party-state in accumulation is evidenced in the language of the letter.

There is thus greater police presence where artisanal and small scale mining activities are concentrated. In these areas, raids have been common and often refined gold and gold ore is confiscated. Several miners allege to have lost gold or gold ore while being raided. Officially this gold is unaccounted for. Indications are that the recovered gold is seldom declared and in most instances, police submit falsified gold recovery returns. Yet even the declared returns tend to disappear, often weakening a prosecution's case against an alleged illegal gold dealer. Beyond police involvement, access to ASM conflates with ZANU-PF politics of indigenisation and party and liberation war-based notions of entitlement.

It is often the case that those who are linked to ZANU-PF or ex-liberation war fighters are regarded as more deserving of access than those who are not. We have already encountered a

⁶¹ In one such instance, this writer was stopped by police while driving to eastern Zimbabwe in May 2009. The police thoroughly inspected my driver's license and the vehicle. Upon finding no reason to penalise me, they asked for money, remarking that "We could not find anything faulty but please just give us something. We are starving."

Chegutu miner who had received a claim from his mother, an ex-liberation fighter. Police tend to approach known ZANU-PF interests in mining in a particular way. Where an apparently illegal mining activity involves identifiable ZANU-PF members or high profile party figures, clearance from authorities is first required by police before action can be taken. In Chegutu, ZANU-PF youths, often used during the violent political campaigns, have been instrumental in guarding and controlling access to perceived rich gold claims to the exclusion of suspected MDC elements.

Since the late 1990s, as ZANU-PF political fortunes waned, patronage and coercion have played a dominant role. This of necessity entails greater reliance on the security sector. It also leads to the coalescing of powerful interests around politically extractable rents. This more than anything probably explains the elevated role and proliferation of semi-autonomous⁶² ZANU-PF-aligned youth militias. It may be that the militias started as solely an instrument of political violence against opponents of the ruling party, but since 2008, these groups have featured prominently in gold panning rushes. In Chegutu reports identify one such group connected to one Mai Pfute, a ZANU-PF councillor. It is reported that this group of gold panners cum youth militias has benefited from an empowerment project distributing small mining claims. The group however was reportedly responsible for politically motivated abductions in 2012 (*SW Radio Africa*, 5 December, 2012). The militia groups tend to target extractable rents from flea markets⁶³ to gold panning.

The case of the Sherwood area in Kwekwe, which hit the headlines at the time of writing, underscored the growing salience of ZANU-PF youth militias in Zimbabwe in disorderly accumulation in ASM. Early in 2012, a gold rush hit the area after reports of a massive, 100 kilogram plus pure gold nugget being found (*Newsday* 1 October 2012). Gold buyers from as far as South Africa encamped near the site (Telephone Interview, Silas, 8 January, 2013.) However, the rush quickly became a political affair, with the local ZANU-PF youths clashing with police and struggling to control and restrict access to party members.

Announcing the takeover of the area at a rally attended by hundreds of panners who had been chased away from the fields by police, Zanu-PF Midlands provincial security officer Owen “Mudha” Ncube said the gold deposits in Sherwood belonged to his party. NewsDay said Zanu-PF has started compiling registers of people who will be allowed to enter the fields to mine the gold. Cornelius Mpereri, a close

⁶² Meaning that they are often linked to a powerful political figure but not entirely under control.

⁶³ An example of this is the Chipangano gang in Harare, which terrorises flea markets and commuter taxi ranks demanding a shake-down fee.

ally of Emmerson Mnangagwa, tipped as a possible successor to Mugabe, and Josphats “Gold” Sibanda have registered the Sherwood Block mining claim, it added (*Mail and Guardian*, 12 January 2012).

Earlier, Mudha was quoted as saying, “We are waiting for a certificate to be issued before we start the mining process. Our youths, war veterans and their children will be allowed in to mine” (*Newsday*, 1 October 2012).

The case of Sherwood provides a glimpse of the vertical dynamics at play. Just after the discovery, the Midlands provincial police spokesperson Inspector Patrick Chademana was quoted as saying, “We want sanity to prevail while we identify the proper owners of the mining claim” (*Herald*, 11 January 2012). The claim was yet to be owned and curiously, while the youth were sloganeering, top officials within the party were busy registering the gold rush site as their claim. It is usually the case that when senior political figures have established interests, police deal harshly with panners. Those who disregarded the party’s directive to stop visiting the site and “follow due party process” were arrested (16 of them). These included a losing parliamentary candidate (Masango Matambanadzo). Their charges included assaulting a gold panner and attempting to force their way into the gold field. “They also allegedly stole US \$11 000 from one of the panners identified as Wonder Ferill” (Ibid). Upon close analysis, the arrested panners belonged to another, and clearly less influential, faction of the same party. They had felt entitled to pan the gold field because they were also ZANU-PF.

In October 2010, a local MP, Eric Navaya, and his son fired gunshots using 303 rifles in a dispute with a mining syndicate in the area over gold claims (*Newsday*, 13 October, 2010: 1). The leader of the syndicate went to report the incident to the local police “but was told they should resolve the issue amicably among themselves” (Ibid). The news report went on to note, “Contacted for comment... Navaya confirmed he fired his gun... but to scare away baboons in the fields” (Ibid). However, in the same news article the MP claimed to have applied for the very same mining claim.

After applying for the mining claim, I then went (away)... only to find somebody mining on the same piece of land I had identified when I’m still waiting for the response from the ministry... I made a report to the police that there was a dispute over the area that is being mined after which I suggested that mining activity be stopped until the issue was resolved and the place be (sic) guarded by police. The police however said they did not have manpower. I then suggested having my own employee to guard the area (Ibid).

According to the report, the licensed owners could no longer access the gold ore because the place had been placed under guard.

The politicised nature of gold panning makes it difficult for police to stop the activity even where there is the will to do so. Zimbabwe's Minister of Education David Coltart suggested panning was out of control.

Panners are being allowed to do this with impunity by local ZANU-PF leaders, under the guise of indigenisation. I find it ironic that the very same people allowing this rampant abuse of the environment by allowing gold panners to operate without interference from police are the ones responsible for deterring efforts to create good jobs for the people. Illegal gold panners are currently being allowed to operate without any interference from the police, when in the past they have been arrested and jailed for at least five years. But it has been reported that ZANU-PF is allowing illegal panning as an election campaign tactic, in order to get votes (in *SWRadio Africa*, 31 October 2012).

The lack of clarity often exposes miners and other gold dealers to manipulation by fraudsters. Police who are not on duty have been accused of harassing and demanding payments from miners without the knowledge of their superiors. It is also common for individuals to seize another person's claim in the name of ZANU-PF or working for a powerful figure. *The Daily News* of 26 July 2012 reported a court case where an individual claiming to be President Robert Mugabe's right-hand man demanded and successfully extorted gold from Tolrose mine near Chegutu town. For expediency, the rightful owner is accused of being anti-ZANU-PF and thus undeserving of a claim. The sustainability of this mode of accumulation is thus difficult to ascertain. Once a new government that enforces the rule of law emerges, it is possible that the gains of chaos will be reversed.

4. The Role of Zimbabwe's Central Bank

The role of the RBZ in small gold mining activities and trade was far more pronounced than any other state institution. Violent police campaigns against artisanal and small miners namely "Operation *Murambatsvina*" (drive away filth) in 2005, "Operation *Mari Yawanda*" (too much money) in 2006 and "Operation *Chikorokoza Chapera*" (panning is finished) in 2007 and 2009 were in fact at the behest of Zimbabwe's Central Bank. Attacks even on registered small miners as well as illegal panners often followed strong statements by the bank's authorities against the miners. Operation "Chikorokoza Chapera" in 2006 for example took place soon after the governor of the Reserve Bank announced that about US \$50-60

million of gold was being smuggled out of the country per month. This also led to the enactment of the Environmental Management Act, widely described as a progressive piece of legislation by most environmental groups. As noted above, the motivation of the law was primarily to deal with environmental damage caused by the panners and small miners. Several miners who lacked EIAs and EMPs had their gold and equipment confiscated and licenses withdrawn. Over the years, the apparent bias against small-scale miners of this legislation has become apparent, along with a failure to police big mining companies equally.

Though the bank claimed to use a carrot and stick approach, the latter was more prominent. On the whole, measures to curb “illegal” gold mining trade never succeeded. From 2000 to 2008 gold deliveries to the bank declined tenfold. The wide gap between the price offered by the parallel market and the bank’s fixed rate discouraged miners from selling gold to the bank. According to miners, RBZ prices were simply not possible to effect. In July 2007 RBZ was buying at ZW\$1.2 million per gram while the parallel market buyers were paying \$3 million per gram. The RBZ offer price was even lower than the local buyer’s purchase price from illegal miners, yet RBZ expected the buyers to sell to it. RBZ had constantly to rely on police and military to force miners to surrender gold to Fidelity Printers. Things of course changed after official dollarisation and liberalisation of gold trade.

Selling gold at the parallel market as opposed to the central bank had the benefit of assured quick returns. This is perhaps the single most important reason why panning and informal small scale mining remained strong when formal gold mines were closing. Most of the closures are due to non-payment by the RBZ and the general collapse in the national payment system. For example, in 2008 Metallon Gold, which by then accounted for 55 percent of Zimbabwe’s gold output, halted operations at its mines due to non-payment of approximately US \$18.3 million in lieu of gold deliveries to the RBZ. In addition, several small producers were owed US \$17 million by the bank (*The Standard*, 1 July 2007: B1). This made recapitalisation and importation of plant and equipment impossible. Sometimes Zimbabwe dollar payments were made too late, by which time their value was severely eroded by inflation.

RBZ’s handling of gold panning activities was contradictory at best. The bank pronounced itself a sworn enemy of illegal gold panning, yet it licensed several buyers and went on to concentrate them in areas where panning is highly concentrated in the name of

“decentralisation of gold buying.” The bank employed 176 custom millers and 38 agents by July, 2004 (RBZ, July 2004: 20). Though it justified buying from “illegal” miners as necessary in order to “reduce grey market activities,” by so doing the bank was in fact tolerating the so-called illegal miners. From interviews conducted during the field work, it is possible that up to 80 percent of gold bought by RBZ licensed buyers in Chegutu came from what the bank considered illegal sources. Most of the buyers who were either members of the secret intelligence services of the state or surrogates for senior ZANU-PF officials made themselves wealthy overnight through under-declaring their earnings to the RBZ. One of the RBZ buyers now runs a gold processing mill, has a syndicate and employs several agents in Chegutu. The practice according to one informant was only to sell a portion (15-20 percent) to Fidelity Printers and sell the rest to lucrative external buyers. In reality though, and despite the bank’s efforts, prior to dollarisation in 2009, most of the buyers remained unregistered. Ironically, the RBZ had no problems accepting gold from these buyers during the rare times when they sold to the bank.

As part of its measures to increase gold deliveries, in April 2005 RBZ licensed several firms linked to high profile political individuals. ZW \$500 million was allocated to these firms. In return they were expected to “surrender 150 kilograms of gold a month to the Reserve Bank’s Fidelity Printers and Refineries” (*The Independent*, 9 September, 2005). However, only 39.2 kilograms was delivered to the bank in the seven months from April 2005 instead of the anticipated 1050 kilograms. The bank responded by cancelling the buying license for the companies. Surprisingly, two days after the cancellations the concessionaires delivered 90 kilograms of gold in a bid to retain their licenses. Commenting on this, the Mines and Minerals Ministry noted that it was hard to control smuggling of gold because “there were many politicians involved in the ‘game’” (*The Independent*, 9 September, 2005). Thus RBZ measures were hamstrung by the acquisitive interests of powerful figures.

Even after dollarisation and liberalisation of the gold trade, cases of smuggling implicating powerful figures continued, to the bank’s chagrin. In December 2009 a permanent secretary in the Ministry of Environment and Tourism was accused of promoting environmentally destructive gold panning activities. This ironically happened when the official was showing a video to a parliamentary committee on the effects of illegal gold mining.

Margaret Sangarwe had just finished giving evidence before the Parliamentary Portfolio Committee on Mines and Environment when a small scale miner also called to the meeting accused her of

involvement in illegal gold mining... Zimbabwe Women in Mining official, Febi Jabulani, led the charge, telling MPs that Sangarwe — who is her neighbour — was dealing in illegal gold at the Grange Farm in Chegutu. When I went to her mill at her farm, there were a lot of makorokoza (illegal gold panners). “We wanted to chase them, but she went and came back with a police vehicle that was full of makorokoza. She was there and the makorokoza wanted to attack me” (*NewZimbabwe.com*, 11 December, 2009).

Even more ironic is the fact that, after Sangarwe’s presentation, 28 000 panners were arrested by police countrywide during operation, “*Chikorokoza chapera.*”

Though seemingly fighting illegal gold dealing, RBZ seems to have had far from clean hands. Its company, Carslone Private Limited, was accused of improper conduct during a parliamentary committee hearing on a government clampdown.

One miner wept while describing police brutality to MPs last Friday. She said her company was closed down by the police on grounds that she was violating the Environment Management Act. Within weeks, the company had been re-opened and parcelled out to gold panners who go on to hand over the proceeds to the RBZ-owned Carslone Private Limited (*NewZimbabwe*, 11 December 2009).

The hearing ended up being conducted on camera after a request by the RBZ. The bank's Finance, Intelligence Inspectorate Evaluation and Security Chief Mirirai Chiremba, thought to be very wealthy, had told the investigating committee, “I do not want to say anything that will cause instability in the country (in the presence of the media)” (*NewZimbabwe*, 11 December 2009).

5. Upward Mobility

A specific research question in this study was to ascertain cases of upward mobility that can be linked to ASM during Zimbabwe’s political and economic crisis. This question has been partly answered in looking at horizontal and vertical networks impacting gold panning and small-scale mining. One of the many ways to gauge upward mobility is by observing whether participants have systematically acquired or invested in any assets, movable or immovable, and whether this is linked to involvement in gold panning, mining or gold buying. Through interviews, it was possible to determine whether those involved in ASM have developed such assets. The outcome was mixed.

There is a high incidence of “rags to riches” stories among gold panners where a gold digger picks up a gold nugget. One is impressed upon hearing stories of how people’s lives have been transformed instantly. However, upon close scrutiny it turns out that “rags to riches” is

not the complete story. Quite often, in fact 22 out of 27 (81 percent) of such cases when followed up in this study, proved to be a case of “rags to riches and then back to rags again.” During interviews, cash amounts and gold amounts allegedly handled by panners seemed unbelievable when compared to most of the panners’ material conditions. Panning is an unpleasant and dangerous activity so that one is tempted to ask, “Having handled so much money, why are you still panning?” During the research, several examples were witnessed whereby young people reportedly made a killing from panning only to spend the money on a motorcycle or high maintenance vehicle. In a few situations the money is spent on a physical asset such as a house or outbuilding.

Panners are associated with reckless spending behaviour and to a certain extent this was found to be true. One car dealer in Harare indicated that there were receiving a lot of customers from the Chegutu area and suggested that this has to do with rampant gold panning in the area. In Chegutu, a well-known gold panner *Koti Koti* exemplifies this tendency and is known to drive “...around with a blue Nissan Hard Body double cab and spend(ing) money recklessly” (Interview, Mr Sithole, 14 March 2010). According to Sithole, “Panning is like a lifestyle. It is never viewed as growing” (Ibid). It is fair to say that lavish consumerism is not restricted to gold panners but is a societal tendency. Panners are however noticeable through their ability to part easily with cash. Of panners surveyed, 90 percent did not have active bank accounts. Some panners cited the very uncertain nature of their business as the reason for spending wantonly, “for we don’t know what tomorrow holds” (Interview, Gora, 7 May 2010).

The common perception that panners are wasteful and fail to seize opportunities presented by a rich gold find is not however entirely true. In fact, in 50 percent of the “rags to riches and back to rags again” situations, the gold panners actually attempted to invest in something meaningful and sustainable. What appears to be the case is the lack of financial acumen rather than the lack of desire to invest in something more sustainable. There is a tendency to use earnings to buy used vehicles for the transport business. However, roads in Chegutu and most parts of Zimbabwe are so bad that it is very difficult and expensive to maintain a vehicle. Moreover, most of the vehicles are manufactured in Japan so that the cost of servicing and replacing worn out parts is high. The vehicle, supposedly meant to bring income, becomes a liability. Subsequent earnings from panning end up going towards fixing the vehicles. It is thus the choice of investment that shapes chances of upward mobility when

an opportunity presents itself. This combined with opulent spending often quickly evaporates gains made from a rich find.

Registered small miners appear more stable than panners. There were a few impressive cases of upward mobility. The rate of turnover was also high, attributed mainly to operation “*Chikorokoza Chapera*,” RBZ policing and non-compliance with EMA. However, those that remained in the business appear to have met with relative success, carefully exploiting both horizontal and vertical networks. Two of the successful small mines covered were owned by former gold panners. In one case, earnings from panning were used to invest in a mill. When analysed closely, these cases were not entirely ones of humble beginnings. Most (although not all) successful small mines are linked to the patronage of some politician, often instrumental in obtaining access to the mine site originally.

Catsk Milling Company for instance does not have an apparent powerful figure behind it. It has relied on building local networks amongst the panners and the police. Thus even where vertical networks are not as strong, local connections remain necessary to deal with state imposed bottlenecks. The poor documentation available to me makes it difficult to gauge the growth of Catsk Milling Company. According to the manager, as much as US \$100 000 could have been ploughed into the milling business since it started in 2008. The number of people employed has increased from eight to 25 by December 2012. The owner of the mill who is based in South Africa receives all the earnings from the gold recovered through cyanidation. Operational costs are covered by returns from the actual milling. Gold recoveries from cyanidation thus constitute what may be the profit, some of which is reinvested, but difficult to estimate since this is deliberately under-recorded to evade police inspectors.

Perhaps the most remarkable case of upward mobility is one of Coloursell furniture shops. The Coloursell furniture shop was established in 2008 but grew rapidly into a modern furniture retail chain with over 20 branches across Zimbabwe⁶⁴. The company’s head office is in Kadoma, 30 kilometres away from Chegutu. It is one of the very few businesses with a nationwide outreach headquartered outside Harare and Bulawayo. The owner was one of the few individuals licensed and funded by RBZ to buy gold in 2005. From then on he seems to have accumulated wealth exponentially, establishing a mill, a small mine and a fuel station.

⁶⁴ See <http://www.coloursell.com/contact.html>.

He has at least six agents buying gold worth at least US \$60 000 in a single day, approximately US \$2000 in profit. The owner is said to have strong political connections. The growth of a nationwide furniture chain in a crisis economy where other similar businesses were closing down is phenomenal. His physical assets such as houses, according to one of his buyers, are numerous.

Figure 21: Coloursell Furniture Shop in Chegutu



Source: Author during Field Research in 2011.

There are several other similar cases of upward mobility. The story of Tino cited above is another example. His business grew from a meagre US \$500 seed capital, continuous support from a brother and reinvesting earnings. After starting with eight employees in 2008, the number of employees doubled in less than a year. Tino's gross monthly income is approximately US \$14 000 and his operating profit of about US \$4000. The casual employees are paid US \$80 a week, close to what government civil servants earn. They work in eight hour daily shifts but have weekly targets. The mine captain earns US \$500 per month from Tino's mines but, because he also works for two or more miners simultaneously, his earnings are much higher. Other than mining-related assets, Tino has two houses in Chegutu and a stand, something which an ordinary Zimbabwean civil servant can only dream of. He has a truck for his business and a personal vehicle. Having divorced his first wife who bore him

two children, Tino boasts that he has never defaulted on paying US \$400 in maintenance. Tino is convinced a small mine is more rewarding than *Chikorokoza* which he once tried.

According to Tino, there are several small miners who are more successful than himself. Tino's brother Gari, who started in 1996, is one such case. His fortunes drastically improved from 2002 onwards. At the time of writing, Gari owned three houses, two in Chegutu and one in Kadoma, operated four mills, had five compressors, ran a transport business (five commuter omnibuses), owned two company vehicles, one truck T 35, two tractors, two vehicles for personal use, two others for his wife. In addition Gari sends his child to a boarding school and looks after the extended family. The transport business started with three small buses which have since increased to five. Besides mining, Gari is also involved in farming, cultivating cotton and maize. This research found that most gold miners and/or buyers were the main breadwinners not only in their immediate families, but also extended. A commonality among successful small miners is that proceeds are invested in other economic activity, mostly the farming and transport sectors.

6. Socio-Economic Outcomes

What has been the socio-economic impact of ASM? An obvious negative impact is the environmental damage caused by gold panning. Areas in and around Chegutu have become an eyesore with large erosion-like gullies left by gold scrambles. ASM is not entirely unsophisticated and formal compliance with EMA is usually observed. All the small mines listed in table four above submitted quarterly environmental reports. Complying with EMA does not however mean effective environmental management. It can be observed that even though EMA is visible and engaging closely with miners, its capacity to effectively police the land is limited. For example the agency is ill-equipped to deal with the threat of ground water pollution posed by cyanidation and management of tailings. The Parakava River in the area has been affected by siltation. Mining closure plans and rehabilitation of vegetation plans are hardly enforced. The net benefit of small scale mining may thus be in the negative. The lack of protective clothing and non-enforcement of this means many workers of small mines are exposed to both physical and health risks.

In some cases, fields have been destroyed due to out-of-control panning activity. Since the panners work with police bosses and local politicians, it is difficult to bring them to book. In

rural Chegutu, there have been reports of livestock dying from suspected water contamination due to artisanal and small mining activity.

These illegal gold panners have put cyanide in water and other drinking sources for livestock. As a result a lot of cattle and birds in the area have been killed. They steal and kill cattle for food and I can also confirm that Sandamu has so far lost 10 dogs to these people who are trying to force her out as she has been trying to take legal action against them” (Anonymous police officer, *Newsday*, 7 October 2010: 5).

The spokesperson for the police in the area reportedly claimed to be unaware of any panning activity in the area (Ibid). Panners have been accused of deliberately lighting fires to get rid of bush, grass and trees that get in the way of their metal detectors.

Without doubt, ASM has been associated with a surge in spending thus creating opportunity for retail businesses. Also in Chegutu, it seems the prevalence of small mines has triggered some small shops to supply inputs such as mercury, compressors (for hiring), elusion plants (for gold processing after cynidation) and vehicle spares shops, among other things. These economic inputs however seem to lack clear signs of sustainability so far. Moreover, spending from small mining and panning remains largely consumption orientated. Where there is a high intensity of small-scale mining activity, liquor shops tend to be the first to be established. The small scale mines have strong external linkages and weak local linkages less likely to benefit the immediate periphery. In terms of being a part of the local revenue base, in 2010 only three of the 70 miners documented by the Chegutu RDC paid at least half of rates (Interview, Mr. Sithole, 14 March 2010). The miners resisted paying rates to the Chegutu RDC because they felt the council charges were excessive with no evidence of provision of roads and water as required.

Figure 22: Typical Grocery Shop Close to a Small Mine.



As seen in the picture beer tends to be the main commodity in shops close to small mining operations.

In Pickstone, one of the areas close to Chegutu where panning and small-scale mining is prevalent, a shanty town has developed. The prevalence of HIV and AIDS, syphilis and other sexually transmitted diseases is reportedly high. Because human settlement in these places developed spontaneously and without any form of government support, there are no social services, no water or sewerage. Exposure to health risks is high. This might explain why Chegutu became the worst hit town in Zimbabwe at the time of the cholera epidemic in 2008. A media report on Chegutu noted, “prostitution has become so rife in the town because of unemployment. Young women are peddling their flesh for as little as US \$2 to gold panners known as *makorokoza*” (Resident quoted in the *The Zimbabwean* 19 February 2009).

In 2003, 46 percent of Zimbabwe’s artisanal and small scale miners were women. From this study, more than 95 percent of observed participants were men. Rather than being involved in the mining itself, women were mostly involved in prostitution and selling retail goods at some of the ASM sites. In 2007, government poured ZW \$50 billion in support of the Women in Mining Initiative. However in Chegutu’s Gadzema area where the women were allocated claims, women are hardly involved in the actual mining. The few women who are directly involved in the digging feel compelled to do so. They also complained about maltreatment by law enforcers. “I mine only because I have to and it is so hard to survive when the government treats us like criminals.” In fact, according to one beneficiary, they are leasing claims, allowing men to dig and extract ore and share the output. It appears the claims were given to elite women who can afford to hire panners to work the claims. Interviews with some of those very miners confirmed that the government loans have been poorly disseminated with severe delays in disbursement, causing the actual value of such assistance to be miniscule. By far, most workers who need assistance have never had any access to, nor have knowledge of, such programs.

7. Conclusion

This chapter shows in great detail the political economy of crisis and ASM in Chegutu and the relationship between political power and accumulation. As the economic situation worsens, the party-state patronage system has become more entrenched. This has become clearer with the indigenisation and empowerment policy where party affiliation is the single most important criterion for access to state mediated economic opportunities. The party

manifests itself as a localised capitalist oligarchy. This has serious ramifications for social stratification. “When one can accumulate wealth overnight, one can pass from one class to another. Overnight one can wake up a land owner, though this can be an illusion as long as the property rights are not secured” (Mawowa, 2007).

The patronage accumulation attending this period has however not excluded possibilities for upward mobility among the somewhat independent miners. It is these possibilities that suggest that, in spite of Zimbabwe’s serious economic crisis, some things still continued to work and, indeed as formality declined, new accumulation paths emerged. While the impact at household level is visible through investment in children’s education, acquisition of movable and immovable assets and probably improved livelihoods, broad developmental impacts appear to be very limited. This is particularly true for the public sector, as seen by deterioration of services such as health, roads, water provision and waste management, among other things. Yet as these services were declining, private alternatives were emerging, for example private schools and health facilities. This is by no means to suggest a happy affair, but the growth of private facilities suggests the existence of an expanding market. A parallel market for fuel, currency and other basic commodities which were in short supply buttresses this point.

PART FIVE: CONCLUSION

Chapter Nine: Mining, Political Economy and Zimbabwe's Prospects

1. Introduction

This thesis set out to investigate the impact, opportunities and constraints presented by Zimbabwe's political and economic crisis on mining activities and the state's attitudes and actions towards these mining activities. Two case studies have been discussed extensively in Parts Three and Four, namely platinum mining and ASM gold mining both situated in the Chegutu-Mhondoro area. The case studies discussion was preceded by a theoretical and conceptual discussion which pitched the thesis within the discourse of political economy. A detailed history of mining in Zimbabwe since 1890 was also covered.

Reliance on coercion as a driver of accumulation and political power retention places the police, military and party youth militias at the centre of politics and economy. These play a pivotal role in the process of "accumulation by dispossession" (Harvey, 2003) and selective enforcement of laws. Nothing is cast in stone; all depends on the whims of those wielding force despite some progressive legislation. As a result, whereas in other places, ASM and the informal sector as a whole has been characterised by a system of norms extra-legal or otherwise (Siegel and Veiga, 2009), this has not been the case in Zimbabwe. Since patronage and coercion are at the core of political reproduction and where legitimacy can no longer be acquired through free and fair elections, a decentralised but party legitimised form of "accumulation by dispossession" and Third *Chimurenga* rent-seeking sustains a broad array of elements within the patronage system thus enabling the system to reproduce itself.

It may be this particular aspect of Zimbabwe's political economy of crisis that explains why Zimbabwe has ebbed to such levels of economic decline, epitomised by the second highest hyper-inflation in history, without descending into anarchy. Indeed political analysts have wondered about this resilience. It may be that the official state metamorphosed into Reno's shadow state, feeding off the thriving shadow economy. It made no sense that members of police and military continued to perform their duties when their salaries were equivalent to

the price of one loaf of bread. But when office allows one to access rents from the extra-legal economy, it remains worthwhile.

This regime of accumulation is not restricted to the often-chaotic ASM. Attempts at accumulation by dispossession are found in the way ZANU-PF is implementing the Indigenisation and Economic Empowerment Act in the corporate platinum sector. In Part Four, the researcher has shown how the liberation war entitlement discourse is used to legitimise accumulation by dispossessing and disqualifying artisanal gold miners who are not ZANU-PF members. This did not merely mean that ZANU-PF members get access to resources necessarily; much depends on the political hierarchy and whether ZANU-PF grassroots interests do not interfere with those of senior party officials. Indigenisation and empowerment in the platinum sector is underpinned by the entitlement discourse. While the law requires companies to “sell” 51 percent to indigenous Zimbabweans, ZANU-PF leaders have in fact tried to grab shares. In the final analysis, I revisit the notion of economic history of liberating “ourselves” and what this means in the context of Zimbabwe’s current interregnum, where ZANU-PF and MDC are sharing political power.

2. Synopsis

The thesis relies on a case study of the Chegutu area. Chegutu is generalised to mean the area covering Chegutu town and its rural periphery (approximately the area within a 50-kilometre radius from Chegutu town). The area’s being traditionally an agricultural and mining hub provides a spatially specific opportunity to look at the impact of Zimbabwe’s crisis on mining, the sector’s interaction with the state, emerging accumulation paths and outcomes. Despite Zimbabwe’s economic decline and the collapse of the mining sector, platinum mining and ASM thrived during this period. This is intriguing since Zimbabwe’s mining sector’s decline represents a paradox in that it happened when global mineral prices were rising and the sector was booming globally. Why platinum and ASM were exceptions thus becomes a subject for investigation. Though the importance of industrialisation in the long run is acknowledged, minerals remain strategic in Africa’s development and present an important point of departure.

Since the story of mining in Zimbabwe represents a confluence of informality, state policy and involvement, authoritarianism, political and economic crisis, this thesis chooses political

economy as the preferred heuristic tool. It thus borrows from a combination of conceptual and theoretical approaches that help to unpack conflict, politics and capitalist development. Political economy of conflict, most notably Reno (1998), and primitive accumulation present useful lenses through which to analyse the violence currencies of Zimbabwe's crisis. What appears to be a multiplicity of centres of power and coercion spread across and within the state, ZANU-PF as the dominant political party and its structures, the police, military and youth militias makes the political economy of conflict especially relevant. These groups have promoted accumulation by dispossession. Zimbabwe has retained a strong unitary state and with it unity of coercion. This presents a limitation for most political economy of conflict approaches since these are predicated on the proliferation of warlordism, breakdown of central authority and the emergence of a shadow state and a shadow economy. The historical role of the contemporary Zimbabwean state in moderating and promoting primitive accumulation may thus aid in unlocking this shortcoming.

To be sure, in Zimbabwe, it is possible to talk of a shadow economy and shadow state, but this does not negate the continued existence of strong centralised authority. What appears to be the case however is that the central authority has adapted to a shadow economy through a system of patronage that relies on several conduits of coercive power. These conduits of power are not always coordinated but subordinate themselves to a central authority, namely the party and the state. The party and state are important in that they provide the discourse dominated by legitimation ideologies that promote and define the "Third *Chimurenga*". These ideologies create an "us and them" dichotomy which serves a dual function of qualifying on one hand while disqualifying on the other. What I find interesting in this study is that "accumulation by dispossession" by ZANU-PF supporters and political elites seldom happens without these ideological justifications. It may be that, the party and state, by their custodianship of the legitimation ideology, have been able to adapt to and sustain a network patronage necessary for their political reproduction via the shadow economy.

Zimbabwe's crisis and the way the state responded to it points to some unresolved questions relating to the nature of the country's capitalist development. The development of colonial capitalism was such that it excluded the majority of blacks from economic opportunities. Development was hinged on cost minimisation, profit maximisation and protectionism. Exploitation of cheap labour was central. In order to force blacks into the cheap labour market, the colonial state first relied on covert methods of cohesion such as enacting tax laws,

alienating Africans from the land (Phimister, 1975) and limiting African opportunities for independent economic activities. When these measures produced limited outcomes, the colonial government resorted to migrant labour and *chibaro* (forced labour) (van Onslen, 1980). Blacks were excluded from operating mines. Despite the colonial bias towards big capital, small scale mines were a preserve for the domestic white rural bourgeoisie. The uneven development produced contradictions that made this mode of accumulation unsustainable in the long run (Bond, 1997). For example, while capitalist development was based on exploitation of cheap labour, which undermined the development of a dynamic labour market and skilled labour necessary for industrial development, and restricted domestic consumption. These contradictions were worsened by the imposition of international sanctions after 1965 which restricted then-Rhodesia's access to the international market.

By independence in 1980, Zimbabwe inherited an acutely unequal society. The nature of the political agreement signed in 1979 limited the scope for radical changes in the economic base. The post-colonial state had a somewhat suspicious relationship with white-dominated capital. Public policy vacillated between appeasement of the interests of national and international business, redistributive welfarism in the form of providing universal health care and education and promotion of the interests of a rapidly growing educated class. Actual economic growth in the 1980s was very slow, prompting the adoption of liberal reforms in the 1990s. Mining investment increased in this period in response to ESAP reforms but job losses attending the reforms drove thousands into ASM. By 1999, gold production peaked despite the increasing economic difficulties. Over most of the period from 1980 to 2000, opportunities for blacks remained limited. Blacks could take over the state but with the prevailing rule of law post-1980, they actually found the road to wealth and success, beyond what state office or professional qualifications allowed, a very steep and difficult one.

Starting with the unbudgeted war veterans pay outs in 1997 and the costly intervention in the DRC's civil war, the occupation of white-owned farms in 2000 created a spiral of economic decline. Successive disputed elections created a crisis of legitimacy and government's militant approach to managing the economy through price and exchange controls, printing of money and harassing businesses only compounded the situation. From 2002 onwards Zimbabwe suffered from a serious shortage of basics including foodstuffs, fuel, domestic

paper money and foreign currency. By 2008, Zimbabwe recorded the second highest inflation in world history. The mining sector came to a standstill.

However, within this deteriorating situation, new possibilities arose. The land seizures in 2000 appear to have set in motion a new regime of crisis accumulation (Scoones, 2011). Under the Third *Chimurenga*, accumulation no longer needed to happen by the book. Accumulation by dispossession dominated the new order. Those with connections to the state manipulated the crisis, raising informality and state measures such as printing of money and trading in fuel or foreign currencies. Smuggling of diamonds, gold and other minerals was rampant.

In spite of the decline, Zimbabwe's platinum sector remained efficient and viable. This is best illustrated by the performance of Zimplats which made profits of nearly US \$1 billion during the period. Part Three shed some light on Zimplats's survival strategy in this difficult political and economic context. Zimplats successfully managed to adapt to Zimbabwe's political context, negotiating relatively good deals and engaging with local chiefs and politicians to ensure survival in an age of radical nationalism and policy uncertainty. The company was able to negotiate a winning deal in light of the government's attempt to force the company to dispose majority stake to indigenous Zimbabweans. Carefully managing power networks through dispersing with political and economic rents was thus crucial.

ASM also has typified Zimbabwe's disorderly regime of accumulation. Superficially consisting of subsistence tactics in the realm of informality, ASM also links up to the state and offers some real opportunities for accumulation. This thesis makes use of fieldwork on ASM in Chegutu to make this point. It shows the importance of horizontal and vertical networks. It illustrates how patronage, accumulation, politics and violence dominate this sector. Some medium-sized business ventures are emerging out of informal mining. Informal and sometimes illicit mining activity has provided capital finance for other economic activities – a role that would be played by banks in other contexts.

3. State, Mining and Accumulation

Developments in Zimbabwe during this period do not support the hopes of proponents of state-led development. After the failure of the economic liberalisation policies of the early

1990s, the post-2000 Zimbabwe state adopted a radically commandist approach. However this commandism, unlike the kind inherited from the colonial state in 1980, was not developmental. Instead, it was characterised by a partisan and populist redistributive rhetoric rather than support for improved productivity. Those who see “...state interference in commerce as more violent than the effects of what Mark Duffield earlier called the ‘illiberal’ consequences of so-called *laissez-faire* in the hinterlands,” may well find a scapegoat in this instance (2001). This authoritarian populism partly derived legitimacy from the reality of colonially inherited economic imbalances.

Patronage and coercion tilts the balance of forces in favour of the security sector. It also leads to the coalescing of powerful interests around politically extractable rents. The economy as a result is being (re)organised to sustain patronage and coercion and the accompanying political project. To this extent, both indigenisation and economic empowerment and accumulation in ASM can be viewed as an attempt to sustain patronage through dispossession and accumulation gate keeping. The marriage of politics and economy is buttressed by the marriage of the party and the state. ZANU-PF structures shared offices (and functions) with government departments.

The conflation of the state and party is also seen in national events and holiday celebrations such as the Independence Day, national heroes’ burials, Defence Forces Day and Unity Day. During these events party slogans are chanted, party colours and regalia are worn and political opponents are verbally attacked. Since the formation of the inclusive government, some of these party events were separated from the state due to protests from the new political partners in government. Yet this researcher encountered situations where losing ZANU-PF candidates in local council elections remained de facto councillors. Local residents still referred to them as if they were official councillors. ZANU-PF structures, besides relying on youth militias, tend to be closely aligned to senior police and other national security organs who, for the most part, view themselves as appendages of ZANU-PF.

It is argued here that the 2000 land grabs added a spin to this relationship between the party and state. By side-lining the rule of law and allowing the party to spearhead the violent seizures of farms, manage access to “empowerment” and ASM opportunities, the state lost the ability to consistently enforce laws, especially against the interests of party members and the petty bourgeois elements within its ranks. The very centre of power in Zimbabwe has

shifted to the party from the state and now is seemingly slipping away to the military, as epitomised by the establishment of the Joint Operation Command (JOC) (Mugabe's think tank comprising of the army, intelligence, prisons service and police), and its increasingly central role in policy formulation and implementation. Nevertheless, the state has been maintained as an instrument of both economic and political reproduction. The co-governing MDC has seemingly failed to alter the reality of ZANU-PF dominance in the state.

During the crisis period, membership or some sort of association with ZANU-PF and its several instruments of coercion became central for viable accumulation. Within ZANU-PF itself, accumulation battles manifest themselves in the form of court battles over the ownership of grabbed farms, gold claims and rush sites, economic crime charges and counter-charges, verbal and violent militia clashes at accumulation sites, and most recently, violent clashes during party primary elections. Increased economic and political contestation in an unregulated context has made recruitment and hiring of militias a necessity for senior party members. Political mafia groups such as *Chipangano*: ZANU-PF youths in Harare's Mbare area, Chipinda's gang of gold panners doubling as ZANU-PF youths in Kwekwe, or Mai Pfute's gang of ZANU-PF youth cum gold panners in Chegutu have emerged and to some degree have become self-sustaining. War veterans can go to Zimplats premises and threaten to close the mine or spearhead worker unrest demanding compliance with indigenisation laws or employment of "locals". In some cases where patrons ceased to sponsor them, the gang takes it upon itself to demand rents from informal traders and other economic actors in return for conducting their business. In gold panning, these militias have often doubled as employees and militias.

This to some extent represents the bastardisation of the acquisitive culture that scholars on Zimbabwe (Raftopolous, 1996; Ranger, 1980) have historically associated with Zimbabwe's political elites. Thus an historical understanding should assist in entangling Zimbabwe's post 2000 political economy. The nationalist politics not only intersected but in fact emerged from struggles by the African elite for access to white preserved privileges. Raftopolous (1996) notes that during the formative years of anti-colonial struggle, "the desire for upward mobility" was at the heart of nationalists' grievances, most of whom had acquired education and professional training only to be frustrated by the limited opportunities. This inclination among the nationalists leadership remained even despite the leftist rhetoric in the 1970s and 1980s. Rangers describes nationalists in the late 1970s as manifesting "many of the negative

features characteristic of petty-bourgeoisie politics in (other) independent, neo-colonial Africa ...” (1980).

The state that emerged after 1980 thus lived up to its billing as a “contradictory site of both accumulation (not necessarily productive) and hegemonic construction” (Moore, 2004a, 407), governed by what Fanon (quoted in Saul, 1979, 353) describes as a petty bourgeoisie or ‘intellectual elite engaged in trade’ doubling as rulers. Zimbabwe’s ruling elites “became umpires in the accumulation game in which they had vested interest” (Mawowa, 2007, 43). It is no wonder a handful of Zimbabwe’s ruling elites managed to accumulate substantial wealth in spite of a 1984 leadership code which prohibited those in the party leadership from involving themselves in business and acquiring property. The rhetoric encapsulated in the code had an effect of discouraging black business entrepreneurship among the general populace while simultaneously leaving unhindered the colonially derived white capital. In fact, tacit alliances formed between members of Zimbabwe’s ruling elites and white capital.

Despite the indigenisation rhetoric over the years, the commitment of Zimbabwe’s statecraft to the development of an independent black entrepreneurship is far from convincing. Therein lays the paradox of the authoritarian populist redistributionist policies of the 2000s. Raftopolous and Compagnon go as far as arguing that the Zimbabwe “Government *fears* that an autonomous black private sector would provide alternative power-bases” (2004, 20). Approaches to correcting historically generated racial imbalances remain top down in nature and lack a sincere strategy to broaden the local entrepreneurial base beyond a narrow, parasitic and politically aligned business class. This is apparent in both the state’s attempt at indigenisation and empowerment in the platinum sector and the contradictory policies and attitude towards ASM.

The fomenting of affirmative action voices in the late 1990s only led to the intertwining of the ruling party and indigenisation pressure groups. The tendency has been to use politics to pursue economic interests. Membership of indigenisation organisations became an important platform for aspiring ruling party politicians (Raftopoulos and Phimister, 2004, 361) “in actual fact aspiring towards bourgeois status” (Mawowa, 2007: 20). This has been combined with the use of “struggle credentials to legitimate ... and de-legitimate others in competition for power and resources” (Kriger, 2006, 1151). CSOTs and other apparently more democratic aspects of the indigenisation policy have been fashioned along party patronage and in the

struggle credentials logic. Politics of recognition thus tend to occupy the core of accumulation and (re)distribution modalities in post-colonial Zimbabwe. Perhaps it is fair to conclude that the acquisitive nature of Zimbabwe's ruling class and its hegemonic interest make it incapable of delivering meaningful and broad based economic empowerment. Expecting those in ZANU-PF to be neutral —“umpires in an accumulation game in which they had vested interests”— would be asking for too much.

4. Crisis Accumulation and Development

The question considered here is that of the transformative effects and accumulation outcomes of an “overtly destructive and anti-development process,” and the pervasive informalisation attending the period. “Creative destruction” (Schumpeter, 1959) would give us some room for optimism, but outcomes are not predetermined. “... If one realises that fundamental socio-economic transformation is not a picnic, then the question is about who controls the coercion of accumulation, and how they can minimise the devastation and maximise the benefits” (Moore, 2008: 3). Moore has attempted to understand the violence of this period as part and parcel of the process of primitive accumulation. Primitive accumulation relies on force and use of non-market modalities (Marx, 1972) and this may well explain the economic dimensions of Zimbabwe's violence and the party and state's involvement in it. As Moore puts it, “...if capitalist development needs violence, why not have states rather than warlords direct it?” (2008, 2). Herbert Ndoro distinguishes between productive and non-productive informal activities. Productive informal activities “have the capacity to internally generate savings which will constitute investible surplus providing a basis for expansion leading to structural transformation in the wider economy eventually rendering the term ‘informal’ inappropriate” (1996, 30).

This evolution is observable in what is covered in this work, where a mining site starts as a site for a gold rush, is normalised to a registered claim and in some cases becomes a small mine and gold processing mill that employs more than 50 people, with considerable investment and a degree of mechanisation. In some instances the venture diversifies beyond mining to include other business activities such as semi-commercial agriculture, furniture, transport, fuel and other retail business. This growth trend is significant in so far as it casts some light on opportunities and development potential for the sector. Epistemology and development policy to do with ASM tends to emphasise the needs for external intervention in

the form of either technical and financial support or mitigating negative environmental and health effects. Where upward mobility has taken place without support from external agencies, the plausibility of this emphasis is put into question. In some cases, gains won in gold mining have provided seed capital for other economic activities.

Placed within a national context, this typifies all unregulated economic activities that have come out of the Zimbabwe crisis. Basic commodities which were in short supply were sold at the parallel market at inflated prices. This included foreign currency, basic foodstuffs such as bread, maize meal, cooking oil and sugar market⁶⁵, airtime voucher cards and fuel among other things. The ZANU-PF party and the state parasitised this informality. In 2007, for example, ZANU-PF's Bulawayo leadership was accused of selling cell phone lines from the state owned cell phone company Net-one on the parallel market. Cell phone lines were sold at between Z\$6-Z\$8 million on the parallel market compared to the Z \$300 000 official price (*Chronicle*, 13 July 2007, 2). In a journal article on the roadside currency trade, I have shown how senior political and security figures were involved (Mawowa and Matongo, 2011).

At a time when fuel took more foreign currency than any other commodity (Gono, 2005, 16), those connected to the state got access ostensibly for priority programs like public transport and agriculture, only to sell it at inflated parallel market prices. As one informant put it, "With fuel in short supply the war vets/CIOs (Central Intelligence Organisation operatives) now owning farms around Chegutu, though spending all their time sitting here (at a bar), claim government fuel ostensibly to use at their farms, only to sell it here through these 'NOCZIM'⁶⁶ guys on the black market" (Interview with a fuel dealer, July 2007). As a result, "NOCZIMs," proliferated in Chegutu and across the country where fuel was sold at exorbitant parallel market rates, despite shortages in official channels. A similar trend occurred in the RBZ allocation of foreign currency at the very cheap 'official' rate. This limited currency was accessed by party 'heavies', who in turn made huge profits by selling

⁶⁵ The state's system of distribution of goods in short supply was so skewed and easy to manipulate to ensure benefits, seemingly, for members of the party elite. For example, in 2005 the state run Grain Marketing Board was selling grain to millers at a lower price than it was purchasing from farmers. In a mode of appropriation defined by patronage lines, only those millers connected to the party could easily access this cheap grain. It soon emerged that most of these were disguised millers who accessed this grain from the GMB only to repack and resell the very same grain to the GMB at a profit.

⁶⁶ 'NOCZIM' was local *lingua franca* for illegal and parallel market fuel dealers, derogatorily derived from the National Oil Company of Zimbabwe (NOCZIM), which is officially responsible for all national oil procurement. In effect these have become the defacto national oil supplies because they always have fuel to sell.

the same money at the higher parallel market rate. In 2007 Mutumwa Mawere⁶⁷ observed that “Selected individuals can benefit from buying foreign exchange at Z \$15,000 to US \$1 and then sell the same US \$1 at Z \$25,000 or more” (2007).

The shop floor stewards of this system, such as fuel attendants, bank tellers or supervisors in a retail shops among others, moved from rags to riches in an instant due to their placement. Some benefited from being employed as fronts for powerful figures. This scenario is similar to what ensued in the ASM sector, where a powerful figure used someone as a front to run a syndicate or small gold mine. It is also true of police officers who “policed” ASM. In such cases, official salaries cannot explain the assets accumulated due what is obviously the most trying economic period in Zimbabwe’s history. Perhaps the most successful case cited in this thesis is that of the owner of Coloursell furniture chain. He greatly benefited from being appointed a gold buying agent for the central bank and became a renowned gold miner and furniture businessman. As observed in this study, cases of upward mobility are not only limited to those with direct connections to the state or the coercive apparatus. Some have been able to manipulate the system, making use of local networks. The majority of accumulation cases, however, have been linked to state influence.

As a direct response to the proliferation of artisanal and small scale gold mining, retail, housing and other markets develop, leading to the establishment of related businesses. Typically however, these hardly last for long and tend to follow gold rush cycles. This has at times left ghost structures in former gold rush sites. At the lower levels of society evidence of both accumulation and dis-accumulation run concurrently. Price stabilisation, which came with dollarisation, might provide opportunities for more sustainable accumulation assuming they move into more stable business ventures.

5. Crisis-Born Accumulators: Possible Limitations of Crisis Political Economy

The mode of appropriation that has dominated the crisis period in Zimbabwe expresses itself more eloquently in the unfolding social configurations. These configurations have been contradictory in many ways. This reflects the chaotic manner in which accumulation has taken place over the past ten years or so. The first contradiction stems from the growing lack of distinction between party or political office and accumulation. Political office corresponds

⁶⁷ Mawere is a Zimbabwean businessmen and former owner of two mining companies in Zimbabwe. He was forced to flee to South Africa after a fall out with ZANU-PF, which had helped him start his mining business.

with accumulation more and more. The party state thus collapses into a localised capitalist oligarchy. Overnight one can wake up a landowner but property rights are not necessarily secured. In the long run, the lack of legal consistency and continued reliance on coercion as opposed to a system of property rights may undermine and reverse the upward mobility which was instigated.

A triple-layered socio-politico-economic stratification can be envisaged in the case of Zimbabwe's crisis political economy. One has at its apex a class, somewhat difficult to define but combining business, public, private and political office, be it in party or government — 'comrades in business' (Capps, 2007, 30) involved in both legal and illegal accumulation activities. It is this class that has been most interested and involved in most indigenisation and empowerment deals. Thus Vice-President Mujuru is opportunistically but accurately reported to have, "castigated greedy politicians and leaders who are grabbing everything for themselves under the guise of indigenisation" (*The Standard*, 24 February, 2013).

Below the 'power elite' is a stratum that could tentatively be labelled a 'middle class'. This group does not meet the conventional definition of middle class. One would think here of business managers and public servants, positions which come with the requisite qualifications or learning this group lacks. However, this group's function in Zimbabwe's political economy of crisis imitates that of a "normal middle class" or the conventional "new petty bourgeoisie" of Poulantzas (1975, 209). It includes the registered small scale miners and claim holders who can be independent individuals or family units. Connected to them is the linkman or front man, who manages illegal deals for the elite. Sometimes this is a managing partner. This can also be a locally based gold buyer, a party ward chairperson or youth leader. This group is also identified by its location, at or close to, the resource site where it represents the big chief who may prefer to be absent. In a few cases members of this group have ended up being serious accumulators in their own right. The lower stratum consists of gold panners and militia on one hand and subsistence farmers who double as part-time panners on the other.

It is also possible to talk of a crisis born accumulating class as an outcome of Zimbabwe's crisis political economy. This may be equivalent to what *Zimbabwe Independent* columnist Muckraker has termed a "vulturine class" (*Zimbabwe Independent*, July 13-19, 2007). This class is partly an outcome of accumulation by dispossession. The chaotic land reform saw a

lot of ZANU-PF members and war veterans getting farms, thus moving from landless to being landed. At the time of writing, news reports suggested that the Zimbabwe government was moving to register 99 leases for resettled farmers, thus confirming this process (*The Herald*, 4 March 2013). Whether or not this process presents a widespread movement of people from one class to another *en masse* is not yet clear. Only 131 leases were reportedly issued (Ibid).

Access to once criminalised and legally restricted activities such as trade in foreign currency, corrupt activities around goods in short supply and ASM presented opportunities for upward mobility, in some case from one class to another. The selective enforcement of laws on criminalised economic activities has widened access to rents by those connected to ZANU-PF. This class dependency on the party and the coercive apparatus has seen it becoming more involved in the affairs of the party and aspiring for political office. The ZANU-PF party's primary elections conducted to choose party candidates for the national elections confirms this shift (*The Standard*, 2008; *NewZimbabwe*, 2008). For the ruling elite and their network of beneficiaries, the economic utility of political office has become starker than ever. In that regard, political contests have collapsed into a form of what Bayart has famously called *la politique du ventre* (the politics of the belly) (Bayart, 1993 and Bayart *et al*, 1999, 8). It is notable that those within what may represent ZANU-PF's old guard have enacted a requirement that one ought to have served the party for at least five years to qualify as a candidate for primary elections. The new crisis-born class of accumulators is thus an emerging reality.

By gate keeping accumulation in both ASM and platinum mining through coercion, the party in effect asserts itself as custodian of the country's mineral wealth. Ideally minerals are owned by the state as a representative of the people, but this is subverted to mean that the party holds title. The actual leaser of mining rights thus is the party rather than the state. With respect to small miners and gold panners, what starts off as a free-for-all gold rush is often regularised by way of a powerful elite taking over and registering the claim. A certain group of gold miners are superficially described as permanent nomadic panners, but in fact they are proletarians at the behest of the politically connected accumulators. The gold obtained is often sold to the very same powerful elites. This makes more sense when one considers that quite a significant number of these miners are former mine and farm workers who have not gained land from the fast track land reform.

Included in this category are youth who find gold panning as their first job. For that reason, the 'real' capitalists are the members of the ruling elite who have control of the means of production through the party-state. The elite member can either choose to operate more directly at the mine through a syndicate or have bands of nomadic miners to mine for him and pay wages effectively through the purchase mechanism without entering a formal work contract. The artisanal gold miners have little or no control over both the selling price and access to means of production. The real capitalist permits the illegal miners to access "his" resource without hindrance thus making them a labour force of a new type. To make this plain, one may argue that if the panned gold was not reaching the employer (ruling elite or those connected to the part state) they would have been more purposeful in curbing these activities.

These unregulated "illegal" modes of accumulation and appropriation are subject to reversal and reordering. With questions of property rights still unresolved, gains of the current process are not beyond reversal. With the MDC repeatedly promising to reverse the order, bring to book and return business to normalcy, a new political order may be set to banish the system. This partly explains the tendency by war veterans, pro-ZANU-PF business people and other beneficiaries to coalesce increasingly around the political establishment. Thus, while the unregulated nature of accumulation has favoured the new party state club of accumulators, it is not necessarily going to be good for them in the long run. Historically primary/primitive accumulation has been characterised by hook, crook and violent dispossessions, but this has been followed by institutions to support, regulate and protect legally and coercively these gains. Whether or not the current political dispensation where MDC and ZANU-PF are sharing power will deliver the requisite compromises to institutionalise and protect gains of Zimbabwe's "political economy of crisis" remains uncertain.

Continued reliance on accumulation by dispossession would most likely discourage long term economic planning and the emergence of an orderly accumulation regime. This has become clearer with the indigenisation and empowerment policy, where accumulation by violent dispossession or the threat thereof have been the main means of redistributing wealth to blacks.

6. Conclusion: An Economic History of Liberating Ourselves?

This thesis thus answers in part the question about Zimbabwe's economic history of liberating "ourselves." A careful reading of this history betrays a narrow focus geared toward benefitting a few already-rich political elites. This is consistent with ZANU-PF's modus operandi. The paradox is that while preaching empowerment, ASM workers are victimised and laws are haphazardly applied. In order to be meaningful about Zimbabwe's crisis political economy, a historical understanding of the evolution of nationalist politics and how this articulated with emerging African capitalists' contests for entrepreneurship is important. To be sure, the Zimbabwean government and ZANU-PF have never favoured independent black entrepreneurship. As Raftopolous and Compagnon (2004) have pointed out, they fear doing so and losing power. It is not surprising that the populist rhetoric falls short of broadening the local entrepreneurial base beyond a narrow, parasitical, unsteady and politically dependent business class.

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⁶⁹ This reference is for paperback edition, first publication was in 1976, by Pluto Press.

APPENDIXES

Appendix 1

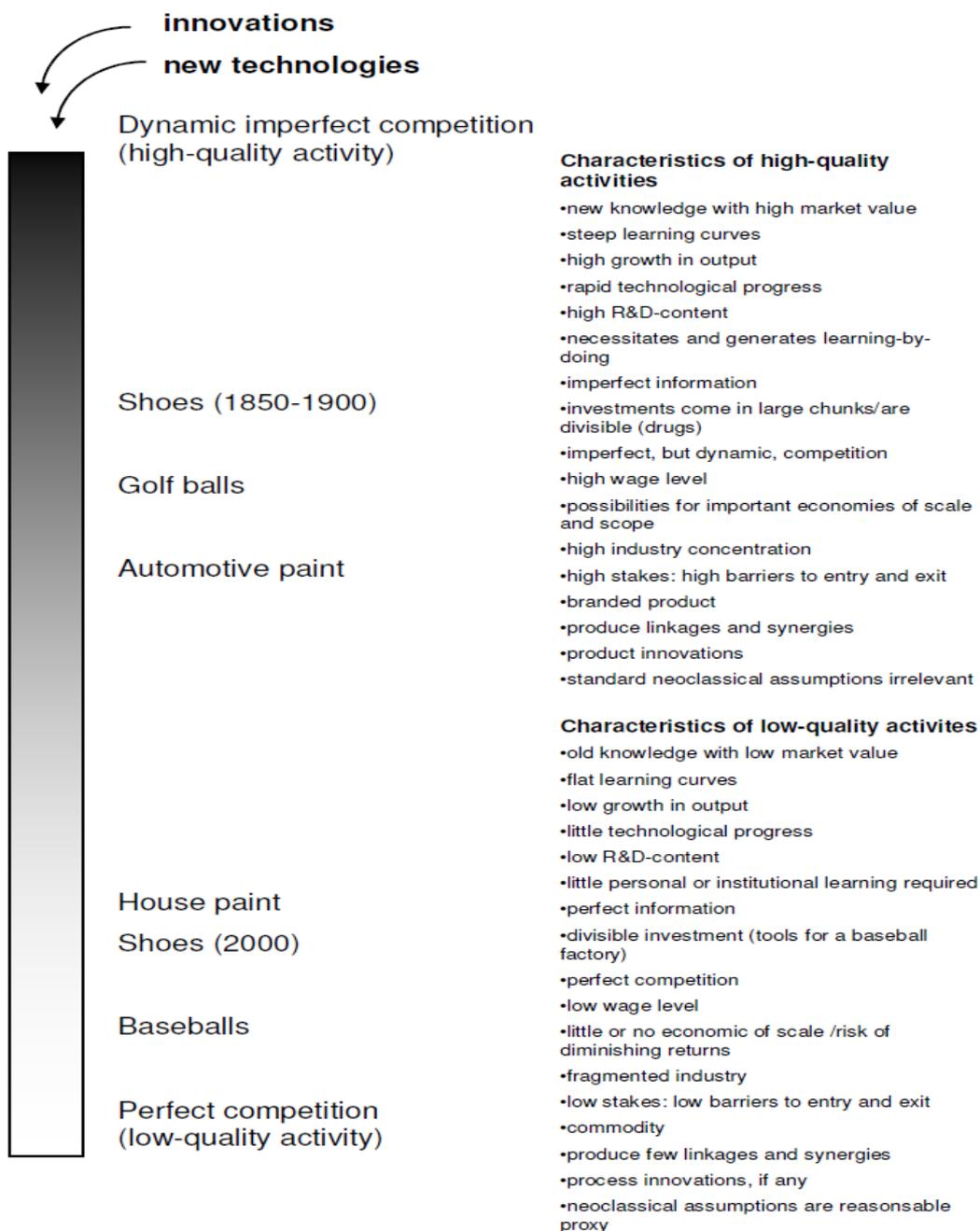
Total Wealth, 2000 — \$ per capita and percentage shares —

Income group	Natural capital	Produced capital	Intangible capital	Total wealth	Natural capital share	Produced capital share	Intangible capital share
Low-income countries	1,925	1,174	4,434	7,532	26%	16%	59%
Middle-income countries	3,496	5,347	18,773	27,616	13%	19%	68%
High-income OECD countries	9,531	76,193	353,339	439,063	2%	17%	80%
World	4,011	16,850	74,998	95,860	4%	18%	78%

Source: World Bank, 2006.

Appendix 2

The Quality Index of Economic Activities



Source: Eric Reinert, 2006: 317.

Appendix 3

Ownership of Selected Key Mines in Zimbabwe, 2011

Company	Size	Mineral	% Indigenous	% Foreign	Note
1. Zimplats	Large	Platinum		100	
2. Mimosa	Large	Platinum		100	
3. Unki	Large	Platinum		100	
4. Todal	Medium	Platinum	40	60	ZMDC joint venture; also see note
5. Amari	Large	Platinum	50	50	ZMDC joint venture; also see note
6. Ruschrome	Large	Platinum	50	50	ZMDC joint venture; also see note
7. Northridge	Large	Platinum	50	50	ZMDC joint venture; also see note
8. Murowa Diamonds	Large	Diamonds	22	78	
9. River Ranch	Medium	Diamonds	20	80	
10. Mbada Diamonds	Medium	Diamonds	50	50	ZMDC joint venture
11. Candille Diamonds	Medium	Diamonds	50	50	ZMDC joint venture
12. Metallon	Large	Gold		100	
13. RioZim	Large	Gold/ Coal/ Nickel	100		Listed
14. Duration/ Clarity	Large	Gold		100	
15. Freda Rebecca	Large	Gold	15	85	
16. Caledonia	Medium	Gold		100	
17. Casmyn	Medium	Gold		100	
18. Falgold	Medium	Gold	15	85	Listed
19. Golden Valley	Medium	Gold	100		
20. Pan African Mining	Medium	Gold	15	85	
21. GAT	Medium	Gold/ Pyrites	100		
22. Carslone	Medium	Gold	100		RBZ
23. DTZ_OZDEO	Small	Gold	50	50	

Company	Size	Mineral	% Indigenous	% Foreign	Note
24. Zimasco	Large	Chrome	27	73	
25. Zimalloys	Large	Chrome	60	40	
26. Bindura Nickel Corp	Large	Nickel	47	53	Listed; BNC is owned 20% by Government of Zimbabwe through Climax.
27. AA Mines	Large	Asbestos	100		
28. Hwange	Large	Coal	43	57	Listed; Hwange is owned 43 percent by the Government of Zimbabwe.
29. ZMDC	Large	Gold/ Platinum/ Diamonds/ Titanium	100		ZMDC is owned 100% by the Government of Zimbabwe
30. ZISCO	Medium	Iron Ore	40	60	ZISCO is owned 40 percent by the Government of Zimbabwe.
31. Dorowa Minerals	Medium	Phosphate	100		Dorowa Minerals is owned by IDC through Chemplex which is owned 100% by the Government of Zimbabwe.
32. Alaska Dolomite	Small	Dolomite	100		
33. Samrec Vermiculite	Small	Vermiculite		100	
34. Kadoma Magnesite	Small	Magnesite	100		
35. ACR	Exploration	Gold/ Phosphate/ Titanium	5	95	Exploration
36. Liberation Mining	Small	Coal	100		
37. Tuli Coal	Small	Coal	100		
38. Northern Coal	Small	Coal	100		
39. Lisulu Mining	Small	Coal	100		
Source: Chamber of Mines of Zimbabwe, Individual Mining Houses, 2010					
Notes: State, State owned enterprises and indigenous people hold mineral rights totaling 50 percent to 60 percent of total mineral rights Unki and Zimplats ceded ground to ZMDC in return for empowerment credits and to facilitate new entrants into the platinum sector. ZMDC has gone on to create these joint ventures with this ground.					

Source: Confederation of Zimbabwe Industries, 2011.