Economic Complexity, Regime Transition and Sectoral Forces:
The Impact of Trade Unions on Democratization in Zimbabwe, South Africa and Zambia

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To Jason, who would have excelled at a Ph.D.
Abstract

This thesis interrogates uncertainty in transitional politics in South Africa, Zambia, and Zimbabwe. It questions why some countries transition to democracy and some stagnate or revert to authoritarianism. To address the dual nature of political contingency and structural formations in transitional politics, it adopts a conceptual framework based on economic complexity, to ascertain the relationship between economic structures and the results of regime transition. This study engages with the extensive literature linking economic development and democracy throughout the world, to see if it can be applied to the recent and on-going transitional events across Africa. It identified trade union confederations as economically important actors whose political contingency was directly affected by the sectoral composition of each country’s economy. In other world regions, trade unions have been of import in determining transitional outcomes, and this thesis interrogated whether the same was true in three African countries.

The concept of economic complexity was developed to offer a conceptual framework through which to understand transitional politics. It was argued that the more complex the economy, the more likely democracy was to emerge following transition because there would be more factors in play in the political-economic arena that could erode a regime’s relative power and thus bestow power onto other actors who could utilize it for regime change. In terms of indicators, economic complexity was composed of five features – sectoral spread, state intervention and investment, formal sector employment, level of unionization, and level of foreign private investment – and it was argued to impact strongly on transitional politics because economic complexity tempered the power relations amongst salient political-economic actors. Economic complexity allowed for the examination of each countries sectoral composition, which then was hypothesized to mediate the power relations of each countries economic actors and subsequent transitional trajectory.

In terms of research findings, the economic complexity argument certainly had traction at an empirical level. Countries with more complex economies were more likely to be democratic regimes after transition. More interestingly than this simple point however was that it was changes in complexity that proved to be of great importance in triggering opportunities for mobilization. Throughout the three cases the general outcome was that increased complexity resulted in higher levels of democratization as a transitional outcome, but it was changes in complexity, upwards or down, that actually got transitions moving. So, mobilization can be triggered during times of economic change, not only economic failure. In all three cases conditions of economic change - declining complexity, constrained complexity, and mutated complexity – triggered the development of a movement that could challenge the dominance of the state.

The contribution of this study lies in the conceptual framework developed to approach regime transitions. The findings contribute to broader debates in the transitional literature, pointing to the possibilities that sectoral examination can have for determining a regime outcome. It highlights the interconnectedness of structures and agency in regime transitions.
Declaration

I declare that the work in this thesis is the work of the candidate alone and has not been submitted to any other University or higher education institution in support of a different award. Citations of secondary works have been fully referenced.

A shortened version of this work has been published under the following citation:


Signed: _______________
Date: _______________
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Table of contents

Abstract v
Declaration vii
Acknowledgements ix
Table of contents xi
List of Figures xiv
Abbreviations xviii

Chapter One – Introduction 1
  1.1 The research problem 1
  1.2 Approaches to regime change 2
    1.2.1 Genetic approaches to regime change 3
    1.2.2 Functional approaches to regime change 7
    1.2.3 Combining functional and genetic approaches to democratization 9
  1.3 The approach 12
  1.4 Structure of the thesis 15

Chapter Two - Methodology 17
  2.1 Case selection and research design 17
  2.2 Methods of data collection 26
  2.3 Analysing data 29

Chapter Three – Regime change, critical junctures, opportunities and choices 31
  3.1 Introduction 31
  3.2 Transitions and labour 31
  3.3 Critical junctures and regime change 34
  3.4 Dysfunctional modernization 42
  3.5 Sectors and economic complexity 46
  3.6 Social forces 49
    3.6.1 Political elites 50
    3.6.2 Business elites 53
    3.6.3 Trade unions 54
    3.6.4 Summary 56
<table>
<thead>
<tr>
<th>Chapter Four - Zimbabwe – Mutated complexity and the growth of authoritarianism</th>
<th>61</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Introduction</td>
<td>61</td>
</tr>
<tr>
<td>4.2 Macro-economic indicators</td>
<td>63</td>
</tr>
<tr>
<td>4.2.1 1980-1990 – Sectoral retention and stagnant complexity</td>
<td>63</td>
</tr>
<tr>
<td>4.2.2 1990-1997 – Structural erosion and decreased complexity</td>
<td>78</td>
</tr>
<tr>
<td>4.2.3 1997-2014 – Sectoral mutations and regime stagnation</td>
<td>93</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter Five - South Africa and economic complexity: a constrained environment</th>
<th>121</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Introduction - apartheid and economic complexity</td>
<td>121</td>
</tr>
<tr>
<td>5.2 Macro-economic indicators</td>
<td>123</td>
</tr>
<tr>
<td>5.2.1 1948-1973 — Self-imposed constraints</td>
<td>123</td>
</tr>
<tr>
<td>5.2.2 1973-1994 – Increasing complexity, but sectoral stagnation</td>
<td>134</td>
</tr>
<tr>
<td>5.2.3 1994-present – a political and economic transition</td>
<td>154</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter Six – Zambia, economic complexity and the development of democracy</th>
<th>173</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Introduction</td>
<td>173</td>
</tr>
<tr>
<td>6.2 Macro-economic indicators</td>
<td>177</td>
</tr>
<tr>
<td>6.2.1 1960-1972 – State capitalism</td>
<td>177</td>
</tr>
<tr>
<td>6.2.2 1972-1991 – Economic and political nationalization</td>
<td>191</td>
</tr>
<tr>
<td>6.2.3 1991-present – Free market economy</td>
<td>206</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter Seven – Economic complexity, sectoral forces and regime change revisited</th>
<th>223</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Introduction</td>
<td>223</td>
</tr>
<tr>
<td>7.2 Achievements of the thesis</td>
<td>223</td>
</tr>
<tr>
<td>7.3 Answering the research questions.</td>
<td>226</td>
</tr>
<tr>
<td>7.4 Revisiting the hypotheses</td>
<td>230</td>
</tr>
<tr>
<td>7.5 Alternative explanations</td>
<td>235</td>
</tr>
<tr>
<td>7.5.1 The leadership effect</td>
<td>236</td>
</tr>
<tr>
<td>7.5.2 International brokering</td>
<td>238</td>
</tr>
<tr>
<td>7.6 Further research</td>
<td>240</td>
</tr>
</tbody>
</table>

| Bibliography | 243 |
Appendices

Appendix A: Information and Consent form
Appendix B: List of interviewees
Appendix C: Interview topic guides
  Topic Guide for civil society activists
  Topic Guide for individuals involved in democracy promotion
  Topic guide for trade unionists
**List of Figures**

1.1 Modes of transition to democracy 5

2.1 Indicators Collated from UNDP (2011) and World Bank (2011) 19

2.2 *Development indicators 2008-2013* 21

2.3 Democratic governance scores 2009-2011 26

3.1 Building Blocks of the Critical Juncture Framework 39

3.2 Assumptions governing economic complexity 49

4.1 Sectoral Spread, 1980-1990 67

4.2 Gross capital formation percent GDP, 1980-1990 70

4.3 Total formal sector employment (thousands) 1980-1990 by economic activity 73

4.4 ZCTU National labour actions 1981-1990 75

4.5 Imports of goods and service at constant 2005 prices – US Dollars (billions) 77

4.6 Sectoral spread, 1990-1997 81

4.7 Gross capital formation percent of GDP, 1990-1997 84

4.8 Total formal sector employment and population 1990-1997 by economic activity 86

4.9 National strike actions and number of successes 1991-1997 90

4.10 FDI inflows US$ to Zimbabwe and South Africa 1987-1997 92

4.11 Sectoral spread, 1997-2013 97

4.12 GDP annual rate of growth and GDP at constant 2005 local currency, 1997-2010 99

4.13 Gross capital formation, 1997-2013 101

4.14 Consumer prices – food index percent increase 108

4.15 FDI inflows US$ to Zimbabwe 1997-2012 116

4.16 Percentage risk premium on lending for investment, 1997-2005 117

5.1 Percentage sectoral share of GDP year on year growth rates, 1948-1973 126

5.2 Total gross fixed capital formation 1949-1973 128

5.3 Employment growth as percentage of annual growth rate 1948-1973 130
5.4 Striking workers as a proportion of non-agricultural employment 1960-1973 132
5.5 Long-term private capital inflows to South Africa 1956-1973 134
5.6 Percentage sectoral share of GDP year on year growth rates, 1973-1994 138
5.7 Percent public/private fixed capital formation 1973-1994 140
5.8 Economically active population and formal labour employment 1973-1993 143
5.9 Strikes and work stoppages excluding stayaways, 1974-1993 146
5.10 Level of unionization 1973-1994 148
5.11 Long-term private capital inflows to South Africa 1973-1994 150
5.12 Percent gross value added by kind of economic activity, 1994-2011 158
5.13 Percent gross fixed capital formation, 1994-2011 159
5.15 COSATU membership and formally employed population, 1991-2012 165
5.16 Trade union density by sector 166
5.17 Long-term private capital inflows to South Africa 1994-2011 in million rands 169
5.18 Net acquisition of financial asset versus net capital formation, 1970-2007 170
6.1 Unit cost of copper production 2006 177
6.2 Sectoral Spread, 1965-1972 182
6.3 Gross fixed capital formation, 1970-1972 185
6.4 Racial breakdown of the working population, August 1969 186
6.5 Strikes and lockouts, workdays lost, 1969-1972 189
6.6 Foreign direct investment, net inflows, 1970-1972 191
6.7 Trends in copper prices and production, 1980-2002 194
6.8 Sectoral spread, 1972-1991 196
6.9 Gross fixed capital formation, 1972-1991 197
6.10 Percent breakdown of worker status for the employed, 1969-1991 199
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.11</td>
<td>Strikes and lockouts, workdays lost, 1972-1991</td>
<td>201</td>
</tr>
<tr>
<td>6.12</td>
<td>Foreign direct investment, net inflows 1972-1991</td>
<td>205</td>
</tr>
<tr>
<td>6.13</td>
<td>Sectoral spread, percent of GDP, 1991-2011</td>
<td>209</td>
</tr>
<tr>
<td>6.14</td>
<td>Gross fixed capital formation, 1991-2011</td>
<td>214</td>
</tr>
<tr>
<td>6.15</td>
<td>Total formal and informal sector population 1992-2012</td>
<td>215</td>
</tr>
<tr>
<td>6.16</td>
<td>Strikes and lockouts, workdays lost 1991-1997</td>
<td>219</td>
</tr>
<tr>
<td>6.17</td>
<td>Foreign direct investment inflows and outflows, 1991-2011</td>
<td>220</td>
</tr>
<tr>
<td>7.1</td>
<td>Hypothesis one</td>
<td>233</td>
</tr>
</tbody>
</table>
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAC</td>
<td>Anglo American Corporation</td>
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<tr>
<td>AIPPA</td>
<td>Access to Information and Protection of Privacy Act</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>ARMSCOR</td>
<td>Armaments Corporation of South Africa</td>
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<td>CFU</td>
<td>Commercial Farmers Union</td>
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<td>CI</td>
<td>Capital Inflows</td>
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<td>CIO</td>
<td>Central Intelligence Organization</td>
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<td>COSATU</td>
<td>Congress of South African Trade Unions</td>
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<td>CSAWU</td>
<td>Civil Servants and Allied Workers Union</td>
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<tr>
<td>ESAP</td>
<td>Economic Structural Adjustment Programme</td>
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<td>ESCOM</td>
<td>Electricity Supply Commission</td>
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<td>FCF</td>
<td>Fixed Capital Formation</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FNDP</td>
<td>First National Development Plan</td>
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<td>FODEP</td>
<td>Foundation for Democratic Process</td>
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<td>FO S A T U</td>
<td>Federation of South African Trade Unions</td>
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<tr>
<td>FTLRP</td>
<td>Fast Track Land Reform Programme</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>IFI</td>
<td>International Financial Institution</td>
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<td>IG</td>
<td>Inclusive Government</td>
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<tr>
<td>IHDI</td>
<td>Inequality-adjusted Human Development Index</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INDECO</td>
<td>Industrial Development Corporation</td>
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<td>IRA</td>
<td>Industrial Relation Act</td>
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<tr>
<td>ISI</td>
<td>Import Substitution Industrialization</td>
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<td>ISCOM</td>
<td>Iron and Steel Corporation</td>
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<td>JOC</td>
<td>Joint Operations Command</td>
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<tr>
<td>LEDRIZ</td>
<td>Labour and Economic Development Research Institute of Zimbabwe</td>
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<tr>
<td>LRA</td>
<td>Labour Relations Act</td>
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<tr>
<td>MDC</td>
<td>Movement for Democratic Change</td>
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<td>MDM</td>
<td>Mass Democratic Movement</td>
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<td>MNC</td>
<td>Multinational Companies</td>
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<td>NCA</td>
<td>National Constitutional Assembly</td>
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<td>NP</td>
<td>National Party</td>
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<td>NUM</td>
<td>National Union of Mineworkers</td>
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<td>NUMSA</td>
<td>National Union of Metalworkers of South Africa</td>
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<td>ODA</td>
<td>Overseas Development Assistance</td>
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<td>OGIL</td>
<td>General Import License</td>
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<td>PF ZAPU</td>
<td>Patriotic Front Zimbabwe African People’s Union</td>
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<td>POSA</td>
<td>Public Order and Security Act</td>
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<td>RDP</td>
<td>Reconstruction and Development Plan</td>
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<td>Roan Selection Trust</td>
</tr>
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<td>SADC</td>
<td>Southern Africa Development Community</td>
</tr>
<tr>
<td>SAP</td>
<td>Structural Adjustment Programme</td>
</tr>
<tr>
<td>SASOL</td>
<td>South Africa Synthetic Oil Limited</td>
</tr>
<tr>
<td>TTL</td>
<td>Tribal Trust Land</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>U&amp;CD</td>
<td>Uneven and combined development</td>
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<td>UDF</td>
<td>United Democratic Front</td>
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<tr>
<td>UDI</td>
<td>Unilateral Declaration of Independence</td>
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<td>UNIP</td>
<td>United National Independence Party</td>
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<td>UPP</td>
<td>United Progressive Party</td>
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<td>WW2</td>
<td>World War Two</td>
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<td>ZANU</td>
<td>Zimbabwe African National Union</td>
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<tr>
<td>ZANU PF</td>
<td>Zimbabwe African National Union Patriotic Front</td>
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<tr>
<td>ZCCM</td>
<td>Zambia Consolidated Copper Mines</td>
</tr>
<tr>
<td>ZCTU</td>
<td>Zambia Congress of Trade Unions</td>
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<tr>
<td>ZCTU</td>
<td>Zimbabwe Congress of Trade Unions</td>
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<tr>
<td>ZDA</td>
<td>Zambia Development Agency</td>
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<tr>
<td>ZESN</td>
<td>Zimbabwe Electoral Support Network</td>
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<tr>
<td>ZFTU</td>
<td>Zimbabwe Federation of Trade Unions</td>
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<tr>
<td>ZIMCO</td>
<td>Zambia Industrial and Mining Corporation</td>
</tr>
<tr>
<td>ZIMPREST</td>
<td>Zimbabwe Programme for Economic and Social Transformation</td>
</tr>
<tr>
<td>ZIPRA</td>
<td>Zimbabwe People’s Revolutionary Army</td>
</tr>
</tbody>
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Chapter One – Introduction

1.1 The research problem

A transition can be understood as ‘… the interval between one type of political regime and another’ (O'Donnell and Schmitter 1986, p.6). It constitutes ‘… a change in the basic institutions that determine who will rule, how rulers will be chosen, and how basic distributive decisions will be made’ (Geddes 2003, p.44). Transitions from authoritarian rule are defined by uncertainty (O'Donnell and Schmitter 1986, p.3): uncertainty in the conditions they occur under, uncertainty in the actors that participate in them, and uncertainty in their outcomes, which can see the restoration of authoritarianism or the development of democracy. When a regime emerges from a transitional process, the establishment of regime norms is likewise ‘… a process of institutionalizing uncertainty’ (Przeworski, 1986, p.58).

Uncertainty thus constitutes a core element of all transitional processes in the movement from one regime to the next.

This study is concerned with, and questions, this uncertainty. Uncertainty is a condition of regime destabilization and collapse, and of the tentative stability of a transitioning polity. Transitions are a time of political contingency because the actions of actors, intentional or not, have implications that are often magnified by the instability of institutions and power relations. However actors do not emerge from a void. No transition occurs on a social tabula rasa. Institutions and actors matter. They provide the backdrop from which actors are formed, act and react to various conditions. This thesis examines how socio-political actors – trade unions in this study – that are formed by structural conditions respond to opportunities that become available at moments of regime instability. It is argued that pre-existing economic structure shape actors’ preferences and their participation in a transition, including their strength, characteristics and interests. The interaction between the structural features of a transitioning state and the genetic (contingent and case-specific) processes of regime change are of interest because interrogating these interrelated phenomena may decrease the uncertainty assumed in a transitional process. This thesis explores this interplay to discover how combinations of structural and genetic features produce divergent regime outcomes by examining the role of organized
labour that was formed by a nation’s economy. It examines the relationship between the economic structures of a state and the actors that are directly affected by these economic structures in order to assess the linkages between economic complexity and regime transition. It argues that economic factors lead to the development of politically important economic actors that derive relative power from the sectoral base of that country’s economy. At times of regime instability, the relative power of economic actors should determine the transitional outcome.

With these factors in mind, the research questions interrogated in this thesis are

- To what extent is the dominant theoretical framework on democratization is applicable to Africa. Is it coherent and can it consistently be applied across regions?
- What is the comparative impact of trade unions on transitions from authoritarian rule in Africa?

### 1.2 Approaches to regime change

Because transitions from authoritarianism are uncertain phenomena that can result in democracy, authoritarianism or some combination of both, their composition is bound by the interplay of factors including historical structures that are prevalent in a state that develop political, economic and social conditions that various actors navigate through. These conditions influence and feed off each other for a transitional outcome. Traditionally, the study of transitology has been dominated by work that tends to emphasize either a focus on functional conditions that stress pre-existing structures in a given regime or on genetic explanations that focus on the actions of actors (Rustow 1970, p.346). But this resulted in the emergence of many one-sided theories, creating difficulties in developing a full picture of transitional processes. Subsequent problems emerged in predicting the likely transitional outcomes following the presence or absence of certain features. More recently trends of combining both approaches have emerged with the result that more cohesive attempts have materialized (Karl 1990, p.7; Karl 1997, p.10; LeBas 2011, p.36). This thesis emulates these studies and embarks on an analysis that combines both functional and genetic approaches to develop a more nuanced interpretation of regime transition that can account for the divergent outcomes of transitional situations in different countries. This section outlines the two approaches to regime
change and will argue for a combination, illustrating that this is best for analysing and comparing divergent regime outcomes.

1.2.1 Genetic approaches to regime change

Genetic accounts of regime change are concerned with micro-phenomena of how processes of regime change are initiated by actors through the choices and decisions made under certain temporal and spatial conditions (O'Donnell and Schmitter 1986, p.5; Huntington 1991, p.107; Collier 1999, p.25). Actor-based approaches to regime change emphasize contingency where ‘…outcomes depend less on objective conditions than subjective rules surrounding strategic choice’ (Karl 1990, p.6). The outcomes of genetic accounts are difficult to predict due to the uncertain manner in which actors interact with one another. However, the approach’s emphasis on contingency leaves it well placed for understanding micro-level processes and how the actions and decisions made by the actors impact on regime change.

Genetic-based accounts of transition tend to focus on two categories of actors, internal and external actors. Within both groups, sub-categories of elite and mass actors can be identified. Most accounts acknowledge the influence external actors can sometimes have on transitional politics, but emphasize internal actors as these actors ultimately decide on the transitional outcome (O'Donnell and Schmitter 1986, p.65; Karl 1991, p.274; Linz and Stepan 1996, p.3). Internal actors are thus seen as much more important due to their proximity to the transition itself. Internal elite actors have predominantly been analysed in most transitional studies due to their role in negotiation and crafting of the new rules of the transitional game. As such, many transitional accounts are often argued to be top-down, elite-controlled sequences where mass actors play little part other than dictating the pace of the transitional reforms (Przeworski 1991, p.57, p.60).

The emphasis on elite actors in transitions is a relatively recent phenomenon and contrasts markedly with the class-based analyses that were previously considered important and defined actors in the early European transitions (Lipset 1959; Moore 1966) and, more recently, cross-national analyses (Rueschemeyer et al. 1992; Collier 1999; Bellin 2002; LeBas 2011). In these studies non-elite actors were analysed and have been found to be crucial in the forging of new regimes. It is important to understand transitions as a result of strategic interaction and class perspectives ‘…
by the way … [they are] pushed forward by class interests and also motivated by political strategies’ (Collier 1999, p.20). Class perspective and strategic interaction shape the worldview of actors, contouring their strategic views on what the following regime will entail. The conceptualization of transitions as state-centric processes that are initiated, moderated and brought to fruition by elite political actors from the incumbent regime and political opposition who negotiate together to form new institutional rules misses the contextual intricacies of a transition that involves diverse actors. Multiple actors are shaped by multiple situations, which in turn condition the ways actors interact with each other to create a new regime.

Transitions are argued to have three distinct sequences or phases; liberalization, negotiation and crafting, and consolidation (Rustow 1970, pp.352-361; Przeworski 1991, pp.51-99; Carothers 2002, p.7). An actual transition is the space that occurs between one regime and the next. At this time political rules are in flux where political space is contested and vied for amongst various actors so the new regime will meet their needs. A transition concludes when the new regime is ‘… firmly surrounded by normative limits and established patterns of power distribution’ (Karl 1990, p.6) and the various actors agree on and play by the new rules of the political game (O'Donnell and Schmitter 1986, p.65; Linz and Stepan 1996, p.3). Transitions are indeterminate in the length of time they last; they can be a matter of days, weeks, months or even years, but it is largely thought that the interactions of actors mediate how long a transition will last. Thus in much of the literature governing transitions the actions of actors are largely argued to be most significant because contingent decisions determine the shape of the following regime – democratic, authoritarian, or a combination of both (O'Donnell and Schmitter 1986, p.5).

A transition begins with the process of liberalization where rights are extended and redefined through the modification of political rules in the interest of providing guarantees for the security of individuals and groups (O'Donnell and Schmitter 1986, pp.6-7). Liberalization usually occurs as a result of the combination of both top-down and bottom-up processes of political change such as elite fragmentation and popular mobilization (Przeworski 1991, p.56). When liberalization starts is uncertain although accounts suggest that groups within and outside of a regime identify each other as potential allies. Actions of popular mobilization feed off of and contribute to a perception amongst possible regime liberalizers that opportunities
to change the political space have become available (Przeworski 1991, p.57). Likewise, visible splits in the incumbent regime signal to social groups that there may be possibilities for political change. This can result in these groups mobilizing, jointly or separately. Liberalization is thus seen as an actor centric approach where the actions and decisions of groups within and outside a regime feed off of, act and react to each other to control and define the parameters of a liberalization process.

The actual transitional event occurs in the negotiation and crafting of new institutional rules once liberalization is underway. These events are elite-centric processes where participation occurs with only a few actors who can meaningfully make transitional decisions. They do this through ‘… foundational pacts, … explicit (though not always public) agreements between contending actors, which define the rules of governance on the basis of mutual guarantees for the “vital interests” of those involved’ (Karl 1990, pp.7-9). Collective actors are largely considered to be marginal and are viewed as ‘ephemeral’ supporting actors that participate only through ‘cheering and jeering’ on the sidelines of the transition (O'Donnell 1986, p.55, p.68). But, ‘… though authoritarian elites may seem to hold all the cards, this appearance can be deceiving’ (Mainwaring 1989, p.5). Power distributions amongst elites and the masses matter because they assign relative weight to various groups that can subsequently utilize that power to their advantage during moments of regime instability.

*Figure 1.1 Modes of transition to democracy (Karl 1990, p.9)*

<table>
<thead>
<tr>
<th>STRATEGIES OF TRANSITION</th>
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<tbody>
<tr>
<td>Compromise</td>
</tr>
<tr>
<td>Elite Ascendant</td>
</tr>
<tr>
<td>Mass Ascendant</td>
</tr>
</tbody>
</table>

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The distribution of power in a regime can lead to different modes of transition – elite ascendant or mass ascendant – as illustrated in Figure 1.1 (Karl 1990, pp.8-9; Karl and Schmitter 1991, pp.274-275). When elite power dominates, but is relatively balanced amongst contending elites, pacted transitions like that just described occur because political incumbents and opposition to reach a compromised settlement. However when power is distributed unevenly amongst elites, a transition by force may occur where either incumbent or opposition elites can impose their regime choice on the weaker group. Both Karl and Schmitter acknowledge that transitions can occur through the masses, but that historically these transitions have tended to be weaker than the elite-led transitions and can often revert to authoritarianism. When power structures favour the masses, transition occurs through reform or revolution. Reform occurs when the masses mobilize from below in a non-violent manner and impose a compromised outcome on incumbent elites. Revolution, on the other hand, occurs through a violent uprising of mass actors that defeat the incumbent regime. These are obviously ideal types and modes of transition may display more than one of the features above, but a common thread is the actor-centric notion of power constellations in governing transitions.

A transition is complete when a new regime is consolidated. Although a murky, catch-all term in some of the literature, consolidation usually refers to the ‘... slow but purposeful process in which democratic forms are transformed into democratic substance through the reform of state institutions, the regularization of elections, the strengthening of civil society, and the overall habituation of the society to the new rules of the game’ (Carothers 2002, p.7). Consolidation thus refers to regime endurance and could as easily refer to the strengthening of democratic as well as authoritarian rules (O'Donnell 1996, p.37; Schedler 1998, p.103). However in much of the literature there is an implicit bias that a transition always moves towards democracy as the ultimate endpoint that leaves the literature somewhat one-sided (for example see Diamond 1996; Collier and Levitsky 1997; Doorenspleet 2000; Rose and Shin 2001). In this literature democracy is usually given a minimal, procedural definition where regimes that experience elections are considered to be some form of democracy although they may experience little civil and political liberties such as media freedom, freedom of speech and rights to habeas corpus, commonly associated with consolidated democracies (Mainwaring 1989, p.3).
degree of consolidation varies across regimes and this variation depends very much on the commitment of various actors to reform, but also on structural factors that are in place within a regime (Linz and Stepan 1996, p.71; Sandbrook 1996, p.70; McFaul 2002, pp.213-214).

A focus on purely genetic processes of regime change can offer difficulties in comparison with other transitions. This is because of difficulties in comparing causal explanations, so ‘even where the analyst successfully identifies the key actors and the most promising strategies in advance, the unpredictability that characterizes most democratic transitions means that the partial insights thus gained are incapable of accounting for the total process’ (Whitehead 1999, p.84). Therefore in many purely genetic accounts of regime change, it could plausibly be argued that something is missing in order to get an accurate picture of what is actually going on, a fact that O’Donnell and Schmitter admit to. ‘[T]his is not to deny that the macro-structural factors are still “there” … At some stages in the transition … those broad structures filter down to affect the behaviour of groups and individuals’ (O’Donnell and Schmitter 1986, p.5). The emphasis on genetic processes in transitions leaves a lop-sidedness that cannot account for uncertainty and the manner in which divergent actors will structure their preferences to initiate a new regime and whether or not that new regime will have democratic or authoritarian traits. Although actors have been deemed important when considering the origins of transitional politics because of interacting genetic actors who feed off of, act and react to each other, the actor centrism of this approach omits key structural variables that feed a transition. The next section explores the structural approach to regime change and argues that combining functional and genetic approaches is appropriate when examining transitions.

1.2.2 Functional approaches to regime change

The functional approach to regime change concerns macro-phenomena that structure the politics of transition and consolidation. Structural-functional factors assemble society in certain configurations, tend to linger from one regime to the next and determine the direction in which a transition is likely to unfold (Rueschemeyer et al. 1992, p.7; Shafer 1994, p.44; Bratton and van de Walle, 1997, p.139). For example, authoritarian regimes usually have trouble institutionalising democratic reforms and ‘… ultimately attain only modest levels of democracy’ whereas regimes with ‘…
previous experience in respecting political rights … end up with a greater measure of democracy’ (Bratton and van de Walle 1997, p.273). This is due to the ‘stickiness’ of structural features (Shafer 1994, p.44). The study of functional factors in a transition can therefore remove some of the uncertainty that is observed with the genetic approach. This way more concrete predictions about likely regime outcomes can be made.

Factors that govern the functional approach to regime change include the development and stability of state institutions including the level of economic development and associated socio-economic conditions like educational attainment, the development of class alignments, and level of national unity (Lipset 1959; Moore 1966; Rustow 1970). A state’s historical development is important from a functional perspective because institutional legacies of different modes of development create diverse power constellations that can latterly impact regime change. Functional factors influence state institutions, social power constellations and development trajectories. They are thus important in providing an overview of the conditions under which transitional events occur and what their likely outcomes will be, given the dominance or subordination of certain structural characteristics. However because of the structural-functional focus in examining transitions, critiques have emerged that this approach misses the micro, contextual intricacies of a transition. A genetic analysis materializes in this space and can contribute to a more cohesive technique when the two approaches are combined.

Functional factors have been tacitly addressed in some genetic studies of regime transition, however overt acknowledgement of functional factors are rare with the result that attempts at causality are semi-deterministic at best. This is because they ‘… attribute […] human events to a mixture of law and chance’ (Rustow 1970, p.343). Although actors ultimately make transitional decisions, their uncertain preferences, biases and inclinations draw upon their cultural and historical understanding of the way the state has previously been structured. This influences future decisions, creating a causal chain from the underlying structural features to the final regime outcome (Kitschelt 2003 p.52; Møller and Skaaning 2009, p.316). Therefore it is important to integrate functional and genetic approaches into a cohesive theoretical framework that allows the development of causal linkages based on more stable forms of social relations – structural features that govern how actors
act. ‘[C]hoices are structured over time’ and ‘… prior interactions of structure and legacy create the institutional legac[ies] that constrain[…] choice[s] down the road’ (Karl 1997, p.10). In this way previous choices and institutional inheritances become intertwined over time creating a reproductive loop, constraining the universe of decisions available to structurally created actors. Actors’ actions can be considered as ‘… intervening links in a causal chain that leads from the deep attributes to the political outcome’ (Møller and Skaaning 2009, p.316). Combining functional and genetic approaches in the study of regime transition, opens the possibilities of developing a causal explanation that takes underlying structural features in a transitioning state as a basis for understanding and then incorporates the empirical nuances that actors construct on this base.

Genetic transitional processes do not occur on blank canvasses. Structural conditions are crucial to understanding how a transition is administered due to the prevalence of both internal and external structural features that manage a transitional outcome (Møller and Skaaning 2011, p.114). This is particularly true when one considers African transitions due to historical legacies of rule, from both colonial and first-liberation government,¹ as well as economic institutional legacies like uneven and combined development that structured society, and latterly transitional politics. African transitions have not followed identical patterns and have resulted in divergent transitional outcomes, and to understand them a multiplicity of factors need examining. The next section discusses how I will combine functional and genetic factors in approaching African transitions.

1.2.3 Combining functional and genetic approaches to democratization

The most common structural factor associated with democracy and democratization is the economy. One of the most clear-cut and widely tested generalizations in the comparative politics literature states that the more economically developed a country is, the more likely it is to be a democracy (Lipset 1959; Moore 1966; Przeworski 1991; Rueschemeyer et al. 1992; Przeworski et al. 1996; Przeworski and Limongi 1997; Collier 1999; Geddes 1999; Geddes 2009). This theory, which falls into the broad church of modernization, maintains that as a country develops economically,

¹ A common feature of African transitions is that of second liberation where the electorate sought liberation from the first democratically elected government that latterly adopted more authoritarian modes of governance (Osaghee 2006, p.3).

² Notable exceptions to this theory include the oil-rich countries of the Middle East, but
social structures develop in line, eventually resulting in the emergence of new forms of social stratification strongly associated with economic class. The nature of these class-based structures inhibit rule by decree and challenge authoritarian structures, which eventually topple. According to this theory then economically developed countries cannot be authoritarian. This theory has obvious flaws because both poor democratic countries and rich authoritarian countries exist, Ghana and Singapore for instance. However given the general applicability of the church of modernization, it seems reasonable to suppose that its generalization should hold true for the countries under examination.

With this in mind the health or level of development of a state’s economy is significant when considering transitional politics due to the interrelation of economic, social and political spheres. It therefore seems sensible to deem economic structures as important when combining functional and genetic factors in approaching transitions because of the positive correlation between economic development and democracy. Because ‘… historically created structures … demarcate the types of problems that arise and … define alternative solutions, … [that] restrict … or enhance the choices available,’ one can reasonably argue that the type of economic development pursued in a state strongly influences the choices and decisions available to actors. This then structures the likelihood of a transition reaching a democratic or authoritarian outcome (Karl 1997, pp.10-11). It is thus difficult to examine functional approaches to democratization without also considering genetic approaches because both approaches influence each other. This section explains how I intend to fuse functional and genetic approaches through an identification of economic structures as the background conditions that strongly affect the interaction of functional and genetic factors of change.

Apart from producing capital wealth and creating profits for producers, the main impact that economic development has is on social structures. Economic development changes social structures through class formation, which alters relative

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2 Notable exceptions to this theory include the oil-rich countries of the Middle East, but exceptionality in these cases pertains to the nature of their dominant sector – oil extraction – that generate attributes that account for the alternative regime outcomes in these countries (Karl, 1990, pp.48–49; Ross 2001, p.330).

3 Przeworski et al. have found that the causal power of economic development in toppling democracies is low when examining average income levels. But economically developed countries are more likely to sustain democracy than poor countries are (2000, pp.98–103).
power relations that can affect the stability and legitimacy of a regime (Rueschemeyer et al. 1992, p.47). Modernization suggests that economy, society and polity are tightly interrelated and that developments in one strongly impact on the others. Economic development impacts social structures in a regime, which provide individuals with structurally defined opportunities to initiate and implement change (Huber et al. 1993, p.71). Economic development and subsequent industrialization, however minor that industrialization may be, transforms social relations, and contributes to the empowerment of subordinate social actors such as the organized working class who can grow to become a counter-hegemonic force that pushes for political reforms that benefit them. Economic development empowers social groups through processes of social stratification that make their development ‘… critical for the promotion of democracy’ (Rueschemeyer et al. 1992, p.50). This thesis examines the social actors that develop as a result of functional developments in an economy – trade unions. Trade unions are examples of economic actors that arise because of the functional change of economic development, but they are also social actors that genetically participate in regime change. The organizational capacity and large number of the working class, when organized, makes it difficult to politically exclude them. In this way a transitioning regime could be impelled to liberalize because of mobilization by trade unions.

Because trade unions fuse functional and genetic approaches to democratization, I am interested in how complex an economy is because I argue that an economy structures relations in certain ways dependent on the manner in which economic power is dispersed. The level of economic complexity can expose mobilizational opportunities transitional periods and it should be possible to unbolt linkages between levels of social organization and level of regime change with economic complexity as an intervening variable. Examining economic sectors is particularly important to my analysis. This is because I believe that leading sectors structure power relations in ways that are dependent upon the characteristics of the dominant sector. This can have gross implications for the power constellations that emerge during times of regime instability (Shafer 1990; 1994). Certain sectors create

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4 Economic ‘complexity’ is a composite of five factors including: sectoral spread, level of state intervention, formal sector employment, level of unionization, and level of foreign private investment in a country. These factors combined give an indication of how complex an economy is and the types of social relations one would expect.
structural conditions that provide opportunities for effective mobilization of economic interest groups like labour during transitional periods. Economic structures lead to some groups garnering more power than others, which should account for whether a regime transitions to democracy or to another form of authoritarianism.

In terms of important structural features, a three-pronged approach is adopted that emphasizes the interaction of state, economy and society. This nexus is important because it contains the multiple arenas that trade unions reside in. These spheres act in conjunction with long-term historical processes and influence the opportunities and constraints that trade unions face. For example, the mode of state development led to the adoption of certain economic systems that influenced the development of social associations.

This section has illustrated the importance of combining functional and genetic approaches to democratization. Combining the approaches allows for the development of a clear understanding of how structures and structurally created actors interact with each other. At times of regime change it will be possible to ascertain what conditions are likely to result in democratization or the reinstallation of authoritarianism. By taking into account the way that historical legacies and economic structures mould actors preferences, one can begin to make assumptions about the likely preferences of various actors and the ways they are likely to act in a transitional process thereby removing some of the uncertainty of transitional accounts.

1.3 The approach

There has been a growing literature in recent years that has explored the linkages between economic and political decisions made by recently independent states and the consequences of these decisions on future state developments (Shafer 1990; Collier 1991; Karl 1997; Dunning 2005; Fish 2007; Ulfelder 2007; Bates 2008; Greene 2010; LeBas 2011). This literature asserts that initial conditions at independence, for example, coupled with the choices made by political actors, have importance when investigating the type of regime that emerges post-transition. These key moments are termed critical junctures. They significantly affect and sometimes alter the trajectory that a state moves in and produce legacies that
reinforce subsequent state decisions and movements (Collier and Collier 1991, p.29; Karl 1997, p.11). Pre-existing conditions interact with the strategic choices made by state elites and other political actors to make certain pathways more or less likely, although it can be difficult to deviate from the established patterns of rule in a state due to the stickiness of structural factors (LeBas 2011, p.22). For example, pre-existing structural features prior to a critical juncture (such as a political crisis caused by leadership succession or economic downturn) combine with the contingent decisions of actors to create the route in which subsequent state formations will take. In short, the initial events that occur during a critical juncture in a state can ‘self-reinforce’ certain outcomes, thus ensuring the development and sustainment of a given regime outcome in the future (Mahoney 2004, p.91).

Given this study’s concern with trade unions as actors that develop due to economic structures, the establishment of a formal labour relations regime, which is part of the adoption of a post-independence mode of economic management, is the critical juncture of interest. A labour regime is ‘… the complex of institutions, rules and practices through which relations between labour and capital are regulated both at the workplace and as well as in society at large. It also denotes the ways and means in which state and organized interests intervene and mediate those relations’ (Beckman and Sachikonye 2001, p.9). So, labour regimes can consist of ‘relations of domination as well as of contestation and resistance’ dependent upon the power and brokerage of the actors involved (Beckman and Sachikonye 2001, p.9). Labour regimes tend to comprise of the joint interests of organized labour, business and state. Interconnections between these actors are important when distinguishing likely power differentials that govern a regime outcome. All countries regulate labour to some degree to manage a nation’s economy, but the manner of regulation may differ substantially, from liberal labour regimes to dominant labour repressive regimes, given the interests of a state (Wood 2000, pp.6-7). Barrington Moore (1966) argues that labour regimes are important when considering regime change because they create the class constellations that interact with each other in the process of transition. For Moore (1966, pp.495-496) the ‘intrusion of the market’ structures the actions of actors resulting in a path towards a more democratic or authoritarian mode of governance, dependent on the type of labour regime adopted by a state. Collier (1993, pp.3-4) agrees, asserting that ‘… the common need at
some point in the process of economic growth to regularize labour-capital relations and to integrate the working class into the political system’ is of great significance to a state because it signals a ‘social transformation’ that shifts the social balance of power. Labour incorporation is one such way states manage this power shift.

In the case studies the establishment of labour regimes resulted in various outcomes. Zambian and Zimbabwean labour regimes were adopted shortly after independence in a move by each regime to dominate labour. However racial inequality endemic in apartheid South Africa ensured a formal labour regime to incorporate all formal sector workers did not occur until 1979 when it developed in response to wildcat black labour militancy from 1973 onwards and pressure from the dominant business community (Friedman 1987, p.135). I argue that the creation of a formal labour relations regime and the adoption of certain modes of economic management leads to the establishment of particular types of economic actors in each state with different democratic potential. These economic actors utilize their democratic potential in different ways that are largely oriented by the economic decisions made by the state at the critical juncture as well as the sectoral composition of the state. Decisions create structures that develop or impede political opportunities available by altering the balance of social forces. The form of economic development in a state is thus important since potentially ‘it transforms the class structure’ to create contradictions in market economies, and it is these ‘contradictions of capitalism that [advance] the cause of democracy’ (Rueschemeyer at al. 1992, p.7).

At this point it is pertinent to lay out the hypotheses that will be tested in this thesis. Given my concern with the outcomes of regime transitions, and the linkages between outcomes and actors I contend that the complexity of an economy in a given country gives rise to certain opportunities for social forces to mobilize, or not, for political change, which may, or may not, lead to democratization. Three hypotheses are derived from this and are tested in the thesis:

1. Trade unions will have a positive effect on transitions to democracy when they have long histories of organization and mobilization and have developed cross-societal linkages.
2. Trade union strength will be increased when they are involved in dominant economic sectors.
3. Trade unions positive effect on transitions to democracy will be weakened if the state is economically dominant.
These hypotheses will be explored in detail in chapter three.

Testing the hypotheses, I would expect to find that in cases where the economy was relatively complex with strong forward and backward economic linkages (such as mineral extraction sectors being related to manufacturing and subsequently retail sectors, and where labour was incorporated through centralized state mechanisms at independence) organized labour would develop strength to effectively challenge the state when the constellation of social forces and antecedent conditions support labour/capital cooperation. Where the economy is less complex, for example in states where there is strong state intervention in the economy, either through state sponsored industrialisation, or through patrimonial regimens binding the business class to the state, incorporated labour, although strong may not be capable of building alliances with business because of divergent group interests or because of group weaknesses. In these cases, political change is unlikely to occur, because oppositional groups will be unable to match or counter state strength. In cases where the economy is not complex, such as feudal-like systems where subsistence agriculture dominates economic activity, authoritarianism is likely to prevail because no social groups exist that can form cohesively to effect political change. This thesis will explore these hypotheses to see if causal linkages emerge between economic complexity and democratization.

1.4 Structure of the thesis

This thesis will take the following form.

Chapter two addresses the methodological approach undertaken in this thesis. It outlines the philosophical foundations of the research design, including the cases and methodology adopted. It outlines the methodological constraints of using a combined research design and delineates how I propose to overcome these constraints in the research. The chapter provides an account of the qualitative methods used to gather and analyse data, as well as the ethical implications of conducting research on people.

Chapter three critically considers the literature surrounding regime change, critical junctures, economic structures and the sectoral agents who negotiate these phenomena. In particular, this chapter examines the role that organized labour can...
play in transitions. It considers critical junctures and dysfunctional approaches to modernization theory that are more applicable to the different African transitional trajectories than their Eurocentric counterparts. The chapter proposes ‘economic complexity’ as a concept to view each case study’s economy and the power relations that govern regime change. Economic complexity allows for a long-term sectoral analysis to be undertaken that can identify social formations that develop relative power based on the sectoral dominance of the sector they are involved in, and proposes that the more complex an economy is the more likely democracy is likely to emerge following transition. The hypotheses that will be tested in this thesis are outlined and justified at the end of this chapter.

Chapters four, five and six examine the case studies of Zimbabwe, South Africa and Zambia. The economic complexity framework is applied to each case study through examining sectoral spread, state intervention and investment, formal sector employment, level of unionization, and level of foreign private investment in three distinct time periods in each case. This permits the development of snapshot of each of the cases economy during each distinct period and relates economic complexity to governance during each period. The economic complexity framework is used to comparatively examine each case and to test the hypotheses to see if economic complexity can in fact be used as a method to determine regime outcomes.

Chapter seven concludes this thesis. It collects the various strands of argumentation woven throughout the thesis and relates back to the research questions and hypotheses to provide a coherent comparison of the cases. In this way the findings of the thesis are summarized and developed. It finds that in general the economic complexity argument has potency and that regime with higher levels of complexity gain higher levels of democracy post-transition. The case study comparison demonstrates that the complexity argument could be applied to other transitioning states, removing some of the uncertainty involved in predicting transitional outcomes. Finally the chapter considers implications the complexity argument has for the study of the democratization.
Chapter Two - Methodology

2.1 Case selection and research design

This thesis adopts a comparative historical approach to move towards an explanation of the different transitional outcomes in the countries of South Africa, Zambia and Zimbabwe. As such, this study is based on the intensive study of a small number of cases. It will not adopt a classical comparative approach that is based on either the most different or most similar systems design (MDSD or MSSD), but on a combination of both because in practice it is difficult to implement only one (Peters 1998, p.41). My cases vary on the dependent variable, level of democratic governance attained following transition, and the area focus of the cases has resulted in the cases sharing certain historical legacies and characteristics that lend them to family resemblance selection. It is intended to adopt an approach that can fuse both research designs and counter any deficiencies that may be encountered in either, consequently making for a more robust design. To demonstrate trade unions’ importance within the transitional politics, three cases – South Africa, Zambia and Zimbabwe – were chosen based on the dependent variable, current level of democratic governance, and the independent variable, presence of trade unions.

Figure 2.1 Indicators collated from UNDP (2011) and World Bank (2011)

<table>
<thead>
<tr>
<th></th>
<th>South Africa</th>
<th>Zambia</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNI per capita in PPP terms (constant 2005 US$)</td>
<td>9469</td>
<td>1254</td>
<td>376</td>
</tr>
<tr>
<td>Income gini coefficient</td>
<td>57.8</td>
<td>51 (WB)</td>
<td>50.1</td>
</tr>
</tbody>
</table>

When examining the universe of cases available it was decided to focus on countries that had experienced political transition in Africa. The reason for this is that in terms of comparative research, regime transitions in Africa have been extremely under-researched. This gave the opportunity to examine these regime transitions with theoretical frameworks developed from other world regions; namely Latin America and Southern Europe where much of the transitions literature is based, to see if theory developed in these regions can be applied in African settings. Another reason for examining Africa is the various levels of cross-national development. This
makes the continent interesting because variation on levels of economic development should account for more or less democratic outcomes if one adheres to a modernization approach to democratization. Trade unions are associated with economic development because they tend to develop as a result of industrialization and one would expect that as income levels increase, trade union participation would also increase due to perceived increases in labour force participation. However, if one examines figure 2.1, Gross National Income (GNI) indicate various income levels, but gini coefficients\(^5\) indicate a high level of inequality across the sample, showing the wealth is unevenly distributed amongst each of the countries’ respective populations. From this, traditional modernization arguments should not work, because increased economic development does not necessarily mean increased income levels for the population. However, when modernization is understood as changes, both positive and negative, in social conditions that impact on political life (Bratton and van de Walle 1997, p.33), an understanding of how modernization has progressed throughout the various economies of Africa can emerge. Social mobilization by trade unions is of interest because sectoral composition and strength should dictate the relative power of trade unions to the state, and thus the possibilities for political change at times of regime instability (Shafer 1990, p.128).

The final reason for adopting an area focus on Africa is because many of the countries in the region share certain characteristics such as such as diversity in ethnic mixes, colonial rule, uneven development and relatively recent transitions from authoritarianism, so although each country obviously has a different state histories and composition of state forces, similarities exist that make the countries comparatively interesting.

It was decided early on in the research process to examine the three cases of South Africa, Zambia and Zimbabwe. The reasons for choosing these cases are as follows. Firstly, in all three cases trade unions used their organizational and mobilizational abilities to push for political change. Yet trade unions were more successful in some of the cases than others in achieving their political goals. For example, strong trade unions in South Africa provided a large part of the impetus for the development of an inclusive system of governance, yet trade unions in Zimbabwe, whilst forming a

\(^5\) The gini index is a measure of inequality on a scale where 0 equals total equality and 100 equals total inequality.
political opposition party did not manage to electorally defeat the non-democratic Mugabe regime. This divergence in outcomes of trade union mobilization and organization was fascinating and provided a starting point with which to interrogate potential research questions. The second reason these cases were chosen relates to their level of development. Taking modernization theory as a starting point where in general it can be claimed that the level of economic development in a country broadly correlates with its democratic development, I began thinking about trade unions and their level of strength they could potentially achieve given certain economic conditions. Did trade union strength directly relate to the level of economic development? Trade unions usually grow and become strong during periods of industrialization that require a strong and skilled workforce, therefore, does trade union strength to positively impact on a political outcome relate to the level of development a country experiences? The three countries all had varying levels of economic development, during the periods when trade union mobilization exploded to challenge the political regime. Likewise all of the countries diverged in their eventual political outcomes, South Africa and Zambia becoming more democratic, and Zimbabwe retreating further into authoritarianism. This divergence was fascinating, leading me to the final reason why I chose these cases to examine in the thesis – they were interesting. No writer had systematically compared the democratic outcomes of the three countries. Given the plethora of scholarship that has emerged in recent years regarding the country’s various democratic trajectories, comparatively examining the three cases provided a captivating opportunity to delve into the countries recent political history to attempt to generate a theory that could account for the divergent outcomes.

Figure 2.2 Development indicators 2008-2013 (Dowd and Driessen 2008, Freedom House 2011, UNDP 2011, World Bank 2011, World Bank 2015)

<table>
<thead>
<tr>
<th></th>
<th>Percent population living in urban areas 2013(^a)</th>
<th>Income gini coefficient 2011(^c)</th>
<th>Ethnic saliency in political party choice 2008(^b)</th>
<th>Freedom house index 2011(^d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>64</td>
<td>57.8</td>
<td>0.231</td>
<td>Free</td>
</tr>
<tr>
<td>Zambia</td>
<td>40</td>
<td>51</td>
<td>0.361</td>
<td>Partly free</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>33</td>
<td>50.1</td>
<td>0.253</td>
<td>Not free</td>
</tr>
</tbody>
</table>

\(a\) denotes World Bank 2015, \(b\) denotes ethno-linguistic voting index compiled by Dowd and Driessen 2008, \(c\) denotes UNDP and World Bank indicators 2011, \(d\) denotes Freedom House scores 2011.
Family resemblance was utilized as a strategy for case selection in the three cases. Family resemblance is useful when undertaking a combined approach as none of the cases are exactly the same, however, they do share certain characteristics that lend them to comparison (Collier and Mahon Jr. 1993, p.847). In family resemblance it is not necessary to identify attributes that are simply present or absent, ‘… attributes that are present to varying degrees’ are also useful because they allow one to choose from cases that experience a range of a certain outcome (Collier and Mahon Jr. 1993, p.848). When initially examining development indicators for the cases, illustrated in figure 2.2 above, it was found that the cases varied quite largely in their current level of urbanization from a low of 33 percent in Zimbabwe to a high of 64 percent of the population dwelling in urban areas in South Africa. This difference could account for the varying levels of economic development across the sample. Level of urbanization does not necessarily denote increased wealth however; all of the cases’ gini-coefficients indicate income inequality in terms of wealth distribution. The cases all showed that ethnicity was important to a degree when voters considered political party choice during electoral periods, but Zambia stood out in the data set with ethnic salience accounting for higher levels of political party choice. Ethnic allegiances as a salient feature of political party choice can in some part be attributed to separation policies in the racist regimes of South Africa and what is now Zimbabwe, and more latterly to liberation struggle credentials in these countries that have ethnically fragmented some of the vote. In Zambia ethnic fractures have been a feature of political life since the active nurturing of divide and rule tactics by the colonists, and that these attributes continue to persist is not unexpected. Finally, all of the countries differ on their level of ‘democraticness’ – as per Freedom House’s classification. Whether this variation is a consequence of each country’s level of economic development or down to alternative explanations is unclear from this brief analysis. However these various criteria comparatively show that, on a shallow level at least, the three countries, whilst sharing some features that lend themselves to family resemblance selection, the features they share vary on a spectrum to designate further research. To do this I adopted a combined research strategy of MSSD and MDSD.

The overt combination of the two research designs, although unconventional in the field of comparative politics, is in fact relatively common, if largely
unacknowledged. Scholars engaged in the comparative field regularly choose cases from within the same region and then compare them based upon a range of variance on the dependent variable, that can be a dichotomous relationship or scale of variation along a continuum, allowing them to posit and identify some sort of causal relationship between two or more variables. Scholars sometimes compare within a region and then across a number of regions, dependent upon the study focus. For example, the scholars involved in the Transitions from Authoritarian Rule series focussed on two distinct regions, Latin America and Southern Europe; likewise Rueschemeyer, Stephens and Stephens, focussed on processes of democratization across Europe, Latin America and the Caribbean; McFaul has examined regime transitions in the former Soviet bloc; and more recently, LeBas has looked at political parties and political change in three African countries (O'Donnell et al. 1986; Rueschemeyer et al. 1992; McFaul 2002; LeBas 2011). Although all of these studies selected cases based on variations on the dependent variable, the regional focus allowed the authors to make comparisons across space and time within the various regional foci and latterly without, if their research design included multiple regions. For example, Rueschemeyer, Stephens and Stephens use MSSD to examine the linkages between capitalist development and democracy within their three regions of Latin America, the Caribbean and Western Europe, and then used MDSD to compare across regions (Rueschemeyer et al. 1992). In a similar vein, LeBas (2011) selected based upon MSSD criteria in that her cases all experienced political protest that latterly evolved into party structures that challenged the incumbent regime. MDSD was then used to compare across the cases to examine why the political outcomes differed so much from each other despite the similar base. These examples are illustrative of the dual approach adopted by some authors within the comparative field.

Landman notes that the combination of the two approaches needs to ensure that three criteria are adhered to in order to make sound inferences; ‘… the proper specification of the outcome to be explained, the reasons for adopting … [a] system design, as well as the choice of the particular countries under scrutiny’ (Landman 2008, p.75). As long as these criteria are adhered to, a combined research design will be appropriate to identify relationships between a proposed cause and effect. In this thesis, I have endeavoured to follow this approach. The outcome this thesis will
explain is the relationship between trade unions and democratization. As noted already a positive relationship has been found between trade union organization and processes of political change in other regions of the world, therefore the examination of the structure of a nation’s economy and the groups that an economic structure facilitates will allow the investigation of the relationship between trade union mobilization and processes of political change. The reason for adopting a combined approach is that because of the area focus of the thesis it is important to include the shared historical features of the countries under analysis since these features will have structured the countries social, economic and political perspectives in a way that, although not uniform, should account for some level of similarity. However, because of the relative power distinctions between groups like state, labour and capital and the ways these relationships facilitate or impede democracy, a MDSD is required to ‘distil out the common elements from a diverse set of countries that have a greater explanatory power’ (Landman 2008, p.70). The similarities that allow historical comparison of the cases under the initial MSSD analysis can be eliminated through a process of falsification where the identification of an explanatory variable or variables ‘… that can survive being transported across a number of cases’ can occur (Peters 1998, p.40). Through this method robust inferences about the relationship between trade unions and democratization should emerge. Finally, the reasons for choosing South Africa, Zambia and Zimbabwe lie in variations on the dependent variable, current level of democratic governance. All of the countries have experienced some form of transition, yet not all have resulted in democracy, some have in fact returned to more authoritarian governance following transition. This is intriguing. The countries were chosen to discover why they all had such divergent transitional outcomes despite relatively similar recent histories of conquest, colonialism and independence.6 What factors vary amongst these countries to account for these divergent outcomes? It is proposed that the structural features that surrounded the opportunities for social mobilization amongst organized labour in these countries defined the parameters of the likely regime outcomes. Through the combination of the research designs I intend to investigate this assertion.

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6 Independence occurred in all cases prior to the transitional events in question except South Africa (which technically had a more circuitous route to independence due to policies of the National Party).
The combination of both approaches into a single research design allows for the development of a theoretical approach that can account for divergent regime outcomes of the cases. Obviously, because of the area approach, all of the countries share certain historical features and legacies such as colonialism, histories of independence, as well as late and uneven development. Using a falsification reasoning, one has to contend that these shared factors do not account for the level of democratization reached following transition because post-transition all of the countries reside in different areas on a democratic continuum. Their shared features cannot account for the level of regime divergence, so MSSD, although useful to an extent when identifying shared historical features, cannot account for the variance in outcome amongst the cases. Differences amongst the cases must then account for regime outcome variance, and on close examination the states in question possess quite different economic structures that may offer some kind of an explanation for the differences in levels of democratic governance following transition.

Arguments that usually account for democratic growth include modernization and its related features including economic development and the expansion of class-consciousness. Yet modernization can be a difficult argument to defend in Africa because some countries have achieved democratic gains without high levels of economic development. I contend however that there is some mileage in modernization when one considers that modernization creates more complex economies and that this complexity has a bearing on regime change. A range of regimes exist across Africa, from authoritarian to democratic, with a large number of states straddling a middle ground that contain elements of both (Levitsky and Way 2010). Economic development also varies across the region, where some countries possess advanced industrial economies, whilst others possess extremely underdeveloped economic structures, and again many countries straddle a combination of advanced industrial economic sectors coupled with subsistence sectors. What if the level of complexity in an economy is directly related to the level of democracy reached? Chapter one demonstrated that there is a positive correlation between economic development and democracy, so it seems logical to suppose that the more economically complex a nation’s economy is the more likely it will develop social constellations that support democratic reforms. It is argued that economic complexity can account for divergences in regime outcomes because the
more complex an economy becomes, the more intertwined state, capital and labour become, thus resulting in certain social constellations, that dependent on the prevailing conditions within a state, result in more or less democratic outcomes following a transition.

In my research, the variation on the dependent variable is the level of democratic governance. Democratic governance is measured on a dimensional level where some countries are considered as more democratic than other countries. All of the cases possess some level of institutionalized democratic features such as periodic elections and established institutions such as the judiciary. However, these features coexist with more authoritarian elements such as ‘Big Man’, or prolonged one-party rule. Instead of classifying all regimes as hybrid, which can be a confusing catchall term that encompasses everything that is neither fully democratic nor authoritarian, I classify a regime as democratic or not, despite their continuum status. A ‘perfect’ democracy does not exist, democracy inhabits many gradations, and the same may be said of authoritarianism. For the purposes of analysis it is important to create cut offs, so although I acknowledge that gradations do exist within each of the regimes, democracy and authoritarianism are essentially dichotomous concepts and will remain so. South Africa’s level of democratic governance is notably higher than that of Zambia, which in turn is higher than that of Zimbabwe which occupies the authoritarian side of the divide. All of the cases have experienced a transition but not necessarily a democratic outcome, but all cases do possess trade unions that participated in the transition. Hence, there is variance on the dependent variable, level of democratic governance, but not on the independent variable, presence of trade unions.

*Figure 2.3 Democratic governance scores 2009-2013*

<table>
<thead>
<tr>
<th></th>
<th>South Africa</th>
<th>Zambia</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Freedom House</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freedom in the World</td>
<td>Free</td>
<td>Partly free</td>
<td>Not free</td>
</tr>
<tr>
<td>Index 2011</td>
<td>2/7</td>
<td>3.5/7</td>
<td>6/7</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>4.5/10</td>
<td>3/10</td>
<td>2.4/10</td>
</tr>
<tr>
<td>Corruptions Perception Index 2013</td>
<td>72/177</td>
<td>83/177</td>
<td>157/177</td>
</tr>
<tr>
<td><strong>Reporters Without Borders</strong></td>
<td>12</td>
<td>22</td>
<td>39.5</td>
</tr>
<tr>
<td>Press Freedom Index 2010</td>
<td>38/178</td>
<td>82/178</td>
<td>123.178</td>
</tr>
<tr>
<td><strong>Polity IV</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Fragility Index 2009</td>
<td>9</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

24
To understand each country’s current level of democratic governance, four indices were utilized that covered different aspects of democracy and autocracy. The four indices are Freedom House’s *Freedom in the World Index* (2011), Transparency International’s *Corruption Perceptions Index* (2013), Reporters Without Borders’ *Press Freedom Index* (2010) and Polity IV’s *State Fragility Index* (Marshall and Cole 2009). Freedom House, Transparency International and Reporters Without Borders give an indication of the civil and political liberties granted to citizens in a country through examining levels of corruption and media freedom, for example. Polity IV examines broader indicators that establish the regime type of a country, that include indicators of fragility, security, political, economic and social aspects of a regime (Marshall and Cole 2009, pp.31-33). The combination of these data sets allows for the positioning of each case as democratic or authoritarian. Figure 2.3 illustrates the overall state of democratic governance as maintained by these indices. The indices are of deep importance in measuring the range of civil, political and media freedom in a state because these are the arenas in which civil society in general, and organized labour in particular, reside and engage in. Polity IV scores in particular are of importance because they merge political, economic and social indicators in measuring overall state fragility and give a good picture of democratic governance.

In all four data sets South Africa is placed in the upper reaches of the regime analysis. This indicates that it resides on the democratic side of the regime divide and is the most democratic of the cases. In South Africa citizens have high levels of civil and political freedoms, with middling press freedom, and lower levels of corruption in the state apparatus, in comparison to the other cases. South Africa’s polity scores indicate an *almost* fully institutionalized democracy (the highest score is 10) which illustrates that there are institutionalized procedures of governance, but that it experiences problems that include weak checks on the power of the political executive, that there are restrictions in political participation and in the application of the law to political opposition (Marshall and Cole 2009, p.9). Zambia also falls into this category in Polity IV most likely because of the institutionalized manner of elections, but straddles the median bracket of the other data because of restricted media freedoms, which in Freedom Houses’ terms is partly free. Partly free is considered more democratic than not because generally the regimes in these
countries show serious signs of adopting democratic elements (Freedom House 2012). This is not to say that regimes on this classification will not revert to authoritarianism, but based upon their current state of democratic governance it seems reasonable to classify them as more democratic than not.

Based on the indices, many civil and political liberties are recognized in Zambia but some freedoms are limited, which is indicative of the partly free score. Zambia’s corruption indices are low, representing a fairly high level of corruption within state structures, which may indicate government patronage networks. Zambia’s press freedom scores are significantly higher than that of the ‘free’ countries, demonstrating governmental media suppression. Zambia fares as an electoral regime with some limitations on political freedoms based on its polity score. Zimbabwe lies on the cusp of authoritarianism from the polity score and combined with the other indices it is classified as authoritarian. Zimbabwe’s scores are the lowest in all of the indices. This illustrates that the country is not free and has extremely limited civil and political freedoms. The country has high corruption levels and extremely limited press freedom, which indicates restrictive state machinery.

### 2.2 Methods of data collection

Initially data collection was conducted through an in-depth literature review on the recent histories of the cases with an emphasis on democratization, resistance politics, and each country’s political and economic frameworks. This allowed the extraction of variables that could be followed up on to provide an explanatory framework for the linkages between ranges of regime transitional outcomes and ranges of trade union mobilization. Following on from this, and because of the focus on the role of trade unions in transitional politics, I decided that it was necessary to conduct interviews with key informants through field research. This informed my analysis because I was interested in how individuals perceived trade unions to have influenced, or not, transitional politics in both positive and negative terms. In addition, in-country archival research was conducted, when possible, through the examination of trade union pamphlets, newspaper articles, government reports and academic research papers, amongst others. Fieldwork was conducted over ten weeks
from February to May 2011 where I spent time in each of the three countries and carried out thirty-eight interviews.\(^7\)

The majority of the field data was collected through in-depth interviews with individuals identified as key informants during field research. Although there are methodological challenges in conducting interviews such as difficulties in interpretation and verification, the use of interviews in field research offer ‘… often the only source of adequate description of social, economic, or political processes that are not evident in other documents’ (Wood 2007, p.124). Field research requires the collection of in-depth information on each case in order to build a picture of the phenomenon under investigation, and is best placed to ‘… identify key processes, … central concepts and relevant actors’ (Wood 2007, p.124). In-depth interviews were semi-structured and key themes were identified that I wished to address to aid cross-national comparability. But topics were not rigidly structured to allow for amendments and deeper investigation whilst the interview was in motion. The semi-structured nature of the interviews allowed room for manoeuvre by allowing a conversational tone to dominate through the rearrangement of questions and the use of probes throughout the interview that sought to investigate what was and was not said (Hermanowicz 2002, pp.483-484). This room for manoeuvre proved extremely useful in gathering honest answers to the questions asked, because in some cases respondents were nervous about participating in the research project. For example, a representative from the Commercial Farmers Union in Zimbabwe was nervous about the interview due to the political situation at the time. Care had to be taken to protect him, so confidentiality was ensured and questions were asked and sometimes rephrased in order to obtain as much information from this informant in as sensitive manner as possible.

Before embarking on field research detailed desk research was completed on the three case studies of Zambia, Zimbabwe and South Africa. This was firstly to attain an understanding of the historical context of the countries in question but also to identify potential candidates that could be utilized as key informants for the field research. In order to ensure triangulation it was decided to identify interviewees from multiple fields that could offer different perspectives on the same phenomenon

\(^7\) See appendix B for interviewee list.
with the end result of constructing a more accurate analysis of the process of transition (Flick 2005, pp.226-227). Individuals were initially selected on the basis that they had experience of the phenomenon of transition, either as a direct participant or as an engaged observer, as such, my main group of interest in each country was elites – ‘highly placed individuals’ with access to information (Rivera et al. 2002, p.683); trade union elites, state elites, business elites and academic elites. Elite interviews, particularly those in developing countries, have features that can make sampling particularly difficult including ‘… difficulties in constructing sampling frames due to incomplete information; problems in locating respondents who may work without receptionists or answering machines; a general apprehension towards foreigners and/or interviews; and aversion to advance scheduling; and suspicion aroused by standard demographic questions’ (Rivera et al. 2002, p.683). All of these features were experienced to varying extents and in many cases it was difficult to find up to date information about potential informants. When information was found, it proved difficult to actually get hold of the potential informant, either through secretaries barring the way (when they had them), or through unanswered emails and phone calls. Persistence in many cases paid off, bolstered by a charm offensive on the interviewees and their secretaries, however it often took up to eight phone calls to actually get an interview scheduled after which it was sometimes rescheduled to a less suitable time. It became necessary to be ready to conduct an interview at all times just in case a call was received well or an interview rescheduled. With these problems of access to key informants in mind it was decided before embarking on field research that non-probability snowball sampling would be of most use in obtaining access to key informants. There are problems associated with snowball sampling because the respondents can self-sensor the candidates that they think likely to be interesting and informative. However, despite this, when actually conducting the fieldwork I found that the same people were recommended time and time again. This made me believe that the people being recommended were actually useful and in the majority of cases this proved correct. In addition, the snowball approach was useful for actually accessing people since having introductions and recommendations from associates made people much more likely to speak to me.

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8 Academic elites include individuals from a ‘traditional’ academic background such as a university, but also individuals involved in research institutes.
When conducting field research it is important to remember that research is not necessarily a problem-free activity, researchers have an agenda, and this agenda may sometimes cause harm to the participants. To reduce harm, researchers must critically reflect on their research strategies and biases. The research strategy followed a consequentialist ethical research objective where decision-making flexibility throughout the field research was adhered to. In this way decisions were made ‘…with a view to the goodness of overall consequences’ (Lenman 2000, p.343). Each research situation was analysed in its own right and the potential consequences of actions undertaken were considered. Of course, problems exist where one can never guarantee that the decisions made will have positive consequences, but if the overall intention is not to harm, one can reasonably attest to have followed ethical decision making in the field. This approach was passed by the University of Limerick’s ethics committee prior to conducting fieldwork on the condition that all interviewees be given a written and verbal outline of the research project and then asked for informed consent to participate either anonymously or not.

2.3 Analysing data

The central research strategy adopted was through comparative case study analysis. Case studies can provide an understanding of the larger universe through the intensive study of a small number of cases by way of comparative inference (Gerring 2007, p.96). They provide ‘… depth of analysis, construct validity, the identification of causal mechanisms, asymmetric theoretical arguments, and theory generation’ (Hawkins 2009, p.51). To make sound inferences through ‘understanding an unobserved phenomenon on the basis of a set of observations’ (King et al. 1994, p.55), it was important to understand the historical bases of the cases. For that reason the core data collection methods were through an in-depth literature search and review of each of the countries being studied followed by field research conducted through interviews with key informants. Detailed knowledge of each of the cases allowed for the utilization of qualitative reasoning – that is following up on hunches garnered from the knowledge collected in the literature reviews - to formulate hypotheses about the likelihood of certain events being important in transitions from authoritarianism. In this way, case expertise and in-depth

9 “Do no harm” is a central tenet of ethical research strategies. See Piper and Simons (2005).
knowledge of a case is crucial in figuring out which explanations are more likely than others when developing theoretical propositions (Freedman 2010, p.232).

From the instincts developed through qualitative reasoning it is possible to make inferences about which explanations are most convincing through process tracing. Process tracing allows the examination of the intervening variables between a possible cause and effect through ‘… unravel…[ling] the ways in which one small event triggers another and how the chain of events results in the overall whole’ (Hawkins 2009, p.57). This is where in-depth knowledge of the cases under examination comes to the fore, because the extraction of likely variables that can account, or not account, for the transitional process allows one to ‘… establish whether the events or processes within the case fit those predicted by alternative explanations’ (Bennett 2010, p.209).

When analysing interview data it was important to acknowledge that interviewee’s interpretation of their social reality may conceal certain actions or seek to justify others. Thus, interview data was analysed not only for what was and was not said, but relied on field notes taken during and immediately after the interviews to include non-verbal data cues as well as my perceptions of what the interviewees’ motivations might have been. An understanding of the environmental, social and political context between the interviewee and the various organizations and institutions that they were in contact with was extremely important. For example, when interviewing Joyce Nonde of the Federation of Free Trade Unions in Zambia, she was extremely critical of the political stance undertaken by their trade union federation competitors the Zambia Congress of Trade Unions. This criticism could indicate a genuine critique of their only competitor’s political leanings, or conversely could indicate some form of nit picking, or even both. Keeping these factors in mind during analysis I sought to extract key themes through process tracing by identifying commonalities and significant features, as well as continuously asking myself the counterfactual question of ‘would A have occurred if X, Y, Z was not present?’(Peters 1998, pp.72-73). These joint techniques helped in developing answers for the key research questions that actually reflected the reality of the transitional situations.
Chapter Three – Regime change, critical junctures, opportunities and choices

3.1 Introduction
This chapter critically considers the literature surrounding regime change, critical junctures, economic structures and the agents who negotiate these phenomena. Firstly it examines the role that organized labour can play in regime change and argues that the sectoral composition of a state’s economy imbues organized labour with more or less power dependent upon the characteristics of the dominant sector. It then considers critical junctures to show the significance that these phenomena have in establishing institutional legacies that govern the decisions of actors during regime transitions. It shows that critical junctures establish, institutionalize and recreate structures that influence actors to push a transition towards democracy or authoritarianism. It identifies the establishment of a labour relations regime as the critical juncture of interest. Thirdly, the chapter examines dysfunctional modernization as a way to characterize the development of African economies that have experienced uneven development. Dysfunctional economies develop asymmetrically creating opportunities and choices for actors to affect regime change. The chapter then presents economic complexity as a conceptual tool to determine the power relations that emerge in a state that can account for the likely transitional outcome. The chapter lays out the underlying assumptions surrounding economic protagonists and what their likely relationship to regime change is given the centrality of the economic complexity framework. Finally it proposes the economic complexity framework and lays out the hypotheses that will be tested in this thesis. In these combined ways this chapter emphasizes that when examining African regime transitions it is important to examine the interaction between critical junctures, historical structures, and structurally defined actors. Combining these various factors allows for a thorough examination of the factors that contribute to regime change.

3.2 Transitions and labour
A transition can be understood as ‘… the interval between one type of political regime and another’ (O’Donnell and Schmitter 1986, p.6). It constitutes ‘… a
change in the basic institutions that determine who will rule, how rulers will be chosen, and how basic distributive decisions will be made’ (Geddes 2003, p.44). As previously noted transitions are complex, multi-faceted phenomena that incorporate both macro- and micro- attributes, particularly the combination of pre-existing structural forces in society and the way that actors respond to these structural conditions and to other actors (Lipset 1959; Rustow 1970; O'Donnell and Schmitter 1986; Bratton and van de Walle 1997; Collier 1999; Geddes 1999; LeBas 2011). Transitions generally include civil and political liberalization, however democratization, which minimally requires competitive elections to administer governmental control, is not guaranteed (Linz and Stepan 1996, p.3). This thesis approaches transitions by examining the key structural feature of an economy and the actors and power distributions an economy defines. It takes a path dependent approach, arguing that decisions made at key moments shape state structures, the actors that participate in transitions and their ultimate outcomes. Distinct paths are laid that dependent upon the interplay of structural and genetic forces will result in more or less democratic outcomes.

The role of actors in instigating transitional change is central due to the assertion that transitions do not occur because of a serendipitous occurrence of structural features that suddenly make regime change feasible, as, say, a classic modernization argument would argue. Rather they occur because of the interplay between functional and genetic factors (Rustow 1970, p.344). Trade unions are of interest as collective actors that participate in transitions because they can affect politics through popular mobilization. Despite an elite focus, O'Donnell and Schmitter have acknowledged that ‘… the greatest challenge to the transitional regime is likely to come from the new or revived identities and capacity for collective action of the working class’ (1986, p.52). This acknowledgement emerged because trade unions are not ephemeral; they exist before, during and after a transition. So, although they may participate in the popular upsurge, they are a permanent group unlike many other social formations. Authoritarian regimes usually tolerate limited pluralism in society that is ‘based on a controlled and irresponsible representation of interests, [as well as] limited and controlled forms of participation’ (Linz 2000, p.270). It is perfectly plausible, therefore, that trade unions can exist and administer relative power in an authoritarian regime. This power can then grow or decline dependent
upon that regimes’ underlying features. Because trade unions are formed as a result
of a key structural feature in a country, the economy, they are intertwined in the
three-pronged structure of state, economy and society and they can play a role in
state processes that influences elite calculations during times of regime instability.

Trade unions possess a capacity to affect transitions through mobilization that can
influence its various stages – liberalization, contestation and consolidation – which
rests on the following characteristics. Labour’s mass membership base is relatively
easy to mobilize and restrain when compared to other social movements. Trade
unions generally possess a shared ideology and common identity, and importantly
they have a strong capacity to disrupt a nation’s economy (Valenzuela 1989, p.447).
These features imbue trade unions with an organisational capacity that can be
attractive to oppositional forces and can make authoritarian regimes ‘… sensitiv[e]
… to the autonomy of the labour movement and the threats associated with it’ during
periods of regime instability (Akwetey 1994, p.7). This can result in labour
receiving an inordinate amount of attention from authoritarian regimes through
labour repressive policies to control labour. Labour repression ‘… ultimately
heighten[s] … the significance of labour during the transition’ because it may lead to
more anti-regime mobilization that was caused by the repression (Valenzuela 1989,
p.447).

Because of their relationship with a nation’s economy, unions occupy strategic
relationships with state and economic elites, as well as other social movement actors.
A state’s economic composition impacts on the sorts of social relationships and
opportunities for mobilization available to organized labour. Because of this,
economic complexity is of interest since it structures social relations in ways
dependent on the composition of the economy. Economic ‘complexity’ is a broad
concept that is a composite of five factors including sectoral spread, state economic
intervention, the level of formal sector employment and unionization, and the level
of foreign private investment. These factors were chosen to provide a snapshot of
each country’s economy and the power relations that economy produces. It is
argued that the level of economic complexity exposes opportunities for mobilization
in transitional processes of regime change. Thus it should be possible to unbolt
linkages between levels of social organization and regime outcome with economic
complexity as an intervening variable.
Inherent in economic complexity is the idea of economic sectors that characterize an economy and thus state strength. Shafer (1990, 1994) argues that the development of leading sectors in an economy strengthens or weakens a state, because certain sectors are likely to generate a capacity for collective action and to develop interest groups that can influence a state’s actions. State strength is relative to the strength of other interest groups, so where certain sectors dominate economic exchange, the groups involved in this sector will be able to construct relative power in a way that can wield pressure to mould the state that ultimately reflects the ‘… political implications of … [that] country’s economic base’ (Shafer 1990, pp.145-146). Different sectors have distinct features including capital intensity, economies of scale and production flexibility that all contribute to sectoral composition and thus state strength (Shafer 1994, p.12). However the sectoral composition also ‘mold[s] states absolute capacity and the identities, aims and capacity for collective action of the leading sectors they confront, as well as those of the other groups with which they might ally themselves’ (Shafer 1994, p.12). Unions can then develop certain attributes that are dependent upon the dominant sector that they are engaged in. In sectors like mining that exhibit high economies of scale and capital intensity (as well as sunk investments in sector-specific equipment, facilities and infrastructure) labour is likely to emerge as a strong sectoral force that administers high levels of relative power due to the relatively high skill levels and concentrated workforce the sector requires. Worker concentration is likely to result in worker organization through trade unions because ‘organization is the main means of empowering the many’ (Rueschemeyer et al. 1992, p.54). Therefore sectoral development within a developing country’s economy can create structural conditions that deliver opportunities for the effective mobilization of economic interest groups like labour in transitional periods. The economic structure can lead to some groups acquiring more power than others which then can account for whether a regime transitions to democracy or to another form of authoritarianism. In this sense, this thesis builds on a political economy approach to transition that emphasizes the interactions between actors and structures to explain regime outcomes.

3.3 Critical junctures and regime change

This section examines critical junctures and regime change to show the significance of critical junctures in establishing institutional legacies that govern the choices and
decisions of functionally created actors. It argues that critical junctures establish, institutionalize, and recreate structures that strongly influence the actions of actors to move a transition in certain directions and can remove some of the uncertainty found in analyses of transitions. Establishing a formal labour regime that encompasses the majority of workers in a country is the important critical juncture for the purposes of this thesis. This is because it demarcates power compositions of structurally created actors in ways that become important in transitional processes. The legacies of critical junctures then can inform the decision-making process of structurally defined actors. This section shows that critical junctures are important in determining the likely transitional outcomes given the establishment of certain structural foundations at critical junctures.

In recent years a large literature emerged exploring the linkages between economic and political decisions made by recently independent states, and the consequences of these decisions for later regime outcomes (Shafer 1990; Wilson III 1990; Collier 1991; Frieden and Rogowski 1996; Karl 1997; Ross 2001; Dunning 2005; Fish and Choudhry 2007; Gehlbach 2007; Ulfelder 2007; Bates 2008; Collier and O'Connell 2008; Greene 2010; Le Bas 2011). This literature emphasizes that antecedent conditions of critical junctures coupled with the political choices made by political actors are important when investigating a regime transitional outcome. Conditions that exist or that are adopted at critical junctures, such as independence, interact with the strategic choices and decisions made by state elites and other political actors to make certain paths taken more or less likely. LeBas contends that States, politicians, and popular movements move creatively within the structures they have built, but they are also products of those structures. [Actors] … are shaped by the mobilizing structures they inherit and the set of strategies that seem reasonable or possible in a given political environment. They can improvise on the margins, but it is difficult to stray too far from established scripts (LeBas 2011, p.18).

Regime outcomes are argued to result from a combination of ‘legacy and choice’ where difficulties emerge in deviating from established patterns of rule (LeBas 2011, p.22). Structures that existed prior to a critical juncture combine with the contingent decisions of actors that have been structurally moulded to develop subsequent state formations. Therefore, previous decisions can reinforce the likelihood of certain outcomes occurring, allowing the prediction of the development of a given regime outcome.
This thesis adopts this line of argument, maintaining that a path dependent approach can ascertain some sequences that account for divergent regime outcomes. Because of the interconnections between society, economy and polity, the economic system and its associated social and political preferences adopted at a critical juncture shape the universe of decisions available to potential political actors. The initial events of a critical juncture are important when considering later structural formations because later events have much less propensity to change the route of an established structural pathway (Pierson 2000a, p.263). Particularly interesting are the modes of economic management adopted that influence the development of economic actors from both capital and labour, particularly their frame of reference and the relative power they are likely to glean from the economic decisions made at that critical juncture.\textsuperscript{10} Legacies should endure until the economy develops to a higher level of complexity, leading to economic actors rethinking their frame of reference and mobilizing or not for change, given the opportunities available. Although pre-existing structures characterize the organisation and development of groups, underlying conditions are not prescriptive, but they do provide the backdrop to which actors move creatively, albeit within certain parameters (LeBas 2011, p.18). So, while states can have similar starting points, the development and interactions of contingent decisions can strongly impact on eventual regime outcomes. It is thus important to consider the starting conditions of a regime when considering transitional outcomes, because starting points can determine the opportunities available to a potential opposition.

A critical juncture is ‘… a period of significant change, which typically occurs in distinct ways in different countries […] and which is hypothesized to produce distinct legacies’ (Collier and Collier 1991, p.29). Critical junctures can consist of a single event or series of events that combine with pre-existing factors to produce conditions that may not have occurred if it were not for the critical juncture, illustrated by figure 3.1.\textsuperscript{11} The legacies of critical junctures do not necessarily occur immediately after a critical juncture but instead crystallize through ‘… a sequence of intervening steps that respond to these reactions and counter reactions’ (Collier and Collier 1991, p.37). So, a critical juncture and its legacies consist of an interactive

\textsuperscript{10}This argument draws strongly from Collier and Collier’s study of labour incorporation in Latin America (1991, p.745).
\textsuperscript{11} i.e. ‘rival explanations’
process that sculpts the likely actors and conditions that can reason the likelihood of a regime transitioning to democracy or to another regime type at times of instability.

*Figure 3.1 Building blocks of the critical juncture framework (Collier and Collier 1991, p.30)*

How is a critical juncture identified as opposed to other significant events? For Collier and Collier (1991, p.30) it must contain three constituent parts,

... the claim that a change occurred within each case, the claim that this change took place in distinct ways in different cases, and the explanatory hypothesis about its consequences. If the explanatory hypothesis proves to be false – that is, the hypothesised critical juncture did not produce the legacy - then one would assert that it was not, in fact, a critical juncture.

Pre-existing structural conditions, events and social cleavages matter in analyses of critical junctures because they combine to produce different conditions than that which would have emerged otherwise (Collier and Collier 1991, p.30). A model that acknowledges multiple causalities is therefore inherent in analysing critical junctures because dependent upon the antecedent structural conditions in a case, social cleavages combine with contingent events in different ways, leading to divergent outcomes across different cases.

Because of the interplay between state, capital and labour in society, I focus on the establishment of a formal labour relations regime through labour incorporation as the critical juncture of interest. Labour regimes are ‘... the complex of institutions, rules and practices through which relations between labour and capital are regulated both at the work-place as well as in society at large’ (Andrae and Beckman 1992, cited in
Labour incorporation is important when considering regime change because the structures and the constituent actors that surround labour incorporation form the class constellations that interact with each other in the transition. The ‘intrusion of the market’ impacts on society and structures actors preferences resulting in a path towards a more democratic or authoritarian mode of governance dependent on the type of labour regime that is adopted by the industrial and political classes (Moore 1966, pp.495-496). A necessity emerges at some point ‘… to regularize labour-capital relations and to integrate the working class into the political system’ (Collier 1993, pp.3-4). This is significant because it indicates a ‘social transformation that shifts social power relations (Collier 1993, pp.3-4). Labour incorporation is one way that a state seeks to manage this shift in power because it strongly affects the patterns that govern the contingency, disposition and strength of groups that can potentially emerge in opposition to the state. Because of this labour incorporation periods constitute critical junctures that affect regime transitional outcomes.

The state is a central agent that shapes other components of society and, it is important to explore the way a state develops labour regimes that administer a regime’s competing power relations (Martinussen 1997, pp.221-222). The overall importance of an economy dictates that all states develop labour regimes to some degree. Labour regimes manage interactions between capital and labour to try to ensure secure economic development. The formation of labour regimes result from an interactive developmental process between state, capital and labour that reflect ‘… wider societal processes’ and power relations in a state where each group develops in tandem with the others (Beckman and Sachikonye 2001, pp.10-11).

The state, in its capacity as a regulator of the capital-labour relation and its reproduction, develops within the logic of that dialectics. The development of state capacity in this respect is central to the process of capitalist state formation but also to the processes of capital and wage-labour formation. The state assists capital to become capital by helping in subordinating labour. It helps labour to become wage-labour by contributing to the processes that make it available and qualified (Beckman and Sachikonye 2001, pp.10-11).

Labour regimes can develop through coercive or non-coercive approaches, depending on the regime (Akwetey 1994, p.29; Wood 2001, p.867). In liberal societies, labour regulation occurs through employment competition, state recognition of property rights and freedom of worker organization. In non-liberal regimes the state may control and own much of the economy and there may be
severe restrictions on the organization and mobility of labour and on property rights. A labour relations regime establishes how state, capital and labour function in relation to each other and thus determines the power structures that mediate these actor’s interactions. So although labour incorporation is an overtly economic act, it also has political ramifications because it determines power constellations that can ‘enabl[e] the joint application of coercion and consent in social interactions’ (Akwetey 2001, p.26). Thus, the establishment of labour regimes are important because these regimes create the engagement conditions of key social groups. Their establishment indicates state recognition of the power potential of labour, and seeks to incorporate or exclude them to harness or curb their power.

Inherent in group organization is competition for relative power, whether it is amongst similarly composed groups, or even with other groups in the hierarchy. Rueschemeyer, Stephens and Stephens’ analysis explores social class composition and finds that social group formation has a decisive impact in historical development and occurs not through serendipity, but through a qualified effort to change and manage the political system (Rueschemeyer et al. 1992, p.48). This analysis could be transferred to labour incorporation because when groups are incorporated into state structures, it is extremely likely that these groups will not remain compliant to retain the position the government deems best for them. Indeed, Rueschemeyer, Stephens and Stephens (1992, p.54) do assert that the social construction of labour organization ‘… is likely to be a process of tension and conflict’ which, in turn, is likely to transpose to other spheres (1992, p.60).

Inherent in understanding labour regulation are relations of domination and opposition that vary according to the type of labour regime. In many African countries associational life was developed only at the local level and many groups did not have the capacity to construct large-scale mobilization that could counter the state. In countries where associations developed beyond the local level, the state utilized corporatist methods of centralization to extend a controlling hand over their territories. This was particularly prevalent in countries that had developed labour associations of some kind (Cooper 2002, p.92). In these environments labour incorporation has served three intertwined purposes; ‘to expand [government’s] reach into society, enhance control over potentially disruptive mass constituencies,
and implement economic and social policy’ (LeBas 2011, pp.36-37). In this way labour incorporation stabilized state rule by extending control over workers and the economic health of the country. A competing outcome of labour incorporation was that incorporated labour often possessed ‘… autonomy from the state, organizational resources, independent ties to mass constituencies, and a great deal of political visibility’ that subsequently made incorporated labour attractive to opposition forces (LeBas 2011, pp.36-37). This indicates a ‘developmental paradox’ of authoritarian states where ‘… the state nurtures the development of social forces ultimately capable of amassing sufficient power to challenge it … the very success of the state’s strategy leads to the demise of the state’s capacity to dictate policy unilaterally’ (Bellin 2002, p.4). The decision to incorporate labour could lead to the development of trade union structural strength that could latterly be used to counteract state strength in periods of regime uncertainty. In this way labour incorporation constitutes a critical juncture that can alter the balance of power in a given state, and lead to a reorganization of political life.

The establishment of labour incorporation in Africa is interesting due to histories of domination, authoritarianism and late development. This meant that societies developed unevenly and not necessarily on the class based formations that occurred elsewhere (Ake 2000, p.31-37). Post-colonial African labour regimes have been described as ‘authoritarian and despotic’ state-corporatist regimes where the state exercised domination over politics, economy and ideology and sought to inhibit and sometimes repress groups that could potentially oppose them (Schmitter 1974, p.105; Akwetey 2001, p.27; van de Walle 2001, p.274; Cooper 2002, p.92). Ideologies of nationalism combined with legacies of underdevelopment and indigenization of economic activities fostered the emergence of state-owned enterprises, and it became practically impossible for economic groups to maintain a distance from the state. The combination of these factors led to the development of a ‘culture of consent to state authority’ and the development of authoritarian governance across Africa (Akwetey 2001, p.28). Where non-state affiliated economic groups emerged, their relative power depended very much upon their size and the sector they engaged in, as well as the state’s attitude to incorporation (Wilson III 1990, p.415). The establishment of labour regimes maps power relations in distinct ways across nations that reflects a ‘…dynamic process of political

Labour incorporation occurred in many African states following a ‘crisis of expectations’ at or following independence when the promised and presumed social and economic rewards did not occur (LeBas 2011, p.37). When development stalled labour militancy occurred widely, which led in many cases to labour incorporation. States can be anxious about labour militancy due to labour’s capacity for collective action that is inherently linked to underlying issues of political legitimacy (Collier and Collier 1991, p.44). In some cases, states responded with labour repressive policies to weaken labour’s base and ensure that labour could no longer provide structures for the coordination of demands and protest (LeBas 2011, pp.37-38). In other countries, states responded through labour incorporation measures that formally integrated trade unions into state structures. In politically unstable newly independent states, governments often face a dilemma, how to respond to potentially opposition groups, and how to cement linkages throughout society to make the new regime stable (Bellin 2002, pp.87-88). Labour incorporation is commonly the answer to this where the state can choose a mixture between repression and sponsorship to develop its goals, yet simultaneously control a potentially oppositional group. Although incorporation rarely provides labour with power and influence over government, it does provide benefits including labour-friendly policy, encompassing check-off systems for union dues, the provision of mandatory membership for formal-sector workers, and labour-consolidation into single-industry union bodies (Rakner 1992, p.86; LeBas 2011, p.38). Coupled with the development of economic sectors that allow labour to grow in size and power, a transitional process can be set in motion that favours labour interests in its outcome.

The critical juncture of labour incorporation cultivates structures that can be used to mobilize against the state during regime instability if labour possesses stable and strong relative power. Although structural legacies provide the background conditions to transitions, the results of the critical juncture of labour incorporation leads to the establishment of certain pathways that structure how key social cleavages engage with each other. Examining incorporated labour can illuminate the structures that govern the decisions surrounding regime change.
3.4 Dysfunctional modernization

The previous section examined the way that the critical juncture of labour incorporation intersects with a state’s antecedent conditions to create economic actors that are ready and able to act at moments of regime instability. Often these moments of regime instability do not occur because of political ineptitude, though it may be prevalent, but because a regime is experiencing economic troubles.\footnote{Bratton and van de Walle (1997, p.34) and Rakner (2003, p.44) have illustrated that transitions occurred widely throughout Africa in the 1990s because of dysfunctional economies.} When a state fails to respond appropriately to economic woes, incorporated labour empowered by the economic structures of a state, are often the first actors to mobilize and connect economic change with political change. These changes have traditionally been seen through a modernization lens that suggests that economic developments cultivate democratic governance. But modernization often occurs in a dysfunctional manner, especially across Africa that has experienced uneven and low economic development, so in these situations, how can regime transition be examined? Dysfunctional modernization results in different antecedent conditions and structures than those supposed by the traditional modernization route and, as a result, critical junctures can result in the emergence of more divergent power constellations. By examining how the sectoral composition of the state impacts on economic complexity and the power of economic actors, this section proposes a way in which the likely outcome of a transition are likely to be gauged in dysfunctional settings. A state’s sectoral composition produces actors that acquire or lose power based on their place in an economy can obtain different opportunities and choices from the dysfunctional state.

The type of economic development that has occurred throughout much of Africa has largely been dysfunctional due to historic features that have structured economic development. Bratton and van de Walle (1997, p.33) argue that ‘…changes in material conditions lead directly to changes in political life,’ and surmise that shifts in the available resource base of a given regime alters the balance of power between the difference forces of state, economy and polity. This can result in opportunities and constraints to forge new conditions of rule, a contention shared by Bellin (2000, p.177). In this sphere ‘short-term swings in economic performance, the popularity of governments, and their ability to remain in power’ have been found to have
importance when considering political stability (Bratton and van de Walle 1997, p.34; Rakner 2003, p.44) and thus transitional outcomes. Ake (1993, p.241) asserts that ‘ordinary Africans do not separate political democracy from economic democracy or, for that matter, from economic well-being. They see their political empowerment, through democratization, as an essential part of getting the economic agenda right at last and ensuring that the development project is managed better and its eventual rewards more evenly distributed.’ In this sense economic development is seen as an essential part of democracy in Africa and must be considered as such. So through this understanding of modernization, as relative changes in material conditions that directly affect political life, we can start to understand the processes of political change that have dominated the continent. The unevenness of development and creation of peculiar forms of modernization through U&CD and historical institutional legacies lead to enduring linkages between polity, economy and society that directly create social forces that affect a transitional outcome.

Collier and O’Connell (2008, p.89) identify an approach to modernization that recognizes that states can develop dysfunctional economic syndromes due to the interaction of opportunities and choices that affect that state’s developmental trajectory. They identify four growth syndromes that states can become entrapped in: regulatory, redistributive, intertemporal, and state breakdown. These syndromes are not mutually exclusive and can sometimes co-exist dependent upon the array of features present in a given state. Regulatory syndromes occurred post-independence where ‘most African countries became independent at a time when socialist and communist strategies of economic development were fashionable’ (Collier and O’Connell 2008, p.90.). In this environment, many newly independent states adopted regulatory control regimes that espoused economic intervention to engender development and to mitigate economic failure (Ndulu 2008, p.317). Regulatory strategies pursued by the corporatist state included state ownership of industry, high barriers to economic entry, indigenization policies, and incorporation of social groups to the state apparatus. These were often utilized by the state to ‘… encourage[…] citizens to think of the state as the prime mover for raising the standard of living’ (Cooper 2002, p.92, emphasis in original). State’s often exercised this rationale as the justification initiating one-party regimes (Collier and
O’Connell 2008, p.90). Regulatory regimes developed economic practices that strongly impacted upon latter developmental tendencies of the state in question.

Corporatist states in Africa often develop redistributive and intertemporal growth syndromes, which are linked, through the allocation of state resources through ethno-regional redistribution and looting that responds to elite short-term interests (Collier and O’Connell 2008, pp.91-93). Unsustainable spending and debt accumulation related to economic booms that ‘… fail […] to transform temporary income into permanent income’ can act as a detrimental force in a state’s developmental trajectory through the occurrence of institutional inertia. Spoils from the temporary income can satiate economic hunger and, because of this, mineral states are and have been particularly prone to non-diversification of their economic activities, leaving that economy particularly prone to economic shocks (Karl 1997, p.16; Collier and O’Connell 2008, p.95). Central to these syndromes are ‘… salient episodes of purposive failure attributable to human agency’ (Collier and O’Connell 2008, p.98). But these failures are not merely attributable to agency; one must recognize that the structural organization of a state furnishes actors with attributes that subsequently guide their likely actions. So, if the structure of the state encourages activities like discretionary looting of state resources or the irregular assignment of state resources through institutionalized histories of the same, subsequent actors are likely to reproduce these legacies. In this way economic syndromes can sow the proverbial seeds of economic decline where decisions to pursue a certain developmental pathway can powerfully affect the latter decision making arena available to actors.

The three syndromes described above hold a feature in common – social unrest. Economic syndromes hold at their core the interaction of opportunities and choices, and it is in this area that popular protest can emerge that can adversely affect the stability of a regime. Collier and O’Connell argue that economic errors made by regime elites can result in deep demarcations between social groups that may institutionalize reactionary tendencies such as violence or contentious behaviour in order to seek some equilibrium in society (2008, p.92). This is where the fourth syndrome comes in – state breakdown – where states experience social unrest and collapse and the economy responds accordingly. So, countries that experience civil war, for example, tend to experience extreme economic decline that is likely to continue into the post-conflict period. State breakdown thus affects economic
growth trajectory and can strongly affect the opportunities and likely actions available to social actors who may wish to pursue a developmental policy.

These economic syndromes are clearly symptomatic of economic dysfunctionality that is prevalent across many economies in Africa due to institutionalized structures of rule that have contoured the decision-making landscape. Dysfunctional regimes are likely to cultivate uneven and combined development (U&CD) where ‘… an amalgam of archaic with more contemporary forms’ of economic structure is found. This can result in skewed social structures causing instability and accelerating social disintegration (Trotsky 1967 [1930], p.6; Knei-Paz 1978, p.93). U&CD refers to the differentiated types of economic, social and political development observed in late developing states. Advanced industrial development is implanted alongside traditional forms of economic activity like subsistence agriculture, where the two types of economic activity exist side by side and do not transform the overall economic structure of the state (Karl 1997, p.92; Knei-Paz 1978, p.78). This can result in modernization occurring in some economic pockets but not others. This creates and exacerbates social divisions and can ultimately lead to political instability that can initiate a regime transition. The manner in which modernization can develop in some, but not other, pockets creates a very particular type of economic complexity, which in turn develops certain social constellations and shifts in social relations in some areas and this can make it difficult to politically exclude these groups (Rueschemeyer et al. 1992; Collier 1999). However, because of social stratification amongst urban and rural groups, elites in power may decide to support one or the other of these groups in order to maintain their hold on power.

With these factors in mind it is important to consider the historical institutional conditions of a state because the development of a state is not only affected by the immediate decisions that social actors make, decisions are also informed by the historical institutional structures prevalent that strongly influence the worldview of actors. The cases of interest in this thesis all experienced forms of colonialism which left enduring legacies that impacted the way the post-colonial state functioned including ‘overdeveloped’ state bureaucracies (Alavi 1972, p.61), underdeveloped political systems (Martinussen 1997, p.183), and dominant sectoral formations (Bates 2008, pp.181-185). Institutional legacies of asymmetrical development combined with political underdevelopment and resource dependence led to many
post-colonial state structures developing in an irregular manner that was characterized by the allocation of political and economic resources as forms of patrimony that impacted on social development. ‘New regimes do not inherit a clean slate; they are grafted onto pre-existing state institutions. But they have some opportunity to reshape these institutions, either by altering their characteristics or by reinforcing existing political and economic practices and thus entrenching them more deeply’ (Karl 1997, p.92). In this sense, it is important to recognize that states can face difficulties in moving beyond the pre-existing legacies when institutionalizing new forms of economic structures. The state is likely to recreate some pre-existing structural formations that will continue to impact upon social actors and the likelihood of democratization, should a transitional event occur.

3.5 Sectors and economic complexity

The central hypothesis of this thesis is that economic complexity shapes the opportunities available to trade unions to mobilize for political change and ultimately democratization. I propose that the more complex an economy is, the more likely democracy will emerge following transition. For the purposes of analysis I have developed ‘economic complexity’ as a composite of five variables comprising the economy’s sectoral spread, level of state intervention and investment, formal sector employment, level of unionization and level of foreign private investment. Though not claiming to be all encompassing, the examination of these five factors allows for an overview of the economy and contributes to an understanding of how complex the economy is.

The degree of economic complexity can create opportunities for mobilizational in transitions, because critical junctures shape the likely actions of actors within the structural constraints of the economy in question. It should be noted that none of these processes are mutually exclusive; critical junctures combine with structural legacies to create the conditions that affect actor’s actions. Economic complexity is linked to modernization arguments, but focussing on complexity moves beyond modernization approaches by using dominant sector analysis. Dominant sector analysis examines the development of leading economic sectors and how they, and the actors they create, affect state strength. State strength is relative to other interest groups, so in a state where certain sectors dominate economic exchange, the groups
in this sector can construct relative power that yields pressure to mould the state to reflect the ‘…political implications of each country’s economic base’ (Shafer 1990, p.145). I argue that by examining the sectoral composition of a state in transition, one can identify how power clusters will emerge, which can create a situation that makes a democratizing outcome more likely after transition.

In order to assess the level of economic complexity based upon the dominant sectors in a state and thus the prospects for democratization a number of assumptions have been made. Before starting, however, a caveat must be made; the economic structures below represent ideal types that have been developed at high levels of abstraction. They do not reflect the reality and intricacies of economic complexity, but instead allow a model upon which I can flesh out with the case study analyses. As such, the levels laid out below are not exclusive; a state can occupy one or more levels at a given moment, situations that generate economic complexity themselves, and what likely regime outcomes can ultimately be generated.

**Figure 3.2 Assumptions governing economic complexity**

<table>
<thead>
<tr>
<th>High</th>
<th>Democracy</th>
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</thead>
<tbody>
<tr>
<td>Highly developed, expansive market</td>
<td></td>
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<tr>
<td>Low state/business linkages</td>
<td></td>
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<tr>
<td>Opportunities for mobilization</td>
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<tr>
<td>Medium</td>
<td>Elements of democracy and authoritarianism</td>
</tr>
<tr>
<td>Industrialization, urbanization &amp;</td>
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<tr>
<td>development of work class</td>
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<tr>
<td>Mobilization emerges</td>
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<td>Labour repressive regime – enduring</td>
<td></td>
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<tr>
<td>alliances state/business</td>
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<tr>
<td>Low</td>
<td>Authoritarianism</td>
</tr>
<tr>
<td>Primary based model</td>
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<td>Labour dispersal</td>
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<td>Alliance between state/business</td>
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At the low end of economic complexity, a primary based economic model where non-urban economic activities are dominant has been assumed. Because of the non-complex nature of the economy combined with industry’s distance from urban areas, labour is unlikely to organize into trade unions. The bulk of the economy is based on labour intensive industries, and capital is generally concerned with keeping labour cheap in order to maximize profits. This may be done through the utilization of migrant or other cheap labour. Employers in a non-complex economy are likely to support the existing regime that will sponsor the labour system on which the economy is based and are thus unlikely to support worker organisation that can
mobilize for political change (Moore 1966). Authoritarianism is expected in this type of economic structure.

The median scale of economic complexity is characterized by economies that have moved into secondary activities that supplement and develop the primary. This is where industrialization, urbanization and the development of a working class occurs (Collier 1999, p.2). The industrial economy depends upon high degrees of worker participation and labour repressive regimes may be adopted in authoritarian structures ‘… for the realization of incomes superior to those possible under more liberal, market-based arrangements’ (Wood 2000, pp.6-7). Under authoritarianism extra-economic coercive methods such as slavery, restrictions on the movements and residences of workers, and coercive work practices may impede the ability of workers to organize into labour associations that could change the status quo (Wood 2000, p.7). In these circumstances it is assumed that opportunities for mobilization will be relatively closed to progressive forces for political change due to structural difficulties in organisation. Political elites in medium complex economies tend to rely on economic elites to control the workforce, which can lead to enduring alliances between state and capital (Wood 2000, p.7). This is not to say that capital will never support political change, but that it is likely that they will support their alliance with political elites until it becomes ‘…instrumental and contingent’ to their interests to support democratization, and this is when organization, mobilization and collaboration occurs (Rueschemeyer et al. 1992, p.282). International actors, at times of economic crisis, may enter this arena to address the repercussions of dysfunctional control regimes through economic intervention, and this will help to increase complexity in medium complex economies. They may also try to redress sectoral dependence upon certain resources. Regimes that combine aspects of democracy and authoritarianism are expected in medium complex economies.

In a complex economy, tertiary economic activities develop so that heavy industry no longer dominates an economy, although it may still be prevalent. The market is expansive and business elites favour neoliberal economic policies that maximize profits. The alliance between business and political elites may fragment in complex economies for two reasons; capital’s neoliberal policy preferences will remove them from government circles, and as markets expand when the economy becomes more complex the reliance of business elites on coercive methods to control labour may
diminish (Wood 2000, pp.7-8). Under these circumstances opportunities for mobilization may appear because business and the state are no longer entwined and coercive labour regimes may dissolve. Democracy is likely in complex economies.

The level of economic complexity can thus create the types of conditions that give unions greater bargaining power against national governments. This can contribute to the type of regime outcomes following transitional periods due to the interaction of structures and social forces that make certain regime formations more or less likely. The next section examines social forces and regime change and delves further into the sectoral attributes of dominant economic formations that structure relative power amongst economic actors in such a way that makes democracy more or less likely to emerge following transition.

### 3.6 Social forces

Because of the structural and genetic legacies created by dysfunctional modernization, economies are of particular interest because they create the key conditions under which potentially powerful actors act. With this in mind, this section considers the three main actors involved in the examination of economies – political elites, business elites and trade unions. A number of assumptions have been made about these actors and the manner in which they interact with each other and hence affect the contingent decisions made within the legacy framework of the regime undergoing transition. This section lays out the underlying assumptions concerning these protagonists given their shared histories of asymmetrical development and historical legacies of domination that have shaped the structural heritages that bind their actions. To do this it adopts a dominant sectoral approach that borrows heavily from Shafer’s (1994) study of state development that argued that

‘… a state’s capacity to get ahead depends on the attributes of the leading sector through which it is tied … different sectors affect the relative autonomy and capacity of the state vis-à-vis leading-sectors’ actors, and the size and political weight of other actors with which the state can ally itself to increase its [relative] autonomy and capacity’ (Shafer 1994, pp.2-3). A sectoral approach allows one to lay out the likely actions and reactions of economic actors given the relative autonomy and power that they possess in an economy. Relative power is thus an important conceptual distinction for the actors under examination. Relative power depends upon a group’s size, density, autonomy and capacity relative to other groups in an economy (Rueschemeyer et al. 1992,
p.59; Shafer 1994, p.3). So, by looking at the sectoral composition of a state one can identify the likely relative power structures that become important during times of transition.

There are difficulties in defining the logic of actors associated with economies. When examining traditional definitions of state, capital and labour, it is difficult not to associate them with monolithic blocs that have overreaching aims and objectives. However, groups are not monolithic. Each group represents multiple actors with multiple agendas and as Shafer contends in reference to the state, but which could easily be extended to other groups, ‘…what their interests and intentions are, may vary dramatically depending on whom one takes to lunch’ (Shafer 1994, p.5). This quotation illustrates the multiplicity of ideas, intentions and agendas of various actors from various economic spheres that agree and disagree with one another at various times. To move past this problem, I decided to focus on generalizations when making assumptions about the various actors. So, when examining actors, the underlying assumption is that they are rational and self-interested actors; they act in order to get what they want, given the information available to them in a given structural environment. In this way, actors and their preferences are products of their environment. Economic sectors ‘… generate[…] characteristic patterns of interest groups with sectorally determined capabilities for collective action, and so, too, characteristic patterns of state-society relations and political capabilities’ (Shafer 1990, p.128). As a result, a sectoral analysis can calculate which preferences and power relations are likely to emerge in a transitioning state. Actors are strongly influenced by the structural conditions they inhabit and likely configurations are created given specific conditions and, in this way, one can make assumptions about the likely actions of economic actors.

3.6.1 Political elites
Political elites take two guises, ones that control the state, and ones who want to control the state. Therefore, when examining them it is important to consider state strength, as this will define the relative power political elites possess to potentially achieve their goals. Shafer uses three elements to define state strength – autonomy, absolute capacity and relative capacity (Shafer 1994, pp.6-8). These elements combine to define the complex organization of a state that incorporates the various actors and ideologies that characterize it. Autonomy refers to the extent that political
elites can protect themselves and national interests from the pressures that social
groups wield to progress their own interests (Shafer 1994, p.6). The way a state
controls the conduits of interest representation defines its power relative to other
social groups. However, even though autonomy is critical in defining state strength,
a state’s capacity to actually carry out its goals is crucial, particularly when
examining relative power. Capacity is ‘… the extent to which the state has the
authority and means to extract and deploy resources; a technocratic, meritocratic,
and internally cohesive bureaucracy; and also effective monitoring and regulatory
capabilities’ (Shafer 1994, p.7). One cannot examine the state in relation to absolute
capacity alone. A state's capacity to govern is always relative, relative to the
interests, resources and activities of other social actors who, in turn, are shaped by
the institutional environment of that state (Shafer 1994, p.7). It is thus important to
think about state strength as a fluctuating phenomenon that is relative to the power of
other groups.

Thinking about states as entities is problematic, because states do not make
decisions; people in power within a state make decisions. With this in mind then,
individuals in power and individuals who want to be in power, i.e. political elites,
will be referred to when referring to actors and assumptions. Under a rational
perspective political elites in authoritarian regimes can be classified in two ways,
politically and functionally. They are political actors because they are concerned
with the maintenance and development of their personal and group power, and are
thus likely to try to inhibit any oppositional activity to the application of their power.
Some members of the elite are also (and sometimes exclusively) functional actors
that are concerned with the functionality of the state. If the state is not functioning
properly, the continuation of the state and individual actors’ power structures can be
placed under pressure. It is therefore imperative to maintain some form of balance
between political and functional operations of a state.

Shafer argues that by approaching state power and thus political elite’s power from a
sectoral perspective allows one to investigate the intricacies of autonomy and
capacity of political and functional power. ‘Different sectors generate different
levels of resources and distribute them in distinctive, politically salient ways’ (Shafer
1994, p.8). This results in distinct challenges in monitoring, regulating, taxing and
creating an institutional framework to manage the sectoral composition of that state.
The sectoral composition of a state not only refers to the resources that it produces. The sectoral composition also produces sectorally aligned actors who can strongly affect and influence the power differentials in a state dependent upon the strength of the sector they are associated with. So for example, if a state’s key sector is oil extraction, this sector will have two key groups, other than the state, associated with it – labour and business. Because of the resource’s high value, business elites associated with oil are likely to be strong and will have a keen interest in retaining as much profits for themselves as possible. Oil extraction utilizes a relatively small but highly trained workforce that demand high wages. This is significant because the balance of power in this industry strongly favours the capital production owners that retain the capacity to maintain high profit levels, whilst also placating the small labour force through high wages. Because oil reserves are usually state owned (in part at least) with extraction rights bestowed upon a single company, the state will most likely be dependent upon this resource because it will possess a strong capacity to tax and possibly loot this high value resource. This will confer upon them a rentable resource base that can be utilized by political elites in power (Ross 2001, p.331). Auty (2004, p.4) contends that discretionary rent seeking activities by political elites can hinder democratic development, and oil in particular has been found to impede democracy in poor countries (Ross 2001, p.356). So, although oil is obviously a relatively scarce resource and industrial sector, it still illustrates that a state’s sectoral composition can structure societal relations in such a way that favours certain regime types. As a counterfactual, in a state where the main sector is a low value, labour intensive industry, such as textile manufacturing, the power dynamics will be different. The state may be less interested in seeking rent from a relatively non-lootable sector and may therefore have less of an interest in establishing ties with economic actors. Dependent upon the type of labour regime adopted in a state, business and labour may have a more or less conflictual relationship that depends upon the job and wage security of workers. Obviously, this will result in different power differentials and alliances than the example of oil above. The sectoral composition of a state can thus create power differentials amongst different social groups that strongly impact the power a state possesses to act autonomously and to implement its goals.
3.6.2 Business elites

Just as the sectoral composition of a state can influence political elites’ activities, attitudes and preferences, so too can the sectoral composition influence the preferences of business elites. Shafer argues that individuals’ policy preferences are very much a function of their location in the political economy of a state, and ‘… the characteristics of firms and the challenges they face vary by sector as do business peoples’ policy preferences’ (Shafer 1994, p.9). Dependent upon the sectoral composition one would expect certain characteristics to be prevalent amongst business elites. If the state has pursued state development policies like corporatism, state-funded enterprises are likely to have developed, leaving a small indigenous business class that may have little economic and political clout (Bates 2008, p.182). If the state has pursued more free market development policies, strong business elites are likely to emerge that can have an impact on state policies because of the states’ dependence on strong economies to sustain them. Overall the power that a business class enjoys is ‘… directly proportional to their contribution to capital formation’ (Bellin 2002, p.48). In sectors where capital is strong business elites are likely to dominate labour and have a good working relationship with political elites. In contrast, in sectors where capital is weak, the state may not be interested in forging ties, and labour is likely to be relatively strong. In sectors such as large-scale industrial mining that exhibit oligopolistic tendencies, inflexibility, high barriers to entry and exit, as well as external shock vulnerability, economies of scale, worker specialization, along with capital-intensive behaviour, business is likely to be inflexible to capital shocks and crises. These types of industrial sectors must continue producing even at a loss. This ‘… imposes high costs on firms and states, exaggerates such markets’ tendencies to boom and bust, kills monopoly rents, increases risks, and erodes collective efforts to manage them’ (Shafer 1994, p.33). This results in business devoting significant energy to the control and maintenance of favourable business conditions from state elites such as taxes, tariffs and import/export fees, an activity that leads to enduring alliances between state and business (Shafer 1994, pp.43-44). Conversely, in countries where the dominant sector is in light economic activities such as cash crop farming, business is likely to be very flexible at times of shocks due to the relatively smaller costs associated with their economic activities. For example, cash crop farmers can respond to market
volatility by varying their efforts in planting and harvesting. They can amend their labour supply in response to commodity price changes, and in cases of drought they can delay planting until some drought risk has passed (Gunning 2008, p.302). Because of this flexibility, light business may be potentially stronger, more open to change and thus may support more democratic reforms if it suits their business sense.

In terms of generalities, capital has two underlying logics when considering democratization processes – state dependence and fear (Bellin 2000, pp.180-181). State dependence refers to the extent that private businesses profitability is dependent upon the character of the state. In sectors where business is dependent upon a state to assist, through policies like subsidization, or the development of public-private enterprises, business and state are likely to engage in ‘cosy collaboration’ rather than political contestation (Bellin 2000, p.181). The logic of state dependence is strongly related to the logic of fear where the general concern of capital is ‘… with protecting property rights and securing the long-term profitability of its investments through the guarantee of order’. Democratization is associated with the mobilization and empowerment of the masses and ‘… for many capitalists, democratization is associated with a deep sense of social threat and is regarded with distrust’ (Bellin 2000, p.181). As such, business elites are contingent democrats that embrace reforms only when it suits their interests (Rueschemeyer et al. 1992, p.271; Bellin 2000, pp.178-179).

3.6.3 Trade unions

‘[L]abor’s capacity for collective action varies according to who the workers are, where they work, where they live, and what worries management about them’ (Shafer 1994, p.40). Therefore, trade unions, like political and business elites, tend to display certain traits dependent on the strength of the dominant sector in which they are engaged in, combined with social attributes including class formation and identification. Trade unions – where they are able to organize with some degree of autonomy – are concerned with the welfare of their members, both monetarily and socially. They engage with the state and capital to achieve gains for their members, which have as a general rule been monetary. Citing Robert Michels, Rueschemeyer et al. note that when considering the organized working class, it is important to consider that there will be an organizational core that works in collaboration with the broader grassroots membership (Michels 1908/1949, cited in Rueschemeyer et al.
The organizational core, or trade union elite bureaucracy, is important during regime transition because it is this group that engages in negotiations for the wider group of organized labour, thereby establishing relationships with other groups like political and business elites.

‘The relations of an organizational elite to other power holders and to their own rank and file – elite cooperation and oligarchy – are of critical importance [in] … understanding of the social construction of class interests as they are actually pursued … Any interest organization, even one turned around by an outside power centre to become a means of controlling its members, must serve some interests of the rank and file in order to remain effective. At the same time it is hard to think of a large organization representing subordinate class interests that does not have a trace of both oligarchy and cooptation’ (Rueschemeyer et al. 1992, p.55).

So, although it may seem that labour is under the control of other actors in the economic hierarchy, in order to maintain support of its membership base, labour must demonstrate some autonomy in its interests. This is strongly linked to power structures within and outside of organizations that determine the impact that labour mobilization will have at time of regime instability.

Labour’s capacity for mobilization can vary according to the sector it is engaged in. In general, the more skilled labour is, the more potent its demands are likely to be perceived and received, and vice versa. In heavy industrial sectors like mining, labour finds it relatively easy to organize because workers are concentrated, skilled and not easily replaceable. This can grant them leverage for bargaining and industrial action. The large size of mining facilities often promotes relatively homogenous, isolated and concentrated workforces that foster worker solidarity and subsidiary organizations that further reinforce solidarity. In some cases management has been known to sponsor union formation to ensure labour cohesion and industrial tranquillity (Shafer 1994, pp.40-41). Because of these factors, workers from inflexible sectors can develop both capacity and strength to act as a potentially oppositional force when the time is ripe. Shafer argues that in these situations ‘labour-management relations are potentially positive-sum, for both sides know that they can gain from a stable, negotiated accord. As a result, neither labour nor management needs state help to achieve its ends, making it easier for both to collaborate against the state if need be’ (Shafer 1994, p.41). And a state’s relative power could be diminished compared to the attributes of labour and capital in the heavy industrial sector. This can then shape the likely power differentials that will be of importance during a transitional process.
In contrast, workers engaged in flexible sectors face organizational problems. Labour is relatively unskilled in these sectors, and is easily replaceable, so is unlikely to organize into unions that may coerce employers. Furthermore, because business in flexible sectors tends to be highly dispersed, labour is also dispersed, which hinders the development of worker solidarity and organization. Business elites in flexible sectors are likely to discourage union organization because low cost flexible labour is important to retain profits. Therefore in this type of sector, labour is likely to possess small amounts of relative power compared with that of political and business elites and thus lack the expertise and capacity to manipulate state and capital for their benefit (Shafer 1994, p.43). Thus, the sectoral dynamics are likely to strongly impact upon whether labour opposition is likely to appear and whether or not it is likely to be powerful and ready to act in times of transition.

3.6.4 Summary
It is difficult to extract a state’s interests from that of its leading sector because they are both inextricably bound together by revenue generation that ‘… monopolize state revenues and export earnings, and stunt other sectors’ growth’ (Shafer 1994, p.45). Sectoral actors are bound together by the sectoral attributes that govern opportunities and choices available and thus the likelihood of whether or not they become contentious forces during times of regime instability. A state’s sectoral composition can therefore impact upon the developmental trajectories of structurally created actors and give them more or less opportunities to engage in potentially oppositional mobilization (Burawoy 1979, p.93). State sponsorship of an industrial sector serves to quash class-based enthusiasm for democracy, but when sponsorship is withdrawn, democratic enthusiasm tends to erupt (Bellin 2002, p.159). This contention is inline with the argument above, in the sense that heavy industrial sectors are likely to enjoy state sponsorship and will support the hand that feeds them. However, at times of crisis when state support is withdrawn or restructured, these previously ambivalent actors are likely to utilize their organizational capacity to engage in oppositional action against the state, leading to a transitional process to occur. It is thus important to note that the contingent decisions that these actors make will be shaped and reinforced by the historical legacies of each state that were subsequently recast by critical junctures, thus leading to more or less opportunities for political mobilization and political change.
The above discussion has emphasized that when one considers African transitions it is important to examine the interactions between historical legacies, the structures created by developmental trajectories, and the manner in which structurally defined actors are likely to act. This is because these combined factors lead us to discern the complexity of the economy in a state and thus the likelihood of processes of democratization occurring during times of regime instability. A sectoral analysis allows one to define the likely actions of actors based upon the relative power that groups possess in an economy.

3.7 Economic complexity, critical junctures and democratization – towards an analytical framework

This chapter has so far given an overview of the literature surrounding the linkages between economic development and regime change and has explained the approach that will be undertaken in this thesis – a sectoral analysis that identifies social formations that develop relative power based upon the dominance of the sector they are involved in. The central hypothesis of this study is that the complexity of the economy will shape the opportunities available to trade unions to mobilize for political change, and ultimately to positively effect democratization. It is thus proposed that the more developed or complex an economy is, the more likely democracy is likely to emerge following transition. This is because social forces will be established that do or do not develop the relative power to act as contentious forces during transition. From this central hypothesis three sub-hypotheses were developed that I will test in this thesis.

1. Trade unions will have a positive effect on transitions to democracy when they have long histories of organization and mobilization and have developed cross-societal linkages.
2. Trade union strength will be increased when they are involved in dominant economic sectors.
3. Trade unions positive effect on transitions to democracy will be weakened if the state is economically dominant.

The hypotheses allow for the examination of social forces that are structurally created through a state’s economy and thus develop their relative power at the hands of the state.
The first hypothesis allows for the consideration of trade union organization at and since their formation. So, what antecedent conditions preceded their organization and influenced the formation of unions and thus their backgrounds? Were trade unions state sponsored or did they develop of their own accord? Either way may result in different power formations for unions relative to that of other groups. If trade unions developed long before a transitional process, the possibility exists that they could build strong structures even if they were state sponsored, particularly if trade unions are strong in dominant sectors. Furthermore, the longer trade unions have been organized, the more likely they will have developed linkages with other economic and social groups that will allow them to develop alliances that may ultimately lead to political liberalization.

The second hypothesis is linked to the sectoral analysis where the strength of trade unions is relative to the dominant sector in a state. It is expected that in dominant sectors that are dependent on foreign capital or markets, labour’s power would increase relative to the state and other economic actors due to the centrality of that sector in maintaining a state’s economic health. Labour may find it easier to forge alliances with other economic actors in this situation and may utilize these alliances in transitional periods to positively affect a transitional outcome. Where the state dominates the dominant sector, labour is likely to have more difficulties in constructing relative power to their advantage because social groupings may face repressive measures by state forces. Overall, it is expected that as labour’s relative power increases based upon the sectoral characteristics, so too do the chances for a transition to democracy rather than another regime type.

The final hypothesis is related to the state’s role in an economy. Here one would expect that the more corporatist modes of development that a state adopts, the more ensconced it is in economic and civil society matters and the more likely the state is to dominate these arenas. This leads to the expectation that trade union unrest in state-sponsored sectors will result in repression of social and economic actors to protect the economy. Furthermore, if the state has engaged in broad-based corporatism, it is likely that civil society will be state dependent. As a result, labour may experience fewer opportunities to forge alliances with other social movement actors due to strong state linkages with these other actors. Therefore, it is likely that trade unions will have to work within a relatively tight time frame to instigate and
develop regime change with these groups before state repression occurs and has its desired effect. Transitions to democracy are unlikely to emerge where the state has and retains a large role in economic and civil society development.

I argue that the level of economic complexity reached by an economy governs the likelihood of oppositional groups emerging that will be of importance in determining whether a state transitions to democracy or not. Economic complexity as a composite index that refers to the sectoral composition of a state, the level of state intervention, formal sector employment, level of unionization, and level of foreign investment. As illustrated previously, although linked to modernization arguments, economic complexity moves beyond these arguments by taking a dominant sector analysis that examines the development and historical legacies of leading economic sectors and how they and the actors they create, affect state strength. State strength is relative to other interest groups, so in a state where an economy is dominated by a certain sector, the groups in this sector will be able to construct relative power that could wield pressure to mould the state to reflect the ‘…political implications of each country’s political base’ (Shafer 1990, p.145). The examination of economic complexity through the sectoral attributes of a state will allow for the identification of the likely power clusters that will emerge at critical junctures and thus affect the likely regime outcomes following transition.

The next chapters will examine the case studies in relation to the sectoral analysis in order to extract the causal linkages between economic development and democratization.
Chapter Four - Zimbabwe – Mutated complexity and the growth of authoritarianism

4.1 Introduction

Zimbabwe’s political and economic developments have been intertwined since the inception of the settler state, Rhodesia, in 1890. Originally settled as a commercial venture that sought to emulate South Africa’s economic prowess, failure to locate mineral wealth resulted in the development of a settler colony to farm the vast tracts of fertile land. This resulted in the development of a large-scale agrarian political economy where land was allocated vastly in favour of whites. The Unilateral Declaration of Independence (UDI) was declared in 1965, which cemented white domination in political and economic life. Politically, UDI resulted in the development of a strong and dominant regime that engaged in widespread institutional repression and unequal legal frameworks. These political features combined with a growth in insurgent activity from repressed blacks ‘... led to polarization, armed conflict and political repression on an unprecedented scale’ that entrenched white survivalism (Skålnes 1995, p.56; Sylvester 1991, p.44). Economically, UDI adopted import substitution industrialization (ISI) and a wide sectoral spread with ‘substantial intersectoral linkages’ developed (Taylor 2007, p.105). Interventionist policies included subsidization, pre-planting crop price controls, low taxation, and wage control. This economic structure institutionalised inequality through uneven development, land allocation and exploitative wage legislation, causing obvious problems for the emergent black political population. Land was traditionally divided into the Tribal Trust Lands (TTL) that constituted a reserve system for the black population, and the majority of arable land that was acquired by the white population. This trend continued largely unabated until 2001. Finally, the state repressed non-white economic organised interests, particularly trade unions, to eliminate any groups that might damage white power (LeBas 2011, p.56). Repressive strategies undermined the strength of organized life, leading to a fragmentation of organized interests.

Despite, and because of, the constraints of the Lancaster House agreement, Zimbabwe was established in April 1980 following a protracted civil conflict.
Negotiated provisions\textsuperscript{13} coupled with the devastation the civil conflict had wrought on the rural population,\textsuperscript{14} and the fact that white commercial farmers produced 90 percent of Zimbabwe’s food requirements, which made them crucial to Zimbabwe’s economic survival, meant that the new government retained the structural economic composition at independence (Palmer 1990, p.167). The new government ‘adopted a nationalist development strategy that entailed retention of state interventionist controls inherited from the colonial period’ (Dashwood 2000, p.28). Structural retention had implications for the development of Zimbabwe’s political life over the independence period. It ensured that the economy did not progress to higher forms of economic complexity and remained a low level of economic complexity.

Economic structural retention had implications for Zimbabwe’s political development and continued to constrain the level of complexity the economy could reach. Although the state attempted to change the economic composition and direction on a number of occasions in the post-independence period, legacies of structural retention and sectoral mutations fed by elite enrichment meant that the economy continued to decline in the level of complexity it could reach. According to the theoretical framework, low levels of complexity should result in authoritarianism due to the interaction of structures and social forces. This chapter examines the case of Zimbabwe in relation to economic complexity, and explores economic and political development in three distinct periods; 1980-1990, the post-independence period; 1990-1997, the ESAP period; and 1997-2014, the mobilization and consolidation period.

It is questionable whether Zimbabwe ever actually experienced a transition in the modern era. Certainly, it transitioned from the post-colonial government, but the post-colonial government has majority power since independence. Whilst trade unions did develop and morph into a political opposition movement that challenged the authoritarian incumbent government, the fact remains that despite a five year

\textsuperscript{13} Lancaster House offered a compromised settlement that guaranteed existing property rights for ten years in exchange for a guarantee from the British government that they would underwrite half the costs of a resettlement programme for Zimbabweans based in native reserves. Property sales could only occur on a willing seller, willing buyer basis, and any land that was acquired would have to be paid for immediately at the full market price, remittable in foreign currency (Palmer 1990, p.166).

\textsuperscript{14} Much of the civil war had been conducted in rural areas which had dislocated one fifth of the entire rural population. ‘Nearly half a million had flocked into the towns to escape the war; a quarter of a million had left the country; while some three quarters of a million had been rounded up into so-called “protected villages” by the Smith regime’ (Palmer 1990, p.166).
hiatus where a so-called Government of National Unity shared power, in 2013 a politically strengthened ZANU PF returned to political dominance. That ZANU PF has retained interrupted power for 35 years indicates that the country has not undergone a transition, despite the best efforts of the political opposition. Nevertheless, that a trade union based opposition emerged is interesting and begs the question as to why they were unsuccessful in positively influencing a transition to more democratic regime while trade unions were more successful in the other two cases? What was different in Zimbabwe that it retained authoritarian rule? This chapter explores these questions in relation to economic complexity to ascertain what actually happened.

4.2 Macro-economic indicators

4.2.1 1980-1990 – Sectoral retention and stagnant complexity

Zimbabwe entered independence in 1980 as an inclusive multiparty regime with a dominant political party, ZANU (Zimbabwe African National Union). ZANU had campaigned on a political platform that favoured policies of social redistribution to meet the economic aspirations of the black population. However following their victory, the government declared that they would not undertake the widespread nationalization project and white farmers retained their land (Herbst 1990, pp.44-45). The regime inherited a strong economic structure that possessed an impressive infrastructure that served the commercial farming sector and diversified industrial base that had been built from the protectionist shelter offered by trade sanctions (Wright 1994, p.XXXIII). Economic strength depended on white-dominated activities like manufacturing and commercial farming that catered to the home market, but industry’s efficiency and export competitiveness was low in comparison to agriculture (Brett 2005, p.6). The main economic actors were the state and business. Labour was perceived as a weak, factionalised force because the economy did not rely on an organised, well trained and unionised workforce, and trade unions never had the opportunity to build strength (Nordlund 1996, p.141; LeBas 2011, p.58). Business and the state cohabited an uneasy alliance because white dominated economic activities were essential to economic health at independence. There was next to no indigenous capital that could provide an economic base for the state in the event of capital exit (Jenkins 2002, pp.26-27; Esterhuysen 2004, p.41). Retention of
Rhodesian economic policy limited the level of economic flexibility, sustainability and long-term growth prospects that could be exploited in the economy (Knight 2002, p.223). These factors combined constrained economic complexity’s development because it ensured that the economy retained its unevenly developed and low complex character well into the post-independence period.

In the late 1980s, the regime began to accrue security in its political and economic aims. Regime security is strongly related to the unity accord of 1987 that merged ZANU and PF ZAPU (Patriotic Front Zimbabwe African People’s Union) into the single party ZANU PF (Zimbabwe African National Union Patriotic Front), obliterating political opposition in Zimbabwe. The state sought to consolidate its political power in this era and briefly pursued the formal development of a one-party state in 1990 that was defeated by an emerging civil society. Although a significant victory for social forces, one-party defeat did not overly concern ZANU PF at this stage. Neither were they quailed by corruption scandals, nor by allegations of violence, and comfortably won general elections in 1990, securing 95 percent of parliamentary seats (Sachikonye 2003, p.231).

i. Sectoral Spread

Figure 4.1 shows that newly independent Zimbabwe’s economy was diversified and that the percentage sectoral share of GDP was dominated by industry and manufacturing. Zimbabwe’s settler economy had established ‘… well-developed industries and capitalist firms, a modern proletariat, good state services and relatively high per capita incomes’ (Brett 2005, p.6). UDI-era economic sanctions were removed and the economy experienced a brief boom until 1982 where GDP grew at a rate of 9.1 percent (Fallon and Lucas 1994, p.398). The boom saw rapid growth in wages amongst blacks that fuelled consumer inflation. After 1982 the economy declined and was characterized by manufacturing and agriculture’s stagnation, and related unemployment. Reasons for stagnation and decline include the retention of settler-era economic controls that had difficulties operating in the modern economy.

15 The late 1980s was witness to a number of government scandals where regime elites used their positions for enrichment purposes.
16 The data available at the African Development Bank does not explain how industry differs from manufacturing in Zimbabwe’s case. It is likely that both sectors are strongly liked given the similar line trends on Figure 4.1. What I think the similar lines illustrate are strong intersectoral linkages.
Manufacturing and industry had been operating below capacity during the civil conflict of the liberation struggle. With independence and dismantling of economic sanctions, manufacturing and industry increased capacity utilization and in 1980 manufactured exports accounted for 52 percent of export earnings, the remainder being the cash crop tobacco (Ndlela 1986, cited in Carmody 1998, p.321). However, growth declined in the following years and export growth averaged 2.2 percent between 1980-1987, in contrast to government goals of seven percent (Ndlovu 1996, p.775). Poor export performance was attributed to aging capital stock, limited production and export capacity, and the nature of exports that were mainly unfinished primary goods (Ndlovu 1996, p.775). Furthermore, government interventions including strict price controls, inability to retrench workers, and foreign exchange constraints were widely present and inhibited growth prospects for manufacturing and industrial development (Jenkins 1997, pp.589-590). This environment combined with two recessions, South African destabilization, and a large budget deficit all contributed to the development of an unfortuitous environment for the manufacturing and industrial sectors despite many businesses producing with no foreign or domestic competitors (Bjurek and Durevall 2000, p.463; Carmody and Taylor 2005, p.55). Decline in these sectors resulted in the economy declining in complexity to retain its low complex status that had implications for democratic development.

While commercial agriculture was not economically dominant in GDP terms, it constituted an economically important sector that accounted for 95 percent of total agricultural sales and comprised one third of formal employment at independence.
Agricultural dominance meant that it was economically important to retain this sector’s strength despite being settler-controlled. The government encouraged agricultural ownership diversity through a willing seller, willing buyer programme. But accessing capital proved difficult for would-be farm-owners, and the government instead acquired land to lease to resettled peasant smallholders. Although later fraught with corruption allegations, the resettlement policies resulted in the development of a new peasant smallholder class. Central transformation of traditional land use patterns and pricing policies enabled peasants in the former reserves to begin to hold an increasing share of agricultural output to later become the largest producer of maize and cotton (Herbst 1990, pp.52-53; Mumbengegwi 2002, p.240).

The government took a less agreeable approach to the development of a black commercial class and actively ‘suppressed the development of independent new African businesses because of the threat they were thought to offer to ZANU’s political monopoly’ (Brett 2005, pp.8-9). Black business had never possessed much economic prowess, and after independence these legacies continued. In this environment, the economy stagnated. Figure 4.1 shows that by the end of the 1980s the sectoral composition had remained largely the same since independence. This is illustrative of stagnation in the composition of ownership. Although ZANU sought to increase the population’s quality of life through social distribution policies, they did not seek to empower a black business class that could eventually take over, or work alongside, the dominant white business class. Instead, whites controlled the ‘… best land; mineral concessions; industry; the majority of freehold rights in urban areas; and professional, managerial and skilled jobs’ with the result that the state ‘… lacked effective control of the economy’ (Jenkins 2002, pp.26-27). Government ambivalence regarding the growth of a black business class, coupled with the politics of reconciliation, meant the government was reluctant to penetrate existing sectors and their constituent property rights. These factors combined meant that in sectoral

17 Willing buyer willing seller was a residual feature of the negotiated settlement.
18 The resettlement programme underperformed in this period. In 1981, 180,000 households had been planned for resettlement but by 1990 only 52,000 households had been resettled, but of those that had been resettled by 1993/94 these farmers had doubled their real income (Bourne 2011, pp.117-118). However, according to Raftopoulos and Compagnon (2003, p.17) ‘… the rationale … was not the promotion of a genuine economic empowerment agenda, but rather the consolidation of ZANU PF’s political power base in the rural areas.’
terms Zimbabwe continued to be defined by uneven development in terms of sectoral ownership and composition.

A stagnating economic sphere in the immediate post-independence period has implications for complexity. Although comparatively developed, the retention of colonial-era economic policies meant that very quickly industrial expansion was foiled. In this environment, the economy became characterised by stagnation that was difficult to overcome. Economic complexity was on a low stratum that indicates strong state economic intervention. In terms of governance, authoritarianism is expected in a low complex environment. Although Zimbabwe was keen to develop more democratic forms in this period, retention of economic legacies, including alliances with dominant business interests, meant that the government took a controlled approach to the economy and sought to control economic development and power acquisition through this control.

**ii. State intervention and investment**

Post-independence, the state intervened in the economy in formal and informal capacities to restructure the composition of wealth. Formally, the state intervened through high levels of formal public fixed capital formation (FCF) (figure 4.2). This indicates redistributive policies that increased public service access and bloated the civil service. The state intervened in food and energy parastatals, also gaining shares of local subsidiaries of international companies (Robertson 1992, 71-72; Raftopoulos and Compagnon 2003, p.19). Whilst interventionist policies of state marketing monopolies and administrative price setting were initially favourable for some sectors like agriculture and manufacturing, as time progressed sectoral interests became less enamoured with the control regime because it ‘… was inhibiting the dynamism of the domestic economy and generating structural problems that were systematically undermining its economic and political sustainability’ (Brett 2005, p.8). Economic stagnation as well as inability to maintain social spending resulted in the government ceding to pressure from white business associations to adopt free-market policies.
Access to education and healthcare was expanded, creating a well-educated and healthy workforce. Public capital expenditure on education doubled in the 1980s from Z$8.9 million in 1979/1980 to Z$18 million. Furthermore rural healthcare provision increased substantially and free healthcare for individuals earning less than Z$150 per month was introduced in 1980 (Dashwood 1997, p.36). Public provision of health and education facilities constituted a tangible benefit of interventionist policies. However, expansion of education and healthcare access saw massive budget increases that eventually resulted in the development of persistent budget deficits. Government expenditure increased from 32.5 percent of GDP in 1979 to 44.6 percent in 1989, whilst taxation revenue only increased from 24.4 percent of GDP in 1980-83 to 28.8 percent in 1988-91 (Nzimramasanga and Lee 2002, p.56; Jenkins and Knight 2002, p.134). Budget deficits ensured that redistributionist policies proved unstable over the long-term and in 1990 Zimbabwe’s economic policy shifted towards a free-market model.

It is more difficult to quantify informal government intervention, but reports indicate that even prior to independence black elites had begun to accumulate significant wealth, oftentimes through naming family members as beneficiaries (Dashwood 1996, p.33). In 1984 the Leadership Code was published by ZANU PF to deter the ruling elite from using its power to accumulate wealth.\footnote{Dashwood (1996, p.33) asserts that the publication of this code points to an acknowledgement that elite accumulation was rife in these early years.} The political merger of

\textbf{Figure 4.2 Gross capital formation percent GDP, 1980-1990 (African Development Bank 2014)}
ZANU and PF ZAPU to create ZANU PF in 1987 signalled political elite cohesion and obliteration of political opposition. This consolidated government ideological cohesion, particularly in light of the suppression of ZIPRA (the armed wing of ZAPU) ‘dissidents’ in Matabeleland in 1981, 1982, and finally in 1983 by the notorious North Korean trained 5th Brigade that unleashed a massive wave of violence on the so called dissidents (Alexander and McGregor 2001, p.513). These acts combined cemented government power, and coupled with elite accumulation and patronage consolidated the dominant party and support for it. Informal accumulation occurred through state elites amassing significant proportions of the dominant commercial agricultural sector (Weiner 1991, p.65). This ‘facilitated a process of elite cohesion with elites within government and business coming together’ (Dashwood 1996, p.32). Although there was a rapid growth of an African middle class it was only associated with the state through civil service employment or through connections with state elites (Bourne 2011, p.115). For example, in 1990 there were 500 black members, at least ten of which were government ministers, of the Commercial Farmers Union (CFU), the trade union that had historically represented mostly white commercial farmers. This indicates that government intervention was increasingly taking place through informal acquisitional routes. Yet ten years after independence majority control of the commercial private sector remained in the hands of whites. This posed problems that the government sought to assuage in the 1990s.

Figure 4.2 shows growth of private FCF from 1984. Whilst overtaking government, private FCF never accounted for more than 15 percent of the total, indicating economic stagnation. The inherited economic policies placed limitations on the level of economic flexibility and long-term growth that could be exploited (Brett 2005, p.7). Economic policies adopted include the introduction of a minimum wage, a strengthening of worker (but not union) rights, and increased public sector employment that was allocated 12 percent of total government expenditure over the decade. Bureaucratic Africanization in publicly owned enterprises developed clientist opportunities amongst the African community because it became the main vehicle for black advancement (Taylor 2007, p.109). State-ownership of utility and market agencies that demanded subsidies increased from Z$155.9m to Z$205.7m
between 1979 and 1990, further contributed to economic stagnation where the state became central (Nzimramasanga and Lee 2002, p.56).

In terms of economic complexity strong economic intervention through both formal and informal methods indicates that the economy was low complex. Increased perceptions of government acquisitional culture, coupled with elite cohesion between state and economic elites has implications for democratic governance, showing that the government developed a commandist economic rationale that could easily progress to the political realm. Although fostering the growth of an African middle class, inability of this middle class to acquire commercial holdings or enrich themselves outside of the public sector meant that the government became associated with patronage and wealth acquisition. Elite cohesion and state patronage have implications for economic complexity because they indicate that authoritarian forms of rule were likely to develop.

### iii. Formal sector employment

The government attempted to address the employment legacies of the Rhodesian regime. Rhodesia had built a large black urban population that was engaged in unskilled and semi-skilled labour that earned on average 10 times less than their white counterparts in 1978 (Fallon 1987a; Rakodi 1994, p.656). With white bureaucratic exit and mass white emigration to South Africa, public and private sector employment was opened to many blacks and the government raised minimum wages to match inflation. But white exit left gaps and skills shortages that helped to accentuate economic inefficiencies. Furthermore, unemployment grew in the 1980s because the formal economy was unable to absorb the 10,000+ school leavers generated each year (Rakodi 1994, p.656).

The majority of new jobs were public sector. Problems quickly emerged because the state became the main vehicle for class and economic advancement. Public sector employment consolidated government support and created opportunities for enduring relations of nepotism and clientelism (Taylor 2007, p.109). The inherited economic structures coupled with a stagnating economy that had difficulties in financing capital inputs, and currency overvaluation that hurt export prices, resulted

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20 Employment statistics are patchy in Zimbabwe and have not been periodically updated. Therefore I have collected them from a number of different sources to give an overall picture of formal sector employment in Zimbabwe during this period.
in formal employment nose-diving to 26 percent in 1989 (Taylor 2007, p.109). Government enacted policies that dictated wages, hours worked and job security (Fallon and Lucas 1993, p.254). These policies damaged job creation, and in 1990 President Mugabe acknowledged that ‘[e]mployment creation ha[d] averaged a mere 10,000 jobs per annum over the ten years of independence, far short of the planned target of 144,000 per annum (cited in Herbst 1992, p.58).

Figure 4.3 Total formal sector employment (thousands) 1980-1990 by economic activity (International Labour Organization 2014)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employed</td>
<td>1009.9</td>
<td>1037.8</td>
<td>1045.9</td>
<td>1033.4</td>
<td>1036.4</td>
<td>1055</td>
<td>1081.1</td>
<td>1085.4</td>
<td>1131.1</td>
<td>1167.1</td>
<td>1192.2</td>
</tr>
<tr>
<td>Agriculture, hunting, forestry, fishing</td>
<td>327</td>
<td>294.3</td>
<td>270.9</td>
<td>263.5</td>
<td>271.2</td>
<td>276.4</td>
<td>275.5</td>
<td>265.5</td>
<td>277</td>
<td>284.6</td>
<td>290</td>
</tr>
<tr>
<td>Industry(^{21})</td>
<td>115.1</td>
<td>121.9</td>
<td>121.3</td>
<td>116.7</td>
<td>108.1</td>
<td>106.8</td>
<td>110.4</td>
<td>114.5</td>
<td>124.9</td>
<td>133.1</td>
<td>135.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>159.4</td>
<td>173.2</td>
<td>180.5</td>
<td>173.4</td>
<td>166.3</td>
<td>169.6</td>
<td>176.9</td>
<td>177.4</td>
<td>187.3</td>
<td>195.3</td>
<td>197.1</td>
</tr>
<tr>
<td>Tertiary services(^{22})</td>
<td>408.3</td>
<td>448.4</td>
<td>469.8</td>
<td>479.8</td>
<td>491.8</td>
<td>502.1</td>
<td>518.2</td>
<td>528</td>
<td>541.9</td>
<td>556.1</td>
<td>569.2</td>
</tr>
</tbody>
</table>

Figure 4.3 illustrates total formal sector employment in Zimbabwe from 1980 to 1990 by economic activity. At independence agriculture was most populous in terms of employment. However, drought and recession impacted heavily on the sector throughout the 1980s with the result that there were almost 40,000 retrenchments by the end of the decade. Tertiary services followed in terms of numerical dominance and continued to grow throughout the decade. However the nature of tertiary employment, which focuses mostly on the service industry in Zimbabwe,\(^{23}\) meant that many types of employment in this sector were vulnerable and open to sudden retrenchments. Both manufacturing and industrial employment grew, despite the detrimental policy framework. Minimum wages were set for many sectors in the 1980s to increase the overall standard of living, but agricultural workers were given lower levels ‘… because of the danger that disemployment effects were likely to be

\(^{21}\) Industry applies to electricity, gas and water; mining and quarrying, and construction.

\(^{22}\) Tertiary services applies to transport, storage and communication; wholesale and retail trade, restaurants and hotels; and financing, insurance, real estate and business services

\(^{23}\) See ILO (2014) for a detailed statistical breakdown of tertiary sector employment in Zimbabwe.
greatest in these areas’ (Rakodi 1994, p.656). Agriculture’s nature meant that these workers were low skilled, replaceable, and importantly, geographically dispersed which made them extremely vulnerable and, as a result, this numerically large group did not unionize. Although wage rates increased over the decade, inflation rates grew faster than wages and by 1986 real wages had fallen below the 1980 level (Rakodi 1994, p.656). Lowered overall wages amongst the formally employed resulted in increased worker unrest as the decade continued.

The stagnating economic environment that did not generate high employment except in the public sector has implications for economic complexity because it indicates that the state became the sole avenue to economic enrichment. Government control of minimum wage and labour market conditions exacerbated this tendency. This centrality impacts on governance because it developed enduring legacies of neo-patrimonialism that the government could potentially use to mobilise support, even in stagnating economic conditions of low economic complexity.

iv. Level of unionization

Labour entered independence as a weak and factionalised group that was characterised by clientelism, nepotism, and possessed little ties with its own grassroots constituency or with government. It had not played a role in the liberation struggle because it did not provide a mobilization capacity for the guerrilla movement, and had not been included in the Lancaster House negotiations (Nordlund 1996, p.141, LeBas 2011, p.58). Where unionists did participate in the liberation struggle, they did so independently. For example Timothy Kondo, senior researcher at the Labour and Economic Development Research Institute of Zimbabwe (LEDRIX), noted that ‘1976-1980 were like dead years [for the unions]. I devoted more of my efforts to the liberation struggle than the trade union.’

Because of these issues organised labour entered independence in a weak position and did not factor into government redistribution plans, and was commonly characterised as ‘… a small and privileged urban wage-income elite in contrast to hardworking peasants’ (Dansereau 2005, p.16).

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24 Interview with Timothy Kondo, LEDRIZ, March 2011.
25 This perception of labour as an urban wage-income elite overstates their power at independence but nonetheless the government still thought them as such. Labour had always been weak because of Rhodesia’s racial composition that favoured whites, the sectoral composition of the economy that

72
Labour incorporation occurred in 1981 through government edict to form the Zimbabwe Congress of Trade Unions (ZCTU) following a period of labour unrest that reflected a crisis of expectations amongst workers who did not experience enrichment at independence (Knight 2002, p.224, LeBas 2011, p.60). This initial burst in labour activity is illustrated in figure 4.4 where in 1981/82 between 21 and 26 strike occurrences occurred each year. Labour incorporation ‘… was to create a federation which was compliant [and] which was controlled by the government.’

Government intervention strengthened worker rather than union rights, giving the state centrality in collective bargaining and wage setting, which served to undermine union power (Nordlund 1996, p.142; Brett 2005, pp.8-9; LeBas 2011, p.62). The director of LEDRIZ, Godfrey Kanyenze told me that ‘in the 80s … [the] state … was pursuing a corporatist agenda where they wanted the labour movement and civil society to be subservient to itself.’ The state was finding its feet in the 1980s and as a corporatized body labour generally supported this agenda. Following labour incorporation union activity calmed through government control of the ZCTU. In 1985 leadership alternation occurred in the ZCTU and non-politically aligned leaders emerged with the result that strikes materialized. Union activity simmered again until 1990 when strikes exploded. Although only 15 strikes occurred that year, what is notable is the number of workers involved. According to data collected by

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**Figure 4.4 ZCTU National labour actions 1981-1990 (Saunders 1997/1998 excel sheet)**

<table>
<thead>
<tr>
<th>Year</th>
<th>National labour actions</th>
<th>Numbers of workers involved</th>
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<tbody>
<tr>
<td>1981</td>
<td>21</td>
<td>600+</td>
</tr>
<tr>
<td>1982</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>6</td>
<td>600+</td>
</tr>
<tr>
<td>1984</td>
<td>3</td>
<td>550+</td>
</tr>
<tr>
<td>1985</td>
<td>14</td>
<td>7,500+</td>
</tr>
<tr>
<td>1986</td>
<td>3</td>
<td>400+</td>
</tr>
<tr>
<td>1987</td>
<td>8</td>
<td>5,275+</td>
</tr>
<tr>
<td>1988</td>
<td>10</td>
<td>3,600+</td>
</tr>
<tr>
<td>1989</td>
<td>5</td>
<td>800+</td>
</tr>
<tr>
<td>1990</td>
<td>15</td>
<td>'000's</td>
</tr>
</tbody>
</table>

...
Richard Saunders, compared to other annual actions where number of workers involved in labour actions averaged about 600, in 1990, workers numbered in thousands.\(^{29,30}\)

A crucial result of labour incorporation was the development of conditional autonomy between unions and government. The government was willing to accept a certain amount of opposition from groups, on the condition that sectoral interests would not deviate from the ‘government sanctioned norms of political activity’ (Nordlund 1996, p.151). The new leadership in 1985 began ‘the process of professionalising the ZCTU through the establishment of technical and professional departments’.\(^{31}\) The ZCTU demanded union dues, and leadership alternated to bring Morgan Tsvangirai to power. The revitalized ZCTU ‘selfishly pursu[ed] the interests of workers’ (LeBas 2011, p.70). It concentrated its campaigns on strategic areas including ‘… wider tripartite consultations on the Labour Relations Act (LRA), … pressure to distance the state from the collective bargaining process; a demand for more clarity and commitment on the government’s stated socialist programme; and a critical posture towards economic liberalisation in the 1980s’ (Raftopoulos 2001, p.7).

The situation of low economic complexity meant that labour possessed low levels of power during this period relative to other economic actors. Lack of strength in dominant sectors, coupled with strong state economic intervention meant that unions had weak ties in dominant industries. Labour incorporation, intended to control labour’s latent power, unintentionally gave unions the capacity to develop relative power. Although initially not a threat to the government’s power, as the 1980s progressed unions developed more autonomous structures. Overall low union power meant that labour did not have the capacity to counter state and business power. In this type of economic complexity authoritarian elements of governance developed because there was no group that could proffer a direct challenge to state strength.

\(^{29}\) The data only indicated thousands, rather than a specific number.
\(^{30}\) 1990 was characterised by public sector strikes, slow-downs and sit-ins over working conditions and pay scales notably in health and transport sectors. Actions were used to redress outstanding workplace grievances and press for higher pay scales in public sector. Pattern of threats, dismissals and other hostile ministerial intervention, particularly in the public sector.
\(^{31}\) Interview with Godfrey Kanyenze, LEDRIZ, March 2011.
v. Level of foreign private investment

As an ISI economy, Zimbabwe’s market was limited in its scope. Industries had a domestic focus and producers were protected from both international and domestic competition (Bjurek and Durevall 2000, p.463). International firms overwhelmingly owned the productive sectors of the economy including mining (90 percent) and manufacturing (48 percent) at independence (Stoneman 1988, pp.54-55). These firms operated under oligopolistic conditions until the end of the 1980s, but the limited market and government interventions inhibited growth (Raftopoulos and Moyo 1995, p.18). Foreign companies were forbidden to remit dividends and the government actively discouraged new foreign investment by limiting the amount of shares available for would-be investors through government, or well-placed investor, acquisition of those shares (Robertson 1992, p.69). Foreign companies worked ‘… in a tight web of regulations and restrictions’ that were extremely cumbersome (Dailami and Walton 1989, p.41). In this environment, foreign companies perceived risk as to the heath of their investment was high and they were unlikely to invest in Zimbabwe (Dailami and Walton 1989, p.39). Where joint ventures and partial takeovers did occur from well-connected Zimbabweans, they often only masked the continuation of foreign capital dominance (Raftopoulos and Compagnon 2003, p.19). These policies have been attributed to why Zimbabwe was not attractive to foreign investors during the 1980s, nor why existing manufacturers did not expand (Robertson 1992, p.69).

**Figure 4.5 Imports of goods and service at constant 2005 prices – US Dollars (billions) (African Development Bank 2014)**
In lieu of official foreign investment data, figure 4.5 shows imports of foreign goods and services to Zimbabwe from 1980-1990. It corroborates the evidence shown thus far that there was little foreign investment in the country due to the ISI economic structure. In 1980 imports were valued at just over six billion constant 2005 US dollars, this figure had only increased to eight billion in 1990. This is indicative of economic stagnation and low levels of foreign investment at the time. Low levels of foreign investment indicate an insular low complex economy. In this type of complexity although foreign ownership did exist, the government controlled the economy through policies enacted at independence. This maintained the colonial control regime and the structures associated with it which hindered economic development. Economic self-sufficiency damaged acquisition of international investment and ensured that the economy retained its low level of complexity. This further cemented the government’s central economic role, and made it likely that economic dominance would carry over to the political sphere.

vi. Relating to the hypotheses
Failure to change Zimbabwe’s economic composition post-independence period has largely been attributed to the legacies of the Lancaster House agreement that favoured the property rights of the white minority. Whites continued to dominate the private sector and the only route to black enrichment became through the public sector. Although the government did engage in redistributionist policies in terms of the resettlement of agrarian land, ‘… the rationale … was not the promotion of a genuine economic empowerment agenda, but rather the consolidation of ZANU PF’s political power base in the rural areas’ (Raftopoulos and Compagnon 2003, p.17). Failure to alter the sectoral composition of the state led to the retention of colonial economic forms that retained their uneven developmental character.

The post-independence economic environment became one characterised by a number of paradoxes. Failure to change economic ownership resulted in retention of state dependency on the white population’s economic dominance. Dependence on white and international capital juxtaposed with the government’s socialist rhetoric, rendered it blind to the development of a black capitalist class that could sustain the economy in the event of white exodus. Instead, black advancement only occurred through the public sector and the state became inherently linked to individual advancement opportunities. This was consolidated with the integration of the
political opposition PF ZAPU to ZANU in 1987, creating an informal one-party state. In this realm party support became lucrative and the government sought control of any potentially opposition groups that could undermine its power. However, in the absence of a political opposition ‘… room was created for freer debate and activism’ in the following years which was utilized by a number of groups including trade unions, students, and church groups to call for reforms (Saunders 2007, p.165).

In terms of hypothesis one, although trade unions were one such group that was co-opted by the government through labour incorporation, the loose-knit, weak, factionalised and non-political nature of labour is symptomatic of the structural nature of Zimbabwe’s economy that had never empowered labour to organize. Portions of urban labour had been organised to an extent prior to independence but the racial nature of the economy that was centred on white interests ensured that black workers did not become strong. Following independence, organised labour was generally considered to be an emasculated force with no economic or political muscle. In this environment, once organized through incorporation, labour found it difficult to stretch their linkages to other civil society groups, remaining only interested in labour issues. Labour thus had little power to destabilize political elites for the majority of this period. Labour’s incapacity at this stage is likely to link to later difficulties the movement had in successfully triggering a transition. Legacies of weakness combined with incapacity to reach out to other nodes of civil society negatively influenced later opportunities to trigger change.

Contrary to hypothesis two, trade unions were not empowered by the export-oriented commercial agriculture sector. Despite the fact that commercial farming was dominant, the nature of the agriculture workforce, which is geographically dispersed, as well as the sector’s propensity to employ informally, meant that trade unions could not access these workers. Coupled with the racist constitution of the inward-oriented manufacturing sector, trade unions in Zimbabwe found it difficult to gain footing in the machinations of power in Zimbabwe. In this sense, the sectoral composition of Zimbabwe’s economy did not imbue trade unions with significant amounts of relative power, nor did it offer them the opportunity to build linkages with the business sector that could offer potential assistance in the event of regime instability and transition.
In terms of hypothesis three, labour incorporation had initially brought organised labour closer to government, but disinterest in labour matters eventually contributed to budding strength and a creation of distance between the state and incorporated labour. Because the structure of the economy had not changed since independence, with the result that much of the means of production lay in the hands of white and foreign owners that were geographically dispersed, trade unions did not build effective linkages with business actors in Zimbabwe. Furthermore the non-development of indigenous black capital meant that trade unions could never develop linkages with black capital. Finally, the movement of many forms of employment to the public sector meant that the state became economically dominant and the sole road to economic enrichment for the majority of blacks. This development is likely to have further inhibited the positive effect that trade unions could eventually have on transitional development.

In Zimbabwe’s post-independence fluctuating economic sphere, low economic complexity had significant effects on the democratic trajectory of the country’s governance. The immediate post-independence era saw a continuation of settler domination of the economy with little development of indigenous economic advancement. Although the state professed a large role in the economy through proclaiming, but not implementing, a redistributionist policy framework, the state was unable to financially retain this agenda because of white economic domination. The state did manage to obtain a significant proportion of the economy through its control of the public sector, but this quickly became a source of patronage, not a means for the state to engender development in Zimbabwe.

4.2.2 1990-1997 – Structural erosion and decreased complexity

In the 1990s economic complexity continued to decline in an environment of structural stagnation. 1991 introduced economic liberalization through the Economic Structural Adjustment Programme (ESAP) that ran until 1995, but whose economic repercussions continued long afterwards. Policy change occurred because of economic stagnation in the 1980s that induced low economic growth and high budget deficits. This was coupled with strong pressure from the emerging black middle class and white economic interest groups on government economic policy, growing unemployment, and low levels of FDI (Kadenge et al. 1992, p.168; Sachikonye 1999, pp.10-11; Dashwood 2002, p.211). ESAP’s changed economic
environment decreased economic complexity and transformed the relative power of economic interest groups in relation to the state, which triggered the development of a strong political opposition that was rooted in organised labour (LeBas 2011, p.124). Yet, economic structural retention ensured that although these groups gained relative power, their power never rivalled government’s. Although the final years of this period saw some economic recovery, the structural damage wrought by ESAP, including the changed relations of power and a series of poorly thought political decisions heralded a period of economic and political crisis. This section examines the ESAP period of decreased economic complexity. It considers the changing power relations between state, capital and labour, arguing that changing power led to mobilizational opportunities and political openings in the regime.

i. Sectoral spread

Figure 4.6 Sectoral spread, 1990-1997 (African Development Bank 2014)

ESAP was adopted in 1991 following a persuasive campaign by the Minister of Finance, the emerging black middle class and white business interests to eliminate the structural distortions that had bound Zimbabwe’s economy since independence (Bourne 2011, p.132). ESAP committed Zimbabwe to ‘… aggressive management of the interest rate, a modest reduction in the fiscal deficit, new investment guidelines, more flexibility in price and wage setting, a foreign exchange retention system and the modest expansion of Open General Import Licence (OGIL) provisions’ (Government of Zimbabwe 1990, p.3). Yet, ESAP gutted Zimbabwe’s sectoral spread. Between 1990-1997 the sectoral spread changed significantly; manufacturing and industry declined by five and ten percent respectively in their
Post-independence economic controls had wrought different implications on the agricultural sector. Whilst intervention through pre-planting price controls, farm resettlement plans, and government-run marketing boards were positive for small-scale communal farmers in the former reserves and new resettlement areas, these policies were unfavourable to commercial farmers that decreased cash crop production over the 1980s (ZCTU 1996, p.31). With ESAP’s onset agricultural intervention was withdrawn and export-oriented production was prioritised through currency devaluation that accrued higher international prices (in Z$) (ZCTU 1996, pp.33-34). These policies favoured commercial agriculture that could respond to world demand, but denied smallholder agricultural units access to credit provisions or marketing boards (World Bank 1995, p.84). In this environment commercial agriculture initiated an arc of sectoral domination that eventually overtook the industrial and manufacturing sectors. Yet significantly, the agricultural ownership elite never constituted a power bloc numerically large enough to constitute a threat to the government’s dominance.

Industrial and manufacturing sectors declined during ESAP. Bjurek and Durevall (2000, p.472) identified 31 sub-sectors and found that from 1990-1995, more than half experienced productivity decline, particularly textile-based subsectors. Contrary to expectations, liberalization of the manufacturing sector led to decreases in employment and real wages, and by mid 1995 employment in manufacturing alone had contracted from 205,000 in 1991 to 187,000 (Durevall et al. 1999 cited in Bjurek and Durevall 2000, p.477). ESAP’s haphazard and poorly phased implementation, particularly in relation to OGIL where, counter-intuitively, productive outputs were granted licences before productive inputs, detrimentally affected manufacturing’s competitiveness, because it was unable to cope with the flood of imports and many firms subsequently closed (Ndlela and Robinson 1995; Brett 2005, p.10). Furthermore many businesses changed model, becoming middlemen and importing

32 Agriculture declined in its output in 1992. This was not a result of ESAP, but because of a severe drought that year that adversely impacted on agricultural output.
finished goods to sell to consumers\textsuperscript{33} (ZCTU 1996, p.49). Unlike agriculture, manufacturing and industry were unable to take advantage of currency devaluation and were adversely affected by rapidly rising inflation (Taylor 2007, p.114). Manufacturing and industrial decline paralleled deterioration of white businesses relative power. Although their lobbying power had resulted in ESAP, the closure of many firms and deindustrialization of many industries meant that business associations lost institutional strength to access the state (Bråutigam et al 2002, p.536; Taylor 2007, p.115). Government responded to economic decline and criticisms from business by eroding their shaky coalition that eventually ‘... degenerated into a racialized and frequently violent populist contest in which many business groups were cast as enemies of the state’ (Bråutigam et al 2002, p.537). In this environment relative state power grew significantly as business associations became marginalized.

The uneven and inconsistent way that ESAP was implemented resulted in a deeply unstable macro-economic climate that retained many of the structural imbalances Zimbabwe had inherited from the settler period (Chipaka et al. 2000, p.105). Sectorally, ESAP decreased economic complexity because it eroded the country’s industrial base, leaving it dependent on importing goods. Although the state lowered its role in economic regulation, it began to attain power relative to other groups, particularly those associated with declining sectors. ESAP’s failure contributed to the, albeit rocky, relationship between business and government to collapse. In line with the complexity argument, the regime began to adopt more authoritarian principles, bolstered by the evaporation of power amongst business groups.

\textbf{ii. State intervention and investment}

ESAP’s introduction lowered official state intervention and investment in the economy. It was designed to condense the public service and parastatals, promote private sector growth, and recover social service costs (Bourne 2011, p.132). Public spending was reduced dramatically and the state slowly retreated from formal economic intervention, selling parastatals to (mostly white) investors (Taylor 2007, p.12). Figure 4.7 illustrates gross FCF from 1990-1997 showing that public FCF

\textsuperscript{33} For example, Carmody outlines how the ESAP period saw mass-importation of second-hand clothing to sell to consumers because inflation affected purchasing power. Import of second-hand clothing was cheaper than producing textiles and clothing, with the result that many firms closed (Carmody 1998, p.330)
was low at below five percent, decreasing to two percent in 1996-1997. This illustrates non-contribution by the state to capital development. However, the figure also shows that private FCF decreased substantially from 1994. This indicates ESAPs unintended effects that ravaged Zimbabwe’s industrial base. Although ESAP certainly lowered the state’s interventionist role in the economy, sectoral decay coupled with elite enrichment resulted in the state accumulating more power during this period.

**Figure 4.7 Gross capital formation percent of GDP, 1990-1997 (African Development Bank 2014)**

Growth in state power was illustrated by moves, in 1990, to formally initiate a one-party state. This was unnecessary since ZANU PF already possessed the machinations of a one-party state through political dominance they accrued with the unity accord in 1987 (Kondo 2000, p.123). Although official initiation of one-partyism failed electorally, the absence of an effective political opposition after unification between ZANU and ZAPU in December 1987 coupled with sectoral decline meant that the government paradoxically gained relative power. Growth in relative power is illustrated by non-consultation with civil society groups in the implementation of ESAP. The ‘subordinate classes, the peasants, working class and the African petty-bourgeoisie outside the state were not involved in the decision-making process … [which] meant that there was no democratic means to scrutinise the new policy direction of the government’ (Dashwood 1996, p.34).
ESAP’s goal was to reduce the budget deficit from ten percent of GDP in 1990 to five percent in 1995. To cushion austerity, social protectionist policies such as the retraining of retrenched employees, subsidy provision, and exemptions to poor urban dwellers were provided (Saunders 2007, p.171). However, despite assurances, poor implementation and low overall funding did not ease austerity’s pain. ESAP did not foster economic growth; instead, the short-term austerity measures spiralled into an economic crisis that continued throughout the 1990s and 2000s. In this environment of decreasing economic complexity, government power grew as business, labour and society lost relative power because of ESAP’s negative impacts.

State elites continued to accrue personal wealth through informal transactions during this period, further deteriorating the level of economic complexity. Although minor by later standards, elite acquisition expanded, reflecting the patrimonial culture in government circles (Brett 2005, p.2; Saunders 2008, pp.74-75). Privatization of state assets provided accumulation opportunities for elites and well-connected individuals (Dansereau 2003, p.174). Reimagining the land allocation programme in 1992 allowed easier access to lucrative commercial farmland, with the result that in 1994, then-president of the white-dominated CFU, Peter McSporran, claimed that more than half of Zimbabwe’s cabinet were CFU members, this was a massive increase from the 10 members previously quoted during the 1980s (Economist Intelligence Unit 1995, p.7). The beginning of the crisis in Zimbabwe arguably started with elite acquisition of war veteran pension funds. Although theft of the war veterans compensation fund had been exposed in 1995, it was not until 1997 that the government capitulated to protests by war veterans by allocating extra-budgetary funds of Z$50,000 (US$2,500), plus a pension of Z$2,000 per veteran (Logan and Tevera 2001, p.113; Bourne 2011, p.127, p.134). Unbudgeted payments fuelled further protests and subsequent government repression.

Decreased economic complexity during this period actually resulted in increases in state power. Sectoral deterioration meant that state elites accrued more economic power than the ravished private sector that witnessed closures and mass retrenchments. Although it must be noted that popular opposition did emerge in response to elite corruption and weakened party control over some constituents and party structures as per LeBas’s argument (2011, pp.119-121). The newly forged social opposition did not have enough power to effectively counter the state.
Furthermore, absence of political opposition meant that even though the government did not intervene to the same extent as the 1980s, elite economic cohesion occurred as the government cemented its status as the political and economic core of Zimbabwe. In this arena, it was only access to government power structures that individuals could enrich themselves, which contributed to the growth in relative power in this arena of lowered economic complexity.

iii. Formal sector employment

Pursuing flexibility in ESAP meant that the government ceded control over wages and employment so as not to hinder employment (ZCTU 1996, p.67). Amendments were made to the Labour Relations Act (LRA) to allow more ‘flexible hiring and firing of labour to improve firms’ efficiency and competitiveness’ (Government of Zimbabwe 1991, p.7). However, employment and wage flexibility did not occur. Whilst businesses certainly used ESAPs provisions to retrench workers, they often folded or downsized before they could rehire other workers under more flexible agreements. Workers thus became much more vulnerable because of ESAP.

Figure 4.8 Total formal sector employment and population 1990-1997 by economic activity (International Labour Organization 2014; World Bank 2014)
Figure 4.8 demonstrates employment related to population from 1990-1997. If one were only to examine formal sector employment, it could be assumed that employment increased, however when population statistics are included, it shows that the population grew by almost two million. Inability to absorb individuals to the formal sector shows ESAPs failure to create employment. In terms of sectors, figure 4.8 implies that growth was mainly in agriculture, hunting, forestry and fishing i.e. unskilled paid rural jobs, rather than in the more skilled urban-based sectors. Growth of rural, unskilled employment indicates that the economy was becoming less complex. Furthermore, amongst the formally employed, inflation lowered real wages, and by 1994 average annual earnings as a percentage of the level in 1980 was only 61.9 percent (ZCTU 1996, p.68). By 1999 real wages had dropped a further 30 percent (Stoneman 1999, cited in Ramsamy 2007, p.519). Decreased real wages led to worker demotivation and ‘moonlighting’ in the informal economy, as well as de-urbanization, as families returned to rural areas to eke out subsistence livelihoods (Kanji and Jazdowska 1993, pp.14-15; Carmody 1996, p.336; Bourne 2011, p.133).

The World Bank in 1995 argued that the only way in which the government of Zimbabwe could encourage a growth in labour demand and in wage levels would be to ‘… further examine and remove distortions in land, capital and labour markets and to encourage the flexibility and mobility of labour’ (World Bank 1995, p.15).

However although they encouraged labour flexibility, the government’s failure to change the underlying structure of the economy meant that inherited inequalities were retained and magnified in this period.

With declining opportunities for employment and remuneration, workers began to demand power. Increased access to education and healthcare in the 1980s had provided individuals with much higher levels of educational attainment, higher employment expectations, and, one can assume, access to voice. Government retreat from service provision, ESAPs targeting of formal employment and by association the formally employed, and the development of economic impoverishment led to decreases in complexity, but paradoxically increases in voice from politically excluded groups like the formally employed.34 These groups were not subject to the subsidised programmes that were developed to ease the austerity measures on the poor, even though stagnant wages and inflationary prices squeezed the urban

34 Interview with Godfrey Kanyenze, LEDRIZ, March 2011.
population, resulting in livelihood diversification to survive.\textsuperscript{35} In this environment urban discontent arose.

In terms of economic complexity, counter to the expectations in the theoretical framework, decreasing economic complexity resulted in more opportunities for social actors to voice grievances, aligning with LeBas’s contentions (2011, p.124). It led to increases in voice for previously excluded economic groups like organized labour, whilst at the same time decreasing businesses relative power. In the context of the negative impacts of ESAP policies, popular opposition to government increased exponentially throughout the 1990s where the implementation of ESAP policies are purported to have driven ‘… a wedge between the government and the people’ (Nhema 2002, p.166; LeBas 2011, pp.122-129). Retrenchments and unemployment grew in conjunction with inflation in the cost of living, all which coalesced to negatively impact urban families in particular (LeBas 2011, p.118).

ESAP predominantly challenged the formally employed because liberalization of the labour market resulted in deregulation of economic controls, retrenchments for workers, and the erosion of living standards (Sachikonye 1997, p.121). Urban groups began to acquire gains in relative power in this period that sowed the seeds for challenging state strength.

\textbf{iv. Level of unionization}

Although ESAP negatively impacted workers through a contraction in the sectoral composition of Zimbabwe and liberalization of the labour market that resulted in mass retrenchments and changes to the LRA, unions began to accumulate more relative power as this period continued when workers began to politicise their economic problems. ESAP triggered a huge number of retrenchments due to the collapse of Zimbabwe’s industrial base that saw the closure of many textile, clothing and footwear industries (Carmody 1998, p.324). In the textile industry employment dropped from 25000-12000 in the five years of ESAP (Carmody 1998, p.324). General union membership fell from 200,590 in 1990 to 152,462 in 1996 (ZCTU excel sheet cited in LeBas 2011, p.72). Although wages did increase in some sectors, rapidly increasing inflation quickly obliterated gains (LeBas 2011, p.72).

\footnotesize{\textsuperscript{35} Rakodi (1994, p.661) describes the methods that many urban families used to avoid destitution during the ESAP period. These included reduction, elimination and substitution of food sources, room rentals; refraining from medical visits and removing children from school, eschewing clothing purchases and return to rural areas in the event of unemployment.}
This hostile economic environment found organised labour in a fragile position – how could they obtain better conditions when membership was decreasing from employment contraction and the economy was in tatters?

With ESAP, amendments were made to industrial relations that liberalized the labour market. 36 Wage bargaining was reintroduced in 1989 in the run-up to ESAP and in the short-term resulted in above inflation wage increases for some private sector workers at 20 percent in 1991 (Skålnes 1995, p.190). Public sector employees were party to more rigid industrial relations’ laws and did not see increases in wage levels. This was due to restrictions on civil service employees entering unions and the essential services clause of the Labour Relations Act (LRA) that inhibited public sector workers from exercising their right to strike (Skålnes 1995, p.191). These amendments together with the economic instability of ESAP resulted in trade unions losing access to funds and thus relative power. However the space of conditional autonomy where groups who did not overtly challenge government were allowed to exist, multiply and flourish, gave unions some space to question government. Public sector strikes increased exponentially in 1996-1997 particularly amongst ‘underpaid health professionals’ illustrated by figure 4.9 (Bourne 2011, p.133). Uptake in strike activity by public servants was linked to ‘the sight of Mugabe’s lavish wedding … and the absence of promised increments in their payslips, [which] led to a walkout by nurses … in August 1996’ (Bourne 2011, p.133). This sparked a two-week strike by 70,000 civil servants, which showed the growing strength of the increasingly aggressive and independent ZCTU.

36 Reforms include the removal of the provision for one union, one industry, which splintered and weakened the organizational and financial strength of some unions. In addition, restrictions were placed on the kinds of workers that could participate in workers’ committees. The Minister of Labour had the power to set maximum wage levels in an industry, which severely hindered unions in their newly acquired rights to negotiate wages (LeBas 2011, p.72).
Figure 4.9 National strike actions and number of successes 1991-1997 (Saunders 1997/1998 excel sheet; Saunders 2001, p.145, p.147)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of strikes</th>
<th>Successful industrial action</th>
<th>Numbers of workers involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>9</td>
<td>-</td>
<td>'000's</td>
</tr>
<tr>
<td>1992</td>
<td>9</td>
<td>-</td>
<td>12,000+</td>
</tr>
<tr>
<td>1993</td>
<td>17 (19)</td>
<td>7</td>
<td>18,500+</td>
</tr>
<tr>
<td>1994</td>
<td>35 (17)</td>
<td>8</td>
<td>13,000+</td>
</tr>
<tr>
<td>1995</td>
<td>33 (25)</td>
<td>16</td>
<td>20,000+</td>
</tr>
<tr>
<td>1996</td>
<td>27 (28)</td>
<td>13</td>
<td>235,000+</td>
</tr>
<tr>
<td>1997</td>
<td>54 (55)</td>
<td>34</td>
<td>1,073,000+</td>
</tr>
</tbody>
</table>

Figure 4.9 shows the growth in labour strength throughout the 1990s. Although miniscule when compared to South Africa in the same period (see figure 5.13), successful strike development constituted major victories for growing labour strength. Lovemore Matombo, president of the ZCTU, argued that ‘… the structural adjustment programmes created a completely different economic and political game within the labour regime … we got awakened because of ESAP.’ In the vacant oppositional space, the ZCTU broadened its underlying motivation from purely trade union issues to broader political issues that included struggles against the imposition of a one-party state, ruling party corruption, the continuation of the state of emergency in the country, as well as human rights violations (Raftopoulos 2001, p.7, Nordlund 1996, p.176). To exploit the political environment, and to bolster relative power, trade unions mobilized beyond their constituency to challenge the dominant role of the government in political life (Raftopoulos 2001, p.7, LeBas 2011, p.79). Lovemore Matombo explained that ‘… the ZCTU started to establish the structures which they did not have before and they were … based on the province, district and local structures for the purposes of disseminating information. We also started to capacitate the working families by starting new education programmes.’ To consider economic alternatives the ZCTU published *Beyond ESAP: Framework for a long-term development strategy in Zimbabwe* in 1996. Godfrey Kanyenze from LEDRIZ stressed the importance of *Beyond ESAP* by telling me that

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37 Due to difficulties in obtaining data for union membership in this period I have had to rely on somewhat patchy sources that sometimes conflict with each other. All of the data on this table has been accumulated by Richard Saunders who kindly agreed to share with me. The first figures of strike occurrences come from a report by the Zimbabwe Institute of Personnel Management, the numbers in brackets and the success rates are based on newspaper reports of strike incidences, the third column comprises of estimates from newspaper reports over the period.

38 Interview with Lovemore Matombo, ZCTU, April 2011.

39 Interview with Lovemore Matombo, ZCTU, March 2011.
we started engaging other civil society groups, we started engaging government, we started discussing alternative development policies for Zimbabwe. I think it was an amazing period. I remember vividly that there were so many different workshops that we held with other civil society groups, with NGOS, with church groups, with various stakeholders where we were saying “this is it 5 years of structural adjustment - no more.”

The government ignored Beyond ESAP, but the report was widely disseminated, read, and used as an alternative-to-government manifesto by many in the non-governmental sector.

Labour militancy exploded in 1997 and witnessed over one million workers engaged in industrial action. 1997 saw a confluence of factors that in a situation of economic decline was unacceptable for non-elite Zimbabwean society. The negative impacts of ESAP, increasing costs of food staples, awareness of government corruption, unbudgeted pension payouts, and an expensive military intervention in the Democratic Republic of Congo, all contributed to a swell of social unrest that was coordinated by the union movement (Bourne 2011, pp. 134-135). The ZCTU organized successful strikes that the state responded repressively to. In December 1997 the government thwarted organised protests in Harare through police and military deployment that assaulted marchers (Addison and Laakso 2003, p.463, Laakso 2003, p.129). Physical repression represented developing alliances between the government, war veterans, and the security sectors that were increasingly dichotomised with the labour movements’ cross civil society alliances.

Polarization has been identified as a key strategy in union and oppositional development in Zimbabwe (LeBas 2004, 2011). The declining economy and increasingly hostile political environment assisted the ZCTU in establishing independence and autonomy from government through making and maintaining linkages with other civil society groups that could sustain the organizational capacity of a shrinking labour movement (Skålnes 1995, p.188; Saunders 2007, p.173; LeBas 2011, p.72-73). This is linked to the first hypothesis where it was hypothesized that groups that have strong and long-term linkages with other civil society groups will have a more positive impact on democratization. In Zimbabwe, the ZCTU only

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40 Interview with Godfrey Kanyenze, LEDRIZ, March 2011.
41 For example, every office that I visited in Harare had at least one visible well-thumbed copy of Beyond ESAP. The report was often emphatically waved at me by interviewees to stress points, particularly by Lovemore Matombo, Godfrey Kanyenze and Timothy Kondo. When I asked for a personal copy of the book, all interviewees were extremely reluctant to hand their copy over to me.
42 Interview with Lovemore Matombo, ZCTU, March 2011; Interview with McDonald Lewanika, Crisis in Zimbabwe Coalition, March 2011; Interview with Abisha Nyanguwo, MDC, March 2011.
began to develop strong linkages with other groups in the mid 1990s. Although strong, the linkages they built were short-term and in the end proved difficult to maintain, particularly once the regime adopted authoritarian measures of control from the late 1990s onwards.

The environment of declining complexity during the ESAP period paradoxically led to the development of union strength, as LeBas rightly argues (2011, pp.122-129). Emasculated by economic liberalization policies, organized labour sought alternative ways to gain power though the development of a research capacity and cross-societal linkages that allowed them to counter state power and some repression (LeBas 2011, p.129). But at the same time, as per my proposed framework, declining complexity saw government power increase and develop authoritarian and repressive strategies of governance. These strategies served to counter the relative power built by organized labour and their allies that, whilst strong, did not grow strong enough to trigger and develop regime change.

v. Level of foreign private investment

Trade liberalization had been a major feature of ESAP, but because policies were not favourable to attracting FDI, they failed to trigger economic gains. Figure 4.10 illustrates inflows of FDI to Zimbabwe and South Africa (for comparative purposes, although there are obvious disparities in market size and composition) from 1987 to 1997. It shows that although Zimbabwe attracted more FDI as the ESAP period wore on, it was minor compared to the giant leaps that South Africa made. The low levels of FDI indicate not only lack of investor confidence given the poor policy environment, but also the effects of having a politically stable and economically dominant neighbour. Zimbabwe retained this weakened position in the following years as South Africa gained regional dominance and attracted more FDI due to its superior infrastructural and technical base.

Figure 4.10 FDI inflows US$ to Zimbabwe and South Africa 1987-1997 (UNCTAD 1999, p.478)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Zimbabwe</td>
<td>-8</td>
<td>38</td>
<td>41</td>
<td>118</td>
<td>81</td>
<td>135</td>
</tr>
<tr>
<td>South Africa</td>
<td>-24</td>
<td>-7</td>
<td>334</td>
<td>993</td>
<td>760</td>
<td>1705</td>
</tr>
</tbody>
</table>
Other reasons for Zimbabwe’s comparatively low attraction of FDI include policy reversal threats that may have deterred investors because ESAP was not supported outside of government and business circles. Although there was no immediate threat of regime alternation, the possibility did exist that policy re-reversals would occur, as in Zambia during the 1980s. This threat served to thwart investor confidence in the new policy regime. Furthermore, the Zimbabwean government did little to attract foreign investment in the first few years of ESAP. It levied high interest rates on loans for investors that were less generous than other African countries and it was not until 1993 that it removed restrictions on remittances. This was considered too little, too late; in 1994 only 30 percent of new investment was of foreign origin (Wright 1994, p.xxxiv). Also, as the 1990s matured the government began to adopt politics of nationalism, strongly linked to the re-emergent land issue. With the development of the Land Acquisition Act in 1992 there was a revival of threats to seize land without full compensation that deterred would-be investors. President Mugabe sought to assure potential investors in 1996 that the Act only applied to agricultural rather than industrial land, but overlooked that many of the largest commercial farms in Zimbabwe were in fact foreign-owned (Jenkins 2002, p.193). All of these factors contributed to low investor confidence and thus low levels of investment in ESAP Zimbabwe.

In terms of economic complexity, Zimbabwe’s failure to attract high levels of FDI during the ESAP period is interesting because it supports Zimbabwe’s declining complexity and the likelihood that authoritarianism would develop in some form. Failure to attract FDI meant that Zimbabwe’s economy retained its structural basis and the majority of productive industries remained in the hands of an, albeit weaker, white capitalist class and an elite-linked black middle class.

vi. Relating to the hypotheses
The ESAP period triggered significant economic change, but failed to change the underlying economic structure. This had implications for the development of regime norms and relative power in Zimbabwe. ESAP activated declining economic complexity that deteriorated Zimbabwe’s sectoral base, which altered economic power relations but not in the ways expected from the theoretical framework. Even though liberalization wrought a lesser role for the state in the economy, it did not increase the relative power of other economic actors. Instead, liberalization
eviscerated the economy of Zimbabwe, resulting in a decline of the relative power of business groups and concomitantly trade unions, as their role in the economy declined.

It was hypothesized that trade unions that have strong and long-term linkages with other civil society groups will have a more positive impact on democratization. In Zimbabwe, the ZCTU only began to develop strong linkages with other groups in the mid 1990s. The declining economy and hostile political environment assisted the ZCTU in establishing their independence and autonomy from government through making and maintaining linkages with other civil society groups that could sustain the organizational capacity of a shrinking labour movement. However although strong, the linkages built were short-term and in the end proved difficult to maintain, particularly once authoritarian measures of control were adopted in the late 1990s. ESAP changed the dominant sector from manufacturing to agriculture, and labour did not build alliances with this group of workers due to the structural features of agricultural work that favours dispersed and informal labour. Even though ESAP lowered the state’s role in the economy and left its management open to other economic actors, it failed to change the economy’s ISI and white-dominated structure. This ensured that there were few internationally linked industries that labour could influence to increase their relative strength. Of industries that were internationalised, unfavourable policies in terms of remittances and employment ensured they did not grow, and labour concurrently failed to become relatively stronger in relation to the state.

ESAP’s failure to attract foreign investment and to change the underlying structure of the economy from settler dominance meant that trade unions were limited in the strength that they could accrue. Instead, as the sectoral spread diminished in the ESAP period, the government’s economic power increased through informal economic acquisition and neo-patrimonial employment practices. The government’s key role as major employer diminished trade union access to public sector employees. When patronage resources dried up and key public workers linked economic and political grievances, the ZCTU accessed striking public sector employees and built relative power. However the government began to respond to these strikes with violence and repression. These moves would ultimately diminish trade union power.
In terms of the third hypothesis regarding the state’s economic role, even though ESAP had been designed to lower the state’s economic role, sectoral erosion and the growth of informal economic networks meant that the state actually became more economically dominant in this period and accrued significant bases of power. Although offered conditional autonomy from the state, autonomy generally hinged on not challenging the state, and was met by repressive actions if it did. In this way civil society, trade unions included, had a level of state dependency that allowed them to become strong, but not strong enough to effectively challenge regime dominance. ESAP’s liberalization atmosphere gave room to associational life but although unions gained power through developing an opposition, I want to emphasize that due the continued structural imbalances, they never became powerful enough to eventually overthrow the regime. This is in direct opposition to LeBas’s argument. Whilst I acknowledge that ESAP provided an atmosphere for civil society to grow and become autonomous, failure to structurally change the economy meant that the government accrued the resources to wield more power.

4.2.3 1997-2014 – Sectoral mutations and regime stagnation

In 1998 the IMF released a report portraying Zimbabwe as social corporatist regime that ‘… permits fairly active democratic participation and which … competing political groupings operate to exert considerable influence on government policy’ (IMF 1998, p.109). How then did Zimbabwe traverse the political spectrum from corporatist participation to authoritarian politics defined by violence, intimidation, repression, patronage, and nationalist appeals in less than 20 years? This section examines the economic and political characteristics of Zimbabwe’s authoritarian stagnation. It argues that sectoral mutations occurred in the late 1990s that distorted Zimbabwe’s economy, resulting in aspects of the state controlling both economic and political life. Economic contraction and mutation has been marked by a decline in commercial agriculture and manufacturing, and sectoral change to the dominance of the security sector. Economic contraction has been paralleled by a decline in the space of official engagement with government despite the inclusion of the former opposition in government structures through the inclusive government (IG) since late 2008, and has instilled the use of more authoritarian measures of governance as ZANU PF seeks to retain power. Authoritarianism has been juxtaposed with normalcy in everyday life and Zimbabwe has been branded a ‘democratic
dictatorship’ characterised by regular elections with very little chance of electoral alternation due to considerable abuses of electoral processes (Abedanwi and Obadare 2011, p.320). Indeed, after five years of an IG, Zimbabwe returned to ZANU-PF one-party government in 2013.

2013 saw the staging of general elections that African Union observers declared to ‘free, honest and credible’ (BBC News 2013). This is in stark contrast to the verdict of internal monitors, the Zimbabwe Electoral Support Network (ZESN) who declared that ‘… the credibility of the 2013 Harmonised Elections is seriously compromised by a systematic effort to disenfranchise an estimated million voters’ (ZESN 2013, p.1). The elections were not characterised by violence and intimidation, unlike previous years, and President Mugabe and ZANU PF won the elections by a significant margin. ZANU PF captured a number of provinces and areas that had previously been MDC strongholds (LeBas 2014, p.52). These elections ended the power sharing agreement and the MDC exited government. Reasons for this exit include MDC failure to mobilise a majority despite governing during the stabilization of the economy and the restoration of basic services including health, education and access to power. Factional splits in the MDC’s own ranks did not help matters, one in 2005 led by then secretary general Welshman Ncube, and another in 2014, led by secretary general Tendai Biti when Tsvangirai was temporarily suspended from office (Mail and Guardian 2014). However critical in explaining the MDC’s decline is its failure to build a rural constituency that was registered to vote, while ZANU renewed its countryside machinery. Voter registration made a key contribution to ZANU PF’s victory in 2014. This is attributed to voter registration undertaken by the Zimbabwean Election Commission that is linked to ZANU PF (Zimbabwe Democratic Institute 2013, p.2). ZANU PF now rules unencumbered by power sharing and authoritarianism has become entrenched, seemingly by popular choice. Why is this so? One reason points to the weakness of power sharing itself that whilst effective in ending crisis, does not change authoritarian tendencies and actually contributes to a consolidation of power amongst the authoritarian incumbent (LeBas 2014, p.53). Second, poor economic opportunities have had a pervasive effect on societal mores where political

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43 It should be noted however that in the 2000 elections, ZANU PF and the MDC did emerge within two percent points of each other in the polls. However, this is likely due to polarization strategies discussed extensively by LeBas (2006) that served to consolidate each side’s electoral base.
submissiveness and corruption have become commonplace to survive (Jones 2010a, 2010b). This contraction of economic complexity, coupled with sectoral mutations that have placed all economic activity, particularly diamond extraction, into the hands of the government and their clients has been characterised as crucial to understanding the political situation in Zimbabwe, particularly after the development of the IG (Kriger 2012, p.12; Saunders 2013, p.1). In this sense, there is an acute symbiosis between sectoral mutations, the implementation and failure of the inclusive government, and the augmentation of authoritarianism.

i. Sectoral spread

In the 1990s and 2000s Zimbabwe’s government mutated, becoming an economic sector in its own right through linkages with and the development of the security sector that emerged as a strong political ally. State economic development ensured that it no longer needed to cooperate with sectoral groups because it could financially sustain itself, and sectoral mutations contributed strongly to the development of authoritarianism. The sectoral composition of Zimbabwe transformed in this period of crisis where the security sector became the main economic power in the country because of access to war spoils and latterly diamond field revenues through crony capitalism (Bauer and Taylor 2011, p.202; Saunders 2010, p.1).

Figure 4.11 Sectoral spread, 1997-2013 (African Development Bank 2014)

Figure 4.11 illustrates Zimbabwe’s sectoral spread from 1997-2013. It shows that agriculture moved from sectoral dominance to a trough of eight percent in 2004 and recovered to 24 percent of GDP in 2008. Although agriculture has recovered in certain regions following the Fast Track Land Reform Programme (FTLRP), it has
not reached its previous cash crop zenith (Scoones 2010, p.17; Bond and Sharife 2012, p.354). Manufacturing retained its low sectoral share and industry expanded hugely to obtain majority sectoral holdings since 2006. However this table fails to illustrate the broader economic undertones of this long period. The capricious economic and political decisions that the government implemented played havoc with Zimbabwe’s economy. The results of these decisions came into sharp focus from about 2006 onwards when Zimbabwe entered a period of hyperinflation that ravaged the remainder of the economy. So, even though the sectoral spread changed significantly during this period it was in an arena of declining GDP. Figure 4.12 illustrates Zimbabwe’s sharp economic decline during this period. The solid line illustrates GDPs average annual rate of growth, showing that the period was marred by multiple economic crises. It emerged from the last of these crises in 2008 when GDP grew, but because growth started from a very low base, any increases are likely to seem huge. The dotted line shows the stark decline in the value of the Zimbabwean dollar when the economy entered hyperinflation and the currency devalued by 90 sextillion percent at its nadir in November 2008 (Chitiyo 2009, p.1). Hyperinflation’s economic effects resulted in cumulative inflation increasing by 3.8 billion percent between 1997-2007, causing per capita GDP contraction, inflationary surges, negative real interest rates, eradication of the value of the Zimbabwe dollar, a termination of personal savings, a shrunk capital stock, and the decimation of working capital (Hanke 2008, p.28). Hyperinflation quashed businesses that had survived ESAP and the economy nearly collapsed in January 2009. The period oversaw a further deindustrialisation where some sectors had shrunk to 15 percent of their capacity by 2008 (Sachikonye 2011b, p.103).
In the place of the previously dominant economic sectors, the security sector has come to dominate economic activity through control of state capital. The securocracy\(^{45}\) has flourished and grown both as a political and economic force that strongly impacts on Zimbabwe’s development trajectory. Well-connected securocrats gained access to the spoils of war in the DRC, and more lately to diamond field revenues, through crony capitalism and have become politically powerful and entrenched in government circles (Saunders 2008, pp.78-79; Human Rights Watch 2009, p.21; Bauer and Taylor 2011, p.202; Sachikonye 2011b, pp.33-35; Saunders 2013, p.1; Mangongera 2014, p.68). Key economic institutions are militarized\(^{46}\), reflecting the sectoral shifts that have significantly altered the relative power of economic actors in favour of the securocracy. This factor is illustrated very clearly by industry’s 2006 peak in figure 4.11, which reflects the discovery of diamonds. Economic collapse has not meant that elites have lost access to patronage; the discovery of diamonds has offered opportunities of elite enrichment

\(^{44}\) During this period Zimbabwe has operated under the Zimbabwean dollar that was formally replaced by the US dollar and South African Rand in 2009 (Noko 2011, p.348).

\(^{45}\) The securocracy is composed of the heads of the army and air force; police and intelligence services; Ministers of defence and state security; and the chief of prisons.

\(^{46}\) For example, in addition to the judiciary, state-owned media, and the electoral commission, military chiefs direct a number of parastatal enterprises including the National Oil Company of Zimbabwe, the Grain Marketing Board, the National Railways of Zimbabwe, and the Department of National Parks and Wildlife (Mangongera 2014, p.68).
where very few funds from the sale of diamonds have reached state coffers. Although no longer in a hyperinflationary period, the economy continues to decline, and is ‘once again on the brink of collapse’ (Mangongera 2014, p.74). This is due to the unrestrained access of securocrats and state elites to Zimbabwe’s economic bounty.

The capture of mining revenues by the securocracy has resulted in Zimbabwe’s economic complexity contracting further because access to state resources now lies in the hands of a few people. The sectoral shift from economically productive sectors in the late 1990s, albeit under austere economic circumstances, to the clientelistic capture of state resources for elite personal enrichment is key to understanding the development and consolidation of authoritarian rule. Access to diamond revenues offers elites both political and economic autonomy, eliminating the need for accountable governance. Sectoral mutations placing the majority of capital in the hands of political and military elites has seen the securocracy grow as both a political and economic force which has had a strong effect on the relative power of other economic actors and the development trajectory of Zimbabwe. Contraction of the country’s economic complexity has been paralleled by a decline in the space of official engagement with government and has instilled the use of more authoritarian measures of governance as ZANU PF seeks to retain power.

**ii. State intervention and investment**

Government power has grown in line with the sectoral mutations of this period. The government, in collusion with the securocracy, controls the majority of the economy through procuring major economic assets including the diamond-mining sector. This is illustrated in figure 4.13. From 1997-2001 there was little public FCF, in line with ZIMPREST’s goals. Private FCF reached 20 percent in 1998, declining further in the following years, in 2002 reaching below zero. This was mirrored by government FCF increases that reflected public acquisition of commercial farmland during the

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47 In January 2013 Tendai Biti (MDC) Minister of Finance publicly stated that the Ministry of Finance only possessed US$217 in its coffers (The Guardian 2013). Whether this was a publicity stunt, a way to embarrass elites into handing over funds to the state, or even the truth is not clear. What is clear however is that funds from the sale of diamonds are not making their way through official channels.

48 ZIMPREST, The Zimbabwe Programme for Economic and Social Transformation, was ESAP’s successor that was never fully implemented. It was intended to build on the gains made during the ESAP period, but social degradation beginning in 1997 meant that the programme never got off the ground and was largely abandoned (Kanyenze et al. 2011, p.40).
Fast Track Land Reform Programme (FTLRP). Public FCF retreated in the following years, indicating informal state acquisition of diamond revenues. Private FCF increased from 2008 onwards most likely signifying the MDC’s entrance to the IG and economic regeneration, as well as China’s growing influence on Zimbabwe’s economy.

*Figure 4.13 Gross capital formation, 1997-2013 (African Development Bank 2014)*

If Zimbabwe’s government has increased its role in economic intervention and investment how has it done so with such low public FCF? One answer relates to the informal economic ties that became entrenched in the securocratic networks of government. Well-connected security elites control parastatal and state institutions, as well as private economic enterprises commercial agricultural takeovers and exploitation of the diamond fields.49 Government planning has, since 2000, been characterised by the adoption of short-term military-style operations which a representative from the Commercial Farmers Union argued was ‘to consolidate and regain political control.’50 The adoption of an operational mode of governance is indicative of the militarization of governance to retain political dominance in an

49 For example the military-owned Glass Finish Investments Pvt Ltd has been financially linked to the mining company Anjin, a joint venture between a Chinese firm, the Anhui Foreign Economic Construction Group and a Zimbabwean company called Matt Bronze (Global Witness 2012, p.4; Zimbabwe Independent 2014). It is unclear who the beneficiaries of Matt Bronze are but allegations have been made that the opacity of information relating to the company indicate that it is ‘… a front for the military and police as corporate entities’ (Zimbabwe Independent 2012b). In 2012 the Zimbabwean division of Anjin’s Executive Board consisted of individuals linked to the ministry of defence, the Zimbabwe Republic police force and ZANU PF party cadres (Global Witness 2012, p.6).

50 Interview with representative from the Commercial Farmers Union, March 2011.
increasingly contested field. Political operations that began with the FTLRP\textsuperscript{51} and still continue today have ensured that the state has access to large of patronage resources to ensure ZANU PF loyalty (Sachikonye 2011a, p.34). Since the FTLRP began in 2000 there have been countless operations enacted in Zimbabwe.\textsuperscript{52} These various operations have consolidated the power of the regime and have provided well-placed individuals, but not the state bureaucracy, with access to significant economic and political resources. This explains the low levels of public fixed capital formation with increased levels of state intervention.

The FTLRP is a good illustration of the operational mode of state intervention.\textsuperscript{53} Keen to retain support amongst war veterans and with declining resources to do so, the government initiated the FTLRP in 2000 to forcibly remove commercial farmers from their land. The FTLRP was epitomised by the chaotic and violent nature of Operation Tsuro from March to July 2000 that forcibly gained 1600 commercial farms, closed off commercial farm areas for opposition campaigns, and intimidated known or suspected opposition supporters to ensure support for ZANU PF (Chitiyo 2009, p.4; Sachikonye 2011b, p.114). The FTLRP largely succeeded in its objectives and by 2010 white commercial farm owners in Zimbabwe numbered less

\textsuperscript{51}Political operations began with the fast track land reform programme (FTLRP) that occurred shortly after the constitutional referendum and was carried out by war veterans, ZANU PF’s youth league and latterly included the police and military. Whilst there is little doubt that deep structural inequities linked to commercial farm ownership had never properly been addressed in Zimbabwe, and the success of commercial farms during the 1990s ‘… reflected in luxury consumption and growing income inequality on the farms [was] far more severe and obvious than in even colonial times’ resulted in a bubbling pot of rural tension that was bound to overflow eventually (Bond and Manyana 2002, p.198). Despite these tensions, the way in which the FTLRP was carried out was largely a ‘… frontal assault on opposition politics’ and not a reflection of government led land reform (Raftopoulos 2001, p.17). Land occupations have peaked intermittently since 2000, particularly during electoral periods (Sachikonye 2011b, p.113).

\textsuperscript{52}A subset of these include Operation Maguta (Feed the nation, 2000) where the military took over large swathes of land to boost agricultural productivity; Operation Tsuro from March to July 2000 whose objectives included: forcibly taking 1600 commercial farms, closing off commercial farm areas for opposition campaigns, and intimidating known or suspected opposition supporters to ensure support for ZANU PF; Operation Murambatsvina (Clean out the filth, 2005) that targeted illegal structures and eventually destroyed over 130,000 homes; Operation Mari Wakaiwanepi (Where did you get the money, 2007) that seized assets of individuals and businesses to address foreign currency shortages that reportedly never made it to state coffers; and Operation Makavhotera Papi (Who did you vote for, 2008) following Mugabe’s defeat in the first poll of the 2008 elections where opposition supporters were sought out to perpetrate violence on (Chitiyo 2009, p.4; Sachikonye 2011b, p.114; Mangongera 2014, pp.72-73).

\textsuperscript{53}The FTLRP, that was characterised by violence and intimidation did address the historical inequities associated with land access in Zimbabwe with the result that there has been evidence that following the mayhem of the reform period peasant agriculture has recovered to an extent in certain regions, but not to its previous cash crop zenith (Scoones 2010, p.17). However, food supplies were interrupted and FTLRP’s long-term effect on food security has so far been adverse.
than 400, rural support for the MDC was largely terminated and the security-military complex was developed and consolidated. Farms were initially resettled by the farm invaders, but were officially acquired by government and resettled under 100 year leaseholds. As of 2010 the formal land reallocation agenda had transferred land to nearly 170,000 households, and in certain areas has been successful in developing an entrepreneurial small-scale agricultural class (Moyo 2011, p.496, Scoones et al. 2011, pp.985-986). But redeployment of the larger farms has been fraught with corruption as disorder ‘undermined formal planning and allocation, it opened spaces for those who wanted land, and it created a veil around which elites could grab land, deploying nationalist rhetoric to support this’ (Marongwe 2011, p.1077). In this way, whilst the FTLRP may have had some positive impacts for the peasant class, it has opened further informal opportunities for elite economic and political entrenchment.

The FTLRP managed to further shrink the economic complexity of Zimbabwe’s economy. Not only did agricultural production decline, farm invasions and takeovers drastically altered how agriculture was conducted – from commercial to subsistence, and as patronage payments for elites. Instead of becoming landowners, many of the new farmers have become tenants of the newly enriched elites. The FTLRP has been successful in areas where there has been a redeployment of resources amongst both small and large-scale farmers through accumulation, investment, creating employment and ‘ratcheting up their farm operations’ (Scoones et al. 2011, p.9750). But, in general, land reform has not enriched the masses. Instead the FTLRP led to the collapse of large-scale commercial farming which ‘… undermined investor confidence, [and] destabilised the supply of agricultural inputs into an array of local processing industries’ (Saunders 2008, p.5). Coupled with an unstable electricity supply, rising fuel costs, and capital flight due to the increasingly unstable political environment, the FTLRP ignited the launch of a period of crisis for the country. The FTLRP has consolidated legacies of U&CD where no opportunities exist, outside of elite and patronage circles, for personal enrichment and class mobility. Furthermore, FTLRP developed and augmented authoritarian modes of

54 For example in Harare’s hinterlands, less than five percent of A2 (medium to large-scale) farm beneficiaries had filed paperwork for their farmland. This strongly implies that the remaining 95 percent of reallocated farmland in this area was accessed through informal networks (Marongwe 2011, p.1078).
governance, reinstated violence as a mode of social control, deteriorated the rule of law, cultivated strong state-security linkages, and was a contributing factor to the economic collapse of the country.

The discovery of diamonds in 2006 has provided the state’s mutated security sector further access to patronage resources to garner and retain support. Government and security forces inhabit and extract from the diamond fields with the result that patronage, violence and corruption have become institutionally entrenched. ZANU PF, security forces and even some MDC elites have been accused of extracting diamond revenues for their own personal gain and to fuel their patronage networks to ensure their continued political status (Human Rights Watch 2009, p.47; Kriger 2012, p.13). These extraction networks have been consolidated through the privatization of mining control in the form of the Ministry of Mines and Mineral Development that acts as a parallel finance ministry that filters revenues before they reach the Ministry of Finance (Kriger 2012, p.16). Biti has publicly stated that ‘… [there is] no connection between Zimbabwe’s income from diamonds, its output, and international prices … Despite the huge production at Marange in 2011, no payment has been received by treasury for income earned between 1 January and 30 June 2011’ (cited in Kriger 2012, p.16). Not only is the treasury suffering from the consolidation of the securocracy over diamond revenues, so are the politics of transition.

Once political violence took root and progressively worsened in the years that followed the 2000 elections, electoral apathy and disengagement pervaded Zimbabwean society. This was particularly notable following the MDCs entrance to the IG in 2008. Despite violence and intimidation from 2000-2008, mostly perpetrated by militias and youth groups supporting ZANU PF, the entrance of the MDC into government dampened support for this party. Power sharing brought the opposition into government, reducing its ability to challenge government policies and generated difficulties in claiming positive policy initiatives for the MDC alone (LeBas 2014, p.53). Furthermore brain drain affected the party’s core because many key political figures were brought into government and detracted from the MDCs ability to connect with its grassroots constituency (LeBas 2014, p.53). The MDC entered government in a weakened position, finding themselves unable to counter
the institutional power of ZANU PF. Abisha Nyanguwo, MDC Chief of Staff criticised the MDC’s soft approach to politics:

‘I can assure you the first six months they [ZANU PF] were nervous. But … we didn't know how to push them … We were slow at reacting and grabbing … the cornerstones of power and after 6 months they regained their confidence and started rebuilding … This is … a harder struggle now because we are fighting with the very enemy aware and it is now resistant. They no longer fear [us], they have demystified us and they want to fight and there's no going back.’55

Inability to mould the IG in their favour contributed to a decline in the MDCs power. Coupled with elite capture of economic resources in an economically deleterious period, the militarization of the state and its resources, and the augmentation of authoritarianism, many people chose to disengage with politics in what they collectively saw as a dead end. Interviews documented the movement of individuals from civil society to business, disaffection with the MDC in general and Morgan Tsvangirai in particular, and concerns that the MDC was in the process of mimicking ZANU PF style leader dominance through Tsvangirai.56 Ellen Kandororo-Dingani from ZESN noted jokingly that Zimbabwe ‘might be brewing another ZANU PF because there are factions. There's a Biti faction. There's a Tsvangirai faction. And Tsvangirai is in the centre controlling. So I think maybe we are moulding another Mugabe (laughing).’57 All of these factors have contributed to increased levels of political apathy amongst the population. Although the 2013 general elections ostensibly registered 6,400,000, 500,000 more than in 2008, there was a general feeling of political despondency amongst those in the political left that I spoke to about political change (IDEA 2014). For example when speaking with McDonald Lewanika from the Crisis in Zimbabwe Coalition about the possibilities of an MDC government, he noted that

‘unfortunately there have been signs so far that while some things will change some might actually remain the same … a lot of it has to do with … the kind of political culture that we have been exposed to as Zimbabweans … half the time when people are fighting for freedom they are actually not fighting for freedom, they are fighting to be the next oppressor because that is the only type of leadership that they know. Instead of positing an alternative or exercising an alternative they then become what they are fighting against and the danger of that happening in Zimbabwe is very very real.’58

55 Interview with Abisha Nyanguwo, March 2011.
58 Interview with McDonald Lewanika, Crisis in Zimbabwe Coalition, March 2011.
Pervasive frustration at the MDC’s governmental conduct resulted in the MDC being defeated in the 2013 general election and ZANU PF gaining unobstructed political control and thus more power to mould the economic and political spheres as it sees fit.

A final factor relating to the high levels of state intervention are policies of indigenization that were signed into legality with the Indigenization and Economic Empowerment Act in 2008. The Act ‘provided for all companies with a share capital above US 500,000 dollars operating in Zimbabwe to arrange for 51% of their shares or interests therein to be owned by indigenous Zimbabweans’ (Munyedza, 2011, p.1). Indigenization policies in Zimbabwe are classified in an exclusionary nationalist manner as to who constitutes a Zimbabwean and who does not. Clearly being a black Zimbabwean is important, but equally so are the linkages that the individual possesses with the liberation struggle. There ‘… has been the emergence of a revived nationalism delivered in a particularly virulent form, with race as a key trope within the discourse, and a selective rendition of the liberation history deployed as an ideological policing agent in the public debate’ (Raftopoulos 2004, p.160). The emotive way that indigenization has been espoused as a political policy allowed the government to use land and race as a scapegoat for political mobilization when a virulent opposition emerged (Muzondidya 2007, p.333). Muzondidya asserts that the opposition MDC underestimated the power that race had in polarizing political opinion in Zimbabwe and that indigenization policies have in this way allowed ZANU PF to accumulate significant reserves of relative power (Muzondidya 2010, p.6). Indigenization policies have had varying degrees of success. Farmland reallocation has obviously been successful following the FTLRP, even allowing for patrimonial allocation problems. Indigenization policies and threats of indigenization have lowered investor confidence in Zimbabwe’s economy, with the result that many have chosen to invest elsewhere.

These various policies have resulted in the state accruing more political and economic power but at the cost of transparency and declining economic complexity. The sectoral realignment gave way to the emergence of newly powerful economic

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59 Muzondiya (2007) explores the experiences of Zimbabweans of other African nation origin who have been excluded from the reallocations on the land reform programme, which has resulted in marginalization of these people.
actors strongly associated with government elites. Economic decline and the relative power of non-state economic actors led to the development of the state as an economic sector in its own right that was strongly bolstered by the emerging might of the security sector. The economic complexity of Zimbabwe in this period nosedived where traditional economic sectors experienced crisis and all but combusted with the result that previously powerful actors experienced a decline in their relative power and access to the regime. The decline of state sanctioned economic interest groups resulted in a withered social sphere whereby the newly realigned economic actors with linkages to the regime forged for themselves a new space with which to engage politically. The new space rekindled political legacies from the colonial period and the state began to use increasingly authoritarian methods of governance to deal with political opposition. This is indicative of a contraction of the economic complexity of the nation as the decline in official engagement with the government led to more space for the state to do as it pleased, thus instilling more authoritarian measures as the government sought to stay in power.

iii. Formal sector employment
Declining complexity and persistent economic decline has had implications for types of employment pursued in Zimbabwe. Dependent upon the source examined, accounts for employment and unemployment vary drastically. Zimbabwe’s Central Statistics Office found that 87 percent of individuals were employed in 2004 and 81 percent in 2011 (CSO 2006, p.29; ZIMSTAT 2012a, p.xx).60 Conversely popular sources like the CIA World Fact Book, which is often used as a journalistic source, cite unemployment at 95 percent in 2009 (CIA 2014). Clearly there is a large disparity that simply lies with the fact that the CSO does not distinguish between formal and informal employment. The ILO found that in 2004 of the 87 percent employed, ‘… only 19.3 percent of all workers hold a formal job and 80.7 hold an informal job’ (Leubker 2008, p.39). Contrary to popular expectations, economic crises across developing countries tend to trigger very low unemployment rates as economic strain forces people out to work, but much of the work is informal, vulnerable, and underpaid (Streeten 1981, p.13; Leubker 2008, p.39).

60 CSO/ZIMSTAT use a strict definition and criteria of unemployment that ‘… refers to the population age 15 years and above which during the seven day reference period did not work and had no job or business to go back to but were available for work’ (CSO 2006, p.29).
In lieu of employment data, I examined increases in consumer food price indices because these would measure of the general state of the economy and income security. Figure 4.14 illustrates the huge inflationary increases between 1997-2008 that eroded the purchasing power of Zimbabweans. In 2004 the yearly percentage food price increase was 8,600 percent, and employment was at 87 percent. It is possible to imagine the economic atmosphere that forced practically all available people out to work. This impulse was compounded in 2008 when hyperinflation averaged 52,928,885,000 and almost destroyed Zimbabwe’s economy. Even when conducting field research in 2011, one interviewee still had major qualms about the economy. He noted that

‘There’s no money in the banks to lend to anybody. If I’m paid into my bank I’m going to withdraw it. So the bank can’t lend money for more than 2 weeks to somebody because there’s no trust in the banking sector because any minute they can be nationalised and we can return to the Zimbabwe dollar.’

This reflects Zimbabwe’s economic precariousness where the hyperinflationary reactionary economy meant that people had to act quickly to survive (Jones 2010a, pp338-339). Zimbabweans became scarred economically because they could not trust political or economic institutions to change the rules of the game. This has had profound consequences for Zimbabwe’s economic complexity where mistrust in economic institutions has triggered perceptions of economic illiquidity.

That such a vast informal economy has developed and become entrenched has implications for Zimbabwe’s democratic trajectory. Lack of formal employment has caused brain drain and a ‘decimation of the middle class.’ For Brian Raftopoulos, a white Zimbabwean academic and social commentator who has relocated to South Africa, this has had serious repercussions for the strength of the opposition. ‘Professionals, intelligentsia, those [who] were involved in organising with the

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61 It has been difficult to gather employment data that covers this period due to patchy data collection and the chaotic hyperinflationary period where the CSO/Zimstat stopped collecting data altogether.

62 Fifty-two billion nine hundred twenty-eight million eight hundred eighty-five thousand percent.

63 Interview with representative from the Commercial Farmers Union, March 2011.

64 Interview with Brian Raftopoulos, Solidarity Peace Trust, March 2011.
working class in the 1990s, many of those are removed out of the country. A 2003 study, found that skilled workers were more likely to express political grievances through emigration (Tevera and Crush 2003, p.25). This was illustrated by my conversation with Ellen Kandororo Dingani from the Zimbabwe Electoral Support Network (ZESN), who told me that she was pursuing a degree in corporate governance and ultimately intended to leave Zimbabwe and the civil society sector. Continued corrosion of the urban economy has serious implications for the MDC’s mainly urban constituency. Migration, unemployment, and economic woes have deteriorated support for the party and there now exists only a small professional class, most of whom are likely to have gotten their positions through patrimonialism. This means that only a small subset of those could potentially provide policy alternatives to ZANU PF exist. This has become particularly prevalent in the past few years in which the MDC has lost a large proportion of its support base, as evinced by their loss in the 2014 election. Informal employment’s prevalence has normalised simultaneously precarious, vulnerable, and corrupt practices as individuals seek to survive (Jones 2010b, p.286). This is mirrored in government institutions that have long been mired in corruption to manipulate the economy in favour of a few individuals (Jones 2010b, p.298). Normalization of corruption and vulnerability has been pervasive and has resulted in declined institutional faith, which, once lost is difficult to restore (Jones 2010b, p.299).

Corruption also became quite common amongst employers during this period. Whilst many strike actions did occur, although largely undocumented and coinciding with broader civic actions, it became harder for workers to strike against employers in the decline period. Timothy Kondo from LEDRIZ joked that trade unions had become weak because of employers and other potential workers. He noted that ‘strike action for wage increase might be sufficient threat to get you thrown out of your job because there are dozens others out there willing to get half of what you are striking against (laughs).’ Furthermore, like many Greenfield sites worldwide, trade unions are prohibited from forming. Trade unions have no access to the diamond fields because of employer policy. Therefore as the 2000s wore on, the working environment became cutthroat and both employers and potential employees

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65 Interview with Brian Raftopoulos, Solidarity Peace Trust, March 2011.
66 Interview with Ellen Kandororo Dingani, ZESN, March 2011.
67 Interview with Timothy Kondo, LEDRIZ, March 2011.
experienced a shift in values where they did not sympathise with unions, instead wished to undercut them to survive.

Finally economic informalization and declining complexity has implications for Zimbabwe’s unemployed youth. In 2012 Zimbabwe’s population under 20 years old constituted over 50 percent of the total, indicating that the country possesses an extremely young population that has no experience of the liberation struggle (Zimstat 2012b, p.3). To address this ZANU PF has linked the liberation struggle rhetoric with land, race and revolution to mobilize unemployed youth to its cause. By linking these factors, they reinstituted ZANU PF’s brand of nationalism to a youth that had not experienced the liberation struggle (Chitukutuku 2013, p.37). Many of the unemployed youth found themselves newly employed by war veterans vis-à-vis ZANU PF in the occupation of farms and the outskirts of towns during electoral periods where they have been cast as the major perpetrators of violence in the indigenization process (Lindvall 2003, p.9, Chitukutuku 2013, p.35). McDonald Lewanika from Crisis in Zimbabwe Coalition noted that ‘… the new speak at the moment is all about empowerment through indigenization … its a discourse that appeals to a lot of people … [and] is very difficult to fight.’ Similar to the economic reorientation of the hyperinflationary period, youth unemployment coupled with emotive nationalist policy that is difficult to evade or question has also led to the development of a moral ambiguity that the young unemployed have caught onto in order to survive.

This period of rapidly mutating complexity saw extreme economic decline and a reversion to mass informal employment. The labour market plays an important role in both economic and political development. Economically, a strong labour market can have a positive effect on income distribution and poverty alleviation. Politically, it can bolster support for government when economic policies are deemed to be supporting development. In Zimbabwe during the period of 1997-2014 a contracting and mutating economic environment bore witness to the contraction of the formal sector and a mutation of the labour market to mostly informal work and mass emigration of the middle classes. Economic reorientation was paralleled by a reorientation of economic mores as people sought any paid employment. According

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68 Interview with McDonald Lewanika, Crisis in Zimbabwe Coalition, March 2011.
to Matombo and Sachikonye ‘… one outcome of … economic contraction has been the spread of self-preserving individualism and introspection based on a “survival of the fittest” approach’ (Matombo and Sachikonye 2010, p.126). This was particularly evident through the examination of the young unemployed that have in large part been co-opted by ZANU PFs nationalistic rhetoric. This parallels with what I would expect from the complexity argument. With lower forms of complexity, a more authoritarian government is expected. The deployment of ZANU PF’s nationalistic rhetoric that strongly links land, race and revolution has been used to bolster strength in economically excluded young men. They have absorbed ZANU PF’s rhetoric and in doing so have contributed to the consolidation of authoritarianism in Zimbabwe.

iv. Level of unionization

A contracting and mutating economic sphere had a contradictory effect on the strength of trade unions in Zimbabwe. One would expect that with less formal sector employment, about ten percent in 2011 according to five of my Zimbabwean sources, that trade union organization and mobilization would be low because of low union membership. However unions experienced increasing organizational power juxtaposed with decreasing relative power in this environment. The ZCTU emphasised the forging of strong cross-associational linkages, none of which were worker-exclusive and contributed to the formation of a number of political organizations including the National Constitutional Assembly (NCA) and the Movement for Democratic Change (MDC). Cross-fertilization of membership meant that, from the late 1990s, it became difficult to distinguish the three organizations.

From 1997 labour militancy grew as economic problems were politicised and related to governance. The ZCTU had already published Beyond ESAP, and were mobilizing beyond their constituency. The NCA was the first new institution

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69 Actual data was impossible to come by. Interview with Lovemore Matombo, ZCTU, March 2011; Interview with Abisha Nyanguwo, MDC, March 2011; Interview with Timothy Kondo, LEDRIZ, March 2011; Interview with representative from CFU, March 2011; Interview with Brian Raftopoulos, Solidarity Peace Trust, March 2011.

70 Interviews with Timothy Kondo of LEDRIZ and Lovemore Matombo of the ZCTU suggested that the ZCTU was instrumental in forming institutions including Zimbabwe Lawyers fro Human Rights (ZimRights) and Crisis in Zimbabwe Coalition, however whilst interviews and conversations with individuals from both of these organizations acknowledged that the ZCTU had played a facilitative role, they did not acknowledge that they were instrumental in forming the respective institutions.
‘facilitated’ by the ZCTU in 1997-1998, and emerged from 40 civil society organizations, which had grown under conditions of conditional autonomy during the ESAP period (LeBas 2011, p129). ‘Trade union district committees were used to recruit branch members and plan meetings and rallies nationwide, and trade unionists reported that they often sold MDC membership cards from their desks or did other party-organizing activities while in the workplace’ (LeBas 2011, p.185). Zimbabwe’s trade unionists were acutely aware of the success trade unions had enjoyed in pushing for regime change in other countries including Malawi, Zambia and Poland, and these organizations found that through coalition and partnership they could maintain relatively strong organizations.. This was at least until violence and ennui triggered by declining complexity and sectoral mutations in the 2000s eradicated some organizations in later years. In February 2000, a referendum was held on the draft constitution, and the NCA/MDC were victorious in persuading the majority of voters to oppose the revisions – 54.7 per cent. This is because of the changing nature of complexity post-1997 where ‘the opposition found ways of channelling societal discontent into large, sustained campaigns of mobilization’ which protected it and latterly the MDC against organizational fragmentation and decline (LeBas 2011, p.144). Ever decreasing complexity however saw the government adopt violent and autocratic tendencies that were based on short-term dynamics and did not reflect any other purpose than to retain power throughout the years to come.

Trade union mobilization grew in the early 2000s but was greatly affected by legislation to sanitize what was perceived as the MDC’s core. Nyanguwo termed this legislative reform as ‘regime … sensitiv[ity] … having seen what happened in Zambia what happened in Malawi and remember earlier on in Europe it was in Poland … so they were concerned.’ The ZCTU’s membership monopoly was abolished in 1998 with state formation of the Zimbabwe Federation of Trade Unions (ZFTU) a government-led and funded alternative trade union centre (Matombo and Sachikonye 2010, p118). Legislation from the settler period was reinvigorated

71 Interview with Lovemore Matombo, ZCTU, March 2011.
72 Interview with Abisha Nyanguwo, MDC, March 2011.
73 Major reforms to the existing constitution included strengthened presidential powers to confiscate white-owned land without compensation (EISA 2000).
74 Interview with representative from the Commercial Farmers Union, March 2011; Interview with Lovemore Matombo, ZCTU, March 2011.
75 Interview with Abisha Nyanguwo, MDC, March 2011.
through the Public Order and Security Act (POSA), and new legislation, the Access to Information and Protection of Privacy Act (AIPPA), was enacted to control the MDC and its constituent organizations including the ZCTU.\textsuperscript{76} These acts were widely cited by interviewees as putting the country under a ‘de facto state of emergency’,\textsuperscript{77} that instead of decreasing oppositional activity, served to increase anti-government sentiment amongst the opposition.

‘It was now more difficult starting in 2000 … because the government then started to close and tighten that space. … These laws … epitomise the governance system starting in 2000 … and all those acts aimed to disempower the Zimbabwean society … but we still maintained our position and our posture to fight for democracy in this country, we became even more committed to this type of fight towards democratization.’\textsuperscript{78}

With the MDC’s rise from 2000, organised labour increasingly saw defections, particularly from the top tier of leadership because the ZCTU was not and continues not to be a political organization. This ensured a gulf in key positions within that labour movement where unions were considered to be ‘… weak for quite a while.’\textsuperscript{79}

The movement of unionists to politics sidelined labour issues with the result that most trade union literature disappeared with the MDC’s inception in 2000. The Chief of Staff for the MDC, a former trade union leader, explained trade union weakness by stating that ‘politics takes precedence.’\textsuperscript{80} He went on to explain that ‘the trade unions … work … in an environment [where] once the political environment becomes versatile, the trade unions role becomes diminished.’\textsuperscript{81}

After the constitutional referendum in 2000, Zimbabwe experienced a decade of turbulence that was demarcated by contracted economic complexity, the augmentation of authoritarianism and an entrapped opposition that could make few democratic gains. Although labour managed to build alliances with other nodes of civil society throughout the liberalization period of the 1990s and did manage to grow in organizational strength in the 2000s, the gradual contraction and eventual

\textsuperscript{76} POSA granted extensive powers to the police to restrict and stop any meeting that was considered a threat to public order for up to a month, and also to imprison people for up to five years. AIPPA restricted journalism and media activity, through legislation that required the publishing of falsities, perceived or otherwise, by any media outlet to be punished by imprisonment (LeBas 2011, pp.199-200, Saunders 2007, p.187).
\textsuperscript{77} Interview with Lovemore Matombo, ZCTU, March 2011.
\textsuperscript{78} Interview with Lovemore Matombo, ZCTU, March 2011.
\textsuperscript{79} Interview with Abisha Nyanguwo, MDC, March 2011. In fact Mr Nyanguwo was a former trade union leader who had defected to the MDC to become the chief of staff. This type of movement became common throughout the ZCTU with the result that many people were accused of jumping ship to increase their opportunities for wealth and leadership roles.
\textsuperscript{80} Interview with Abisha Nyanguwo, MDC, March 2011.
\textsuperscript{81} Interview with Abisha Nyanguwo, MDC, March 2011.
mutation of the economy in the 2000s served to erode the relative power of labour, the MDC, and their affiliate organizations so that even though they could electorally challenge the ZANU PF government, they could not overthrow them. The paradoxical arrangement of increasing organizational power and decreasing relative power has difficulties in explanation, but the historical legacies of union organization in Zimbabwe can offer some illumination. Labour’s weak sectoral position at independence that was incorporated into a disinterested state apparatus led to the development of conditional autonomy. This allowed labour to build cross-sectoral alliances that could challenge government. However, because the dominant sectors in the economy had never been dependent upon an organised, highly skilled workforce that were difficult to replace, unions never gained enough relative power to topple what became an increasingly consolidated and authoritarian government. With sectoral mutations and the development of an extremely dominant incumbent party that controlled the machinations of the state and the economy, labour could not garner enough power to topple the state.

The unrelenting use of violence and intimidation on the opposition had the effect of dampening support for the MDC. Various forms of labour were targeted because they were seen as the base of the MDC. LeBas (2011, p.198) reports that the ZCTU was a regular target of ZANU PF activists and militants that invaded factories and intimidated workers to disaffiliate from the ZCTU. Violence and intimidation, coupled with the economic decline during hyperinflation, corroded the strength and relative power of the ZCTU. For example, membership declined from 1.4 million in 1998 to 700,000 in 2007 and 350,000 in 2011 and the percentage of the population engaged in formal employment declined from 14 percent in 1980 to 6 percent in 2007, which has had obvious repercussions on the organizational strength of the ZCTU (Kanyenze et al. 2011, p.275, Pollack 2011, p.58). Interviews with trade unionists and politicians stated that trade union strength has diminished in the recent economic climate, because they lack a large membership and the organizational effectiveness they possessed in the late 1990s to mobilise other non-labour constituencies.82 In a recent report by the ZCTU, it was noted that the government focussed on ‘… reignning in growing worker militancy [rather] than dealing with

82 Interview with Lovemore Matombo, ZCTU, March 2011; interview with Abisha Nyanguwo, MDC, March 2011.
under-employment, unemployment and poverty’ during the 2000s with the effect that organized labour became weaker as it found itself under the government’s spotlight (Kanyenze et al. 2011, pp.271-272).

This period of mutated complexity has seen the level of unionization decline and unions are now considered weaker than ever. Union structures weakened by economic mutation, sectoral shifts and low employment have difficulties in accessing other venues of civil participation and unions now find that they are extremely limited in their power. Unfortunate timing with the economic descent of Zimbabwe and the development of a trade union based political party resulted in a decline in the ZCTUs relative power when defections to the political party occurred. Coupled with government identification of trade unions as the foundation of the MDC, and the regimes adoption of violent methods of coercion, the power of unions declined substantially. McDonald Lewanika noted that ‘the labour movement by its very nature is a social movement. It’s a mass based movement. So, if you then lose the masses then clearly it also impedes your ability to be able to taken seriously by other actors.’\textsuperscript{83} In this environment, trade unions now possess very little relative power and cannot influence the government’s agenda.

v. Level of foreign private investment

The period of 1997-2014 was characterised by periodic economic crises that shattered Zimbabwe’s economy and resulted in extremely low levels of investor confidence, causing capital flight. Although ESAP had wreaked havoc on local manufacturing and industrial production, it did result in marginally increased FDI, from US$38m in 1993 to US$135m in 1997. Whilst not huge increments in the grand scale of investment, it did indicate that investor confidence was slowly increasing following the policy changes of the ESAP period. Investor confidence declined massively in the late 1990s as Zimbabwe’s government espoused indigenization policies and began its slide to authoritarianism. Figure 4.15 illustrates the level of FDI inflows to Zimbabwe. It shows in economic terms the decline of investor confidence as Zimbabwe advocated the adoption of policies that were deleterious to non-black Zimbabwean capital. In particular, a sharp decline was recorded at the end of the 1990s as the government initiated the FTLRP that kick-

\textsuperscript{83} Interview with McDonald Lewanika, Crisis in Zimbabwe Coalition, March 2011.
started the indigenization reforms that came to epitomize Zimbabwe’s political economy and which sapped would-be investor confidence. FDI inflows grew from 2008 which likely indicates a redevelopment of confidence with MDC participation in government and capital inputs from Chinese subsidiaries of diamond extraction companies.

*Figure 4.15 FDI inflows US$ to Zimbabwe 1997-2012 (compiled from UNCTAD various years)*

The development of the FTLRP is extremely important in examining Zimbabwe’s political economy because its launch indicated ‘… that laws regarding property rights were no longer respected or defended’ (Richardson 2005, p.542). This precedent had vast implications for the health of Zimbabwe’s economy – that (white) Zimbabweans could not legally secure the value of their work through property ownership rights indicated that the government would not defend the property rights of other economic enterprises. According to Richardson (2005, p.548), with attenuating property rights, individuals’ perceptions alter drastically through a loss of trust in government enforcement and institutions, which has a knock-on effect on borrowing and risky entrepreneurial activity. Loss of investment results in a contraction of employment opportunities as businesses close. Figure 4.16 illustrates perceived risk increases on lending for investment in Zimbabwe until 2005, which was fuelled by the politically deleterious environment. Risk exploded following the farm invasions, peaking at over 150 percent in 2005. Although data is not available, one could presume that risk would have increased even more so during the hyperinflationary period of 2006-2008.
Indigenization was adopted as an official government policy from 2008 onwards when the Indigenization and Economic Empowerment Bill was signed into law. The policy forces all companies to cede at least 51 percent of shares to black Zimbabweans. This policy promises to trickle down benefits to the population from the involvement of black businesses in economic operations. However, widespread patronage and cronyism amongst well-connected individuals have consolidated the sectoral shift that moved the majority of the economy to the security sector. This factor is well-known and ‘[t]he spectre of indigenization and nationalization measures has shaken the confidence of private investors and slowed their investment’ (Burgess and Beilstein 2013, p.21). Tendai Biti, former Minister of Finance (MDC), termed Zimbabwean indigenization ‘predatory accumulation,’ in reference to the way in which elites have garnered wealth from the policies (AJJazeera 2013). However there is one region that has not been put off by the so-called spectre of indigenization – Asia, particularly China. In 2002 President Mugabe initiated his ‘look east’ policy in the wake of the fallout from the FTLRP with the imposition of targeted sanctions on the inner political elite circle by Western governments. The look east policy was intended to ‘… reassert Zimbabwe's role on the international stage to gain greater prestige and legitimacy at home and abroad’ (Youde 2007, p.4). Chinese companies have been exempted from the indigenization law, and FDI increases from 2008 onwards largely indicate Chinese investment, particularly in mining.
In this arena of declined complexity, the government has designed policies to increase its relative power. Indigenization policies increased government economic ownership, giving the state the economic prowess to augment domestic political power through selective patrimony. However, indigenization has provided the government with opportunities to increase its international relative economic and political power. By actively distancing Zimbabwe from traditional western powers and, instead, courting the emergent East, Zimbabwe has carved its own path and in the circles of SADC and the African Union, Mugabe is revered to an extent for his stance. Furthermore, by offering selective exemptions to economically powerful, yet politically disinterested allies, the Mugabe regime has retained and augmented its relative power.

vi. Relating to the hypotheses

In terms of economic complexity, economic decline and mutation that has placed the majority of the economy in the hands of a few state and security elites, has meant that Zimbabwe’s economy has maintained its low complex structure. This is despite attempts to recover the state of the economy. Its low complex status has made it easier to repress groups and augment authoritarian modes of governance, thus hindering the development of a transition. In terms of the first hypothesis that examined union longevity and strength, trade unions in Zimbabwe had long recognised their institutional weaknesses where the sectoral composition of the country at independence had developed weak foundations for the organization of a strong labour movement in the country. They attempted to counter this through actively seeking to engage with social actors outside of their constituency from the mid 1990s onwards. Interestingly, the building of alliances with other actors did not come about as a result of trade union longevity, as supposed in hypothesis one, but rather through the way that unions used their structures to develop linkages with other groups. This was because trade unions recognised that they were a weak incorporated actor that required linkages with other movements to become strong. Interviews strongly suggested that because transitional politics had occurred later in Zimbabwe than in other African countries, unions had learned lessons from countries that had experienced successful mobilization. Lesson learning in this instance

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84 When speaking to Abisha Nyanguo and McDonald Lewanika, both indicated that Mugabe serves as a patriarch of sorts in both of these institutions and commands a lot of respect due to the rhetoric that he espouses.
seemed to compensate for their lack of a long-term institutional history, but unions did not learn enough to develop and bring a transition to fruition. If we take South Africa and Zambia as a subset of countries that transitioned to democracy with the help of unions, in both cases unions lost a significant level of power in the post-transitional period. This feature may be part of a natural process of transition where a broader requirement for democracy is consigned above union needs. Nonetheless, the failure of unions to retain their strength and strong alliances amongst Zimbabwean’s associational life indicates a strong causal factor for Zimbabwe’s failure to enter a transitional period. Unfortunate timing with the economic descent of Zimbabwe and the development of a trade union based political party resulted in a decline in trade unions relative power as defections to the political party occurred. Coupled with government identification of trade unions as the foundational core of the MDC, and the regimes adoption of violent methods of coercion, the power of unions declined substantially where in 2011, union membership was estimated at approximately 350,000, a tiny proportion of the economically active population, most of whom work in the informal sector and are thus out of the reach of trade unions.

Hypothesis two allowed for the examination of the sectoral attributes of the economy and the ways in which it could herald the development of democratic transition or not. Examination of the case of Zimbabwe illustrated that where the state dominated economic activity, trade unions were far less successful in triggering a transition and developing democratic governance although they could quite successfully develop mobilization whether the dominant economic sector was state or privately owned. However the economic instability of this era ensured that these actors had limited access to economic funds and thus power. When economic complexity declined, contracted, and witnessed sectoral mutations from hyperinflation and the discovery of diamonds, trade unions faced further economic travails when the state and security elites co-opted the economically important sector. State strength grew through security sector domination of mineral resources and state capacity to repress grew with the result that trade unions became weaker and authoritarianism became entrenched. Formal sector employment also contracted in this period, and with it trade union membership. That unions had no access to the diamond-mining sector ensured that trade unions and their political cohorts became even more economically
weak and unable to maintain momentum for democratization. In these ways the sectoral characteristics of Zimbabwe’s economy have resulted in a perennially inhospitable environment for the development of trade union strength. Whilst they did manage to build alliances with social movement actors, economic weakness amongst trade unions in Zimbabwe have ensured that unions have never become strong enough to fully counter state strength. This has resulted in an augmentation of authoritarian tendencies amongst state and security elites who have no effective opponents to their strength.

Sectoral restructuring had severe consequences for the composition of power amongst economic actors that saw authoritarian augmentation, as expected from the lower levels of complexity. Although associational life did not become any more state dependent, the manner in which the economy mutated meant that the government had much more of an interest in controlling and disassembling any oppositional that could oppose it. Economic mutation where the economic means of production only existed within the government/security framework meant that trade unions and their allies had no access to economic elites that could offer support for regime change. Trade unions therefore experienced a truncated period where they could positively affect the chances of democratization because they had no economic muscle for support, only momentum from groups that were increasingly repressed.

Increased state repression coupled with a mutated economic sphere that placed all economic power in the hands of a few select individuals ensured that social groups could not maintain momentum to push regime change forward. Instead an opposition party fuelled by trade union activists experienced declining support as the 2000s moved forward. A power sharing government was initiated in 2008’s violence ridden elections that were widely believed to be corrupt in the final count. In any case unions were never able to mobilize the kind of pressure to persuade Mugabe to accept outright political defeat. Instead of increasing relative power, the five-year tenure of power sharing proved to be debilitating for the union based party, the MDC, even though their finance minister Tendai Biti presided over a period of some economic recovery and stabilization. Although the economy recovered to an extent, ZANU PF’s indigenization policies that forces foreign owned firms to cede 51 percent of shares to black Zimbabweans is once again contributing to economic decline, as companies choose to relocate their operations to more stable and lucrative
economies. Furthermore diamond mining and reclaimed farmland remain in the control of the securocracy, which has maintained the low complex environment, explaining the maintenance of authoritarianism and decline of social mobilization.
Chapter Five - South Africa and economic complexity: a constrained environment

5.1 Introduction - apartheid and economic complexity

Historically, South Africa’s development has been entwined with the control and extraction of minerals. Prior to the establishment of a unitary state apparatus, South Africa possessed a strong, well-developed, and entrenched business class that owned the majority of the country’s industrial means of production and in whose vested interest it was to keep the economic status quo. This meant that from early on the newly established state navigated asymmetric relations of power with an entrenched business class. In particular, the relationship between the gold mining houses and the state was ‘...important enough to necessitate a permanent institutional framework that would survive changes of regimes and the crumbling of friendships’ (Yudelman 1983, pp.69-70). This framework developed into apartheid. A ‘symbiotic relationship’ developed between the state and business interests between 1922 and 1928. The state required mining revenues; mining houses needed the state’s enforcement of a contract labour system and the state’s help in recruiting and transporting migrant labour. Although the economic interests that brought the National Party (NP) and the institution of apartheid to power in 1948 did not include the big mining houses, the establishment of labour control mechanisms for mining houses meant that state and business coexisted with shared and conflicting interests in the nature of production and legitimation (Yudelman 1983, p.263).

Apartheid’s development meant that for most of the twentieth century South Africa was captive to a peculiar socio-economic and political system. Apartheid’s overarching goal was ‘segregation and separate development of the different racial groups’ (Johnstone 1970, p.125). Separation was carried out socially, politically, and economically to ensure that white interests were at the core of South Africa’s development. Apartheid required and developed a strong state apparatus that could bureaucratically organize social, political, and economic mechanisms to the advantage of the white community. Although constrained in relative-autonomy and

85 The mining houses were largely controlled by English-speaking business interests. The Afrikaans-speaking community was by and large responsible for the NP’s electoral success in 1948.
capacity, the apartheid state enjoyed support from the white community during the post-war economic boom years of the 1950s and 1960s. The main arena of the apartheid government's autonomy was in the political sphere where it displayed significant capacity to implement the policies that pleased both it and its constituents. The state experienced limitations in its relative-capacity when economic decline occurred from the mid-1970s and the contradictions of the apartheid economy surfaced. The 1970s saw the effects of the global recession, a revival of militant working class action, and increased cognisance to the contradictions of the apartheid accumulation strategy. From this point onwards the government experienced declining levels of autonomy and relative capacity because they could no longer sufficiently insulate themselves from societal pressures with the result that labour reforms were adopted. The consequence was seen in the adoption of increasingly reformist economic and political strategies (albeit interspersed with repression) from the late 1970s onwards.

Apartheid economic structures constrained the level of complexity that the South African economy could reach after 1970. This constrained environment facilitated the development of a racially-inclusive militant working class movement which constituted a major challenge for the apartheid regime. Capital-intensive economic activity, growing unemployment, and the country’s international pariah status all limited the extent to which the economy could grow. This restricted economic sphere resulted in the construction of unusual relationships notably between organized labour and big business, where usually-divergent groups pushed for the same political-economic changes, for example the 1979 industrial relations reform. The confluence of these alliances in opposition to the regime resulted in a transition to electoral democracy in 1994. Since then, the complexity of the economy has increased markedly with economic growth, an influx of foreign capital, sectoral diversification, and the development of a knowledge-economy. However, even with increased complexity the quality of democracy has not necessarily improved. Like many post-transitional countries, South Africa has experienced a social-sectoral boom where the associational sphere has become crowded. The African National Congress (ANC) ostensibly supports a strong and independent civil society, but

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86 See section 5.2.1 for an overview of the rapid economic growth in this period that triggered rapidly changing economic complexity until 1970.
ANC leaders have often branded civil society critics as ‘sectional’ interests that do not represent all of society (Beresford 2012, p.864). Furthermore, the ANC under president Zuma has developed neo-patrimonial characteristics including the politics of clientelism where ANC support is often associated with personal rewards (Lodge 2014, p.16). Coupled with many of the criticisms that abound with the movement of liberation-movements into party politics, censures have emerged that the ANC is riddled with corruption and tainting politics with liberation rhetoric to retain power (The Economist 2014a). The ANC recently won the 2014 general elections comfortably, but not with the landslides that they have been accustomed to over the past 20 years. South Africa has not experienced a two-turnover test, nor does it seem likely to do so for some time (Huntington 1991). This indicates that although in some respects South Africa has been successful in implementing political reforms to develop the complexity of the economy, increased complexity over the past twenty years has not meant that democracy has been ingrained.

5.2 Macro-economic indicators

For the purposes of analysis the recent history of South Africa has been split into three distinct junctures, 1948-1973—the pre-mobilization phase, 1973 to 1994—the mobilization and transition period, and 1994 onwards—the post-transition and consolidation phase. This chapter examines macro-economic indicators for each period that indicate economic complexity for each period.

5.2.1 1948-1973 — Self-imposed constraints

The pre-1973 phase was characterized by the development and augmentation of racist economic and social policies that saw the imposition of apartheid in 1948. Apartheid policies were expanded upon in the following years with the result that the country developed a distinct political economic sphere that strongly impacted upon the way society developed, with separate worlds of white and non-whites. Economically, the state advocated policies that advanced the interests of the white, particularly Afrikaner, population. This resulted in economic growth but also the development of an economic environment that became increasingly characterized by

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87 For Huntington (1991) a nascent democracy is considered consolidated only after it has experienced two peaceful electoral alternations after the foundation democratic election. While passing the two-turnover test does not imply that a democracy has become fully developed, the test itself remains widely used in indicating whether a new democracy has matured.
constraints and inefficient economies of scale. Racial segregation created power differentials among economic and political actors. These power differentials impacted on the relative power they possessed, the strength of their voice and ultimately their impact on processes of democratization in South Africa. It has also impacted strongly on the development of institutions in the country that frame political and economic decisions.

**i. Sectoral spread**

Prior to the imposition of apartheid in 1948, the economy was dominated by primary economic activities, especially mining and agriculture. Mining magnates used the positive business conditions to diversify and in 1928 the manufacturing sector took off to establish itself as the dominant sector by the 1940s. Manufacturing’s development indicates that the economy was becoming more complex as the growing home market demanded more consumer goods, and occupations diversified from agricultural employment. The government pursued import substitution industrialization (ISI) manufacturing policies and administered protective tariffs from 1925 onwards to stimulate economic growth (Lumby 1983, p.220). WW2 provided a key growth opportunity and this trend continued in the post-war boom as ‘the expansive influence of the international economy … carried the secondary sector further along the path of industrial diversification’ (Lumby 1983, p.220).

*Figure 5.1 Percentage sectoral share of GDP year on year growth rates, 1948-1973 (South Africa Reserve Bank, various years)*

![Graph showing percentage sectoral share of GDP growth rates](image)

Figure 5.1 illustrates manufacturing’s development up to the 1970s. By the 1960s South Africa was semi-industrialized and had developed a sophisticated manufacturing sector that produced heavy industrial goods including aircraft, munitions and telecommunications. However underlying manufacturing’s
development were fault-lines, concerned with the import of material inputs for consumer goods. For example, in 1964 the soap industry imported 81 percent, plastics imported 70 percent, clothing imported 60 percent of its raw materials, and in general, the manufacturing sector imported virtually all of its capital equipment (Lumby 1983, p.227). This meant that the manufacturing sector became extremely dependent upon the primary extraction sector to provide foreign exchange revenues from which it could use to purchase industrial inputs (Lumby 1983, p.227). This constituted a significant obstacle to economic development in later years.

ISI manufacturing was dominated by home market production, with little export of processed goods. Monopoly capitalism\(^{88}\) developed as the economy became dominated by a few conglomerated businesses that expanded through vertical and horizontal consolidation, rather than the creation of subsidiary industries. Corporate conglomeration is a significant structural condition that impacted upon the power of big business not only economically, but also politically throughout the 20\(^{th}\) and 21\(^{st}\) centuries. The implication of domination in a few economic activities was that both the strengths and weaknesses of the economy lay in a few core sectors that could be vulnerable to both internal and external influences\(^{89}\) (Fine and Rustomjee 1996, p.91, Marais 2011, p.19). The size and reach of monopoly capitalists became equal to the state, which impacted on state autonomy and capacity. Sectoral composition at this stage indicates a medium level of complexity because of strong state-business linkages and the development of a sophisticated manufacturing sector, but with a static sectoral base that had difficulties in developing new industries, and instead amalgamated existing ones. Based upon the framework laid out in chapter three, elements of democracy and authoritarianism are expected in a median level of complexity. This is certainly true in the case of apartheid – democracy was available to the white population, but authoritarian forms of rule were prescribed for the non-white population.

\(^{88}\) Monopoly capitalism occurs when a ‘… concentration of ever larger areas of production under increasingly centralized forms of control’ is observed in business (Innes 1984, p.112).

\(^{89}\) External developments like international mineral price fluctuations, and internal developments like labour unrest, placed the economy in a precarious position because of the dominance of mineral extraction over other economic sectors.
ii. State intervention and investment

Figure 5.2 shows state economic intervention from 1949-1973. At its lowest in 1951, public sector gross FCF\textsuperscript{90} comprised of 25 percent of total FCF. It increased to 70 percent in 1965. The 1950s and 1960s saw much of the economy deliberately directed by the state in favour of domestic manufacturers and for international firms to manufacture in South Africa. To aid industrialization, the state intervened in three ways apartheid, parastatal development, and policies to support the manufacturing sector. Apartheid limited social mobility and job opportunities available to non-whites. The growth in public FCF in the 1950s and 1960s illustrates the evolution of parastatal industries including ISCOM (Iron and Steel Corporation) and ESCOM (Electricity Supply Commission) to support the heavy industrialization in the country. SASOL (South Africa Synthetic Oil Limited), that manufactured oil from coal, was established in 1950, and ARMSCOR (Armaments Corporation of South Africa) was established in 1968 to manufacture munitions.\textsuperscript{91} Parastatal development shows the government thought it imperative to support industrialization to promote economic growth. The state also intervened through the provision of policies to support the manufacturing sector, both public and private, throughout the 1950s-60s. These included import control, financial support from the industrial development corporation, tax reductions, and the expansion of parastatal enterprises (Lumby 1983, p.226).

\textit{Figure 5.2 Total gross fixed capital formation 1949-1973 (South African Reserve Bank, various years)}

\textsuperscript{90} Public sector fixed capital formation includes general government spending through public sector bodies and through public corporations.

\textsuperscript{91} The impetus behind the development of ARMSCOR and SASOL was South Africa’s strategic vulnerability, which led it to establish production of previously imported goods that were threatened by sanctions after 1960.
Although many sectors were state supported during this period, the state did not possess the economic strength to direct these companies. As a result, the post-independence nationalization frenzy that occurred throughout much of Africa in the 1960s did not occur in South Africa because ‘[i]t was not considered economically feasible to nationalize existing enterprises; business was too powerful, and ... the South African government did not have the necessary capital to fund its existing state-owned enterprises, let alone to acquire more’ (Handley 2008, p.39). This reflects state acknowledgement that it possessed less economic power and relative capacity than private business enterprises in the country. In ARMSCOR the majority of armament manufacturing was contracted out amongst South Africa's private sector ensuring that close ties were entrenched between the private sector and government92 (Frankel 1984, p87). There was thus little separation between the structures of inequality and the structures of political power, which further indicates a medium level of complexity. What is important to note is that the medium level of complexity increased as capital intensity took hold in the early 1970s. So although still on a medium level, slow increases would have repercussions in the following years, particularly in relation to labour strength.

iii. Formal sector employment

Until the 1970s all of the major economic sectors were labour intensive and required large amounts of state intervention through policy prescriptions to maintain the economy. Traditionally much mining labour came from outside South Africa. From 1970 onwards, the proportion of mining labour that was recruited within South Africa increased – as the industry’s labour requirements contracted with mechanization. Figure 5.3 shows the growth of employment in manufacturing in relation to that of mining and agriculture. Overall, formal sector employment grew substantially in manufacturing, mining grew, but at less than half the rate of manufacturing, and agriculture stagnated, experiencing neither growth nor decline. There was clearly a sectoral shift to manufacturing that peaked in the late 1960s, resulting in the development of more skilled employment opportunities. For

92 Frankel notes that during the 1980s recession, military contracts were an integral part of the economic survival of many industries. He argues that ARMSCOR ‘...is at the node of communication between the military, private enterprise and government regarding the conception, planning and implementation of armaments’ (1984, p.83).
example the annual average percentage employment growth rate in the 1950s was 2.07 percent, in the 1960s it was 2.86 (Fallon and Pereira de Silva 1994, p.38).

**Figure 5.3 Employment growth as percentage of the annual growth rate 1948-1973 (Feinstein 2005, p.201)**

<table>
<thead>
<tr>
<th>Employment</th>
<th>1948-1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>1.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Manufacturing employment witnessed a growth of labour-repressive mechanisms that sought to control the increasing black urban population.93 The state altered existing labour-repressive mechanisms including pass laws and job reservation to become more systematically enforced through the apartheid bureaucracy including the Masters and Servants Act, the Native Labour (Settlement of Disputes) Act 1953, and the Native Labour Regulation Act 1911, all which sought to control black labour. Whilst policies were positive for the white population, they blocked the number of skilled workers available to all industries. This did not present problems in the early years of industrialization but became problematic as businesses sought expansion, but were constrained by the labour-repressive policies that blocked black workers from skilled and semi-skilled jobs (Handley 2008, pp.48-52). What this means for the complexity argument is that institutionalization of poor economic policies became entrenched and stunted the growth potential of the economy, thus skewing relative power amongst economic actors in favour of the white community which constrained the development of economic complexity. What was once a positive economic mode (in terms of growth) would in the 1970s begin to show its limitations.

In the early 1970s a shift to capital-intensive manufacturing occurred, and from 1971-1975 the annual average employment growth rate declined to 2.41 percent, as employers sought more skilled workers (Fallon and Pereira 1994, p.32). This has implications for complexity because increased skill levels with concomitant wage increases in a situation of declining overall employment resulted in the development of class differentiation amongst black workers and created a strong psychological

93 In 1904 there were 350,000 urban blacks, 1,690,000 in 1946, and over five million in 1970, double that of the white population in total (Feinstein 2005,p.152, p.156).
awareness to apartheid injustices (Lodge 1983, p.326). So, as more skilled work appeared, conditions conducive to black labour mobilization also emerged. These combined factors triggered labour unrest in the early 1970s illustrating that there is a relationship between increasing complexity through the increased requirement for a more skilled workforce and the development of political activity.

iv. Level of unionization

South Africa has a long history of unionization, harking back to the gold rush of the 1880s that attracted European capital and skilled technical workers. European workers were quick to organize in the mines, however the poor working conditions that required cheap unskilled migrant labour, coupled with racism and no history of organization, meant that black workers were very slow to organize. The symbiotic relationship between the state and capital surfaced on a number of occasions in the early twentieth century when the repressive arm of the state was used to control labour unrest. Apartheid prohibited the formation of standalone black unions; black workers could only organize parallel unions that were supported by a white bureaucracy. Thus union density has been extremely low throughout most of the 20th century. Figure 5.4 starkly represents the growth in striking workers from 1960 to 1973. Worker mobilization was extremely low until late 1972 when cross-sectoral black worker mobilization emerged.

94 Butler (2007, pp.146-8) provides a compelling account of the types of conditions that black mine workers were party to. In particular, he highlights the terrifying and dangerous nature of mine work where there was little recompense in the event of workplace accidents; and the manner of incarceration in the mining compounds that continued the apartheid logic of separation, racial abuse and violence, that left workers prone to the development of infectious diseases, and where workers were vulnerable to the threat of arbitrary dismissal. Many of these factors, barring mine compound incarceration, were replicated in other sectors.

95 Of particular note are the 1914 white mine-workers strike, the 1922 white workers general strike (the Rand Revolt) and the 1946 African Mineworkers strike, all of which saw state repression used to quell union activity (Wolpe 1972, p.430).

96 There was an earlier wave of Communist led black trade union activity from 1927 that was vigorously suppressed by 1932.

97 Up to the 1980s, only whites belonged to mining unions. Black unionisation through the 1950s and 1960s did not exceed around 50,000 workers (if one is to believe union claims about membership). It started rising in the 1970s. In agriculture even today unionisation is still low.
Manufacturing’s growth after WW2 saw the development of a large non-white urban workforce that was not employed under migrant labour conditions. Between 1948 and 1972 the total number of employed workers in private manufacturing increased almost threefold from 439,000 to 1,166,000 workers and the dominant type of employee became a semi-skilled worker or machine operator, that was usually black (Feinstein 2005, p.185, table 8.4, p.190). Manufacturing workers, whilst still prisoner to apartheid’s petty laws, found themselves in more favourable working conditions than their mining cohorts. The manufacturing sector required ‘… trained, adaptable, motivated workers who were able to exploit technical progress and achieve higher productivity’ (Feinstein 2005, p.129), but black workers were still paid much less than whites. Between 1948 and 1973 white workers’ wages increased by 416 percent, black workers averaged a 36 percent increase (Greenberg 1980, p.189). By the early 1970s these factors were taking their toll both on black workers and business competitiveness, indicating that the economy was becoming constrained in the level of complexity it could reach because apartheid legislation blocked economic growth.

External developments including the oil crisis of the early 1970s and a sharp contraction in the international gold price heralded the beginning of economic crisis in South Africa. Gold price movements were particularly damaging for the manufacturing sector that was dependent upon foreign exchange revenues to provide capital inputs. Inflation rose dramatically in the early 1970s, increasing the overall cost of living, and for underpaid blacks this inflation was devastating. In response a militant black labour movement emerged and ‘… broke a decades-long pattern of enforced labour calm’ (Wood 2000, p.132). Labour unrest emerged in textiles, but
grew to encompass other areas of manufacturing. Figure 5.5 illustrates the explosion of labour unrest in 1973. Striking workers as a proportion of non-agricultural employment in South Africa increased strike actions ten-fold from 0.2 percent in 1960 to 2.3 percent in 1973. This starkly shows that levels of unionization began to grow in the period marking the growth in economic activity prior to 1973. The upsurge in union activity was most likely triggered by the sectoral change to manufacturing that required more skilled labour but was also paralleled by a growing wage gap between white and black workers (Fallon and Pereira DeSilva 1994, p.6, Lewis 1997, p.202). This changed complexity resulted in the growth of organized labour which altered the relative power of business and the state.

v. Level of foreign private investment

Increased capital intensity in the 1960s quickly saw the manufacturing sector operating below capacity when economic problems developed in the 1970s, and manufacturers found that they needed to expand their export base to remain competitive (Lodge 1983, p.326; Feinstein 2005, p.183). Expansion was foiled by two factors: political hostility to the apartheid regime halted export to other African nations, and for South Africa to compete internationally manufactured goods had to be cheaper than those produced by worldwide companies. Competitiveness would mean increasing labour productivity and/or wages cuts, either would generate unrest amongst white workers, contributing to volatility in production. Apartheid legislation restricted the jobs that blacks could access, constraining business competitiveness that had difficulties filling productive capacity with only white workers. Furthermore, gold price fluctuations and the oil crisis contributed to recessionary tendencies in the economy from 1970. These features caused ‘spasmodic contractions in the labour market’ and inflation increased markedly, making South Africa’s economic environment inhospitable to foreign investors (Friedman 2011, p.21). FDI flows declined and thus became increasingly constrained by the nature of the apartheid economy. This impacted on the level of complexity that the economy could reach through blocking access to workers, hindering increased labour productivity, and ultimately obstructing market diversification. This confirms that economic complexity was becoming constrained due to the limitations imposed by apartheid.
Because of ISI, the imposition of tariffs and tax incentives, many international firms found it worthwhile to establish local manufacturing plants to avoid costs and maintain their position in the local market (Feinstein 2005, p.180). Figure 5.5 illustrates the growth of long-term private capital inflows (CI) to South Africa. Long-term capital investment is a good measure of foreign investor confidence because investment can move to alternative sites if confidence is lost. South Africa in the 1960s was considered a relatively good bet in terms of investment return due to the combination of cheap labour, good infrastructure, and effective political coercion. Despite high levels of long-term private CI, South Africa did not export many manufactured goods. Exports were mostly raw minerals, making the country a net importer of capital, which in the early 1970s triggered a balance of payments crisis (O'Meara 1996, p.173). What high levels of foreign private investment mean for economic complexity is that they contributed to the growth of the economy during the 1960s economic boom, which in turn contributed to a changing sectoral composition and the growth of an organized working class, all interlinked factors that altered the relative power of economic actors. Coupled with constrained complexity, conflicting economic trends were developing greater FDI, but constrained economic complexity from apartheid.

Figure 5.5 Long-term private capital inflows to South Africa 1956-1973 (South African Reserve Bank Quarterly Bulletin, various issues)

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98 A significant drop is seen in 1963 which is probably an indication of investment outflows following the Sharpeville massacre, however, CIs recovered quickly as a result of government policies that discouraged the removal of foreign investment.
vi. Relating to the hypotheses

This section relates the previous text to the hypotheses. 1948 to 1973 saw economic change because of the growth and expansion of the manufacturing sector. Manufacturing’s development as the dominant sector led to changes, meaning economic complexity matured as the period progressed. However, limitations of the apartheid economy began to emerge and adversely affect the level of complexity that the economy could reach. This factor had repercussions in later years. In terms of the hypotheses forwarded, in the pre-1973 period there was a significant history of trade union organization in South Africa, but most of it was confined to white workers. Black workers did organize from the early 1940s but came under the remit of parallel white unions and did not obtain better working conditions unless their parallel union negotiated it for them. Even though black unions lacked power in relation to their white counterparts, the historical legacies of long-term union organization would later contribute to a growth in black labour power.

South Africa’s sectoral emphasis shifted from mining to manufacturing during this period. Manufacturing’s strength was based on foreign exchange supply from the mining sector, meaning that these sectors were inherently linked and could fall foul of fluctuations in the other. The nature of mining that employed mostly migrant labour from neighbouring countries ensured that unionization was a closed shop during this period. The manufacturing sector on the other hand increasingly required a skilled labour force that the white community numerically could not supply. Black workers increasingly filled this void after 1960 when they began appearing on factory assembly lines and began to command higher wages due to higher skill-levels. Although only organized in parallel unions, the number of workers in this sector, that became increasingly dependent on foreign capital, contributed to the development of a critical mass of workers to negotiate for change.

The power of the state over the economy was determined by apartheid. Although the state formulated the policy framework, it did not have an overarching control of the economy and mostly directed through apartheid differentiation policies. So although the economy was not state controlled, it was state directed. There was a parallel to this factor in social life; unlike countries that had developed state corporatization of the economy there was not a parallel organization of the social sphere and associational life was not state directed in South Africa. The state supported private
South African enterprise through promoting ISI and through the imposition of tariffs to dissuade imports. It also developed a number of parastatal industries, but lacked funds to micro-manage them. The ‘symbiotic’ relationship of state and business resulted in the state tending to take a repressive approach to industrial action, on a number of occasions administering military intervention to gain labour quiescence. Private sector economic dominance and apartheid differentiation based on race meant that the state was not overly concerned with the development of associational life amongst blacks so long as they remained separate from the white community.

In terms of economic complexity, whilst this period certainly saw increases in complexity with the movement of sectoral dominance from mining to manufacturing, manufacturing’s dependence on mining for foreign exchange revenues severely hindered the economic backbone and contributed to the development of a balance of payments crisis. At the end of this period, cracks in the façade of apartheid were beginning to show due to employment and consumer base limitations. This arena of increasing complexity that was beginning to show weaknesses would later contribute to stagnating complexity and the growth of an opposition.

5.2.2 1973-1994 – Increasing complexity, but sectoral stagnation

1973-1994 saw economic and political upheaval in South Africa. The 1970s ushered economic uncertainty and decline that adversely impacted the development of state, economy and society. Contributing internal factors involved apartheid economic limitations that constrained economic growth. External developments included severe fluctuations in the price of gold, the international oil crisis, and South Africa's growing pariah status. The white population retained apartheid privileges, but recognition of the constraints and inefficiencies generated by apartheid emerged resulting in a retraction of some detrimental labour policies in the 1980s. The state continued to undermine the non-white population, but increasingly adopted a reformist approach tinged with aspects of repression, with the final result that this

99 Although generally fluctuations in the price of gold worked in South Africa's favour because it brought with it higher growth rates. But gold price fluctuations did not impact on the underlying problems of the apartheid structure and resulted in increased inflation, skilled labour shortages, and balance of payments deficits (Saul and Gelb 1981, p.23).
period ended with the withdrawal of apartheid and the staging of the country’s first inclusive democratic elections in 1994.

In the 1980s changes in the structure of social forces witnessed a decline of state autonomy and capacity to rule. Unions developed cross-societal linkages with civil society and traversed their traditional conflictual relationship with business to appropriate relative power. Recognizing that change was afoot the government developed the total strategy reform period between 1979-1984 that sought to modernize, but not eradicate, apartheid. Labour incorporation resulted in further increases in economic complexity as labour utilized its new power to push for reforms to the apartheid labour regime. As political and economic instability grew in the 1980s, socio-economic groups, of which organized labour constituted a major part, rocked the foundations of apartheid through mass mobilization, protest, and township ungovernability. These factors contributed to a simultaneous environment of increased economic complexity with economic stagnation. Relative power altered and the state was unable to retain apartheid policies and prevent a transition from occurring, yet at the same time possessed enough power to prevent being overturned. Thus a negotiated settlement amongst similarly powerful groups emerged and resulted in a transition in 1994.

i. Sectoral spread

1973-1994 saw retention of the previous period’s sectoral composition. Manufacturing continued to dominate and maintained a stable position of over 20 percent of GDP as illustrated in figure 5.6. This was due to the continuation of ISI policies and import tariffs by the government. Agriculture’s share of GDP declined by almost half, and mining fluctuated considerably due to unsteady commodity prices in the international price of gold. Even though mining’s share of GDP fluctuated during this period, it retained its importance to the economy because it provided the majority of foreign exchange revenue for the manufacturing industry that was largely controlled by conglomerated capital.

The apartheid accumulation strategy faltered in this period. Limitations on the local market because of very low wages, skills shortages and dependence on foreign labour markets, and the high costs of coerced labour illustrated the contradictions of racial domination of economic growth and consumption, signalling a turning point
that required the ‘emergence of a new growth model’ (Gelb 1991, p.2). This model sought to modernize apartheid and stimulate economic growth. These goals were incompatible because the state continued to base growth on cheap, unskilled and controllable black labour that had limited use in the modern economy. Instead, to expand and fully utilize industrial capacity, businesses pushed the colour bar\textsuperscript{100} with the result that a skilled black consumer base emerged, creating further incentives to increase capacity utilization (Gelb 1991, p.18).

Figure 5.6 Percentage sectoral share of GDP year on year growth rates, 1973-1994 (South African Reserve Bank, various years)

The economy continued to have a high/high sectoral composition that was intensified by a concentration of oligopolistic capital that generally merged and acquired pre-existing businesses rather than creating new ones (Fine and Rustomjee 1996, pp.117-118).\textsuperscript{101} Afrikaner finance capitalism emerged in this period with significant investments in industry and mining that helped during the 1970s and 1980s to alter the ethnic fractures in local big business ownership and aid cohesion. Interlinkages deepened between different sectors including mining, energy production and finance, cementing the high/high sectoral composition of the economy, and increasing the relative power of organized business interests in relation to the state. The cross-sectoral consolidated character of organized business

\textsuperscript{100} Pushing the colour bar involved businesses employing black workers in jobs that were reserved for whites. Employers argued that there were not enough white workers to fill jobs and employed black workers (for lower wages) in these positions.

\textsuperscript{101} Fine and Rustomjee (1996) have argued that the economy of South Africa is based on a minerals-energy complex. Whilst parts of their argument certainly rings true, much of the argument is vague in form, is difficult to engage with, and promotes South African exceptionalism. For these reasons, I cite the parts of their argument that is pertinent to the thesis, but do not subscribe to the MEC as a full theory.
whose size, density and internal cohesion gave it a relatively consolidated voice with which to access the state and influence preferential policies afforded it high amounts of power in relation to the state (Taylor 2007, p.155). The majority of conglomerations occurred in a casino-like frenzy following devaluation of the currency in 1982 when many foreign owned companies disinvested from the South African market (Gelb 1991, pp.27-28). This had implications for the sectoral spread of South Africa’s economy because to finance capital outflow, conglomerated capital had slowly liquidated its capital stock which overall led to lower productivity levels and retrenchments in mining and manufacturing. The benefits of apartheid legislation then began to decline for business and the state as legislation became untenable for economic growth and productivity. When thinking about this, a juxtaposition can be identified; increasing complexity with economic decline. Deep intersectoral linkages, increased capital intensity, and more skilled job opportunities, combined with economic decline, decreasing employment and thus labour unrest coalesced to skew relative power away from the state. The power of intersectoral concentrated capital, and a newly invigorated labour movement impacted on the relative power of the state during this period that saw a decrease in their capacity to implement autonomous political decisions, resulting in the transition to democratic elections in 1994.

In terms of complexity, the economy in this period sought to become more complex through the development of backward and forward sectoral linkages through consolidated capital. Apartheid policies continued to constrain the level of complexity that the sectoral composition of the economy could actually reach. This resulted in sectoral interlinkages deepening as conglomerates acquired more and more capital stock. In this way, the sectoral composition of the economy, as dictated by the structural constraints of apartheid, served to emasculate itself. This is because the policies that the state had designed resulted in declining state capacity and autonomy as the sectoral strength of consolidated business allowed them to build relative power to challenge the state.

ii. State intervention and investment

From the early 1970s there was a move to capital intensity in parastatals that mirrored the rest of the economy. Figure 5.7 reflects growing capital intensity and
shows that publicly funded FCF was extremely high at over 50 percent of the total until 1979. In the 1980s public FCF declined, troughing in 1994 at 27 percent following the privatization of some public corporations after 1987 (Prinsloo and Smith 1996, p34). Even with privatization, that the lowest percent of public FCF was at 27 percent is significant. It illustrates high levels of public sector investment, particularly given that since the 1980s throughout much of the world, privatization of publicly owned industrial assets had become common (World Bank 1981, p.128). The fall in public FCF from 1987 reflects the economic recession the country was experiencing at the time. Heavy state economic investment shows the state’s deep involvement in supporting the economy that succeeded to an extent, for example by the 1990s state-led ISI and strategic industrial investment had allowed South Africa to expand its export portfolio from mainly raw minerals to include weapons, chemicals, textiles, clothing, and mining equipment. Interlinkages were maintained between business and state economic actors, but state backtracking on investment in parastatals illustrates increasing complexity. This had implications for relative power amongst economic actors that could fill the void created by the state exit of public corporations.

*Figure 5.7 Percent public/private fixed capital formation 1973-1994 (South Africa Reserve Bank, various years)*

In the late 1970s government policy favoured mining over manufacturing as the export sector of choice (Gelb 1991, p.27). The provision of tariffs and tax breaks allowed the mineral sector to become the backbone of the economy. Although important nationally, the ISI nature of manufacturing coupled with ideological aversion to the apartheid regime throughout the rest of Africa meant that the
manufacturing sector had little room for manoeuvre and lay dependent upon foreign exchange from mineral revenues. Unstable mineral prices contributed to a balance of payments crisis and in 1982 the government attempted economic liberalization and a standby loan of UD$1.1 billion was signed with the IMF. This resulted in austerity policies that included deflationary measures and tightened monetary policies which included increased interest rates to encourage savings, suspension of consumer and agricultural subsidies, and the introduction indirect taxation, and a dual exchange rate mechanism to control international capital outflows (Marais 2001, p.101; Padayachee 1993, p.190). Liberalization came too little, too late and lowered living standards and increased financial fragility where ‘levels of bankruptcies rose, and the foreign debt burden of the private sector grew’ (Gelb 1991, p.27). This had three effects: popular mobilization grew in response to retrenchments and declining living standards; capital further increased conglomeration of troubled businesses through acquisition; and the a lowering of the state’s relative power that could not compete with massive social movements and the economic power of conglomerated capital.

This period saw interconnected socio-economic and political factors coalesce to generate political and economic crisis that necessitated a change in the country’s structural environment. Recognizing this, the state established the ‘Total Strategy’ reforms from 1979-1984 that sought to modernize apartheid. Reforms included the Wiehahn Commission that incorporated labour, the Riekert Commission that sought to address township problems, the adoption of measures to improve the quality of life of the black population, and political restructuring of apartheid (O’Meara 1996, pp.273-274). The reforms were often contradictory, underlining a tepid assertion within the regime that apartheid was dysfunctional. This opened the state to multiple paths of criticism from the diverse capital community and opposition political movements both inside and outside the state, which further decreased the government’s relative power and legitimacy to rule.

‘The Total Strategy conceded that white supremacy was neither part of the natural order nor some divine plan. While racism remained the base of state policy, the regime now conceded that this was in some sense both wrong and should be changed … In effect … the … regime admitted that there existed no moral nor ethical basis for its own rule … [and] it could not legitimate its own reforms’ (O’Meara 1996, pp.322-323).

The reforms merely ‘bought time’ for the regime to find a solution to the contradictions of apartheid (Marais 2011, p.57), but also represented increasing
complexity in the economy as more and more black people moved to urban areas seeking work and a better quality of life.

The state responded to criticism and mobilization by strengthening the security apparatus and intensifying political repression of opposition forces through banning, detentions and arrests. This meant that ‘… a better-organized and better-equipped repressive machinery emerged, based on a more powerful and coherent strategy and more efficient structures for apartheid’s defence against the majority of the population’ (O’Meara 1996, p.322). Increased military budget allocations in a period of economic strife served to further increase the complexity of the economy, but not in favour of the government. Perceptions of government incompetence began to proliferate not only amongst the black majority, but also within reformist elements of the business community that sought an alternative to apartheid (O’Meara 1996, p.359). The ad hoc and reactionary nature of reforms coupled with repression did little to address the root problems of economic and social differentiation and undermined the state’s relative power. The shifting balance of forces triggered the reforms, but the state’s unwillingness and inability to address the contradictions of apartheid meant that an ideological chasm emerged between government hardliners and reformers. Reformers in the apartheid regime began to seek some form of solution to the pressures faced by the state that would include the disenfranchised and militant black majority and ensure that the economy became strong. Furthermore, the influential business community began to distance itself from the state as it sought alternatives to the apartheid economic framework. The reactive nature of the state in a period of economic uncertainty and increased complexity illustrates decreasing autonomy of the state from other actors influence.

iii. Formal sector employment

Economic uncertainty saw this period marked by fluctuations in formal sector employment as GDP growth rates descended from an average rate of 5.5 percent in the 1960s to -1.1 percent in the early 1990s (Marais 2001, p.100). Economic instability was reflected in ‘spasmodic contractions in the job market’ as commodity prices fluctuated and businesses sought capital-intensive methods of mechanisation to offset increasing labour costs (Lodge 1983, p.326). Figure 5.8 shows an upward trend in the formally employed, illustrating its relationship to population and the
informal sector. It demonstrates the gap between official and unofficial employment tallies, showing that half of the economically active population was unemployed. Inability to absorb new labour was problematic due to economically active aged population increases of 3 million from 1980-1991.

**Table 5.8 Economically active population and formal labour employment 1973-1993 (South African Reserve Bank* 1994, p.B-0; International Labour Organization^ 2013)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total formally employed</th>
<th>Economically active population</th>
<th>Total economically active population (including minors and the elderly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>4,195,768</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1978</td>
<td>4,392,701</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1980</td>
<td>-</td>
<td>8,689,700</td>
<td>12,720,400</td>
</tr>
<tr>
<td>1983</td>
<td>5,196,844</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1985</td>
<td>-</td>
<td>8,692,400</td>
<td>11,545,300</td>
</tr>
<tr>
<td>1988</td>
<td>5,475,833</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1991</td>
<td>-</td>
<td>11,624,400</td>
<td>15,497,500</td>
</tr>
<tr>
<td>1993</td>
<td>5,109,319</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Inability to employ large proportions of the population is significant. In the early 1970s secondary education expanded rapidly in response to skilled labour shortages and secondary student intake trebled in the space of five years from 122,489 in 1970 to 318,568 in 1975 (Hirson 1979, p.98, Brooks and Brickhill 1980, p.38-41). Secondary expansion meant that worker quality increased, but with economic recession in the 1970s, little opportunity for employment after graduation materialized, a concern that was explicitly addressed in a list of grievances by students who participated in the Soweto educational revolts of 1976.102 Constrained opportunities fuelled popular discontent and impacted on the advance of mobilization. Public sector employment was high despite economic recession, corroborating the evidence in figure 5.8 of strong state economic intervention. The private sector was plagued by recession, resulting in perpetual employment insecurity. This was paralleled by increased mobilization amongst workers, the unemployed, students and resistance organizations including the UDF and MDM.103

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102 This list of grievances is listed in Brooks and Brickhill 1980, pp.54-55.
103 The UDF (United Democratic Front) and its successor the MDM (Mass Democratic Movement) were non racial movements that sought, amongst other things, the eradication of apartheid.
to create a period of social and economic upheaval that constrained economic growth. The implications of high unemployment rates for economic complexity is that mobilization of both employed and unemployed workers created a contentious economic space. This had negative implications for economic growth and contributed to the evolution of contentious politics as cross-societal linkages were built that impacted upon state and businesses relative power.

iv. Level of unionization

1973-1994 witnessed an explosion of unionization amongst black workers that increased economic complexity. The 1973 Durban strikes signal the beginning of the critical juncture of labour incorporation that changed labour relations and relative power. Worker resistance emerged because of economic uncertainty, consumer inflation, cuts in overstretched basic services for blacks and cross-sectoral retrenchments. Furthermore, the labour repressive policies of apartheid meant that blacks had no institutional outlet, and disorganized workers began to use disorganized protest as a grievance channel. This resulted in a conflict-laden environment that was volatile, difficult to manage, and costly to clean up.

For some time parts of the business community had qualms that the ‘unpredictable course that [apartheid] was running increasingly counter to the interests of business’ (Butler 2007, p.93). To grow, the economy required the development of a stable black African middle class consumer. To this end, parts of the business community, particularly Anglo American Corporation (AAC), its affiliates, and sections of Afrikaner business community, created the Urban Foundation in 1976 to consider ways to transform urban black communities to stable, middle-class societies that subscribed to capitalist norms. In the 1970s, with technological advances, more skilled employees were required and labour migrancy was vastly curtailed (Butler 2007, p.149). Mineworkers had enjoyed a decade of rising wages with higher skill levels but were not unionized.\textsuperscript{104} Recognizing the high/high sectoral composition of its mining assets and its diverse cross-sectoral asset portfolio,\textsuperscript{105} AAC adopted a

\textsuperscript{104} Although mine workers had enjoyed wage increases in the 1970s, they were still paid significantly less than their white counterparts.

\textsuperscript{105} For example ‘by the mid 1980s Anglo employed more than a quarter of a million people in gold mines, 25,000 in the diamonds industry, and perhaps 100,000 others in other mining sectors such as platinum and coal. … [Furthermore], Anglo had 1350 subsidiaries and associated companies … it employed 140,000 workers in the food, beverage and retail industries and around 50,000 others in
long-term approach to labour-relations in the 1970s (Handley 2008, p.52), and pursued ‘… a strategy of engagement with and encouragement of worker organization’ (Butler 2007, p.116). In this environment trade unions grew, particularly from 1982 when the National Union of Mineworkers (NUM) was permitted to organize in AAC compounds.\(^{106}\) Although different companies and sectors varied in their stance toward black labour organization, AAC’s cross-sectoral economic dominance resulted in pressure on the state to adopt labour reforms.\(^{107}\) Declining state autonomy and changing relative power is particularly evident in the adoption of the Wiehahn and Riekert Commissions which ‘… reflected the concerns of advanced sectors of business [whose] … reformist character aroused fear and hostility from the government's traditional working-class and petty-bourgeois constituency’ (Lodge 1983, p.338). The development of labour reforms thus witnessed a traversing of relative power from the once dominant white Afrikaner community to economically and numerically dominant groups – big business and trade unions.

In response to strikes and to pressure from powerful figures in the business community, the government established the Wiehahn Commission, part of the total strategy reforms, in 1979 to explore ways to modernize the labour regime. Wiehahn was intended to control the militant labour movement and ‘lock black trade unions into the disciplinary and controlling workings of the labour relations system’ (Marais 2001, p.44). Instead, Wiehahn unintentionally provided black unions with ‘… the space they needed to grow and the legal protection to flex their muscles’ (O’Meara 1996, p.323). Wiehahn effectively legalized black trade unionism, providing unions with the strike weapon. In 1981 amendments to the Labour Relations Act (LRA) deleted all reference to race as a category of workers, with the result that from 1982 onwards, ‘unions used the court, joined industrial councils and invoked the assorted enterprises within South Africa … and employed perhaps 30,000 people outside South Africa’ (Butler 2007, p.117).

\(^{106}\) At its inaugural congress in 1982 the NUM had 14,000 members. At the end of 1983 membership has grown to 53,000 members. In January 1985 120,000 workers were members, and by the middle of 1986 344,000 individuals were signed up and 228,000 of these were fully paid up members (Butler 2007, p.146).

\(^{107}\) Although there was pressure from sections of organized business for labour reforms, one must not confuse this with political pressure. Indeed Lodge notes that ‘[a]t its most radical, corporate business response was politically timid … the private business sector studiously ignored the logical political implications of a cooptionist strategy - the extension of significant suffrage rights to urban Africans’ (Lodge 1983, p.336).
government’s dispute machinery’ (Friedman 1987, p.314). Registered unions were able to openly organize strikes, allowing them to build worker enthusiasm, pressurize employers, and actually strike. Although only legal under certain circumstances the possibility of striking without police interference offered registered unions the opportunity to publicly express grievances. Unions found that ‘openly threatening a strike could build as much pressure on employers as the strike itself’ (Friedman 1987, p.333). Strikes multiplied in this environment. Workdays lost multiplied by ten between 1979 and 1985, when COSATU (Congress of South African Trade Unions) was formed (figure 5.9).

Figure 5.9 Strikes and work stoppages excluding stayaways, 1974-1993 (South Africa Reserve Bank 1994, p.B-8)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of strikes</th>
<th>Workers involved</th>
<th>Workdays lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>375</td>
<td>48,708</td>
<td>90,341</td>
</tr>
<tr>
<td>1975</td>
<td>278</td>
<td>23,488</td>
<td>18,721</td>
</tr>
<tr>
<td>1976</td>
<td>248</td>
<td>28,096</td>
<td>59,997</td>
</tr>
<tr>
<td>1977</td>
<td>90</td>
<td>15,335</td>
<td>15,501</td>
</tr>
<tr>
<td>1978</td>
<td>106</td>
<td>14,153</td>
<td>10,553</td>
</tr>
<tr>
<td>1979</td>
<td>101</td>
<td>23,064</td>
<td>68,467</td>
</tr>
<tr>
<td>1980</td>
<td>207</td>
<td>61,785</td>
<td>174,614</td>
</tr>
<tr>
<td>1981</td>
<td>342</td>
<td>92,842</td>
<td>226,553</td>
</tr>
<tr>
<td>1982</td>
<td>394</td>
<td>141,571</td>
<td>365,337</td>
</tr>
<tr>
<td>1983</td>
<td>344</td>
<td>64,469</td>
<td>124,595</td>
</tr>
<tr>
<td>1984</td>
<td>469</td>
<td>181,942</td>
<td>379,713</td>
</tr>
<tr>
<td>1985</td>
<td>389</td>
<td>239,816</td>
<td>678,272</td>
</tr>
<tr>
<td>1986</td>
<td>793</td>
<td>424,390</td>
<td>1,308,959</td>
</tr>
<tr>
<td>1987</td>
<td>1,148</td>
<td>591,421</td>
<td>5,825,232</td>
</tr>
<tr>
<td>1988</td>
<td>1,205</td>
<td>161,679</td>
<td>914,380</td>
</tr>
<tr>
<td>1989</td>
<td>942</td>
<td>197,504</td>
<td>1,511,499</td>
</tr>
<tr>
<td>1990</td>
<td>885</td>
<td>341,097</td>
<td>2,729,845</td>
</tr>
<tr>
<td>1991</td>
<td>600</td>
<td>172,096</td>
<td>1,339,634</td>
</tr>
<tr>
<td>1992</td>
<td>789</td>
<td>137,946</td>
<td>1,727,375</td>
</tr>
<tr>
<td>1993</td>
<td>784</td>
<td>158,981</td>
<td>782,918</td>
</tr>
</tbody>
</table>

After COSATU’s formation, union activity exploded and, whilst always somewhat political, the strikes under COSATU’s tutelage took on an overtly political character as they sought to link the plight of workers with the country’s overall political situation. Successful linkages resulted in strike and strike-like actions, such as stayaways, becoming ‘by far the most organized form of popular participation in
politics and society.'\(^\text{108}\) A former labour lawyer for FOSATU,\(^\text{109}\) Halton Cheadle, described Wiehahn as a ‘maverick commission.’\(^\text{110}\)

‘... Wiehahn gave them the space to organise openly and legally ... It became much more difficult to detain trade union leadership because suddenly employers are involved. [Paraphrasing employers] “Don’t interfere with us, we have a good working relationship...the last thing we want is the banning or detention of these people because then we’ll have a lot of shop floor unrest.” And what starts happening is that it becomes harder to take action on union leadership.’\(^\text{111}\)

In this more agreeable environment trade unions and business organizations began to traverse traditional boundaries, forging long-term linkages that would prove useful after the transition, which Adrian Sayers, formally of NUMSA (National Union of Metalworkers of South Africa), attributed as a legacy of Wiehahn.

‘The collective bargaining arrangement forced unions and business annually to negotiate on issues ... and you developed a rapport where, even after very acrimonious strikes, once you settled, some guys could go to the bar and have a drink. So that was the nature of bargaining and I think that relationships developed where we resolved issues from the interests of the industry. In that environment ... business also realised that the existing regime is of no use to us.’\(^\text{112}\)

Convergence of interests amongst trade unions and business interests made the economic environment more complex and contributed to shared impulses amongst diverse civic and business associations to find an alternative to apartheid. Adoption of labour reforms changed relative power substantially amongst economic actors, increasing complexity. Industrial relations access gave registered unions the space to grow and develop machinery to challenge and sometimes dominate the economic apparatus of the state. This illustrates that economic power structures were shaken first by disorganized black protest and later by black labour incorporation to state structures, thus increasing the complexity of the economy.

Figure 5.10 shows unionization’s increase post-1973. Durban’s aftermath discerned an upsurge of unionized workers that reached almost three million members in 1993. Although only incorporated in 1981, the long history of union organization allowed the new unions to develop structures that recognized and addressed past weaknesses, and developed strong structures that could withstand repressive actions. Eddie Webster, a labour sociologist, noted that ‘right at the beginning there was a … self-

\(^\text{108}\) Interview with Steven Friedman, Centre for the Study of Democracy, University of Johannesburg, Johannesburg, February 2011.  
\(^\text{109}\) FOSATU, the Federation of South African Trade Unions, was COSATU’s shortlived predecessor that was amalgamated to COSATU in 1985.  
\(^\text{110}\) Interview with Halton Cheadle, University of Cape Town, Cape Town, March 2011.  
\(^\text{111}\) Interview with Halton Cheadle, University of Cape Town, Cape Town, March 2011.  
\(^\text{112}\) Interview with Adrian Sayers, democracy consultant, Cape Town, March 2011.
conscious attempt not to repeat … pattern[s] of the past.’\textsuperscript{113} The new unions deliberately built an inward-focussed union movement with democratic structures that could withstand banning, arrests and state-sponsored repression. The poor economic environment of the 1970s was a causal factor increasing mobilizational impulses amongst non-white workers. Complexity increased because these workers mobilized. It increased further when they garnered institutional power through incorporation.

\textit{Figure 5.10 Level of unionization 1973-1994 (Friedman 2011, p.91 and ILO 2013)}

As economic recession progressed to a period of stagflation\textsuperscript{114} in the mid 1980s union power increased in response to economic and political insecurity. Stagflation affected the workforce through declining employment levels and was felt acutely in the townships because ‘… government had shifted much of the burden for the recession onto the black poor’ (Friedman 1987, p.447). Immiseration coupled with uncompromising tactics by the government to any opposition forced many unions to find an approach to liaising with not only with township politics but also with national political struggles (Freund 2007, p.213). Legacies of worker control and union democracy, as well as emphasis on utilizing the new legal structures buffered unions from state repression. Halton Cheadle recalled that the ‘… heavy emphasis on worker leadership … [meant] the unions survived.’\textsuperscript{115} This strategy contrasted with the UDF’s political struggle that was often haphazard, undisciplined and violent.

\textsuperscript{113} Interview with Eddie Webster, SWOP, University of the Witwatersrand, 28 February 2011.
\textsuperscript{114} Economic stagnation with inflating consumer prices.
\textsuperscript{115} Interview with Halton Cheadle, University of Cape Town, Cape Town, March 2011.
An inclusive institutional framework that was strongly influenced by unions developed from 1990-1994. Although popular protest by trade unions undoubtedly played a role in delegitimizing the apartheid regime both nationally and internationally, it was ultimately elite negotiations that moulded the transition.\textsuperscript{116} Although unions were not party to elite negotiations, COSATU impacted the transition through the development of the Reconstruction and Development Plan (RDP) which, although diluted somewhat in its later and final drafts, ‘exemplified the kind of consultative process … activists understood to be the essence of democratic policy formation’ (Lodge 1999, p.12).\textsuperscript{117} Furthermore, COSATU contributed leadership to the ANC, a move that some commentators lament as detrimental to COSATUs post-transitional power nexus (Buhlungu 2011), but which should be expected given the opening of political and economic opportunities during the transition. The transitional event itself was empowering to the majority of the population, but it relegated COSATU from a position of political influence prior to the transition back to managing the socio-economic problems of trade union members. In this way the transitional period downgraded union’s relative power from a politically influential group to a political lobbyists interested in socio-economic issues. This parallels with O’Donnell and Schmitter’s contention that popular protest from the recently resurrected civil society can affect a transition mostly by ‘cheering and mostly jeering the active players from the sidelines’ (O’Donnell and Schmitter 1987, p.68).

In terms of economic complexity, unions used the fluctuating environment of the 1970s and 1980s to bolster their numerical and actual strength, which contributed to changes in relative power relations amongst economic actors. Labour unrest in this period of economic strife paradoxically increased the union’s relative power despite mass unemployment. Unions used the more complex environment provided by Wiehahn to access institutional structures and gain power relative to business and the state. This allowed them to destabilize structures that ultimately led to a slow liberalization of the political sphere. COSATU and the ANC engaged in bargaining throughout the transitional period, but like the broader transitional negotiations, was characterized by ‘compromise rather than consensus’ (Lodge 1999, p.12). This

\textsuperscript{116} Although ex-unionists including Cyril Ramaphosa played a prominent role in the negotiations.

\textsuperscript{117} The RDP went through a number of drafts from its inception in 1990 to policy in 1994.
watered down COSATU’s pet policies but which represented the broader democratic dispensation of transitional South Africa.

v. Level of foreign private investment

Economic uncertainty in the 1970s severely affected CIs. The 1950s and 1960s had developed a large manufacturing sector based on foreign revenue, but the inauspicious environment of the 1970s and 1980s contributed to a decline in long-term private CIs, leading to outflows once the government abolished exchange controls for non-residents in the early 1980s. Figure 5.11 illustrates movements in the long-term private CIs from 1973-1994. From 1976 long-term private CIs fell dramatically demonstrating a decline in investor confidence that fell foul to fluctuations because ‘anti-apartheid and disinvestment pressure on ... corporations and banks increased sharply’ with the upsurge of anti-apartheid mobilization (Padayachee 1991, p.99). South African Reserve Bank analysts linked falling long-term investment with ‘increase[s] in civil unrest’ where pervasive insecurity about South Africa's future caused capital outflows as investors ‘apparently adopted a wait-and-see approach’ (Prinsloo and Smith 1996, p.37). Inflows climbed again in 1990, presumably due to political liberalization, declined during the turbulent negotiation period, and peaked again in 1993 in the run-up to elections, most likely due to the IMF standby agreement signed by the interim government in 1993. Although external developments can only have a limited impact on whether a regime transitions or not, increased complexity through politically-motivated capital outflows lowered the capacity and autonomy of the apartheid government that was increasingly under pressure from internal and external actors to reach a political settlement.

Figure 5.11 Long-term private capital inflows to South Africa 1973-1994 (South Africa Reserve Bank, various issues)
Figure 5.11 shows that from 1984 when mass mobilization increased to crisis levels, the level of long-term private CIs plummeted to minus six percent of the 2005 baseline. Upheavals in townships and factories, coupled with draconian government responses caused an international disinvestment cycle as the international anti-apartheid movement took hold. Net inflows of capital in the early recessionary period of 1980-1984 numbered at $1 billion (USD), in contrast, the crisis period of 1985-1989 saw outflows of over half a billion USD when ‘most forms of foreign CIs dried up altogether’ (Padayachee 1997, pp.29-30). This was compounded by Chase Manhattan Bank’s decision on August 1st 1985 to cease extending new credit and refusing to renew existing loans (The New York Times 1985). Most international banks followed suit, and a month later South Africa proclaimed a moratorium on payment of the principal of their short-term debt (Lind and Espaldon 1986, p.3; Padayachee 1991, p.100). Cessation of lending ended ‘South Africa’s long and (most often) favoured relationship with private international banks and the international financial market’ (Padayachee 1991, p.100).

Incorporated unions targeted multinational companies (MNC) when seeking recognition agreements with the hopes of the bringing outside pressure that would improve workers’ conditions (Freund 2007, p.210). MNCs were sensitive to political pressures, particularly in home markets, and tended to be the vanguard of adopting reforms to the nascent union movement. MNCs and local conglomerates discerned that apartheid economic nationalism was dysfunctional, and many businesses sought to dismantle the labour-repressive mechanisms that were challenging their growth opportunities. In this arena some businesses and labour colluded in envisioning their version of South Africa’s future. Although business-labour relations remained contentious as organized labour entrenched its relative power, repressive responses to labour mobilization by the state ensured that business was considered more sympathetic. Organized labour tapped into the relative power of a more sympathetic business movement to increase their power to push the transition forward.

Declining foreign CIs contributed to changes in economic complexity that impacted strongly on the relative power of economic actors. A decrease in relative power for business interests and the state occurred, because they both were adversely affected by the rocky economy. This period of economic change contributed to changes in
the opportunity structure that created problems for the state and business that required a response – substantial changes in the political structure that resulted in a transition to democracy in 1994.

**vi. Relating to the hypotheses**

In terms of the first hypothesis, examining the history of labour organization and mobilization allowed for the examination of the ways in which trade unions built cross-sectoral strength to eventually influence transitional outcomes. One answer based upon the first hypothesis is that because black workers had been organized since the late 1950s, cross-sectoral and ethnic allegiances between workers became cemented over the long-term that accorded unions high levels of organizational strength. When labour incorporation occurred after 1973 labour gained large amounts of relative power firstly through anticipatory actions by employers who recognized the power potential of black workers and secondly through actual legislation that was enacted following the Wiehahn reforms of 1979. The development of black trade unions in economically important sectors, including mining and manufacturing was critical in the development of relative power. Mining in South Africa had largely been based on cheap unskilled labour, but as capital intensity progressed in this period, workers gained skills and economic value, indicating increased complexity in employment patterns. That the sector was privately, rather than state-owned, ensured that employers in this sector were interested in maintaining economic efficiency, which resulted in labour gaining high levels of relative power as business interests sought to keep their operations profitable. This pattern was replicated in the manufacturing sector. The engagement of labour in economically important sectors had a causal effect on the relative strength of organized labour, which utilized their relative power as an economically essential actor to push for transitional reforms.

The singular nature of the struggle against apartheid was also an important facet in building oppositional strength in South Africa. Eradicating apartheid was a crosscutting rationale that served to consolidate social movements to push for change. Individuals tended to hold multiple roles across diverse civic associations that they utilized for mobilization. This was particularly true of trade unionists that transferred union methods to mobilize and restrain civic association including the UDF and MDM, which constituted cross-social movement linkages. Sectoral
interlinkages that were based in the economically important mineral extraction sector that had become global in economic outlook through providing the majority of foreign exchange earnings in South Africa contributed to a building of collaborative relationship between South African trade unions and the internationally oriented South African business community. As apartheid decayed, these relationships became stronger with the emergence of a mutual recognition that the South African economy would collapse if the broader society was not politically, economically, and socially equal. Whilst not always amicable, sectoral collaboration between trade unions and the business community in an environment of constrained economic complexity contributed to declining power within the apartheid regime that ultimately sowed the seeds of its demise.

In South Africa, trade unions were engaged in sectors throughout the entire economy. Importantly from the 1980s trade unions became particularly dominant in the global-oriented mineral extraction sector that provided the majority of foreign exchange for the country. As a sector extremely dependent upon foreign markets, foreign capital, and, latterly, foreign good will, the mineral extraction sector frequently found itself at the behest of global regulation and activism, particularly in relation to labour. Contentious labour relations in the racially segregated state of apartheid South Africa became a way in which black people could gain a foothold in the machinations of power as business interests, beginning with the dominant mining sector, sought ways to pursue economies of scale and capital intensity with a permanent skilled labour force. Because the economy was characterized during the 1980s by a high/high sectoral composition that fostered the development of deep sectoral inter-linkages between various economic sectors including mining, energy-production, and finance, labour recognition agreements in mining were soon after mirrored in other sectors, and eventually through government legislation under Wiehahn. Access to an industrial relations framework gave registered unions the space to grow and develop machinery that could challenge and sometimes dominate the economic apparatus of the country, thus increasing the complexity of the economy.

In the 1970s and 1980s economic uncertainty as a result of a recession following on from the oil crises of the 1970s contributed to a growing complexity but under constrained conditions delimited by apartheid policies. Sectoral dominance of the
mineral sector, coupled with cross-sectoral interdependence in an arena of economic uncertainty, that was buttressed by the adoption of liberal market reforms by the government in the early 1980s precipitated an acknowledgement of the contradictions of the apartheid economy amongst many South African economic actors. ‘Total strategy’ reforms were adopted in 1979 that signified an assertion amongst political elites that the apartheid economy was not working. Reforms that included amendments to influx controls resulted in a rapid increase in urban populations as blacks relocated seeking work. However there were difficulties in accommodating this workforce with opportunities due to the structural constraints that the apartheid rationale placed on the economy. Businesses found it increasingly difficult to remain profitable and the declining economic sphere pushed business interests to seek a new political dispensation that would ensure the survival of their interests. Thus there was an arena of increasing complexity that had difficulties in working under the constraints of apartheid. In this arena of changing, yet stagnant complexity organized labour was able to utilize their sectoral strength and couple with the bonds made with social and business organizations to push for a political alternative to apartheid. The state experienced a declining capacity to rule autonomously and in 1994 multiparty elections emerged, heralding the political transition.

The economy had a tripartite structure that was split between public, private, and the black economy. The public sector consisted of the government’s bureaucratic and administrative structures, as well as a large parastatal sector that was used in large part to foster regime support from the Afrikaner population. The black economy was small in economic terms and was characterized by an underdeveloped economic structure that was geographically delimited to the Bantustans and petty retail and services in townships. Both of these segments of the economy were shadowed by the economic power of the conglomerated capital interests that was based in the economically important mineral extraction sector. Economic interlinkages through corporate consolidation meant that the economy became dependent upon consolidated private business interests and that these business interests managed to attain a large amount of power relative to the state. That there was a relatively low state role in the economy compared to private business meant that the state possessed limited control over the machinations of associational life despite the limitations of
apartheid. The economy was only state directed through policy, but not through majority ownership.

Although the state formulated the policy framework, it did not have an overarching control of the economy and mostly directed in the form of apartheid differentiation policies. So although the economy was not state controlled, it was state directed. This meant that unlike countries that had developed state corporatization of the economy there was not a parallel organization of the social sphere and associational life was not state directed in South Africa. Private sector economic dominance and apartheid differentiation based upon race meant that the state was not overly concerned with the development of associational life amongst blacks so long as they remained separate from the white community. Apartheid’s unconcern about black associational life changed when the economy became more complex in the 1970s with a contraction of the economy that was paralleled by the emergence of black labour mobilization. Labour incorporation in the 1970s institutionalized labour relations in South Africa because business was concerned with maintaining predictable labour relations and thus predictable profit margins, not because the state wanted to create a more equal labour regime. In this sense, whilst registered trade unions were not dependent upon the state, they were still connected and open to a certain level of state interference.

Because trade unions were not state dependent, they had the ability to engage in contentious action without the threat of demobilization occurring. This parallels with Adrienne LeBas’s argument regarding state-union relationships (LeBas 2011, p.246). A strong and centralized labour movement empowered organized labour to engage in cross-societal linkages whose structures could withstand state strength. Previous periods of state indifference to trade union organization gave trade unions the organizational skills to maintain strong organization and mobilization endeavours even during later periods of repressive state activity when trade unions mobilization seriously threatened the export-dependent economic framework of the economy. However, because the majority of the economy lay in the hands of private investors and not the state, trade unions found themselves able to forge alliances with significant members of the economically strong private sector to endorse regime change. Coupled with the historic distance that the state had taken towards
associational life, labour and their allies were able to maintain sustained mobilization to push regime change forward, which resulted in democratic elections in 1994.

5.2.3 1994-present – a political and economic transition

The post-transitional environment has seen the development of structural changes that impact both on complexity and democratic development. South Africa’s stability and inclusivity has enticed rapid economic growth, which has impacted on complexity through changing employment patterns, financial activity, union composition and activity, state intervention and sectoral change. This environment of increased complexity, if the theory is correct, should contribute to the development and consolidation of a more democratic regime. The post-transitional regime is an electoral democracy, although the ANC has dominated the political sphere and party alternation has not yet occurred at the national level though parties have alternated in governing provinces (Freedom House 2011). Regime consolidation is underway but does not occur merely from the manifestation of elections, consolidation occurs when democracy becomes ‘the only game in town’ through routinization, and internalization of democratic practices socially, institutionally and psychologically that takes time to establish (Linz and Stepan 1996, p.5). South Africa differs from many of its transitional counterparts because it already possessed democratic elements including an expansive civil service, a relatively independent judiciary and a politically neutral security apparatus as well as state capacity to extract taxes from the populace prior to the transition (Mkandawire 2010, p.1648). Institutional residue provided the post-transitional government with tools to develop an inclusive regime to engender the social,

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118 Steven Friedman noted in an interview in March of 2011 that he believed that there was ‘No such thing as democratic consolidation.’ For him a consolidated democracy was ‘... a complete democracy. And a complete democracy is a contradiction in terms because if it was complete there would be all sorts of issues you don’t have to talk about anymore, and if you don’t have to talk about them you’re cutting off public discussion, and if you’re cutting off public discussion, you’re closing down democracy.’ I argue otherwise, consolidation does exist, the purely theoretical factors that he referred to regarding a complete democracy are just that –theoretical. No democracy is completely consolidated, but can be regarded as a work in progress that gradually becomes better or worse dependent upon the relations of power in society at any given moment.

119 The security apparatus did commit heinous crimes against many in the opposition movement during the opposition period. Many of these crimes were addressed during the Truth and Reconciliation Commission between April 1996 and August 1997. This established a benchmark to make those in authority of the security apparatus accountable for their actions (Lodge 2002, p.180, p.204). On the whole though, through the transition, senior soldiers and policemen remained loyal to the government of the day despite white rank and file sympathy with both the National Party’s and the ANC’s conservative opponents.
institutional and psychological changes required for democratic consolidation.

Economically, consolidation was entered with high expectations. The economy retained the liberal economic initiatives the transitional government had negotiated with the IMF in 1993 and was also informed through lobbying initiatives by dominant economic business actors. Unions developed the RDP in an attempt to influence economic policy. The RDP sought to reverse the socio-economic injustices of apartheid and was implemented until 1996 when it was, according to critics on the left, supplanted by Growth, Employment and Redistribution (GEAR), a macro-economic policy. However, the RDP’s remit ‘… was much bigger because it dealt with social issues, environmental issues, all of those other issues.’ In this way certain, but not all, aspects of the RDP were replaced by GEAR. Economic complexity continued to grow aided by a structural shift in the economy. Sectoral interlinkages remain but sectoral composition has spread to include activities like finance in conjunction with traditional sectors like mining and manufacturing. The disintegration of apartheid opened the economy even more to international forces and FDI has increased. South Africa is a member of BRICS and until early 2014 South Africa’s economy was the largest in Africa when its GDP per capita was overtaken by Nigeria (Bloomberg 2014). All of these features indicate remarkable economic changes that should aid democratic consolidation.

i. Sectoral spread

South Africa entered the transition with economic advantages; it possessed a large and diversified manufacturing sector, an international economy, and a sophisticated industrial base (Michie and Padayachee 1997a, p.10). Since then its sectoral spread has changed significantly undergoing a structural transformation where the majority of those formally employed now inhabit the services sector and, by association, are more educated and skilled than their counterparts in other sectors. Figure 5.12 shows the dramatic increase in services since 1994. Individually, each services subsector in 2011 comprised more than 30 percent of value added to GDP,

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120 The ANC had historically neglected the development of economic policy.
121 Interview with Adrian Sayers, University of Cape Town, March 2011.
122 The RDP was thought to add another administrative layer to the already cumbersome administrative process in post-transitional South Africa (Lodge 1999, pp.14-15).
123 BRICS is an international organization composed of the emerging economies of Brazil, Russia, India, China and South Africa.
illustrating the changed sectoral composition. Financial services now dominate the economy but do not generate employment because most local investment capital is directed abroad. Economic complexity has increased through the development of speculative investment, a large service sector, the contraction of old manufacturing, and the movement of some conglomerated businesses outside of South Africa. The national economy has shifted to a high/low sectoral composition where traditional sectors now coexist with internationally flexible capital.

*Figure 5.12 Percent gross value added by kind of economic activity, 1994-2011, own calculations (South Africa Reserve Bank, various years)*

Mining and agriculture entered into the post-transitional period as stagnant sectors whose share has since further declined. Mining still plays an integral role but its importance has diminished in relation to other sectors, because of declining ore grade, making mining difficult and less profitable (Sorenson 2011, p.638). Intersectoral linkages continue and mining is the second largest employer, albeit of semi-skilled and unskilled work (Sorenson 2011, p.642). Manufacturing still overshadows mining and agriculture but has contracted due to difficulties in competing with cheaper imports. However in the post-transitional environment some areas of manufacturing have expanded. For example automotive vehicles and components have grown and become export oriented with the emergence of a global chain of management (Barnes and Kaplinski 2000, p.801). Yet the government has heavily subsidized this industry by since 1995, and recent subsidization restructuring has resulted in claims that the industry is now set to crash, again due to South Africa’s inability to compete with cheaper global suppliers (Business Day 2014). In
general, however, South Africa’s sectoral composition has been found to have a ‘broad spectrum of linkages, with considerable depth, in some cases of a globally leading character’ (Morris et al 2012, p.413).

These factors illustrate that the economy continued to change and develop more complex forms of economic engagement in the post-apartheid era. Although the economy is still dominated to an extent by mining and manufacturing, the post-apartheid environment allowed for the development of complex economic activities in the services sector. The changed sectoral composition indicates that South Africa is more democratic than during the apartheid period because its economic inclusivity is not perceived to damage economic development in contrast to the apartheid period.

ii. State intervention and investment

*Figure 5.13 Percent gross fixed capital formation, 1994-2011 (South Africa Reserve Bank Quarterly Bulletin, various issues).*

<table>
<thead>
<tr>
<th>Year</th>
<th>General Government</th>
<th>Public Corporations</th>
<th>Government Total</th>
<th>Private business enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>15.6</td>
<td>11.4</td>
<td>27</td>
<td>73</td>
</tr>
<tr>
<td>1998</td>
<td>14.6</td>
<td>18.3</td>
<td>32.9</td>
<td>67.1</td>
</tr>
<tr>
<td>2002</td>
<td>16.2</td>
<td>10.7</td>
<td>26.9</td>
<td>73.1</td>
</tr>
<tr>
<td>2006</td>
<td>15</td>
<td>11.9</td>
<td>26.9</td>
<td>73.1</td>
</tr>
<tr>
<td>2010</td>
<td>14.2</td>
<td>21.8</td>
<td>36</td>
<td>64</td>
</tr>
<tr>
<td>2011</td>
<td>14.8</td>
<td>21.2</td>
<td>36</td>
<td>64</td>
</tr>
</tbody>
</table>

South Africa underwent a dual transition in 1994, both politically and economically. The ANC entered the transition as an economically weak party in ideological terms that had disregarded a coherent post-transitional economic policy framework in their plans for government control (Taylor 2007, p.164; Marais 2011, p.98). Although the RDP was initially adopted, its economic aspects were replaced by GEAR in 1996. Now the government fuses a liberal economic agenda with redistributive elements. Figure 5.13 illustrates percentage public FCF in relation to private showing that the early post-transitional years saw a decline public FCF as general government expenditure was cut. However, in recent years, public FCF has increased for a number of reasons: recapitalization of aging capital stock in public industries,
widening of redistributive government policies, construction works related to hosting the 2008 World Cup including investment in public transport, and the development of neo-patrimonial tendencies in some areas of government.

In the initial post-transitional phase the new government engaged with business, labour and social movements in the formulation of post-transitional policy. Initial policy was epitomized by the RDP that ‘… reflected the ANC’s engagement with an increasingly diverse range of social actors’ (Lodge 2002, p.22). The RDP was replaced by the government-designed GEAR economic policy in 1996, reflecting a shift from redistributive tendencies to more business-friendly liberal economic policies. Contrary to some analyses that contend that the adoption of GEAR indicates fervent alliances with business, government adoption of liberal economics is not surprising and may even contribute to the consolidation of democracy as equilibrium of relative power is reached amongst various groups. South Africa has seen a growth of a black middle class whom the liberal economic agenda benefits and which is responsible for driving economic growth (Mail and Guardian 2013). A growing middle class which is engaged in trade unions, government employment and private economic ventures, contribute to the maintenance of the state through tax contributions and consumerism. Although much government policy reflects this group’s interests, the state does utilize funds garnered from this important group to subsidize living conditions for the majority poor.

Although contentious to some, state support of immiserated individuals helps to consolidate democratic gains as the poor get support.

In recent years public FCF has increased substantially reaching 36 percent in 2010 and 2011, the highest since the mid 1980s. The increase in later years can be

125 16 million individuals, about 30 percent of the population, rely on ‘generous social grants’ that have softened the unemployment problems in the country (Rodrik 2008, p.782). In 2014 total expenditure is estimated to reach USD12 million (Brookings 2014). Social grants, particularly pensions, have been found to be large enough to support tri-generational households and evidence suggests that social grants constitute wages for many of the unemployed, inhibiting them from seeking paid employment because it acts ‘… as a deterrent to low-productivity informal activities’ (Rodrik 2008, p.742; Ranchhod 2009, p.3). Provision of social grants whilst laudable, has created a subset of society that has become dependent upon grants and who find it unnecessary to work. Unrepentant social provision for such a large proportion of the population has developed a social time bomb where the government cannot remove or reduce these social welfare payments without the possibility of developing social tension and possibly rocking the foundations of the state because provisions have become so institutionalized.
attributed to South Africa’s hosting of the 2008 World Cup and associated construction works, and to recapitalisation of aging capital stock in some government owned heavy capital industries as well as the development of a huge social welfare system. Hypothesis three indicates that increasing levels of state economic intervention should lead to a more repressive environment for unions and other associations that may cause economic strife if they strike. South Africa’s democratic status means that government repression does not occur to the same extent as it did during apartheid. But worryingly, recent years have seen statistics for police violence and deaths under police custody rise\(^\text{126}\) (Institute for Security Studies 2013). The growth in power of the security forces indicates a return to more repressive government intervention that has become common in countries that have long-standing liberation movement governments (Lodge 2014, p.23). In South Africa, although politically popular, the ANC, under Jacob Zuma, has increasingly been sensitive to criticism, indicating that certain aspects of the regime may be adopting a more authoritarian bent.\(^\text{127}\)

A worrying trend in relation to increased complexity, and connected to the above point, is the development of neo-patrimonial politics in contemporary South Africa. The ANC now frequently relies on relational ties to engender positive voting patterns. Furthermore, as the composition of loyal party cadres has shifted from an activist base to a conservative middle class base, the means of eliciting party support have changed. The ANC now appeals to many voters as ‘passive clients rather than assertive citizens’ (Lodge 2014, p.21), which consolidates the more passive forms of citizenry that have emerged in the environment of increased complexity.\(^\text{128}\) Finally Black Economic Empowerment (BEE) that was designed to reorganize the composition of wealth in favour of the black majority has been unsuccessful, and instead a structural condition has emerged over the past decade where many BEE

\(^{126}\) Infamously, 34 striking miners were killed by police on August 16, 2012 (BBC News 2012). Furthermore in 2012 720 people died in police custody or because of police action (The Economist 2013)

\(^{127}\) For example in 2012 the ANC sparked popular interest in a relatively unknown painting entitled The Spear by Brett Murray depicting President Jacob Zuma with his genitals hanging out of his unzipped trousers. The ANC claimed that ‘it was a violation of Mr Zuma’s constitutional right to dignity and therefore illegal’ (The Economist 2012). After the gallery refused to remove it, the ANC instigated a legal challenge through the courts and in the interim the painting was vandalized by supporters of Zuma (BBC News 2012).

\(^{128}\) See section iii for an explanation of changed workforce composition that has had political implications.
beneficiaries have become ‘… a politically loyal oligarchy’ compensated for support through access to lucrative government contracts (Lodge 2014, p.21).

The implications of increased state intervention in recent years for complexity is interesting because it demonstrates democratic backslide to more authoritarian rule in certain areas of government policy. Whilst aspects of South Africa’s political economy indicate a responsive state apparatus that seeks respond to the various subsets of its population through targeted policy reforms (social provision for example), state responsiveness has evolved in recent years in developing widespread neo-patrimonial activity and state sensitivity to criticism that indicate the development of rigid forms of governance.

iii. Formal sector employment

Since 1994, the changing sectoral composition of South Africa’s economy has restructured forms of employment and unemployment. Access to employment increased, illustrated in figure 5.14. In 1994 one fifth of the population were not formally employed, now it is one quarter. The increased proportion of South Africans formally employed reflects the post-transitional political economy where political stability has increased investment levels. South Africa’s semi-industrialized status that favours capital intensity has ensured that most employment opportunities are for semi-skilled and skilled labour. Whilst opportunities for skilled labour have increased, employment opportunities overall have decreased as less-skilled workers are out-skilled in the labour market. The 2010 census totalled the working age population at 32 million, but official employment rates numbered at about eight million, one quarter of this number, indicating extremely low levels of formal sector employment (International Labour Organization 2014). So although South Africa has become the second wealthiest economy in Africa, its growth has for the majority been jobless and unemployment constitutes a massive problem. It is difficult to get a count of actual unemployed in South Africa due to problems in official tallies, and in 2011 almost half of young Africans have never held a waged job (Marais 2011, p.177). Unemployment is concentrated amongst the young, unskilled and black

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129 The official rate of unemployment in South Africa only includes those who are unemployed and have actively sought work in the four weeks prior to survey. Thus it does not include the medium or long-term unemployed or those who have become demoralized from the lack of employment opportunities to actually seek any form of work, formal or informal.
population, a legacy of apartheid differentiation that ‘… represents not only an economic tragedy, it poses a significant threat to the stability and eventual health of the South African democracy’ (Ncube et al. 2012, p.5; Rodrik 2008, p.772).  

Figure 5.14 Labour: employment in the non-agricultural sectors, 1994-2011 (South African Reserve Bank Quarterly Bulletins, various issues, International Labour Organization 2014*)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Government</th>
<th>Total Private</th>
<th>Grand Total</th>
<th>Working age population (15+)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>1,796,706</td>
<td>3,532,003</td>
<td>5,328,713</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td></td>
<td></td>
<td></td>
<td>26,444,000</td>
</tr>
<tr>
<td>1998</td>
<td>1,745,614</td>
<td>3,222,306</td>
<td>4,966,132</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>1,548,241</td>
<td>4,026,325</td>
<td>5,476,838</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
<td></td>
<td>29,916,800</td>
</tr>
<tr>
<td>2006</td>
<td>1,674,430</td>
<td>6,235,818</td>
<td>7,910,778</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td>32,699,800</td>
</tr>
<tr>
<td>2010</td>
<td>1,920,337</td>
<td>6,235,818</td>
<td>8,156,954</td>
<td>32,007,000</td>
</tr>
<tr>
<td>2011</td>
<td>2,009,316</td>
<td>6,323,076</td>
<td>8,332,118</td>
<td></td>
</tr>
</tbody>
</table>

In line with economic liberalization, formal sector employment inflated to reach highs of over eight million workers in 2010/2011 (figure 5.18). Formal employment is no longer characterized by only permanent full time jobs, but has evolved to encompass so-called employment flexibility through using casual labour that outsources short-term contracts, creating precarious jobs that lack benefits and have low wages (Webster 2006, p.21). Of the institutionalized levels of formal employment, its composition has shifted from unskilled and semi-skilled labour, to more skilled varieties of work that reflect higher educational attainment (Buhlungu

130 Youth and long-term unemployment have ramifications for democratic consolidation. Julius Malema, former president of the ANC’s youth league who was famously ejected in 2012, and who is now leader of the Economic Freedom Fighters (EFF), has become a figurehead of many unemployed individuals. Using a confrontational rhetoric of racial economic redistribution reminiscent of Robert Mugabe, the EFF won 1.2 million votes in the 2014 general elections (The Economist 2014b). Whilst the EFF was easily beaten by the ANC, the growing power of the EFF and its major constituency of long-term unemployed men under 35 who feel disenfranchised from the ANC, could constitute a significant threat to the ANC’s political and economic dominance in years to come. Malema’s rhetoric that places race and economic empowerment at its core, whilst presently not an electoral threat to the ANC centres social inequality and lack of employment opportunities in the public eye and ‘makes existential sense to people for whom poverty looks set to stay’ (Posel 2013, p.67). Increased economic complexity from the multiple tiers of employed and unemployed workers constitutes a challenge to the government’s capacity to manage and implement political-economic decisions that can respond to these different groups. This creates problems of accountability in the democratic regime.
However capital intensity has caused job evaporation with few opportunities to reintegrate retrenched workers. This has resulted in informal economic growth; in 1996 it was estimated to ‘cost’ the country 31.3 billion rand per annum (Nedlac 1996 cited in Marais 2001, p.104).\(^{131}\) However, South Africa’s informal economy is comparatively small, 18.9 percent of non-agricultural informal employment, compared to Africa as a whole, 74.8 percent. This indicates that apartheid’s institutional residue remains where significant barriers exist in entering informal, never mind formal, economic activities (Kingdon and Knight 2004, p.392; Rodrik 2008, p.773).\(^{132}\)

Changed employment composition has implications for economic complexity because it reflects not only the changed sectoral composition that seeks more educated workers, but also the international linkages of the economy that has seen a global restructuring of work patterns to reduce labour costs and associated benefits (Webster 2006, p.22). Institutionalisation of informal economic modes contributes to the consolidation of socio-economic inequality and uneven development throughout the country. These factors combined have led to an increased economic complexity as multiple tiers of employment have emerged and become institutionalized.

iv. Level of unionization

Unionization levels have remained stable since the transition. This is exceptional, given that trade union membership and strength has witnessed a worldwide decline since the 1980s (Friedman 2009, p.126). COSATU’s membership has increased numerically since the transition but its density has stagnated, retaining 25 percent of the formal sector workforce (figure 5.15). Post-transition, union composition has altered, reflecting structural economic changes in the economy that seeks a skilled workforce and a flexible labour market. In 1994, 60 percent of COSATUs membership was unskilled and semi-skilled, ten years later 60 percent were skilled, supervisory and clerical workers (Buhlungu 2006, p.9). Figure 5.16 illustrates the changed composition of COSATUs membership base since 1990, and shows that

\(^{131}\) Whether informal employment actually deprived the state of revenue is questionable however, given that much of the capital in the informal sector is likely to recirculate nationally.

\(^{132}\) Rodrik (2008, p.773) notes that low levels of informal employment constitute apartheid legacies ‘… which made it first illegal and then difficult for blacks to move to larger urban areas unless they already had a certified job.’

162
there has been a massive increase in white-collar membership, evinced by the increase in service workers. Simultaneously, blue-collar membership has declined, particularly semi-skilled and unskilled manufacturing and transport workers. COSATU has encountered problems that have challenged its relative power in the post-transitional environment including its changed composition of membership, a bureaucratization of union structures, and its relationship with the ANC-led tripartite alliance. These different factors have meant that the union movement now has a completely different environment to navigate than before the transition.

Figure 5.15 COSATU membership and formally employed population, 1991-2012 (South African Reserve Bank Quarterly Bulletins, various issues; COSATU 2006, 2012, p.10)

Increasing economic complexity has contributed to a changed composition amongst unionized workers. Post-apartheid legislative changes have meant that unions have enhanced rights. Although COSATU represents a very large proportion of the public service (42 percent in 2012), new members of COSATU have no linkages with the democratic struggle and the development of labour flexibility has meant that COSATU now struggles to access many workers (Public Services International 2012; Buhlungu 2010, p.103). These changes have implications for the relative power of the trade union movement. Newer members do not have the mobilizational

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133 Revisions were made to the LRA in 1995 and to the Basic Conditions of Employment Act in 2002. The LRA regulates the organizational rights of trade unions, promotes and facilitates collective bargaining at workplace and sectoral levels, regulates the right to strike and recourse to lockout, promotes employee participation through workplace forums, provides simple procedures for the resolution of workplace disputes, registers and regulates trade unions to ensure democratic practices and proper financial control, and effects international labour law obligations (South Africa Department of Labour 1995). The Basic Conditions of Employment Act regulates leave, working hours, employment contracts, deductions, pay slips and terminations (South Africa Department of Labour 2002).
history or institutional trust of unions, which makes them more difficult to mobilize and control, particularly for political issues. These members are unlikely to engage in contentious politics, lest it interfere with future opportunities. Unions lack the organizational capacity to access flexible workers, all of which combine to decrease organizational relative power, however the legislative reforms have allowed them to accrue significant relative economic power for the workers they organize.

*Figure 5.16 Trade union density by sector (Bhulungu 2008, p.443)*

Linked to changed membership composition is a bureaucratization of union structures where workforce professionalization has required union professionalization. This also poses challenges to the union movement in terms of careerism, grassroots linkages and union morale. Accusations have emerged that ‘leaders have become career unionists who are out of touch with shop-floor issues’ (Financial Mail 2013). Worker solidarity was argued to have been lost in this environment. Appolis-Nyman, gender coordinator for the South African Commercial, Catering and Allied Workers Union (SACCAWU), decried how unions had become ‘… more individualized … it’s no more about your organisation nominating you … People position themselves so that they can get to the next level … to parliament.’ Interviewees harked back to the bad old days of apartheid when criticizing bureaucratization, arguing that cultural change has been detrimental to morale. Appolis-Nyman argued that there is ‘a lot of hostility and infighting within

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134 Interview with Patricia Appolis-Nyman, gender coordinator, SACCAWU, Johannesburg, March 2011.
the organisation. You then forget why the organisation exists. Elections are terrible." 135

Professionalization in the general workforce has brought with it professionalization and gentrification of the unions. Adrian Sayers noted how things had changed in the NUMSA office since he worked there in the early 1990s. ‘When I was head we had one desktop for the entire province, now the guys have a head office in Jo’burg, the IMF rents from them … and I walked into the meeting and everyone pulled out laptops. They were fighting about access to plugs!’ 136 Bureaucratization has resulted in the development of a separation between leaders and the grassroots, which has been detrimental to their mobilizational capacity in this arena of increased complexity. As much as anything else, the Marikana events in 2012 indicate the gulf that has developed between grassroots and leadership and how unions have changed. The dispute featured a struggle between the NUM – locally dominated by surface workers and a newer rival union called the Association of Mineworkers and Construction Union which had enrolled underground miners – who were ethnically, culturally, and with respect to employment status, different from most of the NUM members engaged in the local platinum mine. The NUM officials tended to be Tswana and urbanized, whereas the strikers were Mpondo and rural. The newer union sought to engage directly with employers rather than through traditional union structures, and this structural dispute ultimately contributed to the Marikana massacre (Ashman and Fine 2012).

COSATUs membership of the tripartite alliance and its linkages with the ANC poses further problems for the union in this period. Increased access to public sector workers gives COSATU ambiguity when negotiating because of their relationship with the ANC that some have accused of moderating union elites (Vavi 2010). In the case of public sector strikes, COSATU has been responsible for unsatisfactory outcomes. For example, the 2010 public sector strikes about 10 million workdays were lost over 20 days in the public sector alone which resulted in a 7.5 percent settlement without consultation (Ceruti 2011, p.152). The inclusion of COSATU in the tripartite alliance, whilst positive in terms of labour legislation, has not actually

135 Interview with Patricia Appolis-Nyman, gender coordinator, SACCAWU, Johannesburg, March 2011.
136 Interview with Adrian Sayers, democracy consultant, Cape Town, March 2011.
granted COSATU more relative power to challenge the government. It has in fact relegated COSATU from their transitional position that embraced both political and labour issues, to one that is now only sanctioned to deal with workers issues.

Since the transition, unsurprisingly there has been movement of trade union and civil society activists to politics and the business community, which has been predictably fuelled by increased opportunities and more lucrative positions than the trade unions could offer.\textsuperscript{137,138} This has denuded union power through access to intelligentsia and unfavourable policy decisions by former unionists who had moved to politics.\textsuperscript{139} Adrian Sayers noted gleefully in relation to Ebrahim Patel, current Minister of Economic Development, that ‘… he got persuaded to join the government and now he’s in a position where whatever government develops he has to defend in relation to his own view (laughing).’\textsuperscript{140} The movement of unionists to politics meant that they suddenly acquired a much larger constituency to be accountable to. Of course they may still be sympathetic to unions, but they now belong to a political party and must tow the party line. Patricia Appolis-Nyman lamented that ‘… many of the trade unionists are in key positions … and they just became divorced from the masses and from their actual constituency.’\textsuperscript{141} She was also critical of individuals who had moved from unions to politics because of the trend of people joining unions who were not solely interested in the plight of workers, but more concerned with developing connections that would later serve their own personal advancement. This was considered detrimental to trade unions and reduced their relative power because they now lack dedicated personnel to push collective struggles along.

Despite diminishing relative political power, trade unions have experienced a marked increase in legislative power in the post-transitional era. Labour legislation in South Africa is amongst most labour-friendly in the world. Union density is stable and has moved from blue- to white-collar membership. However, increasing

\textsuperscript{137} Cyril Ramaphosa is one such individual who has moved from the trade union leadership to political and subsequently business life. Originally leader of the NUM, Ramaphosa moved to the ANC and was a key negotiator during the transition. He has since benefitted from the BEE programme and now operates his own investment company called Shanduka.
\textsuperscript{138} Interview with Anthony Butler, University of the Witwatersrand, Johannesburg, March 2011.
\textsuperscript{139} GEAR was frequently disparaged in interviews, particularly because it had been implemented by former trade unionists Trevor Manuel and Ebrahim Patel.
\textsuperscript{140} Interview with Adrian Sayers, democracy consultant, Cape Town, March 2011.
\textsuperscript{141} Interview with Patricia Appolis-Nyman, gender coordinator, SACCAWU, Johannesburg, March 2011.
complexity in this period has resulted in a decline in overall levels of union power compared to the transitional era. Democracy has resulted in a more crowded public sphere in which unions frequently get lost. In this way, higher levels of economic complexity in the post-transitional environment have resulted in lower levels of union power.

v. Level of foreign private investment

*Figure 5.17 Long-term private capital inflows to South Africa 1994-2011 in million rands (South Africa Reserve Bank Quarterly Bulletin, various issues)*

In the immediate aftermath of the transition, the common expectation was that long-term private CIs would increase because of the lifting of international economic sanctions, leading to economic growth and equitable redistribution (Blumenfield 1994, p.14). CIs did not increase to a large extent until 1998, and subsequently exhibited a fluctuating pattern of extreme highs and lows (figure 5.17). This fluctuating pattern of long-term CIs illustrates South Africa's integration into the volatile global economy. The post-transitional environment has been characterized by outflows of long-term capital, as many South African conglomerates have shifted operations overseas. These have been replaced by short-term CIs, primarily financial speculation which can be economically unstable (Ashman et al. 2011, p.186). Although the economy has grown, it has been jobless, and accompanied by 'the persistence of mass poverty for the majority alongside rising living standards for a small minority, including new black elites’ (Ashman et al. 2011, p.178).
Financialization indicates increased complexity, but its volatility can cause economic havoc, judging by the effects of the 2008 worldwide recession.\textsuperscript{142}

The economy has increased in complexity post-transition with the development of diverse economic activities, more economic efficiency, and export orientation. The sectoral shift to services indicates a more skilled, educated and globally oriented workforce that, by association, should attract higher levels of FDI. South Africa does possess one of the strongest and most diverse economies on the African continent and became a member of BRICS in 2010, signifying international recognition of South Africa’s regional economic power (Woolridge 2011 cited in Bauer and Taylor 2011, p.289). Despite the global reach of internationalized capital, the country retains legacies of U&CD, not only amongst individuals, but also amongst small and medium sized enterprises that have struggled and sometimes folded because of inability to compete with cheaper imports\textsuperscript{143} (Marais 2011, pp.104-105).

\textit{Figure 5.18 Net acquisition of financial asset versus net capital formation, 1970-2007 (SARB 2008, cited in Ashman et al. 2011, p.184)}

\textsuperscript{142} Although impacted by the 2008 financial crisis, South Africa does possess highly regulated financial institutions that are in many ways better regulated than their US and European counterparts. For example in the 2013-14 Global Competitiveness Report, South Africa was ranked first in strength of auditing and reporting standards, as well as regulation of securities exchanges and the legal rights index (World Economic Forum 2014). Nevertheless, South Africa was still adversely affected by the recession due to global economic interconnections.

\textsuperscript{143} Affected industries included the Cape textile industry and more recently the automotive industry.
Capital conglomeration has continued, but it has now been tinged by post-apartheid redistribution policies that were intended to reorient the business community from white domination to an economy representative of the population. These policies have been criticized because they have enriched a well-connected minority commonly called ‘black diamonds’ that preside over holding companies that simply acquire shares of other companies. In illustration figure 5.18 illustrates the growth of financial assets versus net capital formation from 1970 to 2006. While financial asset acquisition has always been quite high, it has increased substantially in relation to net capital formation, particularly from the mid-1980s. In 2006, net acquisition of financial assets was seven times more than that of net capital formation, implying that capital has become more consolidated. For example in 2009, less than 5 percent of firms accounted for over half of industrial output (Fedderke 2009, p.249). This suggests that further concentration of capital in an arena of increased complexity has not been positive for the redistribution of wealth, but instead has resulted in a concentration of ownership, which increases economies of scale, that lowers employment opportunities and retains income inequalities, thus creating a wealthier elite.

Increased complexity in this period has implications for democratic consolidation. Integration into the volatile global economy coupled with retention of legacies of U&CD have resulted in jobless growth and continued inequality. Large business has grown at the cost of small and medium enterprises, and individuals have become wealthy without the trickle-down effects supposed by liberal economics. Whilst South Africa currently possesses a more democratic regime than apartheid, inability to redress gross inequalities has the potential to destabilize government. All of these factors combined indicate that despite increased complexity, South Africa still faces a number of challenges in consolidating democracy.

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144 Cyril Ramaphosa is one such individual who in 2012 numbered 21 on Forbes Africa’s 40 Richest list. A former trade unionist-turned businessman who brokered one of the first BEE business deals was estimated to be worth US$675 million in 2012 (Forbes 2012).

145 This was seen recently by Julius Malema’s Economic Freedom Fighters party that mobilized voters around issues of inequality and unaddressed economic grievances hailing from the apartheid era.
iv. Relating to the hypotheses

In relation to hypothesis one, the post-transitional environment of increased complexity has had a significant impact on the relative power of trade unions. From a group that was instrumental in creating the conditions for transition, once the transition was underway, unions found themselves relegated to the political sidelines and to purely trade union issues. This was partly because some key leadership moved to government and business circles as opportunities opened, causing a brain drain in the union movement. However, it also aligns with O’Donnell and Schmitter’s contention that social movements do not direct transitions, but instead cheer and jeer from the side lines. A decline in relative political power has continued throughout the post-transitional phase, reflecting issues including the structural economic changes that have seen a changed workforce, and by association union composition that are more difficult to mobilize than their historical counterparts. Mass youth unemployment coupled with the development of a mobilization-shy middle class has meant that trade unions have lost significant amounts of relative power to other economic actors. This has ramifications for democratic consolidation in the country because it means that there is significantly less mobilizational scope to pull from in the event of increases in authoritarianism and corruption amongst government cadres. However trade unions now possess more linkages with political actors through the tri-partite alliance than prior to the transition, which has resulted in a positive labour policy framework where labour is regularly consulted on some aspects of government policy. Furthermore, remnants from the labour-designed RDP remain as policy-guidelines. Although disempowering for the union movement, declining influence on non-labour matters actually signifies an increase in democratic consolidation because actors now utilize political channels for change rather than popular forces.

Regarding hypothesis two, the post-transitional economy has seen a sectoral shift to more global forms of capital. However capital inflows have shifted from long-term to short-term investment. This signifies a move to speculative economic forms that do not necessarily create job opportunities, but instead have retained the economic inequality for the population. Trade unions now have limited interactions with globalized capital, which has further contributed to a decline in their relative power. This has been exacerbated by their inability to access to flexible labour and
the informally employed. Combined, these factors disadvantage union’s acquisition of relative power and they are now significantly less powerful than before. Movement of former union cadres to government and business circles has not imbued unions with more access to these elites, and expectations of relative power gains have not been met because these groups are now accountable to a constituency larger than organized labour.

Unlike most of its African counterparts, institutional residue from the apartheid state provided the post-transitional government with institutional tools to extend and consolidate a more democratic government. If hypothesis two is correct, increased complexity in the economic sphere should buttress the democratic institutions that were inherited from apartheid resulting in a consolidation of democracy post transition. So has this occurred? The economy has certainly become more complex with the development of a more globally interconnected economic framework that is liberal in its approach. Furthermore democratic principles have been extended to all of the population. In this sense increased complexity has helped in the consolidation of democracy in South Africa. However, increased economic complexity combined with institutionalized legacies from the apartheid government has also encumbered South Africa with numerous governance problems.

Initially the post-transitional environment saw a decreased state role as it embraced economic liberalization. In more recent years however the state has re-established a larger role in the economy to address gross income inequalities that contradicts the liberal economic agenda. Increased economic complexity indicates that there should be a decreased state role, but this has not proved to be the case. Apartheid legacies have coloured government economic policy, and significant state resources are now used to support the impoverished majority. Neo-patrimonialism has been observed throughout various levels of government, which tinges relations significantly. Further, the ANC has resurrected apartheid struggle rhetoric and government sensitivity to criticism has increased in recent years. These combined factors indicate that although South Africa has increased its level economic complexity and its level of democracy in the post-transitional environment, historical legacies have imbued the state with problematic inheritances of neo-patrimonialism and corruption. Declined relative power of unions in an environment of increased complexity means that unions now work in a different environment than during the
transition that has reduced their capacity to challenge government. However, despite declining union power, the maturing political environment means that trade unions need not resurrect their mobilizational history, there now exist many overtly political groups that can challenge the state.
Chapter Six – Zambia, economic complexity and the development of democracy

6.1 Introduction

Historically Zambia’s political development has been intertwined with copper mining. Rents from copper and other minerals have financed government projects, political platforms and patronage since and before the state’s inception. Access to government and control of revenue sources have initiated a number of political crises resulting in three periods of constitutional change ‘… at the heart of which have been attempts to manage the nature of state patronage, and to structure the way in which particularistic interests could access government and appropriate public resources’ (Szeftel 2000, p.208). Copper’s structural definition of Zambia’s political economy has profoundly impacted and continues to impact Zambia’s democratic development in the 50 years since independence. In 2013, for example, copper/cobalt related industries accounted for 64 percent of total exports (Global Finance 2013). Long-term domination of copper extraction has endowed Zambia with both structural constraints and opportunities that have impacted on the development of governance. Mineral dependence has a tendency to create institutional inertia with strong incentives to maintain the economic status quo (Karl 1997, p.15). I argue that inertia transposes to the political realm and even after transition contributes to the retention of legacies that combine with the new post-transitional elements.

Copper extraction possesses industry-specific features that pose challenges to would-be industrialists, both state and corporations. As a ‘high-stakes, high-risk proposition’ (Shafer 1994, p.51), copper mining offers huge economies of scale, but because of global economic integration, it regularly succumbs to international booms and busts. Dependence on capital intensity and economies of scale to retain profitability means that supply is relatively inelastic related to demand - mines must produce a certain amount of copper in order to retain economies of scale, but risk flooding the market at times of low global demand. This contributes to price volatility and can result in mines producing at a loss. Unlike diamonds and oil, copper is not a cartel price-controlled commodity; instead it is internationally priced...
and is managed through firm-created oligopolistic conditions. Technological advances have opened new copper mines in recent years, enlarging the number of copper producers, which has negative implications for collusion because more players mean a more complicated price-management process (Shafer 1994, p.55).

In addition to the industry-specific challenges, Zambia itself possesses features that can make rendering profits difficult. Firstly, despite being amongst the world’s largest copper producers, Zambia’s status as a price taker has made it subject to the volatility of this commodity (Adam and Musonda 2009, p.8; Fraser 2010, p.6). Recognising this impediment in 1967 Zambia, in collaboration with three of the world’s largest copper producers of the time (Chile, Peru and Zaire), attempted to establish a copper cartel called the Intergovernmental Council of Copper Exporting Countries (CIPEC) that would emulate OPEC. However, divisions amongst the countries on the degree of confrontation to adopt higher prices, as well as difficulty in stockpiling resources to artificially create scarcity, meant that the organization became ‘gradually irrelevant’ and eventually defunct when it was dissolved in the 1990s (Fraser 2010, pp.6-7). Coupled with the capital intensity of the mining industry, global price fluctuations can be exacerbated having deleterious implications for producer nations.

The geological nature of mining in Zambia has made ‘… it a high cost producer which entails an import- and capital-intensive technology’ (Adam and Musonda 2009, p.9). Zambia’s copper deposits are located underground, requiring substantial investment ‘associated with exploration activities, environmental legacies and geographical isolation’ (Adam and Musonda 2009, p.8). Figure 6.1 below illustrates Zambia’s production costs compared to other copper producers in 2006, demonstrating that the country is the 4th most expensive worldwide copper producer. Uncertainty regarding the costs of production in relation to future copper prices can create investment hurdles whereby potential investors may eschew risk until prices move above the long-term average (Adam and Musonda 2009, pp.8-9). ‘This …

146 Self-creation of oligopoly includes horizontal integration, where firms attempt to limit competition by buying competitors stock, lending each other money and sharing directors (Shafer 1994, pp.53-54). However oligopoly has largely failed in copper due to technological innovations that have replaced copper in some technologies, fibre-optic cables in telecommunications for example.
147 OPEC (Organization of Oil Producing Countries) is a cartel organization that seeks to coordinate the policies of major oil producing countries in order to influence world oil prices and to guarantee a steady income for the countries involved.
creates the effect of a “feast-or-famine” pattern to investment, which is uneven over
time and strongly procyclical at both local and global levels’ (Adam and Simpasa
2010, p.60).

**Figure 6.1 Unit cost of copper production 2006 (Adam and Musonda 2009, p.54)**

Finally, Zambia suffers from many of the challenges common to economic
stagnation across sub-Saharan Africa (Ndulu and O’Connell 2008, p.61). These
factors have contributed to the development of a hostile environment for economic
and political gains. Copper dependency has created a mono-economy that provides
large and volatile rents that elites extract from. Resource dependence has shaped
government-determined distortions in investment and the composition of cross-
sectoral patterns of capital and labour. It has diverted productive resources into rent-
seeking and patronage, and the country’s distance from major world markets has
negative implications for trade and technology transfer costs. Furthermore, outside
urban areas, Zambia’s population density is low at 5.8 persons per square kilometre
(Republic of Zambia Central Statistics Office 2010, p.4).¹⁴⁸ This reduces the size of
the domestic market and creates challenges in delivering public services (Adam and
Simpasa 2010, p.60).

Despite these challenges Zambia has undergone two transitions to democracy in the
50 years since its independence in 1964, one that reverted to single party rule in
1972 and a second more successful transition, that experienced party alternation in
2011, 20 years after the second transition. Economic complexity has profoundly
impacted the various forms of governance that have been adopted throughout this

¹⁴⁸ Nationally density is 17.3 persons per square kilometer. But it is very unevenly distributed with
100.1 persons per square kilometer in Lusaka, and 5.8 persons per square kilometer in rural areas.
50-year history. For example, external shocks, like fluctuations in the world price of copper, as well as internal shocks, like trade union and social unrest, have impacted economic complexity and its counterpart governance throughout Zambia’s recent history.

This chapter examines the relationship between economic complexity and democratization in Zambia from 1960 until the present. 1960-1972 marked a semi-liberal market economic period, which witnessed the run-up to, and development of Zambia’s first democratic republic, where ‘the basic principle of government policy [was] to support … the development and diversification of the economy’ (Government of Zambia 1964; cited in Shafer 1994, p.50). Although rural development, job creation, import substitution and export diversification were stressed in this period, economic copper dominance proved difficult to overcome. This was because ‘[a]t its peak in the late 1960s and early 1970s, copper mining accounted for more than 80 percent of the country’s foreign exchange earnings, over 50 percent of government revenue and at least 20 percent of total formal sector employment’ (Simutanyi 2008, p.1). 1972-1991 witnessed the economic nationalization period where the state controlled and managed economic activity through indigenization policies, which required state ownership of 51 percent shares of all companies. This period ‘… was characterized by government control and management of the economy via financial, trade, exchange and interest rate controls, and the establishment of state enterprises (parastatals). The system of controls and political expediency gave rise to rent seeking behaviour and poor management of the parastatals’ (Mwanawina and Mulungushi 2008, p.286, brackets in original). The final period is a free-market economy, which was adopted in 1991 following the transition. Liberal economic management has seen the majority of parastatals privatized, and has witnessed financial liberalization including the removal of price controls and subsidies (Nyirenda and Shikwe 2003, p.3). This chapter examines these three periods through a consideration of the five indicators that have previously been identified as significant in determining the level of economic complexity in an

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149 Nationalization started in 1969, but the development of a one party state in 1972 has been deemed to denote the earnest beginning of economic nationalization, which had the ideology of a ‘one party participatory democracy’ supporting it.

150 A notable exception is the banking sector where existing banks including Barclays and Standard Chartered Bank were allowed to coexist with the state controlled commercial bank the Zambia National Commercial Bank (ZNCB).
economy. These indicators are; sectoral spread, level of state intervention, formal sector employment, level of unionization, and level of foreign private investment.\(^{151}\)

6.2 Macro-economic indicators

6.2.1 1960-1972 – State capitalism

Like South Africa and Zimbabwe, the colonial protectorates of Northern Rhodesia and Nyasaland, which became Zambia in 1964, were outposts of the British South Africa Company that ‘... acquired in perpetuity monopoly rights to the prospecting and mining of copper within the territory’ (Adam and Musonda 2009, p.4). Commercial prospecting emerged in the 1920s with the entrance of South Africa’s Anglo American Corporation (AAC) and the Roan Selection Trust (RST) as major shareholders that quickly consolidated their hold over the copper mining industry. By the 1930s and 1940s Northern Rhodesia supplied 10 percent of the world’s copper, reaching its peak in 1959, supplying 15 percent of overall world production (Adam and Musonda 2009, p.6 and p.54, figure 1). On independence in 1964, Zambia possessed a world-class copper industry and the highest per capita income and tax revenues in sub-Saharan Africa, although these incomes were greatly skewed in favour of the settler population and foreign shareholders who controlled the mining industry (Kaunda 1968, p.296; Shafer 1990, p.127; Adam and Musonda 2009, p.6). Politically, Zambia entered independence with a multi-party democratic system that, although dominated by the United National Independence Party (UNIP), was considered stable because the peaceful transition to independence had not been racially tainted. The remaining settlers accepted transition to majority rule and were generally committed to the country’s development project, although they were hesitant to invest in the long-term projects required for such development (Tordoff and Molteno 1974, p.6; Bauer and Taylor 2011, p.51). Economic nationalization, which occurred very shortly after independence, deprived everyone regardless of race, of roles in the private sector and gave the state a privileged economic role (Taylor 2007, p.57). This had the effect of reorienting the economic sphere.

Economically, colonialism moulded Zambia’s developmental trajectory. In Zambia,

\(^{151}\) Every effort has been made to collect full data sets for each period under examination, however due to patchy data collection and maintenance, it has not been possible to illustrate the entire time period in some instances.
many of the traditional features associated with colonial economies emerged, including ‘… an export-oriented mono-economy based on copper, which was mined by vast foreign multinational corporations; underdeveloped manufacturing and agricultural sectors; and an infrastructure almost solely geared to the mining industry. The rural sector off the line of rail was badly neglected and there was a wide income gap between rural and urban dwellers’ (Tordoff and Molteno 1974, p.8). Socially, colonialism indelibly marked the country and impacted substantially on later regime development. Divide and conquer strategies including active encouragement to retain diverse languages and cultures, served to develop often-rival polities of governance that weakened a sense of national community upon independence. Fractious politics damaged and modified traditional authority systems; with the result that dissension amongst and between political groups was rife (Tordoff and Molteno 1974, p.2). These legacies left the country saddled with uneven and combined economic and social development where, apart from the lucrative mining sector, economic development had to develop largely from scratch, a task that the new government adopted.

Zambia sought to address these problems through the ‘… maintenance of state stability, development of human and material resources, improvement in the standard of living, attracting private business enterprise, and encouragement of trade’ (Mwanawina and Mulungushi 2008, p.274). To achieve these objectives, a semi-liberal economy was adopted and development was envisioned through private enterprise generation, government provision of necessary infrastructure and support to develop the private sector. The government was willing to develop activities eschewed by the private sector (Mwananwina and Mulungushi 2008, p.274). The government’s economic role increased in the following years as UNIP gradually adopted economic reforms that nationalized all major sectors, bar banking. Nationalization of the mining industry in particular was relatively ‘… easy, for once mining companies’ investment is sunk, they are vulnerable’ (Shafer 1994, p.56). Various reasons have been forwarded to account for economic nationalization, including resource liberation from multinational rule, and the creation of a stable income source that could be utilized for development projects (Shafer 1994, p.56). Other reasons include nationalization as a response to the growth of state-led economic development that gained international popularity during the 1960s (Fraser
Another argument links nationalization to domestic politics of patronage to undermine support for the political opposition, the United Progressive Party (UPP) (Larmer 2006, p.51). Even if patronage had not been a central feature of nationalization, it certainly became so after the Mulungushi reforms (Szeftel 2000, p.212). A combination of these various reasons most likely accounts for the adoption of nationalization in 1968/9 through the Mulungushi reforms. With the onset of nationalization, Zambia’s economy decreased in complexity as the state expanded its influence to encompass political, economic and social life. State economic control coupled with the development of patronage and incorporation activities all combined to decrease economic complexity.

i. Sectoral spread

Zambia straddled a low-medium complex economy at independence that was dominated by industrial mineral extraction. Until economic nationalization, mining was owned and controlled by two multinational companies, AAC and RST. In 1970 the Zambian government acquired a 51 percent share of each of the companies, thereby decreasing Zambia’s economic complexity.\(^{152}\) Although intended to provide government with the resources to foster economic and social development, poorly timed nationalization operated to further anchor the economy in the mining sector. Nationalization just preceded the 1970s world economic crisis. This resulted in low copper prices, that adversely affected Zambia’s development plans because rents were not plentiful enough to fund development projects, but instead began to be used for patronage uses to placate special interest groups and individuals (Szeftel 2000, pp.208-209).

Figure 6.2 illustrates that between 1965 and 1972, 50-70 percent of GDP was generated from the industrial sector, of which copper mining accounted for the majority. In illustration, ‘at independence the mines accounted for 60 percent of GDP, 53 percent of export earnings, and employed 20 percent of those in formal

\(^{152}\) Unlike the indigenization efforts in Zimbabwe, mining companies were compensated generously for the nationalization project, which ensured state-underwritten security for their mining investments. Indeed, as The Economist magazine put it ‘… the shrewdest businessmen in that part of the world have argued for some time that 49 percent stake in a business whose success is underwritten by government participation may be more valuable than 100 percent of a concern exposed to all the political winds that blow’ (cited in Okafor 1990, p.74). In light of this, the nationalization project ‘… did not represent the introduction of qualitatively different economic system’ (Larmer 2010, p.37). Instead, the nationalization project saddled the government with substantial debts that would in later years serve to cripple the economy.
jobs’ (Shafer 1994, p.49). Mineral dependency was immense and until the late 60s copper prices were twice that of production costs. This resulted in the development of high rents that established unsustainable patterns of investment and consumption (Auty 1991, p.171). Copper’s sectoral dominance was recognized as potentially disadvantageous and in the 1964 Outline of the Government’s Industrial Policy, the new government asserted that ‘the basic principle of government policy is to support … the development and diversification of the economy’ (Government of Zambia, cited in Shafer 1994, p.50). To support development and diversification, policy ‘… stressed agricultural and rural development, job creation through labour intensive industrialization, import substitution and export diversification’ (Shafer 1994, p.50). However despite these goals, copper mining’s immensity and its associated costs meant that in the early years of independence the Zambian government watched enviously as foreign extraction firms reaped the benefits from the mines. Nationalization of the mines was a solution to liberating Zambian resources and associated profits from foreign MNCs.

Figure 6.2 Sectoral Spread, 1965-1972 (African Development Bank 2013)

Nationalization of the copper mines from 1968-1970 saw Zambia transition from a corporate to national producer. This posed structural disadvantages in relation to the MNC-dominated extraction sphere. ‘In the absence of vertical integration, Zambia [was] open to the full force of market volatility’ (Shafer 1994, pp.59-60). This means that Zambia’s copper concessions were no longer integrated into other mining companies, and in times of copper price troughs, these limitations caused the
economy to suffer on a national scale. Zambia’s copper mining industry exhibits high production inflexibility due to mining’s extreme capital intensity that beleaguer mining with enormous fixed costs including a highly skilled permanent workforce and an extensive infrastructure that is expensive to shut down and start up. These features were exacerbated by the huge loans that Zambia assumed to nationalize mining (Shafer 1994, p.62). Furthermore, asset/factor inflexibility was high, meaning that most of Zambia’s infrastructure centred on copper.\footnote{Copper extraction tools are difficult to transfer to other economic areas, ‘mines, refineries and smelter have no other uses’ (Shafer 1994, p.63).} This inflexibility made diversification difficult because ‘little of Zambia’s human, social, organizational, or material investment in copper can be reallocated’ and the country has subsequently suffered from the effects of Dutch disease where plentiful foreign exchange from high copper prices has encouraged imports and discouraged the development of indigenous manufacturing (Shafer 994, pp.63-64). Although the government tried to nurture an indigenous manufacturing industry, the post-colonial manufacturing sector was party to ominous economic characteristics including imported capital, failure to diversify pre-existing manufacturing industries, predominance of multinational, rather than indigenous, manufacturing enterprises, and a failure to develop manufacturing facilities in peripheral areas (Seidman 1974, pp.603-604).

Figure 6.2 shows that industry’s percentage of GDP reached its zenith in 1969, the same year that world copper prices peaked, simultaneous to the beginning of Zambia’s nationalization project. Mining’s economic dominance and importance posed difficulties in sectoral diversification. Figure 6.2 illustrates that agriculture and manufacturing stagnated, but the services sector grew. The growth of services likely represents post-colonial civil service inflation where in the vacuum of colonial civil service support, UNIP quickly turned to patronage to reward supportive individuals. In particular, ‘access to the state and state apparatus [became important] in a society where there were few other avenues of social mobility’ (Szeftel 2000, p.210). Thus, it became important for the government to maintain the dominance of the mining sector so that it possessed the funds to forge and retain clientelistic links with supportive individuals and groups.

Declining economic complexity in this period with the movement of economic
ownership from the private to the state sector indicates the development of conditions conducive to an authoritarian backslide if the framework outlined in chapter three is correct. The nationalization project, although popular amongst newly independent countries at the time, invariably led to the development of more rigid governance as the state sought to expand its influence.

**ii. State intervention and investment**

A semi-liberal market environment marked the early years of independence. Inheritance of the colonial mining structure that was foreign-owned and which repatriated profits constituted a bone of contention not only amongst the new government, but also the larger population, which recognized that although copper defined Zambia’s political economy, Zambia did not control the resource. Nationalization limited company remittances to 50 percent of after tax income in 1968, in 1969 reclaimed all mineral rights, and in 1970 took control of 51 percent of extraction firms and increased taxes to 87 percent of profits. The companies were consolidated under the state holding company, the Zambia Consolidated Copper Mines (ZCCM), and a management and sales agreement was signed with the companies (Fraser 2010, p.8). The government established the First National Development Plan (FNDP) that ran from 1966 until 1971. The FNDP was ambitious, anticipating economic diversification through the creation of a domestic industrial base that would generate 100,000 jobs that would minimize the effects of U&CD. The FNDP ‘... succeeded in achieving modest economic growth and development after independence in spite of the considerable challenges that the regional context of racist settler regimes and on-going liberation struggles provided’ (Larmer 2010, p.35). However, after nationalization mining revenues declined steeply and revenues were insufficient to fund Zambia’s development goals.\(^{154}\) So although this period witnessed high levels of state intervention, increasingly there were diminishing resources to fund this.

\(^{154}\) In March 1970 the average daily price per ton was US$232, by December the price had declined to US$138, just below the estimated minimum price required, US$140, for Zambia to pay its international monetary commitments. Copper prices increased slightly in 1971 and 1972 to US$140 and US$149 per ton respectively (Tordoff 1974, a note on copper prices).
Figure 6.3 illustrates FCF in Zambia from 1970-1972. It demonstrates quite starkly the immediate effects of economic nationalization where there was no private FCF at all. Gross FCF increased from 29 to 33 percent between 1970 and 1972, reflecting new loan commitments from IFIs that paid for nationalization and funded patronage commitments to secure UNIPs political base. Apart from mine nationalization, the state Industrial Development Corporation (INDECO) erected huge parastatals in 1968 and 1969 that sought to substitute imports from South Africa and Rhodesia. However, whilst parastatal establishment afforded UNIP legitimacy, they were unprofitable and ‘… did not provide the basis for self-sustaining economic growth’ (Larmer 2007, p.44). Private investment was encouraged, but it failed to materialize outside of the banking sector, with the result that Zambia’s political elite managed the majority of the economy. Copper subsidized state development projects and patronage commitments expanded significantly during this era because of the state’s status as the primary vehicle for social mobility and economic growth (Szeftel 2000, p210; Larmer 2007, p.44). State economic control meant the state slowly encroached into all other areas of economic life and became ‘… bound up with processes of class formation … and clientelist mobilization’ which had implications for Zambia’s slide into authoritarianism in 1972 (Szeftel 2000, p.209). Declining economic complexity in this period is evinced by the increased role of the state that became the central cog in economic enrichment through nationalization and patronage politics.

155 No data was available before 1970.
iii. Formal sector employment

Colonialism’s economic legacies meant that Zambia’s economy was characterized by U&CD where enclaves of productivity juxtaposed with extreme underdevelopment in other areas. This impacted the level of formal sector employment\(^{156}\) that could ultimately be generated. Official data has been difficult to obtain but by examining 1969 as a snapshot it can be ascertained that the percentage of formal employment related to total population was 18.6 percent (Burawoy 1972, p.4; World Bank 2013).\(^{157}\) Mineworkers constituted about 15 percent of the formally employed (Sklar 1975, p.117), but mining’s mono-economic status impacted on economic development; in 1972 the copper industry provided over 90 percent of foreign exchange and over 70 percent of government revenue (Burawoy 1972, p.2). This meant that even though mining’s workforce was relatively small in terms of the general population, it constituted a powerful economic group.

*Figure 6.4 Racial breakdown of the working population, August 1969 (Burawoy 1972, p.4).*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>African</th>
<th>Non-African</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, technical</td>
<td>21,300</td>
<td>11,700</td>
<td>9,600</td>
</tr>
<tr>
<td>and related workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative and</td>
<td>10,000</td>
<td>7,500</td>
<td>2,500</td>
</tr>
<tr>
<td>managerial workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerical and related</td>
<td>63,500</td>
<td>59,400</td>
<td>4,100</td>
</tr>
<tr>
<td>workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales workers</td>
<td>39,700</td>
<td>37,800</td>
<td>1,900</td>
</tr>
<tr>
<td>Service workers</td>
<td>87,400</td>
<td>86,800</td>
<td>600</td>
</tr>
<tr>
<td>Agriculture and allied</td>
<td>330,300</td>
<td>329,300</td>
<td>1,000</td>
</tr>
<tr>
<td>sector workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production and related</td>
<td>204,600</td>
<td>197,500</td>
<td>7,100</td>
</tr>
<tr>
<td>workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>756,800</td>
<td>729,800</td>
<td>27,000</td>
</tr>
</tbody>
</table>

Unlike South Africa, Zambia’s mining industry developed a permanent workforce to preserve MNC’s human capital investment (Shafer 1994, p.78). Copper’s economic role imbued mining labour with ‘… a sense of its own importance’ related to other

\(^{156}\) Employment statistics in Zambia are patchy and are difficult to access given that much of the economy is and has been dominated by the informal sector since, and prior to, independence. Furthermore, employment statistics are only available on databases from 1990 onwards. In the development of this section, I have tried to garner as much data as possible from literature-based sources, so the data is only available for 1969.

\(^{157}\) Number generated from own calculations based on World Bank population statistics that numbers the Zambian population at 4,056584 in 1969 and data from figure 8.4.
sectoral groups (Gupta 1974, p.290). Mining townships were affluent, were serviced by company run housing, hospitals, schools, and ration shops and were characterized by ‘…an unusually high concentration of motor cars, fashionable hairstyles, and European-style nightclubs’ (Gupta 1974, p.291; Fraser 2010, p.9). Although literacy rates were low, the affluence, skills-specialization, and control of copper production furnished this group with a higher degree of security and power relative to other social sections. Copper dependency resulted in this group developing somewhat apart from the majority of Zambian society and gaining significant relative power, contrary to their numerical size.

With the onset of nationalization, policies of Zambianization, essentially indigenization, were adopted to reorient the economy towards the black population. However, because the colonial administration had neglected the development of a sophisticated educational sector, Zambia faced a skills shortage in terms of professional occupations including teaching (figure 6.4) and relied heavily on expatriate labour (Burawoy 1972, p.4). Furthermore, rapid Zambianization led to quality control issues in terms of recruitment; often, unqualified candidates were recruited for local and national governmental positions through patronage networks (Burawoy 1972, p.5). This consolidated the state’s position as a social mobility agent that although was powerful was held captive to the fortunes of the mining industry in providing resources for patronage and development. Low levels of formal sector employment have repercussions for the declining level of economic complexity during this period. Economic nationalization coupled with the sectoral dominance of mining meant that in this era of declining complexity formal sector employment certainly increased amongst native Zambians as white workers left, but quality control issues coupled with an extension of patronage meant that, increasingly, enrichment opportunities were associated with state linkages. In these ways declining economic complexity contributed to the growth and institutionalization of corruption.

iv. Level of unionization

The nature of mining in Zambia led to the development of a skilled mining workforce that possessed significant levels of power relative to other social sections due to its control of the dominant sector (Burawoy 1972, p.78). Mining companies had sought to preserve their investment in human capital and skills, fostering the
development of a permanent, skilled workforce that subsequently developed a strong union movement in the 1940s and 1950s. The colonial government ‘… forcefully insisted upon non-political unionism’ (Akwetey and Kraus 2007, p.125). This was enforced administratively through decentralization that supported rivalries and splits amongst workers. Despite this, unions enjoyed considerable membership support with the result that at independence the new ‘… government perceived the mineworkers as both an economic and a political threat to the stability of the country’ (Burawoy 1972, p.78).

Post-independence politics saw a series of subtle struggles between government and unions. Although unions and UNIP cooperated during colonialism, unions were disinclined to support party political objectives and ‘…vigorously and successfully resisted … attempts to impose … political controls’ (Bates 1971, p.50). However worker discipline and demands for increased productivity to fuel Zambia’s development objectives meant that post-independence the government sought to control the power of workers. ‘Rarely did the President make a speech without hammering home the importance of discipline’ (Burawoy 1972, pp.56-57). Worker discipline was not only economically important, UNIP’s political constituency was not the minority population that controlled the means of production – business, farmers, trade unions, and notably, Copperbelt miners (Bates and Collier 1995, p.21). Imposing discipline on miners was a way to gain control of part of this economically important group. Tensions escalated between government and unions, with the result that government secured institutional power over labour when it was incorporated in 1965 to the Zambia Congress of Trade Unions (ZCTU).

The Trade Union and Trade Disputes Act was amended to ‘… create stable industrial relations … check the trade unions from receiving financial and other forms of assistance from outside, and establish a new trades [sic] union congress’ (Gupta 1974, p.298). This shifted emphasis from shop floor issues towards more official forms of engagement (Burawoy 1972, p.78; Fraser 2010, p.8). Incorporation ‘constrained the right to strike and reduced officials’ accountability by providing a closed shop, allowing workers’ dues to be removed straight from their payslips and increasing access for union leaders to state decision makers’ (Fraser 2010, p.8). Unions were centralized nationally and industrially, through the provision of ‘one industry, one union’ which decreased the number of trade unions from twenty-four
to eighteen, and which prevented the emergence of splinter unions. These regulations demonstrate UNIPs corporatist model of governance where they sought to co-opt potentially oppositional groups (Rakner 1992). Alfred Mudenda, former Assistant Secretary General for the ZCTU, argued that the government ‘… wanted to ensure that UNIP was felt at every institution.’ \(^{158}\) UNIP actively recruited union leaders to the higher echelons of the party machinery to bolster union support for the party (Burawoy 1972, p.78). This had the unintended consequence of weakening trade union support for the party because the government’s most fervent supporters no longer had a union base to influence.

**Figure 6.5 Strikes and lockouts, workdays lost, 1969-1972 (International Labour Organization 2013)**

Copper’s economic centrality and maturing economic nationalization meant the government opposed strikes and wage demands because they encroached on revenue stores (Bates 1971, p.37). General perceptions were that wage increases for mineworkers would produce similar calls in other sectors, resulting in an unsustainable upward spiral of inflation (Burawoy, 1972, p.78; Larmer 2005, p.331). Worker mobilization grew in 1970 in opposition to growing political involvement in labour issues which is illustrated in figure 6.5, increasing six fold from 20,000 workdays lost in 1969 to 120,000 workdays lost in 1970 (Akwetey 1994, pp.46-47). In response, a statutory instrument was introduced in September 1970 prohibiting strikes and lockouts in essential services, including health, mining, construction and transportation (Akwetey 1994, p.47). The voluntary elements of unionization were

\(^{158}\) Interview with Alfred Mudenda, ZCTU, April 2011.
replaced with mandatory provisions including compulsory membership and check-off systems, which gave the ZCTU a strong financial and associative underpinning (Akwetey 1994, p.47). Works councils were introduced which were avoided by unions because they infringed on union territory and were perceived as instruments of political control (Rakner 1992, p.87; Akwetey 1994, p.47).

This period had contradictory effects on union relative power. Party apprehension of latent union power over the economy, resulted in regulatory attempts to weaken the unions through incorporation and legislature. But legislative tools actually increased the organizational and financial strength of the union movement. The provision of one industry, one union eliminated rival union competition, which unified and increased the organizational capacity of the ZCTU. Furthermore, the provision of check off fees directly to the union created a financially strong movement. Therefore, although weakened in some respects during this period, the government sowed the seeds of an administratively powerful movement that, coupled with the union’s retention of autonomy, would provide unions with the capacity to act as a counterweight to state power.

In line with decreasing complexity, an increase in state intervention saw union mobilization emerge. Union relative power based in the dominant copper sector could not compete with government economic nationalism and they found themselves bound by legislative reforms. However labour incorporation actually furnished unions with more institutional power and, although at this stage unable to mobilize effectively against the state, gave them tools that would later contribute to growing labour power. In this way decreasing complexity counter-intuitively resulted in the development of high levels of union power.

v. Level of foreign private investment

Figure 6.6 illustrates that foreign private investment constituted a tiny proportion of GDP in Zambia between 1970 and 1972, numbering at between 0.5 percent and 1.5 percent of GDP.\(^1\) This illustrates copper’s sectoral dominance that diminished the importance and development of other sectors. Copper mining’s nature that fosters ‘production inflexibility prevent[ed] Zambia from behaving like a rational oligopolist’ (Shafer 1994, p.63), meaning that even at times of low world prices,

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\(^{1}\) Data was unavailable for the period prior to 1970.
Zambia continued to extract large amounts to retain economies of scale. ‘Firms … cannot cut production in times of glut but must produce, even at a loss, to cover fixed costs, retain skilled labour, and avoid mothballing facilities’ (Shafer 1994, p.62). In the late 1960s copper commanded very high prices and produced extremely high export earnings. High export earnings dampened the government’s motivation to develop alternative exports and to seek FDI to erect other sectors. In addition, the development of indigenization policies by the government resulted in parastatal development, which required a large proportion of state investment, further diminishing an influx of FDI. Furthermore Zambia’s economy was impacted upon sharply by Rhodesia’s Unilateral Declaration of Independence in 1965. Rail traffic was disrupted, impacting on the import of essential supplies for Zambia’s economy, resulting in ‘a decrease of over 20 percent in the monthly tonnage of imports carried on Rhodesian Railways’ (Bates 1971, p.69). This had dual impacts of diverting foreign trade and investment as well as making imports more expensive. These factors combined resulted in extremely low levels of foreign direct investment that indicates a low complex environment because of state domination of industrial activity.

*Figure 6.6 Foreign direct investment, net inflows, 1970-1972 (World Bank 2013)*

**vi. Relating to the hypotheses**

Trade union organization has a long history in Zambia and unions had been instrumental in pushing for independence during the transition from colonialism in the 1960s. Legacies of strong unions coupled with copper dependence resulted in government moves to indigenize the economy through nationalization, which was
paralleled by moves to nationalize the workforce through labour incorporation. Although labour incorporation was intended to bring the unions closer to the state, union strength in the nationalized economy meant that workers maintained a degree of autonomy. Autonomy was not only held from the state, but often from other social groups. Colonial divide and conquer legacies coupled with Copperbelt wealth distinguished the formally employed population from the rest. Workers, particularly mineworkers, constituted an exclusive sector of Zambian society, and this exclusive status often held them apart from other societal groups that did not enjoy the same affluence. Economic and geographical separation from other groups meant at this stage that unions did not seek linkages beyond their constituency.

In terms of hypothesis two and three, although the economy was export oriented, the increasing state economic role through nationalization substantially decreased the role of foreign economic actors. Economic independence saw state corporatization of economic structures, but also of social structures and groups including trade unions that the state sought to use to spread the one-party state’s political and economic agenda. Economic nationalization resulted in the roots of economic power becoming bound up within the state. This centralization of economic power resulted in the state becoming the main purveyor of economic mobility and growth in Zambia, which consequently made civic associations and the small non-business community state-dependent for their livelihoods. This meant that union’s only possible sphere of influence lay within the state apparatus. Consolidating state power saw a democratic backslide that eventually resulted in one-party domination.

The major exception to this dependency was forged through the group at the centre of the state’s dominant mineral-extraction sector – trade unions. State control of the mineral sector paradoxically gave organized labour in this sector high power relative to the state. Mineral extraction, as an export-oriented sector that the state was dependent upon for development and patronage rents, imbued unions in this sector with high amounts of relative power because any work stoppages could hold the state, its economy and development agenda to ransom. However although powerful, trade unions were limited in developing their power to greater heights. State dependence amongst Zambia’s associational life and business community meant that trade unions were extremely limited in the allies from which they could draw to effectively challenge state dominance.
6.2.2 1972-1991 – Economic and political nationalization

Following economic nationalization the government expanded its sphere of influence to encompass the political system through developing a one-party state in 1972. It was branded a ‘one party participatory democracy’ that sought ‘to promote national unity and nation-building through political pluralism within a one-party framework’ (Nordlund 1996, p.65). Ostensibly intended to prevent a concentration of power and to foster national cohesiveness based upon a common understanding of what it was to be Zambian, a concept that was invariably centred on belonging to and supporting UNIP, a stronger reason for one-partyism was to halt the development of potential and actual political opposition. Although membership of other political organizations was not prohibited, UNIP membership was the only way in which individuals could gain a footing or progress in the public sector. The party slogan ‘It pays to belong to UNIP,’ illustrates the linkages between patronage and public office. This dampened the emergence of any political or economic opposition who were immediately branded by UNIP as against national interests.

One party state development consolidated government political and economic power. Economic nationalization corresponded with the government’s objectives to promote Zambianization that would place economic and political power in the hands of the Zambian people, rather than MNCs. Nationalization was sometimes irrational because of its hostility to wealth accumulation amongst the general population, but not amongst UNIP elites, which resulted in the state becoming the economic centrepiece. According to Szeftel (2000, p.214),

‘[t]he one-party patronage state expanded the public sector in order to share out jobs and pay off supporters. In hindsight, it became more than a patronage system, almost a rudimentary welfare state in which those with party credentials and access were rewarded with jobs, salaries and other opportunities and protected from economic forces in the private sector.’

Nationalization of the economic and political sphere thus provided UNIP with the power and support to implement the policies that pleased its most fervent supporters. With the decline of world copper prices, government slowly lost it funding instrument.

Shortly after one-party state implementation, a number of international economic and political developments occurred, impacting on Zambia’s long-term development trajectory. Economic crises in the 1970s triggered by oil embargoes and the Iranian Revolution initiated a worldwide recession that severely impacted on global metal
prices. Copper’s price plummeted from its peak of £1,400 per ton in April 1974 to £500-600 per ton in 1975 and did not recover again until 2000 (Larmer 2010, pp.38-39). Figure 6.7 illustrates this decline. Economic difficulties plagued Zambia and eroded the government’s development plan that was dependent upon high copper prices. Throughout the 1970s and 1980s, the Zambian government signed and reneged upon seven IMF agreements with the result that by 1986, Zambia was over US$100 million in arrears to IFIs and external debt numbered at US$7.2 billion on the eve of transition in 1990 (Taylor 2007, p.59). Zambia’s ‘critical policy error … was not nationalization per se, but that little effort was made to diversify the country’s export revenue stream beyond mining,’ so that when economic travails occurred, Zambia had no other outlet to soothe its economic woes (Taylor 2007, p.59).

*Figure 6.7 Trends in copper prices and production, 1980-2002 (Ndulo and Mudenda, 2006, p.275).*

Government disenfranchisement characterized this period. Initially politically apathetic, evinced by the low voter turnout in the 1973 elections, the public mood shifted to derision and antagonism in later years. MNC mine ownership had

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160 In 1973 40 percent of the countries registered voters voted in the national elections. This contrasts with high electoral participation in 1964 of 95 percent and 1968 of 82 percent (Nordlund 1996, p.65).
economically insulated Zambia to booms and busts, but insulation was lost following nationalization. This left the underdeveloped political and economic systems unable to handle the operation of huge complex industries without losses (Shafer 1983, p.97). The 1970s world economic crisis compounded these problems. The government struggled to provide patronage payments to ensure support. In response, government opposition grew throughout the 1980s, culminating in the 1991 transition.

i. Sectoral spread

Figure 6.8 below illustrates sectoral spread as a percentage of GDP from 1972-1991. It shows that the sectoral spread did not change, with high levels of industrial activity and a large services sector in relation to agriculture and manufacturing. This indicates that economic diversification from mono-dependence on copper mining failed. Although industry’s percentage of GDP dropped sharply in 1974/1975, it retained between 40-50 percent of GDP until 1991’s transition. Service’s growth from 35 percent in 1972 to 45 percent in 1982 illustrates public sector inflation through patronage by granting public office. Agriculture remained underdeveloped in relation to other industries, due to nationalization meaning that ‘… once farmers harvested their crops, they became the legal property of the marketing board’ (Taylor 2007, p.60). This resulted in sectoral abandonment by many commercial farmers because prices were frequently below production costs (Taylor 2007, p.61). Likewise, manufacturing failed to expand because nationalization policies marginalized indigenous would-be entrepreneurs who were encouraged to establish only small-to-medium enterprises. These entrepreneurs were often squeezed out of business through arbitrary taxation structures and the enforcement of strict price controls that pressurized profit margins (Taylor 2007, pp.59-60). Parastatal manufacturing was confined to capital-intensive industries that catered solely to the home market and in the early 1980s accounted for less than one percent of total exports (O’Neill 1986, p.45 cited in Taylor 2007, p.65). From 1986 manufacturing increased its overall share of GDP and reached 38 percent in 1991. This reflects the beginnings of economic liberalization following negotiations with the IMF in 1985 when the government began to dismantle the control regime (Bates and Collier 1995, p.129).
In terms of economic complexity, throughout the 1970s and 1980s, the one-party state’s power to control the economic mechanisms of the country floundered. Dependence on copper revenues for developmental purposes, coupled with unaltered sectoral composition, resulted in difficult economic circumstances. Economic complexity followed a fluctuating pattern throughout the period. The 1970s saw strong state intervention as it nationalized the economy in order to restore the country’s wealth. However, because economic diversification failed, when the copper industry busted, the country’s economy shattered because it had no other revenue. Continued failure to reorient the economy from mineral dependence resulted in the government entering and reneging on seven fiscal agreements with the IMF in the 1980s. So, even though external factors created Zambia’s economic problems in this period, it was internal policy that failed to respond to the structural challenges and resulted in the country entering economic free fall during the 1970s and 1980s. Failure to diversify economically and seeking international assistance demonstrates declining state strength in circumstances of changed economic complexity and contributed to a self-made bust that lowered relative regime power.

ii. State intervention

Figure 6.9 represents government economic intervention from 1972-1991. It shows that FCF until 1984 was the domain of the state, after which economic changes occurred allowing a small private sector to emerge. FCF’s peak appears in 1975, shortly after economic nationalization. This represents the substantial loans that the government took on to pay for the nationalization project and the growth of the
public through patronage and party spoils (Szeftel 2000 p.214). Following this peak, FCF decreased, reflecting the 1973 oil embargo that caused worldwide recession. As an inflexible heavy industry, copper mining could not quickly adjust output to match world demand and, illustrating inflexibility, FCF did not drop until 1975. FCF decreased substantially through budget deficits, foreign exchange controls, parastatal ownership as well as high government spending on administration and the services sector (Seidman-Makgetla 1986, p.398). This allowed unprofitable parastatals to remain in business, whilst simultaneously fuelling import-led consumption and dampening investment by encouraging entrepreneurs to remain small-medium sized (Taylor 2007, pp.59-60). Low FCF indicates non-maintenance of infrastructure, inevitably causing stagnation and productive decline. These various factors contributed to economic recession and decay leading to fiscal agreements between government and IFIs. Loan-seeking and accepting conditionality impacted on government autonomy and capacity to develop its own economic agenda and its relative power declined.

*Figure 6.9 Gross fixed capital formation, 1972-1991 (World Bank 2013)*

In 1984, the Zambian government signed its first agreement with the IMF to obtain loans to repay old debts and maintain imports (Seidman-Makgetla 1986, p.396). Loan conditionality determined that Zambia modify its economic framework, and Zambia’s rigid price control structure was relaxed, autonomy was granted to parastatals, foreign exchange controls were eased, and the government’s budget was slashed. All of these measures were intended to ‘… foster efficiency in production,
reduce consumption to release funds for investment, and ameliorate balance-of-payment difficulties’ (Seidman-Makgetla 1986, p.396). Zambia possessed an urban bias in terms of its governance because the population density of the cities makes people much easier to mobilize than those dispersed across rural areas, and the government actively sought to retain this population’s support (Bates and Collier 1995, pp.122-123). To do so food staples, a heavy concern of urban Zambians, were greatly subsidized. When economic controls were introduced by the IMF vis-à-vis the Zambian government, essential commodity subsidies were removed, immediately alienating the party’s core constituency.

Alarmed at the results of the policies the government, between 1975 and 1986, entered and reneged upon seven structural adjustment and stabilization deals with IFIs, which undermined government support (Di John 2010b, p.40). Copper’s decline meant that the government no longer had access to patronage resources. Coupled with the common perception that government was faltering due to the unstable economic policy regime, government support waned. ‘Backpeddling’ and ‘inconsistent’ policy fuelled popular discontent and contributed to a decline in relative power of the government during these years. As economic complexity changed, the government lost relative power as it ceded economic control to other groups. When international actors entered the mix and altered policies aimed at the government’s core constituency, the relative power of the government declined even more so, especially when compounded by its ignorance as to the decline of its supportive core.

iii. Formal sector employment

Indigenization’s development meant that the majority of formal sector employment became the remit of the government. The state became inflated with individuals associated with patronage-based office, and

‘[b]y the mid-1980s, two-thirds of all formal sector employment was in either the government or in a public enterprise. The government throughout the 1980s was responsible for almost all formal employment in mining and services, and two-fifths of total formal wage employment in construction and manufacturing. ZIMCO\textsuperscript{163} accounted for over 80 percent of export earnings and most of the tax-revenue collection’ (Di John 2010b, p.24). Control over virtually all formal employment consolidated government support

\textsuperscript{161} Interview with Joyce Nonde, ZUFIAW, April 2011.
\textsuperscript{162} Interview with Grayson Koyi, University of Zambia, April 2011.
\textsuperscript{163} ZIMCO (Zambia Industrial and Mining Corporation) was the state’s largest holding company that controlled the mining sector and related activities.
amongst certain populations. The private sector, active in commercial farming, commercial trade, and light industry, was subordinated to parastatals and did not constitute a major employer (Scarritt 1979, pp.25-26; Taylor 2007, pp.59-60). According to Grayson Koyi, an economist at the University of Zambia ‘business … and the private sector felt suffocated by the nature of the economic policies of the day.’ This had ramifications for the amount of relative power that private business associations could accumulate in relation to the state. During the period of extreme recession from 1975 to 1977, private sector employment fell from 120,320 to 98,730, but public sector employment increased from 240,910 to 254,610 (Szeftel 1982, p.6). Public sector employment growth indicates expansion of government patronage networks through employment opportunities.

**Figure 6.10 Percent breakdown of worker status for the employed, 1969-1991 (compiled from Weeks et al. 2006, p.49 International Labour Organization 2013)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Waged and salaried workers</th>
<th>Vulnerably employed workers</th>
<th>Unemployed workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>65.2</td>
<td>45.2</td>
<td>34.8</td>
</tr>
<tr>
<td>1980</td>
<td>52.6</td>
<td>45.2</td>
<td>-</td>
</tr>
<tr>
<td>1986</td>
<td>-</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>1990</td>
<td>30.6</td>
<td>64.7</td>
<td>34</td>
</tr>
<tr>
<td>1991</td>
<td>24.1</td>
<td>70.3</td>
<td></td>
</tr>
</tbody>
</table>

In 1969, waged and salaried workers constituted 65.2 percent of the population, in 1980 this had declined to just over half of the workforce, however by 1990 this had declined to 30 percent, and to 24 percent in 1991. Furthermore, the proportion of those in vulnerable employment increased substantially throughout the years examined, especially between 1990-1991, seeing a six percent increase. Likewise, unemployed workers increased from 13 percent of the workforce in 1986 to 34 percent in 1991.

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164 Interview with Grayson Koyi, University of Zambia, April 2011.
165 Formal sector employment data is spotty for this period and it has proved difficult to collect data that is comparative over time due to inconsistent methodologies and poor collection. Nonetheless, through examining a number of data sets, I have been able to assemble some data that can provide an overview of what formal sector employment resembled from 1969-1991.
166 I understand that this column totals 128.4 percent, but the incomparability of the datasets makes me believe that employment data has been collected and separated differently from the unemployment data leading to difficulties in comparison.
167 Although the data does not specify, it has been presumed that the total employment levels include both formally and informally employed workers, due to the nature of Zambia’s economy that was heavily concentrated in a narrow industrial zone around the capital and Copperbelt (Todd and Shaw 1980, p.413). With this in mind, 69 percent could not account for merely formal employment.
168 Vulnerable employment is classified as activities including ‘… subsistence farming, petty trade, charcoal burning and casual piece work’ (Weeks et al. 2006, p.39).
percent in 1991. These figures illustrate the economic difficulties that Zambia experienced due to its failure to emerge from the oil-induced copper crisis.

As international credit agreements were entered, fiscal restraints were enacted, resulting in public sector retrenchments. Strong linkages to UNIP patronage networks meant that retrenchments directly impacted government support. Access to party spoils decreased substantially as revenue was redirected to debt repayments. Support for, and relative power of, the one party state declined and the government began to lose its grasp on its support base. This is illustrated by the composition of the MMD that was largely composed of intellectuals, labour unions, private business, the church, the urban poor and unemployed, as well as those who had been dismissed from UNIP office (Baylies and Szefel 1992, p.84). Thus, changes in economic complexity as evinced by declining formal employment rates in the wake of decreased levels of public expenditure had a negative impact on the relative power of UNIP. The result was that individuals slighted by the party through retrenchment, ejection or dismissal came together to form an opposition movement to bring in an era of multiparty politics.

iv. Level of unionization

Figure 6.11\textsuperscript{169} shows that immediately after the imposition of the IRA, strike activity was low until 1974-75, indicating the presence of government-endorsed ZCTU leaders who generally acquiesced to government labour recommendations. 1974 to 1975 saw the election of a new generation of union leaders, Newstead Zimba and Frederick Chiluba, that ‘… shift[ed] … leadership style and orientation’ (Akwetey 1994, p.50). This shift can be glimpsed through the increased levels of union militancy in the following years. 1978 and 1981 stand out in terms of workdays lost. Militancy in these years is likely a result of retrenchments following policy culls to reduce the country’s fiscal deficit.\textsuperscript{170}

\textsuperscript{169} In terms of trade union membership for this period, like other indicators, it has been difficult to gather data. However, it has been possible to gather data on strike and lockout incidences, which indicates union activity, if not the number of workers involved.

\textsuperscript{170} There were ‘4858 [retrenchments] in 1975; 9066 in 1976; and 8217 in 1977’ (Burdette 1980, p.90).
Figure 6.11 Strikes and lockouts, workdays lost, 1972-1991 (International Labour Organization 2013)

The following years show a fluctuating pattern of strike activity that peak in 1987 and in the transition years of 1990-1991. The overall low numbers of workdays lost are likely due to decreasing employment levels, which consequently lowered union membership. Furthermore, the overall level of strike activity in Zambia has historically been quite low compared to South Africa for example. This likely symbolizes an institutionalized culture of non-strike methods to address worker grievances, excluding exceptional circumstances. Union activity approaching the transition saw an increase in strike-related workdays lost, but due to the economic doldrums the country was experiencing at the time, and that trade unions were using non-strike weapons including information forums and covert activities to spread the their message that they were unhappy with the government, it is unsurprising that mobilization levels are lower than other countries. Alfred Mudenda, previous president, and current media representative for the ZCTU, noted that ‘a decision was made in 1989 to work underground’ and union organization structures were used covertly to spread political messages.

‘Labour leaders needed to spread their tentacles and their struggle in the countryside and obviously we had a lot of meetings through the district structures of the ZCTU, provincial structures, branch officials of the affiliate unions, the churches and the traditional leaders. The idea was to influence them to appreciate the importance of a multiparty system of government and how … they should participate in this programme … we were not saying

171 See figure 5.10 for a comparative timeline, for example in 1992-1993 workdays lost peaked at three million, as opposed to Zambia’s 275,000.
172 Interview with Alfred Mudenda, media representative ZCTU, April 2011.
that we were going to have a workshop on politics. We would say that ... we wanted to
discuss the role of provincial and district officials, of shop stewards and the problems were
showing that because we did not want the security network to know.'  
Nordlund argues that cross-societal relationship building by the ZCTU is indicative
of their own acknowledgement of low amounts of relative power to the state
(Nordlund 1996, p.93). However, given that the government’s patronage network
had declined to such an extent that the government had unknowingly lost much of its
support, coupled with the nature of the ZCTUs call for plural politics, does not
necessarily indicate that the ZCTU thought it was weak. Instead, it could be argued
that the unions actively sought the cooperation of other groups, not only to build
their relative strength, but also because the call for pluralist politics required a plural
civil society. Furthermore, as former constituents of UNIP, the ZCTU were well
aware of UNIPs decline in popularity, not only amongst their own cadres, but also
throughout society.

Interview data conflicts because individuals argued that their organization was the
key to setting up an opposition. Alfred Mudenda from the ZCTU, argued that ‘... in
Zambia during the late 80s we could see that the only people that were against the
governing party was [the] ZCTU ... the churches and NGO’s were quiet, it was
always the ZCTU.’ In contrast, Derrick Mbita Chitala, who later held portfolios
in the post-transitional government, argued that he and another colleague Mbikusita-
Lewanika had ‘formed an association called Zambia Research Foundation (ZRF) and
organized a conference to see what impact the political change would have on
Zambia.’ For him, this organization was key to mobilizing an opposition.

Whilst organizations emphasized the role they had played, what became clear was
that the ZCTU became the MMDs organizational core. LeBas notes that ‘... organized labour provided a network of weak ties, often composed of little more
than a dozen individuals in a single location, which allowed mobilization by the
ZCTU to move quickly across districts and regions’ (LeBas 2011, p.146). Whilst

173 Interview with Alfred Mudenda, media representative ZCTU, April 2011.
174 Interview with Alfred Mudenda, ZCTU media representative, April 2011.
175 Interview with Derrick Mbita Chitala, former Deputy Minister for Finance, April 2011.
176 Nordlund argues that the Economic Association of Zambia (EAZ) was key to initiating multiparty
politics and that they ‘... approached the trade union movement because the unions were perceived to
have large organizational and membership capacities as well as the necessary financial resources’
(Nordlund 1996, p.94). Nordlund interviewed Mbikusita-Lewanika who said that the group was
called EAZ, however I interviewed Derrick Mbita Chitala who called it the ZRF. I suspect that these
organizations are one and the same, or close enough not to matter. The same individuals were
involved.
this role was useful in disseminating ideas, the weak ties amongst diverse organizations with diverse ideas meant that once the oppositional MMD’s role had been fulfilled, the ties quickly unbound (LeBas 2011, p.222).

The union structures were used extensively in the MMD’s campaign for plural politics in Zambia. Fackson Shamenda, who became president of the ZCTU after Chiluba’s political departure for politics, and is now a member of parliament for the Patriotic Front (PF), noted ‘… we had the organizational level. We had the structure … we supported them indirectly also financially as well as materially and we provided the manpower.’177 Unions became a core constituency in MMD support through mobilizing their district committees. Contentious politics emerged in the latter half of the 1980s in response to inflation and economic degradation that severely impacted on the quality of life for the majority of people. Mobilization mostly centred on short-term, concrete goals to alleviate food poverty, and ‘[p]rotesters were often placated by concessions from the government’ (LeBas 2011, p.153). As the decade wore on, the protests became more violent, confrontational and concerned both economic and political grievances, and the majority of individuals involved in riots and contentious activities were students and the unemployed (Simutanyi 1996, p.833). In contrast, union opposition to economic policy was most often accomplished by ‘issuing public statements and not through industrial action’ or through contentious street action (Simutanyi 1996, p.833). Unlike Zimbabwe, Zambia’s ZCTU did not coordinate protest activity and tried to distance itself from the protesters, another reason to account for the low number of workdays lost in figure 6.11. Despite this, the ZCTU was frequently singled out by UNIP as initiator and instigator of the protesters, a move that forged solidarity between the different sections of civil society. The government responded to strikes and other forms of popular resistance with increasingly authoritarian tactics’ including discontinuing the check-off system and, expanding the list of essential services whose workers were legally prohibited from striking, and forbidding union leaders to address workers at the annual May Day celebrations n 1987 (LeBas 2011, p.98). When asked why the unions moved from non-partisanship to overt political engagement in the late 1980s, Alfred Mudenda told me that

177 Interview with Fackson Shamenda, MP for Ndola (Copperbelt district), April 2011.
‘We saw a serious decay in the governance system in Zambia. We saw a lot of antagonistic relations. We saw a lot of distortions in governance and investment policies and … the management of affairs … The ruling party no longer had any new ideas.’

Whilst this comment holds an element of truth, a more fitting analysis is probably that the government perceived the ZCTU and its membership as a threat and thus politicized the group through threat perception, rather than through actual risk. The union movement accepted this perception and became the vanguard of opposition, cemented by Chiluba’s move to head the political opposition. The union structures in Zambia ultimately constituted ‘… weak ties that linked individuals from different regions and ethnic groups, which [merely] facilitated the spread of information and action’ (Le Bas 2011, p.146). The ZCTU did not forge long-term linkages with other aspects of civil society, but were a facilitator for the growth of the MMD. The weak links between these groups would haunt the union and the democratic movement following the elections in 1991.

In terms of economic complexity, the fluctuating economic sphere meant that relative power amongst unions changed significantly. Despite declining membership that paralleled with declining employment, unions began to garner high amounts of relative power, in part endowed by the state that wrongly identified unions as the core of a newly emerging anti-government constituency. Government clampdown on unions endowed them with more relative power as other portions of society identified unions as significant to political change and they thus became the mobilizational core. This adds to LeBas’s argument where she notes that it was the pervasiveness of ZCTU district committees throughout the country that allowed the unions to capture and politicize large amounts of the Zambian electorate (LeBas 2011, p.147). Declining complexity thus somewhat paradoxically endowed unions with more relative power to challenge the state.

v. Level of foreign private investment

Figure 6.12 illustrates the level of foreign direct investment (FDI) as a percentage of GDP from 1972-1991. FDI was extremely low because of the nationalized economy. State economic control actively discouraged private capital investment that could potentially displace state socio-economic centrality. FDI increased from 1985 onwards, with a few dips, and increased to 6 percent of GDP in 1990. This indicates a growth in influence of IFIs as the government accepted, moderated and reneged...

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178 Interview with Alfred Mudenda, ZCTU media representative, April 2011.
upon a series of structural adjustment policies in 1983, 1985, 1989 and 1990. These agreements involved currency devaluation, limiting wage increases, decontrol of essential commodity prices, dropping control on imports, and importantly the removal of food subsidies that doubled the price of the food staple-maize, triggering riots in 1986 and 1990 (Simutanyi 1996, p.826, p.831). In 1990 the government militarily responded to the riots, resulting in the death of 27 people and injuring hundreds of individuals (Simutanyi 1996, p.828). All of these moves increased economic volatility and FDI dipped further due to the unstable economic and political environment. ‘From 1975 to 1991, Zambia’s average per capita income declined by 2.5 per cent per annum. At the same time, the country’s external debt rose from US$ 627 million in 1970 to a staggering US$ 7.2 billion in 1990’ (Rakner 2003, p.44).

Figure 6.12 Foreign direct investment, net inflows 1972-1991 (World Bank 2013)

Zambia’s reputation as a bad debtor had severe implications for the level of FDI the country obtained. Reneging on agreements with IFIs adversely affected international aid relationships. ‘Consequently, the national economy, whose significant source of finance was increasingly becoming highly dependent on the support and good will of the international community, took a further downswing’ (Koyi 2006, p.14). Investment flows withered and shrivelled national output. Combined, these factors resulted in an unstable economic environment that impacted strongly upon the power differentials of economic groups. In an interview with Grayson Koyi, he argued that inconsistency of government policy in terms of the economy was a bone of contention that mobilized a strong opposition.
Government had to go back to the IMF and kept going back and forward which contributed to the increasing frustration of the people. They didn’t seem to have united conviction in the leadership so then this message got picked up by these progressive forces to demand there has to be seriousness or at least consistency in terms of commitment to dealing with issue of external debt [and] to resolving the issue of inflation. The implication that that would have in terms of the macro-economic stability of the economy ... found its way on in the agenda of the progressive forces.^[179]

Thus economic complexity was in a period of constant change that not only contracted the economy but also the relative power of the state that was supposed to control the economy. The opposition jumped onto this facet and used this to mobilize against the UNIP government. Therefore the constantly changing economic environment and thus complexity of the economy in Zambia strongly factored into a shift in relations of power amongst economic actors to trigger a transition to multiparty politics in 1991.

vi. Relating to the hypotheses
In terms of the first hypothesis although Zambia has a long history of unionization, the uneven and combined nature of Zambia’s development where there has been economic development only in certain areas has meant that workers, particularly mineworkers, constituted an exclusive sector of Zambian society. This exclusive status often held them apart from other societal groups that did not enjoy the same financial and social affluence. It was only during the late 1980s when wavering economic policy detrimentally affected workers’ lives that they allied with other facets of Zambian society including the small, economically stifled private economic actors, as well as church and student activist groups. Union visibility in comparison to these other groups, because of its institutionalized nature and its linkages to regional outposts, made it the organizational core of the political opposition. Even though unions had not fostered long-term linkages with other parts of society, they were successful in triggering a regime transition because they garnered more relative power than the state.

The strength of trade unions in Zambia’s dominant mining sector had significant effects on organized labour’s relative power in the transition. Economic nationalization coincided with an attempt to imbue labour relations with a sense of nationalization. Although designed to bring labour closer to the state, entrenched union power proved difficult to manage even in the state-run economy. The nature

^[179] Interview with Grayson Koyi, University of Zambia, April 2011.
of mining in Zambia required a permanent, skilled workforce that had fostered the development of strong trade union structures that instilled unions based in the Copperbelt with considerable amounts of relative power. Coupled with Zambia’s asset/factor inflexibility and price taker status, the government of Zambia has had no control over the price obtained for the economic staple of the economy and has thus been subject to both booms and busts which have ravaged the economy. These points could plausibly account for the way in which trade unions managed to maintain high levels of power relative to the state within the nationalized economy. But because the mines were nationalized and not linked to international capital or markets in a significant way the power of miners was limited in its breadth to gain enough relative power to maintain momentum for democratization during the transition. Union activity in the dominant mining sector meant that the state often chose repressive measures to deal with increased mobilization. However contrary to the expectations in hypothesis two, government repression actually served to consolidate union relative power. Unions were identified by other actors as grievance conduits and whilst civil society linkages were not especially strong, they did become strong enough to effect mobilization and political change in 1991.

Although state-dependent through incorporation, trade unions managed to maintain a level of independence during the transition to forge linkages with other groups to mobilize for political change. Contrary to hypothesis three, strike activity did not necessarily lead to high levels of state repression, although it did challenge the state significantly. That high levels of state repression, like those witnessed in Zimbabwe for example, did not occur is due to two factors, perceived infallibility in the presidents office to electoral loss, and that the economy was in such doldrums that strike activity in the dominant mineral sector could not result in further economic depression. Although trade unions were not necessarily repressed as such, state dependence amongst many economic actors meant that trade unions did have only a very limited time frame within which to influence other groups in favour of regime change because the state could influence these groups more than the sectorally dominant mineral extraction workers. Because of the short period of time trade unions could exert influence on these other factions prior to the transition meant that post-transitional agenda was somewhat weakened by a lack of development of long-term linkages between various groups that could mobilize for a better deal.
6.2.3 1991-present – Free market economy

In 1991, after 27 years of rule by UNIP, 19 of which had been under a one-party state, a political opposition came to power with a popular mandate to implement economic and political policies to get the country back on track. Many policies were identical to the ones UNIP had proposed in their dealings with the IMF and World Bank in the late 1980s, but the MMD had a popular mandate to implement structural adjustment policies, whereas the inconsistency of UNIP’s policy framework meant that the public lacked confidence in UNIP’s vision of the same policies. The MMD had mobilized under a popular platform, but following their electoral victory in 1991 neglected to maintain the links with their popular bases and failed to build strong party structures (LeBas 2011, p.226). Furthermore, very quickly the governance system was overtaken by factional competition and widespread corruption reminiscent of the one-party era as power became consolidated in the president’s office. These factors combined with the economic shock therapy the country underwent immediately after transition resulted in a slow decline in MMD strength.

Following the transition, Zambia formed a multi-party constitutional regime that exhibits features of democracy including regularized elections and party alternation, combined with more authoritarian features involving limitations on media freedom (Freedom House 2011). This indicates continuing legacies of rule from the authoritarian period. When states sponsor the development of social forces like trade unions, the new regime elites from these sponsored structures tend to possess an undermined zest for actual democracy due to an inherited institutional culture of cronyism and neo-patrimonialism, which are difficult to elude (Bellin 2002, p.4). Mining’s sectoral dominance furnished unions with strong power relative to that of the state. However their inability to form strong and lasting alliances with other civil society groupings during and after the transitional period led to the new regime developing along the lines of the institutional legacies put down by UNIP (LeBas 2011, p.154). The constitution remains unchanged, and a strong presidency was retained. Furthermore, until 2011 the MMD retained its position in government when it was defeated by the PF, a party largely composed of ex-MMD politicians and supporters. The PF government is not considered to be ‘qualitatively different’ from the MMD, meaning that institutional legacies continue, as does dependence
upon the economic prowess of copper.\textsuperscript{180} Interestingly, the PF has recently utilized the organizational prowess of urban constituencies, particularly unions, to achieve electoral success.

**i. Sectoral spread**

*Figure 6.13 Sectoral spread, percent of GDP, 1991-2011 (African Development Bank 2013)*

Figure 6.13 shows that post-transition there was significant sectoral change in Zambia’s economy. Sectoral diversification should not be attributed to government intervention; instead it resulted from a catastrophic collapse in the mining sector (Weeks et al. 2006, p.11). Diversification resulted from external factors including international price setting for mineral exports, international debt servicing, and low overall economic growth rates.\textsuperscript{181} After the transition Zambia implemented ‘…one of the most radical programmes of economic liberalization in sub-Saharan Africa. Exchange controls were removed, major cuts were made to public expenditure, and more than 250 parastatals, representing 85 percent of the Zambian economy, were privatized’ (Larmer 2005, p.30). Newly privatized national industries found themselves partaking in a competitive international marketplace that proved difficult to compete in. Consequently, many of these companies either closed or reduced output dramatically, with resulting reductions in employment (Larmer 2005, p.30). The economy continued to contract until 2003 when an

\textsuperscript{180} Interview with Miles Larmer, University of Sheffield, October 2011.

\textsuperscript{181} See Weeks et al. (2006, p.13) for graphical illustrations of Zambia’s economic decline in the post-transitional period (table 1.1 and figures 1.1-1.3).
increase in world copper prices triggered economic recovery.

Mining, represented by the industry line in figure 6.13, declined in its share of GDP following the transition until 2003 when it rose again, in a pattern dictated by international copper prices. From 1997-2000 the ZCCM, the parastatal mining holding company, was controversially privatized following encouragement by the IFIs because it was considered ‘… a drain on public resources … which could not be reformed within the public sector’ (Weeks et al. 2006, p.18). Privatization was messy and ‘… breached legal requirements for transparency in bidding processes, stakeholder consultation, and social and environmental impact’ (Larmer and Fraser 2007, p.617). Privatization did not generate sufficient revenue to pay debts and also caused retrenchments, where many workers did not receive benefits that were due to them, which served to decrease support for the government. Economic complexity with the sale of ZCCM changed the political economic environment substantially. Secretive negotiation in the sale of ZCCM led to an increased feeling of discontent with President Chiluba leading to his removal in 2001. The mining sector declined substantially in its sectoral share in the immediate post-transition period, showing that it continued its economic malaise in the post-transitional period. The sector began to recover in the early 2000s when the world price of copper entered a boom period, aided mainly by the economic expansion in India and China.182

In the initial environment of industrial decline following the transition, other sectors began to take a larger share of GDP as shown in figure 6.13. In particular, there was a massive rise in the service sector, not because of patronage-related job opportunities, but because of aid influxes after the transition, particularly when Zambia entered the Highly Indebted Poor Country (HIPC) initiative from 1996 onwards to address the country’s debt heritage. The service sector’s growth to become most dominant has implications for economic complexity because it indicates a growth of the international sector, as Zambia became an aid favourite amongst donor countries.183 Even though overseas development assistance (ODA) increased in the years immediately following the transition, ODA did not contribute

182 In the period between December 2003 and February 2011, the world price of copper increased almost five fold, from US$2200 in December 2003 to its peak of US$9800 per metric tonne in February 2011. Since then prices have decreased, with most recent figures showing prices of US$7200 per metric tonne in October 2013 (Indexmundi 2014).

183 In 2013 Zambia ranked number five on the world rankings measuring aid as a percentage of GDP (Nation Master 2013).
to an increase in wellbeing for the majority of the population. Instead ODA was largely utilized to finance debt repayments (Weeks et al. 2006, p22). The manufacturing sector, whilst never large, contracted even more so as full adoption of the free-market policies opened the Zambian market to even more cheap imports than which had been available previously. This served to squeeze Zambian manufacturing from about 40 percent to 10 percent of sectoral share. Finally the agricultural sector, although it too experienced a decline in the years following the transition, recovered and grew to reach an approximate equilibrium of about 20 percent of GDP.

In terms of economic complexity, what is most interesting about the Zambian economy is that despite economic travails, it retained its dependence on copper mining, particularly with the rise of copper prices in the early 2000s. Sectoral dominance of copper that in 2011 almost matched that of the large service sector indicates that Zambia risks regaining its mono-economic status, with all of the attributes that it had during the boom period of the late 1960s. For governance, domination of a single commodity could leave the economy vulnerable once again to the effects of Dutch disease. The recovery of copper, which has thus far proved relatively sustainable due to the economic demands of China and India, makes diversification of the economy all the more important, because it ‘…would be key to avoiding a return to decline and debt’ when world prices inevitably slump (Weeks et al. 2006, p.19).

ii. State intervention

Liberal economic policies were adopted with apparent relish in 1991 by the popularly elected MMD government following regime transition. According to Grayson Koyi, an economist at the University of Zambia, the government went ‘…full throttle with the neo-liberal policies at a pace that even shocked the IMF and the World Bank.’ Although consensus existed amongst the opposition that the

184 For example, there has been a severe decline in living standards for most Zambians since the transition that although saw a slight increase in overall human development index (HDI) ratings from 0.405 in 1980 to 0.448 in 2012, has been witness to an overall increase in inequality. The UNDPs inequality adjusted HDI (IHDI), which measures actual human development as opposed to potential human development, which the HDI measures, has shown that in 2012 the IHDI value was actually placed at 0.283, which represented an overall loss of 36.7 percent (UNDP 2013, p.4). So, despite its increased overall HDI levels since 1980, levels of inequality have increased substantially in Zambia which has had detrimental effects for both its social and democratic trajectory.

185 Interview with Grayson Koyi, University of Zambia, April 2011.
country’s economy had to be improved, there was little agreement as to how to actually make this occur (Simutanyi 1996, pp.828-829). The MMD decided, with substantial guidance from IFIs, to continue the SAPs that had been negotiated under the UNIP government with the result that ‘[e]xchange controls were removed, major cuts were made to public expenditure, and more than 250 parastatals, representing 85 percent of the Zambian economy, were privatized’ (Larmer 2005, p.30). The adoption of liberal economic policies saw a significant decrease in levels of state economic intervention as private enterprise took a larger role. In contrast to the one-party regime, the government now owns about 15-20 percent of former parastatals (Haglund 2010, p.108).

Instead of possessing an economic majority, the new role of state intervention is to provide an enabling business environment that includes ‘… a low-tax economy and light-touch regulation of labour, health and safety, and environmental laws’ (Fraser 2010, p.15). Whilst positive for the business community, and for the state in retention of relative economic power, the post-transitional environment has impacted negatively on social groups who have not seen the benefits of the copper boom. Institutional continuities of governance including presidential dominance and pervasive neo-patrimonialism, coupled with copper dependency have resulted in legacies of institutional inertia. Nearly all interviewees placed governance problems on constitutional retention from the pre-transitional period.186 Fackson Shamenda, who became MP and Minister of Labour & Social Security in late 2011 after my field research, noted that

What we did in 1991 is politically we just amended our constitution. We removed the one-party state to a multi-party system but the pieces of legislation in the constitution are still as if they were in a one-party state. So here are the democrats who are ruling using the instruments of a dictatorship. As a result human beings being what they are they slide into being dictatorial even if they were freely elected by the people.187 Constitutional retention coupled with the institutional legacies of patrimonialism and clientelism pose difficulties for Zambian governance because it means that informal economic linkages are rife. Humphrey Fumba, director of research at the Civil

186 Interview with Adrian Shikwe, Labour economist, April 2011; Interview with McDonald Chipenzi, FODEP, April 2011; Interview with Derrick Mbita Chitala, former Deputy Minister of Finance, April 2011; Interview with Joyce Nondo, FFTUZ/ZUFIAW, April 2011; Interview with Humphrey Fumba, CSAWU, April 2011; Interview with Grayson Koyi, University of Zambia, April 2011; Interview with Fackson Shamenda, MP for Ndola (Copperbelt district), April 2011; Alfred Mudenda, ZCTU media representative, April 2011.

187 Interview with Fackson Shamenda, MP for Ndola (Copperbelt district), April 2011.
Servants and Allied Workers Union (CSAWU) noted that ‘everyone has business with the government … you have to be on good terms with the government so that they will give you business.’ In post-transitional Zambia, which has regained its resource dependency on copper as prices have increased, the web of informal networks has increased exponentially. Copper’s volatility in the world marketplace makes the system of governance volatile, because unstable access to spoils can agitate the government’s stability.

State activity following the transition focused mainly on debt servicing, with the result that there were ‘… fewer resources available for public investment since most of the resources were being soaked by debt service obligations’ (Koyi 2006, p.46). However at the same time, the state developed high levels of political legitimacy and power through the development of a multiparty electoral system. SAPs were implemented and although reintroducing many of the same economic policies that the one-party government had unsuccessfully attempted during the 1980s including the removal of food subsidies and public expenditure elimination, the popular legitimacy gained by the MMD ensured that popular mobilization did not occur (Kelly 1991, p.35; van de Walle and Chiwele 1994, p.30; Gilson et al. 2000, p.299). Simutanyi argues that the government utilized its popular mandate to quickly enact harsh economic policies so that groups would not have time to oppose them (Simutanyi 1996, p.828). According to Mbita Derrick Chitala, who was appointed as deputy Minister of Finance in the early years of MMD rule, the SAPs ‘brought structural difficulties’ but were ‘a necessary evil … we really had no choice … so we were forced to undertake those in order to interact with global practices of trade and finance.’ He went on to say that SAPs had both positive and negative effects on the economy. Positively, the SAPs minimized government and parastatal wastage, but negatively ‘didn’t create a Zambian middle class who could fuel an indigenous economy.’

Figure 6.14 Gross fixed capital formation, 1991-2011

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188 Interview with Humphrey Fumba, CSAWU, April 2011.
189 Interview with Derrick Mbita Chitala, former Deputy Minister for Finance, April 2011.
190 Interview with Derrick Mbita Chitala, former Deputy Minister for Finance, April 2011.
Figure 6.14 shows that following the transition, private FCF increased substantially. Government expenditure increased after 1997, but was gradually eclipsed by private sector activity that reached about 18 percent of a 24 percent total in 2011. This reflects the copper mining’s privatization. Although sectoral diversification has occurred, recapitalization of mining following privatization has had the result that in recent years mining has again become economically dominant with rising mineral prices since the early 2000s. The Zambia Development Agency (ZDA) recently boasted that copper production in 2012 reached 800,000 tons and is projected to reach 1,500,000 tons by 2016 with further exploration opportunities developing (Zambia Development Agency 2013, p.3). The ZDA offers perks to mining operations interested in Zambia including reduced tax rates and duty free importation of capital equipment. This is as well as special dispensations for new mining companies including raising the royalty rate to three percent and placing the corporate tax rate at 30 percent (DiJohn 2010a, p.2; Zambia Development Agency 2013, p.11). In effect, the favourable policies given to mining companies has meant that from ‘2001-2008, the copper mining sector paid around five percent of total tax revenues despite being the leading sector in the economy and despite positive trends in copper export prices’ (DiJohn 2010a, p.16). The low revenue that the government receives from the privatized copper mining sector has meant that it has low resources with which to pursue infrastructural and development goals. Although one cannot blame the government for actively seeking to develop copper operations to generate
revenue, the fact remains that continued sectoral dominance of mining risks a repetition of former economic woes when the international price of copper inevitably dips.

In terms of economic complexity decreased state economic intervention indicates that the economy has become more complex. However, even though intervention has decreased, the government has retained legacies of informal linkages for business networks. This means that the government is still the central economic arbiter. Coupled with retention of the minimally amended post-independence constitution, the government now possesses significant power in relation to social groups. Zambia has maintained its copper dependence, which has the potential to create instability in the future when the international price of copper inevitably drops. All of these factors coalesce to create a more complex economic environment that although currently shows democratic progress has the potential to backslide to authoritarianism.

iii. Formal sector employment

*Figure 6.15 Total formal and informal sector population 1992-2012 (CSO data various years cited in Mulenga 2011, p.11; Koyi 2011, p.29; Republic of Zambia Central Statistics Office 2005-2012)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Formal Sector</th>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of workers</td>
<td>Percentage of workers</td>
<td>Number of workers</td>
<td>Percentage of workers</td>
<td>Labour force</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>546,000</td>
<td>16.5</td>
<td>2,754,000</td>
<td>83.5</td>
<td>3,300,000</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>526,000</td>
<td>15</td>
<td>2,974,000</td>
<td>85</td>
<td>3,500,000</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>496,000</td>
<td>13.4</td>
<td>3,204,000</td>
<td>86.6</td>
<td>3,700,000</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>484,967</td>
<td>12.8</td>
<td>3,315,000</td>
<td>87.2</td>
<td>3,800,000</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>479,400</td>
<td>12</td>
<td>3,511,000</td>
<td>88</td>
<td>3,990,000</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>475,100</td>
<td>10.8</td>
<td>3,029,000</td>
<td>89.2</td>
<td>4,040,000</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>467,444</td>
<td>10.6</td>
<td>3,943,000</td>
<td>89.4</td>
<td>4,410,000</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>477,508</td>
<td>10.3</td>
<td>4,122,000</td>
<td>89.7</td>
<td>4,600,000</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>487,349</td>
<td>10.4</td>
<td>4,212,660</td>
<td>89.6</td>
<td>4,700,000</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>495,784</td>
<td>12</td>
<td>3,635,747</td>
<td>88</td>
<td>4,131,531</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>511,338</td>
<td>11</td>
<td>4,095,508</td>
<td>89</td>
<td>4,606,846</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>894,175</td>
<td>16.6</td>
<td>4,491,943</td>
<td>83.4</td>
<td>5,386,118</td>
<td></td>
</tr>
</tbody>
</table>

Like many of its African counterparts, Zambia possesses an extremely high level of informal employment that currently sits at 83.4 percent of the employed population.
Informal employment is composed largely of agricultural and private residential household workers (Republic of Zambia Central Statistics Office 2012, p.2, p.9). Informal employment embraces problems that include low revenue generation, low levels of unionization and potential representation issues. Once again it has been difficult to access data on Zambia’s labour force but by looking at a number of sources I have managed to build a picture of formal sector employment in Zambia. Figure 6.15 shows that although total numbers of the formally employed have increased since 1992, overall employment density declined significantly and only recovered to 1992’s figures in 2012. This is interesting in relation to the complexity argument. It indicates that increases in employment relate to the boom in copper prices and production, not due to substantive government policy to diversify and increase employment levels. Although privatized, return to mono-economic status has implications for governance because it reopens vulnerability to economic bust that could negatively impact on future stability. The informal sector remains huge, and constitutes a population that the government need not be accountable to due to its inability to provide the state with taxable revenue. However, instead of trying to widen the tax base into the informal sector, the government instead ‘focus[es] on increasing compliance from existing taxpayers’ (Fjeldstad and Rakner 2003, p.ix). This factor questions the legitimacy of the tax regime and poses problems not only of representation, but also of inequality both real and perceived amongst the populace. In their 2013 budget statement, the ZCTU expressed their concern that the government was failing to broaden the tax net to those in the informal economy (Lusaka Times 2012).

The informal sector has been defined as ‘… the type of employment which is characterized by the lack of an entitlement to annual paid leave and the absence of social security entitlement’ (Government of Zambia Central Statistics Office 2012, p.1). As such, the informal sector can include both traditional informal activities such as agriculture, but also can include contractually defined positions available in the formal economy.

Data from 1992-1999 comes from Mulenga 2011 and Koyi 2011. I have doubts about the accuracy of these figures because they’ve been cobbled together from ZCTU reports, which have in turn been quoting CSO reports. The fact that these numbers are 3rd hand and are rounded to hundred thousands is dubious, but they do provide a broad outline of what the proportion of formally employed was prior to Zambia completing proper labour force survey. The years 2005-2012 are from the official labour force survey.

See Ross (2005) and Herb (2005) for analyses of the linkages between taxation and representation.

For example when conducting interviews and having casual conversations in Zambia there was a perception amongst a number of individuals that because a large proportion of the population did not pay taxes that they should not be entitled to government services. Roy Mwaba from the ZCTU and Joyce Nonde from the FFTUZ both expressed concerns. Clearly as trade union leaders they are concerned with the welfare of their working constituency, but the social-economic aspect of unions seemed somewhat lost on these individuals.
Mbita Derrick Chitala, former deputy Minister of Finance, expressed regret at his tenure in government ‘… that there are not enough jobs today. Out of a population of around 6-7 million employable, only 500,000 are in formal employment.’\textsuperscript{195} Zambia’s current minister of Finance, Alexander Chiwanda, expressed similar concerns at a recent conference, ‘… people who are 30 years and below represent 70 percent of our population … this concentration … constitutes a time bomb and only massive employment creation and opportunities can forestall social instability … we need a determined and bold assault on unemployment as a moral equivalent of war’ (Chiwanda 2012, p.2). These comments indicate an increasing awareness amongst government and former government cadres that the very low levels of formal sector employment in Zambia could derail government legitimacy, posing a future cause of contention amongst the population. The implications that this point has for economic complexity is that inability of the government to create formal sector employment opportunities and collect tax revenue could become a future source of political instability that could threaten government rule.

iv. Level of unionization

In the post-transitional period trade unions in Zambia have lost a tremendous level of relative power as government policy has sought liberalization of the economic sphere. Once the transition occurred, unions neglected the (albeit weak) linkages that they had developed with other civil society groups, and ‘went back to operating normally as a trade union organization.’\textsuperscript{196} Return to business as usual damaged the capacity of trade unions to retain their relative power and union density declined. At the transition the ZCTUs membership was approximately 350,000, which consisted of about 70 percent of the formally employed (Rakner 2003, p.51). In 2012, total membership of trade unions was estimated at 400,000, 49 percent of the formally employed (Ulands Sekretariatet 2013, p.3). This decline in union density reflects a number of weaknesses that have plagued unions since the transition, including government interventions that have changed the labour framework, out-dated labour law, and institutional incapacity to regulate labour and work (Haglund 2010, p.97).

During the first decade of its rule the MMD reduced the likelihood of any concerted electoral challenge through dismantling the regulation that had ensured trade union

\textsuperscript{195} Interview with Derrick Mbita Chitala, former Deputy Minister for Finance, April 2011.
\textsuperscript{196} Interview with Fackson Shamenda, MP for Ndola (Copperbelt district), April 2011.
power during the UNIP era, abolishing compulsory union dues, and ending the closed shop for a single union in each industry. Derrick Mbita Chitala told me in an interview that once in government the MMD ‘… tended to use hard-core methods. We used to twist the unions to make them weak. For instance, we would sponsor people to stand in [the unions] when they were holding their elections and in the process we would compromise the unions to the extent that now they are very weak.’

Undermining organized labour was part of a larger project of political space closure and centralization of party structures during the early years of the MMD government (LeBas 2011, p.224). In 1990 in a bid to eliminate the power of the ZCTU, the UNIP government had abolished the one industry, one union policy that had allowed the ZCTU to grow in strength since 1971. When the MMD came to power in 1991, they failed to revoke these amendments, and in 1993 made further amendments that allowed the formation of rival union confederations (Mulenga 2011, p.8). These two amendments fractured the union movement making it resource poor, poorly organized and unstable (Mulenga 2011, p.8). Overlapping interests of fractured unions has resulted in difficulties in their ability to articulate and champion workers rights. These problems have been compounded by legal provisions that make it virtually impossible to strike legally (Ulands Sekretariatet 2013, p.9). For employers multiplication of trade unions has meant that industrial relations have become cumbersome because of the diverse range of voices that seek address (Nyirenda and Shikwe 2003, pp.7-8). In Greenfield operations many new investors refuse to deal with unions at all and instead seek casual labour (Nyirenda and Shikwe 2003, p.8). However in the early post-transitional years, loyalty of unionists to president Chiluba had served to restrain protest against government policy, and it was not until the late 1990s that the ZCTU increasingly confronted the MMD (LeBas 2011, p.222-224). These various factors had ramifications for the strength and power of unions in relation to both the state and business interests which is illustrated in figure 6.16, and which shows the decrease in the number of workdays lost since the transition. This is not because of a tranquil industrial relations environment, but because of the waning power of unions.

197 Interview with Derrick Mbita Chitala, former MMD Deputy Minister for Finance, April 2011.
Although the ZCTU and its affiliates supported liberalization of the economy through SAP, unions were disappointed with the results. The common presumption amongst many individuals was that post-transition the ZCTU would use the relationships forged with the MMD to foster a labour friendly environment, but this has not proved the case. Legislative reforms outlined above as well as out-dated labour law that is ambiguous in its distinction between temporary and permanent employment has meant that casual labour has abounded. This is particularly evident in the mining sector where workers are often hired on contract and are fired and rehired once the contract ends, creating a capricious formal sector employment environment. This has implications for trade union membership and their relative power. With only 16.6 (900,000 individuals) percent of the country’s workforce in formal employment in 2012, trade unions only access about 49 percent of the formal workforce. Many workers now work in Greenfield operations that are not unionized and are casualized. Furthermore, because the biggest formal sector employer in Zambia is the government, and this is the sector where the majority of unionized workers originate, it is in the interest of unions’ members to not antagonize the government of the day so that jobs will be retained in the still-inflated sector. Grayson Koyi argued that ’the labour movement has not fully emerged from the impact of the economic challenges or the economic punch that they’ve suffered at the hands of economic liberalization and so in terms of their capacity to influence
change for instance at a policy level is still very limited.'  However, it should be noted that though union density has decreased, and with it union power, old union branch structures continue to be used as mobilizing structures, not for the MMD, but this time for the PF (LeBas 2011, p.230). This is illustrated by the rapid ascent of the PF from a party that acquired three percent of the presidential and parliamentary vote in 2006 to winning the 2011 elections outright (Larmer and Fraser 2007, pp.624-625). Even though the changed economic and political environment had served to undermine union power, what is interesting is that retention of union branch structures were once again utilized to mobilize support, but not necessarily allow the unions to gain power (LeBas 2011, p.230). In these ways a changing environment of economic complexity directly contributed to a decline in trade union power in the post transitional period.

v. Level of foreign private investment

Figure 6.17 Foreign direct investment inflows and outflows, 1991-2011

The elections in 1991 provided for a coalition between home business interests and the MMD government due to the liberal economic reforms promised by new government that would ‘revamp the state-controlled economy’ and open up the long-closed Zambian market (Bräutigam et al 2002, p.529). Adoption of SAPs was ‘driven and formulated by demands from the international donor community’ and the new government implemented these programmes with apparent zeal (Bräutigam et al 2002, p.529). However the inconsistent manner in which they were implemented, coupled with the inability of small Zambian businesses to compete with globalized

198 Interview with Grayson Koyi, University of Zambia, April 2011.
interests resulted in the deterioration of the business-state coalition and the failure to build a Zambian entrepreneurial middle class that could provide indigenous growth. The early years of the post-transitional period thus saw a steady decline of the Zambian economy as the indigenous business community shrank and was replaced by large international companies.

The mining sector emerged from economic stagnation and decline in late 2003 when expanding Asian economies fuelled an upsurge in mineral prices for industrial development. This is illustrated in figure 6.17 that shows that both inflows and outflows of FDI increased from ten to 15 percent of GDP each in the period between 1991 and 2011. Increasing mineral prices since 2004 has resulted in a boom as the international price for copper has grown throughout the decade, reaching its zenith of US$9880 per metric tonne in February 2011 (Indexmundi 2014). Intensification of exploration and prospecting for minerals has meant that previous estimates of extraction limits are thought to be wrong. Instead of lasting until about 2020, copper ores in Zambia are now expected to last until the end of the 21st century (Adam and Simpasa 2010, p.70).

*Figure 6.18 Mineral related taxation in Zambia 2001-2008 (Adapted from Adam and Simpasa 2010, p.76)*

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax revenue</td>
<td>19.1</td>
<td>17.9</td>
<td>18</td>
<td>18.3</td>
<td>17.2</td>
<td>17.2</td>
<td>18.4</td>
<td>18.2</td>
</tr>
<tr>
<td>Mining company tax</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.23</td>
</tr>
<tr>
<td>Taxes on mining licences</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.01</td>
<td>0.01</td>
</tr>
</tbody>
</table>

The regrowth of the mining industry has resulted in the development of a ‘... low-tax economy and light touch regulation of labour, health and safety, and environment laws’ (Fraser 2010, p.15). Whilst this approach has meant that the ease of doing business has increased from 100 out of 181 countries in 2008, to 83 out of 189 countries in 2013 (World Bank 2014), it has not resulted in the development of employment opportunities and entrepreneurship amongst native Zambians. Much of the revenues generated by the mining companies are not accrued by Zambia, instead its low taxation regime has resulted in the majority of mining revenues being
expatriated to China, India and Canada. Furthermore most of the presumed benefits for the local economy have not emerged as foreign companies have taken advantage of legislation that allows for the tax-free import of capital inputs. This means that whilst a strong multiplier effect exists in mine localities, companies that had previously supported the ZCCM could not compete and closed (Fraser and Lungu 2007, p.59). Moreover, government failure to effectively tax mining houses has meant that the mining windfalls have remained in the hands of corporations and total government tax revenue has actually decreased during boom period, with next to no revenue coming from the mining sector (see figure 6.18 above). As a result,

‘...the prominent political story of the copper boom ... has been of a deepening crisis of legitimacy both for the Zambian state and the new mine owners. After decades of job cuts and declining living standards communities on the Copperbelt, rather than simply welcoming the new boom, resented the companies unexpected opportunity to generate unforeseen profits from unprecedented world copper prices’ (Fraser 2010, p.14).

What this means for economic complexity is that despite increased foreign direct investment through the development of multinational mining houses, Zambia has not accrued any windfalls from which to use for development purposes. The changed economic environment which has seen increases in GDP, but not in government revenues or in socio-economic benefits is of concern because it could indicate a return to more contentious politics. Michael Sata, Zambia’s current president, was elected on a xenophobic campaign, openly hostile to foreign mining investors, particularly the Chinese (BBC News 2011). That Sata was elected by a clear margin of 42 percent, as opposed to his main contender Rupiah Banda at 35 percent, is indicative of public concern as to the allocation of mining revenues (Electoral Commission of Zambia 2011).

vi. Relating to the hypotheses
In Zambia the first hypothesis regarding union strength had similar outcomes to the South African case, even though Zambia did not become as democratic as South Africa post transition, but does show more signs of democratic consolidation than South Africa in electoral turnover terms. Zambian unions possess a long history, but post-transitional economic change and neglect of transitional mobilization linkages has resulted in a loss of union relative power. Post transition, whilst Zambia is

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199 Adam and Simpasa have calculated that 73.9 percent of foreign capital outflows are attributable to the mining sector in the form of profit and dividend remittances by international mining houses (Adam and Simpasa 2010, pp.74-75).

200 In the Copperbelt province Sata won a clear victory with 67.88 percent of the votes as opposed to 26.22% for his closest competitor Banda (Electoral Commission of Zambia 2011).
certainly more democratic than during the one-party era, it maintains a number of governance problems particularly in terms of constitutional reform and a fractious opposition. That the opposition is so fractious is indicative of long-term legacies of U&CD that were exacerbated by a continuation of copper mining’s sectoral dominance. Firstly, nationalization of the economy ensured a shrunken private sector that was unable to provide the economic muscle that could direct state economic endeavours, but interestingly provided economic policy muscle to the MMD. The private sector actors’ policy preferences post-transition however were intrinsically in opposition to what would traditionally be union preferences, which was acknowledged in theory, but not in practice by union bodies. This has led to splits on policy outlook, but not policy preferences where many of the so-called opposition espouse the same policy, but in different guises. Furthermore, unevenness in development has led to ‘interregional competition over the distribution of government revenue funded by mining’ (Larmer 2010, p.36) and has fostered a lineage of competition for limited resources, a lineage that has institutionalized fractious politics as different groups seek to outcompete each other.

Post-transition, whilst Zambia has been more successful in terms of party alternation than South Africa and Zimbabwe, the fact that copper mining still dominates the economy is still problematic for Zambia’s democratic trajectory. Whilst the economy has liberalized in the post-transitional environment, and the mining sector has been privatized with the majority of shares now owned by foreign mining corporations, notably China, Australia and Canada, export revenues from copper rents still dominate Zambia’s political economy and fund government patronage. Continued sectoral domination of copper has implications for the consolidation of democracy in Zambia because in some quarters foreign ownership constitutes a re-colonization of the country’s resources. This issue has been used to mobilize anti-government sentiment amongst the opposition. Foreign ownership paired with a liberalized economy where trade unions have become relatively weak due to a liberalization of the labour relation regime post-transition has meant that although the regime faces many different facets of mobilization, it does not face significant consolidated pressures for economic and political change. Party alternation recently occurred but is not considered to be a qualitatively different government than the previous one and still freely utilizes mineral rents for patronage purposes.
In relation to hypothesis three nascent business interests, although numerically weak, were ideologically strong and informed the post-transitional economic agenda of which trade unions and Zambian associational life were party to. A liberal economic agenda was adopted that sowed the seeds of the demise of organized labour in Zambia where policy was developed that weakened trade union within a more crowded social space. The state adopted a liberal economic agenda that saw a re-privatization of Zambia’s economic sphere where the economy once again became dominated by foreign firms, especially in the mineral sector. Foreign domination of the mineral sector solved some of the government’s economic problems in that they were no longer directly party to fluctuations in the world price of copper. However poor timing once again prevailed because after privatization copper prices began to rise following almost twenty-five years of historic lows. Repatriation of rising mineral profits to foreign business accounts coupled with inability amongst indigenous business to compete in an international framework resulted in what some ceded as a re-colonization of Zambia’s economy. Increased unemployment, factional competition and allegations of widespread corruption amongst government cadres resulted in political competition and party alternation in 2011 where the new government, like its predecessors, has retained largely the same political and institutional policy framework. The long-term history of political and economic inertia in Zambia has coloured its post-transitional agenda whereby democracy is understood by electoral means, but not by qualitative changes in the nature of governance.
Chapter Seven – Economic complexity, sectoral forces and regime change revisited

7.1 Introduction
The puzzle informing this thesis was why some regimes transition to democracy and others retain authoritarian rule after periods of popular mobilization. Using an approach that explicitly acknowledged the multi-layered components of a transition, particularly actors and the surrounding structures of a state, this thesis interrogated the linkages between economic development and democracy to try to account for regime divergence in transitional outcomes. This study engaged with the broad church of modernization theory in order to assess the extent to which this literature offered an adequate account of transitional outcomes in three African countries and ultimately found it lacking. Because of this a principal concern was how to frame the analysis of contemporary transitional politics given the problems with modernization theory. An analytical framework, economic complexity, was developed to offer insights into the process of regime change across Zimbabwe, South Africa, and Zambia that captured the conditions of importance in regime change. In this concluding chapter, conclusions are drawn about the research questions and hypotheses, the implications of the theoretical and analytical framework are scrutinized, and from the findings, a number of suggestions for future research are offered.

7.2 Achievements of the thesis
The main finding was that as economic complexity increased, more opportunities emerged for social forces to mobilize for a democratic regime change. However it seemed that economic complexity could only increase to a certain point somewhere on the medium scale of complexity before becoming detrimental to the power of social actors to positively impact impulses to democratize. In this way there was a sweet spot of complexity where social actors, vis-à-vis trade unions, could utilize maximum power to push for democratic regime change. This finding was particularly evident when examining the post-transitional outcomes of South Africa and Zambia. Both cases resided on the medium spectrum of economic complexity where trade unions and their private economic actor counterparts were able to utilize
their combined relative power to push for regime change. However, upward
movements in economic complexity in both of these cases post–transition resulted in
a loss of relative power for unions. This strongly suggested that union’s possession
of relative power declined with increases in economic complexity. As economies
liberalized and diversified more fluid forms of employment were embraced that did
not require large unionised workforces, and union power to influence politics
dropped.

The relative power of unions was dictated by the sectoral composition of the state.
The sectoral composition structured economic and social relations in such ways that
trade unions had more or less opportunities to impact on political change. There was
a sweet spot of economic complexity ascribed by the sectoral dominance of trade
unions where they became most effective in building enough power where a
democratizing outcome became more likely to emerge. In transitioning countries
with labour intensive dominant sectors, labour was likely to become a significant
force in developing the conditions for regime change. When organized labour was
involved in a labour intensive dominant sector, they were likely to use their
numerical strength and relative power to push for a more democratic regime.
However, it was important for labour to attract alliances with other economically
powerful groups if they wished to successfully push a transition through to
democratic fruition. If labour failed to build alliances with other economically
powerful groups, whilst a regime transition might have occurred, it was likely to
retain authoritarian elements because not enough relative power was garnered to
implement full democratic change. In authoritarian regimes where organized labour
was not engaged in a regimes dominant sector, although labour may have pushed for
changes their limited numerical impact on the dominant sector indicates that
although democratic impulses may have been triggered, the regime was likely to
retain authoritarianism.

In countries where the state controlled large swathes of the economy such as Zambia
pre-transition, and Zimbabwe late- and post-transition, it was the strength of the
dominant sector and its importance to the regime that dictated whether trade unions
gained enough strength to effectively challenge the state. In these two countries
trade union strength was structured around participation in the dominant sector. In
Zambia, because trade unions were integral to the dominant copper mining sector,
they were able to accumulate and wield relative power against the state during times of regime instability. Zimbabwe’s trade unions, on the other hand, had never been engaged in any of the state’s dominant sectors, whether commercial agriculture in the early post-independence years, or in the elite-controlled diamond mining sector in later years. This deprived them of economic power to effectively challenge the state. It was only through the development of alliances (that ultimately resulted in a watering down of trade union power) that unions could accumulate enough power to challenge, but not overthrow, the regime. In South Africa private business interests who possessed similar amounts of relative economic power to the state controlled the dominant mining sector. Prior to the 1980s employers opposed efforts to build black mining unions. But from the early 1980s trade unions in this dominant sector possessed an insulating shield of sorts from the private business interests who wished for a calm and prosperous industrial framework. That the state was separate from the dominant sector allowed trade unions to build and utilise structures to effectively challenge and contribute to the overthrow of the apartheid regime when it became unstable. This finding demonstrates that the economic complexity argument could be applied to other transitioning states to interrogate their propensity to democratize or not given the presence or absence of unions in dominant economic sectors.

A secondary finding of the research is that changes in complexity were important in triggering opportunities for mobilization. Although higher levels of complexity resulted in more democratic regimes, it was changes in complexity, upward or down that got transitions moving. The literature generally attributes political mobilization as a punishment to governments that adopt economic policies that are detrimental to the general health of the economy, as has been popularly ascribed to Zambia’s transition (Rakner 1992, p.58, p.61). Mobilization has been seen as a consequence of poor political and economic decisions that can often lead to political collapse, popular mobilization, and eventual regime change (Bratton and van de Walle 1997). But if changes in economic complexity are taken into account, mobilization does not necessarily occur only when the outcomes of poor policy decisions are felt, it could in fact occur because the policy decisions were simply made which served to increase economic complexity. For example, in Zimbabwe, although economic liberalization in the early 1990s was unpopular amongst the general population, it
changed complexity. The adoption of ESAP reforms resulted in liberalization of the social sphere that gave groups’ conditional autonomy to coordinate and mobilize for reforms. In this case the policy movements resulted in changes in complexity that provided the conditions that organised labour and other social groups utilized to build structures and linkages that were used extensively during the transition. The changes in complexity in Zimbabwe activated opportunities for mobilization amongst potential opposition forces. When complexity changed once again and mutated in the late 1990s and 2000s with the development of hyperinflation and extreme economic decline (that eventually shifted economic power into the hands of the state and security elites), a slow demobilization occurred as political and economic demoralisation set in, eventually resulting in outright electoral success for ZANU PF in 2013, which was not encumbered by power sharing as in the 2008 elections. So, if this secondary finding is correct, mobilization can be triggered during times of changes of economic complexity, through economic gains and failures.

These findings illustrate the contribution of this thesis to the wider research community. Firstly they pose questions as to the wider applicability of theories of modernization to transitioning states. Traditional theories of modernization, as developed by Lipset and others, have limited applicability in the modern globalized era; modified versions of modernization that acknowledge both actors and structures, and that dissect components of economic development can contribute to wider understandings of the relationship between economic development and democracy. Economic complexity’s emphasis on a state’s sectoral composition that describes relative power amongst economic actors is particularly illuminating when considering transitional outcomes. It indicates that groups in sectorally dominant positions can potentially impact on the development of transitions and their outcomes. In this sense more attention should perhaps be ascribed to sectorally dominant actors when considering the politics of transitions and what their eventual outcomes are likely to be.

7.3 Answering the research questions.

A set of research questions was set out in chapter one of this thesis to address gaps in understandings about the politics of transition in Africa. These questions were:
• To what extent is the dominant theoretical framework on democratization applicable to Africa. Is it coherent and can it consistently be applied across regions?
• What is the comparative impact of trade unions on transitions from authoritarian rule in Africa?

To address this research agenda, this thesis offered a multi-layered analysis to complement and add to existing understandings of the politics of transition in Africa. It developed a conceptual framework, economic complexity, that acknowledges the linkages between economic development and democracy, but which moves beyond traditional modernization approaches in an attempt to offer a more nuanced account of the politics of transition. Combining this analytical approach with comparative insights of the experiences in the three cases offers a unique perspective on the impact that trade unions can have on transitional politics in African settings.

Approaching the first question involved interrogating the mass of literature surrounding regime change and democratization to consider its coherency and whether it could consistently be applied cross-regionally. A central concern was that the theoretical frameworks developed and conceptualised on the regime transitions of Latin America and Europe during the 1970s and 1980s would have limited applicability in African settings. African regime transitions have occurred under very different circumstances than their European and Latin American counterparts, particularly in terms of their economic development, yet modernization’s linkage between economic development and democracy still retains a position of dominance throughout the literature. To acknowledge this dominance, yet also to address the multifaceted nature of regime transition in African settings, I developed the conceptual tool of economic complexity. This tool allowed me to move on from traditional accounts of modernization by incorporating the interaction of actors and historically important economic structures. I then used this conceptual tool to examine the three case studies of Zimbabwe, South Africa and Zambia to consider the history of the broader political economy and its impact on regime change in the three countries.

The broad church of modernization is unclear on whether the linkages found between economic development and democracy can be extended to African settings,
because countries exist that have transitioned to democracy without high levels of economic development (Ghana for example), as well as economically developed countries that are considered multiparty democracies (see South Africa – democratic, but again massively high levels of inequality). Despite these contending examples, the linkages between economic development and democracy retain dominance across the literature. Obviously there is more going on across Africa than simple understandings of economic development and democracy can account for. For this reason the concept of economic complexity was developed to break down understandings of what aspects of economic development are important for the development of democracy. Combining functional and genetic approaches in my understanding of the politics of democratization, the concept of economic complexity allowed me to understand how social actors contribute to democratic impulses in a transitioning regime. The development of the conceptual tool of economic complexity allowed for the breakdown of the various components of economic development to apply a modernization approach to African transitions. It found that although there are problems with applying broad modernization declarations to African transitions, outlying features could be accounted for through a revisited understanding of modernization. In this way one of the achievements of the research in this thesis has been to extend modernization approaches in such a way that they can be applied to diverse African settings.

The historical analysis of the three case studies illuminated the historical importance of economic structures in shaping the political sphere. Not only did economic structures shape the sectoral configurations that the economy could take, but it also influenced the power constellations that were likely to emerge during periods of regime instability. Furthermore, legacies of colonialism, uneven development, and authoritarian rule were shown to all have implications for the politics of regime change. Insights from the literature on democratization in the cases highlighted how political and economic weaknesses have persisted following regime change, and have resulted in the development of sub-par democratic regimes in Zambia and South Africa and the retention of authoritarianism in Zimbabwe. This study finds that dominant theoretical frameworks are lacking when understanding regime change in Africa. Instead, a modification of existing theoretical frameworks to incorporate more nuanced accounts of economic development and democracy is much more
appropriate when examining regions other than the ones originally developed in. The development of economic complexity as an analytical tool facilitated the finding that in general as complexity increased, chances of attaining democratization following transition increased, but with relative power limitations governed by sectoral attributes.

In terms of the second research question, I found comparatively that trade unions had a differential impact on transitions from authoritarianism across the case studies, with variance in impact accounted for by the sectoral composition of the state. This structured economic and social relations in certain ways so that trade unions had more or less opportunities to impact positively on regime change. The examination of the sectoral composition of a state allowed for the identification of actors that had the potential to garner enough relative power from the structurally dominant sectors. In transitioning countries with labour intensive dominant sectors, labour is likely to become a significant force in developing the conditions for regime change. When organized labour was involved in a labour intensive dominant sector, they are likely to use their numerical strength and relative power to push for a more democratic regime. However, it was important for labour to attract alliances with other economically powerful groups if they wished to successfully push a transition through to democratic fruition. If it failed to build alliances with other economically powerful groups, whilst a regime transition might have occurred, it was likely to retain authoritarian elements because not enough relative power was garnered to implement full democratic change. In authoritarian regimes where organized labour was not engaged in a regimes dominant sector, although labour may have pushed for changes their limited numerical impact on the dominant sector indicated that although democratic impulses may be triggered, the regime was likely to retain authoritarianism.

What was particularly interesting in this research was that a particular sweet spot emerged somewhere on the median range of economic complexity ascribed by the sectoral dominance of trade unions where they became most effective in building enough power to positively impact on the emergence of a democratic outcome. In this truncated area, trade union alliances with other economic and social groups coalesced in such a way to have a powerful effect not only on the stability of the regime, but also on the transitional outcome towards a more democratic polity. This
was illustrated by South Africa and Zambia’s transitions to more democratic politics following the emergence of trade union and other social group mobilization. What was particularly notable is that although trade union mobilization in both cases contributed to the development of democratic politics, after the transition trade union power diminished significantly, indicating that an increase in economic complexity in the more liberalised post transitional economic and political environments dampened union power. When economic complexity decreased, trade union power concomitantly diminished. In situations of declining complexity like the case of Zimbabwe trade union power declined in line with the declining economy. This is not surprising given that trade unions’ existence depends on a well-functioning economy. When the economy declined, trade union membership dwindled and trade unions relinquished relative power gains. Trade unions in Zimbabwe were unable to maintain the social linkages they had built in this declining atmosphere and ultimately were unable to even forge a transitional polity, never mind bring it to democratic fruition. These examples comparatively illustrate that when trade unions experience a goldilocks moment of just right economic and political conditions, they can positively impact a transition to a more democratic regime. However this is a very truncated moment and the potential to hit it effectively depends on the sectorally ascribed power of unions.

7.4 Revisiting the hypotheses

As well as the research questions, this thesis sought to interrogate three hypotheses. These were

- Trade unions will have a positive effect on transitions to democracy when they have long histories of organization and mobilization, and have developed cross-societal linkages.
- Trade union strength will be increased when they are involved in dominant economic sectors.
- Trade unions positive effect on transitions to democracy will be weakened if the state is economically dominant.

The examination of the hypotheses allowed for the identification of similarities and differences amongst the case studies and illuminated what the examination of each case study contributed to the overall picture.
The first hypothesis showed that when trade unions had been organized for significant periods, had amassed diverse civil society linkages, and had a strong capacity for mobilization, they were most effective in forging the conditions conducive to a transition to a more democratic regime. Conversely, where trade unions had neglected the development of cross-societal linkages, purposefully or not, their impact on transitional politics could be somewhat unconvincing. Figure 7.1 illustrates that long histories of union organization seemed to be of most importance in establishing the conditions for a regime transition. Trade unions that had longer organizational histories possessed the capacity to use their structures for regime change and to sidestep or avoid potentially repressive state actions that could curtail their activities. This was not possible in Zimbabwe. In South Africa and Zambia, trade unions had been established in various guises for between 40 and 50 years, and in both of these cases there was a transition to a more democratic regime than that had existed prior to the transition. This is likely because in both of these cases long established trade union centres utilized their extended structures to educate and mobilize their constituencies. Trade unions in Zimbabwe also attempted these strategies, and self-consciously moved beyond their constituency, but their relatively short organizational history in comparison with South Africa and Zambia ultimately contributed to a degradation of their organizational and mobilizational prowess to affect regime change. The examination of the case studies showed that not only was trade union longevity powerful in the development of structural tools to mobilize effectively and to counter previous obstacles they may have encountered, but longevity in organization was also crucial in facilitating the development of cross-societal linkages that could withstand repressive state activities. In these instances
trade unions often developed strong relative power to push their agenda during the transition.

Longevity in organization gave unions the opportunity to bolster their organizational structures, but what actually resulted in the development of a ‘better’ democracy was the development of economic and social relative power by unions. This facet linked the first two hypotheses and showed that where trade unions were heavily involved in dominant sectors, they could build relative power and thus strength to push for their agenda. The case studies showed that in South Africa, where economically powerful trade unions empowered by dominant economic sectors built strong alliances across associational and economic life; the regime that emerged following transition was more democratic than the other cases. In the case where unions possessed strong economic power, but limited social power due to shallow alliances with associational life – Zambia – the regime that emerged following transition, whilst more democratic than the previous regime, did not have the social power element that would empower it to be more inclusively democratic. The Zimbabwean case showed that trade unions that have limited economic relative power, but strong social power through social alliances, did not possess enough power to bring the regime to democracy. The examination of the three cases shows that in order to positively effect a transition to democracy, trade unions must accumulate both economic and social power. If social power was missing, the following regime was likely to lack some democratic elements, however if economic power was missing the following regime was likely to retain authoritarian elements. These simple differences show that the economic complexity argument is compelling. In regimes where trade unions have the capacity to organise and to become strong vis-à-vis increases in economic complexity, they are likely to positively affect democratization, however where they lack economic power because of low or decreasing economic complexity they may have trouble impacting a transition to a more democratic regime.

The sectoral composition of the state’s economy provided the baseline from which trade unions and their transitional allies could garner relative power. In terms of comparative findings, what became central was that in order to transition to a more democratic regime, it was essential to be heavily involved in the dominant export-oriented economic sector. Trade union action could damage profit margins for
export earnings and in this way could illustrate trade union latent power. This relates
back to the findings of hypothesis one; in countries where trade unions had economic
power, they possessed more power to push a transition to a more democratic
conclusion than trade unions that were not heavily involved in the dominant sector.
In South Africa and Zambia, although the dominant sectors were privately and state
owned, respectively, strong trade union organization in these economically important
sectors gave trade unions the power to mobilize effectively for regime change.
However, because trade unions in Zimbabwe had never had the opportunity to
engage in economically dominant sectors – agriculture pre-transition, and diamond
mining during and post-transition – they could never gain enough economic relative
power to overthrow the regime.

Hypothesis two also strongly suggested that the forging of business alliances was
important in pushing a regime towards democracy. This factor was important
because business associations often possessed the economic prowess to support the
mobilizational reach of trade unions and social movement allies. Mobilizational and
economic power combined could destabilize a regime. In South Africa the private
sector was economically powerful and when they forged alliances with trade unions
and their social movement allies, the strength of economic actors buttressed trade
union strength and brought a more democratic regime alternative. Following the
transition many trade unionists moved to business, illustrating that strong linkages
were forged between trade unions and their business counterparts during the
transition. Likewise, in Zambia trade unions there allied with the small indigenous
business community to push for regime change. However, unlike South Africa, the
linkages that Zambian trade unions forged were shallow. Nonetheless, despite this a
transition to a more democratic regime occurred, but it was not as deep as South
Africa’s which perhaps signifies the shallow transitional alliances that were forged.
In Zimbabwe, because of historical legacies of white economic dominance and
latterly state acquisition of economic assets, trade unions never managed to garner
opportunities to engage with and build alliances with economic elites. The absence
of alliances with economic elites further fuelled their low economic relative power,
and authoritarianism emerged following transition. These two factors convey that
being dominant in a dominant sector is important, but equally so is the building of
alliances with economically strong elites that can buttress union strength and push for regime change.

The interrogation of hypothesis three found that where the state controlled large swathes of the economy, particularly in export sectors, democracy was less likely to emerge because state repression often emerged that had the potential to quash oppositional groups. Conversely, where the economy was largely dominated by the private sector, the state was less likely to engage in repressive activity that could damage relative power of oppositional groups. In Zambia and Zimbabwe where the state dominated the economy, although trade unions were able to attain a semblance of autonomy through sectoral dominance in Zambia, and through general state disinterest in Zimbabwe, state control of the dominant economic sectors ensured that the government possessed a significant amount of power to repress potential oppositional allies. This factor reduced the amount of time available to trade unions to mobilise allies for effective political change. Zimbabwe reinstated authoritarianism and Zambia’s post-transitional regime possesses some aspects of authoritarian legacies, which together indicate that had the state been less economically engaged and thus had less power to repress or demobilize, a more democratic regime may have emerged. In South Africa on the other hand, although the state engineered state policy, it did not direct the economy and thus had limited interest in controlling associational life so long as they adhered to the separation policy. Unions and allies in South Africa had access to non-state economic elites that pushed for legal reforms that sheltered unions to an extent from state repression. So, in South Africa it seems likely that because the state did not have enough economic power to overpower trade unions and their allies, a more democratic regime emerged. This indicates that in regimes where the state controls a large proportion of the economy, particularly dominant sectors, that democratic regimes will have more difficulty in emerging because the state is likely to possess the machinations to control large swathes of associational life. Conversely, in regimes where the dominant sectors are privately controlled, and the private sector is open to liaising with associational actors, more democratic regimes are likely to emerge following transition.

State economic intervention through labour incorporation was important in providing unions in all three cases with the structural capabilities to potentially oppose the state
at a later date. Although incorporation in all three cases was ostensibly to control the nascent power potential of trade unions and to foster economic growth, in all three cases incorporation did result in the development and augmentation of union power and autonomy. However, and linked to longevity in organization and sectoral dominance, trade unions across the cases experienced differential levels of autonomy and relative power to ultimately initiate and guide a potential transitional outcome. This was particularly prevalent in the case of Zimbabwe where trade labour incorporation gave trade unions the potential to become strong, but economic structural balances perpetuated by government policy prevented unions in becoming strong enough to initiate a transition and to determine its outcome. This example points to the dynamic nature of transitional politics that differ according to the structural and genetic variants across the cases.

The interrogation of the hypotheses through examining three different cases studies contributed to understandings of the impact that trade unions can have on politics of regime change. Whilst each case clearly had its own dynamics that impacted on whether a transition actually occurred and what on the transitional outcome was, comparison of the cases indicated that trade unions were most likely to positively impact on a transition to a more democratic regime in stances where they had longevity in organization, were engaged in export oriented dominant economic sectors and had developed strong linkages with economically powerful business actors. The diverse cases illustrated the findings and pointed to economic complexity as a compelling argument to account for the linkages between economic development and democracy in African settings.

7.5 Alternative explanations
The examination of economic complexity as an intervening factor that can attempt to account for a transition and its outcome has been fraught with contextual difficulties. Economic complexity allows for the examination of macro-economic phenomena and how they relate to economic actors, but given the intricate, convoluted and dynamic nature of politics, economic complexity cannot, and does not claim, monolithic explanatory status. This short section offers two alternative explanations for the development of transitional politics in the three cases examined in the thesis.
7.5.1 The leadership effect

When South Africa transitioned to democracy much was made, in the West in particular, of Nelson Mandela’s role as a political conciliator that sought a negotiated peace settlement. Robert Mugabe, on the other hand, whilst lauded amongst many of his compatriots in the African Union, which he currently heads, as victor of a colonialist liberation struggle, has been increasingly isolated on the international stage for his authoritarian style of rule that does not tolerate dissent (The Guardian 2015). Leaders can cause and sustain conflicts, but can also mitigate, transform, and choose to resolve conflicts, thereby aiding peace building, post-conflict reconstruction and ultimately democratization. Although power does not rest solely in a leader’s hands, and can be diffuse across numerous levels of society (Lederach 1998, p.14), the visibility of high level political leaders lends them a degree of power to push a regime in a certain direction, particularly in polarized societies. Polarization heightens feelings of us-versus-them that mobilizes constituencies and can augment authoritarian strategies such as violence and intimidation that can ultimately weaken oppositional mobilization strategies (LeBas 2006, p.421). Leadership style and composition differed in all three cases and the possibility emerges that the style of leadership could account in some way for the later regime outcome.

In apartheid South Africa, the country and economy was negatively affected by its international pariah status. When the reformer F.W. DeKlerk came to power and administratively initiated the transition with the unconditional release of political prisoners, including Nelson Mandela and the unbanning of the ANC and other political movements in 1989-1990 this pariah status began to be lifted (Beinart 2001, pp.272-273). Mandela’s ability to simultaneously appeal to a radical mostly black mass movement, backed by heavyweight ANC stalwarts including Oliver Tambo and Walter Sisulu, and as a reasonable politician willing to work with the National Party that represented an anxious white population, gave him the political prowess and popularity to successfully advocate, negotiate for and push a transition to democracy to fruition (Beinart 2001, pp.273-274). DeKlerk’s revocation of racial legislation and unbanning of black political groups augmented social processes of deracialization in churches and companies, which served to filter the culture of change across South African society. Although characterized by many verbal spats
and arguments, the very public conciliatory nature of the transitional negotiations by Mandela and DeKlerk made a transition to democracy likely in South Africa.

Zambia’s transition to multiparty politics is well known for having surprised incumbent President Kenneth Kaunda in his defeat. Having ruled since 1969, unencumbered by power sharing since the imposition of single party rule in 1972, Kaunda, perhaps naively, maintained that UNIP would be undefeated in the country’s first multiparty elections in almost two decades. Whether caught off guard or genuinely amenable to change, Kaunda accepted political defeat graciously, leaving the politically popular MMD to manage the business of government. That Kaunda accepted political defeat so readily and to this day preserves popular public opinion had implications for later leadership alternation. When Frederick Chiluba looked set to amend the constitution to obtain a third term as Zambia’s president in 2001’s elections, his efforts were ‘thwarted by a massive popular movement’ (Van Donge 2009, p.73). Despite Chiluba’s autocratic movements, successful democratic popular protest as well as public expectations for leaders to step down from power once terminated has ensured that whilst Zambia may possess some deficiencies in some aspects of democracy, it has been the most successful of the three cases in terms of leadership and party alternation.

Robert Mugabe’s leadership has perhaps had the most drastically negative effect on regime outcome of the three cases examined. A polarizing figure that has ruled Zimbabwe since independence in 1980, Mugabe has been both a figure of acclaim and repulsion, sometimes simultaneously. The regimes’ linkages with the securocracy and willingness to shatter dissent with violence and intimidation have earned it international derision. Yet Mugabe’s outspoken critique of Western developed nations and his recent electoral success in leading the African Union has earned him support amongst many of his African peers. Kriger (2005, p.31) has illustrated how Mugabe has used liberation rhetoric, coercion and violence to varying degrees throughout his political career to ensure support for ZANU PF. These methods have polarized the public, but unfettered willingness to unleash violence on oppositional forces has ensured that the opposition has never had the

201 All of my Zambian interviewees, whilst acknowledging that Kaunda had presided over a calamitous economic period in Zambian history, possessed varying degrees of admiration for Kaunda that was linked to the peaceful nature of his political step-down from presidential power.
strength to effectively gain access to the machinations of power. Linked to the use of rhetoric, coercion and violence as a strategy of strength are the long-term linkages the regime has with the security sector. As the regime has continually used coercive and violent methods to retain power, Mugabe has amassed a significant proportion of the security sector to shield from the potential of international criminal proceedings. Mugabe has successfully mobilized the rural majority to ZANU PF, painting the MDC and their cohorts as a British-funded urban elite who have no linkages with the rural liberation struggle. Mugabe also has a unifying effect on the fractious ZANU PF. He has thus far failed to publicly identify a political successor, although some reports indicate that his wife Grace Mugabe is set to take over, and for party members and concerned security leaders, it is in their interest to keep Mugabe in power, lest an individual with less cohesive capacity that cannot effectively shield individuals takes over (Cheeseman and Tendi 2010, pp.216-218).

The three previous examples have shown that leadership personality and style can have a significant impact on transitional outcomes. In cases where leaders are willing to negotiate or to accept political challenges, the regime is much more likely to develop democratic characteristics. However in situations where the leadership is a polarizing figure that is willing to use coercive and violent methods to retain power, a transition is unlikely to occur.

7.5.2 International brokering

Since the early 1990s the international community has pursued strategies linking good governance, democratization and development aid. Whilst these strategies have been successful to an extent in pushing authoritarian regimes to adopt multiparty political systems with procedural democratic features that include regularized elections, many regimes retain authoritarian elements. Moreover countries have been relieved of international debts by addressing governance issues identified by international actors through the Highly Indebted Poor Country Initiative (HIPC). More recently, recognizing the instability of transitional situations that are often conflict laden with strong possibilities of retaining authoritarianism, international actors have brokered power sharing arrangements to resolve conflict and develop inclusive politics in these countries. This section will briefly examine how international brokering could offer an alternative explanation for the regime outcomes in each of the cases.
Pre-transition South Africa had developed international pariah status, as the apartheid regime became less and less acceptable across much of the world. International boycotting campaigns against South African goods, exiled ANC politicians’ cultivation of international supporters, and cessation of international lending to the apartheid regime in 1985 all supported the development of moderates within and outside of the National Party regime. Moderates in the regime developed reformist policies that laid the groundwork for post-apartheid policies (Beinart 2001, p.254), outside of the regime moderates in the business community developed more favourable working conditions for black workers through pushing the colour bar, and ANC inxiles including Mandela engaged in pre-negotiations with individuals from the apartheid government. Moderate negotiation fuelled by international brokering and economic issues all had the effect that individuals from both sides of the political divide became willing to negotiate.

Zambia’s economic turmoil peaked in the 1980s when the oil-induced economic crisis failed to emerge from the doldrums. Although economic diversification away from copper dependence had been a state goal since independence, failure to generate other sectors resulted in persistent economic failure that the government was unable to mitigate. Zambia began to draw on international funding following the oil crisis in 1973 and received its first loan from the World Bank in 1978 (Rakner 2003, p.54). As the economy weakened more international agreements were sought which resulted in the imposition of more stringent lending conditions that began to degrade support for the regime. 1983 saw the imposition of the country’s first structural adjustment programme with the implementation of economic controls over the heavily subsidised developmental government programmes. Throughout the 1980s the government adopted and reneged upon seven international financial agreements, movements that signalled government vacillation surrounding economic and political impulses. The government began to lose legitimacy and popularity not because of international negotiations, but because they could not implement the prescribed programmes. The MMD fervently initiated SAPs upon electoral victory, meeting conditionalities in order to qualify for HIPC. Continual engagement with the international community in the post-transitional period has ensured the development of more democratic elements in the Zambian polity than may otherwise
have occurred, especially given Chiluba’s impulses to retain leadership after two terms in power.

The role of international brokering is probably most explicit in the case of Zimbabwe. In the wake of mass violence surrounding the 2008 electoral period, and the refusal of the MDC’s Tsvangirai to partake in the run-off presidential elections to inhibit the perpetuation of violence against MDC the support base. To resolve the conflict the South African Development Community (SADC), led by Thabo Mbeki, initiated a power-sharing agreement between the major Zimbabwean political players to develop an inclusive government (IG) that would ostensibly represent all parties and alleviate the immediate threat of violence. Whilst successful in alleviating violence, the IG actually resulted ZANU PF regaining its political dominance. The IG was adopted prior to the development of effective institutional reforms that could be utilized by the opposition MDC to reform governance (LeBas 2014, p.53). Instead, ZANU PF manipulated the power sharing arrangements through the development of a government within the government that allowed the incumbent to retain dominance, whilst ostensibly ceding some power to the opposition. This is particularly well represented by the development of the Ministry of Mines and Mineral Development that acts as a parallel Ministry of Finance that pre-filters revenues (Kriger 2012, p.16). Power sharing in Zimbabwe, by integrating the opposition into government, reduced their ability to effectively criticize government programmes and to claim credit for policy gains (LeBas 2014, p.53). International brokering in Zimbabwe in this case, instead of leading to a more democratic regime, gave the incumbent tools to re-establish its power.

As an alternative explanation international brokering offers a perspective that illustrates the power that international actors can have in forging a transitional outcome. Whilst local-level actors ultimately make decisions, conditions created by international brokerage can contribute to the universe of decisions available to actors in a transition.

### 7.6 Further research

I have two lines of inquiry to examine in future research. Firstly I would like to see if the increase/decrease in complexity argument is applicable to other cases to examine its comparability in other regions. I would like to look at case studies in
Asia and Latin America to examine a similar time span, but very different economic development trajectories and see whether these resulted in more or less democratic regimes post transition. It might also be useful to re-explore economic complexity to assess whether the indicators could be expanded upon.

The second area that I would like to follow up is the changes in complexity argument triggering mobilization for transitional politics. I did not expect this finding to emerge when I conducted my research because I took for granted the contention that anti-regime popular mobilization largely occurred because the government made poor political decisions that negatively impacted on society. There was a sweet spot of economic complexity amongst these cases where trade union mobilization could positively effect mobilization, but that increases or decreases in complexity could negate trade unions’ impact. That popular mobilization occurred in all three cases as a result of changes in complexity indicates that perhaps this finding may be comparable amongst a wider universe of cases. It would be particularly interesting to examine this finding in relation to recent cases of popular mobilization throughout the world to see if the argument is comparable across regions. I would like to identify how the sweet spot of trade union organization emerges in relation to economic complexity. I would like to see if the factors that contributed to the development of a sweet spot are applicable to other transitional events across Africa and globally. In cases where it may not be applicable, I want to identify the factors that made these factors so applicable in the cases of this thesis.
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Appendices

Appendix A: Information and Consent form

FACULTY OF ARTS, HUMANITIES AND SOCIAL SCIENCES
RESEARCH ETHICS COMMITTEE
INFORMATION SHEET

3rd February 2011

Dear ,

I am a doctoral student at the University of Limerick in Ireland and am currently researching the impact of trade unions on transitional politics in Africa. This research requires me to explore the issues around this topic and to seek the opinions of experts in the field. The research is being supervised by Prof. Tom Lodge who is the Professor of Peace and Conflict Studies and by Dr. Neil Robinson who is a Senior Lecturer in Politics at the Department of Politics and Public Administration at the University of Limerick in Ireland.

The aim of the research project is to ascertain the impact of trade unions on transitional politics, in order to generate a comparative theory of transition for an African context.

I would like you to consider volunteering to take part in this research as your views are of particular relevance to the study. If you agree, you will be asked to participate in a one-to-one interview at a time and place convenient to you, in March 2011. Interviews will be audio recorded and will last for no more than 1 hour.

During the interview you will be asked to discuss such issues as:

- The political context surrounding the transition
- The role of trade unions
- Politicization of civil society
- The impact of trade unions on transition politics
- The impact of trade unions on democratic consolidation

If you volunteer to participate in this study, you may choose not to answer any of the
questions posed to you during the interview. Further, you may choose to withdraw from the exercise at any time without giving a reason. The interview should not pose any risk to you. For the purposes of this study confidentiality will not be offered to you and your identity will be disclosed in the resultant PhD thesis in order to compare the transitional experience with counterparts in other nations.

In the days following our interview, I will produce a typed transcript of our discussion. If you wish to check the accuracy of this account, I will email you the document as well as the audio recording. I can also arrange to meet with you if you have any queries about the transcript before the end of April 2011. If any information has been misunderstood, I will endeavour to amend it to fully reflect your viewpoints.

I will be the only person with access to the recording of our interview and the recording and typed account will be stored in a locked cabinet at the University of Limerick. After a set time period of seven years the recordings will be destroyed.

If you have any questions regarding this research, or would like additional information to assist you in reaching a decision about participation, please don’t hesitate to contact me, Ciara McCorley, at the University of Limerick by email on ciara.mccorley@ul.ie or via telephone on +353 (0) 85 818 2985. You are also welcome to contact my supervisors, Prof. Tom Lodge at +353 (0) 61-213085 and tom.lodge@ul.ie or Dr. Neil Robinson at +353 (0) 61-202320 and neil.robinson@ul.ie. We would be happy to answer any queries you may have.

I will contact you again in one week to seek your decision. If you are happy to participate in this interview, I will ask you to sign the attached consent form, which details your rights as a participant. Although the study doesn’t benefit you directly, it does offer you the opportunity to voice your opinions on the role of trade unions in transitional politics that will feed into the broader research area of comparative transitional politics.

I would like to thank you for taking the time to consider participating in this project.

If you have concerns about this study and wish to contact someone independent, you may contact

The Chairperson of the University of Limerick Research Ethics Committee

c/o Anne O’Dwyer
Graduate School
University of Limerick
Limerick
Tel: (061) 202672 email: anne.odwyer@ul.ie

Yours sincerely,

_______________________
Ciara McCorley

University of Limerick, Limerick, Ireland
I, the undersigned, declare that I am willing to take part in doctoral research entitled “Trade Unions and Transitions: A comparative study of the impact of organized labour on transitional politics in Africa”.

- I am 18 years of age or older.
- I declare that I have been fully briefed on the nature of this study and my role in it and have been given the opportunity to ask questions before agreeing to participate.
- The nature of my participation has been explained to me and I have full knowledge of how the information collected will be used.
- I am also aware that my participation in this study may be recorded (audio) and I agree to this. However, should I feel uncomfortable at any time I can request that the recording equipment be switched off. I am entitled to copies of all recordings made and am fully informed as to what will happen to these recordings once the study is completed.
- I fully understand that there is no obligation on me to participate in this study.
- I fully understand that I am free to withdraw my participation at any time without having to explain or give a reason.
- I fully understand that my identity will be disclosed and that I will am not being offered any arrangements for confidentiality.

By signing below you are agreeing that you have read and understood the Participant Information sheet and that you agree to take part in this research study.

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<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
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<tr>
<td>I would like a copy of the recording of the interview.</td>
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<tr>
<td>I would like a copy of the transcript of the interview.</td>
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______________________________________
Printed Name of participant

______________________________________         __________________________
Signature of participant                                               Date
# Appendix B: List of interviewees

## Zimbabwe

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>Position</th>
<th>Place</th>
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<tbody>
<tr>
<td>Brian Raftopoulos</td>
<td>Solidarity Peace Trust</td>
<td>Director of research and advocacy</td>
<td>Cape Town</td>
<td>11 March 2011</td>
</tr>
<tr>
<td>Godfrey Kanyenze</td>
<td>LEDRIZ</td>
<td>Director</td>
<td>Harare</td>
<td>22 March 2011</td>
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<tr>
<td>Timothy Kondo</td>
<td>LEDRIZ</td>
<td>Programme Coordinator</td>
<td>Harare</td>
<td>23 March 2011</td>
</tr>
<tr>
<td>John Makumbe</td>
<td>University of Zimbabwe</td>
<td>Political Scientist</td>
<td>Harare</td>
<td>24 March 2011</td>
</tr>
<tr>
<td>Abisha Nyanguwo</td>
<td>MDC</td>
<td>Chief of Staff</td>
<td>Harare</td>
<td>25 March 2011</td>
</tr>
<tr>
<td>Representative from</td>
<td>Commercial Farmers Union</td>
<td>Chief of Staff</td>
<td>Harare</td>
<td>25 March 2011</td>
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<tr>
<td>Commercial Farmers Union</td>
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<tr>
<td>Ibbo Mandaza</td>
<td>SAPES Trust</td>
<td>Executive Director</td>
<td>Harare</td>
<td>25 March 2011</td>
</tr>
<tr>
<td>Jabusile Shumba</td>
<td>IDAZIM</td>
<td>Public Policy and Governance Program Manager</td>
<td>Harare</td>
<td>25 March 2011</td>
</tr>
<tr>
<td>Lovemore Matombo</td>
<td>ZCTU</td>
<td>President</td>
<td>Harare</td>
<td>25 March 2011</td>
</tr>
<tr>
<td>Ellen Kandororo Dingani</td>
<td>ZESN</td>
<td>Media and Information Manager</td>
<td>Harare</td>
<td>28 March 2011</td>
</tr>
<tr>
<td>McDonald Lewanika</td>
<td>Crisis in Zimbabwe Coalition</td>
<td>Director</td>
<td>Harare</td>
<td>30 March 2011</td>
</tr>
<tr>
<td>Name</td>
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<td>Date</td>
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<tr>
<td>McDonald Chipenzi</td>
<td>FODEP</td>
<td>Executive director</td>
<td>Lusaka</td>
<td>11 April 2011</td>
</tr>
<tr>
<td>Apostle Peter Mulenga Akupela</td>
<td>Government of Zambia, Ministry of Foreign Affairs</td>
<td>Foreign affairs assistant director</td>
<td>Lusaka</td>
<td>11 April 2011</td>
</tr>
<tr>
<td>Cephas Mukuka</td>
<td>ZUFIAW</td>
<td>President</td>
<td>Lusaka</td>
<td>12 April 2011</td>
</tr>
<tr>
<td>Humphrey Fumba</td>
<td>CSAWU</td>
<td>Director of research and information</td>
<td>Lusaka</td>
<td>12 April 2011</td>
</tr>
<tr>
<td>McPherson Matale</td>
<td>University of Zambia Radio</td>
<td>Radio station manager</td>
<td>Lusaka</td>
<td>13 April 2011</td>
</tr>
<tr>
<td>Adrian Shikwe</td>
<td>MVC Consultants</td>
<td>Socio-economist</td>
<td>Lusaka</td>
<td>13 April 2011</td>
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<tr>
<td>Grayson Kovi</td>
<td>University of Zambia</td>
<td>Economist</td>
<td>Lusaka</td>
<td>15 April 2011</td>
</tr>
<tr>
<td>Gilbert Mudenda</td>
<td>Institute for Policy Studies, University of Zambia</td>
<td>Director</td>
<td>Lusaka</td>
<td>16 April 2011</td>
</tr>
<tr>
<td>Jackson Shamenda</td>
<td>Patriotic Front</td>
<td>MP for Ndola (Copperbelt district)/former president of ZCTU</td>
<td>Lusaka</td>
<td>16 April 2011</td>
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<tr>
<td>Alfred Mudenda</td>
<td>ZCTU</td>
<td>Media representative</td>
<td>Lusaka</td>
<td>17 April 2011</td>
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<tr>
<td>Roy Mwaba</td>
<td>ZCTU</td>
<td>Secretary General</td>
<td>Lusaka</td>
<td>18 April 2011</td>
</tr>
<tr>
<td>Joyce Nonde</td>
<td>FFTUZ/ZUFIAW</td>
<td>Secretary General/President</td>
<td>Lusaka</td>
<td>19 April 2011</td>
</tr>
<tr>
<td>Mbita Derrick Chitala</td>
<td>Comcapital Securities Limited; KOZA Telecoms Limited; Pan African Radio Ltd; GTV Zambia Limited/founding member of MDC</td>
<td>Chairman and Director</td>
<td>Lusaka</td>
<td>20 April 2011</td>
</tr>
<tr>
<td>Miles Larmer</td>
<td>University of Sheffield</td>
<td>Senior lecturer</td>
<td>Copenhagen</td>
<td>27 October 2011</td>
</tr>
<tr>
<td>Name</td>
<td>Organization</td>
<td>Position</td>
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<tr>
<td>Patrick Bond</td>
<td>University of Kwazulu Natal</td>
<td>Political economist</td>
<td>Johannesburg</td>
<td>26 February 2011</td>
</tr>
<tr>
<td>Eddie Webster</td>
<td>SWOP, University of the Witwatersrand</td>
<td>Professor Emeritus</td>
<td>Johannesburg</td>
<td>28 February 2011</td>
</tr>
<tr>
<td>Zenobia Ismail</td>
<td>Afrobometer</td>
<td>Manager</td>
<td>Pretoria</td>
<td>1 March 2011</td>
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<tr>
<td>Derrick Marco</td>
<td>IDASA</td>
<td>Technical director</td>
<td>Pretoria</td>
<td>1 March 2011</td>
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<tr>
<td>Ivor Jenkins</td>
<td>IDASA</td>
<td>Chief operating officer</td>
<td>Pretoria</td>
<td>1 March 2011</td>
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<tr>
<td>Patrick Craven</td>
<td>COSATU</td>
<td>Spokesperson</td>
<td>Johannesburg</td>
<td>2 March 2011</td>
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<tr>
<td>Robert Southall</td>
<td>University of the Witwatersrand</td>
<td>Lecturer</td>
<td>Johannesburg</td>
<td>2 March 2011</td>
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<tr>
<td>Fiona White</td>
<td>Centre for Democracy, University of Johannesburg</td>
<td>Research associate</td>
<td>Johannesburg</td>
<td>2 March 2011</td>
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<tr>
<td>Anthony Butler</td>
<td>University of the Witwatersrand</td>
<td>Professor of Politics/Cyril Ramaphosa’s biographer</td>
<td>Johannesburg</td>
<td>2 March 2011</td>
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<tr>
<td>Patricia Appolis-Nyman</td>
<td>SACCAWU</td>
<td>Gender coordinator</td>
<td>Johannesburg</td>
<td>3 March 2011</td>
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<tr>
<td>Stephen Friedman</td>
<td>Centre for Democracy, University of Johannesburg</td>
<td>Director</td>
<td>Johannesburg</td>
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<tr>
<td>Justin Sylvester</td>
<td>IDASA</td>
<td>Political researcher</td>
<td>Cape Town</td>
<td>10 March 2011</td>
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<tr>
<td>Halton Cheadle</td>
<td>University of Cape Town</td>
<td>Professor</td>
<td>Cape Town</td>
<td>11 March 2011</td>
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<tr>
<td>Robert Mattes</td>
<td>University of Cape Town</td>
<td>Lecturer</td>
<td>Stellenbosch</td>
<td>15 March 2011</td>
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<tr>
<td>Adrian Sayers</td>
<td>GIZ/formally NUMSA</td>
<td>Democracy consultant</td>
<td>Cape Town</td>
<td>17 March 2011</td>
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<tr>
<td>Saliem Patel</td>
<td>Labour Research Service</td>
<td>Director</td>
<td>Cape Town</td>
<td>17 March 2011</td>
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<tr>
<td>Sahra Ryklief</td>
<td>International Federation of Workers’ Education</td>
<td>Secretary General</td>
<td>Cape Town</td>
<td>18 March 2011</td>
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<tr>
<td>Ebrahim Fakir</td>
<td>EISA</td>
<td>Manager of the Political Parties and Parliamentary Support programme</td>
<td>Johannesburg</td>
<td>24 April 2011</td>
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<tr>
<td>Alan Fine</td>
<td>Anglo Gold</td>
<td>Public Affairs manager</td>
<td>Johannesburg</td>
<td>28 April 2011</td>
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<tr>
<td>Thabo Rapoo</td>
<td>Centre for Policy Studies</td>
<td>Director</td>
<td>Johannesburg</td>
<td>1 May 2011</td>
</tr>
</tbody>
</table>
Appendix C: Interview topic guides

Topic Guide for civil society activists

Introduction
Introduce myself, the study, its aims
Brief discussion of ethical issues, sign consent form, get permission to record

Context and Background
Personal details of civil society engagement
- Which CSO? When? Why?
- What posts held in CSO?
- Details of CSO’s goals etc
Discussion of current political situation
Get participants understanding of conceptual issues
- Democracy
- Democratization
- Authoritarianism
- Transition
- Consolidation

Transition
Politicisation of civil society
- Which civil society participated?
  - Politically affiliated political society?
    - NGO?
    - Business?
    - Trade unions?
  - Why would CS politically affiliate?
- What triggered politicisation?
- What kind of mobilisation?
- Which factors were most important in mobilisation?
- Interviewee participation? Discuss
- Key figures?
- Public perceptions?

Dynamics
- Dynamics with other CS groups?
  - What kind of activities/programmes undergo with other civil society groups?
- Dynamics with state actors
  - Activities? Programmes?
- Dynamics with business actors?
  - Activities? Programmes?

Which group would be most widely considered the most significant in the transition?
- Why?

Did civil society mobilisation change the attitudes of elite groups against the old regime?

Impact of CSO mobilisation on transition?
Was there an impact?
  • Positive
  • Negative
  • None
How was it manifested?
Short-term or long term?
  • How and why was it sustained?

Impact of civil society on consolidation
  • Has the country consolidated?
  • How does linkages (state/other civil society/business) etc impact on civil society engagement with consolidation
    o Is there a balancing act? Cooption? Non-involvement?

Comparing transitional mobilization with other cases?
  • Differences?
  • Similarities?
Topic Guide for individuals involved in democracy promotion

Objectives:
- To explore democracy promotion strategies of international democracy promotion bodies.
- To determine if actors are important in the strategies promoted by these institutions.
- State institutions?
- Non-state NGOs?
- Are any actors important?
  - Which actors?
  - Why? What factors make those actors important?
  - Why not other actors?
- To gather reflections on the importance of civil society in democratization
  - Which civil society?
  - What about trade unions?

Introduction:
Introduce the topic broadly – transitions, democratization

Ethical issues:
- confidentiality
- recording
- sign in sheets

Timing of interview

Democracy Promotion:
- Dynamics of democracy promotion
  - Institution led?
  - Civil society led?
- What impact does the institution have on democratization?
  - How?
- What strategies are used for democracy promotion?
  - Why?
  - Top-down?
  - Bottom-up?
- Are actors important?
  - Which ones?
  - Why?/why not?
- What about trade unions? (if not already mentioned)
  - Why might they be an important civil society group in times of transition?

Current period:
Revisit current political situation
How important is civil society/trade unions in current politics?
- What do they mobilise for? Do they mobilise at all?
- Are demands political? Right? Left? Mainstream?
Thoughts about institution’s role with civil society in current politics?

Any thing else to add?
**Topic guide for trade unionists**

**Introduction**
Introduce myself, the study and its aims
Brief discussion of ethical issues, sign consent form, get permission to record

**Context and Background**
Personal details of trade union membership
- Which union, when why?
- What posts held in union
- Details of union, goals etc. How union works to achieve these goals.

View of trade unions in society
- Powerful or not?
- In what manner?

Current political situation
Get participants understanding of conceptual issues
- Democracy
- Democratization
- Authoritarianism
- Transition

**Transitional period**
Trade union strength
- Are trade unions ‘strong’ actors?
  - What impact do they have on state/economy/business/other civil society actors
  - What contributes to their strength?
    - Participation in joint civil society initiatives?

Trade union strikes
- Why did they strike?
- What kind of strike activity?
- Impact on economy?
- Which factors were most important in mobilisation?
- Interviewee participation? How did participation feel?
- Do strikes make a difference?

Trade union politicisation
- When?
- How?
- Why? What triggered it?
- Key figures
- Public perceptions?
- Political affiliations? Why those groups?
- Opposition and union affiliated party perceptions

Dynamics
- Inter-union dynamics
  - Leaders vs shopfloor?
Impact of leadership change

- Dynamics with state actors
- Dynamics with other civil society actors?
- Dynamics with business actors?

Impact on transition/consolidation?

- Was there an impact?
  - Politicians
  - Public
  - International
- If so how was it manifested?
- Impact short-term or sustained?
- If so, how and why was it sustained?
- Did TU’s extend their linkages in order to effect consolidation?
- Is there a balance between too much and too little engagement with the state and civil society in order to affect the transition/consolidation?

How would you compare your situation with Zam, SA, Zim’s situation?

Current period

Current political situation? (revisit)

- Has union influence changed?
- What factors contributed to this?
- How important are trade unions in current politics?
- What do they mobilise for?
- Traditional trade union demands
- Have demands remained political?
- Who decides upon trade union strategy?

Left, right or main stream politics?

Thoughts about trade union role in politics in the future?

Advice and recommendations for unionists who find themselves in similar situations?